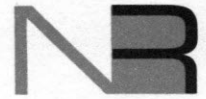


N R AGARWAL INDUSTRIES LTD.



September 21, 2017

To,  
The General Manager  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001

To,  
Asst. Vice President,  
National Stock Exchange of India  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai, Maharashtra 400051

Srip code : 516082  
NSE symbol : NRAIL

**Sub: Annual Report pursuant to Regulation 34 of LODR, 2015**

Dear Sirs,

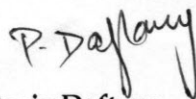
This is with reference to the 24<sup>th</sup> Annual General Meeting of the Company held on Wednesday, September 28, 2016 at 11.30 a.m. at GMS Community Centre Hall, Sitladevi Complex, 1<sup>st</sup> Floor, D N Road, Opp. Indian Oil Nagar on Link Road, Andheri West, Mumbai - 400 053.

In this connection, please find enclosed the Annual Report for the financial year 2015 -16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

Thanking You,

Yours faithfully,

FOR N R AGARWAL INDUSTRIES LIMITED,

  
Pooja Daftary  
Company Secretary





A CULTURE CALLED  
**PASSION**  
N R AGARWAL INDUSTRIES LIMITED  
ANNUAL REPORT 2016-17

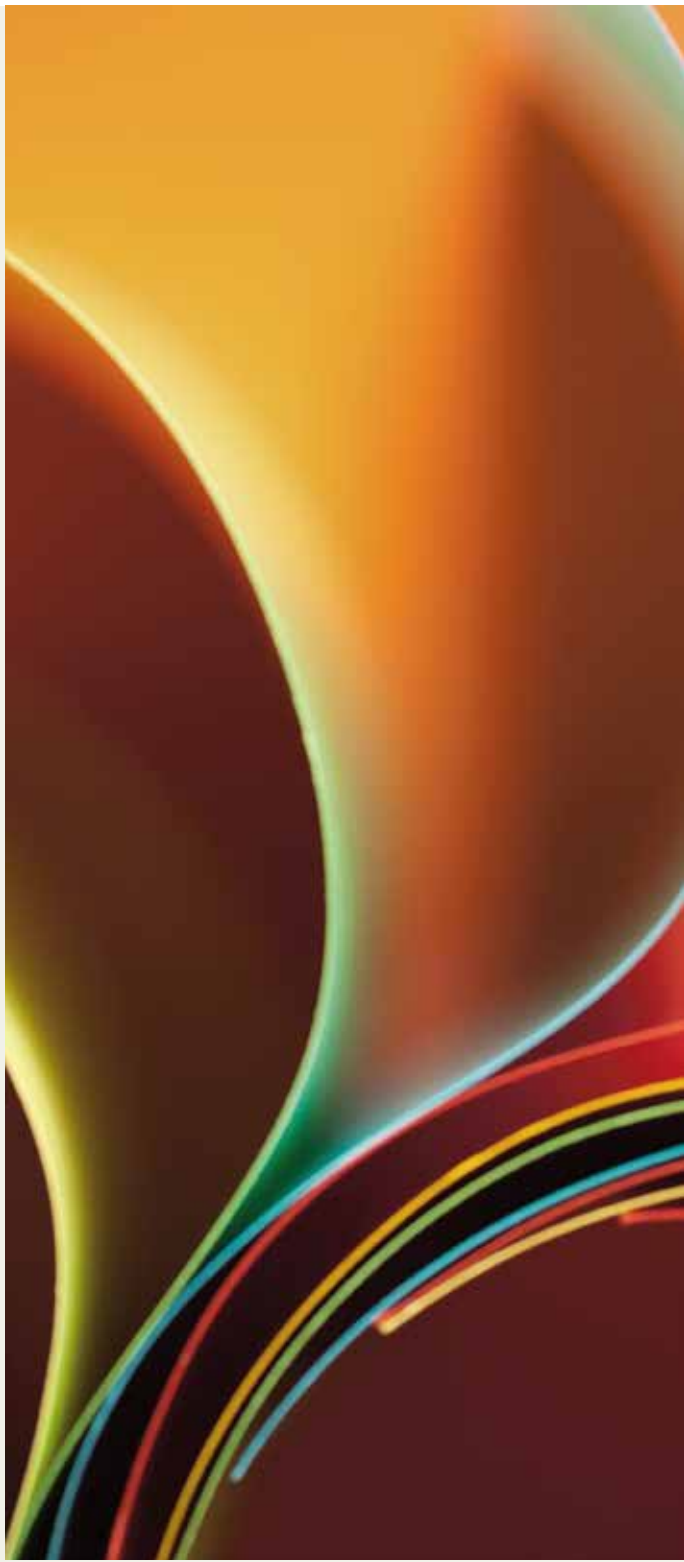




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SHRI N R AGARWAL (1932 - 2011)  
FOUNDER AND VISIONARY,  
N R AGARWAL INDUSTRIES LIMITED

"LEADERS DON'T CREATE FOLLOWERS, THEY CREATE MORE LEADERS"



**FORWARD-LOOKING STATEMENT**

IN THIS ANNUAL REPORT WE HAVE DISCLOSED FORWARD-LOOKING INFORMATION TO ENABLE INVESTORS TO COMPREHEND OUR PROSPECTS AND TAKE INFORMED INVESTMENT DECISIONS. THIS REPORT AND OTHER STATEMENTS - WRITTEN AND ORAL - THAT WE PERIODICALLY MAKE CONTAIN FORWARD-LOOKING STATEMENTS THAT SET OUT ANTICIPATED RESULTS BASED ON THE MANAGEMENT'S PLANS AND ASSUMPTIONS. WE HAVE TRIED WHEREVER POSSIBLE TO IDENTIFY SUCH STATEMENTS BY USING WORDS SUCH AS 'ANTICIPATES', 'ESTIMATES', 'EXPECTS', 'PROJECTS', 'INTENDS', 'PLANS', 'BELIEVES', AND WORDS OF SIMILAR SUBSTANCE IN CONNECTION WITH ANY DISCUSSION OF FUTURE PERFORMANCE.

WE CANNOT GUARANTEE THAT THESE FORWARD LOOKING STATEMENTS WILL BE REALISED, ALTHOUGH WE BELIEVE WE HAVE BEEN PRUDENT IN ASSUMPTIONS. THE ACHIEVEMENT OF RESULTS IS SUBJECT TO RISKS, UNCERTAINTIES AND EVEN INACCURATE ASSUMPTIONS. SHOULD KNOWN OR UNKNOWN RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INACCURATE, ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE ANTICIPATED, ESTIMATED OR PROJECTED. READERS SHOULD BEAR THIS IN MIND.

WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

CONTENTS .....

04	<b>CORPORATE OVERVIEW</b>	16	<b>OUR CULTURE</b>
06	FINANCIAL HIGHLIGHTS	18	OUR ROBUST BUSINESS MODEL
08	DISCUSSION WITH CHAIRMAN	22	BOARD OF DIRECTORS
12	OUR TRANSFORMATION STORY	24	NOTICE





## A CULTURE CALLED PASSION



**HOW DOES** A COMPANY LIKE N R AGARWAL MODERATE PRODUCTION COSTS AT A TIME OF INFLATION WHEN PESSIMISTS ARE SAYING THERE IS VIRTUALLY NO CHANCE?



**HOW DOES** A COMPANY LIKE N R AGARWAL REDUCE MACHINE BREAKDOWNS BELOW THE RETROSPECTIVE AVERAGE WHEN ANALYSTS INDICATE THAT PERHAPS THIS IS IMPOSSIBLE?



**HOW DOES** A COMPANY LIKE N R AGARWAL ENHANCE PROFITS HIGHER THAN THE INDUSTRY GROWTH AVERAGE WHEN ANALYSTS ARE HINTING THAT PERHAPS THIS WOULD NOT BE ACHIEVABLE?



**THE ANSWER:** A CULTURE CALLED PASSION. DRIVEN BY THE NEED TO MAKE THE GOOD BETTER.

*N R AGARWAL INDUSTRIES LIMITED REPORTED PROFITABLE GROWTH IN 2016-17: 17.80% GROWTH IN NET REVENUES AND A 294% INCREASE IN PROFIT AFTER TAX IN 2016-17*



N R AGARWAL INDUSTRIES LIMITED

# DYNAMIC PROXY OF THE GROWTH COMING OUT OF INDIA'S PACKAGING AND WRITING / PRINTING SEGMENTS.

## DRIVEN BY PASSION. DELIVERING OUTPERFORMANCE.

### OUR VISION

**To be** recognised as a global manufacturer of innovative paper products to our valued customers  
**By living** our core values  
Providing a fair return to our stakeholders

### OUR MISSION

N R Agarwal Industries Limited is committed to achieve highest stakeholder satisfaction by way of technological innovation, cost effectiveness and excellent work culture

### DUPLEX BOARD

Unit 1  
7800 TPM

Unit 3  
3000 TPM

Unit 4  
3000 TPM



### WRITING & PRINTING PAPER

Unit 5  
9000 TPM

Unit 2  
3000 TPM



### OUR BACKGROUND

N R Agarwal Industries Limited has been engaged in the business of paper manufacture and marketing for more than two decades (established 1993). The Company was among the first in India to manufacture quality finished paper products through the recycling route.

### OUR MANAGEMENT

The management of N R Agarwal Industries Limited represents an effective balance of promoter and professional competence. The promoters engaged in the business comprise Mr. R N Agarwal, Chairman & Managing Director, with more than two decades of sectoral experience, and Mr. Raunak Agarwal, Promoter Director, spearheading the Company's growth in the domestic and international markets, as well as Mrs. Reena Agarwal, Executive Director. The Company also comprises 45 senior employees with diversified capabilities.

### OUR PORTFOLIO

The Company addresses two categories:  
**Duplex Boards:** The Company manufactures quality duplex boards suitable for gravure printing, embossing and foil stamping. The products are manufactured with a low level of heavy metals, used in multi-purpose post-print applications and certified by Central Food Technology Research Institute of India.  
**Writing and Printing:** The Company manufactures writing and printing paper

Promoters' holding  
(March 31, 2017)

 **73%**

products high in brightness, shade stability and smoothness across GSM ranges. The products comprise high tensile strength and surface properties suitable for high-speed multi-color printing.

**OUR LOCATIONS**

The Company is headquartered in Mumbai and conducts all its manufacturing operations in Vapi, Gujarat, India. The Company exports quality paper products to more than ten countries.

**OUR CAPACITY**

The Company commenced operations with 7,000 TPA paper capacity and now possesses 3,06,000 TPA. The Company commissioned a 1,08,000 TPA unit for manufacturing writing and printing paper in 2014. The total manufacturing capacity of the Company is 3,06,000 TPA.

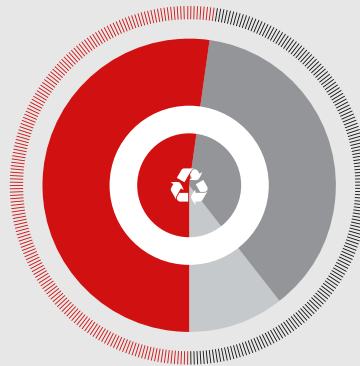
**OUR STRENGTHS**

The Company possesses rich resources in terms of manufacturing assets, technical expertise and technology, research and development, laboratories, infrastructure and utilities (captive power generation, steam generation,) communication, demineralised plants, effluent treatment plants, transportation etc across all manufacturing locations. The Group's marketing network comprises an effective sales team, distributors and storage facility.

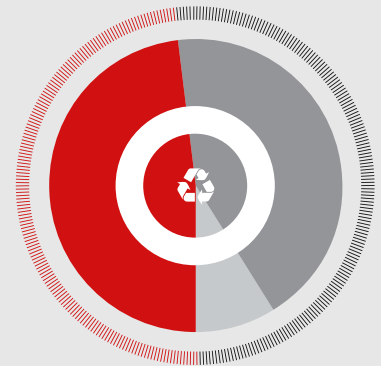
**OUR LISTING**

The Company is listed on the Bombay Stock Exchange and National Stock Exchange of India Limited.

REVENUES FY16



REVENUES FY17



■ DUPLEX BOARD 52.46%  
 ■ WRITING AND PRINTING 37.09%  
 ■ NEWSPRINT 10.45%

■ DUPLEX BOARD 48.15%  
 ■ WRITING AND PRINTING 43.19%  
 ■ NEWSPRINT 8.66%



Public holding  
(March 31, 2017)

➔ 27%

Market capitalisation,  
March 31, 2017 (₹ crore)

➔ 478.49

Enterprise value,  
March 31, 2017 (₹ crore)

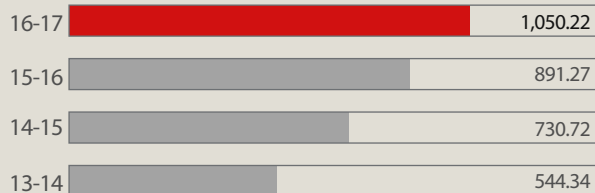
➔ 741.81



# HOW WE HAVE GROWN OVER THE YEARS

## HIGHER REVENUES

+ 159 [₹ CRORE]



### DEFINITION

Sales growth without deducting excise duties.

### WHY WE MEASURE

This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

### PERFORMANCE

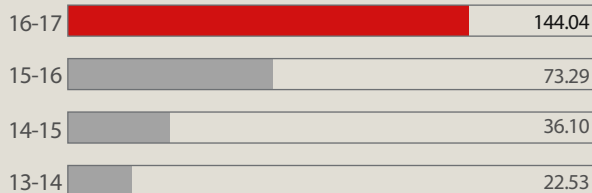
Our aggregate sales increased 17.83% to ₹1,050.22 crore in FY 2016-17, as against a sluggish industry growth of 6.5 to 7%.

### VALUE IMPACT

Creates a robust growth engine on which to build profits.

## EBITDA PROFITS

+ 71 [₹ CRORE]



### DEFINITION

Earning before the deduction of fixed expenses (finance cost, depreciation, extraordinary items and tax).

### WHY WE MEASURE

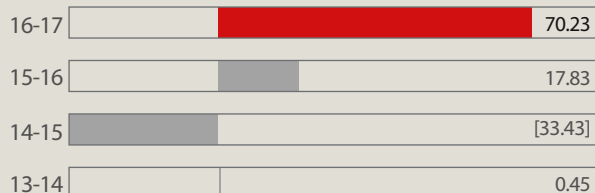
It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

### PERFORMANCE

The Company reported a 97% increase in its EBITDA in FY 2016-17 – the outcome of painstaking efforts by its team in improving operational efficiency.

## NET PROFIT

+ 52 [₹ CRORE]



### DEFINITION

Profit earned during the year after deducting all expenses and provisions.

### WHY WE MEASURE

It highlights the strength in the business model in generating value for its shareholders.

### PERFORMANCE

The Company's net profit grew by 293.89% in FY 2016-17 – reflecting the robustness and resilience of the business model in growing shareholder value despite external vagaries.

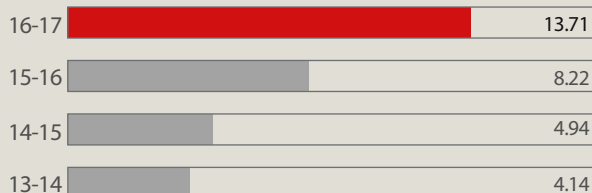
### VALUE IMPACT

Adequate cash pool available for reinvestment, accelerating the growth engine.

## EBITDA MARGIN

[%]

+ 549 BPS



### DEFINITION

EBITDA margin is a profitability ratio used to measure a Company's pricing strategy and operating efficiency. Higher the operating margin, better for the Company.

### WHY WE MEASURE

The EBITDA margin gives an idea of how much a Company earns (before accounting for interest, depreciation and taxes) on each rupee of sales.

### PERFORMANCE

The Company reported a 549 bps increase in EBITDA margin in FY 2016-17. This was the result of improvement in quality, strengthening realisations, cost reduction and product mix changes.

### VALUE IMPACT

Demonstrates adequate buffer in the business, which, when multiplied by scale, enhances surpluses.

**ROCE** [%] **+1319 BPS**

16-17		24.69
15-16		11.50
14-15		5.03
13-14		3.31

**DEFINITION**  
This is a financial ratio that measures a Company's profitability and the efficiency with which its capital is employed in the business.

**WHY WE MEASURE**  
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

**PERFORMANCE**  
The Company reported a 1,319 bps increase in ROCE in FY 2016-17.

**VALUE IMPACT**  
Enhanced ROCE can potentially drive valuations and perception.

**GEARING** **-1.7X**

16-17		1.6
15-16		3.3
14-15		4.3
13-14		2.6

**DEFINITION**  
This is derived through the ratio of debt to net worth.

**WHY WE MEASURE**  
This is one of the defining measures of a Company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

**PERFORMANCE**  
The Company's gearing moderated from 4.3 in FY 2014-15 to 1.6 in FY 2016-17.

**VALUE IMPACT**  
Enhanced shareholder value by keeping the equity side constant; enhanced flexibility in progressively moderating debt cost.

**DEBT COST** [%] **+182 BPS**

16-17		16.39
15-16		14.57
14-15		10.82
13-14		3.98

**DEFINITION**  
This is derived through the calculation of the average cost of the consolidated debt on the Company's books.

**WHY WE MEASURE**  
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

**PERFORMANCE**  
The Company's debt cost was 16.39% in FY 2016-17. We recommend that this ratio be read in conjunction with our rising interest cover (rising would indicate higher liquidity).

**VALUE IMPACT**  
The improving profits strengthened credit rating leading to successive declines in debt cost.

**INTEREST COVER** [X] **+1.68 x**

16-17		2.77
15-16		1.09
14-15		0.52
13-14		1.06

**DEFINITION**  
This is derived through the division of EBIT by interest outflow.

**WHY WE MEASURE**  
Interest cover indicates the Company's comfort in servicing interest, the highest the better.

**PERFORMANCE**  
The Company strengthened its interest cover from 1.09 in FY 2015-16 to 2.77 in FY 2016-17.

**VALUE IMPACT**  
Enhanced cash flows.



## “OUR CULTURE OF PASSION HELPED US OUTPERFORM AND REPORT RECORD RESULTS IN 2016-17”

**Q: WAS THE MANAGEMENT PLEASED WITH THE WORKING OF THE COMPANY DURING THE YEAR UNDER REVIEW?**

**A:** The management was delighted to present excellent financials during the year under review. The Company reported the highest revenues at ₹1,041 cr and the largest net profit after tax at ₹70.23 cr in a challenging 2016-17. The highlight of our achievement was not just a record performance across both parameters. What was creditable was that we reported profitable growth during the year – revenues increased by 17.83% while profit after tax strengthened by 294%.

**Q: WHAT REASONS ACCOUNTED FOR PROFITABLE GROWTH?**

**A:** In a business where our realisations are controlled largely by the market average (for writing & printing and duplex board), we believe that much of the growth is actually derived from our ability to generate surpluses from within. Over the last few years, the Company strengthened this inward-outward focus through a more visible manifestation of that one corporate strength that we deeply pride upon: our culture of passion.

At N R Agarwal, we brought an unusual passion to our workplace every single day. We continued to believe that this is the only insurance in a sector where realisations are largely beyond our control and the only realities that we can truly control are our product mix, product quality and operating efficiency.

There is a good reason why passion has a critical role to play in our Company. We are a multi-decade Company where 45% of our manufacturing assets are ten years old or more. In our business, we believe that anyone can generate a high productivity from new paper manufacturing machines. The true achievement for any paper company lies in the ability to generate a high productivity from multi-year machines instead.

**Q: HOW DID THIS PASSION PLAY OUT IN YOUR COMPANY IN 2016-17?**

**A: I am proud** to state that this is the area in which N R Agarwal distinguished itself.

Over the years, the Company had invested in the continuous upgradation of its manufacturing machines through the infusion of the latest technologies. The result is that even though the machines may be multi-year in age, they were benchmarked with the best productivity standards of the day, translating into a high operating efficiency and output quality.

This was evident during the year under review, when we generated a higher productivity from new and old assets; we fought to derive every small improvement; we questioned every process and practice with the objective to improve; we trained our people to look for under-performance with the singular passion to remove blockers and enhance efficiency; we continued to believe that whatever was good could be made better; we encouraged the mindset that behind every challenge lies attractive opportunity.

**Q: HOW DID THESE INITIATIVES TRANSLATE INTO IMPROVEMENTS?**

**A: I am pleased** to report that the byproduct of our passion was the ability to address the emerging requirements of customers. We manufactured superior paper grades. We manufactured a consistently high paper quality. We delivered products around a superior price-value proposition. We delivered products just when customers needed them.

For instance, during the year under review, the Company manufactured the highest paper volume in its existence – 2,83,483 tonnes, which was 10% higher than in the previous financial year. This record output was achieved on the back of capacity utilisation of our duplex board manufacturing units rising from 92% in the previous year to 97% in 2016-17; the capacity utilisation of our writing & printing units strengthened from 73% in 2015-16 to 91% during the year under review.



**Q: WHAT WERE SOME OF THE REASONS THAT CONTRIBUTED TO THIS IMPROVEMENT?**

**A: This improvement** was not the result of merely pressing a button; this was the result of taking a differentiated approach towards the issue of planned shutdowns, examining virtually equipment component during this brief period and thereby enhancing systemic predictability.

In a process industry like paper, which involves the concurrent management of a number of diverse variables, we believe that capacity utilisation in excess of 95% represents an index of our stringent control on processes and practices.

The increase in capacity utilisation helped us amortise our fixed costs more effectively. Besides, the Company strengthened its operational control to report attractive gains arising out of moderated consumption and costs of fibre, energy, chemicals and overheads.

The combination of the two realities – gains out of enhanced capacity utilisation and reduction in consumables – maximised the yields that we generated from one tonne of waste paper leading to enhanced margins and competitiveness.

**Q: WHAT WAS THE OTHER IMPROVEMENT REPORTED BY THE COMPANY IN 2016-17?**

**A: It was enhanced** product quality. At N R Agarwal, we believe that while one of the yardsticks by which our success can be judged is capacity utilisation, the other is quality. At our Company, the highest output quality has been a consistent priority. We believe that our

Profitable growth during the year - revenues increased by

➔ **17.83%**

During the year the Company manufactured (in tonnes)

➔ **2,83,483**

Our profit after tax strengthened by 294% to

➔ **₹ 70.23 cr.**

respect as an organisation is most visibly appraised around the quality of what we manufacture and market. We have a creditable reality to report in this respect: we achieved an excellent quality of writing & printing paper manufactured at our Sarigam (Unit V) Unit, generating realisations higher than the prevailing market average, generating repeat customer loyalty and selling faster than the rest of the market average.

The result was that during the year under review, the Company generated attractive net realisations from its duplex board product based on the reputation that we deliver one of the best duplex board qualities in the industry, addressing a demanding clientele.

The last financial year was also the second full year of production of our Unit V, addressing writing & printing products (since inception in July 2014) and generating superior returns compared with the prevailing market average. The management of N R Agarwal was so enthused by the response to the superior grades we manufactured and marketed that we plan to convert Unit II (manufacturing newsprint) to writing & printing grade, riding the premiumness of the quality of paper manufactured at Unit V.

The product quality was also respected across the global markets: the Company marketed its products through a comprehensive network of dealers across India and abroad. The Company exported

10% of its production to Sri Lanka, Middle East, Bangladesh and Africa, making it possible to de-risk its revenues through a broad-based sales approach and marketing our products across the widest number of customers.

**Q: WHAT INITIATIVES DID THE COMPANY TAKE WITH REGARD TO ITS PRODUCT MIX?**

**A:** At N R Agarwal, we believe that it is also possible to beat the prevailing sectoral realisations average through one's evolving product mix. This is what we successfully demonstrated in the last few years: in the duplex boards segment, we produced the White Back and Grey Back varieties across diverse GSMs, making it possible to address the widest requirements of a growing market segment.

In the writing & printing segment, we produced all GSMs of the SS and NSS maplitho varieties generally used in printing text books and the publishing segment.

The time has come to make a leap even in this segment. The Company plans to introduce copier paper and virgin maplitho paper variety within a year, making it possible to provide the widest complement of writing and printing products. This, we believe, will make it possible for us to capture every market upturn through our broad presence; we expect to generate attractive value-addition that strengthens our revenues and profits.



**Q: THE BIG QUESTION THAT SHAREHOLDERS ARE ASKING IS HOW THE COMPANY INTENDS TO STRENGTHEN BUSINESS SUSTAINABILITY AFTER THIS RECORD PERFORMANCE.**

**A: At N R Agarwal,** we recognise that the bigger challenge lies in extending the gains that we reported in 2016-17 towards multi-year sustainability. We are attractively placed to make this happen. The Company intends to build on its 95% capacity utilisation achieved in the last financial year with a targeted 100% utilisation across the foreseeable future. We also believe that the cost moderation derived through energy conservation and adoption of cutting-edge technologies represents a foundation, which should translate into sustainable improvements.

The sustainability in our improvement will also be derived from prudent capital expenditure. The Company intends to embark on a ₹100 cr capex programme likely to be commissioned by December 2018; most of the back-end preparation for this exercise was completed during the first quarter of the current financial year. The Company is also engaged in the switchover of its newsprint capacity (Unit II) to writing & printing, which should be commissioned by the first week of August 2017. We expect to generate a topline increment of around 15%, while maintaining overall margins.

**Q: HOW ELSE IS THE MANAGEMENT REINFORCING BUSINESS SUSTAINABILITY?**

**A: One of the most** important initiatives in enhancing our business sustainability was derived from the decision to engage Ernst & Young LLP, leading global consultants, to assist the Company in the area of new product development, efficiency improvement, energy audit, cost reduction and future-proofing the overall business model. The engagement commenced for a year from November 2016; I am pleased to report that the Company has already reported related improvements, which should strengthen business sustainability.

**Q: WHAT IS THE BIG MESSAGE THAT YOU WISH TO LEAVE WITH SHAREHOLDERS?**

**A: In view of the various** initiatives taken, we believe that the Company should generate sustainable annual revenue growth of 15%. The Company intends to generate profitable growth as well, strengthening value in the hands of our shareholders and our position as one of the most respected paper companies of India.

The Company intends to embark on a ₹100 cr capex programme likely to be commissioned by December 2018

Percentage of production exported to Sri Lanka, Middle East, Bangladesh and Africa



Projected capacity utilisation



Projected topline increment





# HOW WE TRANSFORMED

AT N R AGARWAL, WE PERCEIVE POSITIVE CHANGE TO BE THE SOLE CONSTANT.

THIS IS PRECISELY WHY, OVER THE PAST TWO DECADES, THE COMPANY FOCUSED ON GRADUATING FROM 'GOOD' TO 'GREAT'.

WE MADE GROWTH HAPPEN BY UNDERTAKING SEVERAL FORWARD-LOOKING INITIATIVES THAT ALLOWED US TO NOT ONLY SURVIVE, BUT THRIVE.

THE RESULT IS THAT THE COMPANY ACHIEVED BOTTOM-UP GROWTH.

STRENGTHENING BUSINESS SUSTAINABILITY AND VALUE IN THE HANDS OF THE ENTIRE STAKEHOLDER FAMILY, IRRESPECTIVE OF SECTORAL CRESTS AND TROUGHS.

01



THE COMPANY WAS PART OF A CORPORATE DEBT RESTRUCTURING PROGRAMME

**This** entailed restrictions on fund use and increased debt cost

**The** Company addressed debt repayment and interest obligations on schedule

**The** Company exited the CDR in September 2016

**The** Company moderated debt cost and enhanced strategic flexibility

02



THE COMPANY HAD A GEARING OF 3.3 IN FY16

**The** Company repaid ₹70 cr in the last two years

**The** Company moderated gearing to 1.6 in FY17

**Interest** cover strengthened from 1.09 in FY16 to 2.7 in FY17

**The** gearing target for FY18 is 2.0, which would drive higher credit rating

# OUR BUSINESS IN 2016-17

03



## THE COMPANY'S CAPACITY UTILISATION NEEDED IMPROVEMENT

The Company introduced a planned fortnightly maintenance shutdown

Bearings maintenance and replacement was outsourced

Daily cross-functional team meeting culture was strengthened

Utilisation increased across both segments, FY17

04



## THE COMPANY WAS ENGAGED IN THE MANUFACTURE OF NEWSPRINT

Declining realisations affected profitability

The management decided to exit newsprint manufacture

Newsprint machines were upgraded to writing & printing

Writing & printing machines went on stream, Q2 FY18

05



## THE COMPANY NEEDED TO ENHANCE PRODUCT REALISATIONS

The management introduced new W&P product grades

The Company enhanced presence in higher GSM segment

The Company focused on enhancing brightness, smoothness and aesthetics

The Company launched a new maplitho grade



THE FIRST ELEMENT OF OUR CULTURE

## LOOKING WITHIN AND KEEP EXPERIMENTING

AT N R AGARWAL INDUSTRIES, WE BELIEVE THAT CULTURE IS PARAMOUNT.

What facilities we possess are incidental; what culture we profess is critical.

Over the years, we can safely claim that we brought to our space a differentiated mindset. This mindset was the result of some sectoral realities: our business is capital-intensive, our plants are enduring, technologies keep changing all the time and there is a premium on the need to metaphorically keep running even to stand in the same place.

We principally believe that success in a capital-intensive business is derived from the ability to optimally sweat our machines.

For years, the practice was to run our machines to the extent they could run; whenever breakdowns transpired on account of certain machine components that malfunctioned, we addressed these with speed and returned the machine to an operative condition.

The result was that for years, the operative benchmark by which we measured our

competence was the speed with which we addressed the downtime.

Until someone asked: 'What if we eliminated downtime completely? What if we moved from reactive repairs to proactive maintenance?'

This single question opened a sea of debate on our shop floor: some felt that the earlier system represented a 'known devil'; others insisted that preparedness would be more profitable.

N R Agarwal took a courageous decision: a compulsory shutdown for 12 hours each fortnight; shop floor teams appraised every component and every machine.

The result: systemic robustness improved; the Company did not need to wait for breakdowns to react; the Company circumvented breakdowns in the first place; overall capacity utilisation improved; cost amortisation improved; margins strengthened.

AND ALL BECAUSE SOMEONE HAD THE  
COURAGE TO ASK 'WHY?'

→  
Paper was invented by the Chinese about 105 A.D. and was kept a secret for quite a number of years.

## THE SECOND ELEMENT OF OUR CULTURE

KAIZEN OR CONTINUOUS  
IMPROVEMENT

AT N R AGARWAL, THE WORDS 'CONTINUOUS IMPROVEMENT' DEFINE OUR PERSONALITY.

**W**e are perpetually engaged in finding a better way of doing virtually everything within our Company.

This is a team-driven approach: each morning, our cross-functional team converges for an hour to discuss everything relevant that transpired the previous day.

This hour-long review comprising members from all functions has a singular agenda: analyse existing or probable weaknesses related to everything that

transpired within the manufacturing facilities with the objective of finding a prompt and collective solution.

The result is that the N R Agarwal of today is engaged in a perpetual combat with the N R Agarwal of yesterday; it is always engaged in countering the legacy with the modern; attacking the wasteful with the efficient; countering the routinely boring with the excitingly productive.

**AND IT IS WINNING.**



**Each** ton of recycled paper can save 17 trees, 380 gallons of oil, three cubic yards of landfill space, 4,000 kilowatts of energy and 7,000 gallons of water!

## THE THIRD ELEMENT OF OUR CULTURE

# QUESTION EVERYTHING

AT N R AGARWAL, WE CONSUME WASTE PAPER IN THE MANUFACTURE OF WRITING & PRINTING PAPER AS WELL AS DUPLEX BOARD.

For years, while the slowdown in the paper industry persisted, we selected to consume an inferior grade of waste paper to moderate costs, using our skill and equipment to convert it into acceptable quality.

This was a consistent and convenient practice for years; this strategy had paid us well; more importantly, this material quality was compatible with our machines and mindset.

At N R Agarwal, the routine is boring. In 2016-17, we questioned this practice: we felt that a superior – and expensive – grade of waste paper would generate higher realisations.

The switch was debated; some asked the rationale for questioning something that had worked well for years; other argued

that if there were no courage there would be no progress.

The management at N R Agarwal implemented the switch during the course of 2016-17. A number of machines were adjusted. Manufacturing parameters were tweaked. Workers were trained.

Gradually, the efforts began to pay off. Wastage declined. Water and power consumption moderated. Hidden inefficiencies declined. Realisations strengthened.

Best of all, the trade channels began to order larger quantities: the switch in raw material enhanced our paper quality and brand.

**THE BIG MESSAGE: THE ONLY BLOCKERS ARE IN THE MIND.**



# 95%

of all data in the world is still stored on paper.

## THE FOURTH ELEMENT OF OUR CULTURE

## CONTROL THE VARIABLES

FOR YEARS, WE TRAINED OUR SHOP FLOOR PROFESSIONALS TO ADDRESS MACHINE BREAKDOWNS AND BRING PLANTS TO NORMAL RUNNING CONDITION WITHIN THE SHORTEST DOWNTIME.

The result was that whenever any component or machine malfunctioned, the shop floor addressed this with a war effort.

Even as we got progressively better at this, there was something missing.

Which is when someone on our shop floor suggested something that made all the difference: 'Sahib, we don't need a remedy; we need a vaccination.'

And that one line transformed shop floor dynamics starting 2016-17.

The management at N R Agarwal engaged one of the most respected multi-national bearing manufacturers

based in India: to continuously monitor the health of hundreds of bearings used in our manufacturing facilities in real time: to virtually eliminate all breakdowns arising out bearings malfunctioning; to enhance plant predictability and availability; to moderate variables related to plant efficiency.

AND ALL THIS IMPROVEMENT TRANSPIRED BECAUSE NO ONE LAUGHED WHEN IT WAS SUGGESTED THAT WE OUTSOURCE SOMETHING AS CRITICAL AS PLANT MAINTENANCE TO SOMEONE WHO DIDN'T KNOW ANYTHING ABOUT THE PAPER INDUSTRY.



Average office workers handle around 10,000 sheets of paper every year!

# HOW WE STRENGTHENED OUR... MANUFACTURING EFFECTIVENESS



## OVERVIEW

The role of manufacturing effectiveness cannot be over-emphasised in the capital-intensive paper industry, where manufacturing costs account for a large proportion of revenues and even a modest improvement can have a large impact on the financials.

### HOW WE ENHANCED PRODUCTIVITY FROM OUR MANUFACTURING UNITS

<b>Unit 1 : 2000</b>	<b>Unit 1 : 2017</b>
50 TPD	250 TPD
<b>Unit 2: 2007</b>	<b>Unit 2: 2017</b>
20 TPD	100 TPD
<b>Unit 3: 1992-93</b>	<b>Unit 3: 2017</b>
25 TPD	100 TPD
<b>Unit 4: 1992-93</b>	<b>Unit 4: 2017</b>
25 TPD	100 TPD
<b>Unit 5: 2015</b>	<b>Unit 5: 2017</b>
200 TPD	300 TPD

## CHALLENGES

The Company encountered a number of challenges during the year under review. The Company identified challenging targets for cost moderation reflected in a lower consumption of resources (energy, water, raw materials and chemicals). There was a corresponding need to enhance manufacturing efficiency derived from higher capacity utilisation. There was a need to enhance manufacturing-derived improvements in product quality that would translate into superior realisations or offtake.

## HIGHLIGHTS, 2016-17

The Company focused on inspiring a new passion that would make it possible to generate a higher throughput from longstanding manufacturing facilities through the following initiatives:

**De-bottlenecking:** The Company refurbished its manufacturing facilities selectively, cherry-picking components and parts to replace with modern equivalents. The Company replaced legacy a boiler, turbine and pumps with modern

alternatives, enhancing capacity and efficiency.

**Material substitution:** The Company graduated from low-cost raw material to higher cost alternative; this switch strengthened material productivity, moderated resource consumption and enhanced end product realisations, translating into superior margins from the third quarter of the year under review.

**Operating discipline:** The Company graduated to a disciplined planned shutdown to counter the incidence of unforeseen downtime arising out of machine breakdowns. The enforcement of a mandatory bi-monthly twelve-hour shutdown translated into a near-80% decline in the incidence of unplanned downtime, enhancing overall productivity.

**Outsourced maintenance:** The Company outsourced the maintenance of all bearings used in its manufacturing infrastructure to one of the largest and most reputed multi-national bearing companies operating out of India. This transformed a recurring challenge into a

predictable solution marked by ongoing maintenance, superior bearings health and proactive remedial measures. The scientific approach towards comprehending the health of bearings across the manufacturing facilities moderated the incidence of plant shutdowns on account of bearings malfunction.

**Switch:** The Company proposes to upgrade its erstwhile newsprint capacity (36,000 TPA) to writing & printing paper

(54,000 TPA) from the second quarter of 2017-18 to enhance realisations and capitalise on the buoyancy of the writing & printing segment

**Impact:** The Company reported attractive moderations in the consumption of power, water, chemicals and raw material. The raw material procurement cost reduced by 1.4% over the previous fiscal, reducing manufacturing costs further.

**OUTLOOK**

The Company intends to strengthen processes, enhance capacity of writing & printing paper, commission a new boiler/turbine from the second quarter of the current financial year and enhance the captive availability of power to address its complete production requirements (enhanced capacity). In doing so, the Company intends to moderate manufacturing costs in 2017-18, enhancing competitiveness.

COMPETENCE CATALYST-02

HOW WE STRENGTHENED OUR...  
**MARKETING COMPETENCE**



**OVERVIEW**

The market for paper is dynamic; demand and realisations keep changing all the time. This warrants vigilance and responsiveness by paper companies in adapting their product mix to be able to address marketplace realities that generate value-addition and superior profitability.

The Company generated 43% of revenues from the writing & printing segment and 48% from the paperboard segment during the year under review.

**CHALLENGES**

The Company addressed two challenges during 2016-17: weak consumer sentiment following demonetisation and increased competition largely arising from dumping. The demonetisation affected offtake for nearly 52 days following demonetisation since a number of retail transactions are conducted in cash and consumers selected to stagger their offtake until currency flow was restored. The Company was affected by weak newsprint realisations.

**HIGHLIGHTS, 2016-17**

The Company responded to the prevailing market challenges through the following initiatives:

**Credit:** The Company provided longer credit to cash-driven trade channels, sustaining offtake through a challenging Q3, FY17. The result was that sales in FY17 were highest in December 2016 and January 2017, validating the Company's approach.

**Product mix:** The Company strengthened its product mix by graduating to higher GSMs; the Company strengthened product brightness, cleanliness and aesthetics to enhance market acceptance; the maplitho grade was launched with success as a cost-effective alternative in the writing and printing segment. The Company exports paper of GSMs varying between 50 and 80; board of GSMs varying between 200 and 500. The Company discontinued newsprint sales with the objective to upgrade the machines to the writing & printing segment from Q2, FY18.

**Responsiveness:** The Company capitalised on the market opportunity following the closure of some large paper mills in South India by strengthening its distribution network and evolving its product mix to address the opportunity.

The Company developed new products to improve market share with enhanced net sales realisations, which helped push incremental production volumes compared to FY 2015-16. The Company reported 37% sales growth in the writing and printing segment and around 8.14% sales growth in the duplex boards

segment; average realisations in the writing and printing segment increased 8% during the year under review.

**OUTLOOK**

The Company intends to strengthen its domestic presence through a change in the product mix, superior varieties and stronger distribution. The Company intends to commission a project using upgraded equipment comprising the Pulling Wire technology across the next two years.

COMPETENCE CATALYST-03

HOW WE STRENGTHENED OUR...  
**FINANCE FUNCTION**



**CHALLENGES**

The Company encountered a number of finance-related challenges during the year under review.

The Company principally needed to exit the Corporate Debt Restructuring programme, showcasing its timely liquidation of debt and interest payment obligations. The exit from this scheme was necessary to graduate beyond the strict

financial controls placed on the Company by banks, mobilise additional financing from banks for ongoing projects and moderate debt cost, catalysing financial recovery. The Company exited the CDR in September 2016, paving the way for reinvestment and business growth.

The improvement in corporate performance as well as the exit from the CDR set into motion a virtuous cycle that

translated into an improved credit-rating, decline in debt costs and opportunities to access debt at moderated costs.

### HIGHLIGHTS, 2016-17

**Contribution:** Even as the Company generated revenues equally from writing & printing as well as duplex varieties, the former segment accounted for nearly 70% of the Company's profits during the year

**Product mix:** The Company selected to strengthen its writing & printing product mix by graduating to high brightness paper and servicing retail customers; the Company embarked on a strategy to counter sluggish duplex demand by widening its product mix, catering to the made-to-order segment and providing cut-to-size products.

**Insourcing:** The Company embarked on enhancing captive power generation capacity from 23 MW to 25 MW, strengthening its complete independence from grid energy on the one hand and moderating grid energy cost from ₹8 per unit to ₹4 per unit for the insourced equivalent, strengthening competitiveness

**Business-strengthening:** The Company engaged EY (formerly Ernst & Young) to consult on opportunities to enhance realisations and moderate costs

**Tax management:** The Company moderated tax incidence to 21.3% against the prevailing tax rate of 34%, capitalising on the Section 80-I benefit that provides a tax exemption for power generating units for 15 years and a 100% carry-forward depreciation benefit that can be adjusted.

### STRENGTHS

The Company's financial function comprises the following strengths:

#### OVERVIEW

**Full-fledged** team addressing MIS, controls, fund raising, cash flows, debtor tracking etc.

**Four-bank** consortium with Bank of Baroda being the lead banker

**Maintained** credit rating at BB+ based on the 2015-16 financial performance; have approached a credit rating agency for a re-rating

#### DEBT MANAGEMENT

**Rapidly** strengthening gearing: from a peak of 3.3 in 2015-16 to 1.6 in 2016-17

**Increase** in interest cover from 1.09 in 2015-16 to 2.7 in 2016-17

**Stronger** negotiation with banks; moderated the cost of debt from 17-21% in the last few years to an average 12.3% (trough cost was 11.75% for long-term and short-term debt); mobilised ₹75 cr from our lead banker at 11.25% in the current financial year

#### WORKING CAPITAL

**Retained** working capital outlay in quantum terms despite a 17.81% growth in turnover

**Drawal** of working capital at around 85-90% of the sanctioned limits, indicating fiscal discipline

**Improved** debtors' cycle from 45 days of turnover equivalent in FY 2015-16 to 30 days for duplex boards and from 30 days to 15 days for writing and printing paper in FY 2016-17

**Disciplined** management of inventory at 30 days of consumption, totalling ₹ 63 cr.

#### OUTLOOK

The outlook of the business continues to be optimistic for some good reasons.

The Company believes that the GST outlook will be positive for organised players, strengthening their overall competitiveness over unorganised competitors.

The opportunity-responsiveness management intends to capitalise on the prevailing buoyancy of the writing & printing segment through the proposed conversion of newsprint capacity to the writing & printing format (effective June 2018) following an investment of ₹100 cr that will enhance capacity by 50,000 TPA.

The Company believes that with new sectoral capacity being largely subdued and writing & printing imports low, realisations at the higher level could be maintained through the current year.

The Company intends to strengthen fiscal management through an improved credit rating that could moderate debt and interest during the current financial year.

The Company intends to generate 15-20% topline growth during the current financial year.



# BOARD OF DIRECTORS



The constitution of the Board at N R Agarwal consists of a mix of Independent Directors, Promoter Directors and Full Time Directors led by Mr. R N Agarwal, Chairman-cum-Managing Director. The members of the Board have wide ranging and extensive experience in various facets of business operations. They play an active role in supervising the functioning of the Company directly and via committees.

The Board members approve the overall strategic planning within the organisation and direct the Company to achieve the targets set.

## MR. R N AGARWAL

An Electrical Engineer and a Management Graduate from U.S.A, Mr. R N Agrawal is the Promoter, Chairman and the Managing Director of the Company. He has more than two decades of experience in the paper industry. His continued efforts have helped turn the Company into an organisation of excellence in domestic and global markets.

## MR. RAUNAK AGARWAL

A member of Agarwal family and a Graduate in Business Administration from Kingston University, U. K., Mr. Raunak Agarwal is also Promoter and Whole Time Director of the Company. His natural acumen for business, combined with his modern management expertise, makes him an ideal business leader.

## MRS. REENA AGARWAL

Mrs. Agarwal also belongs to the Agarwal family and is an Executive Director of N R Agarwal Industries Ltd. She is a Graduate in Commerce and has over 17 years of experience in Human Resource Management & Administrative functions. She also heads the Corporate Social Responsibility Committee of the Company.

**MR. ASHOK KUMAR BANSAL**

A Paper Technologist by profession, Mr. Ashok Kumar Bansal is an Executive Director of the Company. He earned his degree from the Institute of Paper Technology, Roorkee University. He has conceived new paper and board projects for the Company including technological developments to existing paper plants in order to enhance quality and productivity.

**MR. P. KUMAR**

Mr. Kumar, an Independent Director of the Company, holds a degree of Masters in Arts and a Diploma in Banking & Industrial Finance. He is a highly experienced banker in commercial and development banking, with extensive project finance exposure. Mr. Kumar's core competencies include project finance, international trade finance, overseas projects finance, and institutional and international relations.

**MR. S N CHATURVEDI**

Mr. Chaturvedi, an Independent Director of the Company is a fellow member of the Institute of Chartered Accountants of India and also holds a Masters Degree in Business Administration. He is an active member of the Bombay Chartered Accountants Society and the Bombay Chapter of the Institute of Internal Auditors (IIA). He is an Alumni of IIT Mumbai and IIM Ahmadabad.

**MR. C R RADHAKRISHNAN**

A former Chief General Manager of State Bank of India, Mr. Radhakrishnan has been on the Board of the Company since 2007 as an Independent Director. He holds a Masters Degree in Commerce and is a Gold Medalist. A Certified Associate of Indian Institute of Bankers (CAIIB), he is currently serving as the Dean Finance of SIES College of Management Studies.

**MR. AJAY ARVIND NAIR**

A Law Graduate by profession, Shri Ajay Arvind Nair, an Independent Director of the Company, is a member of the Bar Council of Maharashtra and Goa. He has been a practicing Lawyer in the Supreme Court & Bombay High Court for 10 years in areas of civil, criminal, corporate and commercial laws.

# NOTICE

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the Members of **N R AGARWAL INDUSTRIES LIMITED** will be held on Wednesday, September 20, 2017 at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D N Road, Opp. Indian Oil Nagar on Link Road, Andheri West, Mumbai – 400 053 at 11.30 a.m. to transact the following business:

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt Audited Financial Statements of the Company for the year ended March 31, 2017 together with the Reports of the Board of Directors and Independent Auditors thereon.
2. To declare dividend on equity shares for the financial year 2016-17.
3. To appoint a Director in place of Shri Ashok Kumar Bansal (DIN 07325904), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to Section 139, 141 and other applicable provisions if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, GMJ & Co., Chartered Accountants, Mumbai (Firm Registration No. 103429W), be and is hereby appointed as the Auditors of the Company in place of the retiring Auditors Chaturvedi & Partners, Chartered Accountants, (Firm Registration No. 307068E), to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Twenty Ninth (29<sup>th</sup>) AGM to be held in 2022 subject to ratification of their appointment at every AGM if so required under the Act, at such remuneration including applicable taxes and out of pocket expenses as may be mutually

agreed between the Board of Directors and the Auditors.

## **SPECIAL BUSINESS:**

5. Re-appointment of Smt. Reena Agarwal (DIN: 00178743) as Whole Time Director

To consider and if thought fit, to pass, 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 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification (s) or re-enactment (s) thereof, for the time being in force) and subject to other consents required, if any, approval of the Company be and is hereby accorded to the re-appointment and payment of remuneration to Smt. Reena Agarwal (DIN: 00178743) as the Whole Time Director of the Company for a period of 5 (five) years with effect from August 1, 2017, on the terms and conditions as contained in the agreement dated July 27, 2017 and as set out in the explanatory statement annexed to this Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as may be agreed to between the Board of Directors and Smt. Reena Agarwal within the limits specified under Schedule V to the Companies Act, 2013;

**RESOLVED FURTHER THAT** pursuant to the provision of Section 197 of the Act, where in any financial year during the currency of her term of office, the Company has no profits or its profits are inadequate, it may pay remuneration to Smt. Reena Agarwal by way of salary and perquisites as Minimum Remuneration as prescribed in Schedule V to the Companies Act, 2013;

**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 authorized 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** subject to the provisions of Section 152 of the Companies Act, 2013, Smt. Reena Agarwal shall be liable to retire by rotation during her tenure as a Whole Time Director of the Company;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, matters, deeds and things as may be considered necessary, expedient, usual or proper to give full effect to this resolution.

6. Re-appointment of Shri Raunak Agarwal (DIN: 02173330) as Whole Time Director

To consider and if thought fit, to pass 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 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification (s) or re-enactment (s) thereof, for the time being in force) and subject to other consents required, if any, approval of the Company be and is hereby accorded to the re-appointment and payment of remuneration to Shri Raunak Agarwal (DIN: 02173330) as the Whole Time

Director of the Company for a period of 5 (five) years with effect from August 1, 2017, on the terms and conditions as contained in the agreement dated July 27, 2017 and as set out in the explanatory statement annexed to this Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as may be agreed to between the Board of Directors and Shri Raunak Agarwal within the limits specified under Schedule V to the Companies Act, 2013;

**RESOLVED FURTHER THAT** pursuant to the provision of Section 197 of the Act, where in any financial year during the currency of his term of office, the Company has no profits or its profits are inadequate, it may pay remuneration to Shri Raunak Agarwal by way of salary and perquisites as Minimum Remuneration as prescribed in Schedule V to the Companies Act, 2013;

**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 authorized 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** subject to the provisions of Section 152 of the Companies Act, 2013, Shri Raunak Agarwal shall be liable to retire by rotation during her tenure as a Whole Time Director of the Company;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, matters,

deeds and things as may be considered necessary, expedient, usual or proper to give full effect to this resolution.

7. Ratification of Cost Auditors' remuneration

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the remuneration payable to N. Ritesh & Associates, Cost Accountants, (Registration No. 100675), appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company's Paper & Paper Boards manufacturing Units at Vapi and Sarigam for the Financial Year 2017-18, being ₹1,00,000/- (Rupees One Lakh) per annum and re-imburement of out-of-pocket expenses etc. incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.

**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 AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered as invalid. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.

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

2. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts concerning the business under Item Nos. 4 to 7 of the accompanying Notice are annexed hereto. The relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 ('Listing Regulations') and the Secretarial Standards on General Meetings in respect of the persons seeking appointment / re-appointment as Directors are also annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, September 14, 2017 to Wednesday, September 20, 2017 (both days inclusive).
4. Members holding shares in electronic form are advised to send their request for the change of address, bank particulars, residential status or request for transmission of shares etc to their Depository Participant. The Company or its Registrar and Share Transfer Agent cannot act on any such requests received directly from the members holding shares in electronic form. Members holding shares in physical form are advised to send such request to Registrar and Share Transfer Agent to the Company, Sharex Dynamic (India) Private Limited, Unit 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai 400072, Maharashtra.
5. In terms of the provisions of Section 124 and other applicable provisions of the Companies Act, 2013

(erstwhile Section 205A, 205C of the Companies Act 1956), the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Central Government. Accordingly, the unclaimed dividend in respect of Financial Year 2009-10 is due for transfer to the said Fund in October, 2017. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend for the Financial Year 2009-10 onwards, are requested to lodge their claims with the Company for the same.

Attention of Members is invited to the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time, which inter alia requires the Company to transfer the equity shares on which the dividend has remained unpaid or unclaimed for a continuous period of seven years, to Investor Education and Protection Fund Authority ('IEPF Authority'). The said shares, once transferred to IEPF can be claimed after following due procedure prescribed under the said IEPF rules. The Company has intimated individually all such shareholders, dividend on whose shares has remained unpaid for a continuous period of seven years and a notice in this regard has also been published in the newspapers. The Statement of Unclaimed Dividend amount for 7 consecutive years and Shares due for transfer to IEPF Demat Suspense Account is placed on the website of the Company at [http://www.nrail.com/unpaid\\_dividend.html](http://www.nrail.com/unpaid_dividend.html). Members are therefore requested to approach the Registrar and Share Transfer Agent of the Company to claim their unpaid dividend, if any.

6. Members/Proxies should bring the enclosed Attendance Slip duly filled for attending the Annual

General Meeting along with their copy of Annual Report.

#### **GREEN INITIATIVE**

The Ministry of Corporate Affairs (MCA), Government of India, has allowed companies to send official documents to their shareholders electronically as a part of its green initiatives in Corporate Governance. The SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 (LODR) permits the companies to send soft copies of the Annual Report to all those shareholders who have registered their email addresses for the said purpose. To support the Green Initiative, members (holding shares in electronic form) who have not registered their email addresses, are requested to register the same with their Depository Participants. Members holding shares in physical mode are requested to register their email id with the Registrar and Share Transfer Agent of the Company.

7. Relevant documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days up to date of the Annual General Meeting.
8. The route map to the venue of AGM is provided in the Annual Report for easy location.
9. Voting through Electronic means:  
In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time together with relevant clauses in Listing Regulations, 2015, the Company is pleased to provide to its Members the facility to exercise their right to vote at the 24th Annual General Meeting by electronic means and the

business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL).

**The e-voting instructions for members are as under:**

- (i) The voting period begins on Sunday, September 17, 2017 at 9:00 a.m. and ends on Tuesday, September 19, 2017 at 5:00 p.m. During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. Wednesday, September 13, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on "Shareholders" tab.
- (v) 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
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged onto [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

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

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• 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 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence 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 sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth as recorded in your demat account or in the Company records in order to login</p> <p>If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will directly reach 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.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN to choose <N R AGARWAL INDUSTRIES LIMITED> to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.

- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non - Individual Shareholders and Custodians:
  - Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates and Custodians respectively.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) Any person, who acquires shares of the Company



and becomes a member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. September 13, 2017 (may obtain the login ID and password by sending a request at [evoting@cdslindia.com](mailto:evoting@cdslindia.com)) shall follow the procedure laid down above. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evotingindia.com](http://www.evotingindia.com).

(xxii) 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other General Information:**

- a. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date i.e. Wednesday, September 13, 2017.
- b. The facility for voting, either through ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting.
- c. Members who have cast their vote by remote e-voting prior to the Meeting may also attend the meeting, but shall not be entitled to again vote at the AGM.
- d. The Company has appointed Ms. Jigyasa Ved (Membership No. FCS 6488) or failing her Ms. Sarvari Shah (Membership No. ACS 27572) of M/s. Parikh & Associates, Practising Company

Secretaries as the Scrutinizer for conducting the voting process (including remote e-voting) in a fair and transparent manner.

- e. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast 2 (two) witnesses not in employment of the Company and make not later than 3 (three) days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter sign the same.
- f. The Results declared along with the Scrutinizer's Report shall be displayed on the Notice Board of the Company at its Registered Office and placed on the Company's website [www.nrail.com](http://www.nrail.com) and on the website of CDSL and communicated to the BSE & NSE where the shares of the Company are listed.

By order of the Board of Directors

**POOJA DAFTARY**  
*Company Secretary*

**N R Agarwal Industries Ltd.**

502-A/501-B, Fortune Terraces,

5th Floor, Opp. City Mall,

New Link Road, Andheri (West),

Mumbai 400 053

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Fax No. +91 (22) 26730227 / 26736953

Email ID: [investors@nrail.com](mailto:investors@nrail.com)

Website: [www.nrail.com](http://www.nrail.com)

Mumbai, July 28, 2017

# ANNEXURE TO NOTICE

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

### ITEM NO. 4

As per the provisions of Section 139 of the Companies Act, 2013 ("the Act") read with rules made thereunder, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement. In view of the above, M/s. Chaturvedi & Partners, Chartered Accountants can continue as Auditors of the Company only up to the conclusion of the forthcoming Annual General Meeting.

Pursuant to the provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Board of Directors has, on recommendation of the Audit Committee, proposed the appointment of GMJ & Co., Chartered Accountants (Firm Registration No. 103429W), as the Statutory Auditors at the Annual General Meeting for a period of five years i.e. to hold office from the conclusion of this Annual General Meeting till the conclusion of the twenty ninth Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM, if so required under the Act, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

GMJ & Co., Chartered Accountants have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

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

The Board commends the ordinary resolution as set out in Item No. 4 of this Notice for your approval.

### ITEM NO. 5

The Board of Directors of the Company at its meeting held on July 28, 2017 approved the re-appointment of Smt. Reena Agarwal as the Whole Time Director of the Company for a further period of five years with effect from August 1, 2017 on remuneration and terms and conditions as recommended by the Nomination and Remuneration Committee and contained in the Agreement dated July 28, 2017 entered into between the Company and Smt. Reena Agarwal.

The material terms of her re-appointment as contained in the said Agreement dated July 28, 2017 are as under:

- 1) Term: August 1, 2017 to July 31, 2022
- 2) Remuneration:
  - a) Salary: ₹6,00,000/- (Rupees Six Lakhs only) 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) Commission: Commission on net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 as may be fixed by the Board subject to the ceiling limits laid down in Section 197 and read with Schedule V of the Companies Act, 2013
  - c) Perquisites:
    - i) Car along with driver for the use of Company's business
    - ii) Reimbursement of all medical expenses incurred for self and family at actuals
    - iii) Leave Travel Expenses for self and family in accordance with the policy of the Company
    - iv) Reimbursement of expenses on actuals

pertaining to electricity, gas, water, and telephone

- d) Smt. Reena Agarwal shall also 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, Superannuation 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. Smt. Reena Agarwal shall be entitled to encash leave at the end of her tenure as the Whole Time Director.

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

All income tax and other impositions, if any, in respect of the Whole Time Director's remuneration shall be calculated by the Company and deducted in accordance with the applicable provisions of the Income tax law for the time being in force.

Smt. Reena Agarwal shall not as long as she functions as Whole Time Director, be entitled to any fees for attending meetings of the Board or a Committee thereof.

Notwithstanding anything to the contrary contained in this Agreement, either party shall be entitled to determine

this Agreement at any time by giving not less than 90 days prior notice in writing in that behalf to the other party without the necessity of showing any reason and on the expiry of the period of such notice, this Agreement shall stand terminated and Smt. Reena Agarwal shall cease to be Whole Time Director of the Company, provided however, that the Company shall be entitled to determine this Agreement at any time by giving to Smt. Reena Agarwal three months' salary and other emoluments in lieu of notice as aforesaid.

A copy of the Agreement dated July 28, 2017 for the appointment of Smt. Reena Agarwal as the Whole Time 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 and Sunday.

Her brief resume, the nature of her expertise in specific functional areas, names of companies in which she holds Directorship, Committee Memberships/ Chairmanships, her shareholding etc., are separately annexed hereto.

Smt. Reena Agarwal is interested in resolutions at Item No. 5 which pertains to her appointment and remuneration payable to her. Shri Rajendra Agarwal, Chairman and Managing Director and Shri Raunak Agarwal, Whole Time Director may be deemed to be interested in the said resolution as they are relatives of Smt. Reena Agarwal.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company (including relatives of Directors and Key Managerial Personnel) are in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out at Item No. 5 for approval by the members.

#### **ITEM NO. 6**

The Board of Directors of the Company at its meeting

held on July 28, 2017 approved the re-appointment of Shri Raunak Agarwal as the Whole Time Director of the Company for a further period of five years with effect from August 1, 2017 on remuneration and terms and conditions as recommended by the Nomination and Remuneration Committee and contained in the Agreement dated July 28, 2017 entered into between the Company and Shri Raunak Agarwal.

The material terms of his re-appointment as contained in the said Agreement dated July 28, 2017 are as under:

- 1) Term: August 1, 2017 to July 31, 2022
- 2) Remuneration:
  - a) Salary: ₹6,00,000/- (Rupees Six Lakhs only) 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) Commission: Commission on net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 as may be fixed by the Board subject to the ceiling limits laid down in Section 197 and read with Schedule V of the Companies Act, 2013
  - c) Perquisites:
    - i) Car along with driver for the use of Company's business
    - ii) Reimbursement of all medical expenses incurred for self and family at actuals
    - iii) Leave Travel Expenses for self and family in accordance with the policy of the Company
    - iv) Reimbursement of expenses on actuals pertaining to electricity, gas, water, and telephone
  - d) Shri Raunak Agarwal shall also 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, Superannuation 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. Shri Raunak Agarwal shall be entitled to encash leave at the end of his tenure as the Whole Time Director.

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

All income tax and other impositions, if any, in respect of the Whole Time Director's remuneration shall be calculated by the Company and deducted in accordance with the applicable provisions of the Income tax law for the time being in force.

Shri Raunak Agarwal shall not as long as he functions as Whole Time Director, be entitled to any fees for attending meetings of the Board or a Committee thereof.

Notwithstanding anything to the contrary contained in this Agreement, either party shall be entitled to determine this Agreement at any time by giving not less than 90 days prior notice in writing in that behalf to the other party without the necessity of showing any reason and on the expiry of the period of such notice, this Agreement shall

stand terminated and Shri Raunak Agarwal shall cease to be Whole Time Director of the Company, provided however, that the Company shall be entitled to determine this Agreement at any time by giving to Shri Raunak Agarwal three months' salary and other emoluments in lieu of notice as aforesaid.

A copy of the Agreement dated July 28, 2017 for the appointment of Shri Raunak Agarwal as the Whole Time 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 and Sunday.

His brief resume, the nature of his expertise in specific functional areas, names of companies in which he holds Directorship, Committee Memberships/ Chairmanships,

his shareholding etc., are separately annexed hereto.

Shri Raunak Agarwal is interested in resolutions at Item Nos. 6 which pertains to his appointment and remuneration payable to him. Shri Rajendra Agarwal, Chairman and Managing Director and Smt. Reena Agarwal, Whole Time Director may be deemed to be interested in the said resolution as they are relatives of Shri Raunak Agarwal.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company (including relatives of Directors and Key Managerial Personnel) is in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out at Item No. 6 for approval by the members.

## I. GENERAL INFORMATION

(1)	Nature of Industry	Paper & Paper Products		
(2)	Date or expected date of commencement of commercial production	Date of Incorporation: December 8, 1993 Date of Commencement of Business: December 12, 1993		
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	NA		
(4)	Financial Performance	<b>2014-15 (₹)</b>	<b>2015-16 (₹)</b>	<b>2016-17 (₹)</b>
	Turnover	7249563514	8832536363	10405887961
	Net profit (as computed under section 198)	(171682761)	45247555	702170379
	Net profit/ (Loss) as per profit and loss account	(334345853)	178258289	702316505
	Amount of Dividend paid	-	-	-
	Rate of Dividend declared	-	-	-
	Earnings before interest, depreciation & taxes	361011959	732866690	1440365524
	% of EBIDTA to turnover	4.98%	8.30%	13.84%
(5)	Export performance and net foreign exchange collaborations	660807318	885643035	840355939
(6)	Foreign investments or collaborators, if any.	-	-	-

**II. INFORMATION ABOUT THE APPOINTEES:**

	<b>Shri Raunak Agarwal</b>	<b>Smt. Reena Agarwal</b>
(1) Background Details		
a. Designation	Whole Time Director	Whole Time Director
b. Father/Husband's Name	Rajendra Agarwal	Rajendra Agarwal
c. Nationality	Indian	Indian
d. Date of Birth	07/12/1988	25/01/1967
e. Qualifications	Graduate in Business Administration	Graduate in Commerce
f. Experience	10 years in Paper Industry	Over 20 years in HR
(2) Past remuneration	₹24,00,000/- per annum	₹24,00,000/- per annum
(3) Recognition or awards	-	-
(4) Job profile and his suitability	<p>Shri Raunak Agarwal shall be responsible for the management of the whole of the affairs of the Company pertaining to management, manufacturing and marketing and do all acts and things, which, in the ordinary course of business, are considered necessary or proper in the interest of the Company.</p> <p>Considering the above and having regard to his qualifications, ability and experience and looking to the business requirement, the proposed remuneration is considered reasonable.</p>	<p>Smt. Reena Agarwal is heading the HR activities, employees' development and corporate affairs and does all acts and things, which, in the ordinary course of business, are considered necessary or proper in the interest of the Company.</p> <p>Considering the above and having regard to her qualifications, ability and experience and looking to the business requirement, the proposed remuneration is considered reasonable/</p>
(5) Remuneration proposed	A gross remuneration of ₹72,00,000/- per annum	A gross remuneration of ₹72,00,000/- per annum
(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 industry average and the size of the Company, the remuneration proposed to be paid is reasonable.	Compared to the industry average and the size of the Company, the remuneration proposed to be paid is reasonable.
(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	In addition to the remuneration payable to Shri Raunak Agarwal, Whole Time Director, he is also one of the Promoters of the Company and son of Shri R N Agarwal and Smt. Reena Agarwal, Directors of the Company.	In addition to the remuneration payable to Smt. Reena Agarwal, Whole Time Director, she is also one of the Promoters 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	The Company has reported profits from its operations in the current year and is expecting to earn profits in the future also. This disclosure under Section II, Part II of Schedule V to the Companies Act, 2013 is an enabling provision for payment of remuneration to the above mentioned Directors in the event of losses/inadequate profits.		
(2)	Steps taken or proposed to be taken for improvement	NOT APPLICABLE		
(3)	Expected increase in productivity and profits in measurable terms	<b>Projected Turnover</b>		
		<b>Financial Year</b>	<b>Projected Net Turnover (₹in Crores)</b>	<b>Projected Profit (PAT) (₹in Crores)</b>
		March 31, 2018	1173.33	91.13
		March 31, 2019	1301.21	90.31
		March 31, 2020	1303.21	95.71

### IV DISCLOSURES

Details such as remuneration, service contract, notice period etc. of the Directors have been disclosed in the Corporate Governance Report. The Company has not granted any stock options to its Directors.

#### ITEM NO. 7

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the Company's Paper and Paper Board Units at Vapi and Sarigam.

On the recommendation of the Audit Committee, the Board of Directors of the Company has approved the appointment of N. Ritesh & Associates, Cost Accountants as the Cost Auditor of the Company for the financial year 2017-18 at a remuneration of ₹1,00,000/- per annum plus reimbursement of actual out of pocket expenses incurred in connection with the cost audit. The remuneration payable to Cost Auditors is required to be ratified by the shareholders in accordance to the provisions of the Act and Rule 14 of the Rules.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 7 of the Notice.

The Directors recommend the Ordinary Resolution at Item No. 7 of this notice for approval by the shareholders.

By order of the Board of Directors

**POOJA DAFTARY**  
*Company Secretary*

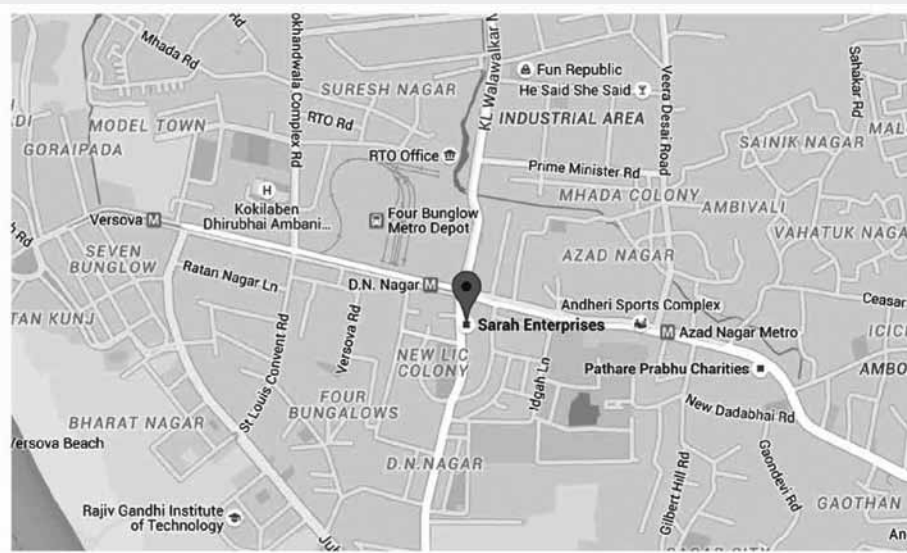
#### **N R Agarwal Industries Ltd.**

502-A/501-B, Fortune Terraces,  
5th Floor, Opp. City Mall,  
New Link Road, Andheri (West),  
Mumbai 400 053  
CIN:L22210MH1993PLC133365  
Tel. No. +91 (22) 67317500  
Fax No. +91 (22) 26730227 / 26736953  
Email ID: investors@nrail.com  
Website: www.nrail.com  
Mumbai, July 28, 2017

**Information as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India with respect to general meetings**

Particulars	Shri Raunak Agarwal	Smt. Reena Agarwal	Shri Ashok Kumar Bansal
Age	29 years	51 years	60 years
Date of Appointment	May 1, 2008	August 8, 2014	November 5, 2015
Qualification	Graduate in Business Administration	Graduate in Commerce	Diploma in Pulp & Paper Technology
Expertise/Experience in specific functional area	Over 10 years of experience in Paper Industry	Over two decades of experience in HR activities	Over three decades of experience in Paper Industry as a Technical Expert
Directorships in other listed companies	NIL	NIL	NIL
Memberships of Committees in other listed companies (Includes only Audit & Stakeholders Relationship Committee)	NIL	NIL	NIL
No. of shares held in the Company	32	4538861	NIL
Relationship between Directors inter-se and the KMPs	Shri Raunak Agarwal is related to Shri Rajendra Agarwal and Smt. Reena Agarwal, Whole Time Directors of the Company	Smt. Reena Agarwal is related to Shri Rajendra Agarwal and Shri Raunak Agarwal, Whole Time Directors of the Company	Shri Ashok Kumar Bansal is not related to any of the Directors or KMPs of the Company
Number of Board meetings attended during 2016-17	4	4	4

**ROUTE MAP (Venue of AGM)**





# DIRECTOR'S REPORT

Dear Members,  
Your Directors  
pleasurably present  
to you the 24th  
Annual Report along  
with the Company's  
Audited Financial  
Statements for the  
year ended March  
31, 2017.

## FINANCIAL HIGHLIGHTS

The Company manufactures duplex boards, writing and printing paper as well as newsprint products. The Indian Paper Industry's growth during FY17 was sluggish, but the Company performed creditably, due to improved operational efficiency and enhanced realizations. The summary of financial performance for the year is encapsulated below:

## RESULTS OF OUR OPERATIONS

(₹In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations and Other Income	105022.41	89126.58
Finance Costs	4314.38	4570.43
Gross Profit after Finance Costs but before Depreciation and Taxation	10089.27	2758.23
Depreciation	2450.47	2347.91
Profit before Tax and Exceptional Items	7638.80	410.32
Exceptional Items	388.13	-
Profit before Tax and after Exceptional Items	7250.67	410.32
Provisions for Taxation	-	83.50
Deferred Tax	227.50	(1455.75)
Net Profit for the year	7023.17	1782.58
Balance in Statement of Profit and Loss	6756.83	4974.25
Amount available for Appropriation	13780.00	6756.83
Balance in Statement of Profit and Loss	13780.00	6756.83

## ECONOMIC OVERVIEW

The global demand for paper and board (W&P, paperboard and newsprint) grew at a muted ~0.4% CAGR between the 2011 and 2016 period to reach ~407 million tonnes. While digitization

is estimated to have moderated demand by 1.4% and 5.5% in the W&P and newsprint segments respectively, a moderate growth in paperboard segment by ~1.5-1.7% CAGR provides respite. Although the demand for newsprint has

declined, tissue paper, containerboards and carton boards have reported growth. Besides, declining demand in Japan, North America and Western Europe was offset by buoyant demand in the emerging markets of India and China among others. The APAC region was the market leader with a 34% revenue share in 2016, followed by Europe and North America. Developing economies like India and China are likely to drive the paper packaging market, with applications across industries like healthcare, personal care, homeware, retail among others. The pulp prices fluctuation is expected to affect industry prospects.

In India, the paper demand is estimated at 16 million tonnes; > 2 million tonnes per annum of paper is imported. The industry has ~90% capacity utilization. Increasing raw material, fuel, logistics and capital costs have staggered capacity creation and increased India's dependence on imports. Imports have risen at a CAGR of 11.4% in value terms and 7.9% in volume terms. The demand growth rate for paperboard is expected to be healthy rate of 7-8% in the next five years owing to rising customer durable sales, FMCG products, readymade garments and pharmaceuticals. The demand for writing and printing paper is expected to grow at a CAGR of 4-5% over the next five years due to increasing literacy in India.

#### STATE OF COMPANY'S AFFAIRS

The financial year 2016-17 was one of the Company's most critical years. The Company countered economic

sluggishness and demonetization, through decisive initiatives. The Company has exited CDR and is gradually leaving the newsprint business also. In spite of this, the Company reported a 97% growth in its operating revenue during the financial year under review. Further information on the Company's business overview, outlook and state of affairs have been discussed in detail in the Management Discussion & Analysis.

#### MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF THE FINANCIAL YEAR

There are no material changes and commitments in the Company's business operations since the close of the financial year on March 31, 2017 to the date of this Report.

#### NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

There were four meetings of the Company's Board of Directors during the financial year 2016-17.

#### DIVIDEND

The Directors are pleased to recommend a ₹2/- per equity share dividend for the financial year ended March 31, 2017. The proposal is subject to the shareholders' approval at the ensuing Annual General Meeting to be held on September 20, 2017.

#### DIRECTORS & KEY MANAGERIAL PERSONNEL

##### Directors:

Shri Ashok Kumar Bansal, Whole Time Director retires by rotation at the forthcoming Annual General Meeting and

is eligible, for re-appointment in terms of the provisions of Section 152 of the Companies Act, 2013.

During the financial year 2016-17, Shri Ajay Nair was appointed as Additional Director of the Company with effect from August 1, 2016 and his further appointment as Independent Director was subsequently approved by our shareholders at the Annual General Meeting held on September 28, 2016.

Smt. Reena Agarwal and Shri Raunak Agarwal, the Company's Whole Time Directors hold office upto August 7, 2017 and August 31, 2017 respectively. The resolutions seeking Members' approval for the re-appointment of Smt. Reena Agarwal and Shri Raunak Agarwal as Whole Time Directors have been incorporated in the notice of the forthcoming Annual General Meeting of the Company along with the requisite details about them.

Apart from the above, there has been no change with respect to Key Managerial Personnel during the year 2016-17.

#### **Independent Directors Declaration**

The Company has received declarations from all the Independent Directors such that they meet the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (LODR) 2015. In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointments.

#### **Audit Committee**

The primary objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting process, ensuring accurate and timely disclosures with the highest levels of

transparency, integrity and quality of financial reporting. There have been no incidences of non-acceptance with respect to any recommendation of the Audit Committee.

The Committee members met four times during the year under review. The details of this meeting are given in the Corporate Governance Report including the Committee's composition.

#### **Vigil Mechanism**

The Company has adopted a Whistle Blower Policy dealing with any instance of fraud or any unethical or improper practices. A copy of this policy is available on the Company's website. The policy prescribes adequate safeguards against the victimization of employees who avail of the mechanism and also provide direct access to the Audit Committee Chairman. It is affirmed that no Company personnel have been denied access to the Audit Committee so far.

#### **PROCEDURE FOR NOMINATION AND APPOINTMENT OF DIRECTORS**

The Nomination and Remuneration Committee is responsible for developing the competency requirements of the Board based on the industry and the Company's individual strategy. The Board's Composition Analysis reflects an in-depth understanding of the Company's strategies, environment, operations, financial condition and compliance requirements.

The Nomination and Remuneration Committee conducts a gap analysis to refresh the Board on a periodic basis, including a Director's appointment or re-appointment, which is envisaged every time. The Committee is also responsible for reviewing and vetting the CVs of potential candidates' vis-à-vis the required competencies

and meeting potential candidates prior to making nomination recommendations to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

#### CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF A DIRECTOR

The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and the Director's independence in terms of provisions of Section 178 (3) of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations.

**Independence:** In accordance with the above criteria, a Director will be considered as an 'Independent Director' if he/ she meet the criteria for 'Independent Director' as laid down in the Act and Regulation 16 (1) (b) of the Listing Regulations.

**Qualifications:** A transparent Board nomination process is in place that encourages thought, experience, knowledge, perspective, age and gender diversity. It is also ensured that the Board has an appropriate blend of functional and industrial expertise. While recommending Director appointments, the Nomination and Remuneration Committee considers the manner in which individual function and domain expertise will contribute to the overall skill-domain mix of the Board.

**Positive Attributes:** In addition to the duties prescribed under the Act, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behavior, strong inter-personal communication skills and sound judgment. Independent Directors are

also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

#### REMUNERATION POLICY

The Company has adopted the Nomination and Remuneration Committee Charter, which includes the Company's policy on Directors' appointment and remuneration including criteria for determining the qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Companies Act, 2013.

Pursuant to Section 178(4) of the Companies Act, 2013, the Company also adopted remuneration policy relating to remuneration for the Directors, Key Managerial Personnel and Senior Executives. The remuneration policy is attached as Annexure 1 and is also available on Company's website [http://www.nrail.com/company\\_policies.html](http://www.nrail.com/company_policies.html).

#### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Listing Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance as well as the evaluation of the working of its Committees.

A separate exercise was carried out to evaluate individual Director performance including that of the Chairman and the Managing Director, who were evaluated on parameters such as engagement level, contribution, independence of judgment, safeguarding the Company interests and its minority shareholders etc.

The Board of Directors expresses its satisfaction with the evaluation process.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors hereby confirm and declare that:-

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) They have selected such accounting policies, applied them consistently and made judgments as well as estimates that are reasonably prudent so as to give a true and fair view of the Company's state of affairs at the financial year ended March 31, 2017 and of the Company's profit for the year;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, safeguarding the Company assets and for the prevention and detection of fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis;
- (v) They have laid down internal financial controls to be followed by the Company and such controls are adequate and operating efficiently;
- (vi) They have devised proper systems to ensure compliance with the applicable law provisions and that such systems are adequate and operating efficiently;

## **INTERNAL FINANCIAL CONTROLS**

The Company has an internal financial control system, commensurate with the size, scale and complexity of the operations. The internal audit function is controlled by the in-house department. The main function of internal audit is to monitor and evaluate adequacy of internal control system in the Company, its compliances with the

operating systems, accounting procedures and policies at all Company locations. Based on the internal audit function report, process owners take corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions are reported to the Audit Committee.

Statutory Auditors audited the Internal Financial Controls (IFC) over the Company's financial reporting as of March 31, 2017 in conjunction with audit of the Company's financial statements for the year ended on that date. Unmodified opinion on IFC was given by them.

## **DETAILS OF SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES**

The Company does not have any subsidiary/ joint ventures/ associates.

## **EXTRACT OF ANNUAL RETURN**

The extracts of Annual Return as on March 31, 2017 as required under sub-section 3 of Section 92 of the Companies Act, 2013 in Form No. MGT 9 is attached as Annexure 2.

## **AUDITORS' AND AUDITORS' REPORT**

### **a. Statutory Auditors**

As per the provisions of Section 139 of the Companies Act, 2013 ("the Act") read with rules made thereunder, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement. In view of the above, M/s. Chaturvedi & Partners, Chartered Accountants can continue as Auditors of the Company only up to the conclusion of the forthcoming Annual General Meeting.

Following the provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Board of Directors has, on recommendation of the Audit Committee, proposed the appointment of GMJ & Co., Chartered Accountants (Firm Registration No. 103429W), as the Statutory Auditors at the Annual General Meeting for a period of five years i.e. to hold office from the conclusion of this Annual General Meeting till the conclusion of the Company's twenty ninth Annual General Meeting to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM, if so required under the Act.

The Auditors' Report for the financial year ended March 31, 2017 does not contain any qualification, reservation or adverse remark.

You are requested to consider and appoint the Company Auditors.

**b. Secretarial Auditors**

Following the provisions of Section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Parikh & Associates, Company Secretaries in practice for the financial year 2016-17 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as Annexure 3.

The Secretarial Audit Report for the financial year ended March 31, 2017 does not contain any qualification, reservation or adverse remark.

**c. Cost Auditors**

N. Ritesh & Associates, Cost Accountants, Mumbai have been appointed to conduct Cost Audits for all

the units of the Company for the year ending March 31, 2017 in terms of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014 and as required Cost Audit Report for the financial year 2015-16, which was duly filed with Ministry of Corporate Affairs, Government of India on August 30, 2016.

The Company's Cost Audit for the financial year ended March 31, 2017 was conducted by the said firm and the Report shall be submitted to the Ministry of Corporate Affairs, Government of India within the prescribed time

**TECHNOLOGY ABSORPTION, ENERGY CONSERVATION & FOREIGN EXCHANGE EARNING & OUTGO**

Particulars of energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the Annexure 4 attached and form part of this Report.

**PARTICULARS OF EMPLOYEES & RELATED DISCLOSURES**

The information required under Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as Annexure 5.

The information required under Rule 5(2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in the Annexure forming part of the Report. In terms of the first proviso to Section 136 of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining the same may write to the Company Secretary at the Company's Registered Office.

### DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public during the year under review.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORY/ JUDICIAL AUTHORITY

There were no significant material orders passed by the regulators or courts, which would impact the Company's growing concern and its future operations.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 were included during the year under review.

### RELATED PARTY TRANSACTIONS

The note for related party transactions – 'Particulars of transactions with Related Parties' pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form AOC-2 and the same forms part of this report as Annexure 6.

There are no materially significant related party transactions made by the Company with promoters, key managerial personnel or other designated persons, which may have potential conflict with interest of the Company at large.

The Board of Directors approved a policy on related party transactions which is available on the Company's website at the web link: <http://www.nrail.com/companyolicies.html>.

### RISK MANAGEMENT

Pursuant to section 134(3)(n) of the Companies Act, 2013 and relevant regulations of Listing Regulations, 2015, the Company has adopted a Risk Management policy for the identification and implementation of a Risk Mitigation Plan

for the Company. The Company has included appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Section 135 of the Companies Act, 2013 mandates every Company having a minimum net worth threshold limit, turnover or net profit as prescribed to constitute a Corporate Social Responsibility Committee, formulating a Corporate Social Responsibility Policy that shall indicate activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and duly approved by the Board as well as fix the amount of expenditure to be incurred on the activities and monitor the CSR Policy from time to time.

Since the Company falls within the minimum threshold limits, it has constituted a CSR Committee of the Board and formulated a CSR Policy. The focus areas of the CSR Policy are education, preventive health care, sanitation, environment and engagement. In view of the past losses, the Company is not required to spend money on CSR Activities as per Section 135 of the Companies Act, 2013. However, as a responsible corporate citizen, the Company has incurred a sum of ₹21.53 lakhs various CSR initiatives in these focus areas.

The CSR Report, forming part of this Report, is furnished in Annexure 7.

### PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has zero tolerance for sexual harassment at the workplace and has adopted a policy on prevention,

prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules there under for the prevention and redressal of complaints of sexual harassment at the workplace. Internal Complaints Committee (ICC) has been set up to redress sexual harassment complaints received. All women employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint on sexual harassment was received during the Financial Year 2016-17.

### **CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS**

The Corporate Governance Report and Management's Discussion & Analysis Report and the Auditor's Certificate regarding compliance with conditions of Corporate Governance, forms part of the Annual Report.

### **LISTING AGREEMENT AND LISTING FEES**

The Directors pleurably inform you that the Company has been listed on National Stock Exchange of India Limited w.e.f April 5, 2017 in addition to BSE.

The Company has paid the listing fees to BSE and National Stock Exchange of India Limited for the year 2017-2018.

### **INSIDER TRADING REGULATIONS AND CODE OF DISCLOSURE**

The Board of Directors have adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015 which is available on our website ([http://www.nrail.com/company\\_policies.html](http://www.nrail.com/company_policies.html))

### **HUMAN RESOURCES**

Continuous effort is put in to improve the working environment with a focus on employee well-being and capability building enabling them to perform their best for the Company. We develop global platform leaders at regular intervals as part of our commitment to engage and retain talent. We provide robust leadership development efforts to hone employee skills and help keep the Company ahead of the curve.

People are our real strength and therefore while pursuing best-in-class performance; the Company is significantly increasing its investment in its employees with training and development. NRAIL invests in training and knowledge at all levels in order to align employees with the requirements on safety, customer support, market needs, operational excellence, technology upgradation, process improvements, innovation and behavioral competencies.

### **ACKNOWLEDGEMENTS**

The Directors wish to place on record their gratitude to the State and Central Governments, lending financial institutions and banks for their continued support during the year.

The Directors wish to convey their thanks to the valued shareholders, customers, dealers and suppliers for their continued patronage during the year under review and record their appreciation of the contribution made by all the employees, during the year.

On behalf of the Board of Directors

**R N AGARWAL**

Mumbai, July 28, 2017 *Chairman & Managing Director*



# ANNEXURE – 1

## REMUNERATION POLICY

### Policy on Remuneration of Directors, Key Managerial Personnel and Senior Management

#### 1.01 GUIDING PRINCIPLES:

- (i) The terms of employment and remuneration of the Managing Director (MD), Whole Time Director (WTD), Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) shall be competitive in order to ensure that the Company can attract and retain competent talent.
- (ii) The remuneration policy shall ensure that:
  - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate quality Directors, KMPs and SMPs required to run the Company successfully.
  - (b) Relationship of remuneration to performance is clear and meets the appropriate performance benchmarks.
  - (c) Remuneration to Directors, KMPs and SMPs involves a balance between fixed and variable pay reflecting short and long term performance objectives and goals set by the Company.
  - (d) Remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.
- (iii) While determining the remuneration and incentives for the MD/ WTD and KMPs, the following shall be considered:
  - (a) Pay and employment conditions with peers / elsewhere in the competitive market
  - (b) Benchmarking with the industry practices
  - (c) Performance of the individual
  - (d) Company performance
- (iv) For benchmarking with industrial practice, criteria of size, complexity, data transparency and geographical area shall also be given due consideration.

- (v) The pay structures shall be appropriately aligned across levels of the Company.

#### 1.02 REMUNERATION POLICY:

##### (1) SMPs & KMPs (other than MD/WTD):

- (i) Remuneration packages shall be designed in such manner that:
  - (a) Motivates delivery of key business strategies, creates a strong performance-orientated environment and rewards achievement of the Company's objectives and goals over the short and long-terms.
  - (b) Attracts high-flier executives in a competitive global market and remunerates executives fairly and responsibly.
- (ii) Remuneration shall be competitive and include salary comprising of both fixed and variable components, performance incentives and other benefits such as retiral benefits, health care insurance and hospitalization benefits, telephone reimbursement etc.
- (iii) Remuneration shall be evaluated annually and an annual increase shall be decided considering the performance of the individual and that of the Company. Industrial practices/ trends shall also be given due consideration.
- (iv) Remuneration can be reset at any time considering the international and domestic companies' benchmarks, which are similar in size and complexity to the Company. Benchmark information shall be obtained from internationally recognized compensation service consultancies.
- (v) The remuneration to be paid to the KMPs viz. Chief Executive Officer (CEO), Chief

Financial officer (CFO), Company Secretary (CS) or SMPs, shall be recommended by the Nomination and Remuneration Committee (NRC) considering relevant individual qualification and experience as well as the prevailing market condition.

- (vi) The NRC may consider granting Stock Options to KMPs and SMPs pursuant to any Stock Option Plan adopted by the Company, if any.

## **(2) MD/WTD:**

- (i) Remuneration to the MD and WTD shall be proposed by the NRC and subsequently approved by the Board of Directors and the Company's shareholders, whenever required.
- (ii) Remuneration shall be evaluated annually against the Company's performance and benchmarks of international and domestic companies, which are similar in size and complexity. Benchmark information shall be obtained from internationally recognized compensation service consultancies.
- (iii) Total remuneration for the MD and WTD shall comprise of the following:
  - (a) Salary (both fixed and variable)
  - (b) Perquisites like house rent allowance, domiciliary medical expenses, club memberships, etc.
  - (c) Retirals made in accordance with applicable laws and policies of the Company.
  - (d) In addition, they shall also be entitled to a performance bonus linked to their individual performance and also the performance of the Company.
  - (e) It shall be ensured that the total remuneration payable to MD and

WTD's shall be within the permissible limits of Section 197 read with Schedule V of the Companies Act, 2013.

## **(3) Non-Executive Directors (NEDs):**

- i) NEDs shall be entitled to such sitting fees as may be decided by the Board of Directors from time to time for attending Board and Committee meetings thereof.
- ii) NEDs shall also be entitled for the payment of commission, if any, as upto the limits permitted in Section 197 of the Companies Act, 2013 and approved by the shareholders from time to time.
- iii) IDs shall not be eligible for Stock Options, pursuant to any Stock Option Plan adopted by the Company.
- iv) The NEDs shall be eligible for the remuneration of professional services rendered, if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.

### **1.03 APPLICABILITY:**

- i) This Remuneration Policy shall apply to all the existing and future employment agreements with the Directors, KMPs & SMPs.
- ii) In all these respects, the Remuneration Policy shall be subject to overall guidance of the Board of Directors. Any departure from the policy shall be approved by the Board.

### **1.04 DISCLOSURES:**

The Company shall disclose in the Board's Report and the Financial Statements such particulars as are prescribed under the Companies Act, 2013 and Rules made thereunder.

### **1.05 DISSEMINATION:**

The Company's Remuneration Policy shall be published on its website.

# ANNEXURE – 2

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

#### I. REGISTRATION AND OTHER DETAILS:

CIN	L22210MH1993PLC133365
Registration Date	December 8, 1993
Name of the Company	N R Agarwal Industries Limited
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and Contact Details	415-418, Janki Centre, 4th Floor, 29, Shah Industrial Estate, Off. Veera Desai Road, Andheri (West), Mumbai 400 053 Tel: +91 (22) 67317500 Fax: +91 (22) 26730227 / 26736953 Email: admin@nrail.com Website : www.nrail.com
Whether listed company	Yes
Name, address and contact details of Registrar & Transfer Agents (RTA), if any	Sharex Dynamic (India) Private Limited Unit I, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai – 400072 Tel: 022-28515606/5644 Email : investors@sharexindia.com

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

All the business activities contributing 10% or more of the total turnover of the Company is as stated-

Sl. No	Name and Description of main products / services	NIC Code of the products/services	% to total turnover of the Company
1	Duplex Boards	1701	55.40
2	News Print	1701	10.10
3	Writing & Printing	1701	34.50

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

None

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 1, 2016				No. of Shares held at the end of the year i.e. March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	12460923	0	12460923	73.217	12460923	0	12460923	73.217	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A)(1)</b>	<b>12460923</b>	<b>0</b>	<b>12460923</b>	<b>73.217</b>	<b>12460923</b>	<b>0</b>	<b>12460923</b>	<b>73.217</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
b) Other -Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) =(A)(1) + (A)(2)</b>	<b>12460923</b>	<b>0</b>	<b>12460923</b>	<b>73.217</b>	<b>12460923</b>	<b>0</b>	<b>12460923</b>	<b>73.217</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	2000	2000	0.012	0	2000	2000	0.012	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	500	500	0.003	0	500	500	0.003	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	4300	4300	0.025	0	4300	4300	0.025	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>6800</b>	<b>6800</b>	<b>0.04</b>	<b>0</b>	<b>6800</b>	<b>6800</b>	<b>0.04</b>	<b>0</b>

Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 1, 2016				No. of Shares held at the end of the year i.e. March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	1256482	6200	1262682	7.419	875557	6200	881757	5.181	-2.238
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	1447260	566624	2013884	11.83	1944392	556724	2501116	14.696	2.863
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1087749	30000	1117749	6.568	911883	30000	941883	5.534	-1.034
<b>c) Others (specify)</b>									
Non Resident Indians	155394	0	155394	0.913	134686	0	134686	0.791	-0.122
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	1668	0	1668	0.01	91935	0	91935	0.054	0.53
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies-D R	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>	<b>3948553</b>	<b>602824</b>	<b>4551377</b>	<b>26.743</b>	<b>3958453</b>	<b>592924</b>	<b>4551377</b>	<b>26.742</b>	<b>-0.001</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>3948553</b>	<b>609624</b>	<b>4558177</b>	<b>26.783</b>	<b>3958453</b>	<b>599724</b>	<b>4558177</b>	<b>26.782</b>	<b>-0.001</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>16409476</b>	<b>609624</b>	<b>17019100</b>	<b>100</b>	<b>16419376</b>	<b>599724</b>	<b>17019100</b>	<b>100</b>	<b>-0.001</b>

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 1, 2016			Shareholding at the end of the year i.e. March 31, 2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Rajendra Agarwal	7922030	46.548	46.548	7922030	46.548	46.548	0
2	Reena Agarwal	4538861	26.669	26.669	4538861	26.669	26.669	0
3	Raunak Agarwal	32	0	0	32	0	0	0
	<b>TOTAL</b>	<b>12460923</b>	<b>73.217</b>	<b>73.217</b>	<b>12460923</b>	<b>73.217</b>	<b>73.217</b>	<b>0</b>

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

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	12460923	73.217	12460923	73.217
2	Date wise Increase / Decrease in Promoters Shareholding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change during the year			
3.	At the end of the year	12460923	73.217	12460923	73.217

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

Sl No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Creelotex Engineers Pvt Ltd	378709	2.225	21.10.16				
				25.11.16	-20031	Sale	358678	2.108
				02.12.16	-10000	Sale	348678	2.049
				10.02.17	-101405	Sale	247273	1.453
		247273	1.453	31.03.17				

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

Sl No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
2.	Delhi Iron And Steel Co. Pvt Ltd	583900	3.431	01.04.16				
				08.04.16	-100000	Sale	483900	2.843
				15.04.16	1000	Purchase	484900	2.849
				22.04.16	101200	Purchase	586100	3.444
				26.08.16	-8710	Sale	577390	3.393
				02.09.16	-3845	Sale	573545	3.37
				07.10.16	-5500	Sale	568045	3.338
				04.11.16	-42086	Sale	525959	3.39
				11.11.16	-522	Sale	525437	3.087
				02.12.16	-101428	Sale	424009	2.491
				09.12.16	-17760	Sale	406249	2.387
				16.12.16	-4278	Sale	401971	2.362
				23.12.16	-8358	Sale	393613	2.313
				30.12.16	-1659	Sale	391954	2.303
				06.01.17	-14465	Sale	377489	2.218
				13.01.17	-34340	Sale	343149	2.016
				20.01.17	-32786	Sale	310363	1.824
				03.02.17	-2612	Sale	307751	1.808
				10.02.17	-35000	Sale	272751	1.603
				17.02.17	-20187	Sale	252564	1.484
		24.02.17	-13952	Sale	238612	1.402		
		03.03.17	-9147	Sale	229465	1.348		
		10.03.17	-5929	Sale	223536	1.313		
		17.03.17	-10640	Sale	212896	1.251		
		24.03.17	-11926	Sale	200970	1.181		
		200971	1.181	31.03.17				

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

Sl No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
3.	Param Capital Research Pvt Ltd	203371	1.195	01.04.16				
				04.11.16	-35000	Sale	168371	0.989
				10.02.17	-22871	Sale	145500	0.855
				17.02.17	-3207	Sale	142293	0.836
				24.02.17	-12872	Sale	129421	0.760
				24.03.17	-7599	Sale	121822	0.716
		121822	0.716	31.03.17				
4.	Mukul Mahavirprasad Agrawal	13818	0.081	15.04.16				
				22.04.16	16427	Purchase	30245	0.178
				06.05.16	500	Purchase	30745	0.181
				27.05.16	12323	Purchase	43068	0.253
				10.06.16	15692	Purchase	58760	0.345
				17.06.16	13928	Purchase	72688	0.427
				24.06.16	32942		111930	0.658
111930	0.658	31.03.17						
5.	Ashari Agencies Ltd.	109029	0.641	01.04.16				
				16.09.16	-8500	Sale	100529	0.591
				07.10.16	-2500	Sale	98029	0.576
				23.12.16	-2306	Sale	95723	0.562
				06.01.17	-11681	Sale	84042	0.494
				03.03.17	-1420	Sale	82622	0.485
				10.03.17	-2500	Sale	80122	0.471
				17.03.17	-3535	Sale	76587	0.45
76587	0.45	31.03.17						
6.	Sunil Madanlal Agrawal	67055	0.394	01.04.16	No Change			
		67055	0.394	31.03.17				



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

Sl No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
7.	Anuradha Didwania	124775	0.733	01.04.16				
				15.04.16	-5000	Sale	119775	0.704
				06.05.16	1000	Purchase	120775	0.71
				20.05.16	-200	Sale	120575	0.708
				10.06.16	-15450	Sale	105125	0.618
				17.06.16	-10000	Sale	95125	0.559
				08.07.16	-5000	Sale	90125	0.53
				12.08.16	-100	Sale	90025	0.529
				28.10.16	-50	Sale	89975	0.529
				20.01.17	-10000	Sale	79975	0.47
				03.02.17	-4180	Sale	75795	0.445
				10.02.17	-6041	Sale	69754	0.41
				10.03.17	500	Purchase	70254	0.413
		64854	0.381	31.03.17	-5400	Sale	64854	0.381
8.	Tejmal Lodha & Sons (HUF)	64000	0.376	10.02.17	No Change			
		64000	0.376	31.03.17				
9.	Rajendra Purshottamdas Agrawal	62500	0.367	01.04.16	No Change			
		62500	0.367	31.03.17				
10.	Vivek Bhimsaria	78865	0.463	01.04.16				
				09.09.16	2785	Purchase	81650	0.48
				25.11.16	-5420	Sale	76230	0.448
				02.02.16	-15000	Sale	61230	0.36
				61230	0.36	31.03.17		

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

For Each of the Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>Shri R N Agarwal, Managing Director</b>				
At the beginning of the year	7922030	46.548	7922030	46.548
Date wise Increase / Decrease in Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
At the end of the year	7922030	46.548	7922030	46.548
<b>Shri Raunak Agarwal, Whole Time Director</b>				
At the beginning of the year	32	0.00	32	0.00
Date wise Increase / Decrease in Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
At the end of the year	32	0.00	32	0.00
<b>Smt. Reena Agarwal, Executive Director</b>				
At the beginning of the year	4538861	26.669	4538861	26.669
Date wise Increase / Decrease in Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
At the end of the year	4538861	26.669	4538861	26.669

**Apart from these Directors, none of the other Directors hold any shares in the Company and nor have had any transaction in the shares of the Company during the year under concern.**

For Each of the KMPs (apart from Directors)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year	None of the KMPs hold shares in the Company			
Date wise Increase / Decrease in Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	None of the KMPs had any transaction in the shares of the Company during the year			
At the end of the year	None of the KMPs hold shares in the Company			

## V. INDEBTEDNESS

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,260,500,927	1,234,713,588	-	4,495,214,515
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,826,369	-	-	4,826,369
<b>Total(i+ii+iii)</b>	<b>3,265,327,296</b>	<b>1,234,713,588</b>	<b>-</b>	<b>4,500,040,884</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	746,075,819	3,74,121,159	-	1,120,196,978
- Reduction	1,359,812,365	183,977,659	-	1,543,790,024
<b>Net Change</b>	<b>(613,736,546)</b>	<b>190,143,500</b>	<b>-</b>	<b>(423,593,046 )</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,646,764,381	1,424,857,088	-	4,071,621,469
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,920,980	-	-	2,920,980
<b>Total (i+ii+iii)</b>	<b>2,649,685,361</b>	<b>1,424,857,088</b>	<b>-</b>	<b>4,074,542,449</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNELS

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

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Shri R N Agarwal (Chairman & Managing Director)	Shri Raunak Agarwal (Whole Time Director)	Smt. Reena Agarwal (Whole Time Director)	Shri Ashok Kumar Bansal (Whole Time Director)	
1	Gross salary					
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,77,30,000	42,00,000	42,00,000	31,50,000	2,92,80,000
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600	-	2,65,300	3,44,500
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5	Others, please specify					
	Total (A)	1,77,69,600	42,39,600	42,00,000	34,15,300	2,96,24,500
	Ceiling as per the Act	Schedule V of the Act	Schedule V of the Act	Schedule V of the Act	Schedule V of the Act	-

**B. Remuneration to other Directors**

**Independent Directors**

Sl. No	Particulars of Remuneration	Name of the Directors				Total Amount
		Shri S N Chaturvedi	Shri P Kumar	Shri C R Radhakrishnan	Shri Ajay Nair	
1	Fees for attending Board/ Committee meetings	2,60,000	2,60,000	1,70,000	60,000	7,50,000
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
	<b>Total :</b>	<b>2,60,000</b>	<b>2,60,000</b>	<b>1,70,000</b>	<b>60,000</b>	<b>7,50,000</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Shri Gopal Uchil (Chief Financial Officer)	Ms. Pooja Daftary (Company Secretary)	Total Amount
1	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,63,400	5,63,334	35,26,734
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600	-	21,600
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify			
	<b>Total (A)</b>	<b>29,85,000</b>	<b>5,63,334</b>	<b>35,48,334</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

On behalf of the Board of Directors

**R N AGARWAL**

*Chairman & Managing Director*

Mumbai, July 28, 2017

## ANNEXURE – 3

# FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2017

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

To,

The Members,

#### **N R AGARWAL INDUSTRIES LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by N R Agarwal Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and

Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
  - (f) The Securities and Exchange Board of India

(Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company, namely:
  - 1) Factories Act, 1948
  - 2) Industrial Disputes Act, 1947
  - 3) Workmen's Compensation Act, 1923
  - 4) Minimum Wages Act, 1948
  - 5) Indian Boiler Act, 1923 and Regulation 1950
  - 6) Hazardous Wastes (Management, Handling & Transboundary movement) Rules, 2008
  - 7) Water (Prevention and Control of Pollution) Act, 1974
  - 8) The Air (Prevention and Control of Pollution) Act, 1981

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations,

Guidelines, standards etc. mentioned above.

**We further report that:**

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

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

Decisions at the Board Meetings were taken unanimously.

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

We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

**For Parikh & Associates**  
*Company Secretaries*

**Shalini Bhat**

*Partner*

Place: Mumbai

Date : May 19, 2017

FCS No: 6484 CP No: 6994

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

## 'Annexure A'

To,  
The Members,  
**N R AGARWAL INDUSTRIES LIMITED**

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

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

**For Parikh & Associates**  
*Company Secretaries*

**Shalini Bhat**  
*Partner*

Place: Mumbai  
Date: May 19, 2017

FCS No: 6484 CP No: 6994



## ANNEXURE – 4

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

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

#### A. Conservation of energy

##### (i) Steps Taken or Impact on Conservation of Energy:

All the manufacturing facilities continued their efforts to reduce the specific energy consumption. Specific and total energy consumption is tracked on daily basis at individual factory level and also at consolidated manufacturing level. Energy audits are conducted at all the manufacturing units at regular intervals and findings of the audit are implemented. Apart from regular practices and measures for energy conservation, many new initiatives were driven across the units. The measures taken at all your Company's manufacturing units are briefly enumerated as below:

##### a. Process optimization and automation:

Efforts have been put consistently to optimize the use of energy consumption in production processes and operation of utilities. A few notable measures are:

- Recovery of maximum condensate of process steam and return to Power Plant to increase feed water temperature and to reduce fuel consumption.
- Continuous checking and observation on condensing system for any leakage and same is arrested immediately to avoid loss of heat energy.
- We are in planning to install VFD in Cooling Tower Fan to optimize Power Consumption.
- We are operating Cooling Tower fan as per temperature requirement by start and stop of fan to optimize Power Consumption.
- Continuous checking in steam system and

steam trap for any leakage and is attended immediately to reduce loss of heat energy.

- Steam and condensate system modified at paper machine plant and steam consumption per ton of paper reduced.

##### b. Other key initiatives for Energy Conservation:

With the view of reduction in specific energy consumption across the manufacturing units, following initiatives were driven by the plant teams:

- Monitoring and analysis of energy consumption on daily basis with respect to energy model.
- Implementing best practices across all plants.
- Make guidelines for purchase of energy efficient equipments like chillers, air compressors, motors, air conditioners, cooling tower, pumps, transformers etc.

##### ii) Steps taken by the Company for utilizing alternate sources of Energy:

All the manufacturing units will continue to put in effort to reduce specific energy consumption. Some major initiatives include:

- Replacement of conventional light fittings with LED fittings across the manufacturing units.
- VFD for pumps and blowers in utilities.
- Replacement of reciprocating air compressor with VFD based screw compressor.

##### iii) Capital Investment on Energy Conservation Equipments:

The Company selects equipments and electrical

motors based on their higher energy efficiency. Old equipments and motors are being phased out with new energy efficient equipments for conservation of energy resources. Thermal insulations of equipments and boilers are regularly monitored and replaced to conserve heat energy and reduce heat loss to atmosphere. The Company is reviewing various proposals for reduction in consumption of energy, mainly by way of replacement of existing equipments by modern and energy efficient equipments.

**B. Technology Absorption:**

**(i) Efforts made towards Technology Absorption:**

- Continuous value engineering through various means such as new and alternate RM use, vendor collaboration, import substitution and identification of new raw materials for development.
- Upgradation of existing product and processes to save cycle time, energy consumption and overall operational efficiency.
- Optimization of products and processes to minimize waste generation and address environmental and safety concerns.
- Fresh water consumption further reduced by recycling the machine back water at machine and pulp mill vacuum pumps.
- Development of in house domain expertise to support product development.

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Grid Power MD reduced from 2500 KVA to 1900 KVA.
- Control over the grammage variation of paper.

- Fresh water consumption reduced and ETP load minimized.
- Reduction in the SS load in primary clarifier.
- Reduction in the COD & BOD load.
- Emission in the air is negligible and maintains all emission parameters.
- Reduction in fresh water consumption.

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

- Details of technology imported: The Company has not imported any technology during the last three financial years.
- Year of import: Not Applicable
- Whether the technology has been fully absorbed: Not Applicable
- If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

**(iv) Expenditure incurred on Research and Development:**

Nil

**C. Foreign exchange earnings and outgo:**

	₹ in lakhs	
	2016-17	2015-16
Foreign exchange earnings	8403.55	8856.43
Foreign exchange outgo	26709.09	26485.47

On behalf of the Board of Directors

**R N AGARWAL**

Mumbai, July 28, 2017 *Chairman & Managing Director*

## ANNEXURE – 5

### [Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

A. The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(i)	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17	Shri R N Agarwal Chairman & Managing Director	78:1	
		Shri Raunak Agarwal Whole Time Director	18:1	
		Smt. Reena Agarwal Whole Time Director	18:1	
		Shri Ashok Kumar Bansal Whole Time Director	16:1	
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, during the financial year 2016-17	Shri R N Agarwal Chairman & Managing Director	37.82%	
		Shri Raunak Agarwal Whole Time Director	54.84%	
		Smt. Reena Agarwal Whole Time Director	54.84%	
		Shri Ashok Kumar Bansal Whole Time Director	8.33%	
The percentage increase in remuneration of Chief Financial Officer is 11.26% and percentage increase in remuneration of the Company Secretary is 17.08%.				
(iii)	The percentage increase in the median remuneration of employees in the financial year;		7.72%	
(iv)	The number of permanent employees on the rolls of company;		1460	
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in salary/wages of the employees was 11.26% (other than Managerial Personnel) as against an increase of 37.47% in the remuneration to managerial personnel.  Retention of talented technical and managerial personnel as per Remuneration Policy of the Company.		
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, the remuneration has been paid as per the remuneration policy of the Company.		

On behalf of the Board of Directors

**R N AGARWAL**

*Chairman & Managing Director*

Mumbai, July 28, 2017

## ANNEXURE – 6

# FORM NO. AOC-2

### [Pursuant to Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

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

#### 1. Details of contracts or arrangements or transactions not at Arm's Length basis:

Sl. No	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Shri Rohan Agarwal a) Son of Shri R N Agarwal & Smt. Reena Agarwal, Executive Directors b) Brother of Shri Raunak Agarwal, Executive Director
b)	Nature of contracts/ arrangements/ transaction	Appointment of a relative of Director to office or place of profit under Section 188 (f) of the Act.
c)	Duration of the contracts/ arrangements/ transaction	Full-time employee of the Company
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Appointment as Manager-Marketing at a salary ₹1,50,000/-p.m. w.e.f. October 28, 2016
e)	Justification for entering into such contracts or arrangements or transactions	Shri Rohan Agarwal has completed his Bachelors in Business Administration from Kingston University (London) and his knowledge and services have proven to be beneficial to the Company.
f)	Date of approval by the Board	29.05.2015
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Not Applicable

#### 2. Details of material contracts or arrangements or transactions at arm's length basis:

a)	Name(s) of the related party and nature of relationship:	NIL
b)	Nature of contracts / arrangement / transactions:	
c)	Duration of the contracts / arrangements / transactions:	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
e)	Date(s) of approval by the Board, if any:	
f)	Amount paid as advances, if any:	

On behalf of the Board of Directors

**R N AGARWAL**

*Chairman & Managing Director*

Mumbai, July 28, 2017

## ANNEXURE – 7

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

NRAIL intends to make a positive difference to the society and contribute its share towards the betterment of the area in which the Company operates. NRAIL recognizes that its business activities have wide impact on the areas in which it operates and therefore, an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The Company endeavors to make CSR a key business process for sustainable development.

The Company's CSR initiatives focus on promoting education, preventive health care, sanitation, environmental sustainability and measures for benefit of villagers in rural areas of Vapi and Sarigam. These projects are in accordance with Schedule VII of the Companies Act, 2013.

The CSR Policy was approved by the Board of Directors at its Meeting held on August 8, 2014 and has been uploaded on the Company's website. The web link is: <http://www.nrail.com/companyolicies.html>

**2. The Composition of the CSR Committee:**

Shri S N Chaturvedi (Independent Director)	Chairman
Shri P Kumar (Independent Director)	Member
Smt. Reena Agarwal (Whole Time Director)	Member

**3. Average net profit of the Company for last three Financial Years: ₹(3,96,09,030/-)**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Nil**

**5. Details of CSR spent during the financial year:**

(a) Total amount spent for the financial year	:	₹21.53 lakhs
(b) Amount unspent, if any	:	Nil

(c) The manner in which the amount was spent is given below:

(In ₹)

1	2	3	4	5	6	7	8
Sl No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2)Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
1.	Construction of Cremation Ground	Rural Infrastructure Development	Vapi, Gujarat	7,50,000	7,50,000	7,50,000	Muktidham Charitable Trust
2.	Contribution towards water facilities	Rural Infrastructure Development	Sarigam, Gujarat	15,00,000	14,03,624	14,91,864	Direct
	Total:			22,50,000	21,53,624	22,41,864	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

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

On behalf of the Board of Directors

**R N Agarwal**  
Chairman & Managing Director

**S N Chaturvedi**  
Chairman-CSR Committee

Mumbai, July 28, 2017

# MANAGEMENT DISCUSSION AND ANALYSIS

## GROWTH

	2016	2017(E)	2018(P)
Global economy	3.2%	3.5%	3.6%
Advanced economies	1.7%	2.0%	1.9%
Emerging market and developing economies	4.3%	4.6%	4.8%

### Global Economic Overview

The pace of global economic activity remained subdued in 2016 as a result of inflationary headwinds and ground-breaking decisions like the United Kingdom's decision to exit the European Union and the election of Donald Trump as the American President. Among advanced like the US, Japan and other European nations, a protracted monetary policy support and return to fiscal neutrality underpinned a generally-accelerating output. In emerging economies, growth slowed as a result of commodity price declines, erstwhile credit growth overhangs and political turmoil.

Global growth was pegged at 3.2% in 2016, a upwards revision of 30 bps compared to April 2016 projections. Long-term prospects of emerging economies improved following a decline in interest rates in advanced economies and firming of commodity prices.

Asian countries, including India demonstrated robust growth. Currency valuations of advanced commodity exporters strengthened, reflecting the firming of commodity prices; however, several emerging market currencies depreciated substantially.

### Outlook

The global economy entered its sixth year of stagnation with growth estimates for 2017 continuing to trend the historical path. A projected stabilisation in energy and commodity prices may strengthen the case for resource-rich economies in 2017.

World growth is expected to rise from 3.2% in 2016 to 3.5% in 2017 and 3.6% in 2018, driven by stronger economic activity, robust global

demand, reduced deflationary pressures and resurgent financial markets. (Source: IMF)

### Indian Economic Overview

The Indian economy slowed in 2016-17 to 7.1% from 8.0% in FY2015-16, largely owing to the currency demonetisation in the third quarter of the financial year under review. However, the general undercurrent continued to be optimistic with India's consumer confidence index standing at 136 in Q4 2016, the highest in the world.

India retained its position as the fastest-growing major economy in the world catalysed by strong consumption growth and enhanced governmental spending. Inflation declined on account of a decline in food inflation. This facilitated a 50 basis point rate cut by the RBI in 2016-17. A declining vulnerability on the fiscal front enhanced investor confidence that translated into record net foreign exchange inflows.

The year under review was also marked by the laying of the groundwork for the introduction of the Goods and Services Tax (GST). While demonetisation focused on eliminating the parallel economy, the GST is expected to transform the country's taxation structure.

### India Optimism Story

Even as foreign direct investment into India steadily increased from approximately USD 24 billion in calendar year 2012 to approximately USD 46.4 billion in calendar

year 2016, it accounted for only approximately 2% of India's GDP in 2015. The relaxation of foreign investment caps cover insurance firms (from 26% to 49%), military contractors (from 49% to 100%), and real estate companies (regardless of size), making India a preferred investment destination. India's inflation declined to 5%-6% since 2014, softening interest rates and strengthening consumer sentiment.

India's workforce is estimated at the second largest in the world comprising 860 million 15-64 year olds accounting for approximately 66% of the total population. India is expected to overtake China to have the world's largest workforce by 2026, potentially driving a larger consumption of paper. India's unemployment declined from approximately 12% in early 1990s to approximately 5.5%. India's youth literacy levels have increased from 81.1% in 2006 to 89.7% in 2015. The gross enrolment ratio for tertiary education increased from 11.5% in 2006 to 23.9% in 2013.

India's net foreign institutional investor inflows over the past decade grew around 24%; FII's net investments in Indian equities and debt stood at US\$ 7.46 billion in 2016-17 (upto April 14, 2017). The Goods and Services Tax, launch of industrial corridors, Start-up India, Make in India, Skill India, Digital India and India Stack are expected to accelerate economic growth.



## Outlook

India's growth is projected to be among the fastest growing global economies between 2016 and 2020; the country is projected to emerge as the third largest economy in the world by 2030, its GDP approximately trebling to USD 7 trillion by 2030. The adoption of the Goods and Service Tax promises to create a unified taxation regime. This could enhance the efficiency of production and movement of goods and services across India.

Normal 2017 monsoons and reduced commodity prices are expected to catalyse economic growth. Finally, the Central Government's policies towards achieving fiscal consolidation, reforming the agricultural sector and the labour market and moderating inflation are expected to accelerate India's economic growth over the medium-term.

The Indian economy is expected to grow at 7.4% in 2017-18 and 7.6% in 2018-19, retaining its position as the world's fastest-growing major economy. (Source: IMF, World Bank, RBI, IBEF, Oliver Wyman)

## Global Paper Industry Overview

Higher paper prices and stronger demand for paper packaging and pulp offset rising input costs and thereby stabilised the sector. Global paper consumption was estimated at ~407.5 million tonnes, roughly equal to the amount of paper produced.

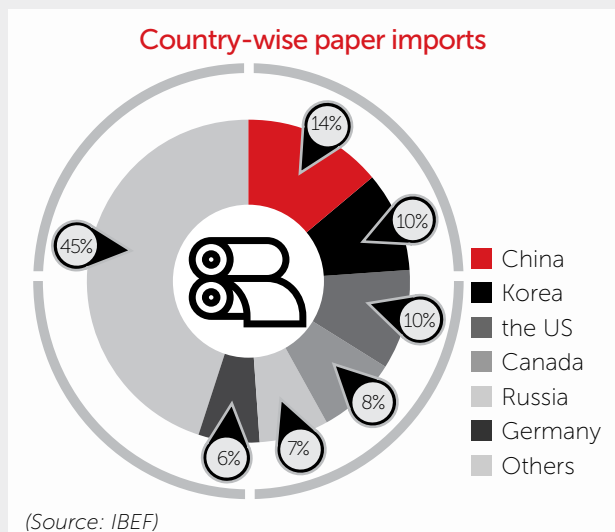
China remained the largest paper and paperboard consumer (>100 million metric tonnes) followed by the United States (>71 million tonnes). The United States, however, enjoyed world's highest per capita paper consumption, consuming 450 kilograms per annum

compared to the global average of just 58 kilograms.

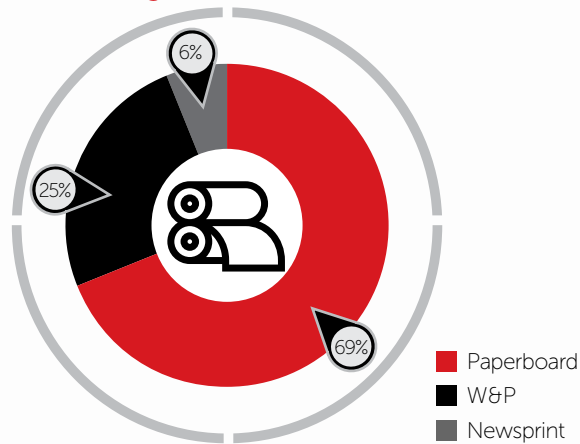
The global demand for paper and board (W&P, paperboard and newsprint) grew at a muted ~0.4% CAGR between 2011 and 2016 period to reach ~407 million tonnes. While digitisation is estimated to have moderated demand by 1.4% and 5.5% in the W&P and newsprint segments, respectively, a moderate growth in the paperboard segment at a CAGR of ~1.5-1.7% provided some respite.

Although the demand for newsprint declined, tissue paper, container board and carton board segments reported growth. Besides, a declining demand in Japan, North America and Western Europe was offset by buoyant demand in emerging markets such as India and China.

Pulp prices strengthened from ~USD 460 per tonne to ~USD 540 per tonne in January 2017, attributed to an unprecedented rise in demand from China. Average wastepaper prices remained stagnant in 2016 at USD 205 per tonne.

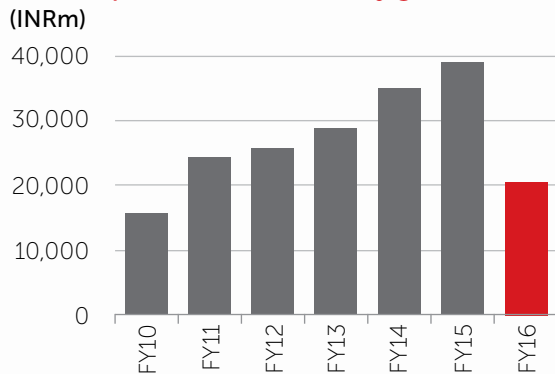


### Segment-wise share (2016E)



(Source: FAO, CRISIL)

### Exports have seen steady growth



(Source: IBEF)

### Outlook

Global demand for paper and paperboard is forecast to grow to 482 million tonnes by 2030. The global paper packaging market was estimatedly worth USD 213.8 billion in 2014 and is pegged to reach USD 306.73 billion by 2020, growing at a CAGR of 6.2%.

### STRENGTHS

- Structural needs for packaging, in line with manufacturing, retail and e-commerce activities
- New market opportunities thanks to growing middle class in emerging markets
- Growing demand for hygiene products

### WEAKNESSES

- High sensitivity to pulp prices
- Low level of cash flow generation putting at risk the ability to face reconstruction costs
- Plastics pose greater threat to paperboard in the packaging segment especially when oil & gas prices are on a downward trend

(Source: Moody's, www.eulerhermes.com)

Of the paper packaging market, paperboard is forecast to be the fastest-growing segment with an estimated growth rate of 7.5% during the period 2014-20. Moreover, it also leads the market with a share of 35%. Following a steep fall of ~17% in 2016, international pulp prices (hard wood) are expected to remain higher in 2017. However, with expected commissioning of new capacities in Indonesia and Brazil, coupled with a probable demand moderation in China, pulp prices are expected to decline during the second half of FY2017-18. Nevertheless, average prices for 2017 are expected to increase by ~1-2% y-o-y and trend between USD 510 and USD 530 per tonne. Pulp prices are expected to decline in 2018 to US\$ 490-510 per tonne on account of excess supply and structurally weak demand environment. In 2017, wastepaper prices are expected to increase by ~7-8% y-o-y to US\$ 215-235 per tonne mirroring market sentiments in the pulp market. Like pulp, international wastepaper prices are also expected to be driven by a higher demand from China post-H2 of 2016.

In 2018, prices are expected to decline by ~2-3% y-o-y to USD 210-220 per tonne as structural demand from China weakens and global wastepaper recovery rates increase. (Source: PNB report)

### Indian Paper Industry Overview

Despite possessing a capacity to produce ~15 million tonnes per annum and a turnover of ~₹50,000 crore, the Indian paper industry accounts for a mere 3% of the global aggregate production. This sector provides direct employment to more than 5 lac people and indirectly to 15 lac people.

The Indian paper industry is fragmented with over 750 paper mills. However, only 50 of these mills have a capacity of 50,000 metric tonnes per annum or more. ~70% of the total installed capacity is spread across Gujarat, West Bengal, Odisha, Andhra Pradesh, Karnataka and Maharashtra. In the last five years, between ₹20,000 crore and ₹25,000 crore was invested in the Indian paper sector towards capacity enhancement, technology upgradation and mergers and acquisitions.

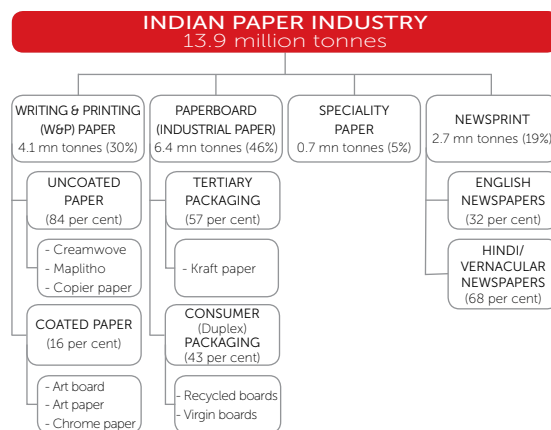
The current demand is estimated at 16 million tonnes with over 2 million tonnes per annum being imported. The industry is working at around 90% capacity utilisation. Increasing raw material costs, fuel costs, logistics costs and capital costs have staggered fresh capacity creation and increased India's dependence on imports. Imports have risen at a CAGR of 11.4% in value terms (from ₹7,152 crore in 2010-11 to ₹12,284 crore in 2015-16) and 7.9% in volume terms (from 1.8 million tonnes to 2.6 million tonnes over the same period). Import duties on paper and paperboard have declined from a base rate of 10% to nil (with effect from 1 January, 2014), affecting fresh capacity creation. (Source: IBEF)

**Writing and printing:** The writing and printing segment caters to office stationery, textbooks, copier paper, and notebooks, among others. The Indian Government's thrust on education (through policies like Right to Education and Sarva Shiksha Abhiyan), and sustained growth of the services sector are key factors contributing to the growth of this segment.

**Packaging and paperboard:** The packaging and paperboard segment caters to tertiary and flexible packaging purposes in industries such as FMCG, food, pharma, textiles among others. This is currently the fastest-growing segment owing to rising urbanisation, increasing penetration of organised retail and higher growth in the FMCG and pharma verticals.

**Newsprint:** Newsprint services the print media (newspaper and magazine). This segment is under stress due to lower growth rates and threat of imports.

### Structure of the Indian paper industry (2015-16)



(Source: Industry, CRISIL)

**Outlook**

India is the fastest-growing global developing market. An increase in paper consumption by 1 kilogram per capita could lead to an increase in demand by an estimated 1.25 million tonnes. The per capita paper consumption in India is only 10 kilograms as opposed to a global average of 58 kilograms, highlighting ample room for growth. Moreover, with India reinforcing its position as one of the fastest-growing major economies and the fastest-growing market for paper (~6% per annum), it is expected that paper consumption could grow 53% to ~20 million tonnes by 2020 and to ~23.5 million tonnes by 2024-25. Writing and printing paper demand is expected to grow at a CAGR of 4-5% over the next five years (as against 3.6% between 2010-11 and 2015-16) as India’s literacy rate rises and demand from the education sector strengthens. Demand for paperboard is expected to grow at a healthy rate of 7-8% in the next five years owing to rising sales of consumer durables, FMCG products, readymade garments, pharmaceuticals and e-commerce. Given this reality, a million tonnes of integrated pulp, paper and paperboard capacity needs to be created annually to address growing demand. This investment could result in a gross capital formation of ₹8,500 crore per annum and provide direct employment to an additional 15,000 people per year. (Source: PNB)

**Projected production and consumption numbers (2024-25)**

Production of paper, paperboard and newsprint	22.0 million tonnes (baseline scenario)
	33.4 million tonnes (projected scenario)
Domestic consumption	23.5 million tonnes (baseline scenario)
	36.9 million tonnes (projected scenario)

(Source: IPMA)

Opportunities	Threats
Cheap manpower	Lack of pricing power
Economic growth	Threat of imports
Increased investment towards education sector	Increased dependency on imported raw material
Growing literacy rates	Fluctuating input costs
Manufacturing excellence	Environmental restrictions
Technological upgradations	Stagnant capital investments
Rising demand for packaging in the FMCG sector	Capacity constraints

## Growth Drivers

Emerging Trends	What It Means	Impact on the Indian Paper Industry	Impact on N R Agarwal Industries Limited
Online retail growth	India's e-commerce market is growing at a rate of 51% and is expected to jump to \$120 billion in 2020	The growing demand for packaging materials such as cartons, corrugated boxes and envelopes and online retailing of papers will brighten sectoral prospects	Stronger offtake of paperboard required for the packaging of consumer products
Growth in service sectors	India's 16%-plus annual growth rate in the services sector between 2006 and 2014 has been driven by export of IT and BPO services (Source: CEIC)	With the robust growth in India's service sector, the use of paper in the workforce will drive growth in the industry	This can potentially increase the offtake of writing and printing products
Burgeoning workforce	India's workforce is expected to increase to 940 million and account for ~67% of the total population of India by 2021	Increasing workforce and greater reliance on paper work along with computing is expected to drive paper consumption	Profit margins could improve owing to increased demand from the corporate sector
Student enrolment	Between 2000-01 and 2013-14, the number of children who enrolled in primary schools increased by 1.86 crore, and at the upper primary level by >2 crore	Assuming that each student uses 10 kilograms of paper a year, the enrolment of 1 crore students will result in an additional demand of ~1 lac tonnes of paper	Increasing student enrolments could ensure steady sales for the writing and printing vertical
Budgetary initiatives	The Union Budget 2017-18 has laid out a sum of ₹79,685.95 crore for the education sector, up by 9.9% from ₹72,394 crore in 2016-17	The greater financial freedom accorded to extant programmes (Sarva Sikhsa Abhiyan) and brand-new ones (Prime Minister's Research Fellowship) bodes well for the paper sector	With the Central Government spending more on improving the country's educational infrastructure, the growing offtake of writing and printing products could be sustained

## Growth Drivers

Emerging Trends	What It Means	Impact on the Indian Paper Industry	Impact on N R Agarwal Industries Limited
Consumption growth	The number of India's middle-class households grew from 65 million in 2006 to more than 75 million in 2015 and a 2.9x increase in per capita consumption (Source: <i>Economist Intelligence Unit, Euromonitor</i> )	The swelling demand for FMCG products, pharmaceuticals, and packaged ready-to-eat food items are driving the use of paperboard and industrial packaging paper	Rising consumption could drive revenues and help the Company amortise fixed costs better
Increasing urbanisation	32% of the country's population resides in urban India, expected to rise to 40% by 2030	More jobs in urban locations could entail a sizeable increase in paper demand	Increased consumption of the Company's products could strengthen profitability
Back-up documentation	Paper serves as a backup option, as the digitised version is vulnerable to viruses, outages and deletions	India has a affinity for traditional paper-based documentation	This need for back-up documentation could strengthen demand for writing and printing paper

## Financial Overview

The Company's total income increased by 13.56 % from ₹924.84 crore in 2015-16 to ₹1,050.22 crore in 2016-17. The Company increased the earnings by 37.17 % in the writing and printing segment from ₹327.64 crore to ₹449.43 crore. The earnings from duplex board segment increased by 8.14 % over the earnings of ₹463.31 crore in FY16. Newsprint segment generated revenue of ₹90.06 crore in FY17 as against ₹92.29 in FY16. The profit before tax of the Company surged from ₹4.10 crore in 2015-16 to ₹72.51 crore in 2016-17. Net profit for the year increased 293.89 % from ₹17.83 crore in 2015-16 to ₹70.23 crore in 2016-17.

Finance cost for the year under review decreased by 5.6 % from ₹45.7 crore to ₹43.14 crore. Total tax expenses for the year stood at ₹2.27 crore, which included current tax of ₹15.47 crore, MAT credit entitlement of ₹15.47 crore and deferred tax charges of ₹2.27 crore.

The Company's total assets increased to ₹6,73.81 crore in 2016-17 from ₹6,668.1 million in 2015-16, representing an increase of 1.04 %. Capital Work-In-Progress (WIP) for the year increased by 3.42% to ₹25.13 crore in 2016-17, compared with ₹24.3 crore in 2015-16. The total loan funds stood at ₹2,63.18 crore while long-term borrowings stood at ₹187.11 crore. The Company's short-term borrowings stood at ₹76.07 crore as on March 31, 2017.

The Company had on its books cash and bank balances worth ₹5.05 crore as on March 31, 2017, comprising cash and cash equivalents worth ₹0.14 crore as compared to ₹0.57 crore in March 31, 2016.

### Risk Management

The management of risk requires the identification, assessment and management of existing and potential risks. The Company strives to ensure that these risks are recognised and controlled in an efficient and timely manner.

**Business risk:** Changes in supply-demand dynamics could impact the profitability of the Company.

**Mitigation:** The Company strategically and periodically optimises its product mix to address dynamic marketplace realities; its manufacturing facility is capable of addressing incremental demand.

**Raw material risk:** Non-availability of raw materials could disrupt the day-to-day operations.

**Mitigation:** The primary raw material used by the Company (waste paper) is procured from within an approximately 175 kilometre-radius of the Company's facilities and is mostly imported via the Mumbai port. Since the Company does not rely on wood pulp, it is relatively insulated from the impact of environmental norms.

**Commodity risk:** Fluctuating raw material prices can affect viability.

**Mitigation:** The Company's enduring ties with raw material suppliers ensure that it has round-the-clock access to waste paper. The Company is also laying a keen emphasis on the manufacture of value-added products so as to

moderate its sensitivity to raw material price volatilities.

**Forex risk:** Fluctuating exchange rates could impact earnings.

**Mitigation:** The Company hedged its earnings through currency forward covers to protect its viability.

**Interest risk:** The Company's operations are marked by high working capital outlay and changes in prevailing interest rates.

**Mitigation:** The Company finances operations through a mix of retained profits and borrowings. The Company strengthened its Balance Sheet and credit rating, helping moderate debt costs.

**Competition risk:** Increased competition can affect profitability.

**Mitigation:** The Company's enduring relationships with customers have been forged on the back of its ability to manufacture superior quality paper and paperboard at competitive prices.

**Environmental risk:** Increasing deforestation for extracting wood pulp and excessive water use in manufacture can raise environment risk.

**Mitigation:** The Company depends primarily on waste paper as a raw material that reduces wood dependence. The Company practices the 3R system: reduce, reuse and recycling. The Company has a full-fledged effluent treatment plant in all its five manufacturing units which ensures physical, chemical and biological treatment. The Company installed secondary biological aerobic treatment system with the jet ejector technology for oxygen transfer and mixing to remove organic pollutants.

### Internal Control Systems And Their Adequacy

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded and reported correctly. The internal control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audits conducted by in-house internal audit department. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal control system. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and for maintaining accountability of persons.

### Human Resources

The Company believes that its ability to put up excellent performances lies in its ability to work as a team. Hence, it emphasises on providing equal opportunities to all employees. The Company believes in a meritocracy

where employees are remunerated corresponding to their capability and performance. The Company reinforces capabilities through in-house training programmes. As of March 31, 2017, the Company had 1,460 employees on its payroll.

### Forward-Looking Statements

The management discussion and analysis report contains forward-looking statements, which may be identified by the use of words in that direction or connoting the same. All statements that address expectation or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward-looking statements. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly demand, modify or revise any forward looking statements, on the basis of any subsequent development, information or events.



# REPORT ON CORPORATE GOVERNANCE

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Transparency and accountability are the two basic tenets of Corporate Governance. At NRAIL, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of its business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. Our Code of Business Principles inspires us to set standards, which not only meet applicable legislation but go beyond in many areas of our functioning. This is our road to consistent, competitive, profitable and responsible growth and creating long term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come. The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board.

## **BOARD OF DIRECTORS**

### **Composition and Attendance**

The Board composition is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act'). As on March 31, 2017, the Board of Directors has an optimum combination of Executive and Non-Executive Directors. Shri R N Agarwal is the Promoter and the Chairman and Managing Director of the Company. The Board comprises of 8 Directors, out of which 4 are Non-Executive Independent 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 other public limited companies are given below:

Name of Director	Category	No. of Board Meetings attended during 2016-17	Attendance at the last AGM held on September 28, 2016	No. of other Directorships* (As on 31.03.2017)		*No. of other Committees in which Member/ Chairman	
				Chairman	Member	Chairman	Member
Shri R N Agarwal	Chairman & Managing Director	4	Yes	-	-	-	-
Shri Raunak Agarwal	Whole-time Director	4	Yes	-	-	-	-
Smt. Reena Agarwal	Whole-Time Director	4	Yes	-	-	-	-
Shri A K Bansal	Whole-Time Director	4	Yes	-	-	-	-
Shri S N Chaturvedi	Non-Executive Independent Director	4	Yes	-	4	4	2
Shri P Kumar	Non-Executive Independent Director	4	Yes	-	1	2	-
Shri C R Radhakrishnan	Non-Executive Independent Director	4	Yes	-	-	-	-
Shri Ajay Nair***	Non-Executive Independent Director	3	Yes	-	-	-	-

\* Excludes Directorship in Private Limited Companies, Foreign Companies and Government Bodies and Alternate Directorships.

\*\*Only Audit Committee and Stakeholders Relationship Committee have been considered for the Committee positions.

\*\*\* Shri Ajay Nair has been appointed as an Independent Director with effect from August 1, 2016.

The Company held Four (4) Board Meetings during 2016-17 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were: May 25, 2016, August 1, 2016, October 28, 2016, and February 6, 2017. Necessary quorum was present at the above Meetings.

None of the Non-Executive Directors of the Company hold any Equity Shares in the Company. Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal are related to each other. The other Directors are not related to promoters or management at the Board level. Further, none of them is a Member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2017 have been made by the Directors.

Independent Directors are Non - Executive Directors as defined under Regulation 16(b) of the Listing Regulations. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("The Act"). None of the Independent Directors are Directors in more than seven listed companies and are not serving as Whole Time Directors of more than three companies. All Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Act. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

#### **BOARD PROCEDURE**

The information as required under Schedule II Part A of the Listing Regulations 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. The MD and CFO have certified to the Board inter alia the accuracy of financial statements and adequacy of internal controls for the financial reporting, in accordance with Regulation 17(8) read with Part B of Schedule II of Listing Regulations pertaining to the CEO and CFO certification for the financial year ended March 31, 2017.

The Company has not entered into any materially significant transactions, during the year under report with any of the Promoters, Directors, and 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. The Code incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The said Code of Conduct is posted on Company's website at [www.nrail.com](http://www.nrail.com). All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect, signed by Shri R N Agarwal, Chairman and Managing Director forms part of this report.

#### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. These include orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis.

The Familiarisation Programmes imparted to Independent Directors are disclosed on the Company's website at the following web link [http://www.nrail.com/independent\\_directors.html](http://www.nrail.com/independent_directors.html).

#### **SEPARATE MEETING OF INDEPENDENT DIRECTORS**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on December 30, 2016, as required under Schedule IV to the Companies Act, 2013 and Listing Regulations. At the meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors attended the Meeting.

#### **EVALUATION OF BOARD PERFORMANCE**

During the year, the annual evaluation of the Board's own performance, Board Committees and individual Directors including the Chairman was carried out pursuant to the provisions of the Act and the Listing Regulations. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of

individual Directors including the Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Board of Directors expressed their satisfaction with the evaluation process.

#### **AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in accordance with the provisions of Regulation 18 of the Listing Regulations read with Section 177 of the Companies Act, 2013. All members of the Committee have the relevant experience in the field of finance, taxation and accounting. Shri P Kumar, Chairman of the Committee, has expert knowledge in the field of finance, management and Company affairs.

#### **Terms of Reference**

The Audit Committee functions according to its powers, scope and role defined in Part C of Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013. The Terms 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 Statutory and Internal Auditors.
- To review the adequacy of the internal audit function 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 transactions submitted by the management.
- And, generally, all items listed in Schedule II Part A of the Listing Regulations.

The Committee relies on the expertise and knowledge of the management, Internal Auditors and the Independent Statutory Auditors in carrying out its responsibilities. The 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 procedures which 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 Meetings form part of the 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 members during the year

2016-17 are given below:

<b>Name</b>	<b>Category</b>	<b>No. of Meetings attended during 2016-17</b>
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

During the year, the Audit Committee met 4 (four) times on May 25, 2016, August 1, 2016, October, 28, 2016, and February 6, 2017 and gap between two meetings did not exceed four months. 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 September 28, 2016. The Committee meetings are attended by the Managing Director, Executive Directors, Chief Financial Officer, Statutory Auditors, Internal Auditors and Cost Auditors whenever required. The Company Secretary acts as the Secretary to the Audit Committee.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee, is constituted in accordance with the provisions of Regulation 19 of the Listing Regulations read with Section 178 of the Companies Act, 2013.

#### **Terms of Reference**

The broad Terms of Reference of the Nomination and Remuneration Committee are as follows:

- Formulation of the criteria for determining qualifications,

positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;

- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- To decide the extension or continuation of the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.

#### Composition and Attendance during the year

The Nomination and Remuneration 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 members during the year are given below:

Name	Category	No. of Meetings attended during 2016-17
Shri P Kumar, Chairman	Non-Executive Independent	3
Shri. S N Chaturvedi, Member	Non-Executive Independent	3
Shri C R Radhakrishnan, Member	Non-Executive Independent	3

During the year, the Nomination and Remuneration Committee met three times on May 25, 2016 and August 1, 2016 and October 28, 2016. Necessary quorum was present at the above Meetings.

The Remuneration Policy of the Company has been given as Annexure 1 to the Board's Report.

The key principles governing the Company's Remuneration Policy are as follows:

#### A. REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are paid remuneration by way of sitting fees only. They are paid sitting fees for each Board or Committee Meetings attended by them. The Non-Executive Independent Directors do not have any material pecuniary relationship or transactions with the Company.

#### B. REMUNERATION TO EXECUTIVE DIRECTORS

The appointment of Executive Directors comprising of the Chairman and Managing Director and other Whole Time Directors is governed by the recommendation of the Nomination and Remuneration Committee, resolutions passed by the Board of Directors and shareholders of the Company. Payment of remuneration to the Managing Director and Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of the 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.

## DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2017:

### (a) NON EXECUTIVE DIRECTORS

Name of the Directors	Sitting Fees (₹)
Shri S N Chaturvedi	2,60,000
Shri P Kumar	2,60,000
Shri C R Radhakrishnan	1,70,000
Shri Ajay Nair	60,000
Total	7,50,000

### (b) EXECUTIVE DIRECTORS

(In ₹)

Particulars	Shri. R N Agarwal Chairman & Managing Director	Shri Raunak Agarwal Whole Time Director	Smt. Reena Agarwal Whole Time Director	Shri Ashok Kumar Bansal Whole Time Director
Salary	1,77,30,000	42,00,000	42,00,000	31,50,000
Perquisites	39,600	39,600	Nil	2,65,300
Bonus	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Provident Fund	21,600	21,600	21,600	21,600
Notice Period & Severance Fees	Three months' notice or three months salary in lieu thereof	Three months' notice or three months salary in lieu thereof	Three months' notice or three months salary in lieu thereof	Three months' notice or three months salary in lieu thereof

Your Company has not provided any stock options to its Directors.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Board has in place a "Stakeholders' Relationship Committee".

#### Terms of Reference

The Stakeholders' Relationship Committee has been constituted specifically to look into redressal of shareholders and investors complaints pertaining to 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.

#### Composition and Attendance during the year

The Stakeholders' Relationship Committee met four (4) times during the year on the following dates May 25, 2016, August 1, 2016, October 28, 2016 and February 6, 2017.

The composition of the Stakeholders' Relationship Committee and the details of Meetings attended by the

members during the year are given below:

Name	Category	No. of Meetings attended during 2016-17
Shri P Kumar, Chairman	Non-Executive Independent	4
Shri R N Agarwal Member	Executive- Non Independent	4
Shri S N Chaturvedi, Member	Non-Executive Independent Director	4

Based on the report received from the Company's Registrar and Share Transfer Agent, the Company has not received any complaints during the year under review. Thus, there were no pending investor complaints as on March 31, 2017.

**Name, Designation and Address of Compliance Officer:**

Ms. Pooja Daftary  
Company Secretary and Compliance Officer  
502-A/501-B, Fortune Terraces,  
5th Floor, Opp. City Mall,  
New Link Road, Andheri (West)  
Mumbai-400053  
Tel: 6731 7500/ 6731 7547  
Fax: 2673 0227/ 2673 6953  
Email: pooja.daftary@nrail.com  
Shareholders may also correspond with the Company on  
its email address viz.: investors@nrail.com  
Website: www.nrail.com

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)**

The Committee is constituted in line with the provisions of Section 135 of the Act.

**Terms of Reference**

The broad Terms of Reference of the CSR Committee are

as follows:

- Formulating and recommending to the Board, the CSR policy indicating the activities to be undertaken in line with Section 135 read with Schedule VII of the Act.
- Recommending to the Board, the CSR projects/ activities to be undertaken by the Company.
- Recommending to the Board, the CSR expenditure to be incurred.
- Recommending to the Board, modifications to the CSR policy as and when required.
- Regularly monitoring the implementation of the CSR policy and periodically reporting to the Board.
- Meeting atleast once a year to review the CSR work in progress.
- To function under the overall supervision of the Board
- To do such other things as may be prescribed in the Act and the Rules thereunder

**Composition and Attendance during the year**

The CSR Committee met twice during the year on May 25, 2016 and October 28, 2016.

The composition of the Corporate Social Responsibility Committee and the details of Meetings attended by the members during the year are given below:

Name	Category	No. of Meetings attended during 2016-17
Shri S N Chaturvedi, Chairman	Non-Executive- Independent	2
Smt. Reena Agarwal, Member	Executive-Non- Independent	2
Shri P Kumar, Member	Non-Executive- Independent	2



### EXECUTIVE COMMITTEE OF THE BOARD

The Executive Committee of the Board is responsible for handling urgent interim matters which occur between two Board Meetings such as reviewing and acceptance of finance, delegation of authority for banking transactions, etc.

The Committee met thrice during the year on July 4, 2016, September 2, 2016 and December 30, 2016.

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

Name	Category	No. of Meetings attended during 2016-17
Shri. R N Agarwal Chairman	Executive-Non-Independent	3
Shri P Kumar Member	Non-Executive-Independent	3
Shri S N Chaturvedi Member	Non-Executive-Independent	3

### SHARE TRANSFER COMMITTEE

The Board of Directors at their meeting held on March

29, 2015 has delegated the power of share transfer, transposition, transmission and other ancillary matters to the Company's Registrar and Share Transfer Agent, M/s. Sharex Dynamic (India) Private Ltd.

The Share Transfer Committee is responsible for approving consolidation of shares, remat requests, issue of duplicate shares, etc.

The Share Transfer Committee of the Board of Directors met once during the year on March 4, 2017.

The composition of the Share Transfer Committee and the details of the Meetings attended by the members during the year are given below:

Name of Director	Category	No. of Meetings attended
Shri. R N Agarwal Chairman	Executive-Non-Independent	1
Shri Raunak Agarwal Member	Executive-Non-Independent	1

### SUBSIDIARY COMPANIES

The Company has no Subsidiary Company.

### GENERAL BODY MEETINGS FOR LAST THREE YEARS

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

Financial Year	Day, Date and Time	Location	Special Resolution, if any
2015-16	Wednesday, September 28, 2016 at 11.30 a.m.	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (W), Mumbai-400053	<ol style="list-style-type: none"> <li>1. Appointment of Shri Ashok Kumar Bansal as a Whole Time Director and payment of remuneration to him.</li> <li>2. Appointment of Shri Ajay Nair as an Independent Director of the Company.</li> <li>3. Ratification of Cost Auditors remuneration.</li> </ol>
2014-15	Monday, September 28, 2015 at 11.30 a.m.	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (W), Mumbai-400053	Re-appointment of Shri R N Agarwal as the Managing Director for a period of three years and payment of remuneration to him.
2013-14	Saturday, September 20, 2014 at 11.30 a.m.	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (W), Mumbai-400053	<ol style="list-style-type: none"> <li>1. Consent of the Company under Section 180(1) (c) of the Act to the Board of Directors to borrow upto ₹1,000 Crore.</li> <li>2. 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 upto ₹1,000 Crores.</li> <li>3. Consent of the Company for appointment of Smt. Reena Agarwal as Executive Director and payment of remuneration to her.</li> <li>4. Re-appointment of Shri Raunak Agarwal as the Whole-time Director of the Company and payment of remuneration to him.</li> <li>5. 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.</li> <li>6. Revision in 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.</li> </ol>

- (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 resolutions proposed for the forthcoming Annual General Meeting need to be passed by Postal Ballot.

### DISCLOSURES

- a) 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 approved by the Audit Committee. There are no materially significant related party transactions of the Company having potential conflict with the interests of the Company at large. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link: [http://www.nrail.com/company\\_policies.html](http://www.nrail.com/company_policies.html).
- b) The Board of Directors has been informed from time to time about the business risks faced by the Company and the steps taken by the management to face them.
- c) The Company has complied with the requirements of the Stock Exchanges, 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.
- d) The Company has a Whistle Blower Policy in place and none of the employees have been denied access to the Audit Committee. The said policy has been also put up on the website of the Company at the following link: [http://www.nrail.com/company\\_policies.html](http://www.nrail.com/company_policies.html).
- e) Schedule V of the Listing Regulations mandates the Company to obtain a Certificate from either the Auditors or Practising Company Secretaries regarding the compliance of conditions of Corporate Governance stipulated in the Listing Regulations 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.
- f) The Company has complied with all the mandatory requirements relating to Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) of the Listing Regulations. Further, the Company has adopted the following non-mandatory requirements of the Clause:
- i) The financial statements of the Company are unqualified.
  - ii) The Internal Auditor presents his report to the Audit Committee at the end of every quarter.
- g) The Company does not have any subsidiaries; hence the policy for material subsidiaries is not applicable to the Company.

### SECRETARIAL AUDIT

Parikh & Associates, Practising Company Secretaries, have conducted a Secretarial Audit of the Company for the year 2016-17. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act, Listing Regulations and other laws applicable to the Company. The Secretarial Audit Report is given as an Annexure 3 to the Board's Report.

### COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES

During the year 2016-17, the Company had managed the

foreign exchange risk and hedged to the extent considered necessary. Net open exposures are reviewed regularly and covered through forward contracts. Disclosure on risks forms part of Management Discussion and Analysis Report.

### CEO/CFO CERTIFICATION

The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Part B of Schedule II to the Listing Regulations pertaining to CEO/ CFO certification for the financial year ended March 31, 2017

### MEANS OF COMMUNICATION

- The quarterly and the half yearly results as per the proforma prescribed by the Listing Regulations, 2015 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 Marathi newspapers namely Business Standard and Mumbai Lakshdeep having wide circulation. The results are displayed on the Company's website, [www.nrail.com](http://www.nrail.com) and also filed with BSE and NSE.
- The Company publishes the audited annual results within the stipulated period of two months from the close of the financial year as required by the Listing Regulations, 2015. The annual audited results are also communicated to the Stock Exchanges where the Company is listed, published in the newspapers and displayed on the Company's website, BSE and NSE Online Portal.

Comprehensive information about the Company, its business and operations can be viewed on the Company's website. The "Investor Relations" section on the website gives information relating to financial results, annual

reports, shareholding pattern, corporate governance report and policies of the Company. Information about unclaimed dividends is also available in this section, under the head "Unpaid Dividends".

### GENERAL SHAREHOLDERS INFORMATION

#### ANNUAL GENERAL MEETING

Wednesday, September 20, 2017 at 11.30 a.m. at

Corporate Identification Number	L22210MH1993PLC133365
Financial Year	April to March
Date of Book Closure	September 14, 2017 to September 20, 2017 (Both days inclusive)
Listing of equity shares on Stock Exchange	Bombay Stock Exchange (BSE) National Stock Exchange (NSE) (listed w.e.f 5.04.2017)
Script Code	516082
NSE Symbol	NRAIL
Demat (ISIN)	INE740D01017
Registrar and Share Transfer Agent	Sharex Dynamic (India) Private Limited Unit I, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai – 400 072 Tel: 022-28515606/5644 Email: <a href="mailto:investors@sharexindia.com">investors@sharexindia.com</a>

#### SHARE TRANSFER SYSTEM:

In case of shares in physical form, request for share transfers 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.

- Pursuant to Regulation 40 (9) of the Listing Regulations, 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.
- Pursuant to Regulation 7(3) of the Listing Regulations, certificates have been submitted to the Stock Exchange on half-yearly basis duly signed by the Compliance Officer of the Company and the Authorised Representative of the Share Transfer Agent certifying that all the all the activities in relation to both physical

and electronic share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board.

- 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.

#### MARKET PRICE DATA:

High / Low of daily closing market price of the Company's shares traded at BSE during each month of the financial year ended March 31, 2017 are as under:

Months	HIGH		LOW	
	NRAIL	BSE SENSEX	NRAIL	BSE SENSEX
April 2016	46.00	26,100.54	33.25	24,523.20
May 2016	47.00	26,837.20	39.90	25,057.93
June 2016	57.45	27,105.41	40.15	25,911.33
July 2016	77.65	28,240.20	62.80	27,034.14
August 2016	125.15	28,417.59	81.50	27,627.97
September 2016	133.75	29,077.28	113.10	27,716.78
October 2016	214.00	28,477.65	154.00	27,488.30
November 2016	265.00	28,029.80	180.40	25,717.93
December 2016	236.60	26,803.76	204.00	25,753.74
January 2017	240.75	27,980.39	209.95	26,447.06
February 2017	256.85	29,065.31	200.00	22,494.61
March 2017	225.00	29,824.62	191.05	27,590.10

**DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2017:**

Sr. No.	Range No of shares	No of shareholders	% Total Holders	Total Amount	% of Capital
1	1 to 500	6815	87.75	9784500	5.75
2	501 to 1,000	437	5.63	3559840	2.09
3	1,001 to 2,000	230	2.96	3534500	2.08
4	2,001 to 3,000	83	1.07	2141920	1.26
5	3,001 to 4,000	35	0.45	1281200	0.75
6	4,001 to 5,000	56	0.72	2662690	1.56
7	5,001 to 10,000	65	0.84	4712230	2.77
8	10,001 & above	45	0.58	142514120	83.74
	TOTAL	7766	100	170191000	100

**CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2017**

Category	No of shares held	Percentage to total share capital
Foreign holding (FII, OCBs and NRIs)	134686	0.791
Financial Institutions/Banks/Insurance Companies	6800	0.040
Centre/State Government	-	-
Mutual Funds and UTI	-	-
Corporate Bodies	881757	5.181
Directors and their relatives	12460923	73.217
Public	3534934	20.771
Total	17019100	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.

Details of shares held in physical form and dematerialized form as on March 31, 2017:

Mode	No of Shares	% of Share Capital
Electronic form with CDSL	13793769	81.05
Electronic form with NSDL	2625607	15.43
Physical Form	599724	3.52
Total	17019100	100.00

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: N.A.

## ADDRESS FOR CORRESPONDENCE:

### Registered Office:

502-A/501-B, Fortune Terraces,  
5th Floor, Opp. City Mall,  
New Link Road, Andheri (West)  
Mumbai-400053  
Tel: 67317500/Fax: 2673 0227/2673 6953  
Email: admin@nrail.com Website: www.nrail.com

### Plant Locations:

Unit I	Unit II	Unit III	Unit IV	Unit V
Plot No.169, Phase II, GIDC, Vapi – 396 195, Dist. Valsad, Gujarat State, Tele-Fax: 0260 – 2401634/2401706	Plot No.1, Phase I, GIDC, Vapi –396 195, Dist. Valsad, Gujarat State, Tele-Fax: 0260- 2400979/2401841	Plot No. 901, Phase III, GIDC, Vapi – 396 195, Dist. Valsad, Gujarat State, Tele-Fax:0260 2400052/2401836	Plot No.901/P, Phase III, GIDC, Vapi – 396 195, Dist. Valsad, Gujarat State, Tele-Fax: 0260 2400052/2401836	S. Nos.69/1/P3, 69/ 1/P/3/P1,72/P3-P4, At Village Sarigam & Angam, Taluka - Umbergaon, Valsad 396 155, Gujarat Tele : 0260 2784082/83

### Registrar and Share Transfer Agent

Sharex Dynamic (India) Private Limited,  
Unit I, Luthra Industrial Premises,  
Andheri Kurla Road, Safed Pool,  
Andheri (East), Mumbai – 400072  
Tel: 022-28515606/5644  
Email: investors@sharexindia.com

### Declaration by the Managing Director under Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Shri R N Agarwal, Chairman and Managing Director of N R Agarwal Industries Limited hereby declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended March 31, 2017.

On behalf of the Board of Directors

Mumbai, May 19, 2017

**R N Agarwal**  
Chairman & Managing Director

# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

**N R AGARWAL INDUSTRIES LIMITED**

1. This Certificate is issued in accordance with the terms of our engagement letter dated October 1, 2016.
2. We have examined the compliance of conditions of corporate governance by N R AGARWAL Industries Limited ('the Company') for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### Management's Responsibility

3. The compliance of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered

Accountants of India, ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related services Engagements.

### Opinion

Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended March 31, 2017.

We 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.

### Restriction on use

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

**For Chaturvedi & Partners,**  
Chartered Accountants  
(Firm Regn. No. 307068E)

**(Khyati Shah)**

Partner

Date : July 28, 2017

Place: Mumbai

Membership No. 117510



# Independent Auditor's 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, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial performance) of the Company as at March 31, 2017, the "profit" and cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- (a) Note 37 regarding the forfeiture of deposit given to a party amounting to ₹12,000,000/- against which the Company has initiated legal proceedings and for which no provision has been made in the accounts.

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, (hereinafter referred to as the "Order") and on the basis of such checks of the books of accounts and records of the Company as we considered

appropriate and according to the information and explanations given to us, we give in the Annexure hereto, a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the Directors as on March 31, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal controls over the financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure B"
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Notes 34 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as regards dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosure are in accordance with the books of account maintained by the Company and as produced to us by the management (refer Note No. 35 to the financial statements)

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

**(Khyati M. Shah)**

Partner

(Membership No.: 117510)

Place: Mumbai

Date: May 19, 2017

## Annexure A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of N R Agarwal Industries Limited ("the Company") for the year ended March 31, 2017, we report that:

- 1) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for assets under installation.
- b. All the fixed 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 nature of its assets. No material discrepancies were noticed on such verification.
- c. According to the information & explanation given to us and on the basis of our verification, title deeds of all immovable properties are held in the name of the Company.
- 2) As explained to us, the inventories of the Company have been physically verified during the year by the management and no material discrepancies were noticed on such verification as compared to book records. In our opinion, the frequency of verification is reasonable.
- 3) According to the information & explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. In view of the foregoing, the question of reporting on Clause 3 (i) to (iii) of the said order does not arise.
- 4) The Company has not made any loans, investments, guarantees, and security as per the provisions of Section 185 and 186 of the Companies Act, 2013.
- 5) During the year, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under as also the directives issued by the Reserve Bank of India. The Company has complied with the applicable statutory provisions. The Company has not received any order passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- 6) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- 7) a. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and any other statutory dues to the appropriate authorities. However, during the year there have been occasional delays in depositing Provident Fund, Service Tax & Sales Tax but there were no dues outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.
- b. According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, as at March 31, 2017, the following are the particulars of dues that have not been deposited on account of dispute:

Name of the Statute	Name of dues	Amount (₹ in lacs)	Forum where dispute is pending	Financial year to which the amount relates
Central Excise Act, 1944	Excise Duty*	261.63	Appellate Authority--CESTAT	2003-04 to 2015-16
Central Excise Act, 1944	Custom Duty	34.90	Appellate Authority--CESTAT	2013-14 to 2014-15
Income Tax Act, 1961	Income Tax**	454.00	Appellate Authority--Income Tax Appellate Tribunal, Ahmedabad	2006-07 to 2012-13
Income Tax Act, 1961	Income Tax**	26.23	Appellate Authority--Commissioner of Income Tax (Appeals)	2013-14
Income Tax Act, 1961	Penalty demand- Income Tax	352.11	Appellate Authority--Commissioner of Income Tax (Appeals)	2006-07 to 2009-10

\*Out of the demand, a sum of ₹14,48,142/- was paid under protest.

\*\* These amounts have already been paid by the Company.

- 8) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to Financial Institutions, Banks or Government. The Company did not have any debentures outstanding during the year.
- 9) According to the information and explanations given to us and based on the records and documents produced before us, in our opinion, the term loans have been applied for the purposes for which they were obtained. During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
- 10) During the course of our examination of the books of accounts and records of the Company, carried out by us in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.
- 11) According to the information and explanations given to us and based on the records and documents produced before us, managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- 12) The Company is not a Nidhi Company and in view of the foregoing, the question of reporting on Clause 12 of the said order does not arise.
- 13) According to the information & explanations given to us, transactions with related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards. Refer note no. 33 in financial statements for details.
- 14) According to the information and explanations given to us and based on the records and documents produced before us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) As per the information & explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them.
- 16) As per the information & explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**(Khyati M. Shah)**  
Partner  
(Membership No.: 117510)

Place: Mumbai  
Date: May 19, 2017

## Annexure B to the Independent Auditors' Report

[Referred to in paragraph (2)f under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date, to the members of the Company on the financial statements for the year ended March 31, 2017.]

### Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **N R Agarwal Industries Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained

and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal

control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

**(Khyati M. Shah)**  
Partner  
(Membership No.: 117510)

Place: Mumbai  
Date: May 19, 2017

## Balance Sheet as at March 31, 2017

	Note No.	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	17,01,91,000	17,01,91,000
Reserves and Surplus	2	1,47,28,77,717	77,05,61,212
		<b>1,64,30,68,717</b>	<b>94,07,52,212</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	1,87,11,46,781	2,17,02,79,551
Deferred Tax Liabilities (net)	4	19,34,99,758	17,07,49,800
Other Long Term Liabilities	5	1,09,48,50,000	1,02,47,00,000
Long Term Provisions	6	3,94,92,958	2,44,00,993
		<b>3,19,89,89,497</b>	<b>3,39,01,30,344</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	76,06,58,765	96,57,83,309
Trade Payables:			
Due to Micro and Small Enterprises	8	10,56,383	71,913
Due to others	8	60,06,18,296	79,31,43,764
Other Current Liabilities	9	53,16,44,155	57,61,41,272
Short-Term Provisions	10	20,81,645	20,81,645
		<b>1,89,60,59,244</b>	<b>2,33,72,21,904</b>
<b>TOTAL</b>		<b>6,73,81,17,458</b>	<b>6,66,81,04,460</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets:			
Tangible Assets	11	4,36,16,96,820	4,47,29,86,288
Intangible Assets	11	24,80,038	12,07,411
Capital Work-in-Progress	11	25,12,61,209	24,29,59,994
		<b>4,61,54,38,067</b>	<b>4,71,71,53,693</b>
Non-Current Investments	12	6,56,000	6,56,250
Long-Term Loans and Advances	13	13,06,76,936	9,16,09,213
		<b>4,74,67,71,003</b>	<b>4,80,94,19,156</b>
<b>Current Assets</b>			
Inventories	14	62,97,11,724	66,03,86,316
Trade receivables	15	94,44,53,444	78,67,15,313
Cash and Bank Balances	16	5,04,90,168	5,97,78,171
Short-Term Loans and Advances	17	36,66,91,119	35,18,05,504
		<b>1,99,13,46,455</b>	<b>1,85,86,85,305</b>
<b>TOTAL</b>		<b>6,73,81,17,458</b>	<b>6,66,81,04,460</b>
Significant Accounting Policies			
The accompanying notes are an integral part of the financial statements 1 to 43			

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 19, 2017

For and on behalf of the Board of Directors

**R N AGARWAL**  
Chairman and Managing Director

**GOPAL UCHIL**  
Chief Financial Officer

**RAUNAK AGARWAL**  
Whole Time Director

**POOJA DAFTARY**  
Company Secretary

## Statement of Profit and Loss for the year ended March 31, 2017

	Note No.	Year ended March 31, 2017 (₹)	Year ended March 31, 2016 (₹)
<b>INCOME</b>			
Revenue from Operations (Gross)		10,91,43,45,123	9,24,84,13,856
Less: Excise Duty		50,84,57,162	41,58,77,492
Revenue from Operations (Net)	18	<b>10,40,58,87,961</b>	<b>8,83,25,36,363</b>
Other Income	19	9,63,53,317	8,01,22,636
Total Revenue		<b>10,50,22,41,278</b>	<b>8,91,26,58,999</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	20	6,11,31,82,018	5,47,64,50,059
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade.	21	2,15,39,442	1,14,31,061
Employee Benefits Expense	22	50,68,94,478	44,00,97,383
Finance Costs	23	43,14,38,180	45,70,43,220
Depreciation	24	24,50,47,063	23,47,90,561
Other Expenses	25	2,42,02,59,817	2,25,18,13,806
Total Expenses		<b>9,73,83,60,997</b>	<b>8,87,16,26,090</b>
Profit Before Exceptional items and Tax		<b>76,38,80,281</b>	<b>4,10,32,909</b>
Exceptional items	41	3,88,13,817	-
Profit Before Tax		<b>72,50,66,463</b>	<b>4,10,32,909</b>
<b>Tax Expenses:</b>			
Current Tax		15,47,39,856	83,50,000
Less: Mat Credit Entitlement		(15,47,39,856)	-
Deferred Tax		2,27,49,959	(14,55,75,380)
Profit for the year		<b>70,23,16,505</b>	<b>17,82,58,289</b>
<b>Earnings per equity share of face value of ₹10 each</b>			
Basic		41.27	10.47
Diluted		41.27	10.47
Significant Accounting Policies			
The accompanying notes are an integral part of the financial statements		1 to 43	

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 19, 2017

For and on behalf of the Board of Directors

**R N AGARWAL**  
Chairman and Managing Director

**GOPAL UCHIL**  
Chief Financial Officer

**RAUNAK AGARWAL**  
Whole Time Director

**POOJA DAFTARY**  
Company Secretary



## Cash Flow Statement for the year ended March 31, 2017

	Year ended March 31, 2017		Year ended March 31, 2016	
	(₹)	(₹)	(₹)	(₹)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit Before Tax		72,50,66,463		4,10,32,909
<b>Adjustments for:</b>				
Depreciation	24,50,47,063		23,47,90,561	
Finance Costs	43,14,38,180		45,70,43,220	
Loss/(Profit) on Sale of Assets/Investments	(2,28,96,334)		42,14,646	
Dividend Received	(4,350)		(1,26,200)	
Interest Received	(2,12,38,094)		(2,22,25,280)	
Interest on Income Tax Refund	(25,61,103)			
Bad Debts written off	19,48,020	63,17,33,382	0	67,36,96,947
		<b>1,35,67,99,845</b>		<b>71,47,29,856</b>
<b>Operating Profit Before Working Capital Changes</b>				
<b>Adjustments for:</b>				
Trade and Other Receivables	(17,53,58,705)		7,82,06,861	
Inventories	3,06,74,592		(5,21,36,254)	
Current Liabilities	(46,92,46,875)		(36,32,35,617)	
Loans & Advances (long term & short term)	5,66,46,347	(55,72,84,641)	(16,98,311)	(33,88,63,321)
<b>Cash Generated from Operations</b>		<b>79,95,15,204</b>		<b>37,58,66,535</b>
Income Tax Refund (Including Interest)	8,57,68,997			
Direct Taxes Paid	(10,45,00,000)	(1,87,31,003)	0	0
Cash Flow Before Extra Ordinary Items		78,07,84,201		37,58,66,535
Previous Year Adjustments		-	-	-
<b>Net Cash Generated from Operating Activities</b>		<b>78,07,84,201</b>		<b>37,58,66,535</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(26,97,05,118)		(33,54,83,601)	
Sale of Fixed Assets	14,92,70,015		27,22,387	
Purchase/Sale of Investments	250		11,17,360	
Dividend received	4,350		1,26,200	
Interest Received	2,12,38,094	(9,91,92,409)	2,22,25,280	(30,92,92,374)
<b>Net Cash used in Investing Activities</b>		<b>(9,91,92,409)</b>		<b>(30,92,92,374)</b>

## Cash Flow Statement for the year ended March 31, 2017

	Year ended March 31, 2017		Year ended March 31, 2016	
	(₹)	(₹)	(₹)	(₹)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital	-		-	
Finance Costs	(43,33,43,569)		(47,56,08,474)	
Proceeds from Long Term Borrowings	5,31,21,183		16,13,98,021	
Repayment of Long Term Borrowings	(46,17,33,185)		(35,85,48,718)	
Unsecured Loans & Other Long Term Liabilities	15,10,75,777		55,81,38,312	
Equity Share Dividend including tax thereon	-	(69,08,79,794)	-	(11,46,20,860)
<b>Net Cash used in Financing Activities</b>		<b>(69,08,79,794)</b>		<b>(11,46,20,860)</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(92,88,003)		(4,80,46,698)
CASH AND CASH EQUIVALENTS - OPENING BALANCE		5,97,78,171		10,78,24,869
CASH AND CASH EQUIVALENTS - CLOSING BALANCE		5,04,90,168		5,97,78,171
		(92,88,003)		(4,80,46,698)

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 19, 2017

For and on behalf of the Board of Directors

**R N AGARWAL**  
Chairman and Managing Director

**GOPAL UCHIL**  
Chief Financial Officer

**RAUNAK AGARWAL**  
Whole Time Director

**POOJA DAFTARY**  
Company Secretary

## Notes to the Financial Statements for the year ended March 31, 2017

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

#### (a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with the generally Accepted Accounting Principles in India. The company has prepared these financial statements to comply in all material respects with the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### (b) Basis of Accounting

The financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India and the provisions of the Companies Act, 2013.

#### (c) Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

#### (d) 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.

#### (e) Depreciation

Depreciation on Fixed Assets is provided based on the useful life of the asset in the manner prescribed in Schedule II to the Companies Act, 2013.

#### (f) Investments

Long-term Investments made by the Company are stated at cost and provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

#### (g) Foreign Currency Transactions

- (i) Transactions denominated in foreign currency are recorded at the rate of exchange prevailing on the date of 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.

#### (h) Valuation of 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.

## Notes to the Financial Statements for the year ended March 31, 2017

- (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.

### (i) 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).

### (j) 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.

### (k) Borrowing Cost

Borrowing Costs directly attributable to the acquisition, construction and production of qualifying assets are capitalized as part of the Cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

### (l) Treatment of expenditure during construction period

Expenditure incurred during construction period of Company's new projects are carried forward under Capital Work-in-Progress and the same is allocated to respective Fixed Assets on its completion.

### (m) Revenue Recognition

Sale of goods is recognized on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods. Sales include amounts recovered towards Excise Duty but are net of Sales Tax.

## Notes to the Financial Statements for the year ended March 31, 2017

### (n) Segment Reporting

The company is presently engaged in the business of manufacturing and selling of paper products. Disclosure relating to primary and secondary business segments under the Accounting Standard on Segment Reporting—AS17 have been made for a single product and for two geographical segments—local and exports.

### (o) Taxes on Income

Provision for taxation is made for both current and deferred taxes. Current tax is provided on the basis of estimated taxable income in accordance with the Income Tax Act, 1961 using the applicable tax rates and tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognized using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets are recognized and carried forward only if there is a virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### (p) Cenvat Credit

Excise cenvat credit in respect of capital assets is adjusted against excise duty liability arising subsequent to such credit. Service tax input credit is accounted in the books of accounts in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the credits.

### (q) Impairment

The carrying amount of an asset is reviewed at each Balance Sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

### (r) Provisions, Contingent Liabilities and Contingent Assets

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefit will be required to settle an obligation. Contingent Liabilities, if material, are disclosed in the notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

## Notes to the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note 1 SHARE CAPITAL</b>		
<b>Authorised</b>		
225,00,000 Equity Shares ₹10 each	22,50,00,000	22,50,00,000
25,00,000 Preference Shares of ₹10 each	2,50,00,000	2,50,00,000
	<b>25,00,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid up Shares</b>		
1,70,19,100 Equity Shares of ₹10 each fully paid up	17,01,91,000	17,01,91,000
<b>Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
Equity Shares at the beginning of the year	17,01,91,000	17,01,91,000
Add: Shares issued	-	-
Less: Shares bought back	-	-
<b>TOTAL</b>	<b>17,01,91,000</b>	<b>17,01,91,000</b>

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

	March 31, 2017		March 31, 2016	
	Nos	% holding	Nos	% holding
Shri R N Agarwal	79,22,030	46.55	79,22,030	46.55
Smt. Reena Agarwal	45,38,861	26.67	45,38,861	26.67

## Notes to the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note 2 RESERVES AND SURPLUS</b>		
<b>Share Warrants Forfeiture Account</b>		
Balance as per last account	1,46,25,000	1,46,25,000
Less:- Transferred to Capital Reserve	(1,46,25,000)	-
	-	1,46,25,000
<b>Capital Reserve</b>		
Balance as per last account	-	-
Add:-Transferred from Share Warrants Forfeiture Account	1,46,25,000	-
	1,46,25,000	-
<b>Capital Redemption Reserve</b>		
Balance as per last account	85,00,000	85,00,000
Less:- Transferred to General Reserve	(85,00,000)	-
	-	85,00,000
<b>General Reserve</b>		
Balance as per last account	7,17,52,943	7,17,52,943
Add:-Transferred from Capital Redemption Reserve	85,00,000	-
	8,02,52,943	7,17,52,943
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	67,56,83,269	49,74,24,980
Add/(less) Profit/(loss) for the year	70,23,16,505	17,82,58,289
	1,37,79,99,774	67,56,83,269
<b>TOTAL</b>	<b>1,47,28,77,717</b>	<b>77,05,61,212</b>

### NON CURRENT LIABILITIES

<b>Note 3 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Term and Corporate loans from Banks	1,54,11,39,693	1,78,57,46,796
Funded interest term loans from Banks	-	17,45,19,167
	1,54,11,39,693	1,96,02,65,963
<b>Unsecured</b>		
Deposits from Others	5,00,00,000	5,00,00,000
Deposits from Directors	28,00,07,088	16,00,13,588
	33,00,07,088	21,00,13,588
<b>TOTAL</b>	<b>1,87,11,46,781</b>	<b>2,17,02,79,551</b>

## Notes to the Financial Statements for the year ended March 31, 2017

Sr. No.	Nature of Security	Terms of Repayment
1	Term loan from Bank of Baroda, balance outstanding amounting to ₹2918.13 Lacs (March : 2016 ₹3421.25 Lac) is secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.	Repayable in 32 quarterly installments starting from 30.11.2014. Last installment due on 31.08.2022. Rate of interest 12.30% p.a. as at year end. (Previous year 16.90% p.a.)
2	Term loan from Bank of Baroda, balance outstanding amounting to ₹1540.62 Lacs (March : 2016 ₹1806.25 Lac) is secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.	Repayable in 32 quarterly installments starting from 30.11.2014. Last installment due on 31.08.2022. Rate of interest 12.30% p.a. as at year end. (Previous year 14.90% p.a.)
3	Term loan from Bank of Baroda, balance outstanding amounting to ₹4812.50 Lacs (March : 2016 ₹5687.50 Lac) is secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.	Repayable in 32 quarterly installments starting from 30.11.2014. Last installment due on 31.08.2022. Rate of interest 12.30% p.a. as at year end. (Previous year 12.40% p.a.)
4	Term loan from Bank of Baroda, balance outstanding amounting to ₹1331.25 Lacs (March : 2016 ₹1260.52 Lac) is secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.	Repayable in 26 quarterly installments starting from 31.07.2016. Last installment due on 31.10.2022. Rate of interest 12.30% p.a. as at year end. (Previous year 12.40% p.a.)
5	Funded Interest Term Loan (FITL) from Bank of Baroda, balance outstanding amounting to ₹0.00 Lacs (March : 2016 ₹1556.38 Lac) is secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.	Since re-paid



## Notes to the Financial Statements for the year ended March 31, 2017

Sr. No.	Nature of Security	Terms of Repayment
6	Foreign Currency Non-Resident (FCNR-B-Loan) from Bank of Baroda, as part conversion of term loans, balance outstanding amounting to ₹0.00 Lacs (March : 2016 ₹5886.23 Lac) is secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.	Converted to Rupee Loan
7	Corporate Loan from The Saraswat Co-Operative Bank Ltd., balance outstanding amounting to ₹1678.38 Lacs (March : 2016 ₹1967.75 Lac) is secured by way of first pari passu charge on movable assets including plant and machinery and immovable assets at Unit I at Vapi. The loan is further secured on exclusive basis (i) Directors residential bungalow at Lokhandwala, Andheri (W), Mumbai 400053, (ii) the non agricultural land admeasuring 37.61 acres at Sarigam, Gujarat (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal .	Repayable in 32 quarterly installments starting from 30.11.2014. Last installment due on 31.08.2022. Rate of interest 12.30% p.a. as at year end. (Previous year 13.90% p.a.)
8	Funded Interest Term Loan(FITL) from The Saraswat Co-Operative Bank Ltd., balance outstanding amounting to ₹0.00 Lacs (March : 2016 ₹385.63 Lac) is secured by way of first pari passu charge on movable assets including plant and machinery and immovable assets at Unit I at Vapi. The loan is further secured on exclusive basis (i) Directors residential bungalow at Lokhandwala, Andheri (W), Mumbai 400053, (ii) the non agricultural land admeasuring 37.61 acres at Sarigam, Gujarat (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal .	Since Re-paid
9	Mortgage Loan from India Infoline Finance Ltd., balance outstanding amounting to ₹0.00 lacs (March : 2016 ₹855.31 Lac) is secured by exclusive charge on office premises situated at Office No. 1101, 11th Floor, Fortune Terraces, Mahashree Compound, New Link Road, Oshiwara, Andheri - West, Mumbai - 400 053 and personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal .	Since Re-paid
10	Term loan from Bank of Baroda, balance outstanding amounting to ₹1417.81 Lacs (March : 2016 ₹0.00 Lac) is secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.	Repayable in 16 quarterly installments starting from 30.09.2016. Last installment due on 30.06.2020. Rate of interest 12.30% p.a. as at year end. (Previous year 0.00% p.a.)
11	Term loan from Bank of Baroda, balance outstanding amounting to ₹4984.75 Lacs (March : 2016 ₹0.00 Lac) is secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, (iii) pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and (iv) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.	"Repayable in 32 quarterly installments starting from 30.11.2014. Last installment due on 31.08.2022. Rate of interest 12.30% p.a. as at year end. (Previous year 0.00% p.a.) Converted from FCNR (B) Loan.

## Notes to the Financial Statements for the year ended March 31, 2017

Sr. No.	Nature of Security	Terms of Repayment
12	Vehicle Loan from HDFC Bank Ltd., balance outstanding amounting to ₹ NIL Lacs (March : 2016 ₹ 1.36 Lacs) is secured by hypothecation of Motor Car.	Since re-paid
13	Vehicle Loan from Bank of Baroda, balance outstanding amounting to ₹8.41 Lacs (March : 2016 ₹10.54 Lacs) is secured by hypothecation of Toyota Altis and collaterally secured by personal guarantee of Shri Raunak Agarwal.	Repayble in 60 monthly installments starting from 30.07.2015. Last installment due on 30.06.2020. Rate of interest 9.85% p.a. as at year end. (Previous year 9.90% p.a.)
14	Vehicle Loan from Bank of Baroda, balance outstanding amounting to ₹11.68 Lacs (March : 2016 ₹14.21 Lacs) is secured by hypothecation of Volkswagen Jetta CI TSI and collaterally secured by personal guarantee of Shri Raunak Agarwal.	Repayble in 60 monthly installments starting from 09.12.2015. Last installment due on 09.11.2020. Rate of interest 9.85% p.a. as at year end. (Previous year 9.90% p.a.)
15	Vehicle Loan from Bank of Baroda, balance outstanding amounting to ₹5.43 Lacs (March : 2016 ₹6.61 Lacs) is secured by hypothecation of Mahindra Scorpio S2 and collaterally secured by personal guarantee of Shri Raunak Agarwal.	Repayble in 60 monthly installments starting from 09.12.2015. Last installment due on 09.11.2020. Rate of interest 9.85% p.a. as at year end. (Previous year 9.90% p.a.)
16	Vehicle Loan from Bank of Baroda, balance outstanding amounting to ₹72.72 Lacs (March : 2016 ₹87.64 Lacs) is secured by hypothecation of Porsche Cayenne Diesel 92AAK1 and collaterally secured by personal guarantee of Shri Ashok Kumar Bansal.	Repayble in 60 monthly installments starting from 11.02.2016. Last installment due on 11.01.2021. Rate of interest 9.85% p.a. as at year end. (Previous year 9.90% p.a.)
17	Vehicle Loan from Bank of Baroda, balance outstanding amounting to ₹13.37 Lacs (March : 2016 ₹0.00 Lacs) is secured by hypothecation of Innova Crysta Vx and collaterally secured by personal guarantee of Shri Ashok Kumar Bansal.	Repayble in 60 monthly installments starting from 05.08.2016. Last installment due on 05.07.2021. Rate of interest 8.85% p.a. as at year end. (Previous year 0.00% p.a.)
18	Vehicle Loan from Bank of Baroda, balance outstanding amounting to ₹5.35 Lacs (March : 2016 ₹0.00 Lacs) is secured by hypothecation of Mahindra Bolero SLE and collaterally secured by personal guarantee of Shri Ashok Kumar Bansal.	Repayble in 60 monthly installments starting from 05.08.2016. Last installment due on 05.07.2021. Rate of interest 8.85% p.a. as at year end. (Previous year 0.00% p.a.)
19	Vehicle Loan from Bank of Baroda, balance outstanding amounting to ₹22.94 Lacs (March : 2016 ₹0.00 Lacs) is secured by hypothecation of Scoda Superb and collaterally secured by personal guarantee of Shri Ashok Kumar Bansal.	Repayble in 60 monthly installments starting from 08.10.2016. Last installment due on 08.09.2021. Rate of interest 8.60% p.a. as at year end. (Previous year 0.00% p.a.)
20	Vehicle Loan from The Saraswat Co-operative Bank Ltd., balance outstanding amounting to ₹22.51 Lacs (March : 2016 ₹0.00 Lacs) is secured by hypothecation of Skoda Octavia Style Plus 2.0 tdi.	Repayble in 36 monthly installments starting from 28.03.2017. Last installment due on 28.02.2020. Rate of interest 8.25% p.a. as at year end. (Previous year 0.00% p.a.)
21	Vehicle Loan from The Saraswat Co-operative Bank Ltd., balance outstanding amounting to ₹15.22 Lacs (March : 2016 ₹0.00 Lacs) is secured by hypothecation of Hyundai Creta sx + VTVT.	Repayble in 36 monthly installments starting from 28.03.2017. Last installment due on 28.02.2020. Rate of interest 8.25% p.a. as at year end. (Previous year 0.00% p.a.)

## Notes to the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note 4 DEFERRED TAX LIABILITY (NET)</b>		
(a) Tax effect on items consisting of deferred tax liabilities:		
Difference between book and tax written down values of fixed assets	51,61,32,333	41,77,66,878
	51,61,32,333	41,77,66,878
(b) Tax effect of items constituting deferred tax assets:		
Disallowances under Section 43B of the Income Tax Act, 1961	37,05,103	30,30,038
Employee Benefits	52,23,027	23,24,878
Unabsorbed depreciation carried forward	31,37,04,445	24,16,62,162
	32,26,32,575	24,70,17,077
<b>TOTAL</b>	<b>19,34,99,758</b>	<b>17,07,49,800</b>

<b>Note 5 OTHER LONG TERM LIABILITIES</b>		
<b>Unsecured</b>		
Trade payables	95,00,00,000	95,00,00,000
Trade deposits	14,48,50,000	7,47,00,000
<b>TOTAL</b>	<b>1,09,48,50,000</b>	<b>1,02,47,00,000</b>

<b>Note 6 LONG-TERM PROVISIONS</b>		
Provision for employee benefits	3,94,92,958	2,44,00,993
<b>TOTAL</b>	<b>3,94,92,958</b>	<b>2,44,00,993</b>

<b>Note 7 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
Cash Credit from Banks	76,06,58,765	96,57,83,309
<b>TOTAL</b>	<b>76,06,58,765</b>	<b>96,57,83,309</b>

The cash credit loans are from Banks are secured by hypothecation of present and future stock of raw materials, stock-in-process, finished goods, stores and spares (not relating to plant and machinery), book debts 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. It is further secured by pledge of entire unencumbered shares of the company held by Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal on pari passu basis and personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal.

## Notes to the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note 8(a) DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006</b>		
On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:		
(i) Principal amount remainig unpaid	10,56,383	71,913
(ii) Interest due thereon remaining unpaid	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
(v) Interest accrued and remaining unpaid	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
<b>TOTAL</b>	<b>10,56,383</b>	<b>71,913</b>

<b>Note 8(b) TRADE PAYABLES</b>		
Trade Payables	60,06,18,296	79,31,43,764
<b>TOTAL</b>	<b>60,06,18,296</b>	<b>79,31,43,764</b>

<b>Note 9 OTHER CURRENT LIABILITIES</b>		
Current maturities of Long Term borrowings	34,49,65,922	33,44,51,654
Interest accrued but not due on Borrowings	29,20,980	48,26,369
Unclaimed Dividends*	12,30,517	15,19,614
Statutory dues	3,11,95,053	2,38,01,410
Advance from Customers	1,67,90,540	3,24,63,095
Salary and wages payable	4,14,34,912	3,47,36,531
Other payables for expenses	5,03,99,062	10,66,57,562
Creditors for Capital Expenditure	4,27,07,169	3,76,85,038
<b>TOTAL</b>	<b>53,16,44,155</b>	<b>57,61,41,272</b>

\*No amount due and outstanding to be credited to Investor Education and Protection Fund as at 31.3.2017

<b>Note 10 SHORT TERM PROVISIONS</b>		
Provision for Wealth Tax	5,32,030	5,32,030
Provision for Fringe Benefit Tax	15,49,615	15,49,615
<b>TOTAL</b>	<b>20,81,645</b>	<b>20,81,645</b>

## Notes to the Financial Statements for the year ended March 31, 2017

### Note 11 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2016 (₹)	Additions/ Adjustments (₹)	Deductions/ Adjustments (₹)	As at March 31, 2017 (₹)	As at April 1, 2016 (₹)	Retained Earnings / Transitional (₹)	For the Year (₹)	Deductions / Adjustments (₹)	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Tangible Assets										
Freehold Land	4,64,30,628	-	-	4,64,30,628	-	-	-	-	4,64,30,627.51	4,64,30,628
Leasehold Land	4,74,88,963	-	-	4,74,88,963	8,20,727	-	-	8,20,727	4,66,68,236.00	4,66,68,236
Road & Pathway	80,79,808	40,69,297	-	1,21,49,105	7,08,019	-	9,37,042	16,45,060	1,05,04,045.06	73,71,790
Factory Buildings	88,60,39,589	1,40,21,223	-	90,00,60,812	13,05,54,765	-	3,07,52,097	16,13,06,862	73,87,53,949.82	75,54,84,824
Other - Buildings	17,40,19,245	1,21,65,665	11,90,89,248	6,70,95,662	1,77,33,925	-	86,93,050	37,60,828	4,44,29,514.50	15,62,85,320
Plant and Machinery	4,60,08,92,411	21,64,33,480	2,62,58,402	4,79,10,67,488	1,17,90,22,921	-	19,61,13,072	1,62,62,700	3,43,21,194,195.02	3,42,18,69,490
Furniture and Fixtures	2,52,51,049	2,94,082	-	2,55,45,131	1,69,35,521	-	14,26,072	1,83,61,593	71,83,538.05	83,15,528
Vehicles	3,90,21,430	1,01,62,294	62,25,026	4,29,58,698	1,40,13,903	-	38,25,918	51,75,467	3,02,94,343.84	2,50,07,527
Computers	1,99,68,361	17,92,949	-	2,17,61,310	1,44,15,414	-	21,07,525	1,65,22,940	52,38,370.42	55,52,947
<b>Total (A)</b>	<b>5,84,71,91,483</b>	<b>25,89,38,990</b>	<b>15,15,72,676</b>	<b>5,95,45,57,796</b>	<b>1,37,42,05,194</b>	<b>-</b>	<b>24,38,54,777</b>	<b>2,51,98,995</b>	<b>1,59,28,60,976</b>	<b>4,36,16,96,820.22</b>
Intangible Assets										
Computer software	74,42,257	-	-	74,42,257	65,48,467	-	5,58,615	-	71,07,083	893,790
Others	27,27,914	24,64,913	-	51,92,827	24,14,292	-	6,33,671	-	30,47,963	3,13,622
<b>Total (B)</b>	<b>1,01,70,171</b>	<b>24,64,913</b>	<b>-</b>	<b>1,26,35,084</b>	<b>89,62,760</b>	<b>-</b>	<b>11,92,286</b>	<b>-</b>	<b>1,01,55,046</b>	<b>12,07,411</b>
<b>Total - A + B</b>	<b>5,85,73,61,654</b>	<b>26,14,03,902</b>	<b>15,15,72,676</b>	<b>5,96,71,92,880</b>	<b>1,38,31,67,954</b>	<b>-</b>	<b>24,50,47,063</b>	<b>2,51,98,995</b>	<b>1,60,30,16,022</b>	<b>4,36,41,76,858</b>
Previous Year	5,73,72,22,788	13,59,82,332	1,58,43,468	5,85,73,61,654	1,15,72,83,827	-	23,47,90,561	89,06,434	1,38,31,67,954	4,47,41,93,700
Capital Work-in-Progress									25,12,61,209	24,29,59,994

### Note 11.1 Capital Work-in-Progress

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Compound Wall & Road	72,33,053	65,25,550
Factory Building	6,49,55,572	3,09,50,439
Plant and Machinery	15,18,24,328	19,45,41,081
Pre operative expenses	1,71,96,666	88,32,855
Others	1,00,51,590	21,10,068
<b>Total</b>	<b>25,12,61,209</b>	<b>24,29,59,994</b>

## Notes to the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note 12 NON CURRENT INVESTMENTS</b>		
<b>In Equity Shares – Un-quoted, fully paid up</b>		
Laxmi Co-Operative Society Ltd.	2,750	2,750
Mahalaxmi Co-Operative Housing Society Ltd.	3,750	3,750
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
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
Kalupur Co-operative Bank Ltd. (250 Equity Shares of @ ₹10/- each fully paid up)	2,500	2,500
Fortune Terrace Co-operative Society Ltd. (5 Equity Shares of @ ₹50/- each fully paid up)	-	250
<b>In Equity Shares – Quoted, fully paid up</b>		
30,000 fully paid up Equity Shares of Bank of Baroda of ₹2/- each	5,10,000	5,10,000
2200 fully paid up Equity Shares of Bank of India of ₹10/- each	99,000	99,000
<b>Aggregate Book Value:</b>		
Quoted investment : ₹6,09,000 (Previous year ₹6,09,000)		
Unquoted investment : ₹47,000 (Previous year ₹47,250 )		
Aggregate market value of quoted investment ₹54,95,180 (Previous Year ₹46,26,510 )		
<b>TOTAL</b>	<b>6,56,000</b>	<b>6,56,250</b>

<b>Note 13 LONG TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, Considered Good)</b>		
Capital Advances	7,32,08,864	3,26,37,867
Deposits with Government authorities	5,54,20,347	5,21,36,706
Loans to employees	20,47,725	68,34,640
<b>TOTAL</b>	<b>13,06,76,936</b>	<b>9,16,09,213</b>

## Notes to the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note 14 INVENTORIES</b>		
Raw Materials	25,51,68,527	22,26,69,042
Raw Materials - in transit	2,27,46,267	1,53,48,132
Work-in-process	1,70,43,221	3,58,75,995
Finished Goods	13,18,31,912	13,45,38,580
Stores and Spares	16,63,33,955	16,66,78,844
Coal	2,50,59,513	6,21,21,930
Coal - in transit	-	1,31,34,782
Packing Materials	1,15,28,329	1,00,19,011
<b>TOTAL</b>	<b>62,97,11,724</b>	<b>66,03,86,316</b>

For mode of valuation, refer Significant Accounting Policies

<b>Note 15 TRADE RECEIVABLES</b>		
<b>Unsecured Considered Good</b>		
Over six months (A)	1,80,87,486	4,95,29,159
Others (B)	92,63,65,958	73,71,86,155
<b>TOTAL</b>	<b>94,44,53,444</b>	<b>78,67,15,313</b>

<b>Note 16 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks :		
In Current Accounts	12,81,417.26	49,64,421.75
Cash in Hand	1,32,646.00	6,95,931.00
<b>Other Bank Balances</b>		
Margin Deposits with banks*	4,65,07,912.10	4,45,10,590.00
Fixed Deposits with banks**	13,37,676.00	80,87,614.00
Unclaimed Dividend Account	12,30,517.00	15,19,614.00
<b>TOTAL</b>	<b>5,04,90,168.36</b>	<b>5,97,78,170.75</b>

\* Margin money deposits with carrying amount of ₹4,65,07,912/- (Previous year: ₹4,45,10,590/-) are held to secure the Company's Non Fund Based Limits availed from banks.

\*\* Fixed Deposit includes deposits of ₹ Nil (Previous Year ₹76,67,000).

## Notes to the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note 17</b> <b>SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Balance with Customs, Central Excise Authorities	3,20,634	3,20,634
MAT Credit Entitlement	15,47,39,856	-
Advance Income Tax (Net of provisions)	61,55,940	12,86,75,460
Deposits	3,81,78,647	99,06,427
Others	16,72,96,042	21,29,02,984
<b>TOTAL</b>	<b>36,66,91,119</b>	<b>35,18,05,504</b>

	Year ended March 31, 2017 (₹)	Year ended March 31, 2016 (₹)
<b>Note 18</b> <b>REVENUE FROM OPERATIONS</b>		
Sale of Products (Paper & Board)	10,91,38,46,790	9,24,84,13,856
<b>Other Operating Revenues</b>		
Sale of Salvage/Fly Ash	4,98,333	-
	10,91,43,45,123	9,24,84,13,856
Less: Excise Duty	50,84,57,162	41,58,77,492
<b>TOTAL</b>	<b>10,40,58,87,961</b>	<b>8,83,25,36,363</b>
Excise duty deducted from turnover represents excise duty collected on sale of goods.		
<b>PARTICULARS OF SALE OF PRODUCTS</b>		
Duplex Board	5,01,04,21,010	4,63,31,37,368
News Print	90,06,24,272	92,29,49,102
Writing & printing	4,49,43,44,346	3,27,64,49,893
Sale of Fly Ash	4,98,333	-
<b>TOTAL</b>	<b>10,40,58,87,961</b>	<b>8,83,25,36,363</b>



## Notes to the Financial Statements for the year ended March 31, 2017

	Year ended March 31, 2017 (₹)	Year ended March 31, 2016 (₹)
<b>Note 19 OTHER INCOME</b>		
Interest Income from banks from fixed deposits and margin deposits	38,96,945	41,02,249
Interest Others	1,73,41,149	1,81,23,031
Dividend Income	4,350	1,26,200
Net foreign exchange fluctuation	2,78,02,769	1,17,55,608
Other income	4,73,08,105	4,60,15,548
<b>TOTAL</b>	<b>9,63,53,317</b>	<b>8,01,22,636</b>

<b>Note 20 COST OF MATERIALS CONSUMED</b>		
Waste Paper	5,01,95,21,303	4,45,85,01,530
Chemicals	1,09,96,18,644	1,02,17,72,431
Less: Sale of Raw Materials	(59,57,929)	(38,23,902)
<b>TOTAL</b>	<b>6,11,31,82,018</b>	<b>5,47,64,50,059</b>

<b>Note 21 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE</b>		
<b>Inventories (at close)</b>		
Finished Goods/ Stock in Trade	13,18,31,912	13,45,38,580
Stock in Process	1,70,43,221	3,58,75,995
	<b>14,88,75,133</b>	<b>17,04,14,575</b>
<b>Inventories (at commencement)</b>		
Finished Goods/ Stock in Trade	13,45,38,580	13,77,23,706
Stock in Process	3,58,75,995	4,41,21,930
	<b>17,04,14,575</b>	<b>18,18,45,636</b>
<b>TOTAL</b>	<b>2,15,39,442</b>	<b>1,14,31,061</b>

<b>Note 22 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	45,27,96,949	39,34,04,724
Contribution to Provident and Other Funds	2,70,50,921	2,52,48,119
Staff Welfare Expenses	2,70,46,609	2,14,44,540
<b>TOTAL</b>	<b>50,68,94,478</b>	<b>44,00,97,383</b>

## Notes to the Financial Statements for the year ended March 31, 2017

As per Accounting Standard 15 "Employee benefits" the disclosures as defined in the Accounting Standard are given below:

Particulars	Gratuity Benefits	
	March 31, 2017 (₹)	March 31, 2016 (₹)
<b>Components of Employer Expenses</b>		
Current service cost	81,98,238	95,60,705
Interest cost	31,58,982	27,52,643
Expected return on plan assets	(29,52,230)	(23,92,921)
Actuarial losses / (gains)	36,27,164	(20,57,326)
Total expenses / (income) recognized in the Statement of Profit and Loss	1,20,32,154	78,63,101
<b>Actual contribution and benefits paid during the year</b>		
Actual benefits paid	29,42,105	27,97,171
Actual contribution	53,47,767	80,81,716
<b>Net asset / (liability) recognized in Balance Sheet as at March 31, 2017</b>		
Present Value of Defined Benefit Obligation	(5,20,75,250)	(3,99,87,106)
Fair value of plan assets	4,07,59,803	3,53,56,046
Net asset/(liability) recognized in Balance Sheet	(1,13,15,447)	(46,31,060)
<b>Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2017</b>		
Present value of DBO at beginning of year	3,99,87,106	3,21,97,338
Current Service cost	81,98,238	95,60,705
Interest cost	31,58,982	27,52,643
Actuarial (gain)/ losses	36,73,029	(17,26,409)
Benefits paid	(29,42,105)	(27,97,171)
Present Value of DBO at the end of year	5,20,75,250	3,99,87,106
<b>Change in Fair Value of Assets during the year ended March 31, 2017</b>		
Plan Assets at beginning of year	3,53,56,046	2,73,47,663
Expected return on plan assets	29,52,230	23,92,921
Actual Company contributions	53,47,767	80,81,716
Benefits paid	(29,42,105)	(27,97,171)
Actuarial Gain / (loss) on Plan Assets	45,865	3,30,917
Plan assets at the end of year	4,07,59,803	3,53,56,046
<b>Actuarial Assumptions</b>		
Discount Rate	7.40%	7.90%
Expected Return on plan assets	7.71%	8.35%
Salary escalation	7.25%	7.25%

## Notes to the Financial Statements for the year ended March 31, 2017

Particulars	Compensated absences	
	March 31, 2017 (₹)	March 31, 2016 (₹)
<b>Components of employer expenses</b>		
Current service cost	58,24,990	81,62,744
Interest cost	15,61,825	12,58,330
Expected return on plan assets	NA	NA
Actuarial losses / (gains)	43,57,798	5,16,065
Total expenses / (income) recognized in the Statement of Profit and Loss	1,17,44,613	99,37,139
<b>Actual contribution and benefits paid during the year</b>		
Actual benefits paid	33,37,035	29,04,841
Actual contribution	NA	NA
<b>Net asset / (liability) recognized in Balance Sheet as at March 31, 2017</b>		
Present Value of Defined Benefit Obligation	(2,81,77,511)	(1,97,69,933)
Fair value of plan assets	NIL	NIL
Net asset/(liability) recognized in Balance Sheet	(2,81,77,511)	(1,97,69,933)
<b>Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2017</b>		
Present value of DBO at beginning of year	1,97,69,933	1,27,37,635
Current Service cost	58,24,990	81,62,744
Interest cost	15,61,825	12,58,330
Actuarial (gain)/ losses	43,57,798	5,16,065
Benefits paid	(33,37,035)	(29,04,841)
Present Value of DBO at the end of year	2,81,77,511	1,97,69,933
<b>Change in Fair Value of Assets during the year ended March 31, 2017</b>		
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
<b>Actuarial Assumptions</b>		
Discount Rate	7.40%	7.90%
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 to the Financial Statements for the year ended March 31, 2017

	Year ended March 31, 2017 (₹)	Year ended March 31, 2016 (₹)
<b>Note 23 FINANCE COSTS</b>		
Interest Expenses	42,14,96,474	45,17,72,625
Other Borrowings Cost	99,41,706	52,70,595
<b>TOTAL</b>	<b>43,14,38,180</b>	<b>45,70,43,220</b>

<b>Note 24 DEPRECIATION</b>		
Depreciation	24,50,47,063	23,47,90,561
<b>TOTAL</b>	<b>24,50,47,063</b>	<b>23,47,90,561</b>

<b>Note 25 OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Consumption of Stores, Spares and Tools	21,85,07,483	21,21,69,266
Excise Duty Paid	5,35,945	31,50,301
Power, Fuel and Water	1,22,35,93,786	1,23,79,18,165
Material Handling Charges	9,14,59,975	7,13,97,920
Repairs to Building	86,78,551	57,93,102
Repairs to Machinery	7,95,96,946	4,79,19,650
	<b>1,62,23,72,686</b>	<b>1,57,83,48,403</b>
<b>Selling and Distribution Expenses</b>		
Selling and distribution expenses	51,95,23,949	47,02,35,103
	<b>51,95,23,949</b>	<b>47,02,35,103</b>
<b>Establishment Expenses</b>		
General Expenses	14,30,93,501	11,21,84,693
Corporate Social Responsibility expenses	21,53,625	11,36,740
Rent	5,50,80,572	4,85,38,272
Insurance	35,02,901	63,64,944
Rates & Taxes	55,36,536	58,83,702
Other Repairs	1,19,47,387	1,06,07,177
Payment to Auditors	12,07,400	12,00,100
Legal & Professional Fees	4,23,42,367	1,19,34,557
Loss on Sale /Discard of Fixed Assets	92,75,246	42,14,646
Other expenditures	37,56,145	9,43,819
Charity and Donations	4,67,502	2,21,650
	<b>27,83,63,182</b>	<b>20,32,30,300</b>
<b>TOTAL</b>	<b>2,42,02,59,817</b>	<b>2,25,18,13,806</b>

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 to the Financial Statements for the year ended March 31, 2017

	Year ended March 31, 2017 (₹)	Year ended March 31, 2016 (₹)
<b>Note 26 EARNINGS PER SHARE (EPS)</b>		
The Computation of EPS is set out below:		
(i) Net Profit after tax as per Statement of Profit and Loss	70,23,16,505	17,82,58,289
(ii) Weighted Average number of equity shares used	1,70,19,100	1,70,19,100
(iii) Basic Earnings per share	41.27	10.47
(iv) Diluted Earnings per share	41.27	10.47
(v) Face Value per equity share (₹)	10	10

	Year ended March 31, 2017		Year ended March 31, 2016	
	(₹)	% of total consumption	(₹)	% of total consumption
<b>Note 27 VALUE OF IMPORTED AND INDIGENEOUS RAW MATERIALS, STORES AND SPARES CONSUMED</b>				
<b>Raw Materials</b>				
Imported	2,49,84,33,608	41%	2,16,40,24,450	40%
Idigeneous	3,61,47,48,410	59%	3,31,24,25,609	60%
<b>TOTAL</b>	<b>6,11,31,82,018</b>	<b>100%</b>	<b>5,47,64,50,059</b>	<b>100%</b>
<b>Stores and Spares Consumed</b>				
Imported	4,60,05,296	21%	3,61,25,732	17%
Idigeneous	17,25,02,186	79%	17,60,43,533	83%
<b>TOTAL</b>	<b>21,85,07,483</b>	<b>100%</b>	<b>21,21,69,265</b>	<b>100%</b>

	2015-16 (₹)	2014-15 (₹)
<b>Note 28 DIVIDEND REMITTANCE IN FOREIGN CURRENCY</b>		
Year to which the dividend relates		
Number of Non Resident Shareholders	22	21
Number of Shares held by them	1,55,394	1,42,114
Amount of Dividend ₹	-	-

## Notes to the Financial Statements for the year ended March 31, 2017

	2016-17 (₹)	2015-16 (₹)
<b>Note 29</b> VALUE OF IMPORTS ON C.I.F BASIS		
Raw Materials	2,20,94,60,289	1,85,82,50,292
Stores, components and parts	4,47,87,259	5,18,03,610
Capital goods	2,87,13,915	10,70,51,415
Coal	34,50,43,992	56,77,31,448
	<b>2,62,80,05,455</b>	<b>2,58,48,36,766</b>

<b>Note 30</b> EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF		
Interest Expenses	2,67,27,840	4,27,40,398
Legal and Professional Fees	23,04,537	32,15,259
Commission	73,44,235	1,30,88,420
Travelling Expenses	65,27,777	46,66,431
<b>TOTAL</b>	<b>4,29,04,389</b>	<b>6,37,10,508</b>

<b>Note 31</b> EARNINGS IN FOREIGN EXCHANGE		
Export of goods on F.O.B Basis	84,03,55,939	88,56,43,035

<b>Note 32</b> PAYMENTS TO AUDITORS		
(a) Auditors		
Statutory Audit fees	9,00,000	9,00,000
Tax Audit fees	1,50,000	1,50,000
(b) Certification	1,50,000	1,60,000
Service Tax*	1,80,000	1,75,036
	<b>13,80,000</b>	<b>13,85,036</b>

\* Eligible for cenvat Credit ₹1,68,000/- (previous year ₹1,62,936/-)

## Notes to the Financial Statements for the year ended March 31, 2017

### Note 33 RELATED PARTY DISCLOSURES

#### Key Management Personnel

- 1 Shri R N Agarwal
- 2 Smt. Reena R Agarwal
- 3 Shri Raunak Agarwal
- 4 Shri A.K. Bansal
- 5 Shri Gopal Uchil
- 6 Ms. Pooja Daftary

#### Relatives of Key Management Personnel

- 1 Shri Rohan R Agarwal

	March 31, 2017 (₹)	March 31, 2016 (₹)
<b>(a) Details of Transactions that were carried out with the related parties in the ordinary course of business.</b>		
<b>Unsecured Deposits received from</b>		
Key Management Personnel	20,35,00,000	1,00,00,000
<b>Unsecured Deposits received from</b>		
Relatives		
<b>Remuneration paid to</b>		
Key Management Personnel & Relatives	3,48,10,173	2,28,11,718
<b>Sitting Fees paid to</b>		
Key Management Personnel & Relatives		
<b>Car Lease Rent</b>		
Key Management Personnel	18,00,000	18,00,000
<b>Unsecured Deposits Outstanding</b>		
Key Management Personnel	28,00,07,088	16,00,13,588
<b>(b) Loans and Advances in the nature of Loans given to Associates</b>		
Loans and Advances in the nature of Loans	Nil	Nil
Maximum balance	N.A	N.A

#### Notes:

- 1 Loans to Employees as per Company's policy are not considered
- 2 Related Party Relationship is as identified by the Company and relied upon by the Auditors.

## Notes to the Financial Statements for the year ended March 31, 2017

	March 31, 2017 (₹)	March 31, 2016 (₹)
<b>Note 34 CONTINGENT LIABILITIES AND PROVISIONS</b>		
(a) Guarantees issued by Banks	45,93,050	12,00,000
(b) Claims not acknowledged by the Company:		
Excise demands and penalties	2,61,62,882	2,89,98,901
Custom demands and penalties	34,90,152	34,90,152
Labour demands	77,99,347	12,52,354
(c) Letters of credit outstanding	9,14,05,528	15,16,09,563
(d) The Company has imported capital goods under "Export Promotion Capital Goods" scheme for which the company has an given export obligation	2,92,56,738	15,76,54,650
(e) (i) The Deputy Commissioner of Income Tax, Surat has raised a demand for ₹10,84,45,192/- while completing the assessment for the years 2007-08 to 2010-11. The Company had appealed against these orders before the CIT (A) and obtained partial relief reducing the demand to ₹3,59,45,433/-. The Company and the Department are in appeal before the Income Tax Appellate Tribunal, Ahmedabad.		
(ii) The Asst. Commissioner of Income Tax, Surat had raised a demand of ₹7,82,85,501/- while completing the assessment for the years 2011-12 and 2012-13. The Company had appealed against these orders before the CIT (A) and obtained partial relief reducing the demand to ₹94,54,592/-. The Company and the Department are in appeal before the Income Tax Appellate Tribunal, Ahmedabad.		
(iii) The Income Tax Officer, Vapi had raised a demand of ₹88,99,000/- while completing the assessment for the year 2013-14. The Company had appealed against this order before the CIT (A) and obtained partial relief reducing the demand to 'Nil'. The Company and the Department are in appeal before the Income Tax Appellate Tribunal, Ahmedabad.		
(iv) The Income Tax Officer, Vapi had raised a demand of ₹26,23,010/- while completing the assessment for the assessment year 2014-15. The demand has been adjusted against the refund available to the Company for the previous assessment years. The Company had appealed against this order before the CIT (A) and the same is pending disposal.		
(v) The Asst. Commissioner of Income Tax, Vapi had raised a demand of ₹3,52,10,755/- as penalty u/s 271C for the assessment years 2007-08 to 2010-11. The Company had appealed against these orders before the CIT (A) and the same is pending disposal.		
(vi) The Income Tax Department is in appeal before the Hon'ble High Court, Gujarat for the assessment years 2007-08 and 2008-2009 on various grounds decided by the Income Tax Appellate Tribunal.		

### Note 35 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	9,28,500	2,30,815	11,59,315
(+) Permitted receipts	-	18,21,918	18,21,918
(-) Permitted payments	-	(16,29,987)	(16,29,987)
(-) Amount deposited in Banks	9,28,500	-	(9,28,500)
Closing cash in hand as on December 30, 2016	-	4,22,746	4,22,746

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.



## Notes to the Financial Statements for the year ended March 31, 2017

### Note 36

Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances) ₹11,23,73,173/- (Previous year ₹1,34,32,043/).

### Note 37

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 ₹1,20,00,000 as interest free deposit adjustable against the tipping bills. However, the said project has not materialized and the amount of ₹1,20,00,000 paid by the Company as Deposit has been forfeited by DRR. Consequently, the Company has initiated legal proceedings. Pending the outcome of legal proceedings, the Company has not made any provision in the books of accounts.

### Note 38

The Board of Directors at its meeting held on May 19, 2017 have recommended a dividend of 20% (₹2 per equity share of par value of ₹10 each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of approximately ₹409.68 lakhs, inclusive of dividend distribution tax.

### Note 39

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

### Note 40 SEGMENT REPORTING

The Company's business activity falls within a single primary business segment which is "Manufacture of Paper, Paper Boards and Newsprint" and sales being mainly in the domestic market, therefore disclosure requirements of AS – 17 are not applicable.

	March 31, 2017 (₹)	March 31, 2016 (₹)
<b>Note 41 EXCEPTIONAL ITEMS REPRESENT</b>		
a) Recompense amount in respect of interest cost paid under CDR guidelines for the period 01.09.2012 to 28.10.2016	7,18,50,000	-
b) Commission Et Brokerage on sale of office	16,96,250	-
c) Gain on sale of assets (office)	(3,21,71,330)	-
d) Interest on Income Tax Refund	(25,61,103)	-
	<b>3,88,13,817</b>	

#### Recompense Amount:

Term Loans I and II from Bank of Baroda and Corporate Loan of Saraswat Co-operative Bank were restructured under the Corporate Debt Restructuring ("CDR") mechanism on certain terms and conditions vide approval letter dated 28.03.2013 for a period upto 31.08.2022. The Bankers and the Company had executed a Master Restructuring Agreement ("MRA") on 31.03.2013. The MRA as well as the provisions of Master Circular on CDR issued by the Reserve Bank of India, give a right to the lenders to avail a recompense of their waiver and sacrifices, if any, made as a part of the CDR proposal. The recompense payable by the Company was contingent on various factors and conditions including improved overall performance.

## Notes to the Financial Statements for the year ended March 31, 2017

Pursuant to a substantial improvement in its performance, the company has opted, during the year, to exit from the CDR mechanism and agreed to pay recompense amount of ₹718.50 lacs to the respective Banks, which has been provided for in the books and disclosed separately as an "Exceptional Expense" in the financial statements (refer note no.41.a). The MRA also gave an option, subject to consent of the lenders, to the Company to prepay the Funded Interest Term Loan. Accordingly, the liability of ₹1745 lacs has been paid out of the proceeds of a fresh term loan received from Bank of Baroda.

Further CDR EG in its meeting dated August 30, 2016 has directed that the Company stands exited from CDR system on payment of the ROR amount to the eligible lenders.

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### Note 42

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The Company has incurred during the year a sum of ₹21,53,625/- (₹11,36,740/-) towards Corporate Society Responsibility within the purview of CSR expenditure as specified in Schedule VII of the Companies Act, 2013.

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### Note 43

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Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosures

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 19, 2017

For and on behalf of the Board of Directors

**R N AGARWAL**

Chairman and Managing Director

**GOPAL UCHIL**

Chief Financial Officer

**RAUNAK AGARWAL**

Whole Time Director

**POOJA DAFTARY**

Company Secretary







# N R AGARWAL INDUSTRIES LIMITED

CIN: L22210MH1993PLC133365

Regd. Office: 502-A/501-B, Fortune Terraces, 5th Floor, Opp. City Mall, New Link Road, Andheri (W), Mumbai -400053

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

## 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]

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: |                       |

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Twenty-Fourth Annual General Meeting of the Company, to be held on the Wednesday, September 20, 2017 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 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 Audited Financial Statements for the financial year ended March 31, 2017 together with the Reports of the Board of Directors and Auditors thereon.
2.	Declaration of dividend for the financial year 2016-17
3.	Appointment of Director in place of Shri Ashok Kumar Bansal (DIN 07325904), who retires by rotation and, being eligible, offers himself for re-appointment
4.	Appointment of Auditors and to fix their remuneration.
5.	Re-appointment of Smt. Reena Agarwal (DIN: 00178743) as Whole Time Director
6.	Re-appointment of Shri Raunak Agarwal (DIN: 02173330) as Whole Time Director
7.	Ratification of payment of remuneration to the Cost Auditors for the financial year ended March 31, 2018.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

Signature of Shareholder \_\_\_\_\_

Signature of Proxy Holder (s) \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re. 1/-

### Note:

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.



# CORPORATE INFORMATION

CIN:L22210MH1993PLC133365

## BOARD OF DIRECTORS

Shri R N Agarwal [Chairman & Managing Director]

Shri Raunak Agarwal [Whole Time Director]

Smt. Reena Agarwal [Whole Time Director]

Shri Ashok Kumar Bansal [Whole Time Director]

Shri S N Chaturvedi [Independent Director]

Shri P Kumar [Independent Director]

Shri C R Radhakrishnan [Independent Director]

Shri Ajay Nair [Independent Director]

## CHIEF FINANCIAL OFFICER

Shri Gopal Uchil

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Pooja Daftary

Contact: 022-67317547

E: investors@nrail.com

## AUDITORS

Chaturvedi & Partners

Chartered Accountants, Mumbai

## SENIOR LEADERSHIP

Gopal Uchil [Chief Financial Officer]

Ashok Bansal [Group President (Technical)]

Rajendra Singh Shekhawat [President Marketing]

Pankaj Chhajer [Sr. Vice President (Manufacturing)]

Joshua Madhuker [Sr. Vice President (Administration)]

Santosh Zagade [Sr. Vice President (Accounts & Taxation)]

## REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Private Limited

Unit No.1, Luthra Industrial Premises

Safed Pool, Andheri Kurla Road,

Andheri (East),

Mumbai - 400 072

Contact: 022-28515606

E: investors@sharexindia.com

## BANKERS

Bank of Baroda

Bank of India

Standard Chartered Bank

IDBI Bank Limited

The Saraswat Co-operative Bank Limited

## REGISTERED OFFICE

502-A/501-B, Fortune Terraces

5th Floor, Opp. City Mall

New Link Road, Andheri (West)

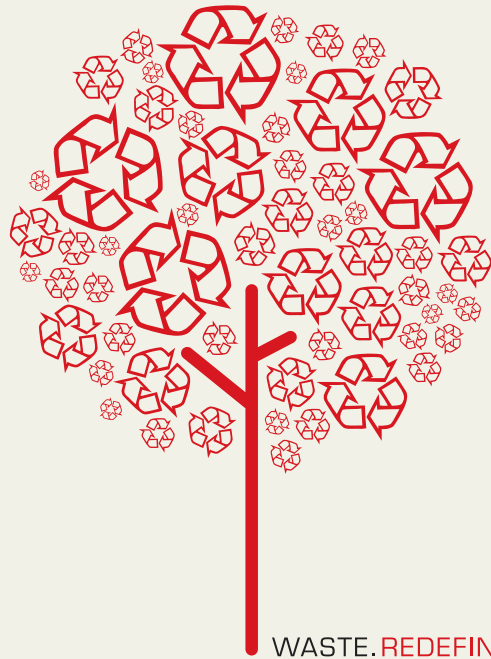
Mumbai 400 053

Tel.: +91 22 6731 7500

Email Id: admin@nrail.com

Website: www.nrail.com





WASTE. REDEFINED.

**N R AGARWAL INDUSTRIES LIMITED**  
Regd. Off.: 502-A/501-B, Fortune Terraces,  
5th Floor, Opp. City Mall, New Link Road,  
Andheri (West), Mumbai 400 053