



Kuantum Papers Ltd
The Paper Makers

22nd Annual Report 2018-2019



BOARD OF DIRECTORS

Jagesh Kumar Khaitan
Pavan Khaitan
Yashovardhan Saboo
D S Sandhawalia
Vivek Bihani
Shireen Sethi
Bhavdeep Sardana
D C Mehandru*
Umesh K Khaitan**

Chairman
Managing Director

*Ceased w.e.f. 31.03.2019
**Ceased w.e.f. 09.08.2018

SENIOR EXECUTIVES

Roshan Garg President-Finance & CFO
R P Puri Associate President-Technical
Col Amarjit Singh (Retd) Sr. Vice President-Raw Material
Manoj Kumar Aggarwal Sr. Vice President-Process
Bharat Bansal Chief Strategy Officer
Suresh Kumar Sain Vice President-Finance
Sanjay Khosla Vice President-Marketing
Sanjay Thakur Vice President-Corporate
Puneet Verma Vice-President - Human Resource

COMPANY SECRETARY STATUTORY AUDITORS

Vivek Trehan
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. : 01884-502737 Fax : 01884-502700
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Website : www.kuantumpapers.com

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NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the members of Kquantum Papers Limited will be held at Paper Mill, Saila Khurd-144529, Distt. Hoshiarpur (Punjab) on Tuesday, the 13th August 2019 at 11.30 am to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2019 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 D.S. Sandhawalia (DIN 03174394), 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, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force) and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and pursuant to the recommendation of Nomination & Remuneration Committee and Board of Directors, Shri Bhavdeep Sardana (DIN 03516261), who was appointed as an Additional Director of the Company w.e.f. 20th December, 2018 pursuant to the provisions of Section 161(1) of the Act and who holds office upto the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for appointment and in respect of whom the Company has received a Notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as Independent Non-Executive Director of the Company, for a period of five years, with effect from 20th December, 2018 to 19th December, 2023 and his term shall not be subject to retirement by rotation.

RESOLVED FURTHER that any one of the Directors or the Company Secretary of the Company be and is hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution and to file the requisite returns with the Registrar of Companies/MCA under the provisions of the Companies Act, 2013 and to intimate BSE as per listing agreement wherever required."

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

"RESOLVED that pursuant to the provisions of Section 196, 197, 198 and 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and approval of Central Government, if required, and pursuant to the recommendation of Nomination and Remuneration Committee and the Board, the consent and approval of the members of the Company be and is hereby accorded to the re-appointment of Shri Pavan Khaitan (DIN 00026256) as Managing Director, for a

period of five years with effect from 1.04.2019 on the remuneration, commission, perks and other terms & conditions as contained in the draft agreement/draft letter of re-appointment and as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that consent of the shareholders of the company be and is hereby accorded for the remuneration and perquisites within the limits as set out in the draft letter of re-appointment/draft agreement be paid and allowed to Shri Pavan Khaitan (DIN 00026256), Managing Director during his tenure as Managing Director of the Company for any financial years as Minimum Remuneration notwithstanding any loss or inadequacy of profits, during such financial year subject to necessary compliance of Schedule V and other applicable provisions of the Companies Act, 2013.

RESOLVED FURTHER that the Board of Directors/Nomination and Remuneration Committee be and are hereby authorized to alter or vary the terms of appointment of Shri Pavan Khaitan, including revision of remuneration, as it may, at its discretion, deem fit during his tenure, so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.

RESOLVED FURTHER that any one of the Directors or the Company Secretary of the Company be and is hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution and to file the requisite returns with the Registrar of Companies/MCA under the provisions of the Companies Act, 2013 and to intimate BSE as per listing agreement wherever required."

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 29th May 2019 for carrying out Cost Audit of the Company for the financial year 2019-20, be and is hereby approved and ratified."

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

"RESOLVED that pursuant to Section 185 and all other applicable provisions of the Companies Act, 2013 read with Companies (Amendment) Act, 2017 and Rules made thereunder as amended from time to time, the consent of the Company be and is hereby accorded to authorize the Board of Directors of the Company [hereinafter referred to as the Board, which term shall be deemed to include, unless the context otherwise required, any committee of the Board or any director or officer(s) authorised by the Board to exercise the powers conferred on the Board under this resolution] to advance any loan including any loan represented by a book debt, or give any guarantee or provide any security upto an amount of Rs. 16,79,00,000/- (Rupees Sixteen Crores Seventy Nine Lakhs only) in connection with any loan taken by any person in which any director(s) is/are interested or deemed to be interested, subject to a condition that such loans are utilized by the borrowing company for its principal business activities.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors (or a Committee of the Board thereof constituted for this purpose) be and is hereby authorised to do all acts, deeds and things in its absolute discretion that may be considered necessary, proper and expedient or incidental for the purpose of giving effect to this resolution in the interest of the Company.”

By Order of the Board
For Kuantum Papers Ltd

Vivek Trehan
Company Secretary

Regd. Office:
Paper Mill, Saila Khurd
Distt. Hoshiarpur, Punjab
Dated : 09 July 2019

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 7 August 2019 to 13 August 2019 (both days inclusive).
4. Shareholders of the Company are informed that pursuant to the provisions of the Companies Act and the relevant rules the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the 'Investor Education & Protection Fund (IEPF)' constituted by the Central Govt. Accordingly the amount of dividend which remained unpaid/unclaimed for a period of 7 years for the year 2010-11 has already been transferred to IEPF. Shareholders who have not encashed their dividend warrant(s), for the years 2014-15, 2015-16, 2016-17 and 2017-18 are requested to make claim with the Registrar & Share Transfer Agent of the Company immediately.

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
3	2010-11	10,678	1,06,780

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 9352 shareholders, out of which 4808 shareholders holding 98.65% of the capital are in dematerialised form and the balance 4544 shareholders holding 1.35% of the capital are in physical form. **The shareholders having shares in physical form are requested to dematerialize the shares at the earliest.**

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

The Board of Directors in its meeting held on 20th December 2018 appointed Shri Bhavdeep Sardana (DIN 03516261), as Additional Director of the Company in the capacity of Independent Director pursuant to Section 161 of the Companies Act, 2013. In terms of section 160 of the Companies Act, 2013, the Company has received a notice in writing from member proposing the candidature of Shri Bhavdeep Sardana for appointment as Independent Director as per the provisions of sections 149 and 152 of the Companies Act, 2013. Shri Bhavdeep Sardana has given declarations to the Board of Directors of the Company that he meets the criteria of Independence as required under Section 149 of the Companies Act, 2013. In the opinion of the Board of Directors, he fulfills the conditions specified in the Companies Act, 2013, rules made thereunder and as per Regulation 17 of SEBI (LODR), 2015. The matter regarding appointment of Shri Bhavdeep Sardana was placed before the Nomination and Remuneration Committee as also to the Board, which recommends his appointment as independent director for a period of five years, with effect from 20th December 2018 to 19th December, 2023. He is not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013. Copy

of the draft letter for appointment alongwith the terms and conditions of Shri Bhavdeep Sardana, 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 Shri Bhavdeep Sardana, 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.

Except Shri Bhavdeep Sardana, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice of the AGM. Shri Bhavdeep Sardana is not related to any Director of the Company.

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

Item no. 5

Shri Pavan Khaitan (DIN 00026256) was reappointed by the members of the Company, in their meeting held on 8th August 2014 as Managing Director of the Company, for a period of five years with effect from 1.04.2014. As his present term was upto 31.03.2019, pursuant to the recommendation of Nomination and Remuneration Committee and the Board, consent of the members is now being obtained to re-appoint Shri Pavan Khaitan (DIN 00026256) as Managing Director, for a period of five years with effect from 1.04.2019, at a salary given below:

(1) Salary

Rs. 12,00,000/- per month in the grade of Rs 12,00,000-1,00,000- 16,00,000

(2) Perquisites and allowances

- i) The Managing Director shall also be entitled to perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof subject to a ceiling of 60% of the salary, reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, medical reimbursement for self and dependent family, medical accident/Keyman Insurance, company maintained car, telephone, leave travel concession for self and family, club membership subject to maximum of two clubs.
- ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.
- iii) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(3) Commission

The Managing Director shall be entitled to commission in addition to the salary, perquisites and allowances, as mentioned above alongwith other directors, calculated with reference to the net profit of the Company in a particular financial year as may be determined by the Board of Directors at the end of each financial year subject to the overall ceilings as stipulated in section 197 of the Companies Act, 2013 and the relevant rules.

- (4) The total remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent of the net profits of the company and if there is more than one such director remuneration shall not exceed ten percent of the net profits to all such directors and manager taken together, as laid down under section 197 and 198 of the Companies Act, 2013.
- (5) Shri Pavan Khaitan will not be entitled to sitting fee for attending meetings of the Board or Committee(s) thereof.
- (6) Shri Pavan Khaitan shall not be liable to retire by rotation.

The Board of the Company on recommendation made by the Nomination and Remuneration Committee has approved the appointment and remuneration, subject to the approval of the members. Since the Company has immensely benefited during Shri Pavan Khaitan's tenure as Managing Director, the Directors recommend the resolution for his re-appointment as set out at Item No. 5 of the accompanying Notice for approval of the members of the Company.

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

Shri Pavan Khaitan is interested or concerned in the proposed resolution. Shri Jagesh Kumar Khaitan, being related to Shri Pavan Khaitan, may also be deemed to be interested in the said resolution. None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at item no. 5 of the accompanying Notice.

The Board recommends the resolution for the approval of the Members set out at Item no. 5 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 29 May 2019 for the Financial Year 2019-20.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

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

Item No. 7

The Company is to render support for the business requirements of other companies in the group, from time to time and therefore, the provisions of section 185 of the Companies Act, 2013 authorizes the company to advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in which any director(s) is/are interested or deemed to be interested, provided that a special resolution is passed by the company in general meeting and such loans are utilized by the borrowing company for its principal business activities. However, as per the stipulation imposed by IDFC First Bank Ltd., the Company can provide guarantee against the loan taken by the holding company in which the Directors are interested, for its principal business activities only with the approval of members of the company giving guarantee by way of special resolution. The members may note that Board of Directors has considered the proposal to provide guarantee for a loan of Rs. 16,79,00,000/- (Rupees Sixteen Crores Seventy Nine Lakhs only), only for the purpose of principal business activities of the Holding Company. Hence, in order to enable the company to provide guarantee against the loan availed by the Holding Company in which Directors are

interested directly or indirectly, section 185 of the Companies Act requires approval of members by a Special Resolution.

Except Shri Jagesh Kumar Khaitan and Shri Pavan Khaitan who are also the Directors of holding company, none of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

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

By Order of the Board
For Kuantum Papers Ltd

Vivek Trehan
Company Secretary

Regd. Office:
Paper Mill, Saila Khurd
Distt. Hoshiarpur, Punjab
Dated : 09 July 2019