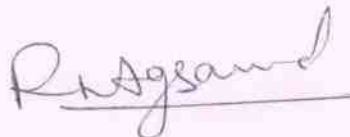
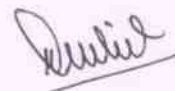

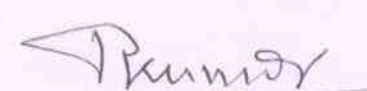


FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange

1	Name of Company:	N R Agarwal Industries Limited
2	Annual Financial Statements for the year ended:	March 31, 2014
3	Type of Audit observation:	<p>Matter of Emphasis on :</p> <ol style="list-style-type: none"> Note No. 31 (g) under contingent liabilities regarding Income Tax demand of ₹ 153,677,003/- which has been disputed by the Company. The Company has filed an appeal before the appropriate authorities. The ultimate outcome of the matter cannot be determined and no provision for liability that may result has been made in the financial statement. Accordingly, we are unable to comment on the impact of the outcome. Note No. 33 under contingent liabilities regarding the forfeiture of deposit given to one party amounting to ₹ 12,000,000/- against which the company has initiated legal action. Note No.9.2 regarding the non provision of outgoing charge amounting to ₹ 1,730,600/- payable against the new office premises. Had the said amount referred in 2 & 3 above been provided in the accounts, the profit would have been lower by ₹13,730,600/-. Note No. 37(c) to the financial statement relating to managerial remuneration charged to profit & loss account statement of the current year. The excess of ₹ 1,950,000/- is subject to approval of the Central Government and Shareholders of the Company. Due to the payment of the said excess amount, the profit for the year is lower by an identical amount.
4	Frequency of observation:	<p>Point Nos. 1 and 2 above are appearing in the Audit Report of 2011-12, 2012-13 and 2013-14.</p> <p>Point Nos. 3 and 4 above have appeared in the Audit Report of 2012-13 and 2013-14.</p>

5	<p>To be signed by:</p> <p>Shri R N Agarwal – Chairman, Managing Director and CEO</p> <p>Shri Gopal Uchil – Chief Financial Officer</p> <p>Chaturvedi & Partners Statutory Auditors</p> <p>Shri P. Kumar Audit Committee Chairman</p>	   
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N R AGARWAL INDUSTRIES LIMITED



CORPORATE INFORMATION

Board of Directors

Shri R N Agarwal

Shri Raunak Agarwal

Shri Mangilal Suthar (upto 8/8/14)

Smt Reena Agarwal (w.e.f. 8/8/14)

Shri S N Chaturvedi

Shri P Kumar

Shri C R Radhakrishnan

Chairman, Managing Director & CEO

Whole Time Director

Executive Director

Executive Director

Independent Director

Independent Director

Independent Director

Chief Financial Officer

Shri Gopal Uchil

Registered Office

415-418, Janki Centre, 4th Floor,
29, Shah Industrial Estate,
Off Veera Desai Road,
Andheri (West), Mumbai - 400 053

Company Secretary & Compliance Officer

Ms. Hemali Shah

Registrar & Share Transfer Agents

Sharex Dynamic (India) Private Limited
Unit No.1, Luthra Industrial Premises,
Safed Pool, Andheri Kurla Road,
Andheri (East), Mumbai - 400 072

Auditors

Chaturvedi & Partners

Chartered Accountants, Mumbai

Bankers

Bank of Baroda

Bank of India

Standard Chartered Bank

IDBI Bank Limited

The Saraswat Co-operative Bank Limited

CIN

L22210MH1993PLC133365





Founder Chairman
Late Shri N R Agarwal



Shri R N Agarwal
Chairman & Managing Director



Shri Raunak Agarwal
Whole-Time Director



VALUE STATEMENT BY MANAGING DIRECTOR & CEO

Dear Shareholders,

The year 2013-14 has been a difficult yet exciting year for Indian Paper Industry. Notwithstanding, on-going economic slowdown, inflationary pressures and hardening of interests rates in India, paper sector continued with its march towards capacity expansion, technology upgradation, energy & water efficiency and achieving its mission of becoming most sustainable industrial sector in India. It is important to add that the financial year with its trials and tribulations saw an addition of 1 million tonnes (mt) of capacity in the paper sector in India.

Growing consumerism, modern retailing, rising literacy (continued government spending on education through the Sarva Shiksha Abhiyan) and the increasing use of documentation will keep demand for writing and printing paper buoyant.

An India Ratings Report estimates India's per capita paper consumption at 9 kg, against 22 kg in Indonesia, 25 kg in Malaysia and 42 kg in China. The global average stands at 58 kg. This indicates there is a lot of headroom for growth in India. From a demand point of view, every one kg incremental per capita consumption results in additional demand of more than one mt a year. Besides, policy factors also have a key role to play in the growth of the domestic paper industry in India. The government's sustained focus on literacy, increased consumerism and expansion in organized retail are expected to positively affect paper consumption and demand in India,"



Strength does not come out of physical capacity. It comes from an indomitable will.
- Mahatma Gandhi

Digital media has a lot of ground to cover, at least as far as penetration is concerned, primarily in rural areas. Paper is an established business and its consumption is being encouraged. What was heartening was though there were challenges, the packaging side of the segment continued to grow. In the last five years, the Indian Paper Sector has invested about ₹ 20,000 Crores on capacity enhancement, technology upgradation and acquisitions. Now, Companies in the sector are seeking to improve their balance sheets. While the sector is eager to expand capacity further, decisions in this regard will depend on how soon Companies can improve their financials. The capacity expansion that took place in the industry through the last few years is now being absorbed due to the rising demand for paper in India.

On the positive side, demand for Paper and Paper Board has been increasing, which has helped to offset the rising cost of production. India's Paper and Paper Board industry thus has unlimited scope for further growth.

Your Company has undertaken a landmark expansion by setting-up a 90,000 TPA paper machine for manufacturing Newsprint and Writing Printing at Sarigam, Gujarat State. With a view to reinforce its competitiveness in the market and secure energy availability, the new mill complex has also have a 15 MW captive power plant, providing 100 percent self-reliance. I have a pleasure in informing you that the Commercial Production has been commenced at the Company's Cogen Cum Paper Unit at Sarigam, Taluka-Umbergaon, Gujarat with effect from July, 2014.

I immensely value the faith that you have reposed in NRAIL and would like to thank you for your continued support.

R N Agarwal

Chairman, Managing Director & CEO



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NOTICE

NOTICE is hereby given that the Twenty-First Annual General Meeting of the members of N R AGARWAL INDUSTRIES LIMITED will be held at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D N Road, Opp. Indian Oil Nagar on Link Road, Andheri West, Mumbai – 400 053 on Saturday, September 20, 2014 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Raunak Agarwal (holding DIN 02173330), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Chaturvedi & Partners, Chartered Accountants, Mumbai, (ICAI Registration No. 307068E), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 “**RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri S. N. Chaturvedi, (DIN 00553459), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 20, 2014 up to September 19, 2019.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri C R Radhakrishnan, (DIN 01309312), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 20, 2014 up to September 19, 2019.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri P Kumar, (DIN 00179074), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 20, 2014 up to September 19, 2019.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED** that in supersession of the earlier resolution passed, the consent of the Company be and is hereby accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013, to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from Company’s bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 1,000 Crores (Rupees One Thousand Crores).”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the earlier resolution passed, consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company wheresoever situate, both present and future, on such terms, at such time, in such form and in such manner as the Board may deem fit, together with power to take over the management of the business and concern of the Company in certain events in favour of all or any of the following, namely: Banks, Financial Institutions, Insurance Companies, Investment Institutions, other investing agencies, Bodies Corporate incorporated under any statute and trustees for the holders of debentures/ secured premium notes/ bonds/ other securities/ debt instruments, and other secured lenders (hereinafter referred to as “the Lenders”) to secure repayment of any loans (both rupee loans and foreign currency loans) and/or any other financial assistance and/or guarantee facilities already obtained or that may hereafter be obtained from any of the Lenders by the Company, and/or to secure redemption of debentures (whether partly/fully convertible or non-convertible)/ secured premium notes/ bonds/ other securities/ debt instruments and/or rupee/ foreign currency convertible bonds and/or bonds with share warrants attached, already issued or that may hereafter be issued by the Company, together with all interest, compound additional interest, commitment charge, liquidated damages, premium on prepayment or on redemption, trustees’ remuneration, costs, charges, expenses and all other moneys including revaluation/ devaluation/ fluctuation in the rates of foreign currencies involved, payable by the Company to the Lenders concerned, in terms of their respective Loan Agreements/ Heads of Agreements/ Hypothecation Agreements/ Trustees Agreements/ Letters of Sanction/ Memorandum of terms and conditions/ Debenture Certificates entered into/to be entered into/ issued/to be issued by the Company, provided that the total borrowings of the Company (exclusive of interest) whether by way of loans and/or any other financial assistance and/or guarantee facilities and/or issue of debentures/ secured premium notes/ other securities/ debt instruments to be secured as aforesaid (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) shall not any time exceed the limit of ₹ 1,000 Crores (Rupees One Thousand Crores).

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalise and execute with any of the Lenders jointly or severally, the documents, instruments and writings for creating aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing the aforesaid

Resolution and to resolve any question, difficulty or doubt which may arise in relation thereto or otherwise considered by the Board to be in the best interest of the Company.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, Smt. Reena Agarwal, who was appointed as an Additional Director of the Company by the Board of Directors (the ‘Board’) with effect from August 8, 2014 and who holds office until the date of this annual general meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Smt. Reena Agarwal as a candidate for the office of a Director of the Company, be and is hereby appointed as a director of the Company.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, including statutory modification or re-enactment thereof, for the time being in force and subject to such approval as may be necessary, the consent and approval of the Company be and is hereby accorded to the appointment of Smt. Reena Agarwal(DIN 00178743), as Whole-time Director designated as Executive Director of the Company for a period of three years with effect from August 8, 2014 upon the terms and conditions including the terms as to remuneration as approved by the Nomination and Remuneration Committee and as detailed in the explanatory statement annexed to this notice and set out in the Agreement dated August 8, 2014, which Agreement placed before this meeting be and is hereby specifically sanctioned with liberty to the Board of Directors of the Company (the “Board”) to alter, vary and modify the terms and conditions of the said appointment and the Agreement in such manner as may be agreed to between the Board and Smt. Reena Agarwal.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Smt. Reena Agarwal’s term of office as Executive Director the remuneration payable to her shall be as per the minimum remuneration prescribed in Schedule V of the Act and that she shall be entitled to all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration.

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to

Schedule V of the Companies Act, 2013, the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Smt Reena Agarwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution.

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, including statutory modification or re-enactment thereof, for the time being in force and subject to such approval as may be necessary, the consent and approval of the Company be and is hereby accorded to the reappointment of Shri Raunak Agarwal (DIN 02173330) as the Whole-time Director of the Company for a period of three years with effect from September 1, 2014 upon the terms and conditions including the terms as to remuneration as approved by the Nomination and Remuneration Committee and as detailed in the explanatory statement annexed to this notice and set out in the Agreement dated August 8, 2014 entered into between the Company and Shri Raunak Agarwal, which agreement as placed before this meeting be and is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said appointment and/or the agreement so as not to exceed the limits specified in Schedule V of the Companies Act, 2013 or any amendment thereto as may be agreed to between the Board and Shri Raunak Agarwal;

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri Raunak Agarwal’s term of office as Whole-time Director the remuneration including all other benefits and perquisites set out in the said agreement shall be payable to him as minimum remuneration subject to the limits prescribed in Schedule V of the Act;

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule V of the Companies Act, 2013, the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Shri Raunak Agarwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

RESOLVED FURTHER THAT the Board be and is hereby

authorised to do all such acts, matters, deeds and things and take such steps as may be expedient or desirable to give effect to this Resolution”.

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Provisions of Sections 197 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, and subject to the approval of the Central Government and subject to such other consents and approvals as may be necessary, the payment of excess remuneration paid to Shri R. N. Agarwal, Managing Director and CEO of the Company amounting to ₹1,950,000/- , over and above the limits prescribed under the provisions of the erstwhile section 309 of the Companies Act, 1956 read with Schedule XIII, for the financial year ended March 31, 2014 i.e. for a period from April 1, 2013 to March 31, 2014 or such amount as approved by the Central Government, resulting from inadequacy of profits for the above financial year be and is hereby ratified and confirmed;

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 (9) & (10) and other applicable provisions if any of the Companies Act, 2013 and subject to the approval of the Central Government the recovery of the excess remuneration of ₹1,950,000/- paid during the financial year ended March 31, 2014 or such amount as approved by the Central Government from Shri R. N. Agarwal, Managing Director & CEO be and is hereby waived;

RESOLVED FURTHER THAT the Company do apply to Central Government for its approval to the waiver of recovery of excess remuneration paid by the Company and that Directors of the Company and Company Secretary, be and are hereby severally authorized to do all the necessary acts, deeds, matters and things to effectuate the above resolution.”

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 197 read with Schedule V of the Companies Act, 2013 and subject to such approvals as may be necessary, the consent and approval of the Company be and is hereby accorded to the revised remuneration payable to Shri R. N. Agarwal, Managing Director & CEO for the residual period of his tenure from April 1, 2014 upto July 31, 2015, as approved by the Nomination and Remuneration Committee and as detailed in the explanatory Statement annexed to this notice and set out in the Supplemental Agreement dated August 8, 2014, which agreement is hereby specifically approved with liberty to the Board of Directors of the Company (the “Board”) to alter, vary and modify the terms and conditions of the said appointment and the said Supplemental Agreement in such manner as may be agreed to between the Board and Shri R. N. Agarwal;

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company

during Shri R. N. Agarwal's term of office as Managing Director & CEO, Shri R. N. Agarwal, be paid the remuneration as set out in the said agreement as minimum remuneration as prescribed in Schedule V of the Companies Act, 2013 and that he shall be entitled to all other benefits and perquisites set out in the Agreement as the minimum remuneration;

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule V of the Companies Act, 2013 the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Shri R. N. Agarwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution”.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
2. An Explanatory Statement pursuant to Section 102(2) of the Companies Act, 2013, which sets out details relating to the Special Business at the meeting, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Friday, September 12, 2014 to Saturday, September 20, 2014 both days inclusive.
4. Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - (ii) to the Company's Registrar & Share Transfer Agents, Sharex Dynamic (India) Private Limited, Unit 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai 400072 , Maharashtra in respect of their physical share folios, if any, quoting their folio numbers.
5. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, the dividend

remaining unclaimed/unpaid for a period of seven years from the date they became due for payment shall be credited to the Investors' and Protection Fund setup by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the fund or the Company in respect of individual amounts once credited to the said fund.

6. Members are requested to bring their copy of the Annual Report to the meeting.

GREEN INITIATIVE

The Ministry of Corporate Affairs (MCA), Government of India, through its Circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in Corporate Governance. Recognizing the spirit of the circular issued by the MCA, we propose to send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc to the email address provided by you with your depositories. We request you to register/ update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email address.

7. Voting through Electronic Means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Twenty-First Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL)

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “N R Agarwal Industries Limited” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.
	<ul style="list-style-type: none"> In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the Date of Birth or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cutoff date in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your

password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the e-voting event number (EVSN : 140812009) for the relevant < N R Agarwal Industries Limited > on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (i) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (ii) The e-voting period commences on Sunday, September 14, 2014 (9:00 am IST) and ends on Tuesday, September 16, 2014 (6:00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, August 14, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (iii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (iv) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, August 14, 2014.
- (v) As the voting would be through electronic means, the members who do not have access to e-voting, may requisite a Physical Ballot Form From the Company. Members using this mode are required to complete and sign the Ballot Form and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mrs. Jigyasa N. Ved, Practicing Company Secretary (Membership No. FCS 6488, at the Registered Office of the Company not later than September 16, 2014 (6.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
- (vi) Mrs. Jigyasa N. Ved, Practicing Company Secretary (Membership No. FCS 6488) of M/s Parikh & Associates., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process (including the physical ballots received from members who don't have access to the e-voting process) in a fair and transparent manner.
- (vii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (viii) A member can opt for only one mode of voting, i.e., either through e-Voting or by Ballot. If a member casts votes by both modes, then voting done through e-Voting shall prevail and Ballot shall be treated as invalid.
- (ix) Members receiving the Notice of the AGM through electronic means can request for a Ballot Form.
- (x) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (xi) The Results shall be declared at the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.nrail.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited.

By order of the Board of Directors

HEMALI SHAH
Company Secretary

Registered Office:

415-418, Janki Centre, 4th Floor,
29, Shah Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai – 400 053.

Dated: August 8, 2014.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013

ITEM NO. 4, 5 & 6

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Shri S. N. Chaturvedi, Shri C. R. Radhakrishnan and Shri P. Kumar as Independent Directors at various times, in compliance with the requirements of the Clause.

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Shri S. N. Chaturvedi, Shri C. R. Radhakrishnan and Shri P. Kumar, Non-Executive Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

The Brief resume of all the three directors is given in the Corporate Governance Report.

It is therefore proposed to appoint Shri S. N. Chaturvedi, Shri C. R. Radhakrishnan and Shri P. Kumar, as Independent Directors of the Company.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Except Shri S. N. Chaturvedi, Shri C. R. Radhakrishnan and Shri P. Kumar, None of the Directors and the Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolutions.

ITEM NO. 7 & 8

The Members of the Company, at the 19th Annual General Meeting of the Company held on August 23, 2012, had accorded by way of an Ordinary Resolution, their approval to the Board of Directors of the Company and / or a Committee thereof for borrowing monies on behalf of the Company, from time to time, upto an aggregate amount (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) not exceeding the paid

up share capital of the Company and its free reserves by ₹ 1,000 Crs (Rupees One Thousand Crores). However, after the applicability of the provisions of Section 180(1)(c) of the Companies Act, 2013, a Company can borrow monies exceeding the aggregate of its paid up capital and free reserves (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) with the approval of Members of the Company by way of a Special Resolution.

The borrowings of the Company may, if necessary, be secured by way of charge/ mortgage/ pledge/ hypothecation on the Company's assets comprising of the movable and/or immovable, tangible/ intangible properties of the Company, present or future, in favour of the lender(s)/agent(s)/trustee(s) from time to time, in such form, manner and ranking as mentioned in the Resolution at Item No.8. The documents relating to charge and/or mortgage and/or pledge and/or hypothecation in favour of the lender(s)/agent (s)/ trustee(s) may contain the provisions to take over substantial assets of the Company in certain events with a power to take over the management of the business and concern of the Company, which may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

As per Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of the Company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially whole of the undertaking of the Company, only with the consent of the Company by a Special Resolution.

The Resolution under Item No. 8 is therefore proposed to be passed to seek consent of shareholders for creation of charge/ mortgage/ pledge/ hypothecation to secure borrowings subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013.

The Board of Directors recommends passing of the Special Resolutions at Item Nos. 7 and 8 of the Notice.

None of the Directors and the Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolutions.

ITEM NO.9

Smt. Reena Agarwal was appointed as an Additional Director of the Company by the Board of Directors effective from August 8, 2014. By virtue of Section 161 of the Companies Act, 2013, Smt. Reena Agarwal will hold office upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 160 of the Companies Act, 2013, alongwith requisite deposit from a member of the Company proposing his candidature for the office of Director.

The Board commends your approval to the said appointment.

Smt. Reena Agarwal is concerned or interested in the said resolution at item no. 9 of the accompanying notice as it relates to her own appointment. Shri R. N. Agarwal and Shri Raunak Agarwal may be deemed to be concerned and interested in the said resolution as they are relatives of Smt. Reena Agarwal.

None of the other directors and Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolution.

ITEM NO.10

Smt. Reena Agarwal, who was working with the Company as a Vice-President, HR, and drawing remuneration, was appointed as Director, designated as Additional Director of the Company for a period of three years at the meeting of the Board of Directors held on August 8, 2014.

The Nomination and Remuneration Committee has approved the appointment and the terms and conditions including the terms as to remuneration of Smt. Reena Agarwal.

The material terms of her appointment as Executive Director are as under:

- 1) Term: From August 8, 2014 to August 7, 2017
- 2) Remuneration:
 - a) Salary: ₹ 200,000/- per month with the power to the Board of Directors to increase from time to time within the ceiling limits of the Schedule V of the Companies Act, 2013.
 - b) Perquisites: In addition to the aforesaid Salary the Executive Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
 - i) Contribution to Provident Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - iii) Earned privilege leave at the rate of one month's leave for every eleven months of service. The Executive Director shall be entitled to encash leave at the end of every year during his tenure as Executive Director.

Where in any financial year during the currency of the tenure of the Executive Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Executive Director, the above Salary and perquisites not exceeding the ceiling limits prescribed in Schedule V of the Companies Act, 2013 as Minimum Remuneration.

The Executive Director shall unless prevented by ill health, throughout the said term devote her attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in her by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use her utmost endeavor to promote the interest thereof.

The Executive Director shall be entitled at any time to resign office as Executive Director after giving the Company Ninety days' notice or by such period agreed to by Board of Directors in that behalf and subject to any provisions of the Act in that behalf.

The Board commends the approval by the members to the Special Resolution for the appointment of Executive Director and payment of remuneration to her.

Smt. Reena Agarwal is concerned or interested in the said resolution at item no. 10 of the accompanying notice as it relates to her own appointment. Shri R. N. Agarwal and Shri Raunak Agarwal may be deemed to be concerned and interested in the said resolution as they are relatives of Smt. Reena Agarwal.

A copy of the Agreement dated August 8, 2014 for the appointment of Smt. Reena Agarwal as Executive Director of the Company is open for inspection by the members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m of the Company except Saturday.

ITEM NO. 11

The Board of Directors of the Company at its meeting held on August 08, 2014 approved the reappointment of Shri Raunak Agarwal as the Whole-time Director of the Company for a further period of three years with effect from September 01, 2014 on the remuneration and terms and conditions as contained in the Agreement dated August 8, 2014 entered into between the Company and Shri Raunak Agarwal. The material terms of his re-appointment as contained in the said Agreement dated August 8, 2014 for his re-appointment as Whole-time Director are as under:

- 1) Term: From September 01, 2014 to August 31, 2017
- 2) Remuneration:
 - a) Salary: ₹ 2,00,000/- per month with the power to the Board of Directors to increase from time to time within the ceiling limits of the Schedule V of the Companies Act, 2013.
 - b) Perquisites: In addition to the aforesaid Salary the Wholetime Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:

- i) Contribution to Provident Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
- iii) Earned privilege leave at the rate of one month's leave for every eleven months of service. The Wholetime Director shall be entitled to encash leave at the end of every year during his tenure as Wholetime Director.

Where in any financial year during the currency of the tenure of the Wholetime Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Wholetime Director, the above Salary and perquisites not exceeding the ceiling limits prescribed in Schedule V of the Companies Act, 2013 as Minimum Remuneration.

The Wholetime Director shall unless prevented by ill health, throughout the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use his utmost endeavor to promote the interest thereof.

The Whole-time Director shall be entitled at any time to resign office as Whole-time Director after giving the Company ninety days notice or by such period agreed to by Board of Directors in that behalf and subject to any provisions of the Act in that behalf.

The Board commends the approval by the members to the Special Resolution for the reappointment of Wholetime Director and payment of remuneration to him.

Shri Raunak Agarwal is concerned or interested in the said resolution at item no. 11 of the accompanying notice as it relates to his own appointment. Shri R. N. Agarwal and Smt. Reena Agarwal may be deemed to be concerned and interested in the said resolution as they are relatives of Shri Raunak Agarwal.

A copy of the Agreement dated August 8, 2014 for the reappointment of Shri Raunak Agarwal is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company except Saturday.

ITEM NO. 12

The Shareholders had by a resolution passed at the Annual General Meeting held on September 16, 2010 approved the re-appointment of Shri R. N. Agarwal as the Managing Director of the Company for a period of five years with effect from August 1, 2010. Till the financial year ended March 31, 2012, the Company was having adequate profits on a year to year basis and the remuneration paid to Shri R. N. Agarwal was well within the applicable limits given under the

Companies Act, 1956.

During the year 2012-2013, the remuneration paid to Shri R. N. Agarwal, Managing Director of the Company was in excess of the limits prescribed under the Companies Act, 1956 and the necessary application for the waiver of recovery of the same was made to the Central Government and the approval of Central Government was received.

During the year 2013-14, the Company's project implementation of the new plant at Sarigam, Dist. Umergaon, Gujarat further delayed. The Company was also required to service its restructured project debts out of operational cash flows of the Company. The profits of the Company for the financial year 2013-2014 were therefore inadequate and the payment of remuneration made to Shri R. N. Agarwal during the year was in excess of the limits of the provisions of Companies Act, 1956. As per the audited accounts, there was an excess payment of remuneration made to Shri R. N. Agarwal in the financial year 2013-14 of ₹ 1,950,000/-

Therefore as recommended by the Nomination and Remuneration Committee, the Board of Directors at its meeting held on May 30, 2014 have ratified, confirmed and approved, subject to the approval of the members and Central Government, the payment of excess remuneration.

Necessary application to the Central Government for waiver of recovery of the excess remuneration paid is being made.

Accordingly, a resolution at item no. 12 is proposed for the consent of members by way of special resolution. The Board recommends the approval of the members to the said resolution. The necessary application to the Central Government for waiver of recovery of excess payment of remuneration to Shri R. N. Agarwal, Chairman, Managing Director and CEO of the Company is being made.

Shri R. N. Agarwal is concerned or interested in the said Resolution at item no. 12 of the accompanying notice as it relates to payment of remuneration to him. Shri Raunak Agarwal and Smt. Reena Agarwal may be deemed to be concerned and interested in the said resolution as they are relatives of Shri R. N. Agarwal.

ITEM NO. 13

The Shareholders had by a resolution passed at the Annual General Meeting held on September 16, 2010 approved the re-appointment of Shri R. N. Agarwal as the Managing Director of the Company for a period of five years with effect from August 1, 2010 on such remuneration as was recommended by the Remuneration Committee within the limits specified under erstwhile Sections 198, 309 read with Schedule XIII of the Companies Act, 1956.

The Board of Directors at its meeting held on August 8, 2014, pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule V to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for

the time being in force and corresponding to Sections 198, 269, 309, and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) approved a revision in the remuneration payable to Shri R. N. Agarwal with effect from April 1, 2014 for the residual period of his tenure as Managing Director upto July 31, 2015 subject to the approval of the Company in general meeting. The material terms of the Supplemental Agreement dated August 8, 2014 entered into by the Company with Shri R. N. Agarwal, referred to in the Resolution at Item No. 13 of the accompanying Notice interalia are as follows:-

2) Remuneration:

- a) Salary: ₹ 1,000,000/- per month with the power to the Board of Directors to increase from time to time within the ceiling limits of the Schedule V of the Companies Act, 2013.
- b) Perquisites: In addition to the aforesaid Salary the Managing Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
 - i) Contribution to Provident Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - iii) Earned privilege leave at the rate of one month's leave for every eleven months of service. The Managing Director shall be entitled to encash leave at the end of every year during his tenure as Managing Director.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits

are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites not exceeding the ceiling limits prescribed in Schedule V of the Companies Act, 2013 as Minimum Remuneration.

The Board commends the approval by the members to the Special resolution for the revision in remuneration payable to Shri R. N. Agarwal.

Shri R. N. Agarwal is concerned or interested in the said Resolution at item no. 13 of the accompanying notice as it relates to payment of remuneration to him. Shri Raunak Agarwal and Smt. Reena Agarwal may be deemed to be concerned and interested in the said resolution as they are relatives of Shri R. N. Agarwal.

The Supplemental Agreement dated August 8, 2014 referred to in the Resolution at Item no. 13 of the accompanying Notice is open for inspection by the members at the Registered Office of the Company between 11.00 a. m. to 1.00 p. m. on any working day of the Company except Saturday.

By order of the Board of Directors

HEMALI SHAH
Company Secretary

Registered Office:

415-418, Janki Centre, 4th Floor,
29, Shah Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai – 400 053.

Dated: August 8, 2014.

Statement showing the additional information as required to be given alongwith a Notice calling General Meeting as required under Section II, Part II of the Schedule V to the Companies Act, 2013 with reference to items nos. 10 to 13 is given hereunder:

I. GENERAL INFORMATION:			
(1)	Nature of industry	Paper and Paper Products	
(2)	Date or expected date of commencement of commercial production	N.A.	
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.	
(4)	Financial performance based on given indicators	2011-2012	2012-2013
	Turnover	4,925,970,630	5,122,883,602
	Net profit (as computed under section 198)	192,143,245	65,590,766
	Net profit/ (Loss) as per profit and loss account	140,949,945	45,918,818
	Amount of Dividend paid	20,422,920	-
	Rate of Dividend declared	12%	-
	Earning before interest, depreciation & taxes	369,058,320	250,801,937
	% of EBIDTA to turnover	7.49%	4.90%
(5)	Export performance and net foreign exchange collaborations	240,546,170	272,336,154
(6)	Foreign investments or collaborators, if any.	N.A.	N.A.
II. INFORMATION ABOUT THE APPOINTEES:			
(1)	Background details	Name: Shri R. N. Agarwal Designation: Managing Director Father's name: Shri R. R. Agarwal Nationality: Indian Date of Birth: 21/07/1960 Qualifications: .BE-Electrical, MBA Experience: Over 23 years in Paper Industry	Name: Shri Raunak Agarwal Designation: Whole-Time Director Father's name: Shri R. N. Agarwal Nationality: Indian Date of Birth: 7/12/1988 Qualifications: BBA Experience: Over 6 years in Paper Industry
		Name: Smt. Reena Agarwal Designation: Executive Director Husband's name: Shri R. N. Agarwal Nationality: Indian Date of Birth: 25/01/1967 Qualifications: B.Com Experience: Over 17 years in HR	
(2)	Past remuneration	The gross remuneration paid to him is ₹ 6,750,000/- per annum	The gross remuneration paid to her is ₹ 1,200,000/- per annum as Vice President - HR
(3)	Recognition or awards	N.A.	N.A.
(4)	Job profile and his suitability	The Managing Director shall be responsible for the management of the whole of the affairs of the Company and to do all acts and things, which, in the ordinary course of business, he considers necessary or proper or in the interest of the Company. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement the proposed remuneration is in the interest of the Company.	The Whole-Time Director shall be responsible for the marketing, manufacturing and finance. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement the proposed remuneration is in the interest of the Company.
		The Executive Director shall be responsible for the entire HR activities, development of employees and Corporate Affairs Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement the proposed remuneration is in the interest of the Company.	

(5)	Remuneration proposed	A gross remuneration of ₹ 12,000,000 lacs per annum plus incentives as may be decided by the Board of Directors.	A gross remuneration of ₹ 2,400,000 lacs per annum plus incentives as may be decided by the Board of Directors.	A gross remuneration of ₹ 2,400,000 lacs per annum plus incentives as may be decided by the Board of Directors.
(6)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin)	Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid to is very low.	Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid to is very low.	Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid to is very low.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	In addition to the remuneration payable to him as Managing Director, he is also the Promoter of the Company and a relative of Shri Raunak Agarwal and Smt. Reena Agarwal, Directors of the Company.	In addition to the remuneration payable to him as Whole Time Director, he is also the Promoter of the Company and a relative of Shri R N Agarwal and Smt. Reena Agarwal, Directors of the Company.	In addition to the remuneration payable to her as Executive Director, he is also the Promoter of the Company and a relative of Shri R N Agarwal and Shri Raunak Agarwal, Directors of the Company.

III. OTHER INFORMATION:

(1)	Reasons of loss or inadequate profits	Due to various internal and external factors such as plant shutdown for Power Plant Maintenance, forex fluctuation resulting in increase in raw materials cost, increase in finance cost, compliance of various environmental guidelines, etc.,		
(2)	Steps taken or proposed to be taken for improvement	<ul style="list-style-type: none"> • Improvement in Quality and better sales realization • Power Plant maintenance • Improved inventory control • Reduction of the import cost by hedging forex, etc. • Company's New Project at Sarigam commenced Commercial Production w.e.f. July 21, 2014, which will improve the profitability of the Company in coming years. 		
(3)	Expected increase in productivity and profits in measurable terms.	Projected Turnover		
		Financial Year	Projected Turnover (₹ in Crores)	Projected Profit (₹ in Crores)
		31/03/2015	692.17	13.53
		31/03/2016	727.14	15.88
		31/03/2017	758.64	24.29

IV. DISCLOSURES:

The remuneration packages of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal and other details such as remuneration, service contract, notice period etc. have been disclosed above. The Company does not have any scheme for grant of stock options.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 21st Annual Report together with audited statement of accounts for the year ended March 31, 2014.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Net Sales/Income from Operations and Other Income	54,434.25	51,608.94
Finance Cost	1,151.03	1,035.60
Gross Profit after Finance Costs but before Depreciation and Taxation	1,101.61	1,472.42
Depreciation	1,031.07	945.77
Profit before Tax and Exceptional Items	70.54	526.65
Exceptional Item	-	-
Profit before Tax and after Exceptional Items	70.54	526.65
Provisions for Taxation	16.37	105.92
Deferred Tax	8.96	(38.45)
Net Profit for the year	45.21	459.19
Balance in Statement of Profit and Loss	8,362.82	7,903.63
Amount available for Appropriation	8,408.03	8,362.82
Balance carried to Balance Sheet	8,408.03	8,362.82

OPERATIONS AND BUSINESS PERFORMANCE

The shrinking operating profit margins, low liquidity, escalating debt cost, increasing competition, an overall suppressed consumer demand and adverse market conditions have become major concern for the Company in the last financial year. Despite of all the financial challenges the operations of the Company were not affected and Your Company has recorded a turnover of ₹ 54,053.02 lacs during 2013-14 against the turnover of ₹ 51,228.84 lacs during 2012-13 registering a growth of 5.51% over the turnover of the previous year.

The Company's Earnings Before Interest, Depreciation and Tax (EBIDTA) during 2013-14 was ₹ 2,227.73 lacs. However Company's Profit Before Tax (PBT) during 2013-14 has decreased from ₹ 526.65 lacs to ₹ 70.54 lacs registering a decline of 87%. The Earning per Share also reduced to ₹ 0.27 per share from ₹ 2.70 per share.

EXPANSION AND DEVELOPMENT PLAN

Liveraging a rich experience of over 25 years in the business of manufacturing and marketing various grades of paper, readymade and well-laid infrastructure in terms of land, energy (captive power), water availability, MOEF clearance and skilled resources, your Company has undertaken a landmark expansion by setting-up a 90,000 TPA paper machine for manufacturing Newsprint and Writing Printing at Sarigam, Gujarat State. With a view to reinforce its competitiveness in the market and secure energy availability, the new mill complex has also have a 15 MW Captive Power Plant, providing 100 percent self-reliance.

The project capital cost is optimally funded through a mix of promoter funds and rupee debt. The Sarigam Project commenced Commercial Production on July 21, 2014.

EXPORTS

The Company continued to fair well in export markets where the exports increased by 65.44% from ₹ 2,723.36 lacs to ₹ 4505.59 lacs during 2013-14.

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION

Rainforest Alliance, who is accredited by the FSC, has awarded to the Company the Forest Stewardship Council (FSC) Certification, valid till October 7, 2017. FSC is an international certification and labeling system that guarantees that paper and wood products carrying the FSC label come from environmentally and socially responsible sources.

DEBT RESTRUCTURING

Further to the information furnished in the Directors' Report for financial year 2012-13, after successful implementation of Corporate Debt Restructuring (CDR) package for its Rupee Term Loans, as approved by CDR EG, the Company has complied and continues to comply with the terms and conditions of CDR package. The Company has opened a Trust and Retention Account (TRA) with Bank of Baroda, Vapi on the terms and conditions set out in Trust and Retention Account Agreement. Further during the year Promoters have infused ₹1.20 Crs towards Promoter Contribution into the Company.

DIVIDEND

Considering the financials of the Company for the year 2013-14, the Board of Directors do not find it prudent to recommend any dividend for the FY 2013-14.

AUDITORS

The term of M/s. Chaturvedi & Partners, Chartered Accountants, Mumbai as Statutory Auditors, hold office till the conclusion of this Annual General Meeting and being eligible, they offer themselves for re-appointment. M/s Chaturvedi & Partners, Chartered Accountants, the existing auditors have furnished a certificate, confirming that if reappointed for the financial year 2014-15 their reappointment will be in accordance with Section 139 read with Section 141 of the Companies Act, 2013. You are requested to appoint auditors and to fix their remuneration.

DEPOSITS

During the year under review the Company did not accept any fixed deposits from the public. The Company would repay the deposits as stipulated in the provisions of Companies Act, 2013.

DIRECTORS

Shri Mangilal Suthar resigned as Director of the Company with effect from August 8, 2014. Your directors place on record its appreciation of the valuable service and guidance given by him during the tenure of his directorship with the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, the Board of Directors in their meeting held on August 8, 2014 appointed Smt. Reena Agarwal, as an Additional Director of the Company with immediate effect and she holds office upto the date of the ensuing Annual General Meeting. The Company has received requisite notice from a member proposing the name of Smt. Reena Agarwal for appointment as a Director of the Company.

As per the provisions of Section 149 of the Act, which has come into force with effect April 1, 2014, an independent director shall hold office for a term upto five consecutive years on the Board of a Company and is not liable to retire by rotation. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri S. N. Chaturvedi, Shri C. R. Radhakrishnan and Shri P. Kumar as Independent Directors are being placed before the Members in General Meeting for their approval.

In the opinion of the Board, they fulfill the conditions specified in the Act and the Rules made thereunder for appointment as Independent Directors and are independent of the management.

Appropriate resolutions for their appointment/re-appointment are being placed for approval of the members at AGM.

In accordance with the provisions of the Companies Act, 2013, Shri Raunak Agarwal, Whole Time Director retires by rotation at the Company's ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Necessary resolutions for the approval of the members of the company for the appointment of and payment of remuneration to Smt. Reena Agarwal as Executive Director and reappointment of and payment of remuneration to Shri Raunak Agarwal pursuant to Section 197 of the Companies Act, 2013 read with Schedule V have been proposed at the ensuing Annual General Meeting.

The brief resume of these directors proposed to be appointed and re-appointed and their relevant information has been furnished in the Corporate Governance Report.

The Board, therefore, recommends their appointment / re-appointment as Directors of the Company.

Necessary resolution is also proposed for the approval of the shareholders to the waiver of excess remuneration paid to Shri. R. N. Agarwal for the FY 2013-14 and to the revision in remuneration payable to Shri R. N. Agarwal with effect from April 1, 2014 for the residual period of his tenure upto July 31, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, on the Company's performance, industry trends and other material changes with respect to the Company is presented in a separate section forming part of this Annual Report.

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

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'A' to the Directors' Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 2011 as amended, the names and other particulars of the employees are given below:

Sr. No.	Name	Age	Designation	Gross Remuneration	Net Remuneration	Qualifications	Total Experience (in years)	Date of Commencement of Employment	Last Employment
1.	Shri R N Agarwal	54	Chairman MD & CEO	7,496,620	4,818,989	BE-Electrical, MBA	23	Since Incorporation (08.12.1993)	-

- Nature of employment is contractual.
- Gross Remuneration includes Salary from April, 2013 to December, 2013, Contribution to Provident Fund and Perquisite chargeable under the Income Tax Act, 1961

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Reports on Corporate Governance, Managing Director's Certificate and Auditor's Certificate regarding the compliance of conditions of Corporate Governance form part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from prescribed accounting standards;
- b) the accounting policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;

HUMAN RESOURCE

Your Company is of the firm opinion that efficiency of its employees plays a key role in achieving set goals and building a competitive work environment. Employee relations continued to be harmonious and cordial at all levels and in all the units of the Company.

ACKNOWLEDGEMENT

The Board acknowledges the understanding and support shown by its lending financial institutions, banks, distributors, customers, suppliers, employees, shareholders and other business associates. Your Company operated efficiently due to a culture of professionalism, integrity and continuous improvement leading to sustainable and profitable growth.

For and on behalf of the Board of Directors

R N AGARWAL

Chairman, Managing Director & CEO

Mumbai, August 8, 2014

ANNEXURE - I

INFORMATION REQUIRED UNDER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2014.

CONSERVATION OF ENERGY

ENERGY CONSERVATION MEASURE TAKEN IN NEWSPRINT/ KRAFT UNIT AND DUPLEX COATED PAPER BOARD UNITS DURING THE YEAR 2013-14

Unit II – Newsprint/Writing Printing

Reduced steam consumption in Paper Machine by increasing paper moisture from 4.5% to 6.0%.

Optimization of cycle operation, Thus reducing the running Hours of Pulp Mill by 3 to 4 hours per day, thus saving electric energy consumption of Pulp Mill.

Reduced utilization of electric energy per batch by approximately 15 minutes by reducing time cycle of Pulper, Poire, Pump and Conveyor.

Energy saving by installation of new VFD's (Variable Frequency Drives) for PDF Drive (11KW), chest no. 06 (Reject pressure screen feed pump) drive (40 KW).

Reduced energy consumption by installation of Energy Efficient Motors in Secondary Effluent Treatment Plant Pump, Secondary Effluent Treatment Plant Blower and in Paper Machine Wire high pressure pumps.

Reduced running hours of D.M. Plant from earlier 17 hours to present 10 hours per day.

Reduced running hours of Coal Plant from earlier 7 hour to present 4.5 hours per day.

In Power Plant auxiliary 400 KWH power is saved by day by:

- Reducing the loading time of Air Compressor and reducing Ash Handling Plant conveying cycle time.
- Reduced energy consumption of Boiler Feed Water Pump by maintaining motor speed with respect to drum level.

Unit I, III, IV – Duplex Coated Paper Boards

Installation of 900 KVAR of Capacitor Bank and both Unit 3 and Unit 4 at Paper Machine and Pulp Mill area helped to reduce the specific energy consumption of electric power.

Improved Condensate Recovery by installing 12 Nos. of Better Efficiency Marko make Rotary Joints in Paper Machine Dryers at Unit I.

Improvement in the Condensate return from the Paper Machine section from 62% to 71% by replacing steam traps, air vents in steam lines and proper hot insulation of steam and condensate headers.

Improvement in Power factor and reducing in electrical power losses by installing 1000 KVA Auto Power Factor Correction Panel at Unit I.

Conservation of running Power of the equipments by installing 45 KW ABB make VFD (Variable Frequency Drives) at the New Secondary ETP Pump and 250 KW VFD for New Secondary ETP Blower.

IMPACT OF THE ABOVE MEASURES ON CONSUMPTION OF ENERGY:

The above measures have resulted in reduced consumption of energy and increased productivity.

I) POWER & FUEL CONSUMPTION:

a) Electricity:		Unit	Current Year	Previous Year
i)	Purchased Units	Lakh/KWH	25,061,409	22,092,119
	Total amount	₹ in lakhs	1,823.89	1,575.50
	Rate/Unit	₹	7.28	7.13
ii)	Own Generation			
(i)	Through Diesel Generator			
	Units	KWH	N.A	N.A
	Qty.	Kilo Ltrs.		
	Total Cost	₹ in lacs		
	Units per Ltr. of Furnace Oil & LDO			
	Average Cost/Unit	₹/KWH		
(ii)	Through Steam Turbine			
	Units	KWH	61,929,004	64,993,283
	Units per tonne of coal	KWH	1,559	1,439
	Average Cost/Unit	₹/KWH	2.97	2.80
b) Coal and Lignite				
	Quantity	Tonnes	126,072	142,983
	Total amount	₹ in lakhs	5,782.65	5,741.43
	Average Rate/Ton	₹	4,587	4,015

(The Company uses 'B' & 'C' grade coal in it's Boiler and Steam Turbine)

II) CONSUMPTION PER TONNE OF PRODUCTION:

Electricity	KWH	146	128
Coal	Kgs.	737	826
Furnace Oil	Ltr.	N.A	N.A
L.D.O.	Ltr.	N.A	N.A

II) TECHNOLOGY ABSORPTION:

The Company does not require any technology for its existing business.

III) FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports and development of new export markets for products and services:

Foreign Exchange used

1. Raw Materials, stores and spares parts, Capital goods and other products : ₹ 11,049 Lacs

Foreign Exchange Earned

1. Export of goods on FOB basis : ₹ 4,506 Lacs

For and on behalf of the Board of Directors

R N AGARWAL
Chairman & Managing Director & CEO

Mumbai, August 8, 2014

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance involves a code of behavior that defines guidelines for transparent management and control of the Company. The Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in the organization, such as the Board, Management, Shareholders and other Stakeholders which include suppliers, customers, creditors, bankers, the employees of the Company. Your Company would continue to strengthen its principles of transparency, fairness, and accountability to generate long-term value for its shareholders on a continuous and sustainable basis in harmony with the interest of all the other stakeholders. Corporate Governance is concerned with having a balance between economic and social goals and between individual and community goals.

Your Company has complied with the guidelines on Corporate Governance stipulated in Clause 49 of the Listing Agreements executed with the Stock Exchanges, the disclosure requirements of which are given below:

BOARD OF DIRECTORS

COMPOSITION

The Board of Directors, along with its Committees provides leadership and guidance to the management and directs, supervises and controls the performance of the Company. The Board consists of persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. The Board of Directors has an optimum combination of Executive and Non-Executive Directors. Shri. R. N. Agarwal is the Promoter and the Chairman & Managing Director of the Company. As on March 31, 2014, Board of Directors comprises of 6 Directors, out of which 3 are Non-Executive/Independent Directors.

CATEGORY AND ATTENDANCE OF DIRECTORS

The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them in public limited companies are given below:

Name of Director	Category	No. of Board Meetings attended during 2013-14	Attendance at the last AGM held on August 27, 2013	No of Directorship* (As on 31.03.2014)		No. of Committee positions in Mandatory Committees (As on 31.03.2014)	
				Chairman	Member	Chairman	Member
Shri. R N Agarwal	Chairman, Managing Director & CEO	4	Yes	-	-	-	-
Shri Raunak Agarwal	Whole-time Director	4	Yes	-	-	-	-
Shri. S N Chaturvedi	Non Executive Independent	4	Yes	-	4	-	2
Shri P. Kumar	Non Executive Independent	4	Yes	1	-	2	-
Shri C R Radhakrishnan	Non Executive Independent	4	Yes	-	-	-	-
Shri Mangilal Suthar#	Executive Director	2	Yes	-	-	-	-
Smt Reena Agarwal**	Executive Director	-	-	-	-	-	-

*Excludes Directorship in Private Limited Companies, Foreign Companies and Government Bodies and Alternate Directorships. Only Audit Committee and Shareholders'/Investors' Grievance Committee have been considered for the Committee positions.

Shri Mangilal Suthar resigned from the position of Executive Director and Director of the Company effective from August 8, 2014.

** Smt Reena Agrwal was appointed as an Additional Director and Executive Director of the Company with effect from August 8, 2014.

The Company held Four (4) Board Meetings during 2013-14 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were: May 30, 2013, August 13, 2013, October 31, 2013, and February 13, 2014.

Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal are related to each other.

None of the Non-Executive Directors of the Company hold any Equity Shares in the Company. The Independent Directors are not related to promoters or management at the Board level.

The Particulars of Directors, who is proposed to be appointed/re-appointed at the forthcoming Annual General Meeting, are given below, as required pursuant to Clause 49 of the Listing Agreement:

Name of the Director	Shri Raunak Agarwal	Smt Reena Agarwal	Shri S N Chaturvedi	Shri P Kumar	Shri C R Radhakrishnan
Qualification	B.B.A	B.Com	Chartered Accountant	M.A. C.A.I.I.B	M.Com C.A.I.I.B
Expertise	Industrialist	Human Resource and General Management	Finance & Accounts	Management Consultant	Banking & Finance
Name of other Companies in which holds directorship	Nil	Nil	Jai Corp Limited Balkrishna Industries Limited Balkrishna Paper Mills Limited Jai Reality Ventures Limited	Banswara Syntex Limited	Nil
Name of other Companies in which holds membership of the Committees of the Board	N.A.	N.A.	Jai Corp Limited Balkrishna Industries Limited	Banswara Syntex Limited	Nil
No of shares held in the Company	32	4,538,861	Nil	Nil	Nil

BOARD PROCEDURE

Board Meetings are generally held at the Registered Office of the Company. The information as required under Annexure IA to Clause 49 is made available to the Board. The Board also reviews on a quarterly basis, the declaration made by the Managing Director regarding compliance with all applicable laws.

All the directors have made necessary disclosures about the Committee positions, they occupy in other Companies, if any. None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees across all Companies in which he is a director.

The Company has not entered into any materially significant transactions during the year under report with promoters, directors, senior management personnel etc. other than transactions if any, entered into in the normal course of Company's business.

CODE OF CONDUCT

The Code of Conduct has been formulated for the Board Members and Senior Management Personnel. All the Board Members and Senior Management Personnel have affirmed compliance with the applicable Code of Conduct. A declaration to this effect, signed by Shri R. N. Agarwal, Chairman, Managing Director & CEO forms part of this report.

AUDIT COMMITTEE

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956. All members of the Committee have the relevant experience in the field of finance, taxation and accounting. Shri P. Kumar, being the Chairman of the Committee has expert knowledge in the field of finance, taxation and Company audit.

Terms of Reference

The Audit Committee functions according to its Charter that defines its powers, scope and role in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Term of reference of the Audit Committee are as follows:

- To overview the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- To review with the management the quarterly and annual financial statements before submission to the Board for approval.
- To recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory

auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.

- To review with the management, performance of the statutory and internal auditors.
- To review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems.
- To review the findings of any internal investigations by the internal auditors.
- To review the statement of significant related party transaction submitted by the management.
- And, generally, all items listed in Clause 49 (II)(D) of the Listing Agreement

The Committee relies on the expertise and knowledge of management, internal auditors and the independent statutory auditors in carrying out its oversight responsibilities. Management is responsible for the preparation, presentation and integrity of the company's financial statements including accounting and financial reporting principles. Management is also responsible for internal control over financial reporting and also procedures are designed to ensure compliance with Accounting Standards, applicable laws, regulations as well as objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal control. The minutes of the Audit Committee Meeting forms part of the Board papers circulated for Board meetings.

COMPOSITION AND ATTENDANCE DURING THE YEAR

The composition of the Audit Committee and the details of Meetings attended by the Directors during the year 2013-14 are given below:

Name of Director	Category	No. of Meetings attended during 2013-14
Shri P Kumar, Chairman	Non-Executive Independent	4
Shri S N Chaturvedi, Member	Non-Executive Independent	4
Shri C R Radhakrishnan, Member	Non-Executive Independent	4

The Audit Committee met four (4) times during the year and gap between two meetings did not exceed four months. The dates on which the Audit Committee Meetings were held were: May 30, 2013; August 13, 2013; October 31, 2013 and February 13, 2014. Necessary quorum was present at the above Meetings.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on August 27, 2014. The Committee meetings are attended by Managing Director, Executive Directors, Chief Financial Officer, Statutory Auditors and Cost Auditors whenever required. The Company Secretary acts as the Secretary of the Audit Committee.

REMUNERATION CUM SELECTION COMMITTEE

Terms of Reference

The Remuneration Committee reviews the remuneration of the Executive Directors and compensation policy for senior management personnel. The remuneration policy for managerial personnel is primarily based on the following criteria:

- Performance of the Company and units.
- Track record, potential and performance of individual managers and
- External competitive environment.

REMUNERATION POLICY

REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of Board or Committee of Directors attended by them. The total amount of sitting fees paid during the Financial Year 2013-14 was ₹ 225,000. The Non-Executive Independent Directors do not have any material pecuniary relationship or transactions with the Company.

REMUNERATION TO EXECUTIVE DIRECTORS

The appointment of Executive Directors including Chairman and Managing Director and Executive Directors is governed by the recommendation of the Remuneration cum Selection Committee, resolutions passed by the Board of Directors and shareholders of the Company. Payment of remuneration to Managing Director and Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of Chairman and Managing Director and Executive Directors comprises of salary, perquisites and allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meeting.

Presently, the Company does not have a scheme for grant of stock options or performance linked incentives for its Directors.

COMPOSITION AND ATTENDANCE DURING THE YEAR

The Remuneration cum Selection Committee comprises of three Independent Directors (including the Chairman of the Committee). The composition of the Committee and the details of Meetings attended by the Directors during the year are given below:

Name of Director	Category	No. of Meetings attended during 2013-14
Shri P Kumar	Chairman - Non-Executive / Independent	1
Shri S. N. Chaturvedi	Member - Non-Executive / Independent	1
Shri C R Radhakrishnan	Member - Non-Executive / Independent	1

The Committee met one (1) time during the year, on 30.05.2013.

REMUNERATION TO DIRECTORS:

The Details of Remuneration paid to Managing Director, Whole

time Director and Executive Director and the sitting fees paid to the Independent Directors for the financial year 2013-14 is given below:

Name of Director	Salary (₹)	Benefits (₹)	Commission (₹)	Sitting fees (₹)	Total (₹)
Shri. R N Agarwal Managing Director & CEO	6,750,000	7020	-	-	6,757,020*
Shri Raunak Agarwal Wholetime Director	1,800,000	9,360	-	-	1,809,360
Shri Mangilal Suthar Executive Director	960,000	9,360	-	-	969,360
Shri. S N Chaturvedi	-	-	-	80,000	80,000
Shri P. Kumar	-	-	-	80,000	80,000
Shri C R Radhakrishnan	-	-	-	65,000	65,000

*The remuneration paid to Managing Director represents for the period from April 2013 to December, 2013.

The necessary resolution for approval of the members to the waiver of excess remuneration paid to the Managing Director in view of inadequate profits has been proposed at the ensuing Annual General Meeting. An application to the Central Government for their approval to the waiver of excess remuneration paid to the Managing Director is also being made.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Terms of Reference

The Shareholders' / Investors' Grievance Committee was constituted specifically to look into redressing of shareholders and investors complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends and to ensure expeditious share transfer process. The Company Secretary has been designated as the Compliance Officer.

The Shareholders' / Investors' Grievance Committee has delegated the power of approving transfer/transmission of shares to Share Transfer Committee which meets on fortnightly basis (depending upon the share transfers received).

COMPOSITION AND ATTENDANCE DURING THE YEAR

The composition of the Shareholders'/Investors' Grievance Committee and the details of Meetings attended by the Directors during the year are given below:

Name of Director	Category	No. of Meetings attended during 2013-14
Shri P Kumar, Chairman	Non-Executive / Independent	2
Shri R N Agarwal, Member	Executive / Non – Independent	2
Shri S N Chaturvedi, Member	Non-Executive / Independent	2

The Shareholders' / Investors' Grievance Committee met twice (2) during the year on, May 30, 2013 and October 31, 2013.

Based on the report received from the Company's Registrar and Share Transfer Agent, the Company had received Four (4) request/complaints which were satisfactorily resolved/replied during the year. There was no complaints pending as on March 31, 2014.

Name, Designation and Address of Compliance Officer:

Ms. Hemali Shah

Company Secretary & Compliance Officer

415-418, Janki Centre, 29 Shah Industrial Estate,

Off Veera Desai Raod, Andheri (West), Mumbai 400 053

Tel: 6731 7500/ 6731 7547

Fax: 2673 0227/ 2673 6953

Email: hemali.shah@nrail.com

Shareholders may also correspond with the Company on the email address: investors@nrail.com

Website : www.nrail.com

OTHER COMMITTEE

Executive Committee of the Board

The Executive Committee of the Board is responsible for reviewing before presentation to the full Board, items such as long-term financial projections, cash flows, capital and revenue budgets and business restructuring proposals. The Committee is also responsible for advising the management on development of business plans and future strategies for the Company.

The composition of the Executive Committee of the Board and the details of the Meetings attended by the Directors during the year are given below:

Name of Director	Category	No. of Meetings attended
Shri R N Agarwal, Member	Executive / Non-Independent	1
Shri P Kumar, Chairman	Non-Executive / Independent	1
Shri S N Chaturvedi, Member	Non-Executive / Independent	1

The Committee met one (1) time during the year, on 30.05.2013.

SUBSIDIARY COMPANY

The Company has no Subsidiary Company.

GENERAL BODY MEETINGS FOR LAST THREE YEARS

- (a) The location, date and time of Annual General Meetings held during the last three (3) years and special resolutions passed:

Financial Year	Day, Date & Time	Location	Special Resolution, if any
2010-11	Saturday, August 27, 2011 at 11.30 a.m	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (w), Mumbai-400053	1. Approve the Revision of Remuneration of Smt. Reena Agarwal.
2011-12	Thursday, August 23, 2012 at 11.00 a.m	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (w), Mumbai-400053	1. NIL
2012-13	Tuesday, August 27, 2013 at 11.30 a.m	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (w), Mumbai-400053	1. Ratification of Remuneration paid to Shri R N Agarwal, Managing Director & CEO

All resolutions moved at the last Annual General Meeting were passed by show of hands by the requisite majority of shareholders present at the meeting.

- (b) Details of Extra-Ordinary General Meeting:

No Extra-Ordinary General meeting of the shareholders was held during the year.

- (c) No Postal Ballot was conducted during the year. None of the resolution proposed for the forthcoming Annual General Meeting need to be passed by Postal Ballot.

DISCLOSURES

a) Related Party Transactions

The particulars of transactions between the Company and its related parties as per Accounting Standard (AS) - 18, are set out in notes to accounts in the Annual Report and were placed before the Audit Committee periodically. There are no materially significant related party transactions of the Company having potential conflict with the interests of the Company at large.

b) Risk Management

The Board of Directors has been informed from time to time the business risks faced by the Company and the steps taken by the management to face them.

c) Proceeds from Initial Public Offerings (IPO)

The Company has not made any Initial Public Offerings (IPO) during the year under review.

d) Management

A separate report on Management Discussion & Analysis which forms part of the report is annexed.

- e) The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters

related to the capital markets during the last three years. No penalties or strictures were imposed on the Company by these authorities.

- f) The Managing Director & CEO and the CFO have certified to the Board in accordance with Clause 49 V of the Listing Agreement pertaining to CEO/CFO Certification for the Financial Year ended March 31, 2014.
- g) Clause 49 of the Listing Agreement mandates to obtain a Certificate from either the Auditors or Practicing Company Secretaries regarding the compliance of conditions of Corporate Governance stipulated in the Clause and annex the Certificate with the Directors' Report, which is sent annually to all the shareholders. The Company has obtained a Certificate from the Auditors of the Company to this effect and the same is given as an annexure to this Report.
- h) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance. Further, the Company has adopted the following non-mandatory requirements of the Clause:
- The Company has set up the Remuneration-Cum-Selection Committee as per the provisions of Clause 49.
 - The financial statements of the Company are unqualified.
 - The Company has adopted the guidelines for the composition of the Board of Directors, which provides for the tenure and retirement age for the Directors.
 - Though the Company does not have a Whistle Blower Policy in place, the Company encourages the employees to freely express their views on various issues faced by them and the HR head follows up the same for necessary resolution. The employees have access to the Audit Committee.

Remaining non-mandatory requirements of Clause 49 are expected to be addressed in due course.

CEO/CFO CERTIFICATION

The Chairman, Managing Director & CEO and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

SECRETARIAL AUDIT

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates have been issued, on a half-yearly basis, by a Company Secretary in Practice, certifying due compliance of the share transfer formalities by the Company.

A qualified Practicing Company Secretary carries out a Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited, (NSDL) and Central Depository Services (India) Ltd, (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

MEANS OF COMMUNICATION

The quarterly and the half yearly results, published in the proforma prescribed by the Listing Agreement, are approved and taken on record by the Board of Directors of the Company. The approved results are forthwith sent to the Stock Exchanges where the Company's shares are listed. The results are also published within 48 hours in English and in Marathi language news paper having wide circulation. The results are displayed on the Company's website, www.nrail.com and are uploaded on the Corporate Filing and Dissemination System (CFDS), a portal to view information filed by listed companies.

GENERAL SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING

September 20, 2014 at 11.30 a.m. at GMS Community Centre Hall, Sitaladevi Complex, D. N. Road, Opp. Indian Oil Nagar, On Link Road, Andheri (West), Mumbai 400 053

Corporate Identification Number: L22210MH1993PLC133365

Financial Year : April to March

Date of Book Closure : September 12, 2014 to
September 20, 2014
(both days inclusive)

Listing of equity shares on Stock Exchange : Bombay Stock Exchange Limited (BSE)

Script Code : 516082

Demat (ISIN) : INE740D01017

Registrar and Share : Sharex Dynamic (India) Private Limited
Transfer Agent Unit I Luthra Industrial Premises,
Safed Pool, Andheri (E),
Mumbai - 400072

SHARE TRANSFER SYSTEM:

Share Transfer in physical form can be lodged with Sharex Dynamic (India) Private Limited at the above mentioned address. The transfers are normally processed within a period of 15 days from the date of receipt, if the documents are complete in all respects. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Agreement with the Stock Exchange, a Practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued. The Share Transfer Committee meets on fortnightly basis (depending upon share transfers received).

MARKET PRICE DATA:

High / Low of daily closing market price of the Company's shares traded at BSE during each month during the financial year ended March 31, 2014 due as under:

Months	High		Low	
	NRAIL	BSE SENSEX	NRAIL	BSE SENSEX
April 2013	26.30	19622.68	17.60	18144.22
May 2013	23.85	20443.62	19.10	19451.26
June 2013	22.50	19860.19	19.25	18467.16
July 2013	24.05	20351.06	19.40	19126.82
August 2013	22.60	19569.20	18.15	17448.71
September 2013	22.95	20739.69	17.60	18166.17
October 2013	21.50	21205.44	16.75	19264.72
November 2013	20.50	21321.53	15.75	20137.67
December 2013	21.10	21483.74	14.30	20568.70
January 2014	27.00	21409.66	21.30	20343.78
February 2014	21.40	21140.51	17.00	19963.12
March 2014	19.80	22467.21	15.00	20920.98

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2014:

Sr. No.	Range	No. of shareholders	% to total holders	No. of Shares held	% of Capital
1	1 to 500	5735	87.79	848,574	4.99
2	501 to 1,000	372	5.69	308,069	1.81
3	1,001 to 2,000	182	2.79	281,513	1.65
4	2,001 to 3,000	63	0.96	169,004	0.99
5	3,001 to 4,000	25	0.38	89,360	0.53
6	4,001 to 5,000	61	0.93	292,100	1.72
7	5,001 to 10,000	40	0.61	267,178	1.57
8	10,001 & above	55	0.84	14,763,302	86.75
Total		6,533	100.00	17,019,100	100.00

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2014:

Category	No. of shares held	% to total share capital
Foreign holding (FII, OCBs and NRIs)	150,569	0.889
Financial Institutions/Banks/ Insurance Companies	2,000	0.012
Centre/State Government	500	0.003
Mutual Funds and UTI	0	0.00
Corporate Bodies	1,247,939	7.333
Directors and their relatives	12,460,923	73.217
Public	3,157,169	18.550
Total	17,019,100	100.00

DEMATERIALIZATION OF SHARES AND LIQUIDITY

The shares of the Company are available for trading in the Depository System of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on March 31, 2014, 16,372,876 equity shares of the Company, forming 96.20% of the share capital of the company, stand dematerialized.

Plant Locations:

Unit – I	Unit – II	Unit – III	Unit - IV	Unit - V
Plot No.169, GIDC, Vapi – 396 195, Dist. Valsad, Gujarat State, Tele-Fax: 0260-2401634/2401706	Plot No.1, Phase 1, GIDC, Vapi –396 195, Dist. Valsad, Gujarat State, Tele-Fax: 0260-2400979/2401841	Plot No. 901, Phase 3, GIDC, Vapi – 396 195, Dist. Valsad, Gujarat State, Tele-Fax: 0260 2400052/2401836	Plot No.901/P, Phase 3, GIDC, Vapi – 396 195, Dist. Valsad, Gujarat State, Tele-Fax: 0260 2400052/2401836	Sarigam, Taluka, Umbergaon, District Valsad, Gujarat

SHARES HELD IN PHYSICAL FORM AND DEMATERIALIZED FORM AS ON MARCH 31, 2014:

Mode	No of Shares	% of Share Capital
Physical Form	646,224	3.80
Electronic form with NSDL	2,769,390	16.27
Electronic form with CDSL	13,603,486	79.93
Total	17,019,100	100

ADDRESS FOR CORRESPONDENCE:**N R Agarwal industries Limited**

415-418, Janki Centre, 4th Floor, 29, Shah Industrial Estate, Off. Veera Desai Road, Andheri (West), Mumbai 400 053
Tel:67317500/Fax: 2673 0227/2673 6953
Email: admin@nrail.com Website : www.nrail.com

Registrar and Share Transfer Agent

Sharex Dynamic (India) Private Limited,
Unit I, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai - 400072

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2014.

For **N R AGARWAL INDUSTRIES LIMITED**

Mumbai, August 8, 2014

R N AGARWAL
Chairman, Managing Director & CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The members of

N R AGARWAL INDUSTRIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **N. R. AGARWAL INDUSTRIES LIMITED**, for the period ended on March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
4. On the basis of the certificate issued by the Registrars of the Company and the minutes of meetings of the 'Shareholders'/

Investors' Grievance Committee' of the Company, we state that there were no investor grievances pending as at March 31, 2014 against the Company for a period exceeding one month.

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

For **Chaturvedi & Partners**
Chartered Accountants
(Firm's Registration No. 307068E)

(Khyati M. Shah)
Partner
Membership No. 117510

Mumbai, August 8, 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2013-14 has been a difficult yet exciting year for Indian Paper Industry. Notwithstanding, on-going economic slowdown, inflationary pressures and hardening of interests rates in India, paper sector continued with its march towards capacity expansion, technology upgradation, energy & water efficiency and achieving its mission of becoming most sustainable industrial sector in India. It is important to add that the financial year with its trials and tribulations saw an addition of 1 million tonnes (mt) of capacity in the paper sector in India.

Indian Paper Industry consist of Large Integrated Paper Mills from private and public sector with a product mix of all varieties of paper (writing, printing, packaging, speciality, paperboards and newsprint) located in all regions and using conventional fibre such as wood and bamboo and also unconventional raw materials like recyclable waste paper, agro-residues, viz. bagasse and wheat straw.

While all pervading myth that continues to slur the image of the industry is that it perpetually uses forest raw material and consequently denudes natural forests of the country, the truth is that over the last decade, industry led farm/social forestry have brought around 0.5 million hectares under pulp wood plantations, mainly degraded marginal lands of farmers.

The Indian Paper Industry accounts for about 1.6% of the world's production of paper and paperboard. The estimated turnover of the industry is ₹ 35,000 crore (USD 7 billion) approximately. The industry provides employment to more than 0.37 million people directly and 1.3 million people indirectly. Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The operating capacity of the industry currently stands at 12.75 million tons. During this fiscal year, domestic production of paper and paperboard is estimated to be 10.11 million tons. As per industry guesstimates, overall paper consumption (including newsprint) has now touched 11.15 million tons and per capita consumption is pegged at 9.3 kg. Demand of paper has been hovering around 8% for some time. So far, the growth in paper industry has mirrored the growth in GDP. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth and is estimated to touch 13.95 million tons by 2015-16. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tons.

OPPORTUNITIES AND OUTLOOK

The Indian Paper and Paperboards Industry has potential and also capabilities to service the growing demand in domestic and international market and also to create huge employment avenues in the rural India through agro/production forestry and at mills, provided the competitiveness of the value chain is encouraged by the government.

In India, the paper industry is primarily rural based with close linkages with farming community. Over the years it has evolved into an agro-based industry from its earlier character of a forest-based industry.

Indian Paper Industry is growing at a healthy rate of 7-8% Y-o-Y. With current per capita consumption of 11 Kg (approx.) against the world average of 55 Kg, there is a lot of headroom for growth. To make most of the potential, Paper Industry in India is witnessing structural shift with respect to scale, technology, productivity, market Interface etc. Such structural changes are creating challenges for the existing business models. At the same time, a whole range of business opportunities have opened up both in manufacturing as well as distribution.

On sustainability front, Paper Industry is poised to emerge as one of the most sustainable industries. The industry is growing more trees than it harvests in India. Waste paper that is generated in daily life as well as agricultural waste which otherwise would have been burnt in the fields is being recycled by the industry to make paper. Sustainable plantations as a source of wood are also adding to the green cover in India.

SEGMENT-WISE PERFORMANCE:

As the entire operation of the Company relate to products categorized under "Consumer Products" as a primary reportable segment, no separate reporting is required under Accounting Standards 17 issued by the Institute of Chartered Accountants of India.

CORPORATE DEBT RESTRUCTURING

Further to the information furnished in the Directors' Report for financial year 2012-13, after successful implementation of Corporate Debt Restructuring (CDR) package for its Rupee Term Loans, as approved by CDR EG, the Company has complied and continues to comply with the terms and conditions of CDR package. The Company has opened a Trust and Retention Account (TRA) with Bank of Baroda, Vapi on the terms and conditions set out in Trust and Retention Account Agreement. Further during the year Promoters have infused ₹1.20 Cr towards Promoter Contribution into the Company.

EXPANSION:

Leveraging a rich experience of over 25 years in the business of manufacturing and marketing various grades of paper, readymade and well-laid infrastructure in terms of land, energy (captive power), water availability, Ministry of Environment & Forests (MOEF) clearance and skilled resources, your Company has undertaken a landmark expansion by setting-up a 90,000 TPA paper machine for manufacturing Newsprint and Writing Printing at Sarigam, Gujarat State. With a view to reinforce its competitiveness in the market and secure energy availability, the new mill complex has also have a 15 MW captive power plant, providing 100 percent self-reliance.

The project capital cost is optimally funded through a mix of promoter funds and rupee debt. The Sarigam Project commenced Commercial Production on July 21, 2014.

RISK, CONCERNS AND THREATS

The increasing demand for paper brings with it new challenges of economies of scale, efficient usage of resources, need to develop and expand sustainable use of fibre, and value chain management, etc. Despite the fact that the Indian Paper Industry holds its importance to the national economy, unfortunately it stands fragmented.

Paper sector is dominated by small and medium size units; number of mills of capacity 50,000 tons per annum or more is not more than 25. Less than half a dozen mills account for almost 90% production of newsprint in the country. There is a growing need to modernize the Indian mills, improve productivity and build new capacities.

In India, mills depending upon waste paper for recycling are facing a shortage of raw material while the demand is growing as the mills are expanding. This is driving up the cost of waste paper which has gone up to around ₹ 10 per kg, almost double of what it used to cost a year ago. In India only about 20% waste paper is being currently recovered annually. Low recovery is on account of alternate use of paper in wrapping, packing, etc. Lack of source segregation results in waste paper getting contaminated and becoming unusable. In comparison in developed countries the percentage of recovery of waste paper is very high. 50% of industry's requirement of waste paper is met through import which is on increase. India lacks collection, sorting and grading system of waste paper for proper utilization. Government intervention is necessary to encourage segregation at source and increase recycling to minimise landfill and attendant environmental hazards.

Raw material prices and availability, however, continues to be a serious concern. In the last one year Indian wood prices have almost doubled and the competition for raw material has intensified to unprecedented levels. For the first time in the history of Indian Paper Industry, import of wood has become a reality. In respect of other raw materials too, including waste paper and agro residues the situation is not comforting either.

Developmental Challenges

- Enhancing Industry's competitiveness to face global competition
- Modernization of mills
- Building new capacities
- Meeting incremental demand of paper
- Productivity/quality improvement
- Creation of robust raw material base
- Environmental upgradation and green technologies
- Setting mechanism for collection, sorting, grading and utilisation of recyclable waste paper

MAJOR DETERRENT:

Waste Paper: Recovered fibre consumption is going up globally. In India about 850,000-1,000,000 tons of waste paper is being currently recovered annually. The recovery rate works out to about 20% which is much lower in comparison with 65% recovery achieved by many global players. Low recovery is on account of alternate use of paper in wrapping, packing, etc. The utilization rate of recovered fibre is only 47%. Paper mills are heavily dependent on imported waste paper which commands exorbitant price due to inadequate availability. India needs a well-defined and aggressive system for collection, sorting, grading and utilization recyclable waste paper to contain imports.

Energy Cost: The Government of India has recently withdrawn core sector status hitherto enjoyed by the paper industry. Cost of coal is escalating and prospect of availability of quality coal is diminishing. The steep price rise in coal has resulted in escalation of cost of production of those mills which happened to be dependent on imported coal for generation of steam/power. Also, power purchased from the grid is proving expensive for the industry.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company is having an efficient and well-established internal control system commensurate with the size and level of operations of the Company so as to ensure smoothness of operations and compliance with applicable legislation. The Company has a well-defined system of management reporting and periodic review of business to ensure timely decision-making. Internal audit is conducted by professionally qualified financial personnel, which conducts periodic audits/review to maintain a proper system of checks and control. The observations of the auditors are reviewed periodically by the audit committee and the appropriate actions are taken by the management.

The Management Information System (MIS) forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled. Any material change in business outlook is reported to Board.

PERFORMANCE HIGHLIGHTS:

The shrinking operating profit margins, low liquidity, escalating debt cost, increasing competition, an overall suppressed consumer demand and adverse market conditions have become major concern for the Company in the last financial year. Despite of all the financial challenges the operations of the Company were not affected and your Company has recorded a turnover of ₹ 54,053.02 lacs during 2013-14 against the turnover of ₹ 51,228.84 lacs during 2012-13 registering a growth of 5.51% over the turnover of the previous year.

The Company's Earning Before Interest, Depreciation and Tax (EBIDTA) during 2013-14 was ₹ 2,227.73 lacs. However Company's Profit Before Tax (PBT) during 2013-14 has decreased from ₹ 526.65 lacs to ₹ 70.55 lacs registering a decline of 87%. The Earning Per Share (EPS) also reduced to ₹ 0.27 per share from ₹ 2.70 per share.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Industrial Relations were cordial at all locations. In changing environment and business conditions, the support from the workforce was positive throughout.

AUTIONARY STATEMENT:

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

INDEPENDENT AUDITORS' REPORT

To the Members of

N R Agarwal Industries Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of N R Agarwal Industries Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

We draw attention to:-

1. Note No. 31 (g) under contingent liabilities regarding Income Tax demand of ₹ 153,677,003/- which has been disputed by the Company. The Company has filed an appeal before the appropriate authorities. The ultimate outcome of the matter cannot be determined and no provision for liability that may result has been made in the financial statement. Accordingly, we are unable to comment on the impact of the outcome.
2. Note No. 33 under contingent liabilities regarding the forfeiture of deposit given to one party amounting to ₹ 12,000,000/- against which the company has initiated legal action.
3. Note No.9.2 regarding the non provision of outgoing charge amounting to ₹ 1,730,600/- payable against the new office premises. Had the said amount referred in 2 & 3 above been provided in the accounts, the profit would have been lower by ₹ 13,730,600/-.
4. Note No. 37(c) to the financial statement relating to managerial remuneration charged to profit & loss account statement of the current year. The excess of ₹ 1,950,000/- is subject to approval of the Central Government and Shareholders of the Company. Due to the payment of the said excess amount, the profit for the year is lower by an identical amount.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014.
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report comply with the Accounting Standards notified

under the Act read with the General Circular No.15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

- (e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Act.

For **Chaturvedi & Partners**
Chartered Accountants
(Firm's Registration No. 307068E)

(Khyati M. Shah)
(Partner)
Membership Number: 117510

Mumbai, May 30, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 of "Report on Other Legal and Regulatory Requirements" section of our report of even date

- 1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for the assets under installation.
- b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The fixed assets disposed of during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- 2) a) As explained to us, the management, at reasonable intervals during the year, has physically verified the inventories.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- 3) The Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clauses 4(iii)(b) to (g) of the Order are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- 5) a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been properly entered.
- b) All the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time and the nature of services rendered by such parties.
- 6) According to the information and explanations given to us, the Company has complied with the provision of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regards to the deposits accepted from the public. We have been informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 7) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records.
- 9) In respect of statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Service Tax, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities.
 - b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Customs Duty, Service Tax and Cess were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable. Details of dues of Income Tax and Central Excise which have not been deposited as on March 31, 2014 on account of disputes are given below:

Name of the statute	Name of the dues	Amount (₹)	Forum where dispute is pending	Financial year to which the amount relates
Central Excise Act, 1944	Excise duty	1,705,071*	Appellate Authority up to Commissioner level	2003-04 to 2009-10
Income Tax Act, 1961	Income Tax	153,677,003	ITAT Appeal	2006-07 to 2009-10

*Paid under protest

- 10) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, there have been defaults in repayment of dues to financial institution and banks during the year, which have been subsequently rescheduled by way of Corporate Debt Restructuring (CDR) Scheme. Consequent to the CDR Scheme coming into effect, the Company has not defaulted in repayment of principal and interest to the CDR lenders as on the balance sheet date.
- 12) In our opinion and according to the explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund/ nidhi / mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
- 15) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- 17) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- 18) The company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19) In our opinion and according to the information and explanations given to us, the Company has not issued any debentures during the year.
- 20) The Company has not raised any monies by way of public issues during the year.
- 21) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted accounting practices in India and according to the information & explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Chaturvedi & Partners**
Chartered Accountants
(Firm's Registration No. 307068E)

(Khyati M. Shah)
(Partner)

Membership Number: 117510

Mumbai, May 30, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note	As at March 31, 2014 ₹	As at March 31, 2013 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	170,191,000	170,191,000
Reserves and Surplus	2	935,681,307	931,159,972
		1,105,872,307	1,101,350,972
Non-Current Liabilities			
Long-Term Borrowings	3	2,266,243,713	1,681,407,659
Deferred Tax Liability (net)	4	157,749,237	156,853,186
		2,423,992,950	1,838,260,845
Current Liabilities			
Short-Term Borrowings	5	659,726,217	497,475,295
Trade Payables	6	1,110,189,510	987,804,030
Other Current Liabilities	7	289,527,286	188,099,260
Short-Term Provisions	8	8,245,713	12,265,007
		2,067,688,726	1,685,643,593
	TOTAL	5,597,553,982	4,625,255,409
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	1,269,178,389	1,241,340,518
Intangible Assets	9	575,063	1,311,144
Capital Work-in-Progress	9	2,898,255,879	2,033,932,038
		4,168,009,332	3,276,583,700
Non-Current Investments	10	1,871,860	1,871,860
Long-Term Loans and Advances	11	167,131,590	141,672,640
		4,337,012,782	3,420,128,200
Current Assets			
Inventories	12	327,651,359	306,864,599
Trade Receivables	13	567,094,912	572,538,315
Cash and Cash Equivalents	14	41,421,478	71,703,730
Short-Term Loans and Advances	15	324,373,450	254,020,564
		1,260,541,200	1,205,127,208
	TOTAL	5,597,553,982	4,625,255,409

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements 1 to 39

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No.307068E

KHYATI M. SHAH

Partner

Membership No.117510

Mumbai, May 30, 2014

For and on behalf of the Board of Directors

R N AGARWAL

Chairman Managing Director & CEO

RAUNAK AGARWAL

Whole Time Director

HEMALI SHAH

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
INCOME			
Revenue from Operations (Gross)		5,652,291,481	5,374,170,131
Less: Excise Duty		246,989,827	251,286,529
Revenue from Operations (Net)	16	5,405,301,655	5,122,883,602
Other Income	17	38,123,157	38,010,648
Total Revenue		5,443,424,811	5,160,894,250
EXPENSES			
Cost of Materials Consumed	18	3,439,211,344	3,190,291,686
Purchases of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade.	19	(7,574,622)	(7,240,090)
Employee Benefits Expense	20	216,199,302	207,843,313
Finance Costs	21	115,102,814	103,559,724
Depreciation	22	103,106,876	94,576,773
Other Expenses	23	1,570,324,712	1,519,197,403
Total Expenses		5,436,370,425	5,108,228,810
Profit Before Tax and Before Prior Year Adjustments		7,054,386	52,665,440
Prior Year Adjustments + / (-)		-	-
Profit Before Tax and After Prior Year Adjustments		7,054,386	52,665,440
Tax Expenses:			
Current Tax		1,637,000	10,592,000
Deferred Tax		896,051	(3,845,378)
Profit for the year		4,521,335	45,918,818
Earnings per equity share of face value of ₹ 10 each			
Basic		0.27	2.70
Diluted		0.27	2.70
Significant Accounting Policies			
The accompanying notes are an integral part of the financial statements 1 to 39			

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No.307068E

KHYATI M. SHAH

Partner

Membership No.117510

Mumbai, May 30, 2014

For and on behalf of the Board of Directors

R N AGARWAL

Chairman Managing Director & CEO

RAUNAK AGARWAL

Whole Time Director

HEMALI SHAH

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014		Year ended March 31, 2013	
	₹	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		7,054,386		52,665,440
Adjustments for:				
Depreciation	103,106,876		94,576,773	
Finance Costs	115,102,814		103,559,724	
Loss/(Profit) on Sale of Assets/Investments	553,729		106,126	
Dividend Received	(230,725)		(137,460)	
Interest Received	(17,197,179)		(19,913,052)	
Bad Debts written off	0	201,335,514	9,636	178,201,747
		208,389,900		230,867,187
Operating Profit Before Working Capital Changes				
Adjustments for:				
Trade and Other Receivables	5,443,402		(19,001,110)	
Inventories	(20,786,760)		21,228,524	
Current Liabilities	294,387,309		109,875,581	
Loans & Advances (long term & short term)	(95,811,836)	183,232,115	(128,701,907)	(16,598,912)
Cash Generated from Operations		391,622,015		214,268,275
Direct Taxes Paid	(12,000,000)	(12,000,000)	(11,000,000)	(11,000,000)
Cash Flow Before Extra Ordinary Items		379,622,015		203,268,275
Previous Year Adjustments	0	0	0	0
NET CASH GENERATED FROM OPERATING ACTIVITIES		379,622,015		203,268,275
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(995,436,236)		(217,144,049)	
Sale of Fixed Assets	350,000		100,000	
Purchase of Investments	0		(2,500)	
Dividend Received	230,725		137,460	
Interest Received	17,197,179	(977,658,332)	19,913,052	(196,996,037)
NET CASH USED IN INVESTING ACTIVITIES		(977,658,332)		(196,996,037)

CASH FLOW STATEMENT (CONT.) FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014		Year ended March 31, 2013	
	₹	₹	₹	₹
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	0		0	
Finance Costs	(117,094,380)		(116,076,996)	
Proceeds from Long Term Borrowings	936,547,006		96,989,115	
Repayment of Long Term Borrowings	(211,005,723)		(76,069,292)	
Unsecured Loans	(40,692,838)		83,007,192	
Equity Share Dividend including tax thereon	0	567,754,065	0	(12,149,981)
NET CASH USED IN FINANCING ACTIVITIES		567,754,065		(12,149,981)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(30,282,252)		(5,877,742)
CASH AND CASH EQUIVALENTS - OPENING BALANCE		71,703,730		77,581,472
CASH AND CASH EQUIVALENTS - CLOSING BALANCE		41,421,478		71,703,730
		(30,282,252)		(5,877,742)

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No.307068E

KHYATI M. SHAH

Partner

Membership No.117510

Mumbai, May 30, 2014

For and on behalf of the Board of Directors

R N AGARWAL

Chairman Managing Director & CEO

RAUNAK AGARWAL

Whole Time Director

HEMALI SHAH

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention:

The financial statements are prepared under the historical cost convention on an accrual basis of accounting with the generally accepted accounting principles in India, Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and the relevant provisions of the Companies Act, 1956.

(b) Fixed Assets:

All fixed Assets are stated at cost, net of Cenvat/Service Tax/VAT, less accumulated depreciation. Expenditure related to and incurred during implementation of project is included under Capital Work-in-Progress and the same is capitalized by allocating to various fixed assets on completion of the project.

(c) Depreciation:

- i) Depreciation is provided on the Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on assets added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal. Buildings erected on land taken on a short lease (i.e. up to 10 years) are written off equally over the lease period of the land.
- ii) Intangible Assets are amortized over their useful life not exceeding three years.

(d) Investments:

Investments are stated at cost. Provision of diminution in value of long-term investment is made only if such a decline is other than temporary in the opinion of the management.

(e) Foreign Currency Transactions:

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies at year end and not covered by forward exchange contracts are translated at year end exchange rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.
- iii) Any income or expenses on account of exchange difference on translation is recognized in the Statement of Profit and Loss except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

(f) Inventories:

- i) Inventories are valued at the lower of cost, computed on moving average basis and estimated net realizable value, after providing due allowance for defective and obsolete items, wherever necessary, based on the past experience of the Company.
- ii) Goods in Transit are stated at cost.
- iii) Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(g) Inter-Unit Transfers

Inter-unit transfer of goods, as independent marketable products produced by separate units for captive consumption, is transferred at approximate prevailing market price. The same is shown as a contra item to reflect the true working of the respective units in the Statement of Profit and Loss. Any unrealized profit on unsold stocks is eliminated while valuing the inventories. The value of such inter-unit transfer is netted off from sales and operational expenses under manufacturing and other expenses (packing materials).

(h) Employee Benefits:

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

- ii) The eligible employees of the Company are entitled to receive benefits under the Provident fund, a defined contribution plan in which both the employee and the Company make monthly contributions at a specified percentage of the covered employee's salary (currently 12% of employee's salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Pension Scheme. The Company recognizes such contributions as expenses of the year in which the liability is incurred.
- iii) The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.
- iv) The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave for availment as well as encashment subject to the rules. As per the regular past practice followed by the employees, it is not expected that the entire accumulated leave shall be encashed or availed by the employees during the next twelve months and accordingly the benefit is treated as long defined benefit. The liability is provided for based on the number of days of unutilized leave at the Balance Sheet date on the basis of an independent actuarial valuation.

(i) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

(j) Treatment of expenditure during construction period:

Expenditure during construction period is included under Capital Work-in-Progress and the same is allocated to respective Fixed Assets on the completion of its construction.

(k) Revenue Recognition:

Sale of goods is recognized at the point of dispatch of finished goods to customers. Sales include amounts recovered towards Excise Duty but are net of Sales Tax.

(l) Taxes on Income:

Provision for current Income Tax is made on the basis of estimated taxable income for the year, in accordance with the Income Tax Act, 1961.

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method at the current rate of tax, to the extent that the timing differences are expected to crystallize. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future.

(m) Cenvat Credit:

Excise Cenvat Credit in respect of capital assets is adjusted against excise duty liability arising subsequent to such credit.

(n) Contingent Liabilities:

Contingent Liabilities are not provided for in the accounts but are disclosed separately.

(o) Use of Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires that the management makes estimates and assumptions that effect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
1 SHARE CAPITAL		
Authorised Shares		
22,500,000 Equity Shares ₹ 10 each	225,000,000	225,000,000
2,500,000 Preference Shares of ₹ 10 each	25,000,000	25,000,000
	250,000,000	250,000,000
Issued, Subscribed and Paid Up Shares		
17,019,100 Equity Shares of ₹ 10 each fully paid up	170,191,000	170,191,000
Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Equity Shares at the beginning of the year	17,019,100	17,019,100
Add: Shares issued	-	-
Less: Shares bought back	-	-
TOTAL	17,019,100	17,019,100
Terms/rights attached to equity shares		
The Company has only one class of equity shares having a par value of ₹10 per share. Each equity shareholder is entitled to one vote per share.		

Details of shareholders holding more than 5% shares in the Company Equity shares of ₹ 10 each fully paid

Name	March 31, 2014		March 31, 2013	
	Nos	% holding	Nos	% holding
Shri. R N Agarwal	7922030	46.548	7922030	46.548
Smt. Reena Agarwal	4538861	26.669	4538861	26.669

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
2 RESERVES AND SURPLUS		
Share Warrants Forfeiture Account		
As per last Balance sheet	14,625,000	14,625,000
	14,625,000	14,625,000
Capital Redemption Reserve		
As per last Balance sheet	8,500,000	8,500,000
	8,500,000	8,500,000
General Reserve		
As per last Balance sheet	71,752,943	71,752,943
	71,752,943	71,752,943
Surplus in Statement of Profit and Loss		
Balance as per last Balance sheet	836,282,028	790,363,211
Add: Profit for the year	4,521,335	45,918,818
	840,803,364	836,282,029
TOTAL	935,681,307	931,159,972
3 LONG-TERM BORROWINGS		
Secured		
Term and Corporate Loans from Banks	2,084,930,125	1,278,589,357
Buyers Credit from Banks	-	183,761,875
	2,084,930,125	1,462,351,233
Unsecured		
Deposits from Others	34,800,000	82,450,000
Deposits from Directors	146,513,588	136,606,426
	181,313,588	219,056,426
TOTAL	2,266,243,713	1,681,407,659

Notes:

Corporate Loan from Saraswat Co-operative Bank Ltd. is secured by a first pari passu charge on the plant and machinery situated at Unit I at Vapi and further secured by extension of existing security on immovable properties at Unit I, Vapi. It is also further secured by exclusive charge by way of equitable mortgage of Directors residential bungalow at Lokhandwala, Andheri (W), Mumbai 400053 along with an exclusive charge by way of legal mortgage on non agricultural land admeasuring 37.61 acres at Sarigam, Gujarat. The loan is further secured by personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.

The Project Loan from Bank of Baroda is secured by first pari passu charge by way of hypothecation of plant and machinery situated at Vapi and at Sarigam and first pari passu charge on immovable properties (Unit I, II, III, IV and V) situated at Vapi and Sarigam, together with buildings and other structures thereon (excluding vacant non-agricultural land of 37.61 acres at Sarigam, Gujarat) and second pari passu charge on current assets of the Company. It is further secured by the personal guarantees of Shri. R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.

All the above loans are further secured by pledge of entire unencumbered shares of the Company held by Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.

The New office premises Loan from Bank of India is exclusively secured by equitable mortgage on the said property and further secured by the personal guarantee of Shri. R N Agarwal.

Term loan is inclusive of the loan availed from HDFC Bank against hypothecation of forklift, Loader and Terex.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
4 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Difference between book and tax written down values of fixed assets	156,853,186	160,698,564
Gross Deferred Tax Liability	156,853,186	160,698,564
Deferred Tax Liability/(Asset)		
Disallowances under the Income Tax Act, 1961	896,051	(3,845,378)
Gross Deferred Tax Asset	896,051	(3,845,378)
TOTAL	157,749,237	156,853,186
5 SHORT-TERM BORROWINGS		
Secured		
Cash Credit from Banks	659,726,217	497,475,295
TOTAL	659,726,217	497,475,295
<p>The Cash Credit from Banks are secured by hypothecation of present and future stock of raw materials, steam coal, goods in process, finished goods and books debts etc. ranking pari passu inter-se and second charge on Company's movable and immovable fixed assets (excluding non-agricultural land admeasuring 37.61 acres situated at Sarigam, Gujarat) and office premises situated at Mumbai which are exclusively charged to other lenders. It is further secured by personal guarantees of Shri. R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal. The Cash Credit from Banks is additionally secured by pledge of entire unencumbered shares of the Company held by Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.</p>		
6 TRADE PAYABLES		
Trade Payables	1,110,189,510	987,804,030
TOTAL	1,110,189,510	987,804,030
<p>Out of the said amount ₹ 4,436,416 (March 31, 2013 : ₹ 6,678,921) pertains to micro, small and medium enterprises as defined under Micro, Small, and Medium Enterprises Development Act, 2006 based on the information available with the Company. There is no interest payable to such parties as at March 31, 2014 (March 31, 2013: ₹ Nil).</p>		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
7 OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts	129,658,571	26,696,180
Current Liabilities of Deposits from Others	400,000	3,350,000
Interest accrued but not due on Borrowings	568,329	2,559,896
Unclaimed Dividends	2,513,894	2,523,405
Other payables for expenses (including new project Unit-V liabilities ₹ 4,694,767/-)	61,449,207	88,888,717
Creditors for Capital Expenditure	94,937,285	64,081,063
TOTAL	289,527,286	188,099,260
8 SHORT TERM PROVISIONS		
Provisions for Employee Benefits	6,212,068	10,268,362
Provision for Wealth Tax	484,030	447,030
Provision for Fringe Benefit Tax	1,549,615	1,549,615
TOTAL	8,245,713	12,265,007

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**9 FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK		
	As at April 1, 2013	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2014	As at April 1, 2013	For the Year	Deductions/ Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	
TANGIBLE ASSETS											
Land	42,728,426	-	-	42,728,426	-	-	-	-	42,728,426	42,728,426	
Leasehold Land	47,488,963	-	-	47,488,963	820,727	-	-	820,727	46,668,236	46,668,236	
Factory Building	231,698,941	-	-	231,698,941	76,892,836	7,738,745	-	84,631,581	147,067,360	154,806,104	
Plant & Machinery	1,692,709,259	125,194,878	-	1,817,904,138	740,805,310	89,509,117	-	830,314,426	987,589,711	951,903,950	
Furniture & Fixtures	22,374,520	88,550	-	22,463,070	11,790,467	1,092,140	-	12,882,607	9,580,463	10,584,053	
Vehicles	35,195,518	2,560,315	1,802,716	35,953,117	13,042,731	3,452,663	898,987	15,596,406	20,356,711	22,152,787	
Other - Building	15,125,415	-	-	15,125,415	3,974,768	246,544	-	4,221,312	10,904,103	11,150,647	
Computers	12,752,939	3,250,933	-	16,003,872	11,406,624	313,868	-	11,720,492	4,283,380	1,346,315	
Total (A)	2,100,073,981	131,094,676	1,802,716	2,229,365,941	858,733,463	102,353,076	898,987	960,187,552	1,269,178,389	1,241,340,518	
INTANGIBLE ASSETS											
Software - SAP	5,678,211	-	-	5,678,211	5,678,186	-	-	5,678,186	25	25	
Others	2,340,750	17,719	-	2,358,469	1,029,631	753,799	-	1,783,431	575,038	1,311,119	
Total (B)	8,018,961	17,719	-	8,036,680	6,707,817	753,799	-	7,461,617	575,063	1,311,144	
TOTAL (A + B)	2,108,092,942	131,112,395	1,802,716	2,237,402,621	865,441,280	103,106,876	898,987	967,649,169	1,269,753,452	1,242,651,662	
Previous Year	1,941,213,531	167,435,912	556,500	2,108,092,942	771,214,882	94,576,773	350,374	865,441,280	-	-	
Capital Work-in-Progress	-	-	-	-	-	-	-	-	2,898,255,879	2,033,932,038	

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
9.1 CAPITAL WORK-IN-PROGRESS		
Land	4,782,202	3,682,202
Building and Office	563,176,567	499,697,593
Plant & Machinery	1,576,408,800	972,325,519
Pre operative expenses	753,888,310	558,226,728
TOTAL	2,898,255,879	2,033,932,042

9.2 Capital work in progress includes ₹ 2,775,440,244/- pertaining to Unit V. The Company has received approval from the Ministry of Environment & Forest, New Delhi and from the state government for the co-generation plant and the project is under implementation.

Capital work in progress includes ₹ 118,371,544/- under construction of new office premises at Fortune Terraces. According to the sale agreement dated January 20, 2010 the possession of the said premises were agreed to be given on March 31, 2011. However, due to delay in obtaining of the occupation certificate by the developer possession of the said premises further delayed. As per the Sale Agreement, Company has to pay 18 months outgoing charges of ₹ 1,730,600/- alongwith other charges on taking the possession for which Company has not made provision in the accounts.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
10 NON CURRENT INVESTMENTS		
In Equity Shares - Un-quoted, fully paid up		
Laxmi Co-Operative Society Ltd.	2,750	2,750
Mahalaxmi Co-Operative Housing Society Ltd.	3,750	3,750
The Greater Bombay Co-Operative Bank Ltd. (8040 Equity Shares of ₹ 25/- each fully paid up)	201,000	201,000
Kherani Paper Mills Pvt. Ltd. (95 Equity Shares of ₹ 100/- each fully paid up)	9,500	9,500
Shamrao Vitthal Co-Op Bank Ltd. (25 Equity Shares of ₹100/- each fully paid up)	2,500	2,500
Bombay Mercantile Co-Operative Bank Ltd. (33912 Equity Shares of ₹ 30/- each fully paid up)	1,017,360	1,017,360
Mogaveera Co-Op. Bank Ltd. (10 Equity Shares of ₹ 100/- each fully paid up)	1,000	1,000
Saraswat Co-Operative Bank Ltd. (2500 Equity Shares of ₹ 10/- each fully paid up)	25,000	25,000
In Equity Shares - Quoted, fully paid up		
6000 fully paid up Equity Shares of Bank of Baroda of ₹10/- each	510,000	510,000
2200 fully paid up Equity Shares of Bank of India of ₹10/- each	99,000	99,000
Aggregate Book Value:		
Quoted investment : ₹ 609,000 (Previous year ₹ 609,000)		
Unquoted investment : ₹1,262,860 (Previous year ₹ 1,262,860)		
Aggregate market value of quoted investment ₹ 4,831,680 (Previous Year ₹ 4,718,670)		
TOTAL	1,871,860	1,871,860
11 LONG TERM LOANS AND ADVANCES (Unsecured, Considered Good)		
Capital Advances	108,436,754	89,028,948
Deposits	58,694,836	52,643,692
TOTAL	167,131,590	141,672,640
12 INVENTORIES		
Raw Materials	94,331,307	77,003,621
Raw Materials in Transit	6,262,809	4,128,500
Stock-in-Process	18,103,211	18,160,804
Packing Materials	10,450,304	6,910,710
Finished Goods	75,942,086	68,309,871
Stores, Spares and Tools	122,561,643	132,351,094
TOTAL	327,651,359	306,864,599

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
13 TRADE RECEIVABLES (Unsecured, Considered Good)		
Outstanding for a period exceeding six months	18,359,551	14,788,828
Others	548,735,361	557,749,487
TOTAL	567,094,912	572,538,315
14 CASH AND CASH EQUIVALENTS		
Balance with Banks	3,017,019	4,183,308
Cash on hand	1,285,604	2,203,226
Fixed Deposits with Banks*	37,118,855	65,317,196
TOTAL	41,421,478	71,703,730
*Includes deposits of ₹ 7,667,000/- under lien and maturing beyond twelve months.		
15 SHORT TERM LOANS AND ADVANCES (Unsecured, Considered good)		
Balance with Customs, Central Excise Authorities	379,720	379,720
Advance Income Tax (Net of provisions)	76,558,581	46,521,727
Deposits	5,611,269	4,730,269
Others	241,823,881	202,388,849
TOTAL	324,373,450	254,020,564
16 REVENUE FROM OPERATIONS		
Sale of Products	5,652,296,701	5,374,170,131
Less: Inter Unit Sales	5,220	-
	5,652,291,481	5,374,170,131
Less: Excise Duty	246,989,827	251,286,529
TOTAL	5,405,301,655	5,122,883,602
Excise duty deducted from turnover represents excise duty collected on sale of goods.		
PARTICULARS OF SALE OF PRODUCTS		
Duplex Board	4,345,074,921	4,423,197,868
News Print, Writing and Printing	1,060,226,733	950,972,262
TOTAL	5,405,301,655	5,374,170,131

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
17 OTHER INCOME		
Interest Income on Term and Fixed Deposit and Margin Money	4,244,439	4,563,801
Interest Others	12,952,739	15,349,250
Dividend Income	230,725	137,460
Net Gain on Foreign Currency Translation and Transaction	-	27,332
Other income	20,695,254	17,932,805
TOTAL	38,123,157	38,010,648
18 COST OF MATERIALS CONSUMED		
Waste Papers	2,758,836,238	2,523,511,841
Chemicals	681,388,806	666,779,846
Less: Sale of Raw Materials	1,013,700	-
TOTAL	3,439,211,344	3,190,291,686
19 CHANGES IN INVENTORIES OF FINISHED GOODS STOCK-IN-PROCESS AND STOCK-IN-TRADE		
Inventories (at close)		
Finished Goods/ Stock in Trade	75,942,086	68,309,871
Stock in Process.	18,103,211	18,160,804
	94,045,297	86,470,675
Inventories (at commencement)		
Finished Goods / Stock in Trade	68,309,871	64,158,004
Stock in Process	18,160,804	15,072,580
	86,470,675	79,230,584
TOTAL	(7,574,622)	(7,240,090)
20 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	195,726,303	181,522,073
Contribution to Provident and Other Funds	13,629,002	12,749,215
Staff Welfare	6,843,997	13,572,026
TOTAL	216,199,302	207,843,313
As per Accounting Standard 15 "Employee Benefits" the disclosures as defined in the Accounting Standard are given below;		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Components of Employer Expenses	Gratuity Benefits	
Current Service Cost	2,935,626	3,256,422
Interest Cost	1,849,999	1,469,496
Expected Return on Plan Assets	(2,118,533)	(1,681,733)
Actuarial Losses / (Gains)	(2,263,584)	569,493
Total Expenses / (Income) recognized in the Statement of Profit and Loss	403,508	3,613,678
Actual Contribution and Benefits paid during the year		
Actual Benefits Paid	2,591,756	1,764,648
Actual Contribution	3,800,087	1,958,814
Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2014		
Present Value of Defined Benefit Obligation	(22,827,012)	(22,839,493)
Fair Value of Plan Assets	26,537,469	23,153,371
Net Asset/(Liability) recognized in Balance Sheet	3,710,457	313,878
Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2014.		
Present Value of DBO at Beginning of Year	22,839,493	16,890,760
Current Service Cost	2,935,626	3,256,422
Interest Cost	1,849,999	1,469,496
Actuarial (Gain)/ Losses	(2,206,350)	2,987,463
Benefits Paid	(2,591,756)	(1,764,648)
Present Value of DBO at the end of year	22,827,012	22,839,493
Change in Fair Value of Assets during the year ended March 31, 2014		
Plan Assets at Beginning of year	23,153,371	18,685,922
Expected Return on Plan Assets	2,118,533	1,681,733
Actual Company Contributions	3,800,087	1,958,814
Benefits Paid	(2,591,756)	(1,591,068)
Plan Assets at the end of year	26,537,469	23,153,371
Actuarial Assumptions		
Discount Rate	9.10%	8.10%
Expected Return on Plan Assets	8.75%	9.15%
Salary Escalation	7.25%	7.25%

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Components of Employer Expenses		
Current Service Cost	2,140,793	1,521,082
Interest Cost	857,161	777,115
Expected Return on Plan Assets	NA	NA
Actuarial Losses / (Gains)	(1,791,340)	790,107
Total Expenses / (Income) recognized in the Statement of Profit and Loss	1,206,614	3,088,304
Actual Contribution and Benefits paid during the year		
Actual Benefits Paid	1,866,329	1,438,425
Actual Contribution	NA	NA
Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2014		
Present Value of Defined Benefit Obligation	(9,922,525)	(10,582,240)
Fair Value of Plan Assets	NIL	NIL
Net Asset/(Liability) recognized in Balance Sheet	(9,922,525)	(10,582,240)
Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2014.		
Present Value of DBO at Beginning of year	10,582,240	8,932,361
Current Service Cost	2,140,793	1,521,082
Interest cost	857,161	777,115
Actuarial (Gain)/ Losses	(1,791,340)	790,107
Benefits Paid	(1,866,329)	(1,438,425)
Present Value of DBO at the end of year	9,922,525	10,582,240
Change in Fair Value of Assets during the year ended March 31, 2014		
Plan Assets at Beginning of year	NA	NA
Expected Return on Plan Assets	NA	NA
Actual Company Contributions	NA	NA
Benefits Paid	NA	NA
Plan Assets at the end of year	NA	NA
Actuarial Assumptions		
Discount Rate	9.10%	8.10%
Expected Return on Plan Assets	NA	NA
Salary Escalation	7.25%	7.25%
The planned asset is represented by investment made under the Group Gratuity Scheme operated by Life Insurance Corporation of India		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
21 FINANCE COST		
Interest Expenses	112,612,137	100,425,580
Other Borrowing Costs	2,490,676	3,134,144
TOTAL	115,102,814	103,559,724
22 DEPRECIATION		
Depreciation	103,106,876	94,576,773
TOTAL	103,106,876	94,576,773
23 OTHER EXPENSES		
Manufacturing Expenses		
Consumption of Stores, Spares and Tools	110,851,573	128,741,607
Excise Duty Paid	1,711,637	1,856,075
Power, Fuel and Water	889,742,048	834,227,822
Material Handling Charges	32,400,225	29,565,994
Repairs to Building	2,646,371	5,180,770
Repairs to Machinery	26,544,052	25,481,156
	1,063,895,905	1,025,053,424
Selling and Distribution Expenses		
Selling and Distribution Expenses	412,671,008	422,828,274
Less: Inter Unit Sales	(5,220)	-
	412,665,788	422,828,274
Establishment Expenses		
General Expenses	62,587,216	40,960,568
Rent	17,877,113	22,448,645
Insurance	2,205,095	1,481,565
Rates & Taxes	2,447,562	1,065,989
Other Repairs	6,498,848	3,460,419
Payment to Auditors	900,000	900,000
Loss on Sale /Discard of Fixed Assets	553,729	106,126
Other Expenditures	541,620	853,439
Charity and Donations	151,836	38,954
	93,763,019	71,315,705
TOTAL	1,570,324,712	1,519,197,403
Excise duty shown above represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock.		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
24 EARNINGS PER SHARE (EPS)		
The Computation of EPS is set out below:		
(i) Net Profit after Tax as per Statement of Profit and Loss	4,521,335	45,918,818
(ii) Weighted Average number of equity shares used	17,019,100	17,019,100
(iii) Basic Earnings per share	0.27	2.70
(iv) Diluted Earnings per share	0.27	2.70
(v) Face Value per equity share (₹)	10	10

	March 31, 2014		March 31, 2013	
	₹	% of total consumption	₹	% of total consumption
25 VALUE OF IMPORTED AND INDIGENEOUS RAW MATERIALS, STORES AND SPARES CONSUMED:				
Raw Materials				
Imported	991,628,147	29%	983,744,989	31%
Idigeneous	2,447,583,197	71%	2,206,546,697	69%
TOTAL	3,439,211,344	100%	3,190,291,686	100%
Stores and Spares Consumed				
Imported	4,812,791	4%	15,746,193	12%
Idigeneous	106,038,781	96%	112,995,414	88%
TOTAL	110,851,573	100%	128,741,607	100%

26 DIVIDEND REMITTANCE IN FOREIGN CURRENCY:

Year to which the dividend relates	2012-13	2011-12
Number of Non Resident Shareholders	35	36
Number of Shares held by them	151,332	147,165
Amount of Dividend ₹	-	176,598

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
27 VALUE OF IMPORTS ON C.I.F BASIS		
Raw Materials	818,064,567	726,285,713
Stores, Components and Parts	21,295,699	21,214,596
Capital Goods	27,852,243	-
Coal	417,804,520	414,801,183
TOTAL	1,285,017,029	1,162,301,492
28 EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:		
Interest Expenses	5,074,370	5,402,076
Legal and Professional Fees	2,023,510	-
Commission	10,953,754	8,107,822
Travelling Expenses	4,433,403	2,078,530
TOTAL	22,485,037	15,588,428
29 EARNINGS IN FOREIGN EXCHANGE		
Export of Goods on F.O.B Basis	450,559,165	272,336,154
30 PAYMENTS TO AUDITORS		
(a) Auditors		
Statutory Audit Fees	650,000	650,000
Tax Audit Fees	100,000	100,000
(b) Certification	300,000	150,000
Service Tax	103,824	109,592
TOTAL	1,153,824	1,009,592

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
31 RELATED PARTY DISCLOSURES		
DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD (AS)-18 AS PRESCRIBED UNDER SECTION 211(3C) OF THE COMPANIES ACT, 1956.		
Key Management Personnel & Relatives		
1 Shri R N Agarwal		
2 Shri Raunak Agarwal		
3 Shri Mangilal Suthar		
Name of the Related Party		
1 Smt Reena R Agarwal		
2 Smt Padma Chhabra		
a) Details of Transactions that were carried out with the related parties in the ordinary course of business.		
(i) Unsecured Deposits received from Key Management Personnel	14,500,000	25,350,000
(ii) Remuneration paid to Key Management Personnel	10,314,940	12,572,880
(iii) Car Lease Rent	3,480,000	4,081,392
(iv) Unsecured Deposits Outstanding Credit Balance Key Management Personnel and Relatives Deposits	148,013,588	138,106,426
b) Loans and Advances in the nature of Loans given to Associates		
Loans and Advances in the nature of Loans	Nil	Nil
Maximum balance	N.A	N.A

Notes:

- Loans to Employees as per Company's policy are not considered
- Related party relationship is as identified by the Company and relied upon by the auditors.

32 CONTINGENT LIABILITIES AND PROVISIONS

- Guarantees and Counter Guarantees ₹1,200,000/- (Previous Year ₹ 1,200,000/-)
- Excise Duty Demands and Penalties ₹ 1,705,071/- (Previous Year ₹ 1,705,071/-)
- Claims against the Company not acknowledged as Debts - ₹ 779,936/- (Previous year ₹ 642,524/-)
- Letters of Credit Outstanding ₹ 91,679,769/- (Previous Year ₹ 152,371,620/-)
- Custom Penalties on Imports - ₹ NIL (Previous year ₹ NIL)
- The Company has imported capital goods under "Export Promotion Capital Goods" scheme for which the Company has a given export obligation of ₹ 26,038,382 /- (Previous Year ₹ 537,114,937/-)
- Income tax matters disputed in appeal ₹ 153,677,003/- (Previous Year ₹ 108,445,192/-)

The Income tax assessments of the Company have been completed upto Assessment Year 2011-12.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

The total demand outstanding as on 31.03.2014 on account of income tax dues for Assessment Year 2007-08 to Assessment Year 2011-12 is ₹ 153,677,003/- (Previous year ₹ 108,445,192). During the year the Income Tax Appellate Tribunal, Ahmedabad disposed off the appeals filed by the Company for the disputed tax demand of ₹ 108,445,192 for the Assessment Years 2007-08 to 2010-11 by remitting back the matter to CIT(A) for disposal on merits and law. The proceedings are under progress.

The income tax department is in appeal before the Hon'ble High Court of Ahmedabad on various grounds decided by the Income Tax Appellate Tribunal

The Company has preferred an appeal to the Commissioner of Income Tax (Appeals), Ahmedabad for the demand notice of ₹ 45,231,811/- received from the Income Tax Department for the Assessment Year 2011-12. The matter is pending for disposal. The Management is of the opinion that the Company is entitled to deduction under Section 80-IA(4)(iv) of the Income Tax Act, 1961 and hence, no provision for aforesaid demand/notices has been made in the books of accounts.

33 Estimated amount of Contract remaining to be executed on capital account and not provided for (net of advances) ₹ 68,344,674/- (Previous year ₹ 445,464,403/-).

34 The Company had entered into an MOU dated February 3, 2011 with Damanganga Recycling Resources LLP (DRR) for availing the services of conversion of waste to energy. In terms of the MOU, the Company has paid ₹ 12,000,000 as interest free deposit adjustable against the tipping bills. However, the said project has not materialized and the amount of ₹ 12,000,000 paid by the Company as Deposit has been forfeited by DRR. Consequently the Company has initiated legal proceedings.

35 Sundry Debtors, Sundry Creditors, Unsecured Loans and Loans and Advances balances are subject to confirmation and reconciliation.

36 SEGMENT REPORTING:

The Company operates in Single Business Segment of 'Manufacturing of Paper Boards & Newsprint'. Therefore, the Company is of the view that the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable to the Company.

37 Bank of Baroda has issued a counter guarantee (DPG) to Deutsche Bank AG, amounting to ₹ 12,761,925/- to fulfill certain contractual payment obligations for the import of certain capital goods. However, the Company has provided the full liability of the said contract and same is included under Sundry Creditors (Previous Year ₹ 21,712,165/-).

38 Remuneration to the Chairman and Managing Director (CMD)

- Remuneration paid by the Company to the CMD for FY 2011-12 over and above the the limit prescribed under Section 198 read with Schedule XIII to the Companies Act, 1956, amounting to ₹ 3,392,838/- has since been refunded to the company by the CMD.
- In view of inadequacy of profit for FY 2012-13, remuneration paid by the Company to the CMD was in excess of the limit prescribed under Section 198 read with Schedule XIII to the Companies Act, 1956. Pending approval by the Central Government, the CMD holds the excess remuneration paid amounting to ₹ 5,276,035/- in trust for the Company.
- In view of inadequacy of profit for FY 2013-14, remuneration paid by the Company to the CMD was in excess of the limit prescribed under Section 198 read with Schedule XIII to the Companies Act, 1956. The Company is in the process of making application to the Central Government u/s 309(5B) of the Companies Act, 1956 to waive the recovery of the said excess remuneration. Pending approval of the Central Government, the CMD holds the excess remuneration paid amounting to ₹ 1,950,000/- in trust for the Company.

39 Previous year's figures have been regrouped wherever necessary, to conform to current year's classification.

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No.307068E

KHYATI M. SHAH

Partner

Membership No.117510

Mumbai, May 30, 2014

For and on behalf of the Board of Directors

R N AGARWAL

Chairman Managing Director & CEO

RAUNAK AGARWAL

Whole Time Director

HEMALI SHAH

Company Secretary

Form No. MGT-11**PROXY FORM**

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

N R AGARWAL INDUSTRIES LIMITED

Regd. Office: 415-418, Janki Centre, 4th Floor, 29, Shah Industrial Estate, Off: Veera Desai Road, Andheri (W), Mumbai – 400 053.

Corporate Identification No. (CIN) L22210MH1993PLC133365

Tel: 67317500 Fax: 2673 0227 / 2673 6953 Email: admin@nrail.com Website: www.nrail.com

Name of the Member (s) : _____

Registered address : _____

: _____

E-mail Id: _____ Folio No./ Client ID: _____ DP ID No. _____

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

1. Name : _____

Address : _____

E-mail Id : _____ Signature : _____, or failing him / her:

2. Name : _____

Address : _____

E-mail Id : _____ Signature : _____, or failing him / her:

3. Name : _____

Address : _____

E-mail Id : _____ Signature : _____, or failing him / her:

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Twenty-First Annual General Meeting of the Company, to be held on the September 20, 2014 at 11.30 a.m. at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D N Road, Opp. Indian Oil Nagar on Link Road, Andheri West, Mumbai - 400 053, Maharashtra, INDIA, and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

Sr. No.	Resolution
1.	Adoption of the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2.	Appointment of Director in place of Shri Raunak Agarwal (holding DIN 02173330), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3.	Appointment of Auditors and to fix their remuneration.

Sr. No.	Resolution
4.	Appointment of Shri S. N. Chaturvedi (DIN 00553459) as an Independent Director pursuant to the provisions of Sections 149, 152 of the Companies Act, 2013 ('Act') and the Rules framed thereunder.
5.	Appointment of Shri C R Radhakrishnan, (DIN 01309312) as an Independent Director pursuant to the provisions of Sections 149, 152 of the Companies Act, 2013 ('Act') and the Rules framed thereunder.
6.	Appointment of Shri P Kumar, (DIN 00179074) as an Independent Director pursuant to the provisions of Sections 149, 152 of the Companies Act, 2013 ('Act') and the Rules framed thereunder.
7.	Consent of the Company under Section 180(1)(c) of the Act to the Board of Directors to borrow upto ₹ 1,000 Crores (Rupees One Thousand crores).
8.	Consent of the Company under Section 180(1)(a) of the Act to the Board of Directors to create charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings upto ₹ 1,000 Crores (Rupees One Thousand Crores).
9.	Appointment of Smt. Reena Agarwal, (DIN 00178743) as a Director pursuant to the provisions of Sections 161 of the Companies Act, 2013 ('Act') and the Rules framed thereunder.
10.	Consent of the Company for appointment of Smt. Reena Agarwal as Whole-time Director designated as Executive Director pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013.
11.	Re-appointment of Shri Raunak Agarwal (DIN 02173330) as Whole-time Director of the Company and payment of remuneration to him.
12.	Application to Central Government for waiver of refund of excess remuneration paid to Shri R. N. Agarwal, Managing Director pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
13.	Remuneration to Shri R. N. Agarwal, Managing Director for residual period of his tenure pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

Signed this _____ day of _____, 2014.

Signature of Shareholder _____

Signature of Proxy Holder (s) _____

Affix Re. 1 Revenue Stamp

- Notes:**
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
 2. Please complete all details including details of member(s) in above box before submission.

N R AGARWAL INDUSTRIES LIMITEDRegd.Office: 415-418, Janki Centre, 4th Floor, 29, Shah Industrial Estate, Off: Veera Desai Road, Andheri (W), Mumbai – 400 053.

Corporate Identification No. (CIN) L22210MH1993PLC133365

Tel: 67317500 Fax: 2673 0227 / 2673 6953 Email: admin@nrail.com Website: www.nrail.com

ATTENDANCE SLIP

DP Id*	
--------	--

Client Id*	
------------	--

Reg. Folio No.	
----------------	--

Name & Address of the Registered Shareholder
--

Name of the Member : _____ Signature _____


Name of the Member : _____ Signature _____

*Applicable if shares are held in Electronic Form.


I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

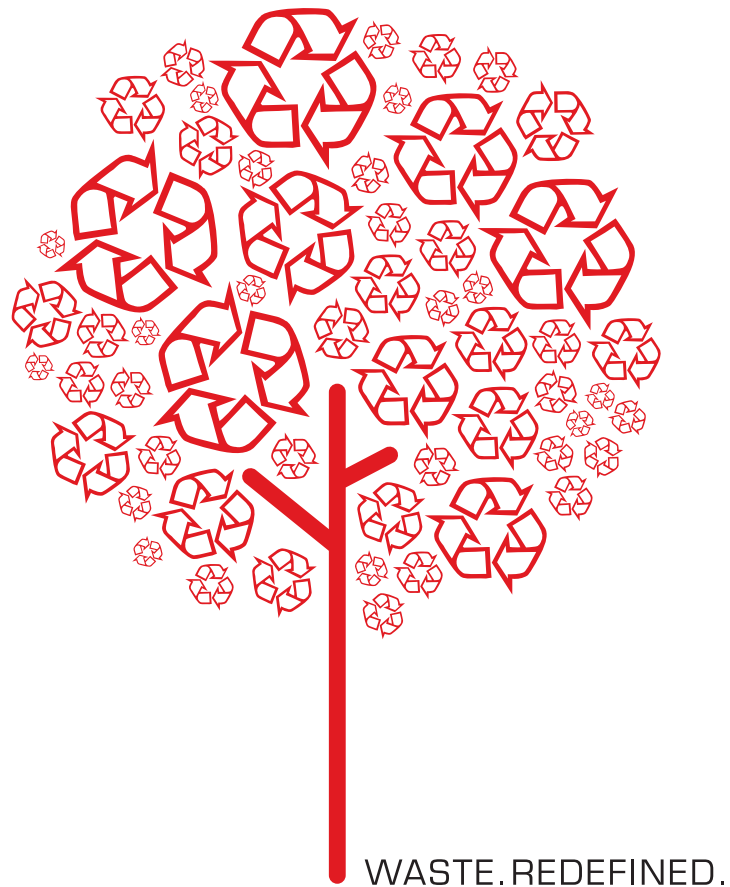
NOTES: 1. Please fill this attendance slip and hand it over at the Entrance of the hall.

- Member/proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.



These strengths put together, urge us to embrace challenges and move forward. These strengths help us to focus intently on increasing value to our customers and shareholders.





If undelivered, please return to :
N R AGARWAL INDUSTRIES LIMITED
Regd. Off.: 415 - 418, Janki Centre, 4th Floor,
29, Shah Industrial Estate, Off. Veera Desai Road, Andheri (W), Mumbai - 400 053.
Tel.: (+91 22) 6731 7500