

KHANNA PAPER MILLS LIMITED

CIN: U74110HR1985PLC054735

BOARD'S REPORT

F.Y. 2024-25

Message from Independent Directors

Dear Stakeholders,

We, the Independent Directors of Khanna Paper Mills Ltd, hereby present our collective observations and reflections for the financial year ended 31 March 2025, fulfilling our duties under Section 149(8), Section 166, and Schedule IV of the Companies Act, 2013.

On 02 December 2025, we convened a separate meeting to independently review the state of affairs of the Company and to thoroughly evaluate developments with significant impacts on the Company's governance framework, statutory compliance, and financial reporting responsibilities. Throughout this process, we have acted with diligence, impartiality, and a steadfast commitment to the best interests of all stakeholders.

We express our serious concern over the Company's inability to prepare Consolidated Financial Statements for FY 2024–25 due to the continued non-cooperation of wholly owned subsidiaries which is under the control of Mr. Saurabh Khanna, Mr. Brij Mohan Khanna and Mrs. Renu Khanna in providing audited financial statements. This occurred despite repeated, documented follow-ups by management, the Audit Committee, and the Statutory Auditors of the Company. We recognize this as a material compliance issue and have recommended full transparency by the Board in disclosing this matter to stakeholders.

We have also noted grave governance irregularities occurring between 27 December 2024 and 6 January 2025, including unauthorized corporate filings, misuse of digital signatures, misrepresentation of approvals, and fabrication of corporate records—actions by Mr. Saurabh Khanna, Mr. Brij Mohan Khanna and Mrs. Renu Khanna that undermine lawful governance and constitute prima facie violations of the Companies Act, 2013. Such conduct is unacceptable and runs counter to the principles of ethical corporate management.

Further, certain actions appear to have been influenced by conflicts of interest and personal affiliations, resulting in breaches of fiduciary duties owed to the Company. We have urged the Board to strengthen governance safeguards and to take all necessary measures to preserve the integrity and safeguard of the assets of the Company and its stakeholders.

We assure all stakeholders that appropriate legal proceedings are underway before competent authorities, and we fully support all efforts necessary to safeguard the Company's interests and uphold the rule of law. We remain committed to continuous oversight, maintaining independence, and upholding the highest standards of transparency and accountability.

As Independent Directors, we reaffirm our dedication to acting in good faith, exercising objective judgment, and protecting the long-term interests of shareholders, employees, creditors, regulatory bodies, and all other stakeholders associated with the Company.

Sincerely,

**Mr. Kamal Garg,
Mr. Rakesh Sethi, and
Mr. Narender Sharma**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rahul Khanna

Managing Director

Mr. Brij Mohan Khanna

Whole-Time Director

Mr. Manpreet Singh

Whole Time Director

Mr. Dhimant Singh

Whole Time Director

Mr. S. V. R Krishnan

Whole Time Director

Mrs. Renu Khanna

Whole-Time Director

Mrs. Shivani Khanna

Non-Executive Director

Mr. Rakesh Sethi

Independent Director

Mr. Narender Sharma

Independent Director

Mr. Kamal Garg

Independent Director

CHIEF FINANCIAL OFFICER

Mr. Ashish Kumar Jain

COMPANY SECRETARY

Ms. Priyanka

REGISTERED OFFICE & CORPORATE OFFICE

B-26, Infocity-I, Sector - 34 Gurgaon, Haryana-122001

MANUFACTURING OFFICE

NH 3, Bypass Road, Opp. Metro Cash & Carry
Amritsar, Punjab -143001 India

AUDITORS

Statutory Auditors

Nimish Nagpal & Co.

Chartered Accountants

(ICAI FRN: 023104N)

Secretarial Auditors

Sunil Dhawan & Associates

Company Secretaries

(ICSI Unique No.: S2001PB046500)

Cost Auditors

Ramanath Iyer & Co.

Cost Accountants

(FRN: 000019)

Internal Auditors

Arora & Choudhary Associates,

Chartered Accountants

(FRN: 003870N)

REGISTRAR & TRANSFER AGENT

Beetal Financial & Computer Service

Private Limited

BEETAL House, 3rd Floor, 99, Madangir

Behind LSC, New Delhi- 110062

Ph. 011-29961281-283 Fax. 011-29961284

OTHER INFORMATION

Phone: +91-124-4524000

Email: cs@khannapaper.com

Website: www.khannapaper.com

BOARD'S REPORT

Dear Members of Khanna Paper Mills Limited,

Your directors take pleasure in presenting their 40th Board's Report on business and operations along with the Audited Standalone Financial Statements, in compliance with the Indian Accounting Standards (Ind AS), for the Financial Year ending on March 31, 2025.

RESULT OF OPERATIONS AND STATE OF AFFAIRS

I. FINANCIAL HIGHLIGHTS

The brief summary of the Company's Standalone financial performance is as under:

(INR in Lakhs)

PARTICULARS	STANDALONE		
	FY 2024-25	FY 2023-24	YoY change (%)
Revenue from operations	1,90,030.19	2,17,326.33	(12.6)
Other income	2,865.69	1,057.65	170.9
Total Revenue	1,92,895.88	2,18,383.98	(11.7)
Less: Employee benefits expenses	7,928.14	8,621.62	(8.0)
Less: Other expenses	1,90,180.27	1,91,952.04	(.9)
Total expenses	1,98,108.41	2,00,573.66	(1.2)
Profit before tax (PBT)	(5,212.53)	17,810.32	(129.3)
Less:			
Current tax	(324.46)	6,478.08	(105.0)
MAT Credit Entitlement			
Provision/(Credit) for Deferred tax	400.75	(56.63)	(807.7)
Profit after tax (PAT)	(5,288.82)	11,388.87	(146.4)
Other Comprehensive Income	41.80	(144.61)	(128.9)
Profit for the year	(5,247.02)	11,244.26	(146.7)
Earnings per share			
Basic	-19.93	42.92	(146.4)
Diluted	-19.93	42.92	(146.4)

Note: Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Industry Overview

During FY 2024-25, the global economy expanded at a modest pace of around 2.8-3.0%, reflecting subdued demand in advanced economies and uneven recovery across emerging markets. The paper industry continued to operate in a challenging environment, as volatility in key input costs persisted. Prices of pulp and recovered fibre prices fluctuated sharply, and energy and freight costs remained unpredictable, collectively exerting pressure on profitability across several product categories. Demand trends also varied: packaging and containerboard segments benefitted from the sustained growth of e-commerce and consumer goods, whereas writing paper and newsprint faced structural headwinds stemming from digital substitution.

In India, industry dynamics broadly mirrored global trends, with the domestic paper market estimated at over 20 million tonnes annually. Packaging grades including containerboard, duplex board, and folding box board recorded steady demand, supported by structural growth in FMCG and e-commerce. In contrast, traditional segments such as writing & printing paper and newsprint witnessed continued to moderate,

impacted by digitisation and reduced print media circulation. Indian Manufacturers also faced an elevated cost environment driven by volatile wastepaper and pulp prices, inefficiencies in domestic recovery systems, and a continued reliance on imports, which heightened exposure to global price movement and currency fluctuations.

Despite these challenges, the long-term outlook for the Indian paper industry remains positive. India's Per capita paper consumption continues to be significantly lower than the global average, offering substantial long term growth potential. Growing awareness of sustainability, increasing government focus on education and literacy, and rising demand for recyclable and eco-friendly packaging solutions are expected to support sustained industry expansion. The sector is also witnessing increased demand for writing, printing, and speciality papers, alongside a structural shift toward environmentally friendly alternatives in packaging and hygiene products. Companies that reposition toward premium and speciality grades while improving energy and raw-material efficiency are expected to remain resilient and well positioned to capitalise on future opportunities. In alignment with these global and domestic industry trends as well as input cost pressures, the performance of your Company during FY 2024-25 was significantly affected. Your company had anticipated a moderation in NSR pricing for Writing & printing, paper, newsprints and board packaging segments following an exceptionally strong FY 23-24 financial year and therefore prioritised maintaining financial liquidity and an adequate financial buffer. Operating revenue declined by 12.6% year-on-year, while raw material costs increased by 9.05%, leading to a contraction in EBITDA margin from 12.27% in FY 2023-24 to 2.84% in FY 2024-25. Finance costs increased by 32%, and higher depreciation charge on newly capitalized assets further compressed profitability. Your company reported a negative PAT margin of 2.84 % compared with a positive margin of 5.22% in the previous year. These results reflect broader industry headwinds faced during the year. The financial statements, presented in the subsequent section outline both the challenges encountered, and the corrective measures initiated by your Company to strengthen operational and financial performance in the periods ahead.

SUBMISSION ON CONSOLIDATED FINANCIAL STATEMENTS AND STATUS THEREOF

The Board of Directors wishes to apprise the shareholders of a significant matter relating to the preparation of the Consolidated Financial Statements (CFS) for the financial year 2024-25. Despite diligent efforts and adherence to the requirements under Section 129(3) of the Companies Act, 2013, the Company has been unable to finalize the CFS due to several substantial impediments.

- Khanna Paper Mills Limited (the Company) has four wholly owned subsidiaries: Khanna Paper Inc., Grownd Crew Private Limited, Grownd Realty Private Limited, and Khanna Fiber Private Limited. As a prerequisite to preparing the CFS, audited financial statements and relevant documentation from each subsidiary are essential. Despite persistent follow-up via formal communications and email, the Board and Key Managerial Personnel (KMP) have not received the required financial records.
- The management of the subsidiaries has intentionally withheld their audited financial statements, audit reports, and supporting documentation, thereby causing a serious obstacle to accurate financial reporting and corporate transparency. The Company has even approached the National Company Law Tribunal (NCLT) in this regard; however, no effective relief has been obtained to date. The subsidiaries are currently under the management and control of the following individuals:

S No	Name of the Subsidiary	Board of Directors as on date	Date of Appointment as director in the subsidiary
1	Khanna Paper Inc. USA	President Mr Saurabh Khanna	2-11-2010

2	Grownd Reality Pvt ltd	Mr Saurabh Khanna , Mr B M Khanna, Mrs Renu Khanna	1-11-2022 Mr Saurabh Khanna (SK) and Mr B M Khanna (BMK) Mrs Renu Khanna (RK)on 24-01-2024
3	Khanna Fiber Pvt ltd	Mr Saurabh Khanna, Mr B M Khanna, Mrs Renu Khanna	-do-
4	Grownd Crew Pvt ltd	Mr Saurabh Khanna, Mr B M Khanna,	-do-

- Despite numerous efforts, including direct and written requests, the management of these subsidiaries has consistently refused to provide the financial statements and related information essential for consolidation.
- Several communications were addressed by the Company, including by its Independent Directors, to Mr. Saurabh Khanna, Mr. B.M. Khanna, and Mrs. Renu Khanna requesting the required financial data. These were either ignored or expressly denied. Notably, the same issue occurred in the previous financial year ending 31-03-2024. The then Chairman, Mr. B.M. Khanna, had brought this matter to the attention of shareholders in the 39th Board Report, wherein he also alluded to alleged financial fraud in the subsidiaries (see page 5 of the aforesaid report).
- The Board is aware that a Lookout Circular (LOC) was issued by the Ministry of Corporate Affairs (MCA) against Mr. Saurabh Khanna in connection with an ongoing investigation under Section 210(1)(c) read with Section 217 of the Companies Act, 2013, concerning Grownd Realty Private Limited.
- Following the issuance of the 39th Board Report dated 07-12-2024 and the Look-Out Circular (LOC) issued against Mr. Saurabh Khanna, it appears that personal considerations arising from the filial relationship between Mr. Brij Mohan Khanna and Mr. Saurabh Khanna began influencing the subsequent conduct of Mr. Brij Mohan Khanna. Despite having previously acknowledged, in his capacity as Chairman, the serious irregularities and suspected fraudulent activities within the subsidiary companies, Mr. Brij Mohan Khanna thereafter adopted a position inconsistent with his earlier disclosures.

The acts undertaken by him during the period from 27-12-2024 to 06-01-2025, including his alignment with Mr. Saurabh Khanna and Mrs. Renu Khanna in actions intended to impede the Company's governance processes, suggest that his decisions were guided not by his fiduciary obligations as a director but by personal motives linked to his relationship with his son. Such conduct reflects a clear conflict between his statutory duties under the Companies Act, 2013 and his personal interests, resulting in coordinated efforts that were aimed at undermining the lawful management and control of the Company.

The sequence of events occurring between 27-12-2024 and 06-01-2025 constitutes compelling evidence of a sustained and coordinated effort by Mr. Brij Mohan Khanna to subvert the lawful governance of the Company. Notwithstanding his prior admissions, including those recorded in the 39th Board Report dated 07-12-2024 regarding serious financial and governance-related irregularities within the subsidiary companies, Mr. Brij Mohan Khanna's subsequent actions reflect a marked departure from his fiduciary responsibilities under Section 166 of the Companies Act, 2013.

It is apparent that the personal relationship between Mr. Brij Mohan Khanna and his son, Mr. Saurabh Khanna, became the overriding determinant of his conduct during this critical period. Acting in concert

with Mr. Saurabh Khanna and Mrs. Renu Khanna, Mr. Brij Mohan Khanna engaged in multiple acts intended to undermine the legitimate Board of the Company, interfere with statutory processes, and obstruct ongoing investigations initiated under Sections 210 and 217 of the Companies Act, 2013.

The events of this period stand as a glaring instance of how familial allegiance was allowed to supersede statutory obligations and legal compliance. Mr. Brij Mohan Khanna's conduct during these days exemplifies a situation where a father, in an apparent effort to shield his son from legal exposure, willingly crossed established legal boundaries, compromised the integrity of corporate records, and participated in a broader attempt to unlawfully usurp control of the Company.

- **Events of 27-12-2024: Attempt to take-over Company by Mr Saurabh Khanna accompanied with Mr B M Khanna and Mrs Renu Khanna**

On 27-12-2024, Mr. Saurabh Khanna, accompanied by Mr. B.M. Khanna and a group of former employees and associates, entered the corporate office premises of the Company on a public holiday. Security footage recorded conversations instructing Mr. Chetan Gupta to facilitate the removal of the Board. Office equipment, including key printing devices, was unlawfully taken, and technical personnel were engaged to install Printers taken from the factory at a private residence (A-50, D R Enclave, Amritsar).

- **Uploading of unsigned - resignations of the entire Board on MCA Portal at the instance of Mr Saurabh Khanna**

Later the same day, Mr. Chetan Gupta, Company Secretary of APAC & Associates LLP, uploaded unsigned resignation forms (DIR-12, SRN AB2275859) on the Ministry of Corporate Affairs portal, falsely reflecting the cessation of the entire Board of Directors and Key Managerial Personnel (KMPs), including:

- 1) Mrs. Shivani Khanna, Director
- 2) Mr. Rahul Khanna, Managing Director
- 3) Mr. Rakesh Sethi, Independent Director
- 4) Mr. Narender Sharma, Independent Director
- 5) Mr. Kamal Garg, Independent Director
- 6) Mr. Dhimant Singh, Executive Director
- 7) Mr. SVR Krishnan, Executive Director
- 8) Mr. Manpreet Singh, Executive Director
- 9) Mr. Sunil Kumar Shah, CFO
- 10) Ms. Priyanka, Company Secretary

Simultaneously, the appointment of Mr. Suneet Kochar and Mr. Saurabh Khanna as Directors was falsely reflected in the same filing. Additionally, a separate DIR-12 was uploaded for the appointment of Mr. Rajat Verma as an Independent Director. Notably, Mr. Verma had previously been implicated in uploading forged forms (DIR-12/MGT-14) in 2021, for which Mr. B.M. Khanna had lodged a police complaint.

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The Company contacted the MCA helpline and saved a recording confirming that Mr. Chetan Gupta was responsible for the filings. The attempt to unlawfully usurp control of the Company was thus identified and halted.

Accordingly, the Board convened an emergency meeting at 1:30 PM on 27-12-2024 on short notice to deliberate upon the attempted corporate coup.

- **Events of 28-12-2024: Meeting of Independent Directors**

On 28-12-2024, Mr. Kamal Garg, an Independent Director whose resignation had been falsely uploaded, convened an urgent meeting of the Independent Directors. In parallel, Mr. Rahul Khanna formally informed the Company Secretary and the Board about the change in the Principal Trustee of the Brij Mohan and Rahul Khanna Family Trust and submitted Form BEN-1 reflecting the updated beneficial ownership.

The Company Secretary presented the matter before the Independent Directors during the meeting held on 28-12-2024. After a review of the Original Trust Deed, its amended provisions, and the supporting documentation, the Independent Directors confirmed that Mr. Rahul Khanna's appointment as Principal Trustee was valid and legally compliant. Accordingly, Form BEN-2 was filed to update the beneficial ownership records. It may be noted that the only beneficiaries of the trust are Mr. Rahul Khanna, Mrs. Shivani Khanna, and their children Ms. Siya Khanna and Master Vardhan Khanna.

To ensure legal robustness, the Company also obtained a formal legal opinion from Hon'ble Mr. Justice Krishna Murari, Retd. Judge, Supreme Court of India, affirming the compliance of the changes with applicable law.

- **Events of 30-12-2024**

The 39th Annual General Meeting (AGM) of the Company was duly scheduled for 10:30 AM on 30-12-2024 at the Corporate Office Conference Room, in accordance with the Articles of Association. The meeting was open to all shareholders.

While Mr. B.M. Khanna did not participate, Mr. Saurabh Khanna and Mrs. Renu Khanna joined the meeting virtually. Mr. Saurabh Khanna, holding 89,72,301 equity shares (representing 33.81% of total shareholding), was noted as present during the roll call. A login was also observed under the name of Mr. Brij Mohan Khanna; however, the camera remained off despite multiple requests from the Board and shareholders.

Before quorum could be formally confirmed in accordance with the Companies Act, 2013, Mr. Saurabh Khanna unilaterally and without proper authority declared himself as Chairman and abruptly concluded the meeting at 10:37 AM, without placing any resolutions for consideration or vote. Both Mr. Saurabh Khanna and Mrs. Renu Khanna exited the meeting thereafter. Notably, the login in the name of Mr. B.M. Khanna also went offline immediately thereafter.

- **Civil Suits on 02-01-2025: 03-01-2025 and withdraw of suits on 08-01-2025**

On 02-01-2025, Mr. Saurabh Khanna instituted Civil Suit CC No. 11 of 2025, which was registered on 03-01-2025, against Mr. Rahul Khanna and Khanna Paper Mills Limited (through its Director, Mr. Rahul Khanna). The suit sought copies of all resolutions passed by the Company.

Additionally, Civil Suit CC No. 16 of 2025 was filed by Mr. Saurabh Khanna, again against Mr. Rahul Khanna and the Company, seeking details of the constitution of the Brij Mohan and Rahul Khanna Family Trust. It is relevant to note that in the pleadings of the above suits, Mr. Saurabh Khanna himself has acknowledged Mr. Rahul Khanna as the Director of the Company, affirming the Board's legitimacy.

- **Events of 04-01-2025: Uploading of fake documents**

On 04-01-2025, further fraudulent documents were uploaded on the MCA portal by Mr. Chetan Gupta, Company Secretary of APAC & Associates LLP. These filings falsely recorded proceedings of a purported AGM/EGM on 30-12-2024 and misrepresented the removal and appointment of Directors and KMPs of the Company.

The filings included:

- **Form DIR-12 (SRN AB2339888):** Falsely indicated the cessation of the entire existing Board (except Mr. B.M. Khanna), the removal of the Company Secretary and CFO, and the appointment of Mrs. Renu Khanna and Mr. Prince Soni as Directors.
- **Form DIR-12 (SRN AB2340075):** Reflected the appointment of Mr. Saurabh Khanna, Mr. Suneet Kochar, and Mr. Amit Talwar as Directors based on an alleged EGM/Board Meeting dated 30-12-2024.
- **Form DIR-12 (SRN AB2340432):** Purportedly recorded the cessation of Mr. Brij Mohan Khanna and Mrs. Renu Khanna, with a blank white paper attached as supporting evidence.

It was also falsely recorded that Mr. Suneet Kochar and Mrs. Ashima Kochar had become shareholders of the Company. However, Mr. Suneet Kochhar subsequently submitted sworn affidavits before NCLT affirming he and his wife are neither shareholders nor participants in any such meetings, and denied authorizing any such filings.

- **Use of digital signatures of Mr Suneet Kochar to create fake meetings and upload forms with MCA**

Mr. Suneet Kochar, in his affidavit submitted before the National Company Law Tribunal (NCLT), confirmed that his digital signature was unlawfully accessed and misused by Mr. Chetan Gupta. This was done to fabricate and upload false documents on the MCA portal, purporting to show meetings allegedly held on 30-12-2024, which never actually took place.

- **Uploading of forms with MCA and removing the entire board and KMPs- use of newly created digital signatures of Mr B M Khanna**

Similarly, digital signatures in the name of Mr. B.M. Khanna were also used to upload forged documents. Notably, Mr. B.M. Khanna himself filed a police complaint (Complaint No. 7824-PC/COP dated 22-09-2025) with the Commissioner of Police, stating that his health had deteriorated severely in December 2024, rendering him incapable of participating in Company affairs. He further confirmed that he had delegated his responsibilities to Mr. S.V.R. Krishnan, Mr. Manpreet Singh, and Mr. Jaspreet Singh Sethi during that period.

New digital signatures were evidently created and used to fabricate minutes of meetings that never took place. Additionally, the affidavits of Mr. Suneet Kochar and Mrs. Ashima

Kochar, wherein they denied being shareholders or attending any meetings, demonstrate the fraudulent creation of 'fake shareholders' to falsely show quorum for such meetings.

- **Orders of Hon'ble NCLT, NCLAT and Supreme Court of India on restoring the board of the Company.**

Following the series of fraudulent filings and attempts to illegitimately alter the management structure of the Company, an application was filed before the Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench. In CP/2/Chd/Hry/2025, the NCLT passed a detailed order dated 08-01-2025, directing a *status quo ante* to be maintained in respect of the Board of Directors and shareholding of the Company as it stood on 19-12-2024.

Aggrieved by the said order, Mrs. Renu Khanna and others, who had orchestrated the false filings on 27-12-2024 and 04-01-2025, filed an appeal before the National Company Law Appellate Tribunal (NCLAT), Principal Bench, New Delhi. The appeal, registered as Company Appeal (AT) No. 17 of 2025 titled *Mr. Brij Mohan Khanna vs. Khanna Paper Mills and Ors.*, was dismissed, thereby upholding the NCLT's order.

Subsequently, Mr. Brij Mohan Khanna challenged the NCLAT decision before the Hon'ble Supreme Court of India. The Hon'ble Court, vide its judgment dated 03-04-2025 in Civil Appeal No. 1302 of 2025, dismissed the appeal, affirming the findings of the NCLT and NCLAT.

Despite having previously disclosed the financial misconduct and fraud committed by Mr. Saurabh Khanna and Mrs. Renu Khanna in the 39th Directors' Report, Mr. B.M. Khanna subsequently aligned with them, initiating multiple litigations against the Company, its Directors, Independent Directors, and KMPs.

He has also acted contrary to the interests of the Brij Mohan – Rahul Khanna Family Trust, targeting its legitimate beneficiaries, namely Mr. Rahul Khanna, Mrs. Shivani Khanna, Ms. Siya Khanna, and Master Vardhan Khanna.

- Mr. Saurabh Khanna is actively attempting to mislead the Hon'ble High Court of Delhi in his effort to seek cancellation of the Lookout Circular (LOC) issued against him by the Ministry of Corporate Affairs (MCA). This has included misrepresentation of facts and concealment of material information.
- Mr. Saurabh Khanna, with the assistance of Mr. Chetan Gupta and others including Mr. Prince Soni and Mr. Amit Talwar, engaged a new chartered accountant firm (M/s SDVS & Co.) to fabricate the financial statements of Grownd Realty Pvt. Ltd., a subsidiary where fraud has been reported. This was done after forcing the previous statutory auditors, M/s Bedi Misha and Associates (who had filed ADT-4 indicating fraud), to step down.
- The appointment of M/s SDVS & Co. was made without the approval of the shareholders or the holding company, and the fabricated accounts falsely showed that a sum of ₹80.67 crore transferred to Mr. Saurabh Khanna was an advance for property purchase, despite the fact that Mr. Saurabh Khanna does not own any property in India.
- Mr. Chetan Gupta, Company Secretary of APAC and Associates LLP, has been held *prima facie* guilty by the Institute of Company Secretaries of India (ICSI) for professional misconduct, pursuant to a complaint lodged by the Company on 24-06-2024. The ICSI passed an interim order dated 09-09-2025, acknowledging the gravity of the allegations.

In addition to action against Mr. Gupta, the Company is pursuing appropriate measures against the newly appointed statutory auditors of the subsidiary companies, who were engaged without the consent of the holding company and have refused to provide the audited financial statements despite multiple formal requests.

The statutory auditors of Khanna Paper Mills Limited have also independently written to Mr. Saurabh Khanna and the auditors of the subsidiary companies, requesting the requisite financial documents in accordance with the applicable legal provisions. However, there has been no response or cooperation from either the management of the subsidiaries or their auditors.

- **Active Surveillance by Audit Committee and Independent Directors**

The Audit Committee, Independent Directors, and the Board of Directors have remained actively involved in monitoring and responding to the evolving situation. They have been closely overseeing the various litigation efforts initiated by Mr. Saurabh Khanna, Mrs. Renu Khanna, and subsequently Mr. B.M. Khanna, all of whom appear to be acting in concert to disrupt the Company's operations and governance framework.

- **Mr B M Khanna and Mrs Renu Khanna seeking bail after false, fabricated and malicious complaints challan submitted by Police under Bharatiya Nyaya Sanhita (BNS) 2023**

Mr. B.M. Khanna and Mrs. Renu Khanna filed multiple false complaints with the Police against the Company's Key Managerial Personnel and Independent Directors. Following a thorough investigation, the Police concluded that the complaints were entirely baseless. The Police also observed that false, fabricated and malicious complaints are being repeatedly filed. On one of the complaints filed on 29-04-2025, a formal challan under Section 217 of the Bharatiya Nyaya Sanhita (BNS), 2023 was filed in Case No. CHI-2100-2025 titled State of Punjab vs. Renu Khanna. The matter is currently pending before the Judicial Magistrate First Class, Amritsar (Presided by Ms. Ankita Gupta, JMC). The accused — Mrs. Renu Khanna, Mr. Brij Raj Singh, and Mr. Brij Mohan Khanna — have been granted bail upon furnishing bail bonds.

Multiple per-jury and contempt applications are also pending in different courts against Mr B M Khanna for submitting wrong and contradictory affidavits.

- **Obstructionist Conduct by Mr. B. M. Khanna, Mrs Renu Khanna and Mr Saurabh Khanna**

Mr. B.M. Khanna, Mr Saurabh Khanna and Mrs Renu Khanna have made demonstrably false statements before the Hon'ble National Company Law Tribunal (NCLT) and the Hon'ble High Court of Delhi, with the intent to mislead judicial authorities and obstruct the lawful administration of the Company.

- **Mr B M Khanna's actions against the Company**

Mr. B.M. Khanna's actions demonstrate a deliberate attempt to sabotage the Company's operations and to shield individuals implicated in fraudulent activities. These include:

- i. Sending unauthorized communications to banking institutions, requesting them to monitor or block payments and advances issued by Khanna Paper Mills Limited (KPML), thereby attempting to paralyze the Company's financial operations.

- ii. Refusing to cooperate with the Company in convening Extraordinary General Meetings (EGMs) of subsidiary companies and evading board inquiries related to the receipt and onward transfer of funds exceeding ₹100 crore from subsidiary accounts to Mr. Saurabh Khanna.
- iii. Filing multiple frivolous complaints against the Company's KMPs, which led to criminal action being initiated against him under Section 217 of BNS. He was granted bail by the court on 17-10-2025.
- iv. Withholding financial statements of subsidiary companies despite repeated demands, which obstructed the Company's statutory obligation to prepare Consolidated Financial Statements under Section 129(3) of the Companies Act, 2013.
- v. Despite having previously informed shareholders in the 39th Directors' Report about the fraudulent activities of Mr. Saurabh Khanna and Mrs. Renu Khanna, Mr. B.M. Khanna has now aligned with them in an effort to derail the Ministry of Corporate Affairs' investigation.
- vi. Initiating multiple litigations against the Company, its Directors, Independent Directors, and KMPs who are actively pursuing transparency and accountability in the subsidiary companies

The Company categorically states that it does not recognize or validate any of the fabricated meetings, forged minutes, or manipulated filings made by unauthorized individuals. All such acts are considered null and void and are being actively challenged through legal and regulatory channels.

FINANCIAL PERFORMANCE HIGHLIGHTS

The Company's operating margins came under substantial pressure during FY 2024-25. Revenue from Operations declined to at ₹1,90,030.19 lakh, as against ₹2,17,326.33 lakh in FY 2023-24, reflecting 12.6% reduction, primarily due to lower realizations across all product segments including writing & printing, board and newsprint.

Total income decreased to ₹1,92,895.88 lakh from ₹2,18,383.98 lakh in the previous year. Total expenses stood at ₹1,98,108.41 lakh compared to ₹2,00,573.66 lakh in FY 2023-24, indicating the company's efforts towards cost rationalization despite inflationary pressures.

Raw Material Consumption remained elevated at ₹1,38,485.67 lakh, representing an 9.05% year-on-year increase, led by continued volatility in pulp and wastepaper prices, which exerted sustained pressure on input cost structures.

Despite the Company's strategic efforts, EBITDA margin declined sharply from 12.27% in FY 2023-24 to 2.84% in FY 2024-25. This deterioration was driven by higher raw material costs, increased finance charges, and rising depreciation from newly capitalized assets and contraction in operational revenue by 12.6%. As a result, the PAT margin turned negative at -2.7%, compared to a positive 5.22% in the previous year.

Finance Costs increased significantly by 31.69%, from ₹ 2,917 lakh in FY 2023-24 to ₹3,841 Lakh in FY 2024-25. This surge was attributable to greater dependence on working capital borrowings, which increased to ₹ 38,989 lakh in FY 2024-25 compared to ₹ 22051 lakh in the previous year, alongside the introduction of Buyer's Credit borrowings of ₹ 6,958 lakh. The overall increase in borrowings by ₹ 15,904 lakh in the FY 2024-25 intensified liquidity pressures. Higher finance costs were also influenced by increased repayment obligations on long term borrowings, and continued investments in plant machinery, and technology aimed at enhancing operational efficiency and sustainability

Depreciation and Amortization Expenses also rose to ₹6,840 lakh in FY 2024-25 as against ₹6,068 lakh in the previous year, reflecting Company's ongoing capital expenditure in technology upgrades, new office and production infrastructure.

Borrowings and Liquidity

Total overall borrowings stood at ₹53,739 lakh as on March 31, 2025, compared to ₹37,835 lakh in the previous year – marking a 42.03% increase. While these borrowings have led to higher finance costs, they have been strategically deployed towards capacity expansion, strengthening supply chain resilience, and ensuring uninterrupted operations.

Profitability

The Company reported a Loss before Tax of ₹5,212.53 lakh as against a Profit before Tax of ₹17,810.32 lakh in FY 2023–24.

After accounting for taxes, the Net Loss for the year stood at ₹5,288.82 lakh, compared to a Net Profit of ₹11,388.87 lakh in the previous year.

- The PAT margin turned negative at –2.74% compared with a positive 5.22 % last year.
- Earnings per Share (Basic and Diluted) fell to –19.93 from 42.92 in the previous year.

This surge reflects not only the higher working capital requirements but also the increased repayment obligations on long-term borrowings. While this has led to higher finance costs, these borrowings have been strategically utilized to fund capacity expansion, strengthen supply chain resilience, and ensure uninterrupted operations.

Challenges, Mitigation and Future Outlook

During the financial year under review, the Company experienced a decline in revenue and profitability due to a combination of industry specific and macroeconomic challenges. Elevated raw material costs and adverse foreign exchange movement exerted significant pressures on margins. Additionally competitive market dynamics and higher finance costs further impacted overall performance.

In response, the Company has undertaken a series of proactive measures to mitigate these headwinds. Strategic price revisions have been effected across key product categories including Duplex, Writing & Printing, Copier, Folding Box Board, and Newsprint, in alignment with prevailing market trends. These adjustments are expected to support margins and enhance cash flows. On the input side, Operational efficiencies are being realized through favourable reductions in pulp prices and the removal of cess on coal in (GST 2.00) reform, both of which are expected to contribute positively to production cost management.

Further, the Company's ongoing capacity expansion project is progressing as per schedule, and major capex expansions were completed well within time. This expansion will enhance production capabilities and strengthen the Company's presence across its diversified product portfolio.

Certain pending legal and insurance matters are at advanced stages of resolution. Favourable outcomes from these initiatives are expected to further reinforce the Company's financial position.

With these initiatives, combined with a disciplined focus on operational excellence, cost control through judicious mix of fibres, and margin improvement, the Company remains well positioned to navigate industry challenges effectively. The board and Management are confident that these efforts will place the Company on a stronger trajectory of sustainable growth enabling long-term value creation for shareholders and other stakeholders.

SUBSIDIARY INFORMATION

I. THE NAME OF COMPANY WHO HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the financial year 2024-25, no Company has become or ceased to be Subsidiaries, joint ventures or associate companies of Khanna Paper Mills Ltd.

II. HIGHLIGHTS OF THE PERFORMANCE OF SUBSIDIARIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY

The Company have four wholly owned subsidiaries, and the details of the said subsidiaries are mentioned below:

A. Subsidiaries incorporated in India:

1. Grownd Realty Private Limited
2. Grownd Crew Private Limited
3. Khanna Fiber Private Limited;

B. Subsidiary incorporated in USA:

1. Khanna Paper Inc.

Due to unavailability of financial statements of all the wholly owned subsidiaries, despite several communications with the management of the subsidiaries, Company is unable to consolidate the financials and present the highlights of the subsidiaries and their contribution to the overall performance of the Company. Therefore, the details in Form AOC-1 of all Wholly owned subsidiaries cannot be provided by the Company.

The Company has already initiated several proactive measures. Formal communications have been dispatched to the subsidiary companies demanding immediate financial disclosures. The Board is simultaneously exploring legal remedies and filed petition before Hon'ble National Company Law Tribunal ("NCLT") i.e. Company Petition No. 76/CHD/HRY/2024 for Khanna Fiber Private Limited and Company Petition No. 77/CHD/HRY/2024.

CHANGE IN THE NATURE OF BUSINESS, if any

There has been no change in the nature of business of the Company during the financial year 2024-25.

CAPITAL STRUCTURE

I. SHARE CAPITAL

During the financial year under review, the company did not issue any shares. The paid-up equity share capital of the Company as on March 31, 2025 is INR 26,53,79,450 consisting of 2,65,37,945 shares of INR 10 each.

There has no change in the authorised, issued, subscribed and paid-up share capital of the company during the financial year 2024-25.

II. EMPLOYEE STOCK OPTION (ESOP)

During the financial year 2024-25, the company had not issued any Employee Stock Options (ESOPs).

III. SWEAT EQUITY SHARES

Company had not issued any Sweat Equity Shares during the financial year 2024-25.

IV. BONUS SHARES

During the financial year 2024-25, the company did not issue any Bonus Shares maintaining its existing capital structure.

DIVIDEND

The Board of Directors of the company does not recommend the dividend for the Financial Year 2024-25.

DEPOSITS

The Company has not accepted any deposits from the public in terms of applicable laws under Companies Act, 2013 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date. During the financial year 2024-25, Company has repaid the unsecured loan amount of Rs. 1 (One Crore only) received from Mrs. Shivani Khanna (in a capacity of Director).

TRANSFER TO RESERVE

During the financial year 2024-25, the company incurred a loss of Rs. 5,288.82 lakh. The Company has not transferred any amount from profit and loss to general reserve during the financial year 2024-25.

AUDITORS AND THEIR REPORT

I. STATUTORY AUDITORS

Nimish Nagpal & Company, Chartered Accountants (FRN: 023104N), was appointed as the Statutory Auditors of the Company at the 36th Annual General Meeting ("AGM") held on September 29, 2021 for a period of five consecutive years till the conclusion of 41st AGM to held in calendar year 2026.

AUDITORS' REPORT

The Board of Directors have duly examined the Statutory Auditors' Report received from Nimish Nagpal & Company, Chartered Accountants (FRN: 023104N), Statutory Auditors, for the Financial Year ended March 31, 2025.

The Management's reply on the qualified opinion and emphasis of matters highlighted in the audit report are as under:

S. No.	Emphasis of Matter	Management's Reply
1.	We draw attention to note 50 of the standalone financial statements, which describe the company's position regarding its obligations under the Micro, small and medium Enterprise Development act, 2006 (MSMED Act). The	The Company is in the process of strengthening its internal control processes so as to identify MSME vendors at KYC stage itself.

	<p>Management has represented that there is no statutory obligation currently imposed on the suppliers of goods or services to disclose their registration status under the MSMED Act to the recipient company.</p> <p>Consequently, the identification of amounts due to micro, small and medium enterprises (MSMEs), as defined under the MSMED act, has been based solely on the information available to the company and the representations provided by the suppliers. The Management has also stated that, according to past trade practices and conventions, no claims for interest on overdue payments have been received from the suppliers registered under the MSMED act. Furthermore, management believes that it is unlikely that such claims will be made in the future. As a result, no provision for interest on overdue payments to such enterprises has been made in the standalone financial statements. Management has indicated that any potential liability for interest under the MSMED act, if it arises is not expected to be material to the standalone financial statements. Management has further stated that any such liability will be recognized and accounted for in the standalone financial statements when it becomes crystallized.</p> <p>Our audit procedure related to the compliance of MSMED act were primarily based on the reviewing the management's process for identifying the MSME suppliers and evaluating the sufficiency of the disclosure in the standalone financial statements. We have relied on the management's representation and the information they provided, as the identification of the MSME suppliers and the amount due to them is inherently dependent on such information.</p> <p>Our opinion is not modified in respect of this matter</p>	
2.	<p>We draw attention to note 55 of the standalone financial statements, wherein which loans to wholly owned subsidiary are given. The management of the company has expressed its inability to confirm whether the loan made to its wholly owned subsidiary, as covered under section 185(3) (c) of the Companies Act, 2013 are being utilised by the subsidiary for its principal business activities. Furthermore, the subsidiary has also not provided any information in this regard. This matter does not impact our opinion on the standalone financial statements; however, it brings attention to the limitations of the scope concerning the management's compliance and reporting on the utilisation of the loans. Our opinion is not modified in respect of this matter.</p>	<p>The Company has proactively placed the voting rights of Mr. Saurabh Khanna under abeyance to fully protect the assets of the Company and ensure control over these transactions.</p>

3.	<p>Company initiated the disciplinary proceedings which are ongoing before The Institute of Company Secretaries of India (ICSI). Disciplinary committee (Case No. DC/1083/2024 & DC/1089/2024) concerning allegations of professional misconduct by the former Secretarial Consultant of the company. The matter relates to fabrication of board meeting minutes, unauthorized filling of statutory forms, and other alleged irregularities during the period 2024-2025. The disciplinary committee has considered the prime facie opinion and has agreed that the said opinion based on the preliminary findings of the institutes disciplinary investigation is that the Secretarial Consultant is guilty of professional misconduct under clause 7 of part I of the Company Secretaries Act 1980. Our opinion is not modified in respect of this matter.</p>	<p>The ICSI's Disciplinary Committee investigation proceedings against the practicing Company Secretary is underway. The Company is looking forward to the positive outcome.</p>
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The **qualification** highlighted in the audit report are as below:

S. No.	Qualification	Management Reply
1	<p>The Company has invested in Optionally Convertible Zero- Coupon Debentures of its subsidiary, Grownd Realty Private Limited and Khanna Fibre Private Limited. As disclosed in Note 7 to the accompanying financial statements, no impairment provision has been recognised in respect of this investment as at the reporting date. The Management has represented that the recoverable amount of the said investment could not be determined due to complete absence of current financial and operational information from the subsidiary. Under the Ind AS 36 "Impairment of Assets" and Ind AS 113 "Fair Value Measurement" the Company is required to access at each reporting date whether there is any indication that an investment may be impaired and to estimate its recoverable amount if such an indication exists. In the absence of access to recent financial information, management has not been able to perform an impairment assessment or estimate the recoverable amount of the investment in the subsidiary. Consequently, we were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves regarding the carrying value of the investment of INR 13970.82 Lakhs amount in debentures of the subsidiaries as at balance sheet date. This matter may result in a material misstatement of the carrying value of investments and the loss for the year to the</p>	<p>The Company has proactively placed the voting rights of Mr. Saurabh Khanna under abeyance to fully protect the investments made by the Company in the subsidiaries and currently, this is matter is pending before the Hon'ble NCLT, Chandigarh Bench.</p>

<p>extend of any required impairment loss not recognised. The effects of this matter on the standalone financial statements are material but not pervasive.</p>	
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No fraud is reported by the Auditors of the Company for the Financial Year ended March 31, 2025.

II. SECRETARIAL AUDITORS

Pursuant to the provision of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board appointed Sunil Dhawan & Associates, Practicing Company Secretaries, (ICSI Unique Code: S2001PB046500) to conduct Secretarial Audit for the financial year 2024-25. The Report of the Secretarial Auditor for FY 2024-25 is annexed herewith as "**Annexure A**". The said Secretarial Audit Report contain qualification to this report. The Management's response to the observations are also mentioned in the audit Report:

The Company shall propose to the shareholders in the ensuing AGM for the approval/ ratification of the excess remuneration paid to the Directors as mentioned in the report. Further, as per the provision of the Companies Act, 2013, it is the duty of the Director to intimate the Company regarding their interest/change in interest in other entities within the stipulated period. In this regard, no information has been received from Mrs. Renu Khanna, Whole Time Director of the Company during the Financial Year 2024-25.

III. COST AUDITORS

Ramanath Iyer & Co. (FRN: 000019), were appointed by the Board of Directors held on September 05, 2024 to audit the cost accounting records of to conduct cost audits for relevant products for the Financial Year 2024-25 prescribed under the Companies (Cost Records and Audit) Rules, 2014 and their remuneration was ratified by the members in the 39th Annual General Meeting held on December 30, 2024.

As per Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant. The Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of Ramanath Iyer & Co., a firm of Cost Accountants in Practice (Registration No. 000019) as the Cost Auditors of the Company to conduct cost audits for relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 for Financial Year 2025-26. Ramanath Iyer & Co. have, under Section 139(1) of the Act and the Rules framed thereunder furnished a certificate of their eligibility and consent for appointment. The Board on recommendations of the Audit Committee have approved the remuneration payable to the Cost Auditor, subject to ratification of their remuneration by the Members at this AGM. The resolution approving the above proposal is being placed for approval of the Members in the Notice for this AGM.

The Cost Audit Report of the Company for the Financial Year 2024-25 contain observations/suggestion in its report, and the response of the Management is given below as mentioned under:

Observation/Suggestions relevant to the Cost Audit	Management's response
<p>1. The Company is presently not tracking production at GSM level due to which the differential costs due to productivity differences between the various GSMs are not being captured. We suggest capturing of production at a GSM level for better visibility of costs & profitability at that level.</p>	<p>The process framework is being fine-tuned, along with enhanced user adherence and discipline, to ensure optimal results.</p>
<p>2. Cost statements needs to be prepared for utilities like Power, Steam and water clearly indicating the generated/purchase quantities and amount & their allocation to the respective consuming cost centres.</p>	<p>Management agrees with recommendation. Particulars of generated and purchase quantities are duly maintained, however,</p>

	consumption at respective cost centers needs to be configured in SAP HANA.
3. Cost centre wise booking of expenses needs to be monitored periodically to ensure accuracy in such booking.	Periodic review of cost center allocations along with training sessions has already been initiated to reinforce accuracy.
4. The various dimensions of paper such as quality, size & finish within each category of product i.e. Board, Paper & Newsprint needs to be considered in the cost accounting architecture of the Company. Presently such dimensions are captured in the sales data only.	Company is addressing the same through supervision and reinforcements.
5. The company needs to develop a well-structured & fool proof cost accounting system well integrated with the prevailing ERP in the Company which would not only provide cost related information for statutory reporting purpose but also support internal decision making. This should be strongly supported by a system of periodical reconciliation of quantitative information for all input materials as well as finished stock.	Management concurs with the observation. A comprehensive cost accounting framework is being evolved, fully integrated with the existing ERP environment. This system will enhance cost control and provide real-time insights for managerial decision-making. Implementation is being executed in a phased manner to ensure long-term sustainability.

IV. INTERNAL AUDITORS

The Board in its meeting held on September 05, 2024 had appointed Arora & Choudhary Associates, Chartered Accountants (FRN: 003870N) to conduct the internal audit of the Company for the Financial Year 2024-25. The Company had received the certificate confirming their eligibility and consent to act as an Internal Auditors of the Company.

FRAUD'S REPORT

During the year under review, no auditor has reported to the Audit Committee or the Board of Directors, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, which affect the financial position of the Company, that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

RISK MANAGEMENT PROCESS

Section 134(3) of the Companies Act, 2013 requires a statement to be included in the report of the Board of Directors ("Board") of Khanna Paper Mills Limited ("Company"), indicating development and

implementation of a risk management policy for the Company, including identification therein of elements of risk, if any, which, in the opinion of the Board, may threaten the existence of the Company.

The company recognizes that risks are inherent in its operations and will take a proactive approach to identifying, evaluating, and managing risks to achieve its business objectives. In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify, assess, and manage the potential risks that could negatively impact the company's operations, financial stability, reputation, and safety.

The Company has a committee of the Board, namely, Risk Management Committee, which was constituted with the overall responsibility of overseeing and reviewing risk management across the Company.

INTERNAL FINANCIAL CONTROLS

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanism, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosure.

MEETING OF BOARD OF DIRECTORS

During the financial year 2024-25, 13 (thirteen) meetings of the Board of Directors were held on April 09, 2024, May 22, 2024, September 05, 2024, October 14, 2024, December 02, 2024, December 07, 2024, December 20, 2024, December 27, 2024, December 28, 2024, December 30, 2024, January 04, 2025, January 25, 2025 and March 13, 2025. The interval between two meetings do not exceed 120 days.

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

During the Financial Year 2024-25, the following changes took place –

On the recommendation of Nomination and Remuneration Committee, the Board of Directors in its meeting held on 05.09.2024 determined that the period of office of Non-Executive Directors, Managing Director, Whole Time Directors including Executive Directors is liable to retire by rotation at every annual general meeting and the period of office of Independent Directors, Additional Directors, Nominee Directors and Small shareholders Directors shall not be liable to retire by rotation at any annual general meeting.

Post submission of the Company's application, the Hon'ble NCLT, Chandigarh Bench, took cognizance of the Company's application and, vide order dated 08.01.2025, restored the Board which had been illegally removed due to fabricated and unlawfully uploaded the secretarial record on MCA portal by Mr. Chetan Gupta in connivance with Mr. Saurabh Khanna, Mr. BM Khanna and Mrs. Renu Khanna. The Hon'ble NCLT, Chandigarh Bench issued an interim status-quo order dated 08.01.2025, thereby restoring the Board of Directors and the shareholding pattern of the Company as existing on 19.12.2024. The said order was subsequently upheld by Hon'ble NCLAT, Delhi Bench and Hon'ble Supreme Court of India. Therefore, there has been no change in the shareholding and the Board keeping in view the NCLT order despite Mrs. Renu Khanna had become eligible for retirement by rotation in year 2024 and also attained the age of 70 years in year January, 2025. The Board is of the view that keeping in view the operative judicial order, no change in the Board is recommended to the shareholders.

In the 01/2024-25 Extra Ordinary General Meeting of the Company held on June 17, 2024, the members passed the ordinary resolution to remove Mrs. Renu Khanna (DIN: 01794291), Whole Time Director of the Company. Pursuant to the recommendation of nomination and remuneration committee and the Board of Directors and the removal by the shareholders in the Extra Ordinary Meeting held on 17.06. 2024

whose implementation of the decision is pending till the order of NCLT, Chandigarh Bench orders of which are yet awaited in IA No. 131/2024 filed in CP/06/2024, pursuant to the applicable provisions of section 152 of the Companies Act, 2013 and the rules made thereunder for the time being in force, Mrs. Renu Khanna (DIN: 01794291), Whole-Time Director, who is retiring by rotation, the board including Independent Directors, Nomination and Remuneration Committee and other Committees recommended her non-reappointment.

Pursuant to the provisions of the Companies Act, 2013 read with Rules made thereunder, on the recommendation of Nomination and Remuneration Committee, the appointment of Mr. Manpreet Singh (DIN: 08370447), Additional Director of the Company, was recommended by the Board of Directors as the Whole Time Director, liable to retire by rotation, to the shareholders for a period of five years. In the 39th Annual General Meeting of the Company held on 30.12.2024, the members approved his appointment.

Pursuant to the provisions of the Companies Act, 2013 read with Rules made thereunder, on the recommendation of Nomination and Remuneration Committee, the appointment of Mr. Dhimant Singh (DIN: 10466797), Additional Director of the Company, was recommended by the Board of Directors as the Whole Time Director, liable to retire by rotation, to the shareholders for a period of five years. In the 39th Annual General Meeting of the Company held on 30.12.2024, the members approved his appointment.

Pursuant to the provisions of the Companies Act, 2013 read with Rules made thereunder, on the recommendation of Nomination and Remuneration Committee, the appointment of Mr. Sundara Subramanian Venkata Rama Krishnan (S V R Krishnan) (DIN: 10469310) Additional Director of the Company, was recommended by the Board of Directors as the Whole Time Director, liable to retire by rotation, to the shareholders for a period of five years. In the 39th Annual General Meeting of the Company held on 30.12.2024, the members approved his appointment.

During the year under review, pursuant to the provisions of section 196, 2(51), 203 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors approved the appointment of Mr. Rahul Khanna (DIN: 00067173) as the Managing Director of the Company for a period of five years with effect from December 27, 2023 subject to the approval of the shareholder in the ensuing 39th Annual General Meeting of the Company. In the 39th Annual General Meeting of the Company held on 30.12.2024, the members approved his appointment.

Pursuant to the provisions of the Companies Act, 2013 read with Rules made thereunder, on the recommendation of Nomination and Remuneration Committee, the regularization of appointment of Mr. Kamal Garg (DIN: 05012426) Additional Director (Independent) of the Company, was recommended by the Board of Directors to the shareholders. In the 39th Annual General Meeting of the Company held on 30.12.2024, the shareholders appointed Mr. Kamal Garg as the Independent Director for a term with effect from December 27, 2023 till the conclusion of 40th annual general meeting of the company.

Pursuant to the provisions of the Companies Act, 2013 read with Rules made thereunder, on the recommendation of Nomination and Remuneration Committee, the appointment of Mr. Rakesh Sethi (DIN: 02420709) Independent Director of the Company, was recommended by the Board of Directors for his second term to the shareholders and he was also appointed as an Additional Director as appointed for three consecutive years in first term in the 36th AGM of the Company held on September 29, 2021. Therefore, in the 39th Annual General Meeting of the Company held on 30.12.2024, the shareholders appointed Mr. Rakesh Sethi as the Independent Director for a second term for a period of five consecutive years in continuation of first term of appointment.

Pursuant to the provisions of the Companies Act, 2013 read with Rules made thereunder, the Nomination and Remuneration Committee in its meeting held on August 27, 2024 recommended to obtain approval a year before to the expiry of first tenure of Mr. Narender Sharma. Therefore, the appointment of Mr. Narender Sharma (DIN: 09364334) Independent Director of the Company, was recommended by the Board of Directors for his second term to the shareholders. Therefore, in the 39th Annual General Meeting of the Company held on 30.12.2024, the shareholders approved the appointment of Mr. Narender Sharma as the Independent Director for a second term for a period of five consecutive years with effect from the date of expiry of first term of appointment.

During the financial year 2024-25, Mr. Gurjot Singh Narang (DIN: 08872816) was ceased to be the Independent Director of the Company w.e.f 17.10.2024.

During the financial year 2024-25, the Board of Directors appointed Mr. Sunil Kumar Shah as the Chief Financial Officer of the Company with effect from September 05, 2024.

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTOR

The Company has received necessary declaration from each Independent Directors under section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in section 149(6) of the Companies Act, 2013. In the opinion of the Board, the Independent Directors appointed during the year, possess requisite integrity, expertise, experience and proficiency.

PERFORMANCE EVALUATION

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of the Chairman, the Board, committees, and executive/ non-executive/ independent directors through evaluation, excluding the director being evaluated. The evaluation criteria covered the Board as a whole, the Committees of the Board, each individual Director and the Chairman of the Company and were focused on the Board's composition and accountability, their role in setting strategies, the effectiveness of the Board Committees and the performance of each individual Director and Chairman. Company has in place Nomination and Remuneration Policy which is available on the company's website at www.khannapaper.com. The Nomination and Remuneration Committee and Board of Directors has carried out an annual evaluation of the performance of the Board, its Committees and of individual Directors pursuant to the provisions of the Companies Act, 2013.

COMMITTEES

I. COMMITTEES COMPOSITION

During the period under review, the changes took place in the constitution of committees. The composition details of re-constituted committee are as follows:

Name of the Committee	Members of the Committee
Audit Committee	1. Mr. Rakesh Sethi (Member) 2. Mr. Narender Sharma (Member) 3. Mr. Kamal Garg (Member) 4. Mr. Dhimant Singh (Member)
Nomination and Remuneration Committee	1. Mr. Dhimant Singh (Member) 2. Mrs. Shivani Khanna (Member) 3. Mr. Rakesh Sethi (Member) 4. Mr. Narender Sharma (Member)

<p>Corporate Social Responsibility Committee</p>	<ol style="list-style-type: none"> 1. Mr. Rakesh Sethi (Member) 2. Mr. Narender Sharma (Member) 3. Mr. Kamal Garg (Member) 4. Mr. Manpreet Singh (Member)
<p>Risk Management Committee</p>	<ol style="list-style-type: none"> 1. Mr. Rakesh Sethi (Member) 2. Mr. Narender Sharma (Member) 3. Mr. Kamal Garg (Member) 4. Mr. Manpreet Singh (Member)

In the Board meeting held on 27.12.2024 constituted a Sub Committee to handle matters requiring Board information or approval relating to company matters comprising of six members who are disinterested parties in relation to the Khanna Family matters under dispute. The members of the Sub-Committee are Mr. Rakesh Sethi, Independent Director, Mr. Narender Sharma, Independent Director, Mr. Kamal Garg, Independent Director, Mr. Manpreet Singh, Executive Director, Mr. S. V. R Krishnan, Executive Director and Mr. Dhimant Singh, Executive Director. During the year under review, certain recommendations made by the Committees including the Audit Committee, were not considered by the Board keeping in view the ongoing litigation before NCLT and certain interim orders. No Executive Committee meeting was held during the year.

II. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Company has formulated a policy on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Companies Act, 2013. The Nomination and Remuneration Policy is also available on the company's website at www.khannapaper.com. Further, due to the order of Hon'ble NCLT, Chandigarh Bench directed Status quo ante to the Board existing on 19.12.2024. The policy on the Directors' appointment/re-appointment/retirement was dispensed with to maintain the Status quo of the Board as on 19.12.2024 till the final order of the Hon'ble NCLT, Chandigarh Bench.

III. CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Companies Act, 2013, the Company has in place of Corporate Social Responsibility (CSR) Policy. The Company has also established CSR Committee which plays a pivot role and inter-alia responsible for formulating, recommending and monitoring the CSR Policy of the Company which contains the approach and direction given by the Board as well as formulation of the annual action plan. The CSR policy is available on the Company's website at www.khannapaper.com. The Company has spent the amount on CSR activities during FY 2024-25. The composition of the CSR Committee, and other details are outlined in Annual Report on CSR Activities of the Company attached as "Annexure B" to this Report.

VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Companies Act, 2013, the Company has in place vigil mechanism and Whistle-Blower Policy that enables the Directors and Employees to report genuine concerns and make protective disclosures to the Management. The disclosures reported are addressed in the manner. During the year, no director or employee of the Company has been denied access to the Audit Committee. This policy is available on the Company's website at www.khannapaper.com.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

During FY 2024-25, a comprehensive set of initiatives were undertaken to enhance energy efficiency, optimize operations, and promote sustainable fuel use. The Company has systematically invested in and absorbed a range of technological advancements to enhance efficiency, productivity, and innovation.

During the year, the Company has inflow foreign exchange amounting to INR 1,393 lakh and has an outflow foreign exchange amounting to INR 73,537 lakh. The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014 is set out in "Annexure C" which forms part of this report.

DISCLOSURE ON COST RECORDS

Pursuant to provisions of Section 134 of the Act read with Rule 8(5) of the Companies (Accounts) Rules, 2014, it is confirmed that maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Act, is required by the Company and accordingly such accounts and records are made and maintained.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual return of the company in the prescribed format is available at our website www.khannapaper.com.

DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place prevention of sexual harassment policy in line with the requirement of the Sexual Harassment at The Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013. During the Financial Year 2024-25, the Board amended prevention of Sexual Harassment policy in its meeting held on April 09, 2024 and October 14, 2024.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

The following is a summary of Sexual Harassment Complaints received and disposed off during the year:

Number of Sexual Harassment Complaints received	: NIL
Number of Sexual Harassment Complaints disposed off	: NA
Number of Sexual Harassment Complaints pending beyond 90 days	: NA

DISCLOSURES IN RELATION TO MATERNITY BENEFIT ACT, 1961

During the Financial Year 2024-25, the company has complied with the provisions of Maternity Benefit Act, 1961.

SCHEME OF COMPROMISE AND ARRANGEMENT

The Board of Directors of the company in its Board Meeting held on March 11, 2023 had approved the Scheme of Arrangement between Khanna Paper Mills Limited (“Demerged Company”), Khanna Fiber Private Limited (“Resulting Company 1”), Grownd Realty Private Limited (“Resulting Company 2”) and their respective shareholders and creditors under section 230 and 232 read with section 66 and other applicable provisions of the Companies Act, 2013 and rules made thereunder. However, the Scheme of Arrangement has encountered a significant impediment due to the withdrawal of consent by Mr. Saurabh Khanna and Mrs. Renu Khanna. This matter is pending before the Hon’ble NCLT for adjudication.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2024-25, the Company has not granted any loan, made investment by way of subscription of securities and given guarantee.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In accordance with the provisions of the Section 2(76) and Section 188 of the Companies Act, 2013, the Company during the year under review, has entered into the transactions with related parties in the ordinary course of the business and at arm’s length basis. In accordance with the IND AS 24, the Related Party transactions are disclosed under Note No. 53 of the Standalone Financial Statements. The Form AOC-2 is annexed as “**Annexure D**” to this Report.

PARTICULARS OF EMPLOYEES

The Industrial Relations scenario continued to be cordial. The Company regards its employees as a great asset and accords high priority to training and development of employees. However, the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company.

SIGNIFICANT AND MATERIAL ORDERS IMPACTING THE GOING CONCERN STATUS AND COMPANY OPERATION IN FUTURE

During the Financial Year 2024-25 and thereafter till the date of this Report, there were no significant and material orders passed by the regulators or Courts or Tribunals which can adversely impact the going concern status of your Company and its operations in future.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

Neither any application was made, nor any proceeding is/was pending under the Insolvency and Bankruptcy Code, 2016 during the financial year.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

The company is having healthy financial position and is poised to soar high in its business ventures. The company has always been regular in honouring its debt obligations and hence no such 'One Time Settlement' was even postulated by the Company vis-à-vis the Banks or Financial Institutions.

OTHER DISCLOSURES

Your Directors further report that:

RESTRICTION ON VOTING RIGHTS OF MRS. RENU KHANNA

During the year, the voting rights on 36,07,945 equity shares of Mrs. Renu Khanna were freezed by the Board of Directors in the Board Meeting held on 22.05.2024 and by the shareholders in the EGM held on 17.06.2024 in pursuance to the order passed in Case No. CS 1385 OF 2024 by the Hon'ble Civil Court and the Article of Association of the Company due to the dispute on title of the shares. Further, the voting rights on 2,00,000 equity shares of Mrs. Renu Khanna were also freezed by the Board of Directors in its Board Meeting held on 28.12.2024.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 of the Companies Act, 2013, the Directors to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that they have taken all reasonable steps, as are required, to ensure that:

- i. in the preparation of the annual accounts, applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- iii. proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of Company and for preventing and detecting fraud and other irregularities.
- iv. the Directors had prepared the annual accounts on a 'going concern' basis; and
- v. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

IMPLEMENTATION OF SAP S4 HANA

As part of our digital transformation roadmap, Khanna Paper successfully went live on SAP S/4HANA in February 2025, bringing all major business functions onto a unified platform. The implementation has strengthened end-to-end process integration, enhanced internal controls, and enabled real-time visibility across Finance (FI), Controlling (CO), Materials Management (MM), Production Planning (PP), Sales & Distribution (SD), Quality (QM), Plant Maintenance (PM) and other cross-functional operations.

Since Go-Live, most functional areas have achieved steady stabilization. The PP/CO module is currently undergoing a structured stabilization cycle - covering inventory movements, stock reconciliation, and alignment of plant-side processes. A dedicated cross-functional task force is closely monitoring progress to ensure timely issue closure and sustained system performance.

This Go-Live marks a significant step in strengthening our digital core, enabling deeper digitalization, and creating a strong foundation on top of which future automation layers can be seamlessly implemented. It reinforces our journey toward a more disciplined, efficient, and data-driven operating environment for the future.

SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

ACKNOWLEDGEMENT

The Directors take this opportunity to place on record their sincere appreciation to the Company's bankers, customers, vendors, investors and all other stakeholders for their continued support during the year.

Your directors are also pleased to record their appreciation for the dedication and committed contribution made by employees at all levels who through their competence and hard work have enabled the company to achieve good performance amidst challenging times and look forward to their support in future as well.

For and on behalf of Board of Directors

Khanna Paper Mills Limited



Rahul Khanna

Managing Director

DIN: 00067173



Dhimant Singh

Whole Time Director

DIN: 10466797

Date: 05.12.2025

Place: Gurugram

SUNIL DHAWAN & ASSOCIATES

COMPANY SECRETARIES

SUNIL DHAWAN
B.Com. A.C.S.

Phone : 2274867, 2273443
M. : 94172-30405
29, Sant Avenue, The Mall,
AMRITSAR-143006.
e-mail : krishi.2003@gmail.com

Ref. No.....

Dated.. 30/08/2025

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2025
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the
Companies(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Khanna Paper Mills Limited
CIN: U74110HR1985PLC054735
B-26, Infocity-I, Sector - 34, Gurgaon-122002, Haryana

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Khanna Paper Mills Limited ,CIN: U74110HR1985PLC054735 (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing my opinion thereon.

Based on my verification of the Company'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 on 31st March, 2025 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company Khanna Paper Mills Limited for the financial year ended on 31st March, 2025 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under-Not applicable to the Company during the audit period;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;





v. 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015- **Not applicable during the audit period under review;**
- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not applicable during the audit period under review;**
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- **Not applicable during the audit period under review;**
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018,- **Not applicable during the audit period under review;**
- (e) The Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulations, 2021- **Not applicable during the audit period under review;**
- (f) The Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) Regulations, 2021- **Not applicable during the audit period under review;**
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not applicable during the audit period under review;**
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- **Not applicable during the audit period under review;**
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- **Not applicable during the audit period under review;**

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

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.
- (ii) The SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015: **Not applicable to the Company during the audit period as the Company is an unlisted Public Company.**

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 not carried out in compliance with the provisions of the Companies Act, 2013.



Further, it was also observed that certain e-Forms DIR-12 vide SRN: AB2340075, AB2339888 and AB2340432 were filed on the MCA-21 portal purporting to effect changes in the directorship/management of the Company without valid authority/approval of the Board/Shareholders. The matter was challenged by the Company before the Hon'ble National Company Law Tribunal, the Registrar of Companies, and various courts of law including the Hon'ble Supreme Court of India.

During the course of our audit, it was observed that e-Form AOC-4 CFS for the financial year 2023-2024 was not filed on account of non-submission of financial statements by the subsidiary companies namely Grownd Realty Pvt Ltd, Grownd Crew Private Limited, Khanna Fiber Private Limited and Khanna Paper Inc.

Management's Action and Outcome:

Consequent to such malafide filings, the necessary legal steps were taken by the management. Eventually, all such fraudulent e-Forms DIR-12 were marked defective by the Registrar of Companies, resulting in reinstatement of the actual Board of Directors and Key Managerial Personnels. The correct designations of Directors and KMPs now stand duly reflected on the MCA-21 portal.

Moreover, at the Extra Ordinary General Meeting held on 17th June,2024 , agenda relating to removal of Mrs. Renu Khanna (DIN: 01794291) from the position of Whole-Time Director of the company, was discussed at length. The said decision was not exercised due to the status quo ante order passed by the Hon'ble National Company Law Tribunal (NCLT) on 8th January,2025. Consequently, Mrs. Renu Khanna continued to remain on the Board as the matter was pending adjudication before the Hon'ble Court.

Subsequently, in the 39th Annual General Meeting (AGM) held on December 30, 2024, Mrs. Renu Khanna was retired by rotation as a Whole-Time Director, in accordance with the provisions of the Companies Act, 2013 through an ordinary resolution passed by the shareholders of the company.

Furthermore, during the year voting rights pertaining to 36,07,945 equity shares of Mrs. Renu Khanna were freezed by the Board of Directors in the Board Meeting held on 22nd May,2024 and by the shareholders in the EGM held on 17th June,2024 in pursuance to the court order dated 17th May,2024 due to the dispute on title of the shares. In addition, the voting rights on 2,00,000 equity shares of Mrs. Renu Khanna were also freezed by the Board of Directors in its Board Meeting held on 28th December,2024.

Furthermore, the remuneration paid by the Company to its Directors during the financial year 2024-25 is not in accordance with the provisions of Section 197 of the Companies Act, 2013. The Company has informed us that necessary steps are being taken to regularize/ratify the said remuneration in accordance with the provisions of the Companies Act, 2013. The necessary details are as follows:

Sr.No.	Particulars (Executive Directors)	Actual Remuneration (Rs. In lakhs)	Permissible Limit	Excess Amount Paid (Rs. In lakhs)
1	Mr. B.M Khanna	453.34307	120.05	333.29307
2	Mrs. Renu Khanna	40.00	120.05	Paid within Permissible Limit
3	Mr. Rahul Khanna	366.37364	120.05	237.32364
4	Mr. Manpreet Singh	79.04168	120.05	Paid within Permissible Limit
5	Mr. Dhimant Singh	107.99673	120.05	Paid within Permissible Limit
6	Mr. SVR Krishnan	129.999	120.05	7.83808

Furthermore, during the financial year 2024-25, no disclosure of interest was received from Mrs. Renu Khanna (DIN: 01794291), Whole Time Director under the provision of Section 184 of the Companies Act, 2013.

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Rahul K. P



Now, coming to the various other compliances relating to the Board of Directors and Board Meetings, adequate notices, agenda and detailed notes on agenda were given to all directors to schedule the Board Meetings in compliance with the provisions of the Act, 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.

The following meetings were held during the financial year 2024-2025:

	Date Of Meeting	Total number of directors as on the date of meeting	Attendance	
			Number of directors attended	Leave of absence Granted
1	09/04/2024	11	9	1
2	22/05/2024	11	9	2
3	05/09/2024	11	11	0
4	14/10/2024	11	9	1
5	02/12/2024	10	10	0
6	07/12/2024	10	10	0
7	20/12/2024	10	10	0
8	27/12/2024	10	10	0
9	28/12/2024	10	9	0
10	30/12/2024	9	8	0
11	04/01/2025	9	7	0
12	25/01/2025	10	8	0
13	13/03/2025	10	8	0

All the decisions at the Board Meetings were carried by way of majority .

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 the company made the following major decision:

The Company is in the process of De-mergr and the petition is pending before Hon'ble National Company Law Tribunal(NCLT), Chandigarh and same will take effect as per the order of Hon'ble National Company Law Tribunal(NCLT), Chandigarh

For Sunil Dhawan and Associates
Company Secretaries

(Sunil Dhawan)

(Prop.)

M.NO.14500

COP:3690

UDIN: A014500G001122178

PEER Review Certificate No:2183/2022

Date:30th August,2025

Place:Amritsar



[Handwritten signatures]

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Annexure B

[Pursuant to section 134(3)(m) of the Companies Act, 2013 and rule 8(3) of the Companies (Accounts) Rules, 2014]

1. Brief outline of Company's CSR Policy

Khanna Paper Mills Limited (hereinafter referred as "the Company") is dedicated to fostering a strong sense of corporate responsibility, ethical conduct, and active contributions to sustainable development with strategies, policies and actions aligned with wider social, economic & environmental concerns in mind.

Corporate Social Responsibility (CSR) is an integral part of the company's business model, reflecting its commitment to self-regulation and ethical behaviour. In accordance with Section 135 of the Companies Act, 2013, the Company has formulated its CSR policy duly approved by the Board of Directors

CSR, within the ambit of the Company's vision, entails embracing responsibility for every corporate action undertaken. It is a conscious endeavour to nurture a positive impact on the environment and to create tangible benefits for stakeholders who form the intricate tapestry of the Company's ecosystem.

The CSR Committee plays a pivotal role in confirming that the implementation and monitoring of the Company's CSR policy are in compliance with the objectives and guidelines established by the Company.

2. Composition of the CSR Committee

The composition of the CSR Committee during the Financial Year 2024-25 was as under:

S. No.	CSR Committee Member	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Rakesh Sethi	Member (Independent Director)	1	1
2.	Mr. Narender Sharma	Member (Independent Director)	1	1
3.	Mrs. Shivani Khanna*	Member (Non-Executive Director)	1	1
4.	Mr. Brij Mohan Khanna*	Member (Whole Time Director)	1	1
5	Mrs. Renu Khanna*	Member (Whole Time Director)	1	0


 Rakesh Sethi

* During the Financial Year 2024-25, Mrs. Shivani Khanna, Mr. Brij Mohan Khanna and Mrs. Renu Khanna were ceased as member of the Committee with effect from 04.01.2025. Further, during the Financial Year 2024-25, the Board reconstituted the CSR committee in its meeting held on January 04, 2025. The committee was reconstituted as Mr. Brij Mohan Khanna and Mr. Renu Khanna were not discharging their duties from December 2025, and Mr. Gurjot Singh Narang was also ceased to be Director. The details of members of the reconstituted CSR Committee are - Mr. Rakesh Sethi (Independent Director), Mr. Narender Sharma (Independent Director), Mr. Kamal Garg (Independent Director) and Mr. Manpreet Singh (Whole Time Director).

3. Provide the web-link where Composition of CSR committee, CSR are disclosed on the website of the Company: www.khannapaper.com
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) rules, 2014, if applicable (attach the report):
As the Company doesn't have minimum average CSR obligation of Rs. 10 crore or more in the immediately preceding 3 financial years and none of the CSR projects undertaken by the Company had outlays of Rs. 1 crore or more, therefore, there was no need to undertake impact assessment study
5. (a) Average net profit of the company for last three financial years: INR 1,17,88,36,755.82/-
 (b) Two percent of average net profit of the company as per section 135(5): INR 2,35,76,735.12/-
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous FY: Nil
 (d) Amount required to be set-off for the financial year: INR 88,88,914.71/-
 (e) Total CSR obligation for the financial year (b+c-d): INR 1,46,87,820.40/-

NOTE:

During the Financial Year 2024-25, your Company was required to spend ₹ 1,46,87,820.40/- towards CSR Activities (after adjusting set-off for the previous year's excess spent amount), in terms of the mandatory provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, while the actual CSR spending for the Financial Year 2024-25 was ₹ 1,51,11,742.55/-. Thus, the mandatory amount for the Financial Year 2024-25 has been fully spent by the Company.

6. (a) Amount spent on CSR on other than Ongoing Project: INR 1,51,11,742.55
 (b) Amount spent in administrative overheads - Nil
 (c) Amount spent in Impact Assessment, if applicable - NA
 (d) Total Amount spent for the financial year (a+b+c) - INR 1,51,11,742.55
 (e) CSR amount spent or unspent for the Financial Year:

Total Amount spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amt transferred to unspent CSR account as per section 135(6)		Amt transferred to any fund specified under schedule VII as per second proviso to section 135(5)		
Amount	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
INR 1,51,11,742.55	0	NA	0	0	NA

(f) Excess amount set off, if any

S. No.	Particulars	Amount (in ₹.)
(i)	Two percent of average net profit of the company as per section 135(5)	2,35,76,735.12
(ii)	Total amount spent for the financial year	2,40,00,657.26
(iii)	Excess amount spent for the financial year (ii-i)	4,23,922.14
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	0.00
(v)	Amount available for set off in succeeding FY (iii-iv)	4,23,922.14

7. (a) Details of Unspent CSR amount for the preceding three financial year:

S no	Preceding FY	Amount Transferred to unspent CSR account under section 135(6) (in Rs.)	Amount spent in the reporting FY (in Rs.)	Amount transferred to any fund specified under schedule VII as per section 135(6), if any	Amount remaining to be spent in succeeding FY (in Rs.)
1	2021-22	0	0	0	0
2	2022-23	0	0	0	0
3	2023-24	0	0	0	0

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created/ acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin Code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

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9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: NA

For and on behalf of Board of Directors of
Khaana Paper Mills Limited



Rabul Khanna
Managing Director
DIN: 00067173



Manpreet Singh
Member of CSR Committee
and Whole Time Director
DIN: 08370447

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

[Pursuant to section 134(3)(m) of the Companies Act, 2013 and rule 8(3) of the Companies (Accounts) Rules, 2014]

1. Conservation of Energy:

Details of energy efficiency improvement measures implemented, investment made and savings in energy achieved, and progress made in the implementation of other recommendation.

S. No.	Description of energy efficiency improvement measure	Investment (Rupees in Lacs)	Verified savings (Rupees Lac)/annum	Verified Energy Savings (KW)	Units MWh/Annum	Fuel MT/Annum	Commissioning Date	Category
1	Efficiency improvement and capacity upgradation of TG-2	3,447	1,620	NA	NA	NA	April, 2024	Transition from grid power to captive power generation for cost reduction
2	Technology and capacity upgradation of UTL plant	2,084	252	130	1130.3	NA	April, 2024	Technology upgradation
3	Installation of vfd for ID Fan no-2 in Boiler-2	13.5	35.3	90	504	NA	April, 2024	VFD installation to control the speed of ID fan for air flow optimisation and energy saving
4	Turbo waste heat utilization in PM1	11	33.6	NA	NA	500	May, 2025	Waste heat utilisation from Turbo exhaust
5	Installation of vfd for floatation feed pump in ADIP	5.6	25	44	385.4	NA	April, 2024	VFD installation for process optimisation and energy saving
6	Coal crusher of Boiler 1 replaced with new energy efficient crusher	25	20.6	35	294	NA	December, 2024	Upgradation to energy efficient technology
7	Bypassed feed tank and feed	Inhouse arranged	16.2	55	237.6	NA	April, 2025	System Optimization for

	pump and fed ETP water directly to Poseidon in LDIP							energy savings
8	Replacement of Conventional Cooling Tower fan with HeCTA fan	14	13.7	18.2	196	NA	March, 2025	Technology upgradation for energy saving and reliability
9	Installation of vfd for Poseidon feed pump in ADIP	2.7	8.7	25.6	173.8	NA	November, 2024	VFD installation to control the speed of pump for process optimisation and energy saving
10	Installation of vfd for TL, PL and BL Machine chest pump	5	5.7	10	84.1	NA	December, 2024	VFD installation to control the speed of pump with the CLB level to eliminate the overflow and energy saving.
11	Installation of vfd for secondary screen feed pump in PM-4	5	5.2	10	80.8	NA	May, 2024	VFD installation to control the speed of pump for process optimisation and energy saving
12	Replacement of energy inefficient and underloaded motor in the horizontal screen of LDIP	4	5	16	76.8	NA	March, 2025	Efficiency improvement of motor by upgrading and improved loading
13	Installation of vfd for Poseidon Feed pump in LDIP	4.7	4.3	15	57.6	NA	February, 2025	VFD installation for process optimisation and energy saving
14	Bypassed feed pump of 3rd stage fine screen in LDIP loop-2	Inhouse arranged	3.6	12	52.6	NA	May, 2025	System Optimization for energy savings
15	Replacement of Pump and Motor in UTL chest no. 7 with energy efficient pump and motor.	2	0.9	5	13.2	NA	February, 2025	Efficiency improvement of motor and pump with upgradation

i. Steps taken or impact on conservation of energy:

Impact on Energy conservation is as mentioned below:

- a. Verified Savings = 2049.8 Lacs/Annum
- b. Verified Energy Savings = 465.8 kW
- c. Verified Energy savings/ Annum = 3286.2 MWh/Annum
- d. Verified Fuel savings = 500 MT/Annum

ii. Steps taken for utilizing alternate sources of energy:

- a. We are utilising rice husk and cow dung cake as alternate fuels in the existing boilers.
- b. As part of enhancing the share of renewable sources in our energy generation, we are planning to purchase a new boiler that is more compatible with biofuels.
- c. We are working towards the utilisation of solar energy also.

iii. Capital investment on energy conservation equipment:

Investment made = Rs. 5,623.5 Lacs

2. Technology Absorption:

i. Efforts made towards technology absorption-

- a. Existing TG upgraded to higher capacity with improved efficiency to reduce the energy cost.
- b. Upgraded the UTL plant to enhance yield, reduce specific power consumption, and increase capacity.
- c. Replaced the conventional energy-inefficient cooling tower fan with a latest-generation HeCTA fan in the TG cooling tower.
- d. Energy inefficient conventional pump in UTL replaced with energy efficient pump.
- e. Online Freeness Analyzer installed in Fiber line for Degree SR measurement and auto control.
- f. Turilytix Sheet Break Prediction AI software installed in PM-5.

ii. Benefits derived like product improvement, cost reduction, product development or import substitution-

- a. Upgrading the existing TG has enabled in-house generation, resulting in reduced power costs, reliable and uninterrupted supply, better control over the energy mix, and lower dependency on the grid.
- b. Upgrading the UTL plant has improved yield, reduced specific power consumption, and enhanced overall production.
- c. Latest generation HeCTA fan is 30% higher energy efficient than conventional cooling tower fan.
- d. The energy-efficient pump installed at UTL has lower frictional losses, leading to reduced power consumption.
- e. An Online Freeness Analyzer was installed in the fiber line, enabling continuous monitoring of degree SR and optimizing the loading and unloading of the screener, resulting in consistent degree SR of pulp.
- f. Turilytix Sheet Break Prediction AI software helped in reducing the sheet break by 30 % in PM-5.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -

- a. the details of technology imported:

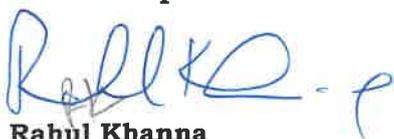
1. Freeness Analyzer for Fiber line.
2. Turilytix Sheet Break Prediction AI software.

- e. the year of import: FY 2024-25
- f. whether the technology been fully absorbed: Yes
- g. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: - NA
- h. the expenditure incurred on Research and Development: - No

3. Foreign exchange earnings and Outgo:

S. No.	Particulars	Amount (FY 24-25)
1	Foreign Exchange earned in terms of actual inflows during the year	Rs. 1,393 Lakh
2	Foreign Exchange outgo during the year in terms of actual outflows	Rs. 73537 Lakh

**For and on behalf of Board of Directors of
Khanna Paper Mills Limited**



Rahul Khanna
Managing Director
DIN: 00067173



Dhimant Singh
Whole Time Director
DIN: 10466797

Date: 05.12.2025

Place: Gurugram

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

A. Details of contracts or arrangements or transactions not at arm's length basis: Nil

a.	Name(s) of the related party and nature of relationship	Not Applicable
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts / arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	date(s) of approval by the Board	
g.	Amount paid as advances, if any:	
h.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

B. Details of material contracts or arrangement or transactions at arm's length basis:

a.	Name(s) of the related party and nature of relationship	Mr. Rahul Khanna, Managing Director	Shore to Shore Logistics India Limited (Directors and shareholders are interested)	Khanna Fiber Inc. (Wholly owned Subsidiary)	SRN Recycling Private Limited, (Director interested)
b.	Nature of contracts/ arrangements/ transactions	Rent Payment	Reimbursement of expenses	Purchase of Goods	Sale of Scrap
c.	Duration of the contracts/ arrangements/ transactions	Annual	FY 2024-25	FY 2024-25	FY 2024-25
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	Payment of rent amount to Rs. 10 Lakh per month	The total value of transaction is Rs. 0.03 Lakhs during the FY 2024-25	Purchase of Goods amounting to Rs. 6.98 Lakhs during the FY 2024-25	Sale of Scrap amounting to Rs. 1.14 Lakhs during the FY 2024-25.

e.	Date(s) of approval by the Board, if any:	June 22, 2023	May 22, 2024	May 22, 2024	May 22, 2024
f.	Amount paid as advances, if any: at the end of FY	-	-	-	-

a.	Name(s) of the related party and nature of relationship	Mrs. Shivani Khanna, (Non-Executive Director and Shareholder)	Mrs. Shivani Khanna, (Non-Executive Director and Shareholder)
b.	Nature of contracts/ arrangements/ transactions	Payment of Interest on Unsecured loan	Repayment of unsecured loan
c.	Duration of the contracts/ arrangements/ transactions	Annual	FY 2024-25
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	The total value of transaction is Rs. 3.46 Lakhs during the Financial Year 2024-25.	During the Financial Year 2024-25, unsecured loan of Rs. 1 Crore was repaid by the Company.
e.	Date(s) of approval by the Board, if any:	May 22, 2024	-
f.	Amount paid as advances, if any: at the end of FY	-	-

All the above transactions are at arm length and in the ordinary course of business.

For and on behalf of Board of Directors of
Khanna Paper Mills Limited



Rahul Khanna
Managing Director
DIN: 00067173



Dhimant Singh
Whole Time Director
DIN: 10466797

Date: 05.12.2025

Place: Gurugram