KPL/BSE/
17.08.2018

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai – 400 001.

Ref: Scrip Code - 532937
Scrip ID- KUANTUM

Sub: Soft Copy of Annual Report 2017-18

Dear Sir,

Please find attached herewith soft copy of annual report for the year 2017-18 which, interalia, contains the notice for your information, record and displaying the same on BSE portal.

Please replace the annual report filed earlier from BSE Portal, as few pages were missing and upload the present one.

Thanking you,

Yours faithfully,
For **Kuantum Papers Ltd**

Vivek Trehan

Kuantum Papers Ltd

(Vivek Trehan)
Company Secretary
Encl: a/a

Kuantum Papers Ltd

The Paper Makers

21st Annual Report
2017-2018

Kuantum Papers Ltd
The Paper Makers

BOARD OF DIRECTORS	Jagesh Kumar Khaitan	Chairman
	D C Mehandru	
	Umesh K Khaitan	
	Yashovardhan Saboo	
	D S Sandhawalia	
	Vivek Bihani	
	Shireen Sethi	
	Ashutosh Khaitan*	
	Neena Singh**	
	Pavan Khaitan	Managing Director
	*Ceased w.e.f. 15.09.2017	
	**Ceased w.e.f. 1.11.2017	
SENIOR EXECUTIVES	S S Pal	President-Works
	Roshan Garg	President-Finance & CFO
	D K Chawda	Associate President-Engineering
	R P Puri	Associate President-Technical
	A K Bhatia	Associate President-Commercial
	Col Amarjit Singh Saran	Sr. Vice President-Raw Material
	Manoj Kumar Aggarwal	Sr. Vice President-Process
	Suresh Kumar Sain	Vice President-Finance
	Sanjay Khosla	Vice President-Marketing
	Sanjay Thakur	Vice President-Corporate
COMPANY SECRETARY	Vivek Trehan	
STATUTORY AUDITORS	M/s B S R & Co. LLP Chartered Accountants Chandigarh	
COST AUDITORS	M/s R J Goel & Co Cost Accountants Delhi	
SECRETARIAL AUDITORS	S K Sikka & Associates Company Secretaries Chandigarh	
INTERNAL AUDITORS	A Gandhi & Associates Chartered Accountants Panchkula	
BANKERS	Punjab National Bank State Bank of India Axis Bank Ltd HDFC Bank Ltd RBL Bank Ltd Yes Bank Ltd	
REGISTERED OFFICE & WORKS	Paper Mill Saila Khurd 144 529 Distt Hoshiarpur Punjab (India)	
CORPORATE OFFICE	W1A FF Tower A Godrej Eternia Plot 70 Indl Area 1 Chandigarh 160 002	
CIN & CONTACT DETAILS	CIN- L21012PB1997PLC035243 Ph. : 01884-230241 Fax : 01884-502737 Email : kuantumcorp@kuantumpapers.com Website : www.kuantumpapers.com	

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NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the members of Kuantum Papers Limited will be held at Paper Mill, Saila Khurd-144529, Distt. Hoshiarpur (Punjab) on Friday, the 10th August 2018 at 11.30 am to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31 March, 2018 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 Kumar Khaitan (DIN: 00026264), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

   "**RESOLVED** that, pursuant to Sections 149 and 152 read with other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendations of Nomination & Remuneration Committee and Board of Directors, Mr. D.S. Sandhawalia (DIN 03174394), who was appointed as an Additional Director of the Company with effect from 8th November 2017, pursuant to the provisions of Section 161(1) of the Act and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under section 160 of the Act from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as Non- Independent Director of the Company, and his term shall be subject to retirement by rotation."

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 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and rules made thereunder, and such approvals as may require, the following articles of the association of the company be amended as follows:

Article 30 be substituted as follows:

30. The Board may, subject to the right of appeal conferred by section 58 of Companies Act, 2013 decline to register-
    a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
    b) any transfer of shares on which the company has a lien.

    However, the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the issuer on any account whatsoever.

Article 31 be substituted as follows:

31. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
    (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

The Board may decline to recognise any instrument of transfer unless-

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56 of the Companies Act, 2013;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

Article 60 be substituted as follows:

60. The Company may, by ordinary resolution in general meeting :

(a) consolidate and divide all or any of its capital into shares of larger amounts than its existing shares.

(b) sub-divide its shares or any of them, into shares of smaller amounts than is fixed by the Memorandum of Association, so however, than in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

(c) cancel any share which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

However, permission of the stock exchange(s), where the shares are listed, will be required for the sub-division and consolidation of the shares.

Article 129 be substituted as follows:

129. No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.

Any money transferred to the Unpaid Dividend Account of a company in pursuance of section 124 of the Companies Act, 2013, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company along with interest accrued, if any, thereon to Investor education and protection fund pursuant to the provision of the act and the relevant rules.

RESOLVED FURTHER that the Board of Directors and the Company Secretary, of the Company, be and are hereby authorized to take such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid amendments to the Articles of Association and further to do all acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

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

"RESOLVED that pursuant to Section 148(3) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and other applicable provisions if any, consent of the shareholders be and is hereby accorded for the payment of remuneration of Rs. 1,50,000/- (Rupees One lac fifty thousand only) to M/s R.J. Goel & Co., Cost Accountants, Delhi (Firm Registration No. 000026), who were appointed as Cost Auditors by the Board of Directors in their meeting held on 25 May 2018 for carrying out Cost Audit of the Company for the financial year 2018-19, 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 : 25 May 2018

NOTES:

1. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself. The proxy need not be a member of the company. A blank form of proxy is enclosed and if intended to be used, it should be deposited duly completed at the Registered Office of the company not less than forty eight hours before the scheduled time of the meeting.

   A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 4th August 2018 to 10th August 2018 (both days inclusive).

4. Shareholders of the Company are informed that pursuant to the provisions of the Companies Act, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. Accordingly the amount of dividend which remained unpaid/unclaimed for a period of 7 years for the year 2009-10 has already been transferred to the 'Investor Education & Protection Fund' constituted by the Central Government. Shareholders who have not encashed their dividend warrant(s), for the years, 2010-11, 2014-15, 2015-16 and 2016-17 are requested to make claim with the Company immediately. Unpaid/unclaimed amount for the year 2010-11 will be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. in October 2018. Unpaid dividend, outstanding, for the year 2010-11, as on date, is Rs. 201,698./-.

   Pursuant to Section 124(6) of the Companies Act, 2013 and the Rules notified thereunder, the shares of those shareholders whose dividend was unclaimed/unpaid for seven years, have been transferred to the demat account of the Investor Education and Protection Fund Authority (IEPF) as per particulars mentioned below:

Sr. No.	Year	No. of shares	Nominal value of shares
1.	2008-09	1,44,537	14,45,370
2.	2009-10	9,275	92,750

   The Company has also uploaded details of such shareholders on its website www.kuantumpapers.com.

5. 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 equity share capital of the company is held by 9989 shareholders, out of which 4255 shareholders holding 98.26 % of the capital are in dematerialised form and the balance 5734 shareholders holding 1.74% of the capital are in physical form. **The shareholders having shares in physical form are requested to dematerialize the shares.**

6. In terms of Section 72 of the Companies Act, 2013 and the applicable provisions, the shareholders of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit the requisite nomination form.

7. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to President (Finance) & CFO, atleast one week before the meeting.

8. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.

9. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrars and Share Transfer Agent, in respect of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company/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.
10. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company during normal business hours on any working day except Saturdays, upto the date of meeting.
11. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN to the Company/Registrar.
14. Members who hold shares in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, for consolidation into a single folio.
15. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
16. The route map of the venue of the meeting is attached with this Annual report.
17. Additional information, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment is annexed to the notice.
18. **Voting through electronic means:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 Company is offering e-voting facility to its members. Detailed procedure is given in the enclosed letter.

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

Item No. 4

Sh. D S Sandhawalia was appointed as Additional Directors of the Company with effect from 8th November 2017 in the capacity of Non-Independent Directors pursuant to Section 161 of the Companies Act, 2013. In terms of section 160 of the Companies Act, 2013, the Company has received notice in writing from a member proposing the candidature of Sh. D S Sandhawalia for appointment as non Independent Director as per the provisions of sections 149 and 152 of the Companies Act, 2013.

In the opinion of the Board of Directors, Sh. D S Sandhawalia fulfills the conditions specified in the Companies Act, 2013, rules made thereunder and as per Regulation 17 of SEBI (LODR), 2015. The matter was duly approved by the Nomination and Remuneration Committee as also the Board, which recommends his appointment as Non - Independent Director, with effect from 8th November, 2017. The Director is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

Copy of the draft letter for appointment alongwith the terms and conditions of Sh. D S Sandhawalia, shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day except Saturdays.

A brief profile of Sh. D S Sandhawalia, whose appointment is proposed at item no. 4 of the accompanying notice has been given in the annexure attached. This statement may also be regarded as disclosures under Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Save and except the above, none of the other Directors or their relatives and Key managerial personnel or their relatives are, in any way, concerned or interested in the resolutions set out at item no. 4 of the accompanying Notice.

The Board recommends passing of the Resolution set out in Item No. 4 of the accompanying Notice as ordinary resolution.

Item No. 5

The Company proposes to list its equity shares at National Stock Exchange (NSE) in order to create more liquidity of the company's shares.

As per the requirements of Listing, the Company is required to amend its articles of association in line with the guidelines of NSE.

Accordingly, it is proposed to amend the articles pursuant to the provisions of section 14 of the Companies Act, 2013 and other applicable provisions.

Save and except the above, none of the Directors or their relatives and Key managerial personnel or their relatives are, in any way, concerned or interested in the resolutions set out at item no. 5 of the accompanying Notice.

The Board recommends passing of the Resolution set out in Item No. 5 of the accompanying Notice as special resolution.

Item No. 6

Pursuant to section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the members of the Company are required to approve and ratify the payment of remuneration of Rs. 1,50,000/- (Rupees One lac fifty thousand only) to the Cost Auditors as approved by the Board of Directors in their meeting held on 25 May 2018 for the Financial Year 2018-19.

Save and except the above, none of the other Directors or their relatives and Key managerial personnel or their relatives are, in any way, concerned or interested in the resolutions set out at item no. 6 of the accompanying Notice.

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

By Order of the Board
For Kuantum Papers Ltd

Vivek Trehan
Company Secretary

Regd. Office:
Paper Mill, Saila Khurd
Distt. Hoshiarpur, Punjab
Dated : 25 May 2018

Annexure

Details of Director seeking appointment/re-appointment at the 21st Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name of the Director	**Jagesh Kumar Khaitan (DIN: 00026264)**	**D.S. Sandhawalia (DIN: 03174394)**
Brief Resume of the Director and nature of his Expertise in specific functional area	Sh. Jagesh Kumar Khaitan, aged 73 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 about 49 years and has been the Chairman of Kuantum Papers Ltd. since 17th 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.	Sh. D. S. Sandhawalia, aged 55 years graduate in Science and has been associated with Corporate entities in designing and implementing of a customized ERP package and Management Information System besides other consultancy work. He has studied special course in Information Technology at the University of London (U.K.).
Relationship with Directors and Key Managerial Personnel	Father of Sh. Pavan Khaitan & brother of Sh. Umesh K Khaitan	None
Board Membership of other companies	1. KDDL Limited 2. Kapedome Enterprises Limited 3. Pinnacle Holdings Private Limited 4. PHD Chamber of Commerce and Industry	None
Membership of Committee of the Board	Chairman 1. Audit Committee- KDDL Ltd. 2. Nomination and Remuneration Committee - KDDL Ltd. Member 1. CSR Committee- KDDL Ltd. 2. Stakeholder Relationship Committee - Kuantum Papers Limited 3. Audit Committee- Kuantum Papers Limited	Chairman 1. Stakeholders Relationship Committee- Kuantum Papers Limited Member 1. Nomination and Remuneration Committee- Kuantum Papers Limited 2. CSR Committee- Kuantum Papers Limited
Number of shares held in the Company	144758	NIL

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 21st Annual Report on the business and operations, together with audited statements of Accounts of the Company, for the financial year ended 31 March 2018.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the financial year 2017-18 are given hereunder.

(Rs. in lacs)

	2017-18	2016-17
Sales & other income	**71,795.72**	64,591.39
Operating Profit	**15,111.50**	11,976.51
Interest	**2,458.40**	2,016.46
Gross Profit	**12,653.10**	9,960.05
Depreciation	**1,942.00**	1,536.40
Profit before tax	**10,711.10**	8,423.65
Provision for		
- Current Tax	**2,410.83**	1,811.31
- Deferred Tax charge	**1,011.52**	682.25
Net Profit after tax	**7,288.75**	5,930.09
Other comprehensive Income (Expense)	**(14.63)**	(43.28)
Total comprehensive Income (Expense for the year	**7,274.12**	5,886.81

DIVIDEND

Your Directors have proposed a dividend of Rs. 2.50 per share (previous year Rs. 2.00 per share) on the Equity Shares of Rs. 10/- each and Re. 1.00 per share (previous year Re. 1.00 per share) on the cumulative Redeemable Preference Shares of Rs.10/- each, for the financial year ended 31 March 2018 amounting to Rs. 624.67 lacs including a dividend distribution tax of Rs. 106.51 lacs.

OPERATIONS

During the year your Company has achieved the highest ever production of paper, which was 1,25,617 metric tonnes, as against 1,15,997 metric tonnes in the previous year. The quantitative figure for the sale of paper was 1,26,087 metric tonnes this year which includes opening stock of 470 metric tonnes leaving NIL closing stock as against the sale of 1,15,724 metric tonnes and closing stock of 470 metric tonnes in the previous year.

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

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

The company recorded a net sales turnover (net of excise/GST) and including other income, at Rs.70,780.15 lacs, up by 15.9%; operating profit at Rs. 15,111.50 lacs, up by 26.2%, Profit before Tax at Rs. 10,711.10 lacs, up by 27.2% compared to the previous year. Net profit after tax and other comprehensive income (expense) is up by 23.6% and stands at Rs. 7,274.12 lacs.

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

The results of cost reduction initiatives and operational efficiencies will continue to be more visible in the current financial year 2018-19 as your company has continued these initiatives to optimize capacity utilization, cost reduction, new products, optimizing production of better margin products by further undertaking modification and up-gradation of the paper machines and other equipments for improving the product quality and operations.

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

Writing & printing paper segment has witnessed optimum capacity utilizations levels over the past few years due to steady demand growth. This led to large capacity additions in recent years and demand has risen to absorb these capacity accretions.

Your company has been able to operate at higher optimum levels of production and sale. CARE Ratings expects that the overall paper demand growing at a CAGR of 6.6% and to touch 18.5 million tonnes in 2018-19. The demand growth is expected to be benefitted by the steady economic recovery, improved industrial activity and rise in the advertisements. The demand will continue to be driven and supported by greater Government thrust and spending on education sector, corporate spending on stationary and healthy growth in services sector. Further, with the ongoing focus of the Govt. towards digital transactions and consequent rise in the number of banking transactions, demand for cheque books and pass books is also expected to rise in the near term.

After witnessing a growing rate of capacity addition in the early part of the decade, the planned domestic capacity (Greenfield and Brownfield) additions for paper and newsprint has slowed down, primarily due to a shortage of its key raw material i.e. pulp wood and rising prices of local waste paper. Additionally, the Chinese Government has banned the import of several varieties of waste paper, which is the primary raw material for finished paper which has resulted in a fill up to wood pulp process.

The individual segments are expected to grow as follows:

- Printing and Writing segment demand is expected to grow at a CAGR of 4.2% and reach 5.3 million tonnes in FY19. The demand is expected to grow on account of an anticipated pick-up from the education sector with improving literacy rates and growing enrolment as well as increasing number of schools, colleges and institutions. Continued government spending on education through the Sarva Shiksha Abhiyan and Government's Right to Education initiative is expected to lead to an increased expenditure on textbooks, notebooks and other assorted paper products thereby driving demand.
- Packaging paper & board segment caters to industries such as FMCG, food & beverage, pharmaceutical, textiles, etc. Demand for Packaging Paper & Board segment is expected to grow at a CAGR of 8.9% and reach 9.7 million tonnes in FY19 due to factors such as increased urbanization, requirement of better quality packaging of FMCG products marketed through organized retail, and increasing preference for ready-to-eat foods.
- Improving literacy rates, rising circulation and an increasing number of newspapers and magazines is expected to support growth in newsprint demand which is expected to reach 2.7 million tonnes in FY19.
- Specialty paper is expected to grow at about 12% CAGR between through 2019 as compared to about 9% CAGR in the last 5 years. 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 detailed performance of Company's operations for the year ended 31 March 2018 has been stated in the Management Discussion & Analysis, which appears as a separate statement in the Annual Report.

FINANCE

(a) TERM LOANS

The company has taken up implementation of Capex projects for modification, up-gradation of paper machines and other equipments and cost reduction initiatives. The proposed Capex cost is Rs. 192.00 crores and is funded by Term Loans of Rs. 144.00 crores and internal accruals of Rs. 48.00 crores. The term loans of Rs. 144.00 crores have been sanctioned by the Banks and disbursement is underway. The projects are expected to be completed and commissioned by December 2018.

(b) WORKING CAPITAL

Banks have sanctioned the enhanced working capital limits amounting to Rs. 11,500.00 lacs (fund based Rs. 5,000.00 lacs, non-fund based Rs. 6,500.00 lacs during the year under review.

(c) FIXED DEPOSITS

As on 31 March 2018, your Company had Fixed Deposits of Rs. 4,350.43 lacs. There were no overdue deposits as on 31 March 2018.

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 15 September 2017 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. 2593.31 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.

EXTERNAL CREDIT RATING

During the year under review, CARE Ratings Limited has upgraded the external credit rating for the Long term, Short term Bank facilities and Fixed Deposits of the company from BBB+ to A- . The facility wise upgrarded rating is as under:

Facilities	Amount (Rs./Cr)	Upgraded Rating
Long term Bank Facilities	343.92	CARE A-; Stable (A minus: Outlook: Stable)
Short term Bank Facilities	65.00	CARE A2+ (A Two Plus)
Fixed Deposits	45.00	CARE A- (FD); Stable [A minus (Fixed deposit); Outlook Stable]

CHANGE IN THE NATURE OF BUSINESS

The nature of business continues to be in the field of paper - W&P and specialty, with all investments and operational strategies focused only here, and there is no change in the nature of business.

MATERIAL CHANGE

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

HOLDING/ SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

Your Company does not have any subsidiary/joint ventures or associate company within the meaning of the Companies Act, 2013. Kapedome Enterprises Limited (formely Esteem Finvetures Limited) is the holding company of Kuantum Papers Limited (KPL) having 57.35% equity shares of KPL.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

During the year under review, the company has spent an amount of Rs. 101.45 lacs on the projects covered under CSR activities. Disclosures as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in the Annual Report on CSR activities at 'Annexure- A'.

VIGIL MECHANISM

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

RISK MANAGEMENT COMMITTEE

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

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

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

RELATED PARTY TRANSACTIONS

All related party transactions are entered at arm's length basis and as per the applicable provisions of the Companies Act, Indian Accounting Standards and the Listing Regulations. 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. 42 of the notes on Financial Statements. All the related party transactions are done at arms length and pertain to the FY 2017-18.

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

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

DIRECTORS/ CHANGE IN THE DIRECTORSHIPS

Justice S.S. Sodhi (Retd.), Mrs. Neena Singh, Sh. Ashutosh Khaitan and Sh. D.S. Sandhawalia have resigned from the directorship of the Company during the year. The Directors place on record their appreciation of the valuable advice and guidance given by them during their tenure.

Sh. Vivek Bihani and Ms. Shireen Sethi were appointed as Independent Directors during the year w.e.f. 12 August 2017 and their appointment is for a period of 5 years. Sh. D.S. Sandhawalia was appointed as Non- Independent Director, w.e.f. 8th November 2017 and shall be subject to retirement by rotation.

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

DECLARATION BY INDEPENDENT DIRECTORS

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

INDUCTIONS & TRAINING OF BOARD MEMBERS

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

(a) Nature of the industry in which the entity operates;

(b) Business model of the entity;

(c) Roles, rights, responsibilities of independent directors;

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

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

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

Details of familiarization programmes imparted to independent directors	FY 2017-18	Cumulative till date
Number of programmes attended by independent directors	4	17
Number of hours spent by independent directors in such programmes	6	28

PERFORMANCE EVALUATION OF THE DIRECTORS AND MEETING OF INDEPENDENT DIRECTORS

Nomination, Remuneration and Evaluation policy has been framed 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 Directors captures the following points:

(a) Performance of the directors and key attributes of the Directors that justify his/her extension/continuation on the Board of the Company.

(b) Participation of the Directors in the Board proceedings and their effectiveness.

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

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

During the year under review, a meeting of Independent Directors was held on 30 March 2018 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.

Disclosures on Board Evaluation:

i. <u>Observations of Board Evaluation carried out for the year:</u>

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

ii. <u>Previous year's observations and actions taken:</u>

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

iii. <u>Proposed actions envisaged</u>:

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

NOMINATION, REMUNERATION AND EVALUATION POLICY

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

PREVENTION OF SEXUAL HARASSMENT POLICY

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

NUMBER OF MEETINGS OF THE BOARD

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the annual accounts for the year ended 31 March 2018, 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 2018 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 Audit Committee constituted by the Board comprises of four Independent Directors and two Executive Directors as on 31 March 2018. 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, (ICAI Firm Registration No. 101248W/W-100022), Statutory Auditors of the company, have been appointed for a period of 5 years by the shareholders in the Annual General Meeting held on 18 September 2015 till the conclusion of 23rd Annual General Meeting to be held in the year 2020, at such remuneration as may be fixed by the Board of Directors. Section 139 of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 required that the appointment of the statutory auditors will be subject to ratification by shareholders at every Annual General Meeting; but pursuant to the notification of the Central Government dated 7 May 2018, the ratification provision has been withdrawn.

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 2018. The Company's Cost Audit Report for the year ended 31 March 2017 was filed on 22.08.2017 (Due date 30.09.2017). The said firm has been appointed as cost auditors of the Company for the financial year 2018-19 as well.

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 2019. They have submitted the Secretarial Audit Report which is annexed to this Board's Report as Annexure-3.

SHARE CAPITAL

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

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

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

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

POSTAL BALLOT

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

CORPORATE GOVERNANCE

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

EXTRACT OF THE ANNUAL RETURN

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

ADOPTION OF INDIAN ACCOUNTING STANDARD (IND AS)

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

The financial statements for the year under review have been prepared in accordance with the Ind AS including the comparative information for the year ended 31 March 2017 as well as the financial statements on the date of transition i.e. 1 April 2016.

GOODS & SERVICE TAX

With the implementation of Goods and Service Tax (GST) from 1 July 2017 India has moved toward a single indirect tax regime for goods and services for the entire country with uniform law. The majority of indirect taxes have been subsumed in GST. GST is the biggest tax reform in the history of Indian Economy and leading to simplify the movement of the goods and services across the country, shrinking delivery times and widening the product markets. The spillover effects of GST are immense from increase in Government revenue vis-a-vis better tax compliance and reduced tax evasion, enabling greater control and facilitating efficient monitoring than the traditional taxation system. The increased tax revenues of Government would create scope for enhanced public investments in various social and physical infrastructural activities creating further scope for employment generation. However, despite the immense potentiality borne by GST towards a higher growth trajectory of Indian economy, the industry has been facing enormous problems due to the teething issues during its implementation which are being addressed by the Government constantly.

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

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

PERSONNEL

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

PARTICULARS OF EMPLOYEES

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

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

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

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

ACKNOWLEDGMENT

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

For and on behalf of the Board

Place : Chandigarh
Dated : 25 May 2018

Jagesh Kumar Khaitan
Chairman

ANNEXURE-A

Corporate Social Responsibility (CSR)

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

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

   (i) Vision

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

   (ii) Strategy

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

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

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

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

   The Policy on Corporate Social Responsibility is available on the website of the Company viz

   http://www.kuantumpapers.com/pdf/KPL_Policy.pdf

2. The Composition of the CSR Committee:

   Mr. Pavan Khaitan, Chairman

   Mr. D.S. Sandhawalia, Member

   Ms. Shireen Sethi, Member

3.	Average net profit of the company for last three financial years	-	Rs. 4,981.24 lacs.
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	-	Rs. 99.62 lacs
5.	Details of CSR spent during the financial year.		
	(a) Total amount spent in financial year 2017-18	-	Rs. 101.45 lacs;
	(b) Amount unspent, if any	:	Nil

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

(Rs. in Lacs)

Sr Nr	Project or activity	Sector	Locations	Amount of outlay on projects/ program for FY 2017-18	Amount spent on the projects or programs in FY 2017-18	Cumulative expenditure upto the reporting period i.e. 31 March 2018	Amount spent: Direct or through Implementing Agency during the year
1.	Education	Literacy	Sailakhurd/ Paddi Sura Singh	19.42	19.43	46.46	Direct
2.	Environment protection	Environ-ment	Chandigarh	-	-	4.00	AIESEC
3.	Providing Health facility	Health	Chandigarh	1.50	1.78	5.90	Direct
4.	Suvidha Centre	Rural Develop-ment	Garhshankar	-	-	4.14	Direct
5.	Sewerage System	Rural Develop-ment	Raniala and Bharatpur Jattan	20.85	20.91	113.91	Indo Canadian Village Improvement Trust
6.	Sewerage Line	Rural Develop-ment	Raniala and Bharatpur Jattan	45.15	46.14	46.14	Direct
7.	Toilet/water cooler	Rural Develop-ment	Saila Khurd/Saila Kalan/Paddi Khuddi/ Bharatpur Jattan	4.20	4.28	27.33	Direct
8.	Sewing Machine	Rural Develop-ment	Raniala and Bharatpur Jattan	2.50	2.56	2.56	Direct
9.	Leveling road/Play ground	Rural Develop-ment	Bharatpur Jattan	6.00	6.35	6.35	Direct
	Total			**99.62**	**101.45**	**256.79**	

6. Details of implementing agency.

   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.- NIL

   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

I. CONSERVATION OF ENERGY

Energy conservation plays a very important role because utilization of non-renewable resources also impacts our environment. Specially, usage of fossil fuels supplies to air and water pollution such as carbon dioxide is produced when oil, coal and gas combust in power stations. Minimizing wastage of energy while focusing on quality production is on the top agenda of our company.

In continuation to our earlier efforts, during financial year 2017-18, we have taken number of initiatives as detailed below:

- Stoppage of few pumps by redefining the process to make use of gravity flow thereby saving energy
- Made use of process waste heat to heat the water for feeding to Boiler.
- Improvement recovery of condensate water.
- Many pumps have been replaced with right size energy efficient ones.
- Replacement of old and higher energy consuming light with efficient LED lights.
- Installation of auto day / night on-off and Motion Sensors.
- Efforts have been made to reduce energy losses by reducing number of bends in pipelines.
- To increase the availability of natural light, replacing asbestos sheet with transparent roof top sheets.
- Wherever possible, to reduce the power consumption, VFDs have been installed.
- To reduce or avoid manual operation and to enhance automation, sensors have been installed and linked with DCS and PLC.
- Power generation of Turbine No. 2 optimized by making use of grid power.
- Optimization of Air Compressors for their efficiency and improved pressure settings.

Total energy consumption and energy consumption per unit of production of paper for the year 2017-18 is given in the table below :

POWER & FUEL CONSUMPTION	**2017-18**	2016-17
1. ELECTRICITY		
(a) Purchased		
Units (lacs KWH)	**405.80**	285.74
Total amount (Rs. lacs)	**2,771.14**	2,025.07
Rate/Unit (Rs./KWH)	**6.83**	7.09
(b) Own generation		
Through Diesel Generator		
Units (lacs KWH)	**-**	-
Cost/Unit (Rs./KWH)	**-**	-
Through Steam Turbine / Generator		
Units (lacs KWH)	**1,044.33**	1,052.75
Cost/Unit (Rs. KWH)	**3.62**	3.22
2 COAL (for Boiler)		
Quantity (Tonnes)	**31,934**	39,761
Total cost (Rs. lacs)	**1,886.59**	2,406.45
Average rate (Rs.)	**5,908**	6,052
3. OTHERS		
Rice Husk (for Boiler)		
Quantity (Tonnes)	**1,48,572**	1,24,803
Total cost (Rs. lacs)	**5,777.49**	4,284.12
Rate/Unit (Rs. MT)	**3,889**	3,433

4 CONSUMPTION/TONNE OF PRODUCTION

Production (Tonnes)	**1,25,617**	1,15,997
Electricity/Tonnes (KWH)	**1,154**	1,154
Furnace Oil/tonne (KL)	**0.001**	0.002
Coal/Tonne (MT)	**0.254**	0.343
Others Rice husk (MT)	**1.183**	1.076

II. TECHNOLOGY ABSORPTION

Research & Development and Environment

- The R&D Division of Company has been recognized by Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Govt. of India and In-house R&D is also certified for Quality Management System ISO: 9001:2015.
- Process improvement, optimization and new product development are the major areas of research focus for the Company.
- Studies conducted on development of various new value added quality speciality papers and some of them like Kosmo Enveloper (L), Kuantum Gold (High bulk) and Kosmo Cartrige NS for book printing are sucessfully commercilized.
- R&D studies conducted for improvement of paper properties, cost reduction and optimisation of wet-end additives like dry strength resin, optical brightener and modified PCC with cationic starch sucessfully.
- Paper surface properties improved on PM-4 varietes by implementation of binary sizing and optimization of surface sizing chemicals.
- Enzymetic refining trial conducted for sucessful reduction in energy consumption and optimization of soft wood furnish.
- Paper cleanliness improved with installation of new four stage Centricleaner system on PM1, Addition of fourth stage (Fibremizer) on PM2 & PM3.
- The company continues its focus on waste minimization, value addition & product recovery from different waste streams like biogas generation from waste stream of wet washing of agro raw material. Primary sludge from ETP and other waste from mills are utilized in board manufacturing. Secondary sludge from ETP is being degraded with the help of bio-cleaner.
- With respect to various pollution and environment norms prescribed by various statutory authorities, our paper manufacturing facility continue to remain completely statutory compliance unit.

Quality Certifications the Company owns

- ISO Certification 9001:2015 (Quality Management System)
- ISO Certification 14001: 2015 (Environmental Management System)
- OHSAS Certification 18001:2007 (Occupation Health & Safety Assessment Series)

The expenditure on R & D has been as follows:

(Rs. in lacs)

		2017-18	**2016-17**
(i)	Capital	**8.27**	32.10
(ii)	Recurring	**137.34**	121.52
(iii)	Total	**145.61**	153.62
(iv)	Total R&D expenditure as a percentage of turnover	**0.19**	0.24

Technology absorption, adaptation and innovation

The Company has not imported any technology for its products.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

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

For and on behalf of the Board

Place : Chandigarh
Dated : 25 May 2018

Jagesh Kumar Khaitan
Chairman

ANNEXURE - 2

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March 2018

[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 May 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- 01884-502737
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:

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares	Applicable section
1	Kapedome Enterprises Limited (Formerly Esteem Finventures Limited) 510 (5th Floor), Deep Shikha 8 Rajindra Place, New Delhi-110008	U52100DL1994PLC224161	Holding	57.35%	2(46)

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

i) *Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	331281	-	331281	3.79	331281	-	331281	3.79	-
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	5803788	-	5803788	66.51	5803788	-	5803788	66.51	-
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):	**6135069**	**-**	**6135069**	**70.30**	**6135069**	**-**	**6135069**	**70.30**	**-**
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**6135069**	**-**	**6135069**	**70.30**	**6135069**	**-**	**6135069**	**70.30**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	250	-	250	0.00	250	-	250	0.00	-
b) Banks / FI	-	642	642	0.01	-	566	566	0.01	-
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
I) Others (specify) Foreign Portfolio Investors	4962	4962	0.06	0.00	0.00	0.00	0.00	0.00	0.06
Sub-total (B)(1):	**5212**	**642**	**5854**	**0.07**	**250**	**566**	**816**	**0.01**	**-0.06**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1472210	803	1473013	16.88	1360772	469	1361241	15.60	-1.28
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	630624	233170	863794	9.90	666035	149794	815829	9.35	-0.55
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	215143	-	215143	2.47	226195	-	226195	2.59	0.12
c) Others (specify)									
Foreign Nationals	6656	-	6656	0.08	6656	-	6656	0.08	-
Clearing Members	12447	-	12447	0.14	7548	-	7548	0.09	-0.05
NRIs	9272	4965	14237	0.16	18263	748	19011	0.22	0.06
Trust	150	-	150	0.00	150	-	150	0.00	-
unclaimed suspense a/c / EPF	0	-	0	0.00	153812	-	153812	1.76	1.76
Sub-total (B)(2):	**2346502**	**238938**	**2585440**	**29.63**	**2439431**	**151011**	**2590478**	**29.69**	**0.06**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**2351714**	**239580**	**2591294**	**29.70**	**2439681**	**151577**	**2591294**	**29.70**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**8486783**	**239580**	**8726363**	**100.00**	**8574750**	**151577**	**8726363**	**100**	**-**

ii) Share Holding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbe-red to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumber-ed to total shares	
1	J K Khaitan (HUF)	354	0.00	0.00	354	0.00	0.00	-
2	Jagesh Kumar Khaitan	144758	1.65	0.00	144758	1.65	0.00	-
3	Pavan Khaitan	26866	0.31	0.00	26866	0.31	0.00	-
4	Aparna Khaitan	26076	0.30	0.00	26076	0.30	0.00	-
5	Usha Khaitan	12828	0.15	0.00	12828	0.15	0.00	-
6	Umesh Kumar Khaitan	36248	0.42	0.00	36248	0.42	0.00	-
7	Abha Khaitan	55150	0.63	0.00	55150	0.63	0.00	-
8	Ashutosh Khaitan	21001	0.24	0.00	21001	0.24	0.00	-
9	Shreeparna Khaitan	8000	0.09	0.00	8000	0.09	0.00	-
10	Kapedome Enterprises Ltd.	5004538	57.35	11.46	5004538	57.35	7.91	-
11	Combine Overseas Ltd.	799250	9.16	1.78	799250	9.16	1.78	-
		6135069	70.30		6135069	70.30		

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		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	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
1	ABC Papers Pvt. Ltd.	392518	4.50	392518	4.50
2	Chittorh Tradecom Pvt. Ltd.	372958	4.27	372958	4.27
3	Kapmead Trading Private Limited	300000	3.44	301500	3.46
4	Demakin Enterprises Private Ltd	247055	2.83	252055	2.89
5	Suresh Dindayal Khatri	46600	0.53	46600	0.53
6	Arvind Kumar J Sancheti	38831	0.44	45684	0.52
7	Rahul Kayan	5896	0.07	29868	0.34
8	Madhu Arora	27000	0.31	27000	0.31
9	Arvind Kumar Sancheti	22542	0.26	22073	0.25
10	Surendra Kumar Khemka	28198	0.32	18688	0.21

v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the Director and key Managerial Personnel	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%total shares of the company	No. of shares	%total shares of the company
1	**Shri Jagesh Kumar Khaitan**				
	At the beginning of the year	144758	1.66	144758	1.66
	At the end of the year			144758	1.66
2	**Shri Pavan Khaitan**				
	At the beginning of the year	26866	0.31	26866	0.31
	At the end of the year			26866	0.31
3	**Shri Umesh K Khaitan**				
	At the beginning of the year	36248	0.42	36248	0.42
	At the end of the year			36248	0.42
4	**Shri D.C. Mehandru**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
5	**Shri Yashovardhan Saboo**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
6	**Shri D.S. Sandhawalia**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
7	**Shri Vivek Bihani**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
8	**Ms. Shireen Sethi**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
9	**Shri Roshan Garg (KMP)**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
10	**Shri Vivek Trehan (KMP)**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil

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

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

V. INDEBTEDNESS

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

Rs. Lacs

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured	Deposits	Total
i) Principal Amount	17344.42	6985.66	4133.78	**28463.87**
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	92.17	73.27	**165.44**
Total (i+ii+iii)	**17344.42**	**7077.83**	**4207.05**	**28629.31**
Change in Indebtedness during the financial year				
• Addition	8827.08	385.49	921.13	**10133.69**
• Reduction	3309.18	4058.64	689.71	**8057.53**
Net Change	**5517.90**	**-3673.15**	**231.42**	**2076.16**
Indebtedness at the end of the financial year				
i) Principal Amount	22862.32	3404.68	4438.47	**30705.47**
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	338.02	88.49	**426.51**
Total (i+ii+iii)	**22862.32**	**3742.71**	**4526.96**	**31131.98**

VI. Remuneration of directors and key managerial Personnel

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

(Amt in Rs.)

Sl. No.	Particulars of the Remuneration	Name of MD/WTD/Manager		Total Amount
		Sh. Jagesh Kumar Khaitan	Sh. Pavan Khaitan	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,13,52,000	1,65,12,000	2,78,64,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	1,01,272	2,45,347	3,46,619
	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 b) Others, specify	 43,63,741 Nil	 63,47,259 Nil	 1,07,11,000 Nil
5	Others, please specify	Nil	Nil	Nil
	Total	**1,58,17,013**	**2,31,04,606**	**3,89,21,619**
	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**
		Sh. D.C. Mehandru	Sh. Yashovardhan Saboo	Sh. D.S. Sandhawalia	Mrs. Neena Singh	Sh. Umesh K Khaitan	Sh. Vivek Bihani	Ms. Shireen Sethi	
1	**Independent Directors**								
	Fees for attending Board/Committee meetings	3,25,000	1,25,000	2,00,000	50,000	-	100,000	50,000	8,50,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	3,25,000	1,25,000	2,00,000	50,000	-	100,000	50,000	**8,50,000**
2	**Other Non Executive Directors**								
	Fees for attending Board/Committee meetings	-	-	75,000	-	75,000	-	-	1,50,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	75,000	-	75,000			**1,50,000**
	Total (B) = 1 + 2	-	-	-	-	-		-	**10,00,000**
	Total Managerial Remuneration	-	-	-	-	-	-	-	**3,99,21,619**
	Overall Ceilings as per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act

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

(Amt. in Rs.)

Sl. No.	Particulars of the Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	50,49,429	19,01,547	69,50,976
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	21,600	14,400	36,000
	(c) Profits in lieu of salary under section17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	a) as % of profit	-	-	-
	b) Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	**50,71,029**	**19,15,947**	**69,86,976**

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

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

ANNEXURE-3

SECRETARIAL AUDIT REPORT
FORM NO. MR-3
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,

The Members,
Kuantum Papers Limited

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

Based on my verification of Kuantum Papers Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March, 2018, complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made 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, 2018 according to the provisions of:

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

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

(3) The Depositories Act,1996 and the Regulations and bye-laws framed there under;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Take overs) Regulations, 2011;

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

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(6) Apprentices Act, 1961

(7) Employment Exchange (Compulsory Notification of Vacancies) Act, 1959

(8) Industrial Employment (Standing Orders) Act, 1956

(9) Minimum Wages Act, 1948

(10) Payment of Bonus Act, 1965

(11) Payment of Wages Act, 1936

(12) Motor Vehicle Act, 1988

(13) The Water (Prevention & Control of Pollution) Act, 1974

(14) The Water (Prevention & Control of Pollution) Cess Act, 1977

(15) The Central Excise Act, 1944

(16) Employees' State Insurance Act, 1948

(17) Employees' Provident Fund & Misc. Provisions Act, 1952

(18) Central Sales Tax Act, 1956 & Punjab VAT Act, 2005

(19) Air (Prevention & Control of Pollution) Act, 1981

(20) Payment of Gratuity Act, 1972

(21) Indian Electricity Act, 1910 & Rules 1956

(22) Indian Boiler Act, 1923

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

(24) Explosive Act, 1884 and Rules made thereunder

(25) Industrial Development & Regulation Act, 1951

(26) Contract Labour Regulation & Abolition Act, 1971

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

I further report that

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 provision 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) Resolutions under Section 180 of the Companies Act, 2013.

(ii) Public / Rights / Preferential issue of shares /debentures / sweat equity.

(iii) Redemption / buy-back of securities.

(iv) Merger / amalgamation / reconstruction etc.

(v) Foreign technical collaborations.

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

SUSHIL K SIKKA
Prop.
FCS 4241
CP 3582

Place : Chandigarh
Date : 25 May 2018

To,

The Members
Kuantum Papers Limited

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

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

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

SUSHIL K SIKKA
Prop.
FCS 4241
CP 3582

Place : Chandigarh
Date : 25 May 2018

ANNEXURE – 4

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

S.No.	Requirements of Rule 5(1)	Details
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Mr.Jagesh Kumar Khaitan: 86.03 : 1 Mr. Pavan Khaitan: 125.67 : 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	Name — As per Payout Mr. Jagesh Kumar Khaitan (Chairman) — 22% Mr. Pavan Khaitan (Managing Director) — 66% Mr. Roshan Garg (CFO) — 14% Mr. Vivek Trehan (Company Secretary) — 11%
(iii)	The percentage increase in the median remuneration of employees in the financial year	9.39%
(iv)	The number of permanent employees on the rolls of company	1074 employees as on 31.03.2018
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in remuneration is 12.44% of all employees. The profit before tax of the company has been higher by 27.2%. There are no exceptional circumstances in increase in the managerial remuneration.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid during the year is as per the Remuneration Policy of the company.

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

Name (age in years)	Description	Gross Remuneration Paid (in Rs.)	Qualification	Date of Commencement of employment (experience in years)	Previous employment	Percentage of equity shares held	Whether any such employee is a relative of any director
Sh. Jagesh Kumar Khaitan (73 Yrs.)	Chairman	1,58,17,013	Graduate with Marketing Management & Strategic Course from IIM, Ahmedabad	17 July 2010 (Total Exp. 49 Yrs.)	Vice Chairman & Managing Director Amrit Banaspati Co. Ltd.	1.66%	Father of Sh. Pavan Khaitan and brother of Sh. Umesh K Khaitan
Sh. Pavan Khaitan (50 Yrs.)	Managing Director	2,31,04,606	Chartered Accountant	1 April 2007 (Total Exp. 25 Yrs.)	Managing Director, Amrit Banaspati Co. Ltd.	0.31%	Son of Sh. Jagesh Kumar Khaitan

MANAGEMENT DISCUSSION & ANALYSIS

1. An overview of the Economy and Business Environment

The World Bank forecasts global economic growth to edge up to 3.1 percent in 2018 after a much stronger-than-expected 2017, as the recovery in investment, manufacturing, and trade continues. Growth in advanced economies is expected to moderate slightly to 2.2 percent, as central banks gradually remove their post-crisis accommodation and the upturn in investment growth stabilizes. Growth in emerging market and developing economies as a whole is projected to strengthen to 4.5 percent, as activity in commodity exporters continues to recover amid firming prices. (IMF)

Global economic activity continues to strengthen. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward to 3.9 percent, reflecting increased global growth momentum. The global economy is expected to maintain near-term momentum, but some risks and challenges loom in the medium term. The current cyclical upswing provides an ideal opportunity for reforms. Shared priorities across all economies include implementing structural reforms to boost potential output and making growth more inclusive.

Stronger business activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. With persistent structural issues; such as low productivity growth and high income inequality; pressures for inward-looking policies are increasing in advanced economies. Against this backdrop, economic policies have an important role to play in staving off downside risks and securing the recovery, and a renewed multilateral effort is also needed to tackle common challenges in an integrated global economy.

Various proposals in the Union Budget 2018-19 are growth stimulating: stepping up of capital expenditure; boosting the rural economy and affordable housing; steps to attract higher foreign direct investment. Also, global trade and output are expected to expand at a stronger pace than in recent years, easing the external demand constraint on domestic growth prospects. However, the increase in the global commodity prices, if sustained, could have a negative impact on the net commodity importing domestic economy.

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

With the implementation of Goods and Service Tax (GST) from 1st July 2017 India has moved toward a single indirect tax regime for goods and services for the entire country with uniform law. The majority of indirect taxes have been subsumed in GST. GST is the biggest tax reform in the history of Indian Economy and leading to simplify the movement of the goods and services across the country, shrinking delivery times and widening the product markets. The spillover effects of GST are immense from increase in Government revenue vis-a-vis better tax compliance and reduced tax evasion, enabling greater control and facilitating efficient monitoring than the traditional taxation system. The increased tax revenues of Government would create scope for enhanced public investments in various social and physical infrastructural activities creating further scope for employment generation. However, despite the immense potentiality borne by GST towards a higher growth trajectory of Indian economy, the industry has been facing enormous problems due to the teething issues during its implementation which are being addressed by the Government constantly.

2. Industry structure and Development

The Indian paper industry accounts for about 3% of the world's production of paper. The estimated turnover of the industry is INR 50,000 crore (USD 8 billion) approximately and its contribution to the exchequer is around INR 4,500 crore. The industry provides employment to more than 0.5 million people directly and 1.5 million people indirectly.

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. 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.

India's share in global paper demand is gradually growing as domestic demand is increasing at a steady pace while demand in the western nations is contracting. While India accounts for nearly 17 per cent of the world population, it consumes only 3 per cent of the global paper production. The domestic demand in India grew from 9.3 million tonnes in FY 08 to 17 million tonnes in FY 17 at a CAGR of 6.9%. In spite of the sustained growth witnessed by the industry, the per capita paper consumption in India stands at a little over 13 kg which is well below the global average of 57 kg, and is way behind 76 kg in China and significantly below 200 kg in North America.

India's share in global paper demand, though small is growing as demand in the western nations contracts, while domestic demand in India grows at a steady pace. Globally over 400 million tonnes of paper and paper products are consumed. The world's three largest paper producing countries are China, the United States, and Japan (these three countries account for approximately half of the world's total paper production), while India accounts for a small but growing share of the global market. The global paper and pulp mills industry has contracted slightly over the past five years, primarily due to the shift to digital media and paperless communication across most developed economies. However, demand in emerging markets has partially offset the decline by driving increased demand for paper used in packaging materials.

Domestic Demand for Paper is expected to continue growing at a robust pace with Packaging Paper & Board and Specialty segments registering the fastest growth rates.

For the Indian paper industry, strong economic growth has been accompanied by equally robust demand for paper. The demand drivers and growth triggers have come from a combination of factors such as rising income levels, growing per capita expenditure, rapid urbanization and a larger proportion of earning population which is expected to lead consumption and there is enormous potential for the paper industry in the country.

CARE Ratings expects that the overall paper demand growing at a CAGR of 6.6% is likely to touch 18.5 million tonnes in 2018-19. The individual segments are expected to grow as follows:

- Printing and Writing segment demand is expected to grow at a CAGR of 4.2% and reach 5.3 million tonnes in FY19. The demand is expected to grow on account of an anticipated pick-up from the education sector with improving literacy rates and growing enrolment as well as increasing number of schools, colleges and institutions. Continued government spending on education through the Sarva Shiksha Abhiyan is expected to lead to an increased expenditure on textbooks, notebooks and other assorted paper products thereby driving demand.
- Packaging paper & board segment caters to industries such as FMCG, food & beverage, pharmaceutical, textiles, etc. Demand for Packaging Paper & Board segment is expected to grow at a CAGR of 8.9% and reach 9.7 million tonnes in FY19 due to factors such as increased urbanization, requirement of better quality packaging of FMCG products marketed through organized retail, and increasing preference for ready-to-eat foods.
- Improving literacy rates, rising circulation and an increasing number of newspapers and magazines is expected to support growth in newsprint demand which is expected to reach 2.7 million tonnes in FY19.

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

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

Writing & printing paper segment has witnessed optimum capacity utilizations levels over the past few years due to steady demand growth. The large capacity additions that took place in recent years, have now been absorbed by the increased pace of demand.

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

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

CARE Ratings expects demand for specialty paper to grow at about 12% CAGR between through 2019 as compared to about 9% CAGR in the last 5 years. The main varieties of specialty paper are tissue paper, decor paper, thermal paper, cigarette paper and business card paper. Their usage has been growing in line with growth in the economy, rise in organised retail penetration and increase in urbanisation.

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

Of the total paper and paper board demand, writing & printing paper accounts for about 30 per cent, industrial paper accounts for about 50 per cent, newsprint accounts for about 15 per cent, and specialty paper accounts for the balance 5 per cent.

3. Opportunities and Threats

The Indian paper industry is expected to grow at about 6.6% CAGR through 2019 to touch 18.5 million tonnes. The demand will be driven and supported by greater Government spending on education initiatives, corporate spending on stationary and healthy growth in services sector. Inspite of advancement in technology, like the usage of iPads, Galaxy Tabs, Smart Phones, the increased preference for online storage and dissemination of data, the paper industry is poised for a consistent growth in the demand for paper in next few years. Despite the higher level of technology being used in the corporate sector, there has been no decline in the paper consumption. Infact paper demand continues to rise at a modest pace. The envisaged growth in the value-added printing & writing paper segment in India presents an invaluable opportunity and your company plans to leverage it by tapping its institutional strength in its distribution supply chain, cost competitiveness and its premium quality alongwith it's branding.

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

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

Indian paper mills are categorized based on raw materials used by them in the manufacture of paper - wood/forest based mills, agro-based mills and wastepaper based mills. Wood accounts for 30-35% of production, while wastepaper and agri-residues account for 45-50% and 20-22%, respectively. India has a total land area of 3.3 million sq km with forests covering only 0.7 million sq km. About 78% of the total land area is non-forest area. With diminishing forest resources and limitations on enlarging man-made forests, there is scarcity of raw material for paper mills. Moreover, the limited raw material can be put to many alternative uses. To counter the issue of wood deficit, the paper mills gave thrust to initiatives like agro forestry which have now started yielding results.

Over the last few years, imported pulp has accounted for around 10% of domestic production. With increase in growing demand for high quality premium 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. With Free Trade Agreements, imports are expected to continue challenging the domestic industry.

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

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

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

4. Risks and Management Perception

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

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

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

The paper industry consumes a large amount of energy and water. Energy costs account for about 16-18 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 entered into a Fuel Supply Agreement and has been meeting part of its requirements in the co-generation plant through procurement of coal, thus mitigating the cost increase to some extent.

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

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

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

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

5. Outlook

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

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

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

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

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

During the year your Company has achieved the highest ever production of paper, which was 1,25,617 metric tonnes, as against 1,15,997 metric tonnes in the previous year. The quantitative figure for the sale of paper was 1,26,087 metric tonnes this year which includes opening stock of 470 metric tonnes leaving NIL closing stock as against the sale of 1,15,724 metric tonnes and closing stock of 470 metric tonnes in the previous year.

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

The company recorded a net sales turnover (net of excise/GST) and including other income, at Rs.70,780.15 lacs, up by 15.9%; operating profit at Rs. 15,111.50 lacs, up by 26.2%, Profit before Tax at Rs. 10,711.10 lacs, up by 27.2% compared to the previous year. Net profit after tax and other comprehensive income (expense) is up by 23.6% and stands at Rs. 7,274.12 lacs.

The initiatives taken by your company in the recent years in improving productivity and efficiency have led to achieving the above operational performance. The company has continued to take up further projects in focused areas for improvement and this has led to improved operational efficiencies, productivity, reduction in operational costs, and sizeable increase in savings thereby substantially improving the bottom-line.

The results of cost reduction initiatives and operational efficiencies will continue to be more visible in the current financial year 2018-19 as your company has continued these initiatives to optimize capacity utilization, cost reduction, new products, optimizing production of better margin products by further undertaking modification and up-gradation of the paper machines and other equipments for improving the product quality and operations.

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

7. **Internal Control Systems**

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

8. **Human Resources**

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

9. **Cautionary Statement**

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

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

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

2. Board of Directors

The Board of Directors consisted of 8 directors, as on 31.03.2018, comprising of a Chairman, a Managing Director and six non-Executive Directors. Out of six, four non-Executive Directors are independent directors. The Board has a healthy blend of executive and non-executive directors which ensures the desired level of independence in functioning and decision making. All the independent directors are eminent professionals and bring in wealth of expertise and experience for advising the management of the Company.

(a) Composition of the Board

Name of Director	Relationship with other Directors	Category	No. of Board Meetings Attended during 2017-18		Whether attended the last AGM	No. of directorships in other public limited companies	No of Committee positions held in other Companies	
			Held	Attended			Chairman	Member
Sh. Jagesh Kumar Khaitan, Chairman	Father of Sh. Pavan Khaitan & brother of Sh. Umesh K Khaitan	Promoter, Executive	5	5	Yes	2	2	1
Sh. D.C. Mehandru	-	Independent, Non-Executive	5	5	Yes	1	1	1
Sh. Umesh K Khaitan	Father of Sh. Ashutosh Khaitan & brother of Sh. Jagesh Kumar Khaitan	Promoter, Non-Executive	5	2	No	7	-	-
Sh. Yashovardhan Saboo	-	Independent, Non-Executive	5	1	No	6	1	5
Sh. D.S. Sandhawalia*	-	Non-Independent, Non-Executive	5	4	Yes	-	-	-
Sh. Vivek Bihani	-	Independent, Non-Executive	5	2	Yes	-	-	-
Ms. Shireen Sethi	-	Independent, Non-Executive	5	1	No	-	-	-
Sh. Pavan Khaitan, Managing Director	Son of Sh. Jagesh Kumar Khaitan	Promoter, Executive	5	5	Yes	1	-	-
Mrs. Neena Singh**	-	Independent, Non-Executive	5	1	No	2	-	-
Sh. Ashutosh Khaitan***	Son of Sh. Umesh K Khaitan	Promoter, Non-Executive	5	-	No	3	-	-

* Ceased w.e.f. 06.11.2017 as Independent Director. Appointed as Non- Independent Director w.e.f 08.11.2017
** Ceased w.e.f. 01.11.2017
*** Ceased w.e.f. 15.09.2017

(b) The shareholding of non-executive Directors of the company as on 31.03.2018 is as under:

Name of the Director	No. of shares
Shri D.C. Mehandru	Nil
Shri Umesh K Khaitan	36,248
Shri Yashovardhan Saboo	Nil
Shri D.S. Sandhawalia	Nil
Shri Vivek Bihani	Nil
Ms. Shireen Sethi	Nil

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

(d) During the financial year 2017-18, Five (5) Board Meetings were held on 24 May 2017, 12 August 2017, 15 September 2017, 7 November 2017 and 13 February 2018. The maximum interval between any two meetings was not more than 120 days.

(e) **Information supplied to the Board**

Information regularly provided to the Board inter-alia include:

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

- Details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement;
- To approve various policies, codes and committees pursuant to the Companies Act, 2013, the relevant rules, 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;

(f) Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transactions or relationship between the Company and its directors during the year 2017-18 that may have potential conflict with the interests of the Company.

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

(g) Details of remuneration paid to the directors during the financial year 2017-18

Name of Director	Salary*/ Fee**	Perks+ contribution to PF/other Funds	Commission	Sitting Fee	Total
Sh. Jagesh Kumar Khaitan	1,05,60,000*	8,93,272	43,63,741	-	1,58,17,013
Sh. Pavan Khaitan	1,53,60,000*	13,97,347	63,47,259	-	2,31,04,606
Sh. D.C. Mehandru	-	-	-	3,25,000	3,25,000
Sh. Umesh K Khaitan	-	-	-	75,000	75,000
Sh. Yashovardhan Saboo	-	-	-	1,25,000	1,25,000
Sh. D.S. Sandhawalia	48,00,000**	-	-	2,75,000	50,75,000
Sh. Vivek Bihani	-	-	-	1,00,000	1,00,000
Ms. Shireen Sethi	-	-	-	50,000	50,000
Mrs. Neena Singh	-	-	-	50,000	50,000

**Represents professional fee excluding taxes

3. Committees of the Board

(a) Audit Committee

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

- Oversight of the company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment /removal of external auditors, fixing audit fees and approving payments for any other service;
- Reviewing with management the annual financial statements and Auditor's Report thereon before submission to the Board with particular reference to:

  a. Matters required to be included in the Director's Responsibility Statement which forms part of the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013

  b. Changes, if any, in accounting policies and practices and reasons for the same

c. Major accounting entries involving estimates based on the exercise of judgment by management
d. Significant adjustments made in the financial statements arising out of audit findings
e. Compliance with listing and other legal requirements relating to financial statements
f. Disclosure of any related party transactions
g. Qualifications in the draft audit report

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

The Company continues to derive immense benefit from the deliberations of the Audit Committee. As on 31 March 2018, the committee comprised of the following six directors of the Company – four non-executives & independent and two executive & non-independent. During the financial year 2017-18, Audit Committee met 4 times i.e. 24 May 2017, 12 August 2017, 7 November 2017 and 13 February 2018 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 Kumar Khaitan	Member	Non-Independent Executive Director	4	4
Shri Yashovardhan Saboo	Member	Independent, Non Executive Director	4	1
Shri D.S. Sandhawalia*	Member	Non-Independent, Non Executive Director	4	2
Shri Vivek Bihani**	Member	Independent, Non Executive Director	4	1
Ms. Shireen Sethi***	Member	Independent, Non Executive Director	4	-
Shri Pavan Khaitan	Member	Non-Independent, Executive Director	4	4

* Ceased as audit committee member w.e.f. 06.11.2017
** Audit committee member since 12.08.2017
*** Audit committee member since 13.02.2018

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

The Company Secretary acts as Secretary of the committee.

All the members of the Audit Committee, except Shri Yashovardhan Saboo and Ms. Shireen Sethi, were present at the last AGM held on 15th September, 2017.

(b) Nomination and Remuneration Committee

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

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

a) Key Attributes of the Independent Directors that justify his/her extension/continuation on the Board of the Company;

b) Participation of the Directors in the Board proceedings and their effectiveness.

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

Terms of Reference of the Nomination and Remuneration Committee

- Identification of persons qualified to be the directors and in senior management in accordance with the criteria laid down.
- Recommend to the Board appointment and removal of the directors.
- Evaluation of every director's performance.
- Formulation of criteria for determining qualifications, positive attributes and independence of a director.

- Recommendation of Remuneration policy for the directors, KMPs and other employees in the senior management as mentioned herein above.
- Other Terms of Reference/scope of Nomination and Remuneration Committee shall be as notified by the appropriate authority from time to time or as directed/advised by the Board of Directors of the Company from time to time.

As on 31 March 2018, the committee comprised of the following three directors of the Company. Remuneration Committee met thrice i.e. 24.05.2017, 12.08.2017 and 08.11.2017. The attendance of the Directors on the above meetings was as follows:

Director	Position	Category	No. of meetings held	No. of meetings attended
Shri Yashovardhan Saboo	Chairman	Independent, Non-Executive Director	3	2
Shri D.C. Mehandru	Member	Independent, Non-Executive Director	3	3
Shri D.S. Sandhawalia	Member	Independent, Non-Executive Director	3	2

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

(c) Stakeholders Relationship Committee

Pursuant to Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has constituted 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 2018, the committee comprised of the following three directors of the Company. During the financial year 2017-18, the Committee met once on 13.02.2018 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 D.S. Sandhawalia	Chairman	Non-Independent, Non-Executive Director	1	1
Shri Jagesh Kumar Khaitan	Member	Non- Independent, Executive Director	1	1
Shri Umesh K Khaitan	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 7 complaints which were replied/resolved to the satisfaction of the investors. As on 31 March 2018, no complaints and/or requests for dematerialization were pending. All valid requests for share transfers received during the year 2017-18 have been acted upon by the Company and no transfer was pending.

(d) Risk Management Committee

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

The Objectives of the Committee are as under:

Strategic:

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

Operations:

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

Reporting:

- Maintain high standards of Corporate Governance and public disclosure.

Compliance:

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

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

(e) Corporate Social Responsibility Committee

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the rules made thereunder, the Board of Directors have constituted a Corporate Social Responsibility Committee comprising of the following Directors. During the financial year 2017-2018, the Committee met twice on 24.05.2017 and 29.03.2018 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. Sandhwalia	Member	Non-Independent Non-Executive Director	2	2
Mrs. Neena Singh*	Member	Independent, Non Executive Director	2	1
Ms. Shireen Sethi**	Member	Independent, Non Executive Director	2	-

* Ceased as CSR committee member w.e.f. 01.11.2017
** CSR committee member since 13.02.2018

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

4. General Body Meetings

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

Financial Year	Date	Time	Place
2014-15	18.09.2015	11.30 am	Regd. Office - Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab
2015-16	14.09.2016	11.30 am	Regd. Office - Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab
2016-17	15.09.2017	11.30 am	Regd. Office - Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab

Special Resolutions passed in the previous three AGMs

Financial Year	AGM Dated	Details of the Special Resolutions Passed
2014-15	18.09.2015	i) Re-appointment of Chairman and fixation of his remuneration pursuant to the provisions of Section 196,197,198, 203 and Schedule V of the Companies Act, 2013 ii) To accept Deposits u/s 73 and 76 of the Companies Act, 2013
2015-16	14.09.2016	i) To accept Deposits u/s 73 and 76 of the Companies Act, 2013
2016-17	15.09.2017	i) To accept Deposits u/s 73 and 76 of the Companies Act, 2013

5. Postal Ballot

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

6. Disclosures

(i) There were no transactions of material nature with the directors or the management or their subsidiaries or relatives or any related party etc. during the year that had potential conflict with the interests of the Company at large.

(ii) The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India. The estimates/judgements made in preparation of these financial statements are consistent, reasonable and on prudent basis so as to reflect true and fair view of the state of affairs and results/operations of the Company.

(iii) The Company has well-defined Risk Management Policies for its business, which are periodically reviewed to ensure that the executive management controls risk by means of a properly defined framework.

(iv) The Company has not raised any funds from the capital market (public/rights/preferential issues etc.) during the financial year under review.

(v) There was no instance of non-compliance of any matter relating to the capital markets by the Company. No penalties or strictures have been imposed on the company by the stock exchange, SEBI or any other statutory Authorities on any matter relating to the capital market since the listing of the Company.

(vi) The Company is complying with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vii) The Company has established a vigil mechanism for directors and employees to report genuine concerns and has a well-defined Whistle Blower Policy and it is affirmed that no personnel has been denied access to the audit committee.

(viii) Web link for the policy on dealing with related party transactions- http://www.kuantumpapers.com/invester.html.

(ix) In compliance with the terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the number of equity shares lying unclaimed in the 'Unclaimed Suspense Account' as on 31.03.2018 is 4815. The information as required in pursuance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

Aggregate no. of shareholders as on 1.04.2017	3400
Outstanding shares as on 1.04.2017	77652
No. of shareholders transferred to IEPF	3250
Shares transferred to IEPF	72225
No. of shareholders requested to transfer shares from Suspense A/c	24
No. of shares transferred from Suspense A/c	612
Shareholders in Suspense A/c as on 31.03.2018	126
Shares in Suspense A/c as on 31.03.2018	4815

(x) During the year under review, the Company has credited Rs. 1,99,334/- (pertaining to the year 2009-10) to the Investor Education and Protection Fund (IEPF) pursuant to the relevant provisions of the Companies Act, 2013 read with Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001 and modifications thereof.

Pursuant to Section 124(6) of Companies Act, 2013 and the Rules notified thereunder, the shares of those shareholders whose dividend was unclaimed/unpaid for seven years, have been transferred to the demat account of the Investor Education and Protection Fund Authority (IEPF) as per particulars mentioned below:

Sr. No.	Year	No. of Shares	Nominal value of shares
1	2008-09	1,44,537	14,45,370
2	2009-10	9,275	92,750

The Company has also uploaded details of such shareholders on its website www.kuantumpapers.com

(xi) The Company does not have a Subsidiary and hence policy for determining material subsidiaries is not applicable.

(xii) The company has complied with all the requirements of corporate Governance Report pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(xiii) The Company has not adopted discretionary requirements as specified in Part E of Schedule II in terms of Regulation 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(xiv) The Company has complied with all the Corporate Governance requirements specified in regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

7. Means of Communications

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

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

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

8. Code of Conduct

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

All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31 March 2018 and a declaration to that effect signed by the Chief Executive Officer is attached and forms part of this report.

9. Code of Conduct for prevention of Insider Trading

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

10. CEO and CFO Certification

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

11. Practicing Company Secretary's Certificate on Corporate Governance

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

Declaration regarding compliance of Code of Conduct

I, Pavan Khaitan, Chief Executive Officer of Kuantum Papers Ltd, hereby declare that all the Board Members and senior management personnel of the Company have affirmed compliance of the Code of Conduct for the year ended 31 March 2018.

Place : Chandigarh
Date : 25 May 2018

Pavan Khaitan
Chief Executive Officer

GENERAL SHAREHOLDERS INFORMATION

- **Annual General Meeting**

Date	10 August 2018
Time	11.30 AM
Venue	Kuantum Papers Ltd., Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab

- **Financial Year : April 01 to March 31**
- **Financial Calendar 2018-19 (Tentative)**

Board Meetings to take on record

Financial Results for Quarter ended 30.06.2018	Second week of August, 2018
Financial Results for Quarter ended 30.09.2018	Second week of November, 2018
Financial Results for Quarter ended 31.12.2018	Second week of February, 2019
Financial Results for Year / Quarter ended 31.03.2019	2nd / 3rd week of May, 2019
Book Closure Date	4 August 2018 to 10 August 2018 (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 @ Rs. 2.50 per share on the Equity Shares of Rs. 10/- each for declaration at the 21st Annual General Meeting. Dividend will be paid after the date of AGM but within the statutory time limit of 30 days from the date of declaration.

- **Listing**

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

The Company has already paid annual listing fee for the year 2018-19 to BSE Ltd.

- **Stock Code**

- Bombay Stock Exchange : 532937
- Demat ISIN in NSDL and CDSL for equity Shares : INE 529I01013

- **Market Price Data**

The monthly high/low quotation of the equity shares traded at BSE Ltd. and BSE Sensex during the financial year 2017-18 are given below.

Month	Company's Share Price (Rs.)		BSE Sensex	
	High	Low	High	Low
April 2017	509.00	449.00	30184.22	29241.48
May 2017	537.00	437.10	31255.28	29804.12
June 2017	512.80	470.00	31522.87	30680.66
July 2017	510.00	477.00	32672.66	31017.11
August 2017	504.00	390.00	32686.48	31128.02
September 2017	696.90	480.00	32524.11	31081.83
October 2017	711.00	567.55	33340.17	31440.48
November 2017	912.00	675.00	33865.95	32683.59
December 2017	890.00	741.00	34137.97	32565.16
January 2018	1032.00	770.00	36443.98	33703.37
February 2018	864.00	671.00	36256.83	33482.81
March 2018	784.00	639.45	34278.63	32483.84

- **Share Transfer Agent and Demat Registrar**

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

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

- **Share Transfer System**

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

- **Distribution of Equity Shareholding**

(a) Shareholding Pattern as on 31 March 2018

Sl. No.	Description	No. of equity shares held	Shareholding %
1.	Promoters		
	• Individuals	3,31,281	3.79
	• Bodies Corporate	58,03,788	66.51
2.	Institutional Investors		
	• Mutual Funds/UTI	250	0.00
	• Banks/Financial Institutions	566	0.01
3.	Others		
	• Private Bodies Corporate	13,61,241	15.60
	• Indian Public	12,03,570	13.79
	• NRIs/OBCs/Pak shareholders	25,667	0.30
	Total	**87,26,363**	**100.00%**

(b) Distribution of shareholding as on 31 March 2018

Shareholding of Nominal Value of Rs.	No. of shareholders	%age of shareholders	No. of shares	%age of holding
1 to 5,000	9662	97.14	3,73,457	4.28
5,001 to 10,000	133	1.34	1,02,135	1.17
10,001 to 20,000	60	0.60	87,623	1.00
20,001 to 30,000	27	0.27	66,746	0.77
30,001 to 40,000	12	0.12	43,093	0.49
40,001 to 50,000	11	0.11	50,790	0.58
50,001 to 1,00,000	19	0.19	1,29,000	1.48
1,00,001 and above	23	0.23	78,73,519	90.22
Total	**9947**	**100.00**	**87,26,363**	**100.00**

- **De-materialization of Shares**

  The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Ltd. (NSDL) to offer depository Services to the shareholders. As on March 31, 2018, approximately 98.26 % of the shares of the Company have been dematerialized.

- **Reconciliation of Share Capital Audit**

  A practicing Company Secretary carried out a Reconciliation of Share Capital Audit, quarterly, to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The Reconciliation of Share Capital Audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. Pursuant to Regulation 55A of the SEBI (Depositories and Participants) Regulation 1996, the Reconciliation of Share Capital Audit obtained from a Practising Company Secretary is filed with the stock exchange on quarterly basis.

Outstanding GDRs/ADRs/Warrants etc.

Not applicable

- **Plant Location**

  Paper Mill, Saila Khurd 144529
  Distt: Hoshiarpur, Punjab

- **Address for correspondence**

(a) **Registered Office:**
Paper Mill, Saila Khurd 144529
Distt. Hoshiarpur, Punjab

(b) **Registrar & Share Transfer Agent**
M/s MAS Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020
Ph:- 011-26387281/82/83, Fax:- 011-26387384
email:- info@masserv.com, website : www.masserv.com

PRACTICING COMPANY SECRETARY'S CERTIFICATE

To the Members of Kuantum Papers Ltd

I have examined the compliance of the conditions of Corporate Governance by Kuantum Papers Limited for the year ended 31st March, 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations.

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

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

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

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

SUSHIL K SIKKA
Prop.
FCS 4241
CP 3582

Place : Chandigarh
Date : 25 May 2018

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

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

Re: **Financial Statements for the year 2017-18 – Certification by CEO and CFO**

We, Pavan Khaitan, Managing Director & CEO and Roshan Garg, President (Finance) & CFO, of Kuantum Papers Ltd., on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31 March 2018 and to the best of our knowledge and belief, hereby certify that:-

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

Roshan Garg
President (Finance) & CFO

Pavan Khaitan
Managing Director & CEO

Place : Chandigarh
Dated : 25 May 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Kuantum Papers Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Kuantum Papers Limited ("the Company"), which comprise the Balance Sheet as at 31March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information, (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matter stated in Section134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(IndAS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the as sets 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 2018, its profit (including other comprehensive income),changes in equity 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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; - Refer Note 39 A to the Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; - Refer Note 37 B(iv)(c) to the Ind AS financial statements.

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they donot pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

Pravin Tulsyan
Partner
Membership No: 108044

Place : Chandigarh
Date : 25 May 2018

'Annexure A' referred to the Independent Auditor's Report to the Members of Kuantum Papers Limited on the Ind AS financial statements for the year ended 31 March 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets (including investment property) by which all the fixed assets (including investment property) are verified in a phased manner over a period of three years. In accordance with this programme, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, the discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.

(ii) The inventories, except goods-in-transit, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.The discrepancies noticed on such verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, paragraphs 3 (iii) of the Order is not applicable.

(iv) The Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed 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 National Company Law Tribunal and Reserve Bank of India or any court or any other tribunal in this matter and no order has been passed by any of the aforesaid authorities in this regard.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of the product covered where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 148 (1) of the Act, in respect of products covered and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to ensuring whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Value added tax, Service tax, Duty of customs, Duty of excise, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Value added tax, Service tax, Duty of customs, Duty of excise, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Duty of custom, Duty of excise, Value added tax, Sales tax, cess and Service tax which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below :

Name of the statute	Nature of the Dues	Amount Disputed* Rs. lacs	Amount Deposited Rs. lacs	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	7.57	-	2005-06 (Assessment year)	Commissioner of Income tax (Appeals)
Income tax Act, 1961	Income tax	81.43	-	2015 to 2016 (Assessment year)	Commissioner of Income tax (Appeals)
Central Excise Act, 1944	Excise duty	447.36	-	2000-01 to 2007-08	Punjab and Haryana High Court
Central Excise Act, 1944	Excise duty	65.06	-	2008-09	Commissioner (Appeals), Central Excise and Service
Central Excise Act, 1944	Service tax	58.77	2.20	2008-09	Commissioner (Appeals), Central Excise and Service
Central Excise Act, 1944	Service tax	54.90	2.05	July 2008 - December 2015	Commissioner (Appeals), Central Excise and Service Tax, Ludhiana
The Water (Prevention and Control of Pollution) Cess Act, 1977	Water Cess	49.50	28.82	2011-12 to 2013-14	Chairman, Appellate Committee, Punjab Pollution Control Board

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

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and the financial institution. The Company did not have any outstanding dues to any government or debenture holders during the year.

(ix) According to the information and explanations given to us, the term loan taken by the Company have been applied for the purposes for which they were raised. However, loan amounting to Rs. 1,443.92 lakhs, which has been disbursed during the year, remained unutilized as at 31 March 2018 and is included in fixed deposits. Also refer to note 13 to the Ind AS financial statements. As informed to us, the Company has not raised any moneys by way of initial public offer (including debt instruments) or further public offer.

(x) According to the information and explanations given to us, no fraud on or by the Company, by its officers or employees has been noticed or reported during the course of our audit for the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provision of section 197 read with Schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company and thus paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Pravin Tulsyan
Partner
Membership No: 108044

Place : Chandigarh
Date : 25 May 2018

'Annexure B' referred to the Independent Auditor's report to the Members of Kuantum Papers Limited being report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of **Kuantum Papers Limited** (“the Company”) as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to the Ind AS financial statements and such internal financial controls with reference to the Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Pravin Tulsyan
Partner
Membership No.: 108044

Place : Chandigarh
Date : 25 May 2018

BALANCE SHEET AS AT 31 MARCH 2018

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

	Note	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	**81,491.67**	76,136.72	68,577.39
Capital work-in-progress	3	**8,009.59**	4,153.85	5,197.27
Investment property	4	**817.10**	830.38	-
Other intangible assets	5	**142.53**	216.91	-
Intangible assets under development	5	**428.57**	-	-
Financial assets				
- Loans	6	**250.72**	247.14	252.39
- Other financial assets	7	**37.43**	69.58	65.34
Current tax assets (net)	8	**1.61**	14.82	99.88
Other non-current assets	9	**2,612.09**	2,150.81	2,480.95
Total non-current assets		**93,791.31**	**83,820.21**	**76,673.22**
Current assets				
Inventories	10	**7,448.17**	6,087.51	5,303.76
Financial assets				
- Trade receivable	11	**3,200.22**	3,434.89	3,610.48
- Cash and cash equivalents	12	**1,422.25**	2,229.96	90.09
- Other bank balances	13	**3,389.51**	1,360.52	507.47
- Loans	6	**635.90**	60.95	32.82
- Others financial assets	7	**178.94**	176.11	104.04
Other current assets	14	**2,075.12**	3,937.17	1,364.35
Total current assets		**18,350.11**	**17,287.11**	**11,013.01**
Total assets		**1,12,141.42**	**1,01,107.32**	**87,686.23**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	**872.64**	872.64	872.64
Other equity	16	**68,266.30**	61,202.24	55,420.46
Total equity		**69,138.94**	**62,074.88**	**56,293.10**
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	17	**23,833.97**	19,909.67	17,133.34
- Other financial liabilities	18	**1,321.34**	1,200.76	1,152.15
Provisions	19	**96.46**	102.41	76.67
Deferred tax liability (net)	20	**3,785.90**	2,757.99	2,093.60
Deferred income	21	**421.90**	445.19	190.79
Total non-current liabilities		**29,459.57**	**24,416.02**	**20,646.55**
Current liabilities				
Financial liabilities				
- Borrowings	17	**4,554.56**	3,800.63	3,852.87
- Trade payables	22	**3,046.98**	2,441.52	2,444.14
- Other financial liabilities	18	**5,561.47**	7,853.57	4,220.11
Other current liabilities	23	**249.50**	295.24	202.78
Provisions	19	**16.97**	8.28	9.75
Deferred income	21	**17.47**	-	-
Current tax liabilities (net)	24	**95.96**	217.18	16.93
Total current liabilities		**13,542.91**	**14,616.42**	**10,746.58**
Total liabilities		**43,002.48**	**39,032.44**	**31,393.13**
Total equity and liabilities		**1,12,141.42**	**1,01,107.32**	**87,686.23**

Significant accounting policies 2

Notes to the Ind AS financial statements 3-46

The accompanying notes form an integral part of the Ind AS 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 : 25 May 2018

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
President-Finance & CFO

Vivek Trehan
Company Secretary

Place : Chandigarh
Date : 25 May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

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

Particulars	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	25	**71,429.30**	64,272.51
Other income	26	**366.42**	318.88
Total income		**71,795.72**	**64,591.39**
Expenses			
Cost of materials consumed	27	**22,365.00**	20,771.88
Excise duty on sales		**1,015.57**	3,517.04
Changes in inventories of finished goods and work in progress	28	**131.64**	(60.15)
Employee benefits expense	29	**4,358.54**	3,820.93
Finance costs	30	**2,458.40**	2,016.46
Depreciation and amortisation expense	31	**1,941.99**	1,536.41
Other expenses	32	**28,813.48**	24,565.17
Total expenses		**61,084.62**	**56,167.74**
Profit before income tax		**10,711.10**	**8,423.65**
Income tax expense	33		
Current tax		**2,410.83**	1,811.32
Deferred tax		**1,011.52**	682.24
Total income tax expense		**3,422.35**	**2,493.56**
Profit for the year		**7,288.75**	**5,930.09**
Other comprehensive income/(expenses)			
Items that will not be re-classified to profit or loss			
- Remeasurement of defined benefit liability/(assets)		**(21.23)**	(61.14)
Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit liability/(assets)		**6.60**	17.86
Other comprehensive income/(expense) for the year (net of income tax)		**(14.63)**	**(43.28)**
Total comprehensive income/(expense) for the year		**7,274.12**	**5,886.81**
Earnings per equity share [nominal value of ₹ 10 (previous year ₹ 10)]	34		
a) Basic		**83.53**	67.96
b) Diluted		**83.53**	67.96

Significant accounting polices	2
Notes to the Ind AS financial statements	3-46

The accompanying notes form an integral part of the Ind AS 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 : 25 May 2018

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
President-Finance & CFO

Vivek Trehan
Company Secretary

Place : Chandigarh
Date : 25 May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

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

A. Equity share capital

A. Equity share capital	Note	
Balance as at 1 April 2016	15	872.64
Changes in equity share capital during the year		-
Balance as at 31 March 2017		872.64
Changes in equity share capital during the year		-
Balance as at 31 March 2018		872.64

B. Other equity

Particulars	Reserves and surplus			Other comprehensive income	
	Capital redemption reserve (Refer note 16)	General reserve (Refer note 16)	Retained earnings (Refer note 16)	Remeasurement of defined benefit liability (Refer note 16)	Total
Balance as at 1 April 2016	**200.00**	**2,457.92**	**52,762.54**	**-**	**55,420.46**
Total comprehensive income for the year ended 31 March 2017					
Profit for the year	-	-	5,930.09	-	5,930.09
Other comprehensive income/(expense) (net of tax)	-	-	-	(43.28)	(43.28)
Total comprehensive income for the year	**-**	**-**	**5,930.09**	**(43.28)**	**5,886.81**
Dividend (including corporate dividend tax)	-	-	(105.03)	-	(105.03)
Balance as at 31 March 2017	**200.00**	**2,457.92**	**58,587.60**	**(43.28)**	**61,202.24**
Total comprehensive income for the year ended 31 March 2018	**200.00**	**2,457.92**	**58,587.60**	**(43.28)**	**61,202.24**
Profit for the year	-	-	7,288.75	-	7,288.75
Other comprehensive income/(expense) (net of tax)	-	-	-	(14.63)	(14.63)
Total comprehensive income for the year	**-**	**-**	**7,288.75**	**(14.63)**	**7,274.12**
Dividend (including corporate dividend tax)	-	-	(210.06)	-	(210.06)
Balance as at 31 March 2018	**200.00**	**2,457.92**	**65,666.29**	**(57.91)**	**68,266.30**

Significant accounting polices	2
Notes to the Ind AS financial statements	3-46

The accompanying notes form an integral part of the Ind AS 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 : 25 May 2018

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
President-Finance & CFO

Vivek Trehan
Company Secretary

Place : Chandigarh
Date : 25 May 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

		Year ended 31 March 2018	Year ended 31 March 2017
A	**Cash flow from operating activities**		
	Profit before income tax	**10,711.10**	8,423.65
	Adjustments for:		
	Depreciation and amortisation expense	**1,941.99**	1,536.41
	Loss on sale of property, plant and equipment (net)	**20.42**	11.80
	Change in fair value derivative contracts	**(90.90)**	35.62
	Finance cost	**2,458.40**	2,016.46
	Interest income	**(153.70)**	(97.93)
	Foreign exchange gain/loss (unrealized)	**63.39**	163.33
	Liabilities no longer required written back	**(42.19)**	(53.38)
	Rental income	**(38.35)**	-
	Others	**7.55**	26.05
	Operating cash flow before working capital changes	**14,877.71**	12,062.01
	Changes in working capital:		
	(Increase) in loan assets	**(578.53)**	(22.88)
	Decrease in other non-current assets	**18.06**	9.86
	(Increase) in inventories	**(1,360.66)**	(783.75)
	Decrease in trade receivables	**234.67**	175.59
	(Decrease) in other financial assets	**(58.82)**	-
	Decrease/(increase) in other current assets	**1,848.67**	(2,598.88)
	(Decrease) in provisions	**(18.50)**	(36.86)
	Increase/(decrease) in trade payables	**605.46**	(2.62)
	Increase/(decrease) in other financial liabilities	**121.42**	(8.13)
	(Decrease)/increase in other current liabilities	**(66.94)**	18.14
	Cash generated by operating activities	**15,622.54**	8,812.48
	Income tax paid / tax deducted at source (net of refund)	**(2,495.84)**	(1,528.69)
	Net cash generated from operating activities (A)	**13,126.70**	7,283.79
B	**Cash flow from investing activities**		
	Acquisition of property, plant and equipment	**(11,452.96)**	(7,887.45)
	Acquisition of investment property	**-**	(840.34)
	Proceeds from sale of property, plant and equipment	**41.82**	20.58
	Receipt of government grants	**-**	254.40
	Rental income	**38.35**	-
	(Increase) in deposit accounts (having original maturity of more than three months)	**(1,917.33)**	(915.48)
	Interest received	**133.72**	81.39
	Net cash (used) in investing activities (B)	**(13,156.40)**	(9,286.90)
C	**Cash flows from financing activities**		
	Proceeds from long term borrowings	**11,501.67**	12,001.10
	Repayment of long term borrowings	**(9,683.15)**	(5,202.57)
	Proceeds/(repayment) of short term borrowings (net)	**107.28**	(537.86)
	Payment of finance lease obligations	**(12.14)**	(33.46)
	Interest paid	**(2,481.61)**	(1,979.20)
	Dividend paid (including dividend distribution tax)	**(210.06)**	(105.03)
	Net cash (used in)/generated from financing activities(c)	**(778.01)**	4,142.98
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(807.71)**	2,139.87
	Cash and cash equivalents at the beginning of the year (see below)	**2,229.96**	90.09
	Cash and cash equivalents at the end of the year (see below)	**1,422.25**	2,229.96
	Notes		
1.	Cash and cash equivalents include :		
	Balance with banks in current accounts	817.12	81.20
	Fixed deposits with original maturities upto 3 months	600.00	2,133.30
	Cash on hand	5.13	15.46
		1,422.25	**2,229.96**

2. The cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash Flows ".
3. Refer note 17 for reconciliation of movements of liabilities to cash flows arising from financing activities.

Significant accounting polices	2
Notes to the Ind AS financial statements	3-46

The accompanying notes form an integral part of the Ind AS 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 : 25 May 2018

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
President-Finance & CFO
Place : Chandigarh
Date : 25 May 2018

Vivek Trehan
Company Secretary

Notes to the Ind AS financial statements for the year ended 31 March 2018

1. Reporting entity

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

The Company's business primarily consists of manufacture and sales of paper, mainly in the domestic markets. The manufacturing facilities and registered office of the Company are situated in Saila Khurd, District Hoshiarpur in the State of Punjab, with corporate office in Chandigarh.

2. Significant accounting policies

a) Basis of preparation

i) Statement of compliance

These Ind AS financial statements ("Ind AS financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006.

As these are Company's first financial profits prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, which was the previous GAAP. An explanation of how the transition to Ind AS has impacted the previously reported financial position, financial performance and cash flow of the Company is provided in Note 35.

The Ind AS financial statements were authorized for issue by the Company's Board of Directors on 25 May 2018.

ii) Functional and presentation currency

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

iii) Basis of measurement

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

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

iv) Use of estimates and judgments

The preparation of Ind AS financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that impact the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Judgments

- Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the Ind AS financial statements is included in the following notes:
- Note 2(b) and 3 – Assessment of useful life of Property, plant and equipment
- Note 2(c) and 5 – Assessment of useful life of Intangible assets
- Note 2(g), 19 and 39 – Provisions and contingent liabilities
- Note 2(m) and 20 – Income taxes

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 40 – Measurement of defined benefit obligations: key actuarial assumptions
- Note 19 and 39 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(p) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts
- Note 2(o) - Impairment of financial assets
- Note 2(a)(v) - Fair value measurement
- Note 33 – Measurement of current tax expense and payable: Amount expected to be paid to the tax authorities in accordance with the provision of Income Tax Act, 1961.
- Note 20 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used for future recoverability been probable;

v) *Measurement of fair values*

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

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

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

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred. Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

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

Recognition and measurement

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

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

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

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

Transition to Ind AS

On transition to Ind AS, the Company has adopted to continue with the carrying value of all of its property, plant and equipment as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2016.

Subsequent expenditure

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

Depreciation

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

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate Affairs. Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on internal assessment and consequent advice, the management believes that its estimates of useful lives as given in Schedule II of Companies Act, 2013 best represent the period over which management expects to use these assets.

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

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

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

Derecognition

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

c) Other intangible assets

Acquired Intangible

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

Subsequent expenditure

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

Transition to Ind AS

On transition to Ind AS, the Company has adopted to continue with the carrying value of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation

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

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

Derecognition

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

(d) Investment Property

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

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

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

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

e) Inventories

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

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

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

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

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

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

f) Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Other long term employee benefits

Compensated absences

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

g) Provisions (other than for employee benefits)

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

h) Contingent liabilities and contingent assets

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

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

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

i) Commitments

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

j) Revenue

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Revenues include excise duty till 30 June 2017 (goods and service tax (GST) applicable w.e.f. 1 July 2017) and are shown net of GST, sales tax, value added tax and applicable discounts and allowances, if any.

Rental income

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Government grants

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

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

Export benefits and sales tax incentives

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

k) Recognition of interest income or expense

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

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

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

b. the amortised cost of the financial liability.

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

l) Borrowing costs

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

m) Income taxes

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

Current tax

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

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

Deferred tax

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

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

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

Minimum Alternative tax

Minimum Alternative tax ('MAT') under the provisions of Income-tax Act,1961 is recognised as current tax in profit or loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised adjusted from deferred tax liability is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

n) Leases

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease based on the substance of the lease arrangement.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payment are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Finance leases

Leases of property, plant and equipment that transfer to the Company substantially all the risk and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risk and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

o) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

Debt instrument at FVOCI

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

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

Debt instrument at FVPL

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

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

Equity investments

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

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

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

Impairment of financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties;

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Derecognition of financial assets

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

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

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

Financial liabilities

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

Derecognition of financial liabilities

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

Derivative financial instruments

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

Offsetting

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

p) Impairment of non-financial assets

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

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

q) Operating Segments

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

r) Cash and cash equivalents

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

s) Cash flow statement

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

t) Earnings per share

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

u) Foreign currency transactions

i) Initial recognition

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

ii) Measurement at the reporting date

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

v) Recent Accounting pronouncements

Applicable standards issued but not yet effective

Ind AS 115, Revenue from contracts with customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company has completed its evaluation and the possible impact of this amendment and does not expect the impact and adoption of this amendment to be material.

Notes to the Financial Statements for the year ended 31 March 2018

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

3 Property, plant and equipment and Capital work in progress

Gross carrying amount (refer note c)

	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Computers	Computer equipment held under finance leases	Total	Capital work-in-progress
Deemed cost	41,372.00	2,772.94	23,995.52	52.39	249.03	49.58	85.93	68,577.39	5,197.27
Additions	-	2,402.83	7,371.23	31.58	124.60	22.06	-	9,952.30	8,655.50
Offset on transfer of building to investment property	-	840.34	-	-	-	-	-	840.34	-
Disposals	-	-	-	-	33.90	-	-	33.90	9,698.92 #
Balance as at 31 March 2017	**41,372.00**	**4,335.43**	**31,366.75**	**83.97**	**339.73**	**71.64**	**85.93**	**77,655.45**	**4,153.85**
Balance as at 1 April 2017	41,372.00	4,335.43	31,366.75	83.97	339.73	71.64	85.93	77,655.45	4,153.85
Additions	47.14	1,770.38	5,144.92	38.19	117.92	152.97	-	7,271.52	10,717.54
Offset on transfer of building to investment property	-	-	-	-	-	-	-	-	-
Disposals	-	-	19.52	-	61.62	8.02	-	89.16	6,861.80 #
Balance as at 31 March 2018	**41,419.14**	**6,105.81**	**36,492.15**	**122.16**	**396.03**	**216.59**	**85.93**	**84,837.81**	**8,009.59**
Accumulated depreciation (refer note c)									
Balance as on 1 April 2016	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	129.52	1,278.09	9.52	44.30	23.67	35.15	1,520.25	-
Disposals	-	-	-	-	1.52	-	-	1.52	-
Balance as at 31 March 2017	**-**	**129.52**	**1,278.09**	**9.52**	**42.78**	**23.67**	**35.15**	**1,518.73**	**-**
Balance as at 1 April 2017	-	129.52	1,278.09	9.52	42.78	23.67	35.15	1,518.73	-
Depreciation for the year	-	172.11	1,553.86	12.33	47.87	41.66	26.50	1,854.33	-
Disposals	-	-	10.50	-	15.15	1.27	-	26.92	-
Balance as at 31 March 2018	**-**	**301.63**	**2,821.45**	**21.85**	**75.50**	**64.06**	**61.65**	**3,346.14**	**-**
Carrying amounts (net)									
As at 1 April 2016	**41,372.00**	**2,772.94**	**23,995.52**	**52.39**	**249.03**	**49.58**	**85.93**	**68,577.39**	**5,197.27**
As at 31 March 2017	**41,372.00**	**4,205.91**	**30,088.66**	**74.45**	**296.95**	**47.97**	**50.78**	**76,136.72**	**4,153.85**
As at 31 March 2018	**41,419.14**	**5,804.18**	**33,670.70**	**100.31**	**320.53**	**152.53**	**24.28**	**81,491.67**	**8,009.59**

Note:

a. Refer note 17 for information on property, plant and equipment pledged as security by the Company.

b. Refer note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Refer note 35 for a reconciliation of deemed cost as considered by the Company pursuant to transition provision under Ind AS 101.

d. The related finance lease obligations in respect to plant and equipment acquired under finance lease arrangements have been disclosed in note no. 17(c)

e. At 31 March 2018, capitalised borrowing costs related to the plant and equipment amounted to Rs. 607.53 (previous year: Rs. 601.23).

Represents capital-work-in-progress capitalized during the year.

Notes to the Financial Statements for the year ended 31 March 2018

4 Investment property

Gross carrying amount

	Total
Balance as at 1 April 2016	-
Additions	840.34
Balance as at 31 March 2017	**840.34**

Balance as at 1 April 2017	840.34
Additions	-
Balance as at 31 March 2018	**840.34**

Accumulated depreciation

Balance as on 1 April 2016	-
Depreciation for the year	9.96
Balance as at 31 March 2017	**9.96**

Balance as at 1 April 2017	9.96
Depreciation for the year	13.28
Balance as at 31 March 2018	**23.24**

Carrying amounts (net)

As at 1 April 2016	**-**
As at 31 March 2017	**830.38**
As at 31 March 2018	**817.10**

Notes to the Financial Statements for the year ended 31 March 2018

5 Other intangible assets and Intangible assets under development

Gross carrying amount (refer note a)

	Computer Software	Total	Intangible assets under development
Deemed cost	-	-	-
Additions - acquired	223.11	223.11	223.11
Disposals	-	-	223.11 #
Balance as at 31 March 2017	**223.11**	**223.11**	**-**
Balance as at 1 April 2017	223.11	223.11	-
Additions - acquired	-	-	428.57
Disposals	-	-	-
Balance as at 31 March 2018	**223.11**	**223.11**	**428.57**

Accumulated depreciation (refer note a)

	Computer Software	Total	Intangible assets under development
Balance as at 1 April 2016	-	-	-
Amortisation for the year	6.20	6.20	-
Disposals	-	-	-
Balance as at 31 March 2017	**6.20**	**6.20**	**-**
Balance as at 1 April 2017	6.20	6.20	-
Amortisation for the year	74.38	74.38	-
Disposals	-	-	-
Balance as at 31 March 2018	**80.58**	**80.58**	**-**

Carrying amounts (net)

	Computer Software	Total	Intangible assets under development
As at 1 April 2016	**-**	**-**	**-**
As at 31 March 2017	**216.91**	**216.91**	**-**
As at 31 March 2018	**142.53**	**142.53**	**428.57**

Notes:

a. Refer note 35 for a reconciliation of deemed cost as considered by the Company pursuant to transition provision under Ind AS 101.

Represents intangible assets under development capitalized during the year.

Notes to the Financial Statements for the year ended 31 March 2018

6 Loans

(unsecured considered good unless otherwise stated)

	Note	As at 31 March 2018 Current	As at 31 March 2018 Non-current	As at 31 March 2017 Current	As at 31 March 2017 Non-current	As at 01 April 2016 Current	As at 01 April 2016 Non-current
Security deposit		**-**	**250.72**	-	247.14	-	252.39
Advances to employees		**5.81**	**-**	8.16	-	8.90	-
Inter corporate deposit							
- Others	(a)	**600.50**	**-**	-	-	-	-
Others		**29.59**	**-**	52.79	-	23.92	-
		635.90	**250.72**	60.95	247.14	32.82	252.39

Note:

(a) The Inter-corporate deposits has been given to a non-related Company for the period of 6 months at 10% per annum rate of interest (31 March 2017: Nil, 1 April 2016: Nil).

7 Other financial assets

	Note	As at 31 March 2018 Current	As at 31 March 2018 Non-current	As at 31 March 2017 Current	As at 31 March 2017 Non-current	As at 1 April 2016 Current	As at 1 April 2016 Non-current
Deposits with original maturity of more than 12 months	(b)	**-**	**25.15**	-	60.80	-	53.87
Balance in unclaimed dividend accounts		**-**	**11.26**	-	8.78	-	11.47
Other deposits	(c)	**50.00**	**-**	126.00	-	70.50	-
Insurance claim receivable		**58.82**	**-**	-	-	-	-
Interest accrued on deposits		**70.12**	**1.02**	50.11	-	33.54	-
		178.94	**37.43**	176.11	69.58	104.04	65.34

Note:

(b) Includes restricted deposits of Rs. 25.15 (31 March 2017: Rs. 60.66; 1 April 2016: Rs. 10.00) as deposits pledged as security for letter of credit, bank guarantee and margin money.

(c) Includes restricted deposits of Rs. 50.00 (31 March 2017: Rs. 126.00; 1 April 2016: Rs. 70.50) as deposits pledged as security for deposit from shareholders, letter of credit and bank guarantee.

8 Current tax asset (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income-tax and tax deducted at source	**1.61**	14.82	99.88
(net of provision of Rs.1,811.31 (31 March 2017: Rs.1,370.58, 1 April 2016: Rs. 1,660.12)	**1.61**	14.82	99.88

Notes to the Financial Statements for the year ended 31 March 2018

9 Other non-current assets *(Unsecured, considered good unless otherwise stated)*	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital advances			
- to others	**2,604.19**	2,124.85	2,445.13
Advances other than capital advances			
- Prepaid expenses	**7.90**	25.96	35.82
	2,612.09	2,150.81	2,480.95

10 Inventories *(at lower of cost and net realisable value, whichever is lower)*	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw material #	**3,495.87**	3,073.80	2,240.65
Work-in-progress	**149.40**	131.42	174.53
Finished goods	**53.85**	203.47	100.21
Stores and spares	**2,162.69**	1,759.14	1,480.44
Loose tools	**1.88**	2.62	1.71
Chemical and fuels	**1,584.48**	917.06	1,306.22
	7,448.17	6,087.51	5,303.76
Note:			
# Material in transit - raw material	324.87	-	-

11 Trade receivable *(Unsecured, considered good unless otherwise stated)*	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivables				
Others				
- Considered good	(d)	**3,200.22**	3,434.89	3,610.48
- Considered doubtful		**20.36**	20.36	46.05
		3,220.58	3,455.25	3,656.53
Less: expected credit loss on trade receivables		**20.36**	20.36	46.05
		3,200.22	3,434.89	3,610.48

Note:

d. The amount of Rs.292.60 (31 March 2017: Rs. 292.60, 1 April 2016: Rs. 727.05) represents dues from a customer against which legal proceedings for recovery of the amount were initiated. The Company has also obtained a status quo from Honorable High Court vide its order dated 18 September 2015, on the party's other group holdings through which they own a hotel, the unencumbered value of which has been assessed by the management as sufficient to recover the outstanding amount. The management is hopeful of recovering the entire amount including adequate amount to compensate time value of loss. In view of the favorable injunction and related value of the property, the management believes that there is no expected credit loss allowance required to be recognised.

Notes to the Financial Statements for the year ended 31 March 2018

12 Cash and cash equivalents	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks			
- in current accounts	**817.12**	81.20	39.30
- Fixed deposits with original maturities upto 3 months	**600.00**	2,133.30	30.00
Cash on hand	**5.13**	15.46	20.79
	1,422.25	2,229.96	90.09

13 Other bank balances	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposit accounts with original maturity more than 3 months and upto 12 months from the reporting date	(a),(b)	**3,389.51**	1,360.52	507.47
		3,389.51	1,360.52	507.47

Notes:

(a) Includes Rs.1,443.92 (31 March 2017: Rs.2,818.07, 1 April 2016: Rs. Nil) being the amount unutilized out of term loan for Rs.1,791.96 and will be utilized in year ending March 2019.

(b) These deposits include restricted bank deposits pledged as security for deposits from shareholders, letters of credit and bank guarantees amounting to Rs.1945.59 (31 March 2017: Rs. 537.98; 1 April 2016: Rs. 403.58).

14 Other current assets *(Unsecured, considered good unless otherwise stated)*	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Recoverable from / balance with government authorities	**249.57**	1,586.50	1,187.22
Prepaid expenses	**130.30**	64.13	67.41
Advances for supply of goods (also refer to note 42)			
- considered good	**1,690.36**	2,285.95	96.25
- considered doubtful	**9.77**	9.77	9.77
Less : expected credit loss for doubtful advances	**(9.77)**	(9.77)	(9.77)
Others	**4.89**	0.59	13.47
	2,075.12	3,937.17	1,364.35

15 Equity Share capital

(i) Details of share capital	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised						
Equity shares of Rs. 10 each.	**2,50,00,000**	**2,500.00**	2,50,00,000	2,500.00	2,50,00,000	2,500.00
	2,50,00,000	**2,500.00**	2,50,00,000	2,500.00	2,50,00,000	2,500.00
Issued, subscribed and fully paid up						
Equity shares of Rs. 10 each fully paid up	**87,26,363**	**872.64**	87,26,363	872.64	87,26,363	872.64
	87,26,363	**872.64**	87,26,363	872.64	87,26,363	872.64

Notes to the Financial Statements for the year ended 31 March 2018

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

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at the beginning and at the end of the year	**87,26,363**	**872.64**	87,26,363	872.64	87,26,363	872.64

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

The Company has only one class of equity shares having a par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the share holder	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	% of equity shares held	Number of shares	% of equity shares held	Number of shares	% of equity shares held
Kapedome Enterprises Limited (Formerly Esteem Finventures Limited)	**50,04,538**	**57%**	50,04,538	57%	42,89,538	49%
Combine Overseas Limited	**7,99,250**	**9%**	7,99,250	9%	15,14,250	17%

(v) *Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2018*

During the five years immediately preceding 31 March 2018 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash.

16 Other Equity

(also refer to Statement of Changes in Equity)

(i) *Capital redemption reserve*

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

(ii) *General reserve*

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

(iii) *Retained earnings*

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

(iv) *Other comprehensive income(net of tax)*

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

Notes to the Financial Statements for the year ended 31 March 2018

17 Borrowings

I. Non-current borrowings	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Term-loans				
- From banks (secured)	17(a)	**19,320.92**	14,431.55	11,707.20
- Vehicle loans (secured)	17(b)	**299.76**	314.31	269.55
Finance lease obligations (secured)	17(c)	**-**	12.14	45.60
Total (A)		**19,620.68**	**14,758.00**	**12,022.35**
Public deposits	17(d)			
- from related parties (unsecured)		**1,211.95**	1,498.60	1,349.80
- others (unsecured)		**1,710.70**	1,354.04	1,105.94
Inter corporate deposits				
- others (unsecured)	17(e)	**-**	-	155.00
Loan from Export Development Canada (unsecured)	17(f)	**1,791.97**	5,349.19	2,222.15
Loans from directors and relatives (unsecured)	17(g)	**239.50**	439.50	439.50
-Mr. Pavan Khaitan (Managing Director) & HUF of Mr. Pavan Khaitan		**133.00**	103.00	113.00
-Mrs. Aparna Khaitan (Relative of Director)		**6.50**	236.50	226.50
-Mr. Jagesh K Khaitan (Chairman)		**90.00**	90.00	90.00
-Mrs. Usha Khaitan (Relative of Director)		**10.00**	10.00	10.00
3,00,00,000 (previous year 3,00,00,000) 10% redeemable cumulative preference shares of Rs. 10 each, fully paid up considered entirely financial liability in nature (unsecured)	17(h)	**3,000.00**	3,000.00	3,000.00
Total (B)		**7,954.12**	**11,641.33**	**8,272.39**
Total non-current borrowings (including current maturities) (A+B)		**27,574.80**	**26,399.33**	**20,294.74**
Less: Current maturities of non-current borrowings		**3,740.83**	6,489.66	3,161.40
		23,833.97	**19,909.67**	**17,133.34**

II. Current borrowings		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured:				
Loans repayable on demand				
- Working capital	17(i)	**3,106.78**	2,499.49	3,042.35
Unsecured:				
Public deposits	17(d)			
- From related parties		**30.00**	-	-
- From others		**1,397.78**	1,281.14	795.52
Inter corporate deposits	17(e)	**20.00**	20.00	15.00
		4,554.56	**3,800.63**	**3,852.87**

Notes to the Financial Statements for the year ended 31 March 2018

Note:

17 (a) Term Loan of:

I. Rs. 18,262.66 (31 March 2017 : Rs. 13,253.29; 1 April 2016 : Rs. 10,718.24) are secured by a first parri passu charge on all the fixed assets (immovable and movable) of the Company, both present and future along with equitable mortgage of factory land and building at Sailakhurd except office premises situated at Industrial Area, Chandigarh which are exclusively mortgaged with HDFC bank and HDFC limited respectively and second charge on the current assets. The said loans are also secured by personal guarantees of directors. In addition, Term loan of Nil (31 March 2017 : Rs. 899.34; 1 April 2016 : Rs. 1,799.34) is also secured by pledge of 10,00,000 equity shares of the Company by the holding company.

ii. 1058.26 (31 March 2017 : Rs. 1,178.26; 1 April 2016 : Rs. 988.96) is secured by exclusive charge on the office premises at Industrial Area Chandigarh and is also secured by personal guarantees of directors.

iii. During the current year, the nominal (floating) interest rate was in the range of 8.65% to 11.75% per annum (31 March 2017 : 8.65% to 14.10% per annum; 1 April 2016 : 11.50% to 14.00% per annum).

iv. The term loan is repayable in quarterly installments ranging from INR 10 to INR 375 till FY 2023-24.

17 (b) Vehicle loans are secured against hypothecation of the specified vehicles purchased from proceeds of the said loans. The fixed rate of interest is in range from 8.00% to 10.74% (31 March 2017 : 9.20% to 12.60% per annum; 9.20% to 12.60% per annum). The vehicle loan is repayable in monthly unequal installment ranging from INR 0.11 to INR 1.21 till FY 2021-22.

17 (c) (i) 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% (31 March 2017 : 12.67% to 13.20% per annum; 12.67% to 13.20% per annum).

(ii) Finance lease obligations are payable as follows:

	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments
Not later than one year	-	-	-	12.78	0.64	12.14	36.30	4.00	32.30
Later than one year and not later than five years	-	-	-	-	-	-	**13.94**	**0.64**	**13.30**
Later than five years	-	-	-	-	-	-	-	-	-
	-	-	-	**12.78**	**0.64**	**12.14**	**50.24**	**4.64**	**45.60**

17 (d) Public deposits carry interest rate ranging between 8.5% to 12% (31 March 2017: 9.50% to 12%; 01 April 2016: 10.50% to 12%) per annum and carries a maturity period from 12 to 36 months from the respective date of deposits.

17 (e) Inter corporate deposit from others carry an interest rate ranging between 8% to 13% (31 March 2017: 10% per annum; 01 April 2016: 10% to 12.00% per annum) and the same are repayable as per the repayment schedule within twenty four months.

17 (f) The rate of interest on Loans from Export Development Canada is in the range of 6 Month US LIBOR plus 3.9% (31 March 2017: US libor plus 3.20% to 3.90% per annum; 01 April 2016: US libor plus 3.20% per annum). The term loan is repayable in half yearly installment ranging from INR 47 to INR 381.72 till FY 2023-24.

17 (g) 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.

17 (h) 10% cumulative redeemable preference shares of Rs. 10 each, fully paid up

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

Notes to the Financial Statements for the year ended 31 March 2018

17 (i) Secured loans - repayable on demand

Working capital loans are secured by hypothecation of all current assets, second charge on the fixed assets of the Company and personal guarantees of directors. The floating rate of interest on the loans is 9% to 10.90% per annum (31 March 2017: 10.50% to 11.45% per annum; 01 April 2016: 10.70% to 13.00% per annum).

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

	As at 31 March 2018	As at 31 March 2017
Borrowings at the beginning of the year (current and non current) including short term	**30,199.96**	24,147.61
Proceeds from borrowings*	**11,688.70**	12,001.10
Repayment of borrowings*	**(9,695.29)**	(5,832.80)
Transaction costs related to borrowings	**(64.00)**	(115.94)
Borrowings at the end of the year (current and non current)	**32,129.37**	**30,199.97**

* Including net movement during the year for short term borrowings

18 Other financial liabilities

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Current maturities of non-current borrowings[refer to note 17]	**3,740.83**	**-**	6,477.52	-	3,129.10	-
Current maturities of finance lease obligation	**-**	**-**	12.14	-	32.30	-
Interest accrued [refer to note 42]	**90.93**	**35.58**	141.66	23.78	103.43	24.76
Dividend payable on preference shares	**300.00**	**-**	300.00	-	300.00	-
Unpaid dividends	**11.26**	**-**	8.78	-	11.47	-
Capital creditors	**680.11**	**-**	97.90	-	149.45	-
Security deposits	**-**	**1,285.76**	-	1,176.98	-	1,127.39
Employee related payables	**505.80**	**-**	497.56	-	427.48	-
Liability for mark to market loss on derivative contracts	**98.56**	**-**	189.46	-	-	-
Others	**133.98**	**-**	128.55	-	66.88	-
	5,561.47	**1,321.34**	7,853.57	1,200.76	4,220.11	1,152.15

19 Provisions

	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Provisions for employee benefits (refer note 40)						
Liability for compensated absences	**16.97**	**96.46**	8.28	102.41	9.75	76.67
	16.97	**96.46**	8.28	102.41	9.75	76.67

Notes to the Financial Statements for the year ended 31 March 2018

20 Deferred tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax liabilities on account of:			
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	**6,924.20**	5,903.28	4,922.23
Deferred tax assets on account of:			
MAT credit entitlement	**2,969.75**	2,992.74	2,693.61
Provision for employee benefits	**39.64**	38.31	28.57
Provision for doubtful debts and advances	**10.53**	10.43	18.45
Expenses allowable on payment basis	**84.54**	77.24	72.91
Other	**33.84**	26.57	15.09
	3,785.90	**2,757.99**	**2,093.60**

(b) Movement in temporary differences:

2016-2017

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	MAT Credit Utilisation	Closing balance
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	(4,922.23)	(981.05)	-	-	(5,903.28)
MAT credit entitlement	2,693.61	299.13	-	-	2,992.74
Provision for employee benefits	28.57	(8.12)	17.86	-	38.31
Provision for doubtful debts and advances	18.45	(8.02)	-	-	10.43
Expenses allowable on payment basis	72.91	4.33	-	-	77.24
Others	15.09	11.48	-	-	26.57
	(2,093.60)	**(682.25)**	**17.86**	**-**	**(2,757.99)**

2017-2018

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	MAT Credit Utilisation	Closing balance
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	(5,903.28)	(1,020.92)	-	-	(6,924.20)
MAT credit entitlement	2,992.74	-	-	(22.99)	2,969.75
Provision for employee benefits	38.31	(5.27)	6.60	-	39.64
Provision for doubtful debts and advances	10.43	0.10	-	-	10.53
Expenses allowable on payment basis	77.24	7.30	-	-	84.54
Others	26.57	7.27	-	-	33.84
	(2,757.99)	**(1,011.52)**	**6.60**	**(22.99)**	**(3,785.90)**

Notes to the Financial Statements for the year ended 31 March 2018

21 Deferred income	As at 31 March 2018 Current	As at 31 March 2018 Non-current	As at 31 March 2017 Current	As at 31 March 2017 Non-current	As at 1 April 2016 Current	As at 1 April 2016 Non-current
Deferred income on government grant	17.47	421.90	-	445.19	-	190.79
	17.47	**421.90**	**-**	**445.19**	**-**	**190.79**

The Company has been sanctioned government grant for putting up ethanol pilot plant. Total amount received as on date is Rs.446.17. The plant is now operative and accordingly deferred income is being amortized over the useful life of the plant in the same proportion in which the related depreciation expense is recognised.

22 Trade payables	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
- Dues of Micro Enterprises and Small Enterprises [refer note below]	-	-	-
- Trade payables to related parties (Refer to note 42)	-	-	65.02
- Other trade payables	3,046.98	2,441.52	2,379.12
	3,046.98	**2,441.52**	**2,444.14**

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

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a)	The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year			
	- Principal	-	-	-
	- Interest	-	-	-
(b)	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	-	-	-
(c)	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
(d)	The amount of interest due and payable for the period (where the principal has been paid but interest under the Micro Small and Medium Enterprises Development Act, 2006 not paid)	-	-	-
(e)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
(f)	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Micro Small and Medium Enterprises Development Act, 2006	-	-	-

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period are Rs. Nil (31-March-2017 Rs. Nil, 1-April-2016 Rs. Nil) as on balance sheet date.

Notes to the Financial Statements for the year ended 31 March 2018

23 Other current liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance from customers	108.76	139.96	77.16
Statutory dues	140.74	155.28	125.62
	249.50	**295.24**	**202.78**

24 Current tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for income tax (net of advance tax) of Rs.2,279.22 (31 March 2017 Rs. 1,594.13, 1 April 2016: Rs. 1,902.18)	95.96	217.18	16.93
	95.96	**217.18**	**16.93**

25 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (including excise duty to the extent applicable)	71,369.55	64,249.04
Other operating revenues		
Scrap sales	59.01	16.64
Export incentives	0.74	6.83
	71,429.30	**64,272.51**

26 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income:		
on bank deposits	99.34	57.96
others	54.36	39.97
Rental income	41.65	25.88
Change in value of financial instruments measured at FVTPL	90.90	-
Liabilities no longer required written back	42.19	53.38
Exchange gain on foreign exchange fluctuations (net)	-	97.68
Others	37.98	44.01
	366.42	**318.88**

27 Cost of materials consumed

	Year ended 31 March 2018	Year ended 31 March 2017
Raw material consumed		
Opening stock of raw materials	2,970.26	2,130.65
Add: Purchases of raw materials	20,707.40	19,841.20
Less: Inventory of material at the end of the year	3,356.11	2,970.26
	20,321.55	**19,001.59**
Packing material consumed		
Opening stock of raw materials	103.54	110.00
Add: Purchases of raw materials	2,079.67	1,763.83
Less: Inventory of material at the end of the year	139.76	103.54
	2,043.45	**1,770.29**
	22,365.00	**20,771.88**

Notes to the Financial Statements for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock		
Work-in-progress	131.42	174.53
Finished goods	203.47	100.21
	334.89	274.74
Less:		
Closing stock		
Work-in-progress	149.40	131.42
Finished goods	53.85	203.47
	203.25	334.89
	131.64	**(60.15)**

29 Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus (also refer note 32(c))	3,911.54	3,404.38
Contributions to provident fund and other funds	360.22	316.43
Staff welfare expenses	86.78	100.12
	4,358.54	**3,820.93**

30 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on financial liabilities measured at amortised cost	1,755.69	1,621.84
Finance cost on finance lease obligations	2.90	3.86
Other borrowing costs	338.74	29.69
Dividend on redeemable preference shares classified as financial liabilities measured at amortised cost (including related dividend distribution tax)	361.07	361.07
	2,458.40	**2,016.46**

31 Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on property, plant and equipment	1,867.61	1,530.21
Amortisation of intangible asset	74.38	6.20
	1,941.99	**1,536.41**

Notes to the Financial Statements for the year ended 31 March 2018

32 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Stores and spares consumed	2,006.86	1,833.03
Chemicals consumed	11,638.26	10,559.31
Power and fuel (also refer note 32(c))	10,988.37	8,762.35
Rent	57.45	67.01
Repair and maintenance	1,118.63	919.97
Insurance	41.40	43.58
Rates and taxes	44.09	53.90
Legal and professional fees [refer note (a)]	1,031.21	645.52
Loss on sale of property, plant and equipment	20.42	11.80
Commission to directors	107.11	84.99
Exchange loss on foreign exchange fluctuations (net)	106.44	-
Corporate social responsibility expenses [refer note (b)]	101.45	59.44
Contract termination charges	318.80	-
Bank charges	74.97	95.72
Commission on sales	504.76	838.52
Changes in value of financial instruments measured at FVTPL	-	35.62
Donation	3.93	44.18
Miscellaneous expenses (also refer note 32(c))	649.33	510.23
	28,813.48	**24,565.17**

Note (a): Auditors' remuneration (excluding taxes as applicable)	**Year ended 31 March 2018**	**Year ended 31 March 2017**
As Auditor		
Statutory audit	15.60	11.00
Limited review of quarterly results	9.90	9.90
In other capacity		
Certification work	0.10	2.60
Reimbursement of expenses	2.08	1.69
	27.68	**25.19**

Note (b): Detail of corporate social responsibility expenditure

Gross amount required to be spent by the Company	99.67	67.92
Details of amount spent during the year:		
Actual spent during the year:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above		
- In Cash	101.45	59.44
-Yet to be paid in Cash	-	-
Total amount spent during the year	**101.45**	**59.44**

Notes to the Financial Statements for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	147.32	147.65
Power and fuel	263.80	288.82
Miscellaneous expenses*	44.14	39.44

* Includes primarily gardening, effluent treatment plant expenses etc.

33 Tax expense

	Year ended 31 March 2018	Year ended 31 March 2017
a) Income tax recognised in statement of profit and loss		
Current tax	2,410.83	1,811.32
Deferred tax		
Attributable to -		
Origination and reversal of temporary differences	1,011.52	682.24
Total tax expense recognised in the current year	**3,422.35**	**2,493.56**

b) Reconciliation of effective tax rate

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax	10,711.10	8,423.65
Tax at the Indian tax rate of 34.94% (previous year 34.61%)	3,742.88	2,915.26
Effect of expenses that are not deductible in determining taxable profit	181.01	168.11
Effect of tax holiday	(597.48)	(502.03)
Effect of increase in tax rate	55.68	223.56
Effect of investment allowance	-	(271.54)
Effect of changes in estimate related to previous year	12.67	-
Others	27.59	(39.80)
Income tax expenses recognised in statement of profit and loss	**3,422.35**	**2,493.56**

c) Income tax expense recognised in other comprehensive income

	Year ended 31 March 2018	Year ended 31 March 2017
Deferred tax assets/(liabilities)		
Arising on income and expenses recognised in other comprehensive income		
-Remeasurement of defined benefit obligation	6.60	17.86
Total income tax recognised in other comprehensive income	**6.60**	**17.86**
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	6.60	17.86
Items that may be reclassified to profit or loss	-	-
	6.60	17.86

Notes to the Financial Statements for the year ended 31 March 2018

34 Earnings per share

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Profit for basic earning per share of Rs. 10 each	7,288.75	5,930.09
(ii) Weighted average number of equity shares for (basic)	87,26,363	87,26,363
Basic and diluted earnings per share (face value of Rs 10 each)	83.53	67.96

35 Explanation of transition to Ind AS

As stated in note 2 (a)(i), these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 01 April 2016.

In preparing its Ind AS balance sheet as at 01 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows.

A. Optional exemptions availed

(i) Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has adopted to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value. Information relating to gross carrying amount of assets and accumulated depreciation as on the transition date as per previous GAAP is as follows:

Property, plant and equipment

	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Computers	Computer equipment held under finance leases	Total
Gross carrying amount as on 1 April 2016	41,372.00	3,870.32	38,183.67	125.85	330.82	211.09	185.11	84,278.86
Accumulated Depreciation as on 1 April 2016	-	(1,097.38)	(14,188.15)	(73.46)	(81.79)	(161.51)	(99.18)	(15,701.47)
Deemed cost as at 1 April 2016	**41,372.00**	**2,772.94**	**23,995.52**	**52.39**	**249.03**	**49.58**	**85.93**	**68,577.39**

Intangible assets

	Brands & trademark
Gross carrying amount as on 1 April 2016	613.86
Accumulated amortisation as at 1 April 2016	(613.86)
Deemed cost as at 1 April 2016	**-**

Notes to the Financial Statements for the year ended 31 March 2018

(ii) Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has adopted to avail of the above exemption.

B. Mandatory exceptions

(i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS (i.e. 1 April 2016) or at the end of the comparative information period presented in the entity's first Ind AS financial statements (i.e. 31 March 2017), shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any difference in accounting policies. An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that exist at the transition date or at the end of the comparative period. The Company's estimates under Ind AS are consistent with the above requirement. The key estimates considered in preparation of financial statements that was not required under previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on expected credit loss model

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transaction to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from the date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financials assets and liabilities derecognised as a result of past transaction was obtained at the time of initially accounting for those transactions.

As permitted by Ind AS 101, the Company has adopted to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Notes to the Financial Statements for the year ended 31 March 2018

36 Reconciliations of equity

	Note	As at the date of transition 1 April 2016			As at 31 March 2017		
		Previous GAAP *	Ind AS adjustment	Ind AS	Previous GAAP *	Ind AS adjustment	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	(b),(c)	68,697.88	(120.49)	68,577.39	76,064.23	72.49	76,136.72
Capital work-in-progress	(a),(b)	5,006.48	190.79	5,197.27	3,636.12	517.73	4,153.85
Investment property		-	-	-	830.38	-	830.38
Other intangible assets		-	-	-	216.91	-	216.91
Intangible assets under development		-	-	-	-	-	-
Financial assets							
- Loans		252.39	-	252.39	247.14	-	247.14
- Other financial assets		65.34	-	65.34	69.58	-	69.58
Current tax assets (net)		99.88	-	99.88	14.82	-	14.82
Other non-current assets		2,480.95	-	2,480.95	2,150.81	-	2,150.81
Total non-current assets		**76,602.92**	**70.30**	**76,673.22**	**83,229.99**	**590.22**	**83,820.21**
Current assets							
Inventories		5,303.76	-	5,303.76	6,087.51	-	6,087.51
Financial assets							
- Trade receivable		3,610.48	-	3,610.48	3,434.89	-	3,434.89
- Cash and cash equivalents		90.09	-	90.09	2,229.96	-	2,229.96
- Other bank balances		507.47	-	507.47	1,360.52	-	1,360.52
- Loans		32.82	-	32.82	60.95	-	60.95
- Others financial assets		104.04	-	104.04	176.11	-	176.11
Other current assets		1,364.36	-	1,364.35	3,937.17	-	3,937.17
Total current assets		**11,013.02**	**-**	**11,013.01**	**17,287.11**	**-**	**17,287.11**
TOTAL ASSETS		**87,615.94**	**70.30**	**87,686.23**	**1,00,517.10**	**590.22**	**1,01,107.32**

	Note	As at the date of transition 1 April 2016			As at 31 March 2017		
		Previous GAAP *	Ind AS adjustment	Ind AS	Previous GAAP *	Ind AS adjustment	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		872.64	-	872.64	872.64	-	872.64
Other equity							
- Capital redemption reserve		200.00	-	200.00	200.00	-	200.00
- General reserve		2,457.92	-	2,457.92	2,457.92	-	2,457.92
- Retained earnings#	(h)	52,561.16	201.38	52,762.54	58,652.50	(64.90)	58,587.60
- Other comprehensive income (net of tax)	(h)	-	-	-	-	(43.28)	(43.28)
Total equity		**56,091.72**	**201.38**	**56,293.10**	**62,183.06**	**(108.18)**	**62,074.88**

Notes to the Financial Statements for the year ended 31 March 2018

Non- current liabilities							
Financial liabilities							
- Borrowings	(c)	17,220.26	(86.92)	17,133.34	19,969.38	(59.71)	19,909.67
- Other financial liabilities		1,152.15	-	1,152.15	1,200.76	-	1,200.76
Provisions		76.67	-	76.67	102.41	-	102.41
Deferred tax liability (net)	(d)	2,133.44	(39.84)	2,093.60	2,717.85	40.14	2,757.99
Deferred income	(a)	-	190.79	190.79	-	445.19	445.19
Total non-current liabilities		**20,582.52**	**64.02**	**20,646.55**	**23,990.40**	**425.62**	**24,416.02**
Current liabilities							
Financial liabilities							
- Borrowings		3,852.87	-	3,852.87	3,800.63	-	3,800.63
- Trade payables		2,444.14	-	2,444.14	2,441.52	-	2,441.52
- Other financial liabilities	(c),(e)	4,249.13	(29.02)	4,220.11	7,580.79	272.78	7,853.57
Other current liabilities		202.78	-	202.78	295.24	-	295.24
Provisions	(e), (f)	175.85	(166.10)	9.75	8.28	-	8.28
Deferred income		-	-	-	-	-	-
Current tax liabilities (net)		16.93	-	16.93	217.18	-	217.18
Total current liabilities		**10,941.70**	**(195.12)**	**10,746.58**	**14,343.64**	**272.78**	**14,616.42**
EQUITY AND LIABILITIES		**87,615.94**	**70.30**	**87,686.23**	**1,00,517.10**	**590.22**	**1,01,107.32**

includes land revaluation reserve Rs. 41,294.33 and capital subsidy Rs. 100.14 transferred to retained earnings in accordance with Ind AS 101.
*Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2017

	Note	As at 31 March 2017		
		Previous GAAP *	**Ind AS adjustment**	**Ind AS**
Revenue from operations	(h)	60,755.47	3,517.04	64,272.51
Other income		318.88	-	318.88
Total Income		**61,074.35**	**3,517.04**	**64,591.39**
Expenses				
Cost of materials consumed		20,771.88	-	20,771.88
Excise duty on sales	(h)	-	3,517.04	3,517.04
Changes in inventories of finished goods and work in progress		(60.15)	-	(60.15)
Employee benefits expense	(g)	3,882.07	(61.14)	3,820.93
Finance costs	(b),(c),(e)	1,889.92	126.54	2,016.46
Depreciation and amortisation expense	(c)	1,538.37	(1.96)	1,536.41
Other expenses		24,565.17	-	24,565.17
Total Expenses		**52,587.26**	**3,580.48**	**56,167.74**

Notes to the Financial Statements for the year ended 31 March 2018

	Note	As at 31 March 2017		
		Previous GAAP *	Ind AS adjustment	Ind AS
Profit before income tax		**8,487.09**	**(63.44)**	**8,423.65**
Income tax expense				
Current tax		1,811.31	-	1,811.32
Deferred tax	(d)	584.43	97.81	682.24
Total income tax expense		**2,395.74**	**97.81**	**2,493.56**
Profit for the year		**6,091.35**	**(161.25)**	**5,930.09**
Other comprehensive income/expenses				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability (asset)	(g)	-	(61.14)	(61.14)
Income tax relating to items that will not be reclassified to profit or loss				
Remeasurement of defined benefit liability	(d)	-	17.86	17.86
Other comprehensive income/expense for the year		**-**	**(43.28)**	**(43.28)**
Total comprehensive income/expense for the year		**6,091.35**	**(204.53)**	**5,886.81**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(iii) Adjustments to Cash Flow Statement

Other than effect of certain reclassifications due to difference in presentation, there was no other material effect of cash flow from operating, financing, investing activities for all periods presented.

Notes to reconciliation:

(a) Government grants

i. Under the previous GAAP, government grant received with respect to property, plant and equipment was reduced from the cost of the respective project. However as per Ind AS 20, the government grant related to property, plant and equipment is treated as deferred income and will be recognised in statement of profit or loss on a systematic basis over the useful life of the asset.

The impact arising from the change is as follows:

Balance sheet	As at 31 March 2017	As at 1 April 2016
Capital work in progress	445.19	190.79
Deferred income	(445.19)	(190.79)
Adjustment to retained earnings	-	-

(b) Incremental capitalization of finance costs

Under the previous GAAP, capitalization of finance cost by applying avoidable interest cost method on certain specific borrowings was not permitted. Under Ind AS, the same is eligible for capitalization. The resulting capitalization of interest in property, plant and equipment and capital work-in-progress have been recognized in the Statement of Profit and Loss for the year ended 31 March 2017.

Notes to the Ind AS Financial Statements for the year ended 31 March 2018

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase / (Decrease) Year ended 31 March 2017
Finance cost	263.55
Adjustment before income tax - Profit / (Loss)	**263.55**

Balance sheet	As at 31 March 2017	As at 1 April 2016
Capital work in progress	72.54	-
Property, plant and equipment	191.01	-
Adjustment to retained earnings	**263.55**	**-**

(c) Transaction cost on borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase / (Decrease) Year ended 31 March 2017
Finance Cost	(29.02)
Depreciation on property, plant and equipment	1.96
Adjustment before income tax - Profit / (Loss)	**(27.06)**

Balance sheet	As at 31 March 2017	As at 1 April 2016
Borrowings (non-current)	59.71	86.92
Current maturities of non-current borrowings (other financial liability)	27.21	29.02
Property, plant and equipment (Plant and machinery)	(118.53)	(120.49)
Net impact	**(31.61)**	**(4.55)**

(d) Deferred taxes

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Notes to the Financial Statements for the year ended 31 March 2018

The above changes (decreased)/ increased the deferred tax liability as follows :

Statement of Profit and Loss	Increase / (Decrease) Year ended 31 March 2017
Deferred tax expense	(79.98)
Adjustment before income tax - Profit / (Loss)	**(79.98)**

Balance sheet	As at 31 March 2017	As at 1 April 2016
Deferred tax asset (net)	(40.14)	39.84
Adjustment to retained earnings	**(40.14)**	**39.84**

(e) Dividend on preference shares

The Company had issued cumulative redeemable 10% preference shares of INR 3,000. Under previous GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit. As per Ind AS 109, preference shares are classified as liability based on the terms of the contract. Therefore, preference dividend is to be treated as finance cost and is provided for on accrual basis before declaring the same in annual general meeting.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase / (Decrease) Year ended 31 March 2017
Finance cost (Dividend on preference shares)	(300.00)
Finance cost (Corporate dividend tax)	(61.07)
Adjustment before income tax - Profit / (Loss)	**(361.07)**

Balance sheet	As at 31 March 2017	As at 1 April 2016
Other financial liabilities (Interest accrued but not due)	(300.00)	-
Provisions (Corporate dividend tax on preference shares)	-	61.07
Adjustment to retained earnings	**(300.00)**	**61.07**

(f) Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the Balance Sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

The impact arising from the change is as follows:

Balance sheet	As at 31 March 2017	As at 1 April 2016
Provisions (Proposed equity dividend)	-	87.26
Provisions (Corporate dividend tax on equity and preference shares)	-	17.77
Adjustment to retained earnings	**-**	**105.03**

Notes to the Financial Statements for the year ended 31 March 2018

(g) Remeasurement of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets on the net defined benefit obligation are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, actuarial loss amounting to Rs. 61.14 has been recognised in other comprehensive income instead of profit or loss. There is no impact on the total equity as at 01 April 2016 and 31 March 2017.

(h) Excise duty

Under previous GAAP, revenue form sale of goods was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty.

The impact arising from the change is as follows:

Statement of Profit and Loss	**Increase / (Decrease) Year ended 31 March 2017**
Revenue from operations	3,517.04
Excise duty on sales	3,517.04
Adjustment before income tax - Profit / (Loss)	**-**

(i) Total equity reconciliation

	As at 31 March 2017	**As at 1 April 2016**
Total equity under previous GAAP	62,183.06	56,091.72
Proposed dividend on equity shares	-	87.26
Corporate dividend tax on proposed dividend on equity shares	-	17.77
Proposed dividend on preference shares	-	61.07
Dividend on preference shares	(300.00)	-
Incremental capitalization of finance costs	263.55	-
Amount of Processing fees for loans reversed	(31.59)	(4.55)
Consequential tax adjustment	(40.14)	39.83
Total equity under Ind AS	**62,074.88**	**56,293.10**

37 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

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

	Note	Level of hierarchy	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets											
Non-current											
Loans	(ii)	3	-	-	250.72	-	-	247.14	-	-	252.39
Other financial assets	(ii)	3	-	-	37.43	-	-	69.58	-	-	65.34
Current											
Trade receivable	(i)	3	-	-	3,200.22	-	-	3,434.89	-	-	3,610.48
Cash and cash equivalents	(i)	3	-	-	1,422.25	-	-	2,229.96	-	-	90.09
Other bank balances	(i)	3	-	-	3,389.51	-	-	1,360.52	-	-	507.47
Loans	(i)	3	-	-	635.90	-	-	60.95	-	-	32.82
Other financial assets	(i)	3	-	-	178.94	-	-	176.11	-	-	104.04
Total financial assets			**-**	**-**	**9,114.97**	**-**	**-**	**7,579.15**	**-**	**-**	**4,662.63**

Notes to the Financial Statements for the year ended 31 March 2018

	Note	Level of hierarchy	As at 31 March 2018 FVTPL	FVOCI	Amortised cost	As at 31 March 2017 FVTPL	FVOCI	Amortised cost	As at 1 April 2016 FVTPL	FVOCI	Amortised cost
Financial liabilities											
Non-current											
Borrowings	(iii)	3	-	-	23,833.97	-	-	19,909.67	-	-	17,133.34
Other financial liabilities	(i)	3	-	-	1,321.34	-	-	1,200.76	-	-	1,152.15
Current											
Borrowings	(i)	3	-	-	4,554.56	-	-	3,800.63	-	-	3,852.87
Trade payables	(i)	3	-	-	3,046.98	-	-	2,441.52	-	-	2,444.14
Other financial liabilities	(i)	3	-	-	402.19	-	-	450.44	-	-	414.90
Current maturities of non-current borrowings	(iii)	3	-	-	3,740.83	-	-	6,477.52	-	-	3,129.10
Current maturities of finance lease obligation	(i)	3	-	-	-	-	-	12.14	-	-	32.30
Employee related payables	(i)	3	-	-	505.80	-	-	497.56	-	-	427.48
Capital creditors	(i)	3	-	-	680.11	-	-	97.90	-	-	149.45
Liability for mark to market loss on derivative contracts	(iv)	2	98.56	-	-	189.46	-	-	-	-	-
Others	(i)	3	-	-	133.98	-	-	128.55	-	-	66.88
Total financial liabilities			**98.56**	**-**	**38,219.76**	**189.46**	**-**	**35,016.69**	**-**	**-**	**28,802.61**

Note:

(i) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(ii) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.

(iii) Fair value of borrowings is as follows :

	Level	Fair value 31 March 2018	31 March 2017	1 April 2016	Amortised cost 31 March 2018	31 March 2017	1 April 2016
Non-current borrowings (including current maturities)*	3	27,239.94	24,748.53	19,349.58	27,574.81	26,387.19	20,262

*The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

(iv) Derivatives are carried at fair value at each reporting date. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporates various inputs including credit quality of counter-parties and foreign exchange forward rates.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2018 and 31 March 2017.

B. Financial risk management

(i) Risk management framework

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

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

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

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

Notes to the Financial Statements for the year ended 31 March 2018

(ii) Credit Risk

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivables	3,200.22	3,434.89	3,610.48
Cash and cash equivalents	1,422.25	2,229.96	90.09
Other bank balances	3,389.51	1,360.52	507.47
Loans	886.62	308.09	285.21
Other financial assets	216.37	245.69	169.38
	9,114.97	**7,579.15**	**4,662.63**

Trade receivables

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

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from top customer	9%	7%
Revenue from top five customers	29%	25%

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

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

Particulars	Gross Carrying amount	Loss allowance	Carrying amount
31 March 2018			
Less than 6 Months	2,876.02	-	2,876.02
More than 6 Months	344.56	20.36	324.20
	3,220.58	**20.36**	**3,200.22**

Notes to the Financial Statements for the year ended 31 March 2018

Particulars	Gross Carrying amount	Loss allowance	Carrying amount
31 March 2017			
Less than 6 Months	3,118.99	-	3,118.99
More than 6 Months	336.26	20.36	315.90
	3,455.25	**20.36**	**3,434.89**
1 April 2016			
Less than 6 Months	2,883.43	-	2,883.43
More than 6 Months	773.10	46.05	727.05
	3,656.53	**46.05**	**3,610.48**

The movement in the allowance for impairment in respect of trade receivables is as follows

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	20.36	46.05
Amounts utilsed/adjusted during the year	-	(25.69)
Balance as at the end of the year	**20.36**	**20.36**

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

(iii) Liquidity Risk

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

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

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

	Less than 1 Year	1 to 5 Years	More than 5 years	Total
31 March 2018				
Borrowings (including current maturities)	8,295.38	18,895.93	4,938.04	32,129.35
Trade payables	3,046.98	-	-	3,046.98
Other financial liabilities	5,561.47	1,321.34	-	6,882.81
	16,903.83	**20,217.27**	**4,938.04**	**42,059.14**

Notes to the Financial Statements for the year ended 31 March 2018

	Less than 1 Year	1 to 5 Years	More than 5 years	Total
31 March 2017				
Borrowings (including current maturities)	7,014.26	21,972.54	1,213.16	30,199.96
Trade payables	2,441.52	-	-	2,441.52
Other financial liabilities	7,853.57	1,200.76	-	9,054.33
	17,309.35	**23,173.30**	**1,213.16**	**41,695.81**
1 April 2016				
Borrowings (including current maturities)	3,800.63	17,202.29	3,144.69	24,147.61
Trade payables	2,444.14	-	-	2,444.14
Other financial liabilities	4,220.11	1,152.15	-	5,372.26
	10,464.88	**18,354.44**	**3,144.69**	**31,964.01**

(iv) Market Risk

(a) Commodity price risk

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

(b) Interest rate risk

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

Exposure to interest rate risk

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fixed rate borrowings	7,609.92	9,765.37	6,790.41
Floating rate borrowings	24,519.43	20,434.59	17,357.20
	32,129.35	**30,199.96**	**24,147.61**

Interest rate sensitivity analysis

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

Notes to the Financial Statements for the year ended 31 March 2018

	Profit or Loss	
	Strengthening	Weakening
For the year ended 31 March 2018		
Interest rate (0.5% movement)	(122.60)	122.60
For the year ended 31 March 2017		
Interest rate (0.5% movement)	(102.17)	102.17

(c) Foreign currency risk

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

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

Exposure to currency risk

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

Liabilities		As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Currency	Amount (Rs.)	Amount in foreign currency	Amount (Rs.)	Amount in foreign currency	Amount (Rs.)	Amount in foreign currency
Borrowings (secured)	USD	3,564.39	54.80	-	-	-	-
Less: Derivative contracts		(3,564.39)	(54.80)	-	-	-	-
		-	-	-	-	-	-
Borrowings (unsecured)	USD	1,791.97	27.55	5,349.18	82.50	2,222.15	33.50
Less: Derivative contracts		(1,791.97)	(27.55)	(3,177.09)	(49.00)	-	-
		-	-	2,172.09	33.50	2,222.15	33.50
Interest accrued but not due on unsecured loan	USD	26.05	0.40	95.63	1.44	9.36	0.14
		(26.05)	(0.40)	(29.01)	(0.44)	-	-
		-	-	66.62	1.00	9.36	0.14
Trade payables	USD	242.54	3.73	597.25	9.21	183.36	2.76
Net exposure in respect of recognised assets and liabilities		**242.54**	**3.73**	**2,835.96**	**43.71**	**2,414.87**	**36.40**

(ii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2018 and 31 March 2017 would have impacted the measurement of financial instruments denominated in foreign currency and impacted Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Notes to the Financial Statements for the year ended 31 March 2018

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
USD (1% movement)	(2.43)	2.43	2.43	(2.43)
31 March 2017				
USD (1% movement)	(28.36)	28.36	28.36	(28.36)

38 (a) Measurement of fair values of investment property

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fair value of investment property	1,024.00	819.24	-

Fair value hierarchy

The fair value of investment property has been determined by external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique

The Company follows discounted cash flows technique. The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacant periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

Investment property comprise of a commercial property that is leased to third party. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

38 (b) Capital management

Risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, net of cash and cash equivalents and other bank balances. Equity comprises all components of equity (as shown in the Balance Sheet).

The Company's adjusted net debt to equity ratio was as follows.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total liabilities	43,002.48	39,032.44	31,393.13
Less: cash and cash equivalents and other bank balances	(4,811.76)	(3,590.48)	(597.56)
Adjusted net debt	38,190.72	35,441.96	30,795.57
Total equity	69,138.94	62,074.88	56,293.10
Adjusted net debt to equity ratio	**0.55**	**0.57**	**0.55**

Notes to the Financial Statements for the year ended 31 March 2018

39 Contingent liabilities and commitments (to the extent not provided for)

A (i). Contingent liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) Claims against the Company not acknowledged as debts:			
Income tax matters *	89.00	119.23	529.90
Excise duty matters	626.09	626.09	599.77

*Excludes Rs. 410.67 (AY. 2008-09) due to receipt of a favorable order from Income Tax Appellate Tribunal (ITAT) on 11 May 2017.

A (ii). Other pending litigations

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Excise duty, Central Excise Act, 1944*	52.15	52.15	52.15
Water cess, The Water (Prevention and Control of Pollution) Cess Act, 1977	20.68	20.68	20.68

*Refund case is pending with Commissioner (Excise), 52.15 and is classified under recoverable from/balances with government authorities.

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

B. Commitments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances)	6,912.45	3,510.01	2,786.49

40 Employee benefits

I. Assets and liabilities relating to employee benefits

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current			
Liability for compensated absences	96.46	102.41	76.67
	96.46	**102.41**	**76.67**
Current			
Liability for compensated absences	16.97	8.28	9.75
	16.97	**8.28**	**9.75**
Current			
Gratuity (asset)	4.89	0.59	13.47
	4.89	**0.59**	**13.47**

For details about the related employee benefit expenses, refer to note no. 29.

Notes to the Financial Statements for the year ended 31 March 2018

II. Defined contribution plan

The Company's provident fund scheme and employee's state insurance (ESI) fund scheme are defined contribution plans. The Company has recorded expenses of Rs. 208.42 (31 March 2017: Rs. 176.20, 31 March 2016: Rs. 170.46) under provident fund scheme and Rs.73.67 (31 March 2017: Rs. 57.77, 31 March 2016: Rs. 53.40) under ESI scheme. These have been included in note 29 Employees benefits expenses, in the Statement of Profit and Loss.

III Defined benefit plan

Gratuity (funded)

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the LIC of India.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increase in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

a) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks.

The expected contribution to defined benefit plan for the next year is Rs. 79.04.

The following table sets out the status of the defined benefit plan as required under Ind-AS 19 - Employee Benefits:

b) Reconciliation of present value of defined benefit obligation

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Present value of obligation at the beginning of the year	693.60	609.41
Benefits paid	(54.61)	(84.98)
Current service cost	74.49	67.82
Interest cost	52.02	48.75
Actuarial losses/(gains)	16.43	52.60
Present value of obligation at the end of the year	**781.93**	**693.60**

Notes to the Financial Statements for the year ended 31 March 2018

c) Reconciliation of the present value of plan assets

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Fair value of plan assets at the beginning of the year	694.18	622.87
Contributions	100.00	115.00
Interest Income	47.26	41.29
Benefits paid	(54.61)	(84.98)
Fair value of plan assets at the end of the year	**786.83**	**694.18**

d) Expenses recognized in the Statement of Profit and Loss

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	74.49	67.82
Interest cost	52.02	48.75
Interest income	(52.06)	(49.83)
Expenses recognized in profit and loss account	**74.45**	**66.74**

e) Remeasurements recognised in other comprehensive income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Actuarial gain/loss on the defined benefit obligation	(16.43)	(52.60)
Return on plan assets excluding interest income	(4.80)	(8.54)
Amount recognized in other comprehensive income	**(21.23)**	**(61.14)**

f) Plan assets

Plan assets of the Company are held as bank balance, NSDL bonds and under LIC of India.

g) Actuarial assumptions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Economic assumptions			
Discount rate	7.80%	7.50%	8.00%
Salary escalation rate per annum	8.25%	8.00%	8.00%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2006-08) rates.

Notes to the Financial Statements for the year ended 31 March 2018

h) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31 March 2018		As at 31 March 2017	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.50% movement)	(30.38)	32.74	(28.20)	30.42
Future salary growth rate (0.50% movement)	32.44	(30.39)	30.13	(28.20)
Withdrawal rate (0.50% movement)	(1.59)	1.60	(0.25)	0.26

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

i) Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years:

	As at 31 March 2018	As at 31 March 2017
Within 1 year	103.22	50.59
1-2 year	49.45	11.57
2-3 year	51.46	63.44
3-4 year	42.44	50.89
4-5 year	48.98	45.92
5-6 years	51.33	35.86
6 year onwards	435.06	435.33

41 Leases

A. Leases as lessee

Operating leases:

The Company has taken office and residential premises under cancellable operating lease agreements. Lease payments charged during the year in Statement of Profit and Loss aggregate Rs. 57.45 (31 March 2017: Rs. 67.01, 31 March 2016: Rs. 62.93).

B. Leases as lessor

Operating leases:

The Company has leased out its investment property on operating lease basis.

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

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Within one year	38.34	38.34	22.37
Later than one year and less than five years	178.95	168.24	162.50
More than five years	494.89	546.67	590.77

Notes to the Financial Statements for the year ended 31 March 2018

ii. Amounts recognised in profit or loss

During the year ended 31 March 2018, property rentals of Rs.38.35 (31 March 2017: Rs.25.78, 31 March 2016: Rs. Nil) have been included in other income (refer note 26). Repairs and maintenance expense, recognised in profit or loss, is as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Income generated from property	38.35	25.78

42 Related party disclosures

A. List of related parties and nature of relationship where control exists

(i) Holding Company*

Kapedome Enterprises Limited
(Formerly Esteem Finventures Limited)

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

B. List of related parties and nature of relationship with whom transactions have taken place during the current/ previous year

(i) Key management personnel and individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise

Mr. Jagesh K Khaitan, Chairman

Mr. Pavan Khaitan, Managing Director

(ii) Non Executive directors

Mr. Darshan Chand Mehandru

Mr. Umesh Kumar Khaitan

Mr. Yashovardhan Saboo

Mr. Vivek Bihani

Ms. Shireen Sethi

Mr. Drishinder Singh Sandhawalia (resigned w.e.f. 6 November 2017 and re-appointed as additional director w.e.f. 8 November 2017)
Mrs. Neena Singh (resigned w.e.f. 1 November 2017)

(ii) Relatives of individuals mentioned above

Mrs. Usha Khaitan

Mrs. Aparna Khaitan

Ms. Deeksha Khaitan

Ms. Malavika Khaitan

Mrs. Shashi Khaitan

Mrs. Abha Khaitan

Mr. Umesh Kumar Khaitan

Mrs. Simran Sandhawalia

Mrs. Kushal Pal Sandhawalia

Notes to the Financial Statements for the year ended 31 March 2018

C. Transactions with related parties during the current / previous year:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i) Unsecured loans taken#		
Mr. Jagesh K Khaitan	265.00	220.00
Mrs. Usha Khaitan	60.00	5.00
Mr. Pavan Khaitan	100.00	135.00
Mrs. Aparna Khaitan	30.00	294.00
Mrs. Shashi Khaitan	-	-
Mrs. Abha Khaitan	-	-
Ms. Deeksha Khaitan	-	52.00
Ms. Malavika Khaitan	-	46.00
Mr. Drishinder Singh Sandhawalia	-	22.20
Mrs.Simran Sandhawalia	12.00	14.75
Mrs. Kushal Pal Sandhawalia	30.00	-
Mr. Umesh Kumar Khaitan	-	5.75
(ii) Unsecured loans repaid#		
Kapedome Enterprises Limited (Previously known as Esteem Finventures Limited)	-	-
Mr. Jagesh K Khaitan	151.00	135.00
Mrs. Usha Khaitan	54.90	5.00
Mr. Pavan Khaitan	360.00	137.00
Mrs. Aparna Khaitan	370.00	272.00
Ms. Deeksha Khaitan	-	42.00
Ms. Malavika Khaitan	-	34.50
Mr. Drishinder Singh Sandhawalia	-	18.25
Mrs.Simran Sandhawalia	12.00	12.15
Mrs. Kushal Pal Sandhawalia	30.00	-
Mr. Umesh Kumar Khaitan	5.75	-
(iii) Interest on unsecured loans#		
Kapedome Enterprises Limited (Previously known as Esteem Finventures Limited)	-	-
Mr. Jagesh K Khaitan	58.40	47.04
Mrs. Usha Khaitan	7.54	7.97
Mr. Pavan Khaitan	11.17	47.55
Mrs. Aparna Khaitan	32.23	44.34
Ms. Deeksha Khaitan	6.38	6.10
Ms. Malavika Khaitan	5.78	5.52
Mrs. Shashi Khaitan	12.00	12.00
Mrs. Abha Khaitan	30.00	30.00
Mr. Umesh Kumar Khaitan	(0.13)	0.13
Mr. Drishinder Singh Sandhawalia	2.41	1.02
Mrs.Simran Sandhawalia	2.88	3.06
Mrs. Kushal Pal Sandhawalia	2.94	3.60

Notes to the Financial Statements for the year ended 31 March 2018

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(iv) Contract termination charges		
Kapedome Enterprises Limited (Previously known as Esteem Finventures Limited)	318.80	-
(v) Compensation to key managerial personnel		
Short-term employee benefits		
Mr. Jagesh K Khaitan	105.60	80.19
Mr. Pavan Khaitan	153.60	86.40
Commission to Directors		
Mr. Jagesh K Khaitan	43.64	41.08
Mr. Pavan Khaitan	63.47	44.26
Post-employment benefits		
Mr. Jagesh K Khaitan	8.00	6.44
Mr. Pavan Khaitan	27.62	19.92
Defined contribution Plan		
Mr. Jagesh K Khaitan	7.92	6.01
Mr. Pavan Khaitan	11.52	6.48
Other long-term benefits		
Mr. Jagesh K Khaitan	1.33	0.26
Mr. Pavan Khaitan	3.96	0.50
(vi) Directors sitting fees (non-executive director)		
Mr. Darshan Chand Mehandru	3.25	3.25
Mr. Umesh Kumar Khaitan	0.75	1.00
Mr. Yashovardhan Saboo	1.25	2.50
Mr. Vivek Bihani	1.00	-
Ms. Shireen Sethi	0.50	-
Mr. Ashutosh Khaitan	-	1.00
Justice SS Sodhi (Retd.)	-	2.25
Mr. Drishinder Singh Sandhawalia	2.75	3.75
Mrs. Neena Singh (till 1 November 2017)	0.50	1.50
(vii) Equity Dividend		
Mr. Jagesh K Khaitan	2.90	1.45
Mrs. Usha Khaitan	0.26	0.13
Mr. Pavan Khaitan	0.54	0.27
Mrs. Aparna Khaitan	0.52	0.26
Mr. Ashutosh Khaitan	0.42	0.21
Mrs. Abha Khaitan	1.10	0.55
Mr. Umesh Kumar Khaitan	0.72	0.36
Kapedome Enterprises Limited (Formerly Esteem Finventures Limited)	100.09	42.90
Combine Overseas Limited	15.99	15.14
*** excluding taxes*		
(viii) Management consultancy fees		
Mr. Drishinder Singh Sandhawalia	48.06	36.78
(ix) Reimbursement of expenses		
Mr. Jagesh K Khaitan	1.01	2.08
Mr. Pavan Khaitan	2.45	2.03
Mr. Drishinder Singh Sandhawalia	2.49	-

Notes to the Financial Statements for the year ended 31 March 2018

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(x) Preference dividend		
Kapedome Enterprises Limited (Formerly Esteem Finventures Limited)	250.00	250.00
Mr. Jagesh K Khaitan	10.00	10.00
Mr. Pavan Khaitan	30.00	30.00
Mrs. Aparna Khaitan	10.00	10.00
*** excluding taxes*		
(xi) Purchase of software		
Kapedome Enterprises Limited (Formerly Esteem Finventures Limited)	-	222.00
(xii) Other charges (rent)		
Kapedome Enterprises Limited (Formerly Esteem Finventures Limited)	0.68	0.60
(xiii) Purchases		
Kapedome Enterprises Limited (Formerly Esteem Finventures Limited)	2,474.54	4,325.15

D. Outstanding Balances

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured loans			
Public Deposits			
Mr. Jagesh K Khaitan	495.00	381.00	296.00
Mrs. Usha Khaitan	65.00	59.90	59.90
Mr. Pavan Khaitan (Managing Director) & HUF of Mr. Pavan Khaitan	35.00	325.00	317.00
Mrs. Aparna Khaitan	114.00	224.00	212.00
Mrs. Shashi Khaitan	100.00	100.00	100.00
Ms. Deeksha Khaitan	55.00	55.00	45.00
Ms. Malavika Khaitan	49.00	49.00	37.50
Mrs. Abha Khaitan	250.00	250.00	250.00
Mr. Umesh Kumar Khaitan	-	5.75	-
Mr. Drishinder Singh Sandhawalia	22.20	22.20	18.25
Mrs. Simran Sandhawalia	26.75	26.75	24.15
Loans from directors and relatives (unsecured)			
Mr. Pavan Khaitan (Managing Director) & HUF of Mr. Pavan Khaitan	133.00	103.00	113.00
Mrs. Aparna Khaitan (Relative of Director)	6.50	236.50	226.50
Mr. Jagesh K Khaitan (Chairman)	90.00	90.00	90.00
Mrs. Usha Khaitan (Relative of Director)	10.00	10.00	10.00
Current Borrowings			
Public deposit			
Mrs. Kushal Pal Sandhawalia	30.00	-	-
Trade Payables			
Kapedome Enterprises Limited (Formerly Esteem Finventures Limited)	-	-	65.02
Advance to suppliers			
Kapedome Enterprises Limited (Formerly Esteem Finventures Limited)	27.79	-	-

Notes to the Financial Statements for the year ended 31 March 2018

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

E. Terms and Conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash. Transactions relating to dividend are on the same terms and conditions that are offered to other shareholders.

43 Segment information

The Company is primarily engaged in the business of manufacture and sales of paper, mainly in the domestic markets.

The Board of Directors of the Company, who have been identified as being the chief operating decision maker (CODM), evaluate the Company's performance and allocate resources based on the analysis of various performance indicators of the Company as a single unit. Accordingly, there is no reportable segment or any entity wide disclosures which are applicable to the Company.

44 The specified bank notes (SBN) as defined under the notification issued by the Ministry of Finance, Department of Economic Affairs, dated 08 November, 2016 are no longer in existence. Hence the Company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2016. The disclosure of SBN made in the financial statements for 31 March 2017 is as follows:

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

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

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

45 Dividends

The following dividends were declared and paid by the Company during the year:	As at 31 March 2018	As at 31 March 2017
Rs. 2.00 per equity share (31 March 2017: Rs. 1.00 per equity share)	174.53	87.26
Dividend distribution tax on dividend to equity shareholders	35.53	17.77
	210.06	**105.03**

Notes to the Financial Statements for the year ended 31 March 2018

After reporting date the following dividend (excluding dividend distribution tax) was proposed by the directors subject to the approval at the time of annual general meeting; the dividend has not been recognised as liability. The dividend will attract dividend distribution tax when declared or paid.

	As at 31 March 2018	As at 31 March 2017
Rs. 2.50 per equity share (31 March 2017: INR 2)	218.16	174.53
	218.16	**174.53**

A 'dividend 'of Rs.1.00 per redeemable cumulative preference shares (31 March 2017: Rs.1.00 redeemable cumulative preference shares) (excluding dividend distribution tax) has been proposed by the directors subject to the approval at the time of annual general meeting. Since the aforesaid preference shares have been classified as 'financial liability', the aforesaid amount has been shown as the part of finance cost on accrual basis.

46 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.

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 : 25 May 2018

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
President-Finance & CFO

Vivek Trehan
Company Secretary

Place : Chandigarh
Date : 25 May 2018

Form No. MGT-11
Proxy Form

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

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

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

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

1. Name :
Address :
E-mail id :

Signature.......................or failing him

2. Name :
Address :
E-mail id :

Signature..........................or failing him

3. Name :
Address :
E-mail id :

Signature........................

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on the 10th day of August, 2018 at 11:30 a.m. at Salia Khurd, 144529, Distt. Hoshiarpur, Punjab and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

Ordinary Business	
Sr. No.	**Item**
1	To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2018 together with the Reports of the Board of Directors and Auditors thereon.
2	To declare dividend on the Preference and Equity Shares
3	Appointment of Director in place of Shri Jagesh Kumar Khaitan, (DIN : 00026264) who retires by rotation and being eligible, offers himself for re-appointment
Special Business	
4	To appoint Mr. D.S. Sandhawalia (DIN : 03174394) as Non- Independent Director.
5	To amend articles of the association of the company.
6	Approval and ratification of payment of remuneration to the Cost Auditors.

Signed this........................day of.......................2018

Signature of Shareholder

Affix
Revenue
Stamp

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.

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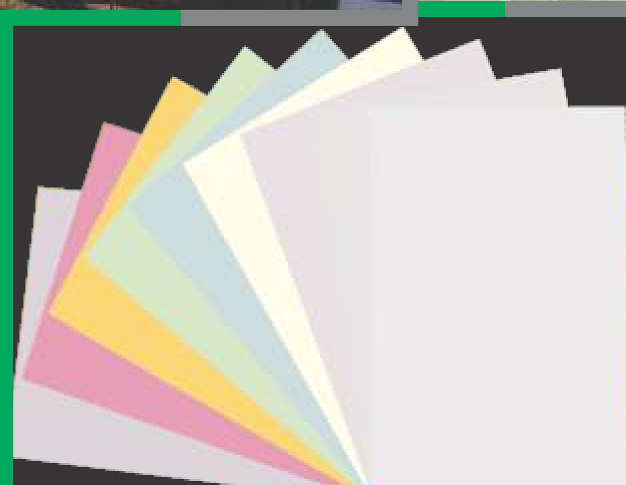
Kuantum Papers Ltd

The Paper Makers

Our Vision Statement

"Innovate continuously to enhance value in operations, pursue excellence and seek future sustainability keeping environmental footprint in check, delivering an exceptional experience to customers, suppliers, employees and society alike."



Kuantum Papers Ltd

The Paper Makers

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