

N R AGARWAL INDUSTRIES LTD.

502 A/501 B, FORTUNE TERRACES, 5TH FLOOR, NEW LINK ROAD, ANDHERI WEST, 400053
MUMBAI, MH (INDIA) TEL: +91 22 67317500 FAX: +91 22 26730227 / 2673695

September 11, 2020

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

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

Srip code : 516082
NSE symbol : NRAIL

Sub: Annual Report for the year 2019-20

Dear Sir,

Please find attached herewith Annual Report of the Company for the financial year 2019-20.

Kindly take the same on record.

Thanking You,

Yours faithfully,
For N R AGARWAL INDUSTRIES LIMITED,

Sd/-
Pooja Daftary
Company Secretary and Compliance Officer

N R Agarwal Industries Limited
Annual Report 2019-20



**BANKING ON
SUSTAINABILITY**

Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take 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 'anticipate', 'estimate', '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 achievements of results are 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 keep 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

01 Board of Directors	02 Strategic overview	06 Our growth journey in numbers	07 Financial highlights
08 Notice	22 Director's Report	48 Business Responsibility Report	56 Management Discussion and Analysis
60 Report on Corporate Governance	75 Financial statements		

Board of Directors



Shri R N Agarwal
Chairman & Managing Director



Shri Raunak Agarwal
Whole Time Director



Smt Reena Agarwal
Whole Time Director



Shri Rohan Agarwal
Whole Time Director



Shri Ashok Kumar Bansal
Whole Time Director



Shri P Kumar
Independent Director



Shri C R Radhakrishnan
Independent Director



Mrs. Sunita Nair
Independent Director



Shri R K Bakshi
Independent Director



Shri S N Chaturvedi
Independent Director



N R Agarwal will continue to remain profitable on account of a broad-based business model. The Company will protect the integrity of its Balance Sheet.

Overview

N R Agarwal Industries Limited is pleased to present record revenues and profit after tax in FY 19-20, which surpassed the best it had achieved in the previous financial year.

During the year under review, the Company reported profitable growth as revenues increased 6.58% while EBIDTA increased 18.50% and profit after tax strengthened 23.36%.

The improvement in performance was also accompanied by an improvement in business health. The Company reported an increase in EBIDTA margin from 14.62% in FY 18-19 to 16.25% in FY 19-20. The Company reported a 92 bps increase in Return on Capital Employed in FY 19-20, validating the fact that the Company outperformed the country's paper sector and generated a superior return on every rupee invested in the business.

The two C's of our business

At N R Agarwal, the two defining C's of our capital-intensive business have been Capital Allocation and Capital Efficiency.

The country's paper sector comprises a number of segments, putting a premium on the need to invest in the one that generates sustainable growth and attractive returns. Besides, capital allocation alone is not enough; there is a need to ensure that the allocated capital is sweated at the highest efficiency.

Across the years, the Company selected to allocate capital in the manufacture of duplex boards and writing & printing paper. We believed that by the virtue of their end applications being completely different, the business model would be relatively de-risked and broad-based. We took this de-risking a decisive step ahead when we exited the newsprint business a few years ago and retrofitted the equipment for

the manufacture of writing & printing paper. When this transformation was complete, the Company believed it had created a robust two-business foundation for sustainable growth.

The Company recognised that prudent capital allocation alone would not be enough. It would need to counter the commoditised nature of the two businesses through capital efficiency. At N R Agarwal, this capital efficiency was derived from the ability to mobilise investments around the lowest costs, extended repayment tenures, maximised asset utilisation, operational integration and a number of continuous improvement initiatives that would strengthen our manufacturing productivity.

I am pleased to report that the Company's record performance in successive years was a result of these two C's coming together.

ACROSS THE YEARS, THE COMPANY SELECTED TO ALLOCATE CAPITAL IN THE MANUFACTURE OF DUPLEX BOARDS AND WRITING & PRINTING PAPER. WE BELIEVED THAT BY THE VIRTUE OF THEIR END APPLICATIONS BEING COMPLETELY DIFFERENT, THE BUSINESS MODEL WOULD BE RELATIVELY DE-RISKED AND BROAD-BASED.



Record performance

Your Company's record performance of FY 19-20 was not the result of a short-term spike in paper realisations that generated a one-time windfall, but was the result of a number of initiatives that enhanced profitability.

During the previous financial year, the Company had invested ₹50.54 Cr in infrastructure and process modernisation with the objective to strengthen efficiency. The sum of these initiatives paid off during the year under review, generating a range of attractive upsides.

The modernisation programme increased machine efficiency with increased speed and full utilisation of assets, which helped the Company report higher sales on the one hand and amortise fixed costs effectively on the other. The increased deinking efficiency enhanced pulp yield that reduced resource cost. The Company's investment in a reverse osmosis plant enhanced the recycling of process water that, in turn, reduced the quantity of waste water discharge.

A visible impact of the modernisation was a superior paper quality, which strengthened average sales realisations.

It would be simplistic to assume that the improvement in our performance was achieved only through investment in the latest technology. It was achieved through an overarching culture of pushing the frontier, empowering workers and questioning convention. This was reflected in proactive periodic shutdowns of manufacturing assets for maintenance when this is not the usual industry practice; the senior management deepened the practice of cross-functional engagement that empowered shop-floor workers to explore cost reduction and operational improvements.

The result is that N R Agarwal did not just report better numbers; the Company strengthened its eco-system through all-round improvements that deepened sustainability across market cycles.

The pandemic impact

The performance of the Company was affected from the second half of March 2020 when the first signs of the Covid-19 pandemic began to become evident across India. As schools began to shut, the offtake of writing & printing paper declined. This affected the offtake of the Company's writing & printing paper products and, in turn, our manufacturing operations where capacity utilisation declined to around 46% in the first quarter of the current year.

However, the off take of the Company's packaging board business remained largely unaffected. Since this business serviced the growing needs of the FMCG and pharmaceutical sectors, whose sales sustained through the lockdown, the impact on this segment was moderate. The manufacturing operations of the Company's packaging board remained shut for a period of 30 days.

DURING THE PREVIOUS FINANCIAL YEAR, THE COMPANY HAD INVESTED ₹50.54 CR IN INFRASTRUCTURE AND MODERNISATION OF PROCESS WITH THE OBJECTIVE TO STRENGTHEN EFFICIENCY.



How we are positioned

The big question that we have been asked in the last few months is how our operations will be affected during the current financial year.

The outlook of the writing & printing paper business will be affected as long as schools remain closed; the prospects of the packaging board business appear buoyant, given that the Company selected to be present in the grey back duplex board and white back duplex board segments that escaped demand erosion. The net result is that the upside in the latter should more than make up for the decline in the former; the Company should report a reasonable surplus during the current year.

Besides, the modernisation notwithstanding, the business has been relatively de-risked. A credit rating of A Minus made it possible to raise debt at a relatively low cost. The Company's total long-term debt of ₹131.21 Cr as on March 31, 2020, corresponding to a turnover of ₹1404.93 Cr, appears attractively low.

Besides, the Company repaid ₹54.35 Cr of debt during the last financial year, indicating adequate systemic liquidity.

We believe that our Balance Sheet will continue to right-size considering that our modernisation investments were made in projects with a three-year payback, returns from most already having commenced. We believe that even as market conditions remain sluggish, the Company expects to remain among the last persons standing and among the better placed to make an advance as soon as conditions revive.

In an environment when the consumer sentiment appears uncertain, the Company has selected to defer its proposed duplex board capacity expansion. A decision on this expansion will be taken when market conditions improve and when there is better revenue visibility.

THE MODERNISATION NOTWITHSTANDING, THE BUSINESS HAS BEEN RELATIVELY DE-RISKED. A CREDIT RATING OF A MINUS MADE IT POSSIBLE TO RAISE DEBT AT A RELATIVELY LOW COST.

Outlook

The message that I wish to communicate to our stakeholders is that there will be a decline in our revenues and profits during the current year. However, N R Agarwal will continue to remain profitable on account of a broad-based business model. The Company will protect the integrity of its Balance Sheet and its competitiveness till the time

demand revives and the Company is better placed to enhance value for its stakeholders once more.

R N Agarwal,
Chairman & Managing Director

Our **growth** journey in numbers

Our rich fundamentals



(₹ Cr)

Net worth
as on March 31, 2020



(₹ Cr)

Cash balance
as on March 31, 2020



(₹ Cr)

Profit after tax
as on March 31, 2020



(₹ Cr)

Revenue
as on March 31, 2020



(x)

**Debt (long and short-term
debt) to equity ratio**
as on March 31, 2020



(₹ Cr)

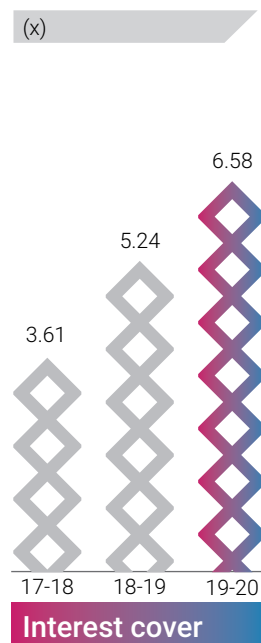
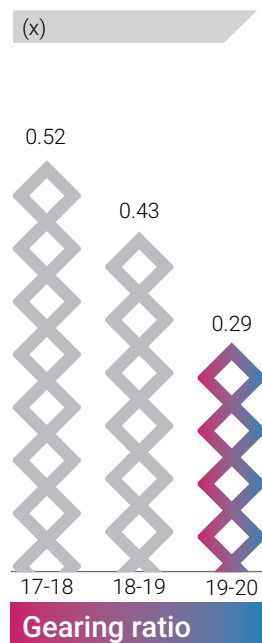
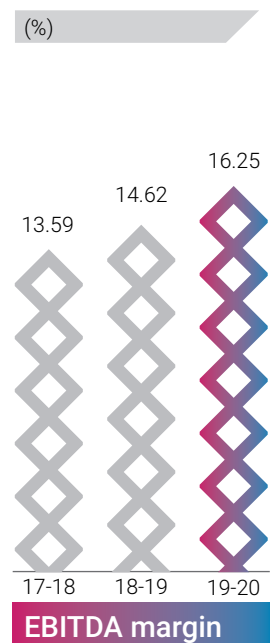
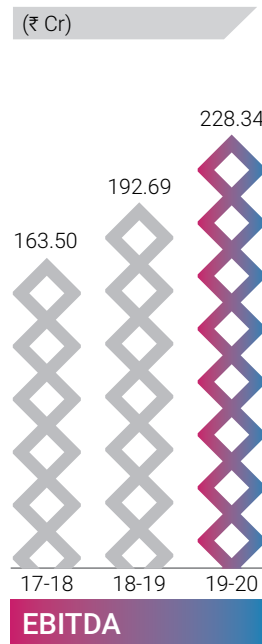
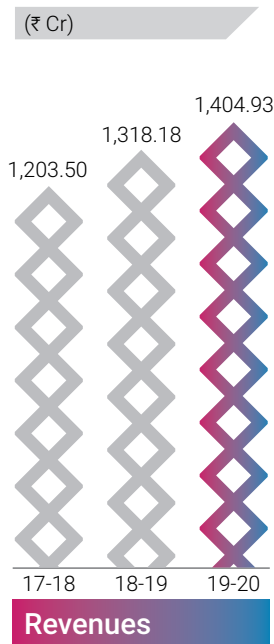
Capital expenditure
incurred over the last three
years ending FY 19-20



(₹ Cr)

Cumulative cash profit
in the last three years
ending FY 19-20

Financial highlights



N R AGARWAL INDUSTRIES LIMITED

CIN: L22210MH1993PLC133365

502-A/501-B, Fortune Terraces, 5th Floor, Opp. Citi Mall, New Link Road, Andheri (West), Mumbai 400 053

Tel. No. +91 (22) 67317500, Fax No. +91 (22) 26730227/26736953

NOTICE

Notice is hereby given that the Twenty-Seventh Annual General Meeting of the members of N R AGARWAL INDUSTRIES LIMITED will be held on Tuesday, September 29, 2020 at 11.30 a.m. IST through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2020, together with the reports of the Board of Directors and, Auditors thereon.
2. To appoint a Director in place of Shri R N Agarwal (DIN 00176440), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **Appointment of Shri Rohan Agarwal (DIN: 08583011) as the Director**

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

RESOLVED THAT Shri Rohan Agarwal (DIN:08583011) who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 1, 2019 and who holds office upto the date of the forthcoming Annual General Meeting under Section 161 of the Companies Act, 2013 and Articles of Association of the Company, but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

4. **Appointment of Shri Rohan Agarwal (DIN: 08583011) as the 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, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder and SEBI (Listing Obligations and Disclosures Requirement)(Amendment) Regulations, 2018 notified by SEBI by way of Notification No. SEBI/ LAD-NRO/ GN/ 2018/ 10 dated May 9, 2018, (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 appointment of Shri Rohan Agarwal (DIN: 08583011) as the Whole Time Director of the Company and payment of remuneration to him for a period of 3 (three) years with effect from November 1, 2019 to October 31, 2022 on the terms and conditions as approved by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the Notice convening this Meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/ or remuneration as it may deem fit and as may be acceptable to Shri Rohan Agarwal, subject to the same not exceeding the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 and rules made thereunder or any statutory modification(s) or re-enactment(s) thereof;

RESOLVED FURTHER THAT in absence or inadequacy of the profits in any financial year, Shri Rohan Agarwal shall be entitled to receive and be paid as minimum remuneration in that year by way of salary and perquisites excluding commission as stated in the Explanatory Statement, subject however, to the necessary approvals/ceilings specified under Schedule V to the Companies Act, 2013 (including any statutory modification(s) and re-enactment thereof for the time being in force);

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

to Schedule V of the Companies Act, 2013 or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, 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 Rohan Agarwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

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

5. Continuation of holding the office of Directorship by C R Radhakrishnan (DIN: 01309312) as an Independent Director

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the SEBI (Listing Obligations and Disclosures Requirement) (Amendment) Regulation, 2018 notified by SEBI by way of Notification No. SEBI/ LADNRO/GN/ 2018/ 10 dated May 9, 2018 and all other applicable provisions of SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015, ("Listing Regulations") the Companies Act, 2013 and Rules framed thereunder, and such other applicable laws, rules, regulations, guidelines ("other applicable laws") (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force), the Company do hereby approve continuation of Directorship of Shri C R Radhakrishnan, (DIN 01309312) as Non-Executive Independent Director of the Company, who has attained the age of seventy five years, till his original term upto September 20, 2024.

6. Appointment of Shri S N Chaturvedi (DIN:00553459) as an Independent Director

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

RESOLVED THAT Shri S N Chaturvedi (DIN: 00553459) who was appointed as an Additional Director of the Company by the Board of Directors with effect from October 22, 2019 and who holds office upto the date

of the forthcoming Annual General Meeting under Section 161 of the Companies Act, 2013 and Articles of Association of the Company, but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 152, Schedule IV and other applicable provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri S N Chaturvedi (DIN: 00553459), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years from October 22, 2019 to October 21, 2024.

7. Appointment of Smt. Sunita Nair (DIN: 08701609) as an Independent Director

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

RESOLVED THAT Smt. Sunita Nair (DIN: 08701609) who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 1, 2020 and who holds office upto the date of the forthcoming Annual General Meeting under Section 161 of the Companies Act, 2013 and Articles of Association of the Company, but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a shareholder proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 152, Schedule IV and other applicable provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Smt. Sunita Nair (DIN: 08701609), a

Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years from April 1, 2020, to March 31, 2025.

8. 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 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to M/s. N. Ritesh & Associates, Cost Accountants, (Registration No. 100675) appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, amounting to ₹ 1,00,000/- (Rupees One lakh only) per annum and also the payment of GST as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid Audit be, and is hereby, ratified and confirmed.

NOTES:

1. In view of the outbreak of the Covid-19 pandemic, social distancing is a norm to be followed and pursuant to the General Circular No. 14/2020 dated April 08, 2020, General Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by General Circular No. 20/2020 dated May 05, 2020 (MCA Circulars), physical attendance of the Members to the AGM venue is not required and AGM be held through Video Conferencing/Other Audio Visual Means (VC/OAVM). In compliance of the above mentioned MCA Circulars, the AGM of the Company will be held through VC/OAVM.

In compliance with the above mentioned Circulars, the Notice of the AGM and Annual Report for FY 19-20 will be only sent electronically by the Company to those Members whose email addresses are registered with the Company/RTA and Depositories. The Notice of the 27th AGM and the Annual report for FY 19-20 will be also available on the Company's website at www.nrail.com and website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of National Securities Depository Limited (NSDL) at www.evoting.nsdl.com.

Detailed procedure for attending the AGM and voting through remote e-voting and e-voting at the AGM is

provided in the Notice of AGM.

Accordingly, to update the details with the Company, the following procedure may be followed:

- The members holding shares in physical form who have not registered their email addresses with the Company/RTA may register their email addresses at https://sharexindia.com/Email_Register.html by providing details such as Select Company Name from drop box, Folio Number, Certificate Number, Shareholder name, PAN, Mobile Number, Email Id and also upload the image of share certificate and PAN card in PDF or JPEG format (up to 1MB). The facility for registration of bank details for the members holding shares in physical form are also available at https://sharexindia.com/Bank_Register.html by providing details such as Bank account no, bank name, IFSC code and also upload self-attested cancelled cheque leaf along with request letter duly signed in PDF or JPEG format (Up to 1MB).
- The member holding shares in demat form are requested to register their email addresses with their respective 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.

2. Pursuant to the General Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, since the physical attendance of Members as been dispensed with, there is no requirement of appointment of proxies. Accordingly, the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Corporate Members intending to appoint their authorised representatives to participate in the AGM are requested to send a certified copy of the Board Resolution investors@nrail.com.
4. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts concerning the business under Items Nos. 3 to 8 of the accompanying Notice are annexed hereto. The relevant details as required under Regulation 26(4), 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.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 23, 2020 to Tuesday, September 29, 2020 (both days inclusive).
6. 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 of the Company, Sharex Dynamic (India) Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400083.
7. 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. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend are requested to lodge their claims with the RTA for the same.
8. 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.
9. The Securities and Exchange Board of India (SEBI) has mandated the transfer of securities to be carried out only in dematerialized form (except in case of transmission or transposition of securities) effective from April 1, 2019. Accordingly, requests for physical transfer of securities of listed entities shall not be processed from April 1, 2019 onwards. In view of such amendment and in order to eliminate the risks associated with physical holding of shares, members who are holding shares in physical form are hereby requested to dematerialize their holdings.
10. During the 27th AGM, Members may access the electronic copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, on our website www.nrail.com.
11. As the AGM will be held through VC/OAVM, the requirement of providing the Route Map and Landmark for the AGM venue does not apply.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the

- same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of the Company will be displayed. On clicking this link, the Member will be able to view the webcast of the AGM proceedings. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further, members can also use the OTP based login for logging into the e-Voting system of NSDL.
- ii. Members may join the Meeting through Laptops, tablets and iPads with good internet speed for better experience.
 - iii. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
 - iv. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include Large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 - v. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

- vi. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at investors@nrail.com by September 25, 2020. Those Members who have pre-registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- vii. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the 27th AGM through VC/OAVM facility.
- viii. Members who need assistance before or during the AGM may contact NSDL on 1800-222-990 or contact Mr. Amit Vishal at amitv@nsdl.co.in.

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 and the Secretarial Standards on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to its Members the facility to exercise their right to vote at the 27th Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by the National Securities Depository Limited (NSDL).

The e-voting instructions for members are as under:

- (i) The remote e-voting period begins on Saturday, September 26, 2020 at 9:00 a.m. and ends on Monday, September 28, 2020 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 i.e. Tuesday, September 22, 2020 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it

subsequently.

- (ii) A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
- (iii) The Members attending the AGM who have not already cast their votes on the resolutions through remote e-voting shall be able to exercise their voting rights on such resolutions during the AGM. The Members who have cast their votes through remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their votes again on such resolutions.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The way to vote electronically on NSDL e-Voting system consists of 'Two Steps' which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Step 1: How to Log-in to NSDL e-Voting website?

- A. Visit the e-Voting website of NSDL. Open web browser by typing the following: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- B. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholders' section.
- C. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- D. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
i) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
ii) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
iii) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example if Folio Number is 001*** and EVEN is 101456 then user ID is 101456001***

- E. Your password details are given below:
 - i) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - ii) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - iii) How to retrieve your 'initial password'?
 - a) If your e-mail ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit Client

ID for NSDL account, last 8 digits of Client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

b) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

F. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

i) Click on 'Forgot User Details/Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.

ii) 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsd.com.

iii) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

iv) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

G. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.

H. Now, you will have to click on 'Login' button.

I. After you click on the 'Login' button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

A. After successful login at Step 1, you will be able to see the Home page of e Voting. Click on e-Voting. Then, click on Active Voting Cycles.

B. After clicking on Active Voting Cycles, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle is in

active status.

C. Select 'EVEN' of the company for which you wish to cast your vote.

D. Now you are ready for e-Voting as the Voting page opens.

E. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

F. Upon confirmation, the message 'Vote cast successfully' will be displayed.

G. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

H. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to evoting@nsdl.co.in.

- In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to evoting@nsdl.co.in.

The instructions for members for electronic voting during the AGM are as under:

i. The procedure for e-Voting during the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC/OAVM.

ii. Only those members/shareholders, who will be

present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

- iii. The details of the person who may be contacted for any grievances connected with the facility for remote e-Voting during the AGM shall be the same as person mentioned for remote e-voting.

Other General Information:

- a. The voting rights of shareholders shall be in proportion to their shares in the paid up share capital of the Company as on the cut-off date i.e. Tuesday, September 22, 2020.
- b. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- c. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to evoting@nsdl.co.in.
- d. The Company has appointed Ms. Jigyasa N. Ved (Membership No. FCS 6488) or failing her Ms. Sarvari Shah (Membership No. FCS 9697) 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, unblock the votes cast through remote e-voting prior to the AGM and evoting during the AGM and make not later than 48 hours 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 countersign the same.
- f. The Results declared along with the Scrutinizer's Report shall be displayed on the Company's website www.nrail.com and on the website of NSDL 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. Citi Mall,
New Link Road, Andheri (West),
Mumbai 400 053
CIN:L22210MH1993PLC133365
Tel. No. +91 (22) 67317500
Email ID: investors@nrail.com
Website: www.nrail.com

Place: Mumbai

Date: September 3, 2020

ANNEXURE TO NOTICE

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

ITEM NO. 3 & 4

Pursuant to Section 161(1) of the Companies Act, 2013, Shri Rohan Agarwal was appointed as an Additional Director at the Board Meeting held on October 22, 2019. The Board based on the experience/expertise declared by Shri Rohan Agarwal is of the opinion that he has the requisite qualification to act as Whole Time Director. In terms of Section 161(1) of the Companies Act, 2013, Shri Rohan Agarwal would hold office upto the date of the ensuing Annual General Meeting and is eligible for appointment as Director. The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Shri Rohan Agarwal for the office of Director of the Company.

At the board meeting held on October 22, 2019, the Board also approved the appointment of Shri Rohan Agarwal as a Whole Time Director of the Company for a term of 3 (three) years with effect from November 1, 2019 subject to the approval of the shareholders in a general meeting.

The Company has received from Shri Rohan Agarwal (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013. He has also confirmed that he is not debarred from being appointed or continuing as Director by SEBI or any other authority.

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.

The Nomination and Remuneration Committee has approved the appointment and terms and conditions including the terms of remuneration of Shri Rohan Agarwal.

Brief terms of appointment and remuneration payable to Shri Rohan Agarwal as Whole Time Director:

- 1) Term: November 1, 2019 to October 31, 2022
- 2) Remuneration:
 - a) **Salary:** ₹ 3,50,000/- (Rupees Three Lakhs and Fifty

Thousand 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

The aggregate of salary, perquisites and allowances in any one financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act for the time being in force.

Where in any financial year during the tenure of the Whole Time Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Whole Time Director, the above salary, perquisites and allowances 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 Rohan Agarwal shall not, as long as he functions as the 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 terminate 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 Rohan Agarwal shall cease to be Whole Time Director of the Company, provided, however, that the Company shall be entitled to terminate this Agreement at any time by giving to Shri Rohan Agarwal three months' salary and other emoluments in lieu of notice as aforesaid.

A copy of the Agreement dated November 1, 2019 for the appointment of Shri Rohan 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 days between 11.00 a.m. and 1.00 p.m.

Pursuant to the provisions of section 196, 197, 203 of the Act read with rules made thereunder and Schedule V of the Act, the appointment and payment of remuneration to Shri Rohan Agarwal is subject to the approval of shareholders by way of special resolution.

Further the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement) (Amendment) Regulation, 2018 to be made effective from April 1, 2019 issued by SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 requires the listed entities to

avail approval of shareholders by way of Special Resolution for payment of annual remuneration to Promoter Executive Director which exceeds ₹ 5 crores or 2.5 per cent of the net profits of the listed entity, whichever is higher; or where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 per cent of the net profits of the listed entity.

Accordingly, the necessary special resolution for appointment of Shri Rohan Agarwal as Whole Time Director and payment of remuneration is set out at item no. 4 of the Notice.

Shri Rohan Agarwal is interested in resolutions at item nos. 3 & 4 which pertains to his appointment and remuneration payable to him. Also, Shri R N Agarwal, Managing Director, Smt. Reena Agarwal and Shri Raunak Agarwal, Whole Time Directors of the Company are interested in the said resolution.

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 the said resolution.

The Board recommends the Ordinary Resolution set out at Item No. 3 and the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART II OF SECTION II OF SCHEDULE V OF THE COMPANIES ACT, 2013:

I. GENERAL INFORMATION

(1)	Nature of Industry	Paper & Paper Products		
(2)	Date or expected date of commencement of commercial production	Date of Incorporation: 08.12.1993 Date of Commencement of Business: 20.12.1993		
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.		
(4)	Financial Performance	2017-18 (₹)	2018-19 (₹)	2019-20 (₹)
	Turnover	12,03,50,02,720	13,18,17,58,632	14,049,285,800
	Net profit (as computed under Section 198)	97,08,25,132	1,32,09,89,028	1,610,644,207
	Net profit/ (Loss) as per profit and loss account	90,24,39,668	94,64,33,888	1,167,489,741
	Amount of Dividend paid	3,40,38,200	1,36,74,531	-
	Rate of Dividend declared	30%	40%	-
	Earnings before interest, depreciation & taxes	1,63,50,10,013	1,92,68,80,531	2,283,410,836
	% of EBIDTA to turnover	13.15	14.62	16.25
(5)	Export performance and net foreign exchange collaborations	1,39,24,38,745	1,92,85,15,571	2,408,717,614
(6)	Foreign investments or collaborators, if any.			

II. INFORMATION ABOUT THE APPOINTEE:

(1)	Background details	Name:	Shri Rohan Agarwal
		Designation:	Whole Time Director
		Father's name:	Shri Rajendra Agarwal
		Nationality:	Indian
		Date of Birth:	09/07/1992
		Qualifications:.	Graduate in Business Administration from Kingston University, London
	Experience:	5 years in Paper Industry	
(2)	Past remuneration	The gross remuneration paid to Shri Rohan Agarwal as Manager-Marketing during the year 2018-19 was ₹ 2,50,000/- per month.	
(3)	Recognition or awards	N.A.	
(4)	Job profile and his suitability	Shri Rohan Agarwal shall be responsible for the management of the whole of Purchase and IT functions of the Company and do all acts and things, which, in the ordinary course of business, is considered necessary or proper or in the interest of the Company. Considering the above and having regard to his age, qualifications, ability and experience and looking to the business requirement, the proposed remuneration is in the interest of the Company.	
(5)	Remuneration proposed	A gross remuneration of ₹ 3,50,000/- per month plus incentives as may be decided by the Board of Directors.	
(6)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin)	Compared to the 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.	Not Applicable	

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 Director 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	Projected		
		Financial Year ending	Projected Net Turnover (₹ in Crore)	Projected Profit after tax (₹ in Crore)
		31/03/2021	1297.26	75.06
		31/03/2022	1465.06	127.05
		31/03/2023	1465.06	130.17

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. 5

SEBI has vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 issued the SEBI (Listing Obligations and Disclosures Requirement) (Amendment) Regulation, 2018 ("the Amendment Regulations") which brought amendment in the SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015 ("the Listing Regulations") effective from April 1, 2019, save as otherwise specifically provided for in the Amendment Regulations. One of the said amendments requires the listed entities to avail approval of shareholders by way of Special Resolution to appoint or continue the directorship of Non-Executive Directors who have attained the age of seventy-five years.

Shri C R Radhakrishnan, Non-Executive Independent Director of the Company, shall attain the age of seventy-five years on November 10, 2020. As per the shareholders' approval, the appointment of C R Radhakrishnan is valid till September 19, 2024, ("Original Term") in terms of the provisions of the Companies Act, 2013.

The Board is of the opinion that the skills, expertise and vast experience of Shri C R Radhakrishnan would continue to add value to the Company. The Board upon the recommendation of Nomination and Remuneration Committee decided to seek the approval of shareholders at the ensuing Annual General Meeting in terms of the provisions of the Amended Regulations for continuation of the directorship of above said Director upto his respective original term of appointment.

Accordingly, the Board recommends the Special Resolution as set out at Item No. 5 of the accompanying Notice for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Shri C R Radhakrishnan is in any way concerned or interested (financially or otherwise), in the proposed respective Special Resolution set out at Item No. 5 of the Notice.

ITEM NO. 6

Pursuant to Section 161(1) of the Companies Act, 2013, Shri S N Chaturvedi was appointed as an Additional Director in the category of Non-Executive Independent Director at the Board Meeting held on October 22, 2019. In terms of Section 161(1) of the Companies Act, 2013, Shri S N Chaturvedi would hold office upto the date of the ensuing Annual General Meeting and is eligible for appointment

as Director. The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Shri S N Chaturvedi for the office of Independent Director of the Company.

The Company has received a declaration from Shri S N Chaturvedi that he meets the criteria of Independence as prescribed under Listing Regulations and Section 149 (6) of the Companies Act, 2013. Further, he has also confirmed that he is not disqualified from being appointed as Director under Section 164 of the said Act and has given his consent to act as a Director of the Company. He has also confirmed that he is no debarred from being appointed or continuing as Director by SEBI or any other authority.

The Board of Directors are of the opinion that Shri S N Chaturvedi possesses relevant expertise and experience and is eligible for the position of an Independent Director of the Company and fulfills the conditions specified by the Companies Act, 2013 and the Listing Regulations and that he is independent of the management of the Company. The Board considers that his association as Director will be beneficial and in the best interest of the Company. A copy of letter of appointment of Shri S N Chaturvedi as Non-Executive Independent Director setting out the terms and conditions of his appointment is available for inspection by members at the registered office of the Company.

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.

None of the Directors or Key Managerial Personnel of the Company (including relatives of the Directors and Key Managerial Personnel) other than Shri S N Chaturvedi himself is concerned or interested, financially or otherwise in this resolution at Item No. 6.

The Board recommends this Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the members.

ITEM NO. 7

Smt. Sunita Nair who has been appointed as an Additional Director in the category of Non-Executive Independent Director of the Company under Section 161 (1) of the Companies Act, 2013 with effect from April 1, 2020 holds office upto the date of this Annual General Meeting and is eligible for appointment as Director.

The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Smt. Sunita Nair for the office of Independent Director of the Company.

The Company has received a declaration from Smt. Sunita Nair that she meets the criteria of Independence as prescribed under Listing Regulations and Section 149 (6) of the Companies Act, 2013. Further, she has also confirmed that she is not disqualified from being appointed as Director under Section 164 of the said Act and has given her consent to act as a Director of the Company. She has also confirmed that she is not debarred from being appointed or continuing as Director by SEBI or any other authority.

The Board of Directors are of the opinion that Smt. Sunita Nair possesses relevant expertise and experience and is eligible for the position of an Independent Director of the Company and fulfills the conditions specified by the Companies Act, 2013 and the Listing Regulations and that she is independent of the management of the Company. The Board considers that her association as Director will be beneficial and in the best interest of the Company. A copy of letter of appointment of Smt. Sunita Nair as Non-Executive Independent Director setting out the terms and conditions of her appointment is available for inspection by members at the registered office of the Company.

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

None of the Directors or Key Managerial Personnel of the Company (including relatives of the Directors and Key Managerial Personnel) other than Smt. Sunita Nair herself is concerned or interested, financially or otherwise in this resolution at Item No. 7.

The Board recommends this Ordinary Resolution as set out at Item No. 7 of the Notice for approval by the members.

ITEM NO. 8

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 2020-21 at a remuneration of ₹ 1,00,000/- per annum and also the payment of GST as applicable and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid 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 or Key Managerial Personnel of the Company (including relatives of the Directors and Key Managerial Personnel) is concerned or interested, financially or otherwise, in this resolution at Item No. 8.

The Board recommends the Ordinary Resolution at Item No. 8 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. Citi Mall,
New Link Road, Andheri (West),
Mumbai 400 053
CIN:L22210MH1993PLC133365
Tel. No. +91 (22) 67317500
Email ID: investors@nrail.com
Website: www.nrail.com

Place: Mumbai

Date: September 3, 2020

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

Particulars	R N Agarwal	Rohan Agarwal	Sunita Nair	C R Radhakrishnan	S N Chaturvedi
Age	59 years	28 years	43 years	74 years	70 years
Date of Appointment	08.12.1993	01.11.2019	01.04.2020	20.09.2014	22.10.2020
Qualification	BE-Electrical, MBA	Graduate in Business Administration from Kingston University, London	LLB, Post Graduation Diploma in Marketing & Exports, Bachelors in Commerce, B.E.	M.Com, C.A., I.I.B	C.A, Alumni of IIT, Mumbai and IIM, Ahmedabad
Expertise/ Experience in specific functional area	Over 30 years of experience in Paper Industry as an industrialist	Information Technology	Astute lawyer with expertise in Property Law, Trade and Commercial Laws, Employment Law and Laws for Protection of Women and Children rights	Over 37 years of experience as a Professional Banker	He has over 30 years of experience in the field of Assurance & Audit practice, Tax practice (both domestic and international)
Directorships in other companies	NIL	NIL	NIL	ARRMS (INDIA) Pvt. Ltd. Integro Finserv Pvt. Ltd.	Siyaram Silk Mills Ltd.
Memberships of Committees in other companies (Includes only Audit & Stakeholders Relationship Committees)	NIL	NIL	NIL	NIL	Audit Committee of Siyaram Silk Mills Limited
No. of shares held in the Company	7978105	NIL	NIL	NIL	NIL
Relationship between Directors inter-se and the KMPs	R N Agarwal is related to Reena Agarwal and Raunak Agarwal, Whole Time Directors of the Company	Rohan Agarwal is related to R N Agarwal, Managing Director, Reena Agarwal, Whole Time Director and Raunak Agarwal, Whole Time Director	Sunita Nair is not related to any of the Directors or KMPs of the Company	C R Radhakrishnan is not related to any of the Directors or KMPs of the Company	S N Chaturvedi is not related to any of the Directors or KMPs of the Company
Number of Board meetings attended during 2019-20	4	2	0	4	2

Director's Report

To the Members,

Your Directors are pleased to present the 27th Annual Report together with the Audited Financial Statements of the Company for the year ended March 31, 2020.

FINANCIAL RESULTS

(₹ in lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations and Other Income	141710.64	132659.98
Finance Costs	3588.47	3454.45
Gross Profit after Finance Costs but before Depreciation and Taxation	19245.63	15814.36
Depreciation	3151.06	2745.28
Profit before Tax and Exceptional Items	16094.57	13069.08
Exceptional Items	-	-
Profit before Tax and after Exceptional Items	16094.57	13069.08
Provisions for Taxation	2810.37	2814.58
Tax expense of previous year (net)	-	5.58
Deferred Tax	1609.32	784.57
Net Profit for the year	11674.88	9464.35
Other Comprehensive Income (Net of Tax)	(88.24)	(2.89)
TOTAL COMPREHENSIVE INCOME	11586.64	9461.46

STATE OF COMPANY'S AFFAIRS

N R Agarwal Industries Limited is pleased to present record revenues and profit after tax in 2019-20, which surpassed the best it had achieved in the previous financial year. During the year under review, the company reported profitable growth as revenues increased 6.58 per cent while EBIDTA increased 18.50 per cent and profit after tax strengthened 23.36 per cent. The improvement in performance was also accompanied by an improvement in business health. The company reported an increase in EBIDTA margin from 14.62% in 2018-19 to 16.25% in 2019-20.

During the year under review, the combined production from Packaging Board, Writing & Printing paper and Copier stood at 338988 MT and the capacity utilization stood at an

average of 93%. The Company is continuously focusing on improving operating efficiencies and reducing costs with for better financial performance. The Company continues to enjoy the dominant position of being a world class quality manufacturer of Duplex Board in India.

PANDEMIC IMPACT

The performance of the company was affected from the second half of March 2020 when the first signs of the Covid-19 pandemic began to become evident across India. The packaging board, which is almost 50% of our total production, has good potential as it is used to package the essentials like pharmaceutical, food, cereals etc. However, the other grades like writing and printing and copier may witness downward or no growth in demand with work from

home practices, online education systems and other digital platforms taking a lead due to the pandemic. However, we are confident about our ability to manage this crisis through our financial stability, our dealers and consumers, our committed employees and our quality of leadership.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments which affected the financial position of the Company between March 31, 2020 and date of this report i.e. September 3, 2020.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

There were four meetings of the Company's Board of Directors during the financial year 2019-20.

TRANSFER TO RESERVES

There was no transfer made to the General Reserve.

DIVIDEND

In view of the ongoing covid crises and future expansion plans of the Company, the Board has not recommended any dividend for the financial year 2019-20.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri R N Agarwal, Whole Time Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment in terms of the provisions of Section 152 of the Companies Act, 2013.

The Board at its meeting held on October 22, 2019, has recommended the appointment of Shri Rohan Agarwal as the Whole Time Director for a period of three years from November 1, 2019 to October 31, 2022, subject to the approval of the shareholders. The necessary resolution seeking approval of the members for the appointment of Shri Rohan Agarwal as Whole Time Director has been incorporated in the notice of the forthcoming Annual General Meeting of the Company.

Shri Ajay Nair, Independent Director of the Company has resigned with effect from February 12, 2020 due to other pre-occupations.

With a view to strengthen the Board and also to meet the regulatory requirements, the Board of Directors of the

Company on the recommendation of Nomination and Remuneration Committee appointed Shri S N Chaturvedi and Smt. Sunita Nair as Additional Independent Directors of the Company with effect from October 22, 2019 and April 1, 2020 to hold office for a period of five years. The said appointment is subject to the approval of the members of the Company in General Meeting.

Apart from the above, there has been no change with respect to the Directors and Key Managerial Personnel during the year 2019-20.

INDEPENDENT DIRECTORS DECLARATION

The Company has received declarations from all Independent Directors that they meet the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time and there has been no change in the circumstances which may affect their status as independent director during the year. In the opinion of the Board, the independent directors possess appropriate balance of skills, experience and knowledge, as required.

AUDIT COMMITTEE

The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting. There have been no instances of non-acceptance of any recommendation of the Audit Committee.

The Committee members met four times during the year under review. Details of the meetings 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. A copy of this 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 has been denied access to the Audit

Committee. The Whistle Blower Policy (Vigil Mechanism) is uploaded on the Company's website at http://www.nrail.com/company_policies.html.

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, inter-alia on 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 requisite 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, besides the requisite qualifications & experience formulated the criteria for determining positive attributes and independence of Directors 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: A Director will be considered as an 'Independent Director' if he/ she meets with the criteria for 'Independent Director' as laid down in the Act and Regulation 16 (1) (b) of the Listing Regulations.

Other factors: 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 the individual function and domain expertise will contribute to the overall skill-domain mix of the Board.

Positive Attributes: In addition to the duties as 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 relations and communication skills besides soundness of 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 besides the 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.

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. The criteria for performance evaluation of the Board and committees included aspects such as composition, structure, effectiveness of Board and Committee processes, etc.

A separate exercise was carried out to evaluate individual Directors' performance including that of the Chairman & Managing Director and also the Whole Time Directors, 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 had been followed along with

proper explanations relating to material departures;

- (ii) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended March 31, 2020 and of the profit of the Company for the year;
- (iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they had prepared the annual accounts on a going concern basis;
- (v) they had laid down internal financial controls to be followed by the Company and such controls are adequate and operating efficiently;
- (vi) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating efficiently;

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has, in place, adequate internal financial controls commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The report on the Internal Financial Control issued by the Statutory Auditors of the Company under the provisions of Companies Act, 2013 is given elsewhere in the report.

DETAILS OF SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES

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

EXTRACT OF ANNUAL RETURN

The extract of Annual Return as on March 31, 2020, as required under sub-section 3 of Section 92 of the Companies Act, 2013 in Form No. MGT 9, is attached as Annexure 2. The extract of Annual Return in Form MGT-9 as per provisions of the Act and Rules thereto is also available on the Company's website at www.nrail.com.

AUDITORS' AND AUDITORS' REPORT

a. Statutory Auditors

M/s. GMJ & Co., Chartered Accountants, have been appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting ("AGM") of the Company held on September 20, 2017, to hold office till the conclusion of the 29th AGM of the Company to be held in the year 2022.

The Auditors' Report for the financial year ended March 31, 2020 does not contain any qualification, reservation or adverse remark.

During the year under review, there were no instances of fraud reported by the auditors, under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors.

b. Secretarial Auditors

Pursuant to 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 2019-20, 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, 2020 does not contain any qualification, reservation or adverse remark.

c. Cost Auditors

N. Ritesh & Associates, Cost Accountants, have been appointed to conduct Cost Audits for all the units of the Company for the year ending March 31, 2020 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 2018-19 was duly filed with Ministry of Corporate Affairs, Government of India on August 19, 2019.

The Cost Audit of the Company for the financial year ended March 31, 2020 was conducted by the said firm and the Report has been submitted to the Ministry of Corporate Affairs, Government of India within the prescribed time.

TECHNOLOGY

ABSORPTION,

ENERGY

CONSERVATION & FOREIGN EXCHANGE EARNING & OUTGO

Particulars of conservation of energy, 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 Annexure 4 attached and forms 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 furnished in Annexure 5.

The information required under Rule 5(2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided 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 Registered Office of the Company.

PUBLIC DEPOSITS

The Company has not accepted any deposits from public in terms of Section(s) 73 and/or 74 of the Act.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

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

Details of loans, guarantees, investments covered under provisions of Section 186 of the Act are provided in the notes to the Financial Statements.

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 have approved a policy on related party transactions which is placed on the Company's website at the web link: <http://www.nrail.com/company/policies.html>.

RISK MANAGEMENT

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and relevant provisions of Listing Regulations, the Company has adopted Risk Management Policy for identification and implementation of Risk Mitigation Plan for the Company. The Company has laid down 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 your Company falls within the minimum threshold limit, it has constituted a CSR Committee of the Board and formulated a CSR Policy. The focus areas of CSR Policy are education, preventive health care, sanitation, environment and engagement. During the financial year 2019-20, the Company has spent a total amount of ₹ 2.04 Crores towards CSR initiatives.

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 policy for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment of women at 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 prevention and redressal of complaints of sexual harassment at workplace. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All women employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint on sexual harassment was received during the financial year 2019-20.

SUSTAINABILITY AND BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Sustainability and Business Responsibility Report of the Company for the financial year ended March 31, 2020 is given in a separate section and forms part of this report.

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 FEES

The Company has paid the listing fees to BSE and NSE for the year 2020-2021.

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)

SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

HUMAN RESOURCES

There is a continuous effort to improve the working environment with focus on employee well-being and capability building to enable them to perform at their best for the Company. The Company develop leaders at global platforms at regular intervals as a part of its commitment to engage and retain talent. The Company offers robust leadership development efforts to hone employee skills and help keep the Company ahead of the curve.

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

ACKNOWLEDGEMENTS

Your Directors place on record their deep appreciation of the employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader. Your Directors also take this opportunity to thank all the Shareholders, Clients, Dealers, Vendors, Banks, Government and Regulatory Authorities for their continued support and confidence in the Company's Management

On behalf of the Board of Directors

Place: Mumbai

R N AGARWAL

Date: September 3, 2020 *Chairman & Managing Director*

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 Directors, KMPs and SMPs of the quality required to run the Company successfully.
 - (b) Relationship of remuneration to performance is clear and meets 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 industry 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 in 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 & goals over the short and long-terms.
 - (b) attracts high-flyer executives in a competitive global market and remunerates executives fairly and responsibly.
- (ii) Remuneration shall be competitive and shall 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 annual increase shall be decided considering the performance of the individual and that of the Company. Industry practices/ trends shall also be given due consideration.
- (iv) Remuneration can be reset at any time considering the benchmark of international and domestic companies, 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 qualification and experience of the individual as well as the prevailing market condition.

- (vi) The NRC may consider granting Stock Options to KMPs & 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 shareholders of the Company, whenever required.
- (ii) Remuneration shall be evaluated annually against 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 & 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 the meetings of the Board and of the Committees thereof.
- ii) NEDs shall also be entitled for 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) Independent Directors shall not be eligible for Stock Options, pursuant to any Stock Option Plan adopted by the Company.
- iv) The NEDs shall be eligible for remuneration for 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 existing and future employment agreements with the Directors, KMPs & SMPs.
- ii) In all 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, 2020

[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	08/12/1993
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	502-A/501-B, Fortune Terraces, New Link Road, Andheri (West), Mum-400053 Tel: +91 (22) 67317500 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 C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai -400 083 T: 2851 5606/ 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:-

S. No.	Name and Description of main products / services	NIC Code of the	% to total turnover of the Company
1	Duplex Boards	1701	44.27
2	News Print	1701	0.76
3	Writing & Printing	1701	54.97

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

None

IV. SHAREHOLDING 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. 01.04.2019				No. of Shares held at the end of the year i.e. 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	12476998	0	12476998	73.312	12516998	0	12516998	73.547	0.235
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
Sub Total (A)(1)	12476998	0	12476998	73.312	12516998	0	12516998	73.547	0.235
(2) Foreign									
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
Sub Total (A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) =(A)(1) + (A)(2)	12476998	0	12476998	73.312	12516998	0	12516998	73.547	0.235
B. Public Shareholding									
(1) Institutions									
(a). Mutual Funds	206392	0	206392	1.213	159335	0	159335	0.936	-0.277
(b). Banks / FI	6112	2000	8112	0.048	0	2000	2000	0.012	-0.036
(c). Central Govt.	171019	500	171519	1.008	177072	500	177072	1.043	0.035
(d). State Govt.	0	0	0	0	0	0	0	0	0.000
(e). Venture Capital Funds	0	0	0	0	0	0	0	0	0.000
(f). Insurance Companies	0	0	0	0	0	0	0	0	0.000
(g). FIs	88625	0	88625	0.521	76645	0	76645	0.450	-0.071
(h). Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.000
(i). Others (specify)	0	0	0	0	0	0	0	0	0.000
Sub-total (B)(1):-	472148	2500	474648	2.79	413052	2500	415552	2.441	-0.349
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	919216	900	900	5.406	857726	900	858626	5.045	-0.361
ii) Overseas	0	0	0	0	0	0	0	0	0.000
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1865917	322321	2188238	12.858	1900276	278021	2178297	12.799	-0.059
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	776769	30000	806769	4.740	873944	30000	903944	5.311	0.571
c) Others (specify)									
Non Resident Indians	85075	0	85075	0.51	106681	0	106681	0.627	0.127
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0.000
Foreign Nationals	0	0	0	0	0	0	0	0	0.000
Clearing Members	65965	0	65965	0.388	36002	0	36002	0.212	-0.176
Trusts	1291	0	1291	0.008	3000	0	3000	0.018	0.01
Foreign Bodies-D R	0	0	0	0	0	0	0	0	0.000
Sub-total (B)(2):-	3714233	353221	4067454	23.9	3777629	308921	4086550	24.012	0.112
Total Public Shareholding (B)=(B)(1)+ (B)(2)	4186381	355721	4542102	26.690	4190681	311421	4502102	26.453	-0.237
C. Shares held by Custodian for GDRs & ADRs									
	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	16663379	355721	17019100	100.00	16707679	311421	17019100	100.00	0

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2019			Shareholding at the end of the year i.e. 31.03.2020			% 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	7938105	46.642	0	7978105	46.877	0	0.235
2	Reena Agarwal	4538861	26.669	0	4538861	26.669	0	0
3	Raunak Agarwal	32	0	0	32	0	0	0
	TOTAL	12476998	73.311	0	12516998	73.546	0	0.235

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

Sl. No.	Name of the Promoter	Shareholding		Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	Rajendra Agarwal	7938105	46.642	01-04-2019				
				20-03-2020	40000	Buy	7977943	46.877
	-Closing Balance	7978105	46.877					

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

Sl. No.	Name of the Promoter	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1	Riddhi Siddhi Gluco Boils Limited	660627	3.882	01-04-2019				
	-Closing Balance	660627	3.882	31-03-2020		No Change		
2	BNP Paribas Dividend Yield Fund	206392	1.213	01-04-2019				
				10-05-2019	2000	Buy	208392	1.224
				24-05-2019	1000	Buy	209392	1.23
				07-06-2019	-11700	Sold	197692	1.162
				26-07-2019	-2692	Sold	195000	1.146

Sl. No.	Name of the Promoter	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				02-08-2019	-3500	Sold	191500	1.125
				18-01-2019	500	Buy	192000	1.128
				17-01-2020	-4000	Sold	188000	1.105
				31-01-2020	-500	Sold	187500	1.102
				14-02-2020	-11982	Sold	175518	1.031
				28-02-2020	-518	Sold	175000	1.028
				06-03-2020	-5000	Sold	170000	0.999
				13-03-2020	-662	Sold	169338	0.995
				20-03-2020	-838	Sold	168500	0.99
				27-03-2020	-9165	Sold	159335	0.936
	-Closing Balance	159335	0.936	31-03-2020				
3	Investor Education and Protection Fund	157866	0.928	01-04-2019				
				26-04-2019	-100	Sold	157766	0.927
				29-06-2019	-100	Sold	157766	0.926
				02-08-2019	-100	Sold	157566	0.926
				23-08-2019	-200	Sold	157566	0.924
				30-08-2019	-5000	Sold	152366	0.895
				25-10-2019	22110	Buy	174476	1.025
				22-11-2019	-1000	Sold	173476	1.019
				24-01-2020	-100	Sold	173376	1.019
	-Closing Balance	173376	1.019	31-03-2020				
4	Dolly Khanna	100342	0.59	01-04-2019				
				05-04-2019	-2000	Sold	98342	0.578
				12-04-2019	-443	Sold	97899	0.575
				19-04-2019	-1000	Sold	96899	0.569
				26-04-2019	-5000	Sold	91899	0.54
				10-05-2019	-4000	Sold	87899	0.516
				17-05-2019	-3000	Sold	84899	0.499
				24-05-2019	-5000	Sold	79899	0.469
				31-05-2019	-6000	Sold	73899	0.434
				07-06-2019	-5500	Sold	68399	0.402
				14-06-2019	-4000	Sold	64399	0.378
				21-06-2019	-3000	Sold	61399	0.361
				05-07-2019	-1000	Sold	60399	0.355
				12-07-2019	-2000	Sold	58399	0.343
				19-07-2019	4000	Sold	54399	0.32
				02-08-2019	-1767	Sold	52632	0.309
				16-08-2019	-1000	Sold	51632	0.303
				30-08-2019	-2000	Sold	49632	0.292
				06-09-2019	-2000	Sold	47632	0.28

Sl. No.	Name of the Promoter	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				20-09-2019	-1000	Sold	46632	0.274
				27-09-2019	-2000	Sold	44632	0.262
				04-10-2019	-1000	Sold	43632	0.256
				11-10-2019	-2100	Sold	41532	0.244
				08-11-2019	-1000	Sold	40532	0.238
				15-11-2019	-2000	Sold	38532	0.226
				13-12-2019	-1000	Sold	37532	0.221
				20-12-2019	-1000	Sold	36532	0.215
				31-01-2020	-1000	Sold	35532	0.209
				07-02-2020	-613	Sold	34919	0.205
				14-02-2020	-5000	Sold	29919	0.176
				28-02-2020	-5000	Sold	24919	0.146
				06-03-2020	-2500	Sold	22419	0.132
	-Closing Balance	22419	0.132	31-03-2020				
5	Krishnaswamy Mohan	26221	0.154	01-04-2019				
				30-09-2019	46956	Buy	73177	0.43
	-Closing Balance	73177	0.43	31-03-2020				
6	India Max Investment Fund	72645	0.427	01-04-2019				
	-Closing Balance	72645	0.427	31-03-2020		No Change		
7	Sunil Madanlal Agarwal	71322	0.419	01-04-2019				
				12-04-2019	-1000	Sold	70322	0.413
				19-04-2019	500	Buy	70822	0.416
				03-05-2019	500	Buy	71322	0.419
				12-07-2019	1000	Buy	72322	0.425
				13-09-2019	-28	Sold	72294	0.425
				17-01-2020	-4000	Sold	68294	0.401
				07-02-2020	2000	Buy	70294	0.413
				14-02-2020	-2000	Sold	68294	0.401
				20-03-2020	654	Buy	68948	0.405
	-Closing Balance	68948	0.405	31-03-2020				
8	Rajendra Purshottamdas Agarwal	62600	0.368	01-04-2019				
				16-08-2019	-300	Sold	62300	0.366
				01-11-2019	6	Buy	62306	0.366
				08-11-2019	164	Buy	62470	0.367
	-Closing Balance	62470	0.367	31-03-2020				
9	Creelotex Engineers	37273	0.219	01-04-2019				
	-Closing Balance	37273	0.219	31-03-2020		No Change		
10	Jayshree Somani	33900	0.199	01-04-2019				
	-Closing Balance	33900	0.199	31-03-2020		No Change		

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
Shri R N Agarwal, Managing Director				
At the beginning of the year	7938105	46.64	7978105	46.877
Date wise Increase / Decrease in Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Mentioned Above			
At the end of the year	7978105	46.877	7978105	46.877
Shri Raunak Agarwal, Whole Time Director				
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):	No Change			
At the end of the year	32	0.00	32	0.00
Smt. Reena Agarwal, Executive Director				
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):	No Change			
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

(in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,861,195,159	821,362,286	-	3,682,557,445
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,587,864	-	-	5,587,864
Total(i+ii+iii)	2,866,783,023	821,362,286	-	3,688,145,309
Change in Indebtedness during the financial year				
- Addition	2,700,000	244,233,518	-	246,933,518
- Reduction	926,556,255	308,976,954	-	1,235,533,209
Net Change	(923,856,255)	(64,743,436)	-	(988,599,691)
Indebtedness at the end of the financial year				
i) Principal Amount	1,937,338,904	756,618,850	-	2,693,957,754
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	16,866,733	-	-	16,866,733
Total (i+ii+iii)	1,954,205,637	756,618,850	-	2,710,824,487

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/ Manager					Total Amount
		Shri R N Agarwal (Managing Director)	Shri Raunak Agarwal (Whole Time Director)	Smt. Reena Agarwal (Whole Time Director)	Shri Ashok Kumar Bansal (Whole Time Director)	Rohan Agarwal (Whole Time Director)	
1.	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	24,000,000	7,200,000	7,200,000	6,240,000	3,465,000	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600	39,600	2,50,000	-	
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-	-	-	-	
2.	Stock Option	-	-	-	-	-	
3.	Sweat Equity	-	-	-	-	-	
4.	Commission						
	- as % of profit	40,000,000	20,000,000	20,000,000	-	-	
	- Others, specify...	-	-	-	-	-	
5.	Provident Fund	21,600	21,600	21,600	21,600	21,600	
6.	Bonus	-	-	-	8,400	8,400	
7.	Leave Encashment	-	-	-	90,000	-	
	Total(A)	64,061,200	27,261,200	27,261,200	6,610,000	3,495,000	128,688,600
	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	Schedule V of the Act	-

B. REMUNERATION TO OTHER DIRECTORS**INDEPENDENT DIRECTORS**

(in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Shri P Kumar	Shri C R Radhakrishnan	Shri Ajay Nair	Shri R K Bakshi	Shri S N Chaturvedi	
1.	Fees for attending Board/ Committee meetings	2,50,000	1,70,000	1,00,000	2,30,000	60,000	8,10,000
2.	Commission	-	-	-	-	-	-
3.	Others, please specify	-	-	-	-	-	-
	Total :	2,50,000	1,70,000	1,00,000	2,30,000	60,000	8,10,000

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

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total
1.	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,391,819	1,333,597	
	b) Value of perquisites u/s17(2) Income-tax Act, 1961	28,800	-	
	(c) Profits in lieu of salary under Section17(3) of Income Tax Act, 1961	-	-	
2.	Stock Option	-	-	
3.	Sweat Equity	-	-	
4.	Commission	-	-	
	- as % of profit			
	- Others			
5.	Provident Fund	21,600	21,600	
6.	Bonus	8,400	8,400	
	Total(A)	4,450,619	1,363,597	5,814,216

VII. PENALTIES/PUNISHMENTS/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)
A. COMPANY					
Penalty					
Punishment			NONE		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NONE		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

On behalf of the Board of Directors

R N AGARWAL
Chairman & Managing Director

Mumbai, September 3, 2020

ANNEXURE – 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended on March 31, 2020

(Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
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 to the extent 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 and considering the relaxations granted by The Ministry of Corporate Affairs and The Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020, 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 31st March, 2020 according to the applicable 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, 2018 and amendments from time to

- time; (Not applicable to the Company during the audit period)
- (d) 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, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company, namely:
1. Factories Act, 1948
 2. Water (Prevention and Control of pollution) Act, 1974
 3. Environment (Protection) Act, 1986
 4. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
 5. Indian Boiler Act, 1923 and Regulation 1950
 6. The Air (Prevention and Control of Pollution) Act, 1981 & the Rules made thereunder.

We have also examined compliance with the applicable clauses of the following which have been generally complied:

- (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 National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally 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 etc.

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

J.U Poojari
Partner

Place: Mumbai FCS No: 8102 CP No: 8187
Date: September 3, 2020 UDIN:F008102B000653703:

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. Where ever 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

J.U Poojari
Partner

Place: Mumbai FCS No: 8102 CP No: 8187
Date: September 3, 2020 UDIN:F008102B000653703

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

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3)
of the Companies (Accounts) 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:

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:

- Installation of hot disperser system to increase/improve the quality parameters while using the inferior quality of raw material finally reducing the final product cost.
- Installation of VFD at Vacuum Pumps which is operated as per machine speed for reduction of Power Consumption.
- Installation of New Sheet Cutter is under progress to increase converting capacity which will help in improving the productivity.
- Wire table modification to increase productivity.
- Installation of calendar bottom roll drive to improve life of calender rolls.
- Installation of on line cleaning system.
- Press part auditing is done for increasing dryness of paper.
- Installation of Diffuser System in ETP to meet pollution parameters.
- Installation A-4 sheeter for copier paper for new

value added product.

- Power supply from turbine to pump house is given by laying 4 km cable from factory.
- Replacement of old pumps with energy efficient pumps.
- Replacement of old motors with energy efficient Motors.
- Improvement in power factors by installing APFC Panels.
- Installation in DCS System in pulp mills and machine section to run the system on fully automated basis to get best possible efficiency from system.
- Reduction in power plant frequency from 50 HZ to 49 Hz in order to save power.
- Cooling tower fans and pumps are running as per logic of delta T for power saving purpose through VFD.

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.
- 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 equipment's like chillers, air compressors, motors, air conditioners, cooling tower, pumps, transformers etc.

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. Some notable capital investments made:

- Installation of hot disperser system to increase/improve the quality parameters while using the inferior quality of raw material finally reducing the final product cost.
- Installation of VFD at Vacuum Pumps which is operated as per machine speed for reduction of Power Consumption.
- Installation of New Sheet Cutter is under progress to increase converting capacity which will help in improving the productivity.
- Installation of Diffuser System in ETP to meet pollution parameters.
- Installation A-4 sheeter for copier paper for new value added product.

B. TECHNOLOGY ABSORPTION:

(i) Efforts made towards technology absorption:

- Installation of 160 tons/day sludge drying system at Unit 5 power plant for drying sludge from 50% to 20% moisture and dried sludge is used in boiler which helps saving 20 tons/day of coal and resolves the sludge disposal issue.
- Installation of 100 tons/day sludge drying system at Unit 2 power plant for drying sludge from 50% to 20% moisture and dried sludge is used in boiler which helps saving 5 tons/day of coal and resolves the sludge disposal issue.
- Installation of 8 ton low pressure plastic based boiler at Unit 1 which burns 60 tons of waste plastic daily and generates around 90-100 tons of steam per day resulting in saving around 18 tons of coal per day and reducing waste disposal.
- 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.

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

- Reduction of power consumption per ton of paper
- 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.

(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 lakh	
	2019-20	2018-19
Foreign exchange earnings	24087.18	19285.15
Foreign exchange outgo	35292.00	36368.62

On behalf of the Board of Directors

Place: Mumbai

R N AGARWAL

Date: September 3, 2020 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;	R N Agarwal Chairman & Managing Director	247.04:1	
	Raunak Agarwal Whole Time Director	104.99:1	
	Reena Agarwal Whole Time Director	104.99:1	
	Ashok Kumar Bansal Whole Time Director	24.09:1	
	Rohan Agarwal Whole Time Director	*	
*Details not given as Rohan Agarwal was a Director only for part of the financial year 2019-20 i.e. w.e.f. November 1, 2019.			
(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;	R N Agarwal Chairman & Managing Director	0.00%	(₹ 640.00 Lakhs in 2019-20 as against ₹640.00 Lakhs paid in 2018-19)
	Shri Raunak Agarwal Whole Time Director	0.00%	(₹ 272.00 Lakhs in 2019-20 as against ₹272.00 Lakhs in 2018-19)
	Smt. Reena Agarwal Whole Time Director	0.00%	(₹ 272.00 Lakhs in 2019-20 as Against ₹ 272.00 Lakhs in 2018-19)
	Ashok Kumar Bansal Whole Time Director	2.30%	(₹ 62.40 Lakhs in 2019-20 as Against ₹ 61.00 Lakhs in 2018-19)
	Shri Rohan Agarwal Whole Time Director	*	(₹ 17.50 Lakhs in 2019-20 for part of the year)
*Appointed during the year, hence increase in the remuneration over last year is not applicable. The percentage increase in remuneration of Chief Financial Officer is 7.00% and percentage increase in remuneration of the Company Secretary is 26.98%.			
(iii) The percentage increase in the median remuneration of employees in the financial year;			7.95%
(iv) The number of permanent employees on the rolls of company;			1522
(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 8.49% (other than Managerial Personnel) as against an increase of 0.11% 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, September 3, 2020

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	
a)	Name(s) of the related party & nature of relationship	Smt. Natasha Agarwal a) Wife of Rauank Agarwal, Executive Director b) Daughter-in-law of Shri R N Agarwal, Managing Director and Smt. Reena 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. Designation – Manager Product Development
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	Remuneration of ₹ 50,000/- per month
e)	Justification for entering into such contracts or arrangements or transactions	Ms. Natasha Agarwal has completed her Bachelors in Fine Arts from SAIC (School of the Art Institute of Chicago). She has a work experience of over 5 years in the field of interior designing and styling. Her expertise and experience would add value to the business of the Company.
f)	Date of approval by the Board	28.07.2017
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:	
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:	NIL
f)	Amount paid as advances, if any:	
g)	Amount paid as advances, if any:	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

On behalf of the Board of Directors

R N AGARWAL

Chairman & Managing Director

Mumbai, September 3, 2020

ANNEXURE – 7

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

[Pursuant to Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies
(Corporate Social Responsibility) Rules, 2014]

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

The Company intends to make a positive difference to the society and contribute its share towards the betterment of the area in which the Company operates. It recognizes that its business activities have wide impact on the areas in which it operates and therefore, an effective policy is required with 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 P Kumar (Independent Director)	-	Chairman
Smt. Reena Agarwal (Whole Time Director)	-	Member
Shri R K Bakshi (Independent Director)	-	Member

3. **Average net profit of the Company for last three Financial Years: ₹101.68 Crores**
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹2.03 Crores**
5. **Details of amount spent on CSR activity during the financial year:**

(a) Total amount spent for the financial year	:	₹2.04 Crores
(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
Sr. 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.	Contribution to Rotary Hospital towards daily healthcare and medical camps	Healthcare	Sarigam, Gujarat	5,00,00,000	63,70,582	75,00,000	Implementing Agency: Rotary Hospital
2.	Contribution to United Way of Mumbai	Healthcare	Mumbai	11,00,000	11,00,000	11,00,000	Implementing Agency: United Way of Mumbai
3.	Contribution to Shrimad Rajchandra Sarvamangal Trust	Healthcare	Dharampur, Gujarat	1,00,00,000	50,00,000	1,00,00,000	Implementing Agency: Shrimad Rajchandra Sarvamangal Trust
4.	Contribution to educational institutes	Education	Mumbai, Maharashtra	1,00,00,000	40,87,000	35,00,000	Implementing Agency: National Education Society, Rotary Club
5.	Distribution of Educational Aids	Education	Mumbai, Maharashtra	7,00,000	6,80,056	6,80,056	Direct
5.	Environmental Development	Creation of gardens	Udaipur, Rajasthan	30,00,000	30,00,000	30,00,000	Implementing Agency: Tatpadam Upvan
6.	Rural Infrastructural Development	Construction of Check Dam	Sarigam, Gujarat	2,50,000	2,17,250	2,17,250	Direct
Total					2,04,54,888		

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.

R N Agarwal
Chairman & Managing Director

P Kumar
Chairman-CSR Committee

Mumbai, September 3, 2020

Business Responsibility Report

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

S.No.	CIN	L22210MH1993PLC133365
1.	Name of the Company	N R Agarwal Industries Limited
2.	Registered address	502-A/501-B, Fortune Terraces, New Link Road, Andheri (West), Mumbai-400053 Tel: +91 (22) 67317500
3.	Website	www.nrail.com
4.	Email Address	investors@nrail.com
5.	Financial Year reported	2019-20
6.	Sector(s) that the Company is engaged in	Manufacturing of Paper and Paper Board falling into NIC 2008 Code - 1701 of Ministry of Statistics and Programme Implementation.
7.	Three key products/services manufactured/ provided by the Company	Duplex Board Writing Printing Paper Copier Paper
8.	Total number of locations where business activity is undertaken by the Company	Vapi, Gujarat Sarigam, Gujarat
9.	Markets served by the Company	The Company has Pan India presence through a strong dealer network with dominance in Western Region. The International Markets are served by exporting our products to around 36 countries including Sri Lanka, Bangladesh, Singapore, Malaysia, Africa and the Middle East.

SECTION B: FINANCIAL DETAILS OF THE COMPANY (in Cr.)

S.No.	Particulars	Standalone
1	Paid up Capital	17.01
2	Total Turnover	1404.93
3	Total profit after taxes	116.75
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.75
5.	List of activities in which expenditure in 4 above has been incurred:	
	List of Activities	Amount (In Cr)
	Health Care	1.24
	Education	0.48
	Community & Environmental Development	0.32

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	No
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	NA
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:	No, the entities that the Company does business with, do not participate in the BR Initiatives of the Company

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

DIN	Name	Designation
00176440	R N Agarwal	Chairman & Managing Director

b) Details of the BR head

Sl. No.	Particulars	Details
1	DIN	00176440
2	Name	R N Agarwal
3	Designation	Chairman & Managing Director
4	Telephone number	022-67317500
5	e-mail id	rna@nrail.com

2. Principle-wise (as per NVGs) BR Policy/policies

Principle	Description	Company's Policy
Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Code of Conduct, Whistle Blower Policy
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	-
Principle 3	Businesses should promote the well-being of all employees	Prevention of sexual harassment of women at workplace
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	CSR Policy
Principle 5	Businesses should respect and promote human rights	Code of Conduct, Prevention of sexual harassment of women at workplace
Principle 6	Business should respect, protect and make efforts to restore the environment	-
Principle 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner	Code of Conduct
Principle 8	Businesses should support inclusive growth and equitable development	CSR Policy
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	-

(a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	N	Y	Y	Y	N	Y	Y	N
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	-	Y	Y	-
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	-	-	-	-	-	-	-	-	-
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	-	Y	Y	Y	-	Y	Y	-
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	Y	-	Y	Y	-
6	Indicate the link for the policy to be viewed online?	*	-	*	*	*	-	*	*	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	-	Y	Y	-
8	Does the company have in-house structure to implement the policy/ policies?	Y	-	Y	Y	Y	-	Y	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	-	Y	Y	-
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	**	-	**	**	**	-	**	**	-

* http://nrail.com/company_policies.html

** The Company has evaluated the Policies internally

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year		Y				Y			Y
6	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: Within 3 months, 3-6 months, Annually, More than 1 year

The Company does not have a Committee of Board for dealing with this matter specifically. However, aspects of Business Responsibility are reviewed by various other committees of the Executives/ Board. BR performance of the Company is being continuously assessed by the Senior Executives of the Company.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The BR report is available at the website of the Company and may be accessed at http://nrail.com/annual_reports.html. The report is published annually.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs /Others?

The Company is committed to highest standards of corporate governance practices. It forms an integral part of our values, ethics and business practices which is aimed at creating and enhancing long-term value of stakeholders. We practise and promote corporate ethics to enhance transparency in our operations and accountability amongst the stakeholders. Code of Conduct of the Company, reflects strong alignment to core values and commitment to maintain the highest standards of said practices in its interface with all stakeholders, society at large and the environment. There lies an element of fiduciary responsibility with the Directors and senior management of the Company to maximise the value of shareholders via good business practices and controls. Currently, the policy covers the Company only.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

No significant stakeholder complaints were received from investors, depositors, vendors, dealers etc.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

All the products manufactured by the Company viz. paper and board, are manufactured taking into account social and environmental concerns. The Company continues to remain focused on delivering stakeholder value while maintaining ecological balance. Rooted in the concept of sustainable development,

the Company aims to deliver products that satisfy customer needs while being durable, resource-efficient as well as economically feasible. Sustainability is embedded into various stages of our product life-cycle, including procurement, manufacturing, transportation, distribution and, finally, the disposal of product by the customer. Responsible and sustainable procurement of fibre is both a key policy and principle at the Company.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product:

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Raw material: The raw material (waste paper based) intensity of the Company was 1.14 MT/MT Paper in FY 18-19 and 1.13 MT/MT in FY 19-20.

Energy: The energy efficiency is on top priority by implementation of advanced technologies available and the energy consumption i.e. 625 KWH/MT, best in the industry

Steam: Steam consumption per ton of product has reduced from 3.7 MT/MT in FY 18-19 to 3.6 MT/MT in FY 19-20.

The Company is committed towards minimizing the consumption of resources and has implemented a series of measures to ensure optimal utilization of raw materials, energy and water. However, attributing the reduction to per unit of product is not feasible.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Owing to the nature of the product, it is not feasible to identify the reduction during usage by consumers.

2. Does the company have procedures in place for sustainable sourcing (including) transportation?

If yes, what percentage of your inputs was sourced sustainably?

The Company acknowledges that its supply chain can significantly impact the environment and society at large. In order to ensure sustainability across the entire value chain, the Company has made responsible sourcing an integral part of its sustainability strategy.

3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company is engaged in extensive research and development to ensure long-term sustainability of raw materials for operations via responsible sourcing and promoting local procurement. Apart from the procurement of raw materials, the company has established number of projects like wastewater RO treatment plant, purchased hardwood pulp processing plant, sludge drying plant etc. and during execution we facilitated supplies from local vendors as and where applicable. These vendors who are small and local were developed over time by educating them about our systems & processes in place.

4. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

At N R Agarwal Industries Ltd., we use 100% recycled waster paper as our primary raw material and not forest wood. We are mindful of the huge losses suffered by the environment through deforestation. Waste generated in operations is considered as a potential resource for various other activities by making its best use within the operations through optimisation of existing processes. This has led to increased commitment towards reducing environmental impact of business activities via waste minimisation and re-use. Non-hazardous solid wastes such DIP and effluent sludge are re-used in various processes. We are also incinerating the waste plastic coming out of the system to generate the process steam.

Principle 3: Businesses should promote the well-being of all employees

1. Please indicate the Total number of employees - 1522
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis-351
3. Please indicate the Number of permanent women employees – 6
4. Please indicate the Number of permanent employees with disabilities - Nil
5. Do you have an employee association that is recognized by management – No
6. What percentage of your permanent employees is members of this recognized employee association? – NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year –

No such complaints pertaining to child labour, forced labour, involuntary labour, sexual harassment were reported in the current financial year.
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - (a) Permanent Employees -Need based
 - (b) Permanent Women Employees-Need based
 - (c) Casual/Temporary/Contractual Employees -Need based
 - (d) Employees with Disabilities-NA

Principle 4- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes, the Company has identified key stakeholder groups

and mapped its internal and external stakeholders. The key categories include (i) Government and regulatory authorities; (ii) Employees; (iii) Consumers; (iv) Suppliers; (v) Investors, Shareholders & Lenders; (vi) Local Community; (vii) NGOs.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the Company has identified the disadvantaged, vulnerable & marginalised stakeholders from the nearby local communities and surrounding villages in the form of contractual employees.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

The Company values the support of its stakeholders and respects the interest and concerns they have towards the Company. The Company proactively engages with and responds to those sections in the society that are disadvantaged, vulnerable and marginalized. The Company has a structured CSR program through which it assesses the needs of local stakeholders and carries out initiatives to address societal needs.

Principle 5: Businesses should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

The Company is committed to protect the human rights of its stakeholders. Human resource is considered as a valuable resource in the organization. Human resource practices of the Company aim at ensuring not only protection but also respect for human rights. Various policies viz. Safety of Women & Prevention of Sexual Harassment at workplace Code of Conduct, etc. are in place to ensure protection of Human Rights of the employees and other stakeholders. The Company, within its sphere of influence, promotes the awareness and realization of human rights across its value chain. To this extent, the Company extends its initiatives

to promote human rights to external stakeholders including suppliers and contractors. The Company's approach to managing human rights is aligned with internationally recognised principles and guidelines. It is a constant endeavour to ensure that none of the suppliers engage in employment of child, forced or compulsory labour. The Company strongly prohibits the employment of child, forced or compulsory labour in all its operations.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

In the reporting period, no violations or complaints surfaced and no areas were discovered where any of our operations or suppliers might be found to have significant risk of child labour or forced or compulsory labour or infringed human rights of other stakeholders.

Principle 6- Business should respect, protect, and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.

The Company is committed towards environmental protection and has a well-defined corporate environmental policy in place. The Company encourages its subsidiaries, suppliers and contractors to employ environment friendly measures in their day to day operations.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

Yes, the Company has taken up several initiatives to address global environmental issues such as climate change, global warming, waste minimisation, effluent reduction and water conservation. Throughout our products, activities and services, we endeavor to minimise any adverse impact on the environment by means of pollution prevention, energy and water conservation.

3. Does the company identify and assess potential environmental risks?

At each location, there is a dedicated team that, among other responsibilities, takes care of ensuring compliance to applicable federal, state and local laws related to environmental matters. To assure compliance with applicable laws and standards, the internal audit team conducts internal audits of all facilities, on a continuous and ongoing basis.

4. Does the company have any project related to Clean Development Mechanism? If yes, whether any environmental compliance report is filed?

Not currently.

5. Has the company undertaken any other initiatives on – clean technology, energy, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

- New high speed & high efficiency turbine at unit 2 which is generating more power from the same fuel consumption
- Installed two plants for Sludge drying system in order to use the same at the Boiler
- Invested in low pressure boiler for plastic incineration
- New RO plant for converting waste water to fresh water

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company is committed to minimizing its waste as well as emissions. It has initiated various measures across the manufacturing locations to waste minimization and reuse. Also, the Company continues to invest in reducing air emission levels through adoption of cleaner technologies/ fuels, monitoring of combustion efficiencies and investments in pollution control equipment. All these measures ensure that the emissions/ waste generated by the Company are within the permissible limits given by CPCB/SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

During the FY 19-20, there were no non-compliances

with environmental laws and/or regulations and the Company did not pay any fines towards any case pending from previous years.

Principle 7- Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? Not Currently
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles and Others)

The Company has always advocated the cause of Good Governance, Administration and Economic reforms. It actively participates and raises its concern on matters of governance, economic reforms and other public policies in public interest at appropriate forums.

Principle 8-Business should support inclusive growth and equitable development.

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8?

The Company has been one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, and rural development etc. The Company has a CSR Policy in accordance with the provisions of the Companies Act 2013 and rules made there under. The contents of the CSR Policy are disclosed on the website of the Company.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

Some of the projects are undertaken by the in-house team based on local needs and some are routed through renowned NGOs like Rotary Club, Shrimad

Rajchandra Love & Care, National Education Society, to name a few.

3. Have you done any impact assessment of your initiative?

The CSR team at the manufacturing locations regularly interact with the local communities to assess the impact of various initiatives and their feedbacks are taken into consideration for future initiatives.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Company has spent ₹ 1.06 Crores towards Community Development during the financial year 2019-20. All of these projects were undertaken by the Company directly.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The CSR team at the manufacturing locations regularly interact with the local communities to assess the impact of community development projects undertaken by these units to ensure that the objectives and benefits of these projects are being met.

Principle 9-Business should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The Company received a total of 443 complaints during

the year 2019-20 and only 11 (2.48%) complaints remained pending as on March 31, 2020.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

The Company has an uncompromising commitment to provide best in-class products and ace customer satisfaction. The Company complies with all laws and regulations concerning marketing communications. In line with this, the required information as mandated by law is inscribed on the product label of the Company.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

There was no incidence of non-compliance with regulations and voluntary codes concerning product and service information and labelling. Similarly, there was no instance reported for non-compliance with regulations and voluntary codes concerning health and safety impacts of the Company's products and services.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Company is focused on delivering value to its customers and therefore, customer satisfaction surveys are carried out on a regular basis. This provides valuable feedback for the Company for providing the best possible service to customers and to continuously improve in its engagement with customers.

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

The global economy grew 2.9% in 2019 compared to 3.6% in 2018. This sharp decline was precipitated by an increase in global trade disputes that affected the cross-border movement of products and services, a slowdown in the global manufacturing sector, weak growth coming out of some of the largest global economies and the impact of Brexit. The result was that global trade grew a mere 0.9% in 2019, pulling down the overall economic growth average.

United States: The country's Gross Domestic Product grew by 2.3% in 2019 compared to 2.9% in 2018-19 as a result of a decline in business investments and the ongoing trade war with China.

China: The country's Gross Domestic Product grew by 6.1% in 2019 compared to 6.7% in 2018 as a result of the trade war with the United States, overcapacity in some industries, corporate sector indebtedness and a shrinking room for monetary and fiscal policies.

United Kingdom: The country's Gross Domestic Product grew by 1.4% in 2019 compared to 1.3% in 2018.

Japan: The country's Gross Domestic Product grew by 2.0% in 2019 compared to 2.4% in 2018.

The Great Lockdown, as a result of the pandemic Covid-19, is projected to shrink global growth significantly starting from the calendar year 2020.

(Source: World Economic Outlook, April 2020, CNN, Economic Times, trading economics, Statista, CNBC)

GLOBAL GROWTH OVER THE YEARS (%)

	World output	Advanced economies	Developing and emerging
2015	3.5	2.3	4.3
2016	3.4	1.7	4.6
2017	3.9	2.5	4.8
2018	3.6	2.2	4.5
2019	2.9	1.7	3.7

(Source: IMF)

INDIAN ECONOMIC REVIEW

India emerged as the fifth-largest world economy in 2019 with a gross domestic product (GDP) of \$2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking.

There was a decline in consumer spending that affected India's GDP growth during the year under review. India's growth for FY 19-20 was estimated at 4.2% compared with 6.1% in the previous year. Manufacturing growth was seen at 2%, a 15-year low as against 6.9% growth in FY19.

Y-o-Y growth of the Indian economy

	FY17	FY18	FY19	FY20
Real GDP growth (%)	8.3	7	6.1	4.2

Growth of the Indian economy, 2019-20

	Q1, FY20	Q2, FY20	Q3, FY20	Q4, FY20
Real GDP growth (%)	5.2	4.4	4.1	3.1

(Source: Economic Times, CSO, Economic Survey, IMF, EIU)

A sharp slowdown in economic growth and a surge in inflation weighed on the country's currency rate; the Indian rupee emerged as one of the worst performers among Asian peers, marked by a depreciation of nearly 2% since January 2019. Retail inflation climbed to a six-year high of 7.35% in December 2019.

During the last week of the financial year under review, the national lockdown affected freight traffic, consumer offtake and a range of economic activities.

KEY GOVERNMENT INITIATIVES, 2019-20

National infrastructure pipeline: To achieve a GDP of USD 5 trillion by 2025, the government announced a National Infrastructure Policy entailing an investment of 102 trillion in five years.

Corporate tax relief: The government moderated the corporate tax rate to 22% from 25%; it announced a new tax rate of 15% for new domestic manufacturing companies, strengthening the Make-in-India initiative. The new effective

CIT (Corporate Income Tax) would be 25.17%, inclusive of a new lower surcharge of 10% and cess of 4%. India's CIT is now closer to the global average statutory CIT of 23.03%.

OUTLOOK

Various forecasts have estimated a sharp de-growth in the Indian economy for the current financial year, the first such instance of a de-growth in decades.

GLOBAL PULP AND PAPER INDUSTRY OVERVIEW

The pulp and paper industry is one of the largest industries in the world and was pegged at US\$ 63.30 billion in 2019. The packaging industry segment and the food and healthcare sub-segment accounted for the largest share of the paper market in 2019. Pulp and paper is used in a wide range of packaging applications in end-user industries such as consumer goods, hygiene, food, industrial packaging, and agricultural films. North America holds the largest market share of the paper and pulp market due to its growing requirement in the packaging and construction and consumer industry.

Other factors driving the success of the pulp and paper industry are the demand for hygiene products like paper towels, toilet paper and disposable make up wipes, coupled with the increased economic participation of the global middle-class. (Source: Global News Wire)

GLOBAL PAPER PACKAGING INDUSTRY OVERVIEW

The global paperboard and packaging market is estimated to reach a market value of a US\$ 84.54 billion by 2024 (pre-Covid estimate) growing at a CAGR of 5% between 2019 and 2023. North America, Western Europe and East Asia account for the majority of the production share of paper and paperboards. Global paper prices declined in 2019 due to a decline in demand. Pulp prices dropped from a high of US\$ 760 to US\$800 per metric tonne in January 2019 to US\$ 470-US\$ 510 per metric tonne in November 2019.

The emergence of online shopping or ecommerce has driven the growth for cardboard and other packing materials. E-commerce companies require an extensive amount of packaging solutions for a wide range of products. Among the varying available packaging solutions, paper and paperboard container and packaging products have been gaining traction because of their environmental benefits.

Rising consumer awareness about non-biodegradable materials and their effect on the environment, resulted in

the demand for eco-friendly materials over the past few years. Growing popularity of sustainable packaging and recyclable feature of paper and paperboard packaging are some of the other factors driving the growth of paper and paperboard packaging industry. The growth of the foods and beverages sector, coupled with the rising incomes in emerging economies, is projected to drive demand over the foreseeable future. (Source: Bloomberg)

INDIAN PAPER INDUSTRY OVERVIEW

The Indian paper industry size was pegged at ₹ 70,000 crore in 2019-20, accounting for >4% of the global paper production. It is also responsible for the employment of >20 lakh individuals across the country. India is one of the fastest growing paper markets globally and total paper production was estimated around 25 million tonnes in 2019-20. India's per capita paper consumption was estimated at ~13kg compared to the global average of 57kg, indicating vast headroom for growth. Most of the paper mills in India are located in the states of Tamil Nadu, Andhra Pradesh, Maharashtra, Punjab, Madhya Pradesh and Gujarat. Western India is the largest consumer of paper and products in the country mainly due to the ever-increasing consumption of paper and FMCG products.

The Indian paper and paper products market is projected to grow from US\$ 8.6 billion in 2018 to US\$ 13.4 billion by 2024, growing at a CAGR of 7.8% during 2019-24. Growth of the manufacturing sector, increased requirement for better quality packaging of FMCG products and the demand for the upstream market of paper products, such as tissue paper, filter paper, light-weight online coated paper and medical grade coated paper, are expected to be catalysts of the growth of the Indian paper and paper products market over the foreseeable future. (Source: Globe News Wire)

9.3

Estimated paper demand, 2008 (in million tonnes)

>13

Average per capita consumption of paper in India (in kg)

17.1

Estimated paper demand, 2018 (in million tonnes)

57

Global average of per capita consumption of paper (in kg)

INDIAN PACKAGING INDUSTRY

The value of the Indian packaging industry was pegged at US\$50.5 billion in 2019 and is projected to reach a value of US\$204.81 billion by 2025, growing at a CAGR of 26.7% between 2020-25. The rapid growth of the industry is driven by the growth of the pharmaceuticals and the foods and beverages industry. Besides this, the rise of the middle class, growth of organised retail and exports, coupled with India's booming e-commerce sector, have been the major catalysts of growth for India's packaging industry. The total packaging consumption in India has increased ~200% over the past decade, rising from 4.3 kg per person per annum to 8.6 kg per annum.

However, the outbreak of the novel coronavirus caused major supply chain disruptions for packaging manufacturers, resulting in decreased manufacturing. In a bid to ensure the smooth flow of the supply chain, Global Food Safety Initiative (GFSI) certification programmes are providing six-month certificate extensions by conducting audit and risk assessments pertaining to the novel coronavirus.

GROWTH DRIVERS

Rising population: India's population has grown from 555.2 million in 1970 to 1.36 billion in 2019, a 146 per cent increase and is expected to add more 273 million people by 2050.

Rising incomes: The nominal per-capita net national income during 2019-20 is estimated at ₹ 1,35,050, a rise of 6.8 per cent compared to ₹ 1,26,406 during 2018-19.

Urbanisation: Nearly 34% of the Indian populace reside in urban areas and is projected to increase to >40% by 2030, thereby driving the demand for the paper industry.

Increasing literacy rate: India's youth literacy rate was pegged at 74% in 2017 and is expected to reach 90% in 2020. The rise in literacy rate is expected to catalyse the demand for textbooks, notebooks and other paper related products.

E-commerce growth: India is projected to reach an internet user base of 829 million by 2021 compared to 665 million in 2019. The increase in e-commerce transactions is expected to drive the demand for paper packaging over the foreseeable future.

Growth of the FMCG sector: India's FMCG sector is projected to grow by 4-5% and reach a market value of

US\$103.7 billion in 2020. The growth of the FMCG sector is projected to drive the demand for paper packaging products.

(Source: India Today, MoSPI, Economic Times)

COMPANY OVERVIEW

Established in 1993, the Company is engaged in the manufacturing of duplex boards and writing and printing paper. The Company's production facility is located in Gujarat and comprises five paper units. The Company is environmentally-conscious and utilizes waste paper as a raw material. During the year under review, the Company produced 338988 tonnes of paper. The Company's products are primarily used in FMCG packaging, textbooks and notebooks and print media applications. Over the years, the Company has placed emphasis on product development, quality improvement and cost optimisation.

FINANCIAL ANALYSIS, 2019-20

Balance Sheet

- Borrowings for FY 19-20 stood at ₹173.43 crore compared to ₹ 241.48 crore during FY 18-19
- Total non-current assets for FY 19-20 stood at ₹ 603.86 crore compared to ₹ 553.76 crore in FY 18-19

Profit & Loss statement

- Revenues increased 6.58% from ₹ 1404.93 crore in FY 19-20 to ₹ 1318.18 crore in FY 18-19
- EBITDA increased to ₹ 228.34 crore in FY 19-20 compared to ₹ 192.69 crore in FY 18-19
- Profit after tax increased 23.36% from ₹ 116.75 crore in FY 19-20 to ₹ 94.64 crore in FY 18-19
- Total expenses for FY 19-20 stood at ₹ 1256.16 crore compared to ₹ 1195.91 crore in FY 18-19
- Depreciation and amortisation stood at ₹ 31.51 crore in FY 19-20 compared to ₹ 27.45 crore in FY 18-19

KEY NUMBERS

Particulars	2018-19	2019-20
EBIDTA/Turnover (%)	14.62	16.25
EBIDTA/Net interest ratio	6.25	7.15
Debt-equity ratio	0.75	0.40
Return on equity (%)	28.69	29.60
Book value per share (₹)	10.00	10.00

Particulars	2018-19	2019-20
Earnings per share (₹)	55.61	68.60
Interest Coverage Ratio (x)	5.24	6.58
Current Ratio (x)	1.10	1.30
Operating Profit Margin (%)	12.11%	13.31%
Net Profit Margin (%)	7.18%	8.31%

RISK MANAGEMENT

Raw material risk: Scarcity of raw materials could lead to an increase in paper prices

Mitigation: All five paper units of the Company utilise waste paper as raw material, thereby reducing its dependence on natural sources.

Digitalisation risk: Increasing digitalisation could lead to a decline in paper demand

Mitigation: The Company has placed an emphasis on innovation and as a result, has been able to maintain its sectoral leadership. The Company has also placed emphasis on the paper packaging segment to capitalise on the growing demand of the e-commerce industry.

Capex risk: High funding cost could affect capex requirements.

Mitigation: The timely repayment of debt and a moderate gearing enabled the Company to raise additional debt in a cost-effective manner.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational structure of the Company and the Group

and involves a range of personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offers its guidance and strategic supervision to the Executive Directors and management, monitoring and support committees. The control and risk committee and the head of the audit department work under the supervision of the Board-appointed Statutory Auditors.

HUMAN RESOURCES

The Company believes that the quality of employees is the key to its success and is committed to equip them with skills, enabling them to seamlessly evolve with ongoing technological advancements. During the year, the Company organised training programmes in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and code of conduct. The Company's employee strength stood at 1522 as on March 31, 2020.

CAUTIONARY STATEMENT

The Management Discussion and Analysis report containing your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. The statements in this management discussion and analysis report could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the governmental regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

Report on Corporate Governance

The Company has a strong legacy of fair, transparent and ethical governance practices and it believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value. It is not mere compliance of laws, rules and regulations, but also the application of best management practices and adherence to the highest ethical principles, in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility.

In this pursuit, the Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interests of all its stakeholders.

A report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ("Listing Regulations") is given below:

BOARD OF DIRECTORS

Composition & Attendance

The Board composition is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act'). As on March 31, 2020, the Board of Directors has an optimum combination of Executive and Non-Executive Directors. Shri R N Agarwal is the Promoter and the Chairman & Managing Director of the Company. The Board comprises of 9 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 2019-2020	Attendance at the last AGM held on September 16, 2019	No. of other Directorships* (As on 31.03.2020)		No. of Committee positions in other Committees** (As on 31.03.2020)	
				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 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	4	Yes	-	-	-	-
Shri R K Bakshi	Non-Executive Independent Director	4	No	-	3	2	2
Shri Rohan Agarwal	Whole-Time Director	2	No	-	-	-	-
Shri S N Chaturvedi	Non-Executive Independent Director	2	No	-	1	1	-

Shri Ajay Nair has resigned from the Company with effect from 12.02.2020 due to other pre-occupations.

Shri S N Chaturvedi was appointed as Additional and Non-Executive Independent Director with effect from w.e.f. 22.10.2019.

Shri Rohan Agarwal was appointed as Additional and Whole Time Director w.e.f. 01.11.2019.

Smt. Sunita Nair was appointed as an Additional and Non-Executive Independent Director of the Company with effect from 01.04.2020.

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

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

List of other listed entities where the Director of the Company is a Director and the category of such directorship:

Sr. no.	Name of the Director	Name of other Listed entity in which serving as Director	Category of Directorship
1.	Shri R N Agarwal	-	
2.	Shri Raunak Agarwal	-	
3.	Smt. Reena Agarwal	-	
4.	Shri A K Bansal	-	
5.	Shri P Kumar	Banswara Syntex Limited	Independent Director
6.	Shri C R Radhakrishnan	-	
7.	Shri R K Bakshi	Responsive Industries Limited, W.H. Brady & Co. Ltd.	Independent Director
8.	Shri Rohan Agarwal	-	
9.	Shri S N Chaturvedi	Siyaram Silk Mills Limited	Independent Director
10.	Smt. Sunita Nair	-	

The details in respect of Directors to be re-appointed as Directors as per Regulations 26(4) and 36(3) of the SEBI Listing Regulations and the Secretarial Standards on General Meetings is provided alongwith the notice calling the Annual General Meeting.

The Company held four Board Meetings during 2019-2020 and the gap between two meetings did not exceed 120 days. The dates on which the Board Meetings were held were: May 21, 2019, July 31, 2019, October 22, 2019 and February 12, 2020. 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, Smt. Reena Agarwal and Shri Rohan Agarwal are related to each other. The other Directors are not related to promoters or management at the board level of, inter-se, among themselves. 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 they are Directors. Necessary disclosures regarding committee positions in other public companies as on March 31, 2020 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 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 and Listing Regulations. 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 & 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, 2020. In addition to the information required under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, which is required to be placed before the Board, the Directors are also kept informed of major events and approvals obtained, if necessary.

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. 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 & Managing Director forms part of this report.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company familiarizes its Independent Directors about 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.

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, 2019 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 & 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.

The Board periodically reviews the compliance reports of all laws applicable to the company.

BOARD SKILLS, EXPERTISE AND COMPETENCE

The Board of Directors collectively possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, operations, corporate governance, education, community service and other disciplines as required in the context of the Company's operations.

The core skills, experience and knowledge of individual Directors are:

Name of Directors	Details of skills/competencies
Shri R N Agarwal	Industrialists and entrepreneurs having requisite skills, experience and knowledge required in the context of the Company's operations;
Shri Raunak Agarwal	
Smt. Reena Agarwal	
Shri Rohan Agarwal	Technical and Commercial Acumen
Shri A K Bansal	
Shri P Kumar	Professionals having financial, banking knowledge and corporate governance skills
Shri C R Radhakrishnan	
Shri R K Bakshi	
Shri S N Chaturvedi	Legal Acumen
Smt. Sunita Nair	

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 fields 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(s) 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, 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 2019-20 are given below:

Name	Category	No. of Meetings attended
Shri P Kumar, Chairman	Non-Executive Independent	4
Shri C R Radhakrishnan, Member	Non-Executive Independent	4
Shri R K Bakshi, Member	Non-Executive Independent	4
Shri S N Chaturvedi (Appointed as Member w.e.f.12.02.2020)	Non-Executive Independent	0

During the year, the Audit Committee met 4 (four) times on May 21, 2019, July 31, 2019, October 22, 2019 and February 12, 2020 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 16, 2019.

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.
- To review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc;

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
Shri P Kumar, Chairman	Non-Executive Independent	3
Shri C R Radhakrishnan, Member (Not a member w.e.f. from 12.02.2020)	Non-Executive Independent	3
Shri R K Bakshi, Member	Non-Executive Independent	3
Shri S N Chaturvedi (Appointed as Member w.e.f.12.02.2020)	Non-Executive Independent	0

During the year, the Committee met three times on July 31, 2019, October 22, 2019 and February 12, 2020. 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 & 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 packages of the Chairman and Managing Director and Executive Directors comprises of salary, perquisites and allowances, as also 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.

The remuneration policy and the criteria for making payments to Non-Executive Directors is available on the website of the company www.nrail.com.

DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2020:

(a) NON-EXECUTIVE DIRECTORS

Name of the Directors	Sitting Fees (₹)
Shri P Kumar	2,50,000
Shri C R Radhakrishnan	1,70,000
Shri Ajay Nair	1,00,000
Shri R K Bakshi	2,30,000
Shri S N Chaturvedi	60,000
Total	8,10,000

(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	Shri Rohan Agarwal Whole Time Director
Salary	2,40,00,000	72,00,000	72,00,000	62,40,000	34,65,000
Perquisites	39,600	39,600	39,600	2,50,000	-
Bonus	-	-	-	8,400	8,400
Provident Fund	21,600	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	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 terms of reference of the Stakeholders Relationship Committee envisage the following:

1. Consider and resolve the grievances of the security holders of the company including complaints related to transfer / transmission of shares, non-receipt of annual report and non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
5. Oversee the performance of the Company's Registrars and Transfer Agents.
6. Oversee and review all matters connected with the

transfer, transmission, etc. of the Company's securities.

7. Approve issue of the Company's duplicate share / debenture certificates.
8. Looking into the various aspects of interest of shareholders, debenture holders and other security holders.
9. Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable.

Composition and Attendance during the year

The Stakeholders' Relationship Committee met four (4) times during the year on: May 21, 2019, July 31, 2019, October 22, 2019 and February 12, 2020.

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
Shri P Kumar, Chairman	Non-Executive Independent	4
Shri R N Agarwal, Member	Executive-Non-Independent	4
Shri R K Bakshi, Member	Non-Executive Independent	4

The Chairman of the Committee was present at the Annual General Meeting of the Company held on September 16, 2019.

Based on the reports received from the Company's Registrar and Share Transfer Agent, the Company received no complaints / grievances during the year which were redressed timely and there were no complaints pending as on March 31, 2020. The Company Secretary has been designated as the Compliance Officer.

Name, Designation and Address of Compliance Officer:

Ms. Pooja Daftary
 Company Secretary & Compliance Officer
 502-A/501-B, Fortune Terraces,
 5th Floor, Opp. Citi 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.

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 projects under support and periodically reporting the progress 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 21, 2019 and February 12, 2020.

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 2019-20
Shri P Kumar, Chairman	Non-Executive Independent	2
Smt. Reena Agarwal, Member	Executive-Non-Independent	2
Shri R K Bakshi, 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 financial assistance, delegation of authority for banking transactions, etc.

The Committee met twice during the year on November 21, 2019 and January 06, 2020.

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 of Director	Category	No. of Meetings attended during 2019-20
Shri R N Agarwal, Chairman	Executive-Non-Independent	2
Shri P Kumar, Member	Non-Executive Independent	2
Shri Raunak Agarwal, Member	Executive-Non-Independent	2

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 met 12 (twelve) times during the year 2019-20 on 05.04.19, 17.04.19, 06.05.19, 16.05.19, 10.06.19, 29.06.19, 19.07.19, 20.09.19, 31.12.19, 27.01.20, 07.02.20, and 13.03.20.

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	12
Shri Raunak Agarwal, Member	Executive-Non-Independent	12

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 & Time	Location	Special Resolutions, if any
2018-19	Monday, September 16, 2019 at 11:30 a.m.	The Club Mumbai, 197, D.N Nagar, Andheri (W), Mumbai- 400053	<ol style="list-style-type: none"> 1. Re-appointment of Shri Ashok Kumar Bansal as the Whole Time Director 2. Re-appointment of Shri P Kumar as an Independent Director 3. Re-appointment of Shri C R Radhakrishnan as an Independent Director
2017-18	Friday, September 28, 2018 at 11.30 a.m.	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (W), Mumbai-400053	<ol style="list-style-type: none"> 1. Re-appointment of Shri Rajendra Agarwal as the Managing Director 2. Continuation of holding of office of Directorship by Shri P Kumar as an Independent Director 3. Approval of the limits for the Loans, Guarantees and Investments by the Company pursuant to Section 186 of the Companies Act, 2013
2016-17	Wednesday, September 20, 2017 at 11.30 a.m.	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (W), Mumbai-400053	<ol style="list-style-type: none"> 1. Re-appointment of Smt. Reena Agarwal as Whole Time Director 2. Re-appointment of Shri Raunak Agarwal as Whole Time Director

(a) Details of Extra-Ordinary General Meeting:

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

(b) 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.
- 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.
- 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 Practising Company Secretaries of the Company to this effect and the same is given as an Annexure to this Report.
- f) The corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations to the extent applicable to the Company have been complied with. Further, the Company has adopted the following non-mandatory requirements of the Clause:
 - i) The financial statements of the Company are

unqualified and

- 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.
- h) Accounting Treatment in preparation of Financial Statements:

The Financial Statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 and other relevant provisions of the Act.
- i) Details of utilisation of funds raised through preferential allotment or qualified institutions placement:

The Company has not raised any funds through Preferential Allotment or Qualified Institutional Placement.
- j) Acceptance of recommendation of all Committees:

In terms of the Listing Regulations, there have been no instances during the year when recommendations of any of the Committees were not accepted by the Board.
- k) GMJ & Co., Chartered Accountants (Firm Registration No. 103429W) have been appointed as the Statutory Auditors of the Company. The Audit Fees of ₹ 20 lakhs was paid to Statutory Auditors during the year under review.
- l) A certificate has been received from Parikh and Associates, Practising Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority and the same is given as an Annexure to this Report.

SECRETARIAL AUDIT

Parikh & Associates, Practising Company Secretaries, have conducted a Secretarial Audit of the Company for the year 2019-20. Their 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 2019-20, 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, 2020.

MEANS OF COMMUNICATION

- The quarterly and the half yearly results as per the proforma prescribed by the Listing Regulations 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 circulations. The results are displayed on the Company's website, 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. The annual audited results are also communicated to the Stock Exchanges where the Company's shares are 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

Annual general meeting	Tuesday, September 29, 2020 at 11.30 a.m. through Video Conference only as per the General Circular dated May 5, 2020 issued by the MCA
Corporate Identification Number	L22210MH1993PLC133365
Financial Year	April to March
Date of Book Closure	September 23, 2020-September 29, 2020
Dividend Payment Date	NA
Listing of equity shares on	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Script Code (BSE)	516082
NSE Symbol	NRAIL
Listing Fees	The Company has paid the Listing Fees to both the exchanges on time.
Demat (ISIN)	INE740D01017
Registrar and Share Transfer Agent	Sharex Dynamic (India) Pvt. Ltd. C-101, 247 Park, L.B.S. Marg Vikhroli (W), Mumbai – 400 083 Tel: 022-28515606/5644 Email: investors@sharexindia.com

SHARE TRANSFER SYSTEM:

Effective April 1, 2019, the Securities and Exchange Board of India has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository. Accordingly, the Company has stopped accepting any transfer requests for securities held in physical form with effect from the said date. During the year, the Company accepted those transfer requests pertaining to securities held in physical form which were lodged for transfer before April 1, 2019 and were returned due to objections.

- 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 NSE and BSE during each month of the financial year ended March 31, 2020 are as under:

April'19-March'20	HIGH				LOW			
	NRAIL (BSE)	SENSEX	NRAIL (NSE)	NIFTY	NRAIL (BSE)	SENSEX	NRAIL (NSE)	NIFTY
April	359.85	39487.45	360.00	11856.15	301.05	38460.25	300.00	11549.10
May	348.70	40124.96	351.00	12041.15	280.00	36956.10	278.00	11108.3
June	280.50	40312.07	281.95	12103.05	207.00	38870.96	206.05	11625.10
July	229.05	40032.41	230.95	11981.75	150.10	37128.26	147.05	10999.40
August	233.95	37807.55	233.80	11181.45	160.00	36102.35	156.35	10637.15
September	296.00	39441.12	298.80	11694.85	198.30	35987.80	198.25	10670.25
October	283.5	40392.22	284.25	11945.00	216.90	37415.83	215.30	11090.15
November	235.20	41163.79	238.00	12158.80	205.00	40014.23	204.00	11802.65
December	223.00	41809.96	224.00	12293.90	193.15	40135.37	192.50	11832.30
January	298.00	42273.87	292.50	12430.50	205.75	40476.55	203.30	11929.60
February	257.95	41709.30	258.00	12246.70	218.00	38219.97	218.00	11175.05
March	230.00	39083.17	229.00	11433.00	123.00	25638.90	123.30	7511.10

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2020:

Sr. No.	Range No of Shares	No of Shareholders	% Total Holders	Total Amount	% Of Capital
1	Upto 100	5439	66.273	3329590	1.956
2	101 to 200	938	11.429	1624250	0.954
3	201 to 500	968	11.795	3507190	2.061
4	501 to 1000	378	4.606	2962390	1.741
5	1001 to 5000	385	4.691	9113770	5.355
6	5001 to 10000	47	0.573	3245300	1.907
7	10001 to 100000	47	0.573	11305470	6.643
8	10,001 & above	5	0.061	135103040	79.383
	TOTAL	8207	100	17019100	100

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2020:

Category	No. of shares held	Percentage to total share capital
Promoters	12516998	73.547
Mutual Funds	159335	0.936
Banks / FI	9196	0.055
FII's	76645	0.45
Body corporates	858626	5.045
Individuals	2925052	17.187
Non Resident Indians/ Overseas Corporate Bodies	106681	0.627
Clearing Members	36002	0.212
IEPF	173376	1.019
NBFC Registered with RBI	0	0.000
HUF	157189	0.924
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, 2020:

Mode	No of Shares	% of Share Capital
Electronic form with CDSL	14068771	82.66
Electronic form with NSDL	2638908	15.51
Physical Form	311421	1.83
Total	17019100	100.00

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

Credit Rating:

During the year under review the India Ratings and Research (Ind-Ra) has upgraded the Company's Long-Term Issuer Rating to 'IND A-' from 'IND BBB'. The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type	Maturity Date	Size of Issue (million)	Rating/Outlook
Term loan	FY19- FY24	INR2,175.1 (reduced from INR2,533.2)	IND A-/Stable
Fund-based working capital facility	-	INR1,059.3 (increased from INR980.1)	IND A-/Stable/IND A2+
Non-fund-based working capital limits	-	INR888.4 (increased from INR742.3)	IND A2+

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as under:

Number of complaints filed during the financial year	NIL
Number of complaints disposed of during the financial year	NIL
Number of complaints pending as on end of the financial year	NIL

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, there are no shares lying in the suspense account.

ADDRESS FOR CORRESPONDENCE:

Registered Office:

502-A/501-B, Fortune Terraces,
Opp. Citi 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,

C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), 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, 2020.

Place: Mumbai

Date: June 29, 2020

R N Agarwal

Chairman and Managing Director

Practising Company Secretaries' Certificate on Corporate Governance

TO THE MEMBERS OF
N R AGARWAL INDUSTRIES LIMITED

We have examined the compliance of the conditions of Corporate Governance by N R Agarwal Industries Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

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

For Parikh & Associates
Practising Company Secretaries

Shalini Bhat
FCS: 6484 CP: 6994
UDIN:F006484B000653570

Mumbai, September 3, 2020

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
N R Agarwal Industries Limited

502-A/501-B, Fortune Terraces, 5th Floor, Opp. City Mall,
New Link Road, Andheri (West), Mumbai - 400053

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of N R Agarwal Industries Limited having CIN L22210MH1993PLC133365 and having registered office at 502-A/501-B, Fortune Terraces, 5th Floor, Opp. City Mall, New Link Road, Andheri (West), Mumbai - 400053 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company*
1.	Rajendra Nagin Agarwal	00176440	01/08/2010
2.	Raunak Rajendra Agarwal	02173330	01/05/2008
3.	Reena Rajendra Agarwal	00178743	08/08/2014
4.	Ashok Kumar Bansal	07325904	05/11/2015
5.	Parduman Vishwanath Kumar	00179074	05/08/2005
6.	Radhakrishnan Ramachandra Iyer	01309312	27/02/2007
7.	Rajiv Kumar Bakshi	00264007	07/02/2018
8.	Rohan Rajendra Agarwal	08583011	01/11/2019
9.	Sachindra Nath Chaturvedi	00553459	22/10/2019
10.	Sunita Ajay Nair	08701609	01/04/2020

*the date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
Practising Company Secretaries

Shalini Bhat

FCS: 6484 CP: 6994

UDIN:F006484B000653581

Mumbai, September 3, 2020

Independent Auditor's Report

To the Members of
N R AGARWAL INDUSTRIES LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of N R AGARWAL INDUSTRIES LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to financial statements, including a summary of significant accounting policies (hereinafter referred to as the "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the

Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

Emphasis of Matter

We draw attention to Note no. 47 of the Ind AS financial statements, regarding uncertainty around the impact of COVID 19 on the operations of the Company, which is presently not ascertainable.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr.No.	Key Audit Matter	How was the matter addressed in our audit
1	Revenue recognition [refer note no. 1.2.10 and 26 to the Ind AS financial statements] Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	Audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.

Sr.No.	Key Audit Matter	How was the matter addressed in our audit
2	<p data-bbox="197 282 740 382">Capital work-in-progress/Property Plant and Equipment (PPE) [refer note no. 1.2.03 and 2 to the Ind AS financial statements]</p> <p data-bbox="197 411 740 884">The Company has made additions to the Capital work-in-progress/Property, Plant and Equipment of the ongoing units. Also, the company has capitalized a portion of its capital work-in-progress considering them as ready to use. The assets need to be capitalized and depreciated once the assets are ready for use as intended by the management. Inappropriate timing of capitalization of the asset and/or inappropriate classification of categories of items of PPE could result in material misstatement of Capital work-in-progress/ PPE with a consequent impact on depreciation charge and results for the year.</p>	<p data-bbox="763 282 1399 498">Testing the design, implementation and operating effectiveness of controls in respect of review of capital work in progress, particularly in respect of timing of the capitalization and recording of additions to items of various categories of PPE with source documentation, substantive testing of appropriateness of the cut-off date considered for project capitalization.</p> <p data-bbox="763 527 1399 697">We tested the source documentation to determine whether the expenditure is of capital nature and has been appropriately approved and segregated into appropriate categories. Further, through sites visits, we have physically verified the existence of capital work in progress/PPE as at the reporting period.</p>
3	<p data-bbox="197 900 740 1000">Provisions and Contingent Liabilities (including direct and indirect taxes) [refer note no. 1.2.15 and 33 to the Ind AS financial statements]</p> <p data-bbox="197 1029 740 1431">The Company is involved in direct and indirect tax litigations that are pending with various tax authorities. Whether a liability is recognised or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on a number of significant assumptions and assessments. These include assumptions relating to the likelihood and/or timing of the cash outflows from the business and the interpretation of local laws and pending assessments at various levels of the statute.</p>	<p data-bbox="763 900 1399 1039">Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of developments in relation to the litigations, including completeness thereof.</p> <p data-bbox="763 1068 1399 1284">Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts.</p> <p data-bbox="763 1313 1399 1414">Performed substantive procedures including tracing from underlying documents / communications from the tax authorities and re-computation of the amounts involved.</p> <p data-bbox="763 1443 1399 1499">Assessed management's conclusions and understanding precedents in similar cases.</p>

Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report and Corporate

Governance, but does not include the Ind AS financial statements and our auditor's report thereon. The above stated reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS financial statements does not

cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above stated reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were

of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the 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 of the aforesaid Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books.
 - c) The company does not have any branches. Hence, the provisions of section 143(3)(c) is not applicable.
 - d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - e) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- f) In our opinion, there are no financial transactions or matters which have any adverse effect on the functioning of the company.
- g) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- h) There is no adverse remark relating to the maintenance of accounts and other matters connected therewith.
- i) With respect to adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
- j) In our opinion and to the best of our information and according to the explanations given to us, we report as under 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 as referred to Note 33 to the Ind AS financial statement.
- (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
- (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.
3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For GMJ & Co
Chartered Accountants
(FRN: 103429W)

(CA S. Maheshwari)
Partner

Place : Mumbai

M. No.: 038755

Date : June 29, 2020

UDIN: 200387 55AAAA BW3675

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
 - (b) Property, Plant and Equipment have been physically verified by the management at regular intervals, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) According to the information and 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.
- ii. As explained to us, management has conducted physical verification of inventory at regular intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. The Company has not granted any loan, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, during the year, the Company has not granted any loans or provided any guarantees or security in respect of any loans to any party covered under section 185 of the Companies Act, 2013. In respect of loan has been given in the previous years, the provision of Section 186 of the Companies Act, 2013 have been complied with.
- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under.
- vi. We have broadly reviewed the books of account maintained by the company in the respect of the products where, pursuant to the Rules made by the Central Government, the maintenance of Cost Records have 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 whether they are accurate or complete.
- vii. (a) According to the information and explanation given to us and on the basis of our examination of our records of the Company, in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, sales tax, Goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at March 31, 2020 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, 2020, the following are the particulars of the dues that have not been deposited on the account of dispute.

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Forum where dispute is pending	Financial year to which the amount relates
Central Excise Act, 1944	Excise Duty*	540.35	Appellate Authority – CESTAT	2003-04 to 2017-18
Customs Act, 1962.	Custom Duty	30.49	Appellate Authority – CESTAT	2013-14 to 2014-15
Income Tax Act, 1961	Income Tax**	454.00	Appellate Authority – ITAT, Surat	2006-07 to 2011-12
Income Tax Act, 1961	Income Tax**	88.99	Appellate Authority – ITAT, Surat	2012-13
Income Tax Act, 1961	Income Tax**	26.23	CIT(A)	2013-14
Income Tax Act, 1961	Penalty Demand Income Tax	133.55	CIT(A)	2006-07 to 2009-10
Income Tax Act, 1961	Penalty Demand Income Tax	123.69	CIT(A)	2010-11 to 2011-12

* Out of the demand, a sum of ₹ 4.29/- Lakhs was paid under protest.

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

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks during the year under audit. There are no dues to Financial Institution, Government and the Company has not issued any debentures.
- ix. According to the information and explanations given to us and based on the records and documents produced before us, during the year the company has not raised money by way of initial public offer or further public offer and the term loans have been applied for the purposes for which they were obtained.
- x. To the best of our knowledge and belief and according to the information given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi. 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 2013.
- xii. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, therefore the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.
- xiii. According to the information and explanation given to us all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures.
- xiv. 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.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him under the provisions of section 192 of Companies Act, 2013.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For GMJ & Co
Chartered Accountants
(FRN: 103429W)

(CA S. Maheshwari)
Partner

Place : Mumbai

M. No.: 038755

Date : June 29, 2020

UDIN: 200387 55AAAA BW3675

Annexure – 'B' to the Auditors' Report

(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, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 ('ICAI'). 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.

Auditors' 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2020, 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 GMJ & Co
Chartered Accountants
(FRN: 103429W)

(CA S. Maheshwari)
Partner

Place : Mumbai

Date : June 29, 2020

M. No.: 038755

UDIN: 200387 55AAAA BW3675

Balance Sheet

as at March 31, 2020

Particulars	Notes	(₹ in lakhs)	
		As at March 31, 2020	As at March 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	2	54,766.92	52,615.67
Capital Work-in-progress	2	2,008.52	2,063.38
Right of Use Assets	2	2,453.89	-
Intangible assets	3	28.41	34.23
Financial Assets			
Investments	4	17.17	41.32
Loans	5	2.77	4.10
Other financial assets	6	232.57	259.69
Other non-current Assets	7	875.96	357.22
Total non-current assets		60,386.21	55,375.61
CURRENT ASSETS			
Inventories	8	10,256.83	10,432.20
Financial Assets			
Trade receivables	9	12,051.74	11,746.78
Cash and cash equivalents	10A	48.39	8.80
Other bank balances	10B	523.23	567.47
Loans	11	85.28	91.81
Other financial assets	12	243.21	322.86
Other current assets	13	2,309.51	1,307.19
Current tax assets(Net)	14	631.52	636.28
Total Current assets		26,149.71	25,113.39
TOTAL ASSETS		86,535.92	80,489.00
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	15	1,701.91	1,701.91
Other equity	16	40,176.23	29,533.46
Total equity		41,878.14	31,235.37
NON-CURRENT LIABILITIES			
Financial liabilities			
Borrowings	17	13,120.73	16,034.63
Other financial liabilities	18	6,759.85	7,144.45
Provisions	19	336.33	297.07
Deferred tax liabilities (net)	20	4,399.66	2,891.25
Total non-current liabilities		24,616.57	26,367.40
CURRENT LIABILITIES			
Financial liabilities			
Borrowings	21	4,222.40	8,113.77
Trade payables	22		
(a) total outstanding dues of micro enterprises and small enterprises"		828.77	638.91
(b) total outstanding dues of creditors other than micro enterprises and small enterprises"		7,665.65	5,864.72
Other financial liabilities	23	6,239.26	7,599.89
Provisions	24	121.69	47.14
Other current liabilities	25	963.44	621.80
Total current liabilities		20,041.21	22,886.23
TOTAL EQUITY AND LIABILITIES		86,535.92	80,489.00
Significant Accounting Policies and Notes form an integral part of the Financial Statements.	1 to 48		

As per our attached report of even date

For **GMJ & CO**

Chartered Accountants

Firm's Registration No 103429W

SANJEEV MAHESHWARI

Partner

Membership No. 038755

Mumbai, June 29, 2020

For and on behalf of the Board of Directors

R N AGARWAL

Chairman and Managing Director

DIN 00176440

POOJA DAFTARY

Company Secretary

RAUNAK AGARWAL

Whole Time Director

DIN 02173330

GOPAL UCHIL

Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
INCOME			
Revenue from Operations	26	1,40,492.85	1,31,817.58
Other income	27	1,217.79	842.40
Total		1,41,710.64	1,32,659.98
EXPENSES			
Cost of materials consumed	28	78,831.90	77,456.59
Changes in inventories of finished goods, work -in-progress and goods-in-trade	29	12.17	(1,205.21)
Employee benefits expense	30	7,597.55	7,045.60
Finance costs	31	3,588.47	3,454.45
Depreciation and amortisation expense	2 & 3	3,151.06	2,745.28
Other expenses	32	32,434.92	30,094.19
Total		1,25,616.07	1,19,590.90
Profit before tax		16,094.57	13,069.08
Tax expense	20		
Current tax		2,810.37	2,814.58
Tax expense related to earlier years(Net)		-	5.58
Deferred tax		1,609.32	784.57
Profit after tax		11,674.88	9,464.35
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plan		(98.50)	1.75
Income tax effect on above		34.42	(0.61)
Equity Instruments through Other Comprehensive Income		(24.16)	(4.03)
Other Comprehensive Income for the year [Net of tax]		(88.24)	(2.89)
Total Comprehensive Income for the year		11,586.64	9,461.46
Basic and diluted earning per equity share [EPS](₹)			
Basic		68.60	55.61
Diluted		68.60	55.61
(Face value of ₹ 10 each)			
Significant Accounting Policies and Notes form an integral part of the Financial Statements.			

As per our attached report of even date

For and on behalf of the Board of Directors

For **GMJ & CO**

Chartered Accountants

Firm's Registration No 103429W

R N AGARWAL

Chairman and Managing Director

DIN 00176440

RAUNAK AGARWAL

Whole Time Director

DIN 02173330

SANJEEV MAHESHWARI

Partner

Membership No. 038755

Mumbai, June 29, 2020

POOJA DAFTARY

Company Secretary

GOPAL UCHIL

Chief Financial Officer

Statement of Changes in Equity for the year ended March 31, 2020

A) Equity Share Capital

(₹ in lakhs)

Particulars	Nos.	Amount
As at April 01, 2018	170.19	1,701.91
As at March 31, 2019	170.19	1,701.91
As at March 31, 2020	170.19	1,701.91

B) Other Equity

(₹ in lakhs)

Particulars	Reserves and surplus				Total
	Capital reserve	General Reserve	FVOCI - equity investments	Surplus in the Statement of Profit and Loss	
As at April 01, 2018	146.25	802.53	38.88	19,249.21	20,236.86
Profit for the year	-	-	-	9,464.35	9,464.35
Other comprehensive income for the year					
Remeasurements gain/(loss) on defined benefit plans.	-	-	-	1.75	1.75
Equity Instruments	-	-	(4.03)	-	(4.03)
Tax on Other Comprehensive Income	-	-	-	(0.61)	(0.61)
Dividends					
Final dividend	-	-	-	(136.75)	(136.75)
Corporate dividend tax	-	-	-	(28.11)	(28.11)
As at March 31, 2019	146.25	802.53	34.85	28,549.84	29,533.46
Profit for the year	-	-	-	11,674.88	11,674.88
Adjustment on transition to Ind AS 116				(123.19)	(123.19)
Other comprehensive income for the year					
Remeasurements gain/(loss) on defined benefit plans.	-	-	-	(98.50)	(98.50)
Equity Instruments	-	-	(24.16)	-	(24.16)
Tax on Other Comprehensive Income	-	-	-	34.42	34.42
Dividends					
Final dividend	-	-	-	(680.76)	(680.76)
Corporate dividend tax	-	-	-	(139.93)	(139.93)
As at March 31, 2020	146.25	802.53	10.69	39,216.76	40,176.23

Significant Accounting Policies and Notes form an integral part of the Financial Statements. 1 to 48

As per our attached report of even date

For and on behalf of the Board of Directors

For **GMJ & CO**

Chartered Accountants

Firm's Registration No 103429W

R N AGARWAL

Chairman and Managing Director

DIN 00176440

RAUNAK AGARWAL

Whole Time Director

DIN 02173330

SANJEEV MAHESHWARI

Partner

Membership No. 038755

POOJA DAFTARY

Company Secretary

GOPAL UCHIL

Chief Financial Officer

Mumbai, June 29, 2020

Cash Flow Statement for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before Income tax	16,094.57	13,069.08
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	3,151.06	2,745.28
Loss/ (profit) on sale of property, plant & equipment	11.82	140.81
Interest Received	(305.65)	(174.43)
Bad debt	1.01	0.01
Interest on lease liability	307.38	-
Doubtful Debt Received	(5.00)	(2.24)
Finance costs	3,281.09	3,454.45
Operating Profit before working capital changes	22,536.28	19,232.96
Add: Adjustments For:		
Change in Working Capital		
(Increase)/decrease in inventories	175.37	(3,497.41)
(Increase)/decrease in trade receivables	(300.98)	(670.58)
(Increase)/decrease in loans (non-current and current)	7.86	0.98
(Increase)/decrease in other assets (non-current and current)	(980.16)	(206.84)
(Increase)/decrease in other financial assets (non-current and current)	106.77	24.04
Increase/(decrease) in trade payables	1,990.78	2,014.51
Increase/(decrease) in other financial liabilities (non-current and current)	(1,942.15)	(3,015.58)
Increase/(decrease) in other liabilities (current)	341.64	356.80
Increase/(decrease) in provisions	15.32	(22.15)
Cash generated from/(used) in operations	21,950.73	14,216.73
Less: Income tax paid (net of refunds)	2,805.60	2,998.50
Net Cash flow from/(used) in Operating Activities (A)	19,145.13	11,218.23
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets, including capital advances	(5,539.41)	(8,809.68)
Proceeds from sale of property, plant and equipment	14.57	90.48
Interest received	305.65	174.43
Net Cash flow from/(used) in Investing Activities (B)	(5,219.19)	(8,544.77)

Cash Flow Statement for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	27.00	6,710.50
Repayment of borrowings	(5,435.24)	(5,131.27)
Finance Cost	(3,144.95)	(3,465.11)
Payment of Lease Liabilities	(440.22)	-
Increase/(Decrease) in Short Term borrowings (Net)	(3,891.37)	(625.33)
Unsecured Borrowings (Net)	(225.14)	(207.24)
Dividends paid	(680.76)	(136.75)
Dividend distribution tax paid	(139.93)	(28.11)
Net Cash Flow from/(used) in Financing Activities (C)	(13,930.60)	(2,883.31)
Net increase (decrease) in cash and cash equivalents	(4.65)	(209.85)
Cash and Cash Equivalents at the beginning of the financial year	576.27	786.13
Cash and Cash Equivalents at end of the year	571.62	576.27

Notes:-

- Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7 specified under Section 133 of the Act.
- Debt reconciliation statement in accordance with Ind AS 7

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balances		
Long-term borrowings (including current maturities)	21,567.35	20,208.66
Short-term borrowings	8,113.77	8,739.10
Movements		
Long-term borrowings (including current maturities)	(5,610.02)	1,358.69
Short-term borrowings	(3,891.37)	(625.33)
Closing balances		
Long-term borrowings (including current maturities)	15,957.33	21,567.35
Short-term borrowings	4,222.40	8,113.77

Significant Accounting Policies and Notes form an integral part of the Financial Statements. 1 to 48

As per our attached report of even date

For and on behalf of the Board of Directors

For **GMJ & CO**

Chartered Accountants

Firm's Registration No 103429W

R N AGARWAL

Chairman and Managing Director

DIN 00176440

RAUNAK AGARWAL

Whole Time Director

DIN 02173330

SANJEEV MAHESHWARI

Partner

Membership No. 038755

POOJA DAFTARY

Company Secretary

GOPAL UCHIL

Chief Financial Officer

Mumbai, June 29, 2020

Notes to the Financial Statements for the year ended March 31, 2020

NOTE 1: CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

N. R. Agarwal Industries Limited ('the Company') is a public limited Company incorporated in India with its registered office at 502-A/501-B, Fortune Terraces, 5th Floor, Opposite Citi Mall, New Link Road, Andheri (West), Mumbai -400053 Maharashtra. The Equity shares of the Company are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is among the first and leading manufacturers of recycled paper in India and the largest manufacturer of grey back and white back Duplex Boards for over 26 years now and forayed into Writing & Print (W&P) paper in July 2014. The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 29, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of preparation

(i) Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

(ii) Historical cost convention

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

- 1) Certain financial assets and liabilities that are measured at fair value;
- 2) defined benefit plans - plan assets measured at fair value;

(iii) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.02 Use of estimates and judgments:

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

2.03 Property, plant and equipment

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment, if any. Historical cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing cost attributable to acquisition, construction of qualifying assets are capitalized until such time as the assets are substantially ready for their intended use. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized.

Notes to the Financial Statements for the year ended March 31, 2020

Subsequent expenditure on property, plant and equipment after its purchase/completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Property, plant and equipment acquired and put to use for the project are capitalized and depreciation thereon is included in the project cost till the project is ready for its intended use. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is de-recognized.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end.

The Company depreciates its property, plant and equipment (PPE) over the useful life in the manner prescribed in Schedule II to the Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act, except for plant and equipment's wherein based on technical evaluation, useful life has been estimated to be different from that prescribed in Schedule II of the Act.

Useful life considered for calculation of depreciation for various assets class are as follows-

Building	30-60 Years
Plant & Machinery	15-40 Years
Furniture & Fixture	10 Years
Office Equipment	3-5 Years
Computers & Server	3-6 Years
Vehicles	8 Years

Freehold land is not depreciated. Lease hold land is amortized over the period of lease.

Advances paid towards the acquisition of Property, Plant and Equipment outstanding at each Balance Sheet date is classified as Capital Advances under other Non-Current Assets and the cost of assets not put to use before such date are disclosed under 'Capital Work-in-Progress'. The cost and related accumulated depreciation are eliminated from the Financial Statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. The method of depreciation, useful lives and residual values are reviewed at each financial year end.

Depreciation on additions / deletions is calculated pro-rata from the month of such addition / deletion, as the case may be

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

2.04 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the Financial Statements for the year ended March 31, 2020

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of- use assets are depreciated on a straight-line basis over the shorter of the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.05 Impairment of Non-Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or group of non-financial assets are impaired. If any such indication exists, the Company estimates the amount of impairment loss. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in profit and loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Notes to the Financial Statements for the year ended March 31, 2020

2.06 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, bank overdraft, other short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.07 Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The Company amortizes computer software using the straight-line method over the period of 3 years. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

2.08 Financial Instruments

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

Financial assets - Initial recognition

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss on the basis of following:

(i) Measured at amortized cost:

A financial asset is measured at amortized cost, if it is held under the hold to collect business model i.e. held with an objective of holding the assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal outstanding. Amortized cost is calculated using the effective interest rate ("EIR") method by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. On de-recognition, gain or loss, if any, is recognized to Statement of Profit and Loss.

(ii) Measured at fair value through other comprehensive income (FVOCI):

A financial asset is measured at FVOCI, if it is held under the hold to collect and sell business model i.e. held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognized in the OCI, except for interest income which recognized using EIR method. The losses arising from impairment are recognized in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognized in the OCI is reclassified from the equity to Statement of Profit and Loss.

(iii) Measured at fair value through profit or loss (FVTPL):

Investment in financial asset other than equity instrument, not measured at either amortized cost or FVOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognized in the Statement of Profit and Loss.

Notes to the Financial Statements for the year ended March 31, 2020

Impairment

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognizes a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

De-recognition

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities

Initial Recognition and measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities measured at amortized cost are subsequently measure at using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss. For trade and other payables, loans and borrowings maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

De-recognition

A financial liability is de-recognized when the obligations under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

Notes to the Financial Statements for the year ended March 31, 2020

- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

2.09 Inventories

Inventories includes Raw Material, Work-in-Progress, Finished goods, Coal, Stores & spares, Consumables and Packing materials are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw material, stores and spares, packing materials, and other materials are determined on moving average basis.

Finished / Semi-Finished Goods: cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis. Stock of scrap is valued at realizable value.

2.10 Revenue from contracts with customers

The Company recognizes revenue, whenever control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. In determining the transaction price, the Company considers effects of variable consideration such as the amount of discounts, incentives, volume rebates, outgoing taxes on sales etc, the existence of significant financing contracts, non-cash consideration and consideration payable to the customer, if any.

Variable Consideration

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled to in exchange for transferring goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. Some contracts with the customers provide them with a right to return and volume rebates. The right to return and volume rebates gives rise to variable consideration.

The amount of variable consideration is calculated by either using the expected value or the most likely amount

Notes to the Financial Statements for the year ended March 31, 2020

depending on which is expected to better predict the amount of variable consideration. Consideration is also adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those.

Revenue is recognized for each performance obligation either at a point in time or over time.

Sale of goods

Revenues are recognized at a point in time when control of the goods passes to the buyer, usually upon either at the time of dispatch or delivery. In case of export sale, it is usually recognised based on the shipped-on board date as per bill of lading. Revenue from sale of goods is net of taxes and recovery of charges collected from customers like transport, packing etc.

Interest income

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest. Interest income is recorded using the Effective interest rate method to the net carrying amount of the financial assets.

Dividend income

Dividend income on investment is recognized when the right to receive dividend is established.

Other operating revenue - Export incentives

Export Incentives under various schemes are accounted in the year of export.

2.11 Foreign currency transactions and translations

The functional currency of the Company is Indian Rupees (₹ or INR) which is also the presentation currency for the financial statements.

a) Initial Recognition

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year.

b) Measurement of Foreign Currency Items at the Balance Sheet Date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non monetary items are recorded at the exchange rate prevailing on the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non- monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in the fair value of the item. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

2.12 Employee Benefit Plan

Defined contribution plan

The Company makes Provident Fund contributions to regulatory authorities for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund authorities. The Company does not expect any shortfall in the foreseeable future.

Notes to the Financial Statements for the year ended March 31, 2020

Defined benefit plans

The Company has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Payment of Gratuity Act, 1972 and is provided on the basis of its actuarial valuation based on the projected unit credit method at each Balance Sheet date and funded through contributions to a Scheme administered by the Life Insurance Corporation of India ('LIC'). Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement date. Changes in actuarial gains or losses are charged or credited to other comprehensive income in the period in which they arise.

Other long-term employee benefit obligations

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation. Changes in actuarial gains or losses are charged or credited to profit or loss in the period in which they arise.

2.13 Borrowing Cost:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of Cost of that assets, during the period till all the activities necessary to prepare the Qualifying assets for its intended use or sale are complete during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.14 Income Tax

Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

Minimum Alternate Tax

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each

Notes to the Financial Statements for the year ended March 31, 2020

Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.15 Provisions, Contingent liabilities and Contingent assets

A provision is recognised when there is a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Segment Reporting - Identification of Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

2.17 Earnings per Share (EPS)

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.18 New Standards adopted

Ind AS 116, Leases: Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, the comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. Refer Note 45 for further details.

Notes to the Financial Statements for the year ended March 31, 2020

Note 2 : Property, Plant and Equipment and Capital Work-In-Progress

Property, Plant and Equipment

(₹ in lakhs)

Particulars	Freehold Land	Leasehold Land	Road & Pathway	Factory Buildings	Other - Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Computers	Total
Gross Carrying Value										
At April 1, 2018	464.31	466.68	248.42	7,719.47	1,889.02	39,509.23	465.68	507.99	94.62	51,365.42
Additions	-	-	17.21	21.69	219.51	8,526.32	3.16	435.35	8.18	9,231.42
Disposals	-	-	-	-	-	417.33	-	8.79	-	426.12
At March 31, 2019	464.31	466.68	265.63	7,741.17	2,108.52	47,618.22	468.84	934.55	102.80	60,170.72
Additions	-	-	-	627.72	-	4,301.21	4.43	34.85	65.41	5,033.62
Disposals	-	-	-	-	-	4.11	-	47.34	-	51.45
At March 31, 2020	464.31	466.68	265.63	8,368.88	2,108.52	51,915.32	473.27	922.06	168.21	65,152.89
Accumulated Depreciation										
At April 1, 2018	-	7.68	29.01	617.65	187.89	4,000.59	44.46	93.44	46.88	5,027.60
Charge for the year	-	7.68	25.21	311.21	132.15	2,090.08	49.96	87.58	18.41	2,722.28
Disposals	-	-	-	-	-	190.53	-	4.29	-	194.82
At March 31, 2019	-	15.36	54.21	928.86	320.04	5,900.14	94.41	176.73	65.28	7,555.05
Charge for the year	-	7.68	26.38	303.76	82.18	2,258.09	43.70	112.47	21.71	2,855.98
Disposals	-	-	-	-	-	0.72	-	24.34	-	25.06
At March 31, 2020	-	23.05	80.60	1,232.63	402.22	8,157.51	138.11	264.86	86.99	10,385.97
Net Carrying Value										
At March 31, 2020	464.31	443.64	185.03	7,136.26	1,706.30	43,757.82	335.16	657.20	81.22	54,766.92
At March 31, 2019	464.31	451.32	211.41	6,812.30	1,788.48	41,718.08	374.42	757.82	37.52	52,615.67

Capital Work-In-Progress

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Factory Building	44.19	146.96
Plant and Machinery	938.85	1,683.92
Software	110.52	-
Others	914.96	232.50
Total	2,008.52	2,063.38

Notes to the Financial Statements for the year ended March 31, 2020

Note 2 : Property, Plant and Equipment and Capital Work-In-Progress (contd.)

Right of Use Assets			(₹ in lakhs)
Particulars	Land	Building	Total
Gross Carrying Value			
At April 1, 2018	-	-	-
Additions	-	-	-
Disposals	-	-	-
At March 31, 2019	-	-	-
Impact of adoption of Ind AS 116 (refer note 45)	1,433.70	1,122.21	2,555.90
Additions	-	167.50	167.50
Transfers/Adjustments	-	-	-
At March 31, 2020	1,433.70	1,289.71	2,723.40
Amortization			
At April 1, 2018	-	-	-
Amortisation for the year	-	-	-
Disposals	-	-	-
At March 31, 2019	-	-	-
Amortisation for the year	49.26	220.26	269.51
Disposals	-	-	-
At March 31, 2020	49.26	220.26	269.51
Net Carrying Value			
At March 31, 2020	1,384.44	1,069.45	2,453.89
At March 31, 2019	-	-	-

Note 3 : Intangible Assets

Intangible Assets			(₹ in lakhs)
Particulars	Computer Software	Others	Total
Gross Carrying Value			
At April 1, 2018	8.94	75.28	84.22
Additions	-	-	-
Disposals	-	-	-
At March 31, 2019	8.94	75.28	84.22
Additions	-	19.75	19.75
Disposals	-	-	-
At March 31, 2020	8.94	95.03	103.97
Amortization			
At April 1, 2018	8.06	18.93	26.99
Amortisation for the year	-	23.00	23.00
Disposals	-	-	-
At March 31, 2019	8.06	41.93	49.99
Amortisation for the year	-	25.56	25.56
Disposals	-	-	-
At March 31, 2020	8.06	67.50	75.55
Net carrying value			
At March 31, 2020	0.88	27.53	28.41
At March 31, 2019	0.88	33.34	34.23

Notes to the Financial Statements for the year ended March 31, 2020

Note 4 : Non-Current Investments

(₹ in lakhs)

Particulars	Face Value / Share (₹)	No. of Shares	As at	As at
			March 31, 2020	March 31, 2019
Quoted, Equity shares fully paid up				
Investment Carried at Fair Value through OCI				
Bank of Baroda	2	30,000	16.07	38.64
Bank of India	10	2,200	0.71	2.29
Unquoted, Equity shares fully paid up				
Investments Carried at Fair value through Profit or loss				
Mahalaxmi Co-Operative Housing Society Ltd.	10	375	0.04	0.04
Kherana Paper Mills Pvt. Ltd.	100	95	0.10	0.10
Saraswat Co-Operative Bank Ltd.	10	2500	0.25	0.25
			17.17	41.32
Aggregate book value of unquoted investments			0.39	0.39
Aggregate market value of quoted investments			16.78	40.93

Note 5 : Non-Current Financial Assets - Loans

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
(Unsecured considered good)		
Loans to employees	2.77	4.10
Total	2.77	4.10

Note 6 : Non-Current Financial Assets - Others

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Rent and Other security deposits	232.57	259.69
Total	232.57	259.69

Note 7 : Non-Current Assets - Others

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Capital Advances	809.06	268.16
Advances to employees	1.83	1.54
Deferred lease expenses	65.07	87.52
Total	875.96	357.22

Notes to the Financial Statements for the year ended March 31, 2020

Note 8 : Inventories (At lower of cost or net realisable value)

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Raw Materials - Stock	3,293.65	3,860.91
Raw Materials - In Transit	252.09	53.16
Stock-in-process	550.86	455.93
Finished Goods	2,216.44	2,323.54
Stores and Spares	3,579.47	3,021.61
Coal - In Stock	232.29	571.39
Packing Materials	132.03	145.66
Total	10,256.83	10,432.20

Note: Inventories have been offered as security against the working Capital loans provided by bank.

Note 9 : Trade Receivables

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Unsecured considered Good	12,051.74	11,746.78
Unsecured considered Doubtful	59.35	64.35
With significant increase in credit risk	-	-
Less: Allowance for doubtful debts	59.35	64.35
Total trade and other receivables	12,051.74	11,746.78

Notes:

- The credit period ranges from 15 days to 90 days
- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 10(A) : Cash and Cash Equivalent

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Balance with Banks in current accounts	46.13	7.98
Cash on hand	2.26	0.82
Total	48.39	8.80

Note 10(B) : Other Bank Balance

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
In other deposit accounts - Original maturity more than 3 months and less than 12 months	503.37	549.90
Unclaimed Dividend Account	19.86	17.57
Total	523.23	567.47

Notes to the Financial Statements for the year ended March 31, 2020

Note 11 : Current Financial Assets - Loans

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
(Unsecured considered good)		
Loans to employees	17.28	16.81
Loans to others	68.00	75.00
(With significant increase in credit risk)		
Loans to employees	-	-
Loans to others	-	-
Total	85.28	91.81

Note 12 : Current Financial Assets - Others

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Rent and Other Security deposits	83.52	161.16
Interest on deposit	39.69	41.70
Claim and other receivable	120.00	120.00
Total	243.21	322.86

Note 13 : Other Current Assets

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Advances to employees	1.93	1.61
Commercial Advances	666.14	371.56
Prepaid expenses	169.33	163.57
Balances with Government authorities	1,383.72	734.72
Export benefits receivable	88.07	35.23
Others	0.32	0.50
Total	2,309.51	1,307.19

Note 14 : Current Tax Assets (Net)

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Advance Income Tax/ Tax deducted at source (net of provisions)	631.52	636.28
Total	631.52	636.28

Notes to the Financial Statements for the year ended March 31, 2020

Note 15 : Equity Share Capital

(A) Equity share capital

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
a) Authorized		
225,00,000 Equity Shares ₹10 each (March 31, 2019: 225,00,000 Equity Shares of ₹ 10/- each)	2,250.00	2,250.00
25,00,000 Preference Shares ₹10 each (March 31, 2019: 25,00,000 Preference Shares of ₹ 10/- each)	250.00	250.00
Issued, subscribed and fully paid-up		
1,70,19,100 Equity Shares ₹10 each (March 31, 2019: 1,70,19,100 Equity Shares of ₹ 10/- each)	1,701.91	1,701.91

(b) Reconciliation of the shares outstanding at the beginning and at the end of the year

No. of shares

Particulars	As at	As at
	March 31, 2020	March 31, 2019
At the beginning of the year	1,70,19,100	1,70,19,100
Add: Equity shares issued	-	-
At the end of the year	1,70,19,100	1,70,19,100

(c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Details of shareholders holding more than 5% shares in the Company is set out below (representing legal and beneficial ownership):

Name of Shareholders	As at March 31, 2020		As at March 31, 2019	
	Nos	% holding	Nos	% holding
Shri. R N Agarwal	7,978,105	46.88	79,38,105	46.64
Smt. Reena R. Agarwal	4,538,861	26.67	45,38,861	26.67

Notes to the Financial Statements for the year ended March 31, 2020

Note 16 : Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve	146.25	146.25
General reserve	802.53	802.53
Retained earnings	39,216.76	28,549.84
Equity instruments through other comprehensive income	10.69	34.85
Total	40,176.23	29,533.46

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Capital Reserve	146.25	146.25
b) General Reserve	802.53	802.53
c) Retained Earnings		
Opening balance	28,549.84	19,249.21
Net profit for the year	11,674.88	9,464.35
Adjustment on transition to Ind AS 116	(123.19)	-
Items of other comprehensive income recognised directly in retained earnings		
Remeasurement of post employment benefit obligation, net of tax	(64.08)	1.14
Dividend	(680.76)	(136.75)
Tax on dividend	(139.93)	(28.11)
Closing balance	39,216.76	28,549.84
d) Equity instruments through other comprehensive income		
Opening balance	34.85	38.88
Add: Changes for the year	(24.16)	(4.03)
Closing balance	10.69	34.85

Note 17 : Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Term and Corporate loans from Banks	15,249.64	20,634.52
	15,249.64	20,634.52
Unsecured		
From related parties	707.69	932.83
	707.69	932.83
Less:- Current maturities disclosed under other current financial liabilities (Refer note 23)	2,836.60	5,532.72
Total	13,120.73	16,034.63

Notes to the Financial Statements for the year ended March 31, 2020

Nature of Security and terms of repayment for Long Term secured Borrowings: - (₹ in lakhs)

Bank	Terms of repayment & Security	As at March 31, 2020	As at March 31, 2019
A - Term, Corporate, FITL and Mortgage Loans from Banks: -			
Bank of Baroda	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, and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @ 10.15% p.a., March 31, 2019 @ 10.65% p.a. and March 31, 2018 @ 11.05% p.a. Terms of repayment - 32 quarterly installments of ₹ 125.78 Lakhs.	1,408.75	1,911.88
Bank of Baroda	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, and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @ 10.15% p.a., March 31, 2019 @ 10.65% p.a. and March 31, 2018 @ 11.05% p.a. Terms of repayment - 32 quarterly installments of ₹ 66.41 Lakhs.	743.75	1,009.37
Bank of Baroda	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, and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @ 10.15% p.a., March 31, 2019 @ 10.65% p.a. and March 31, 2018 @ 11.05% p.a. Terms of repayment - 32 quarterly installments of ₹ 218.75 Lakhs.	2,187.50	3,062.50
Bank of Baroda	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, and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @ 10.15% p.a., March 31, 2019 @ 10.65% p.a. and March 31, 2018 @ 11.05% p.a. Terms of repayment - 26 quarterly installments of ₹ 56.25 Lakhs.	656.25	881.25

Notes to the Financial Statements for the year ended March 31, 2020

Note 17 : Borrowings (contd.)

Nature of Security and terms of repayment for Long Term secured Borrowings: -

(₹ in lakhs)

Bank	Terms of repayment & Security	As at March 31, 2020	As at March 31, 2019
Bank of Baroda	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, and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @ 10.15% p.a., March 31, 2019 @ 10.65% p.a and March 31, 2018 @ 11.05%. Terms of repayment - 16 quarterly installments of ₹ 109.06 Lakhs.	218.13	545.31
Bank of Baroda	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, and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @ 10.15% p.a., March 31, 2019 @ 10.65% p.a and March 31, 2018 @ 11.05%. Terms of repayment - 32 quarterly installments of ₹ 203.12 Lakhs.	2,275.00	3,087.50
Bank of Baroda	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, and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @10.15% p.a., March 31, 2019@ 10.65% and March 31, 2018 @ 11.05% Terms of repayment - 24 quarterly installments of ₹ 312.50 Lakhs.	4,062.50	5,312.50
The Saraswat Co-operative Bank Ltd.	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 and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @10.65% p.a., March 31, 2019 @ 10.65% p.a. and March 31, 2018 @ 11.25% p.a. Terms of repayment - 32 quarterly installments of ₹ 72.34 Lakhs.	810.25	1,099.62

Notes to the Financial Statements for the year ended March 31, 2020

Note 17 : Borrowings (contd.)

Nature of Security and terms of repayment for Long Term secured Borrowings: -

(₹ in lakhs)

Bank	Terms of repayment & Security	As at March 31, 2020	As at March 31, 2019
The Saraswat Co-operative Bank Ltd.	Secured by way of (i) Directors residential bungalow at Lokhandwala, Andheri (W), Mumbai 400053, (ii) the non agricultural land admeasuring 37.61 acres at Sarigam, Gujarat and (iii) personal guarantees of Shri R N Agarwal, Shri Raunak Agarwal and Smt Reena Agarwal Effective rate of interest - March 31, 2020 @10.15%, March 31, 2019 @ 10.15% p.a. and March 31, 2018 @ Nil p.a. Terms of repayment - 20 quarterly installments of ₹ 181.25 Lakhs.	2,537.50	3,262.50
B - Vehical Loans from Banks:-			
Bank of Baroda	Various Car Loans secured by hypothecation of Motor Car. Terms of repayment - each repayable in 60 monthly installments.	336.58	429.46
The Saraswat Co-operative Bank Ltd.	Various Car Loans secured by hypothecation of Motor Car. Terms of repayment - each repayable in 36 monthly installments.	-	12.51
Kotak Mahindra Prime Ltd.	Secured by hypothecation of Motor Car. Terms of repayment - repayable in 60 monthly installments.	71.05	101.08

Note 18 : Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payable (Retention Money)	3,800.00	6,500.00
Lease Liability	2,370.34	-
Deferred rent	-	61.94
Dealers deposits	589.51	582.51
Total	6,759.85	7,144.45

Note 19 : Non-Current Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits:-		
Gratuity and compensated absences	336.33	297.07
Total	336.33	297.07

Notes to the Financial Statements for the year ended March 31, 2020

Note 20: Income tax

a) Income tax expense in the statement of profit and loss comprises:

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Current tax (Net of Mat Credit)	2,810.37	2,814.58
Adjustment of tax relating to earlier years	-	5.58
Deferred Tax	1,609.32	784.57
Total	4,419.69	3,604.73

b) Reconciliation of tax expense and the accounting profit

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Profit before income taxes	16,094.57	13,069.08
Enacted tax rate in India	34.944%	34.944%
Computed expected tax expenses	5,624.09	4,566.86
Difference in Tax Rate	90.05	7.92
Effect of concessions	(1,268.47)	(1,132.24)
Adjustment of tax relating to earlier years	-	5.58
Expenses/Income not consider for tax purpose	(25.98)	156.61
Income tax expense Net	4,419.69	3,604.73

c) Movement in deferred tax assets and liabilities during the Year ended March 31,2020

(₹ in lakhs)

Particulars	As at	Recognised in Retained earnings	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at
	March 31, 2019				March 31, 2020
Deferred income tax assets					
Expenditure deductible for tax purposes in future period	39.11	-	1.21	-	40.32
MAT credit entitlement	3,945.29	-	(443.70)	-	3,501.59
Provisions for employee benefits	120.28	-	5.35	34.42	160.05
Loss allowance on Trade Receivables	22.49	-	(1.75)	-	20.74
Lease Rental(IND AS 116)	-	87.93	47.76	-	135.69
Others	21.44	(21.44)	-	-	-
	4,148.61	66.49	(391.13)	34.42	3,858.39
Deferred income tax liabilities					
Temporary difference in the carrying amount of property, plant and equipment	7,039.86	-	1,218.19	-	8,258.05
	7,039.86	-	1,218.19	-	8,258.05
Net deferred tax assets / (liabilities)	(2,891.25)	66.49	(1,609.32)	34.42	(4,399.66)

Notes to the Financial Statements for the year ended March 31, 2020

Note 21 : Current Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Working Capital loan from Banks	4,123.75	7,977.43
Unsecured		
Vendor Bill discounting	98.65	136.34
Total	4,222.40	8,113.77

Note:- Working capital loan from Banks are secured by first pari passu charge by way of hypothecation of all the stocks, book debts and all other movable current assets of the Company and second pari passu charge by way of mortgage of the immovable properties of the Company and hypothecation of plant & machinery of the Company.

Note 22 : Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables		
-Acceptances	3,360.48	1,709.53
-total outstanding dues of creditors other than micro and small enterprises	4,305.17	4,155.19
-total outstanding dues of micro and small enterprises	828.77	638.91
Total	8,494.42	6,503.63

Trade payables are non-interest bearing and are normally settled within 60 - 120 days

- a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2020 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	4,123.75	7,977.43
Interest	-	-
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) The amount of further 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period are Nil.

Notes to the Financial Statements for the year ended March 31, 2020

Note 23 : Other Current Financial Liabilities

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Current maturities of long term borrowings	2,836.60	5,532.72
Interest accrued but not due on borrowings	168.67	55.88
Unclaimed Dividends*	19.86	17.57
Salary and wages payable	423.46	486.97
Other payables for expenses	1,833.22	1,041.70
Lease Liability	471.85	-
Creditors for Capital Expenditure	485.60	465.05
Total	6,239.26	7,599.89

*Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred ₹3.44 lakhs (March 31, 2019: ₹ 4.41 lakhs) out of unclaimed dividend pertaining to the financial year 2011-12 and 2010-11 to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 124 & 125 of the Companies Act, 2013.

Note 24 : Current Provisions

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Provision for employee benefits - Gratuity and compensated absences	121.69	47.14
Total	121.69	47.14

Note 25 : Other Current Liabilities

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Statutory dues	750.91	540.62
Trade advances	212.53	81.18
Total	963.44	621.80

Note 26 : Revenue from operations

(₹ in lakhs)

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Sale of Products	1,42,179.39	1,32,510.57
Less:- Rebate & Discount	(2,686.88)	(1,840.42)
Other operating revenue:		
Sale of Scrap	52.24	117.01
Export incentives	948.10	1,030.42
Total	1,40,492.85	1,31,817.58

Notes to the Financial Statements for the year ended March 31, 2020

Note 27: Other income

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income		
On deposits	30.46	39.61
On Others	275.18	134.82
Other Non-operating income		
Net Gain on foreign currency transactions and translation	760.82	601.93
Fair value gain on financial instruments at amortised cost	6.95	3.38
Other non operating income	144.38	62.66
Total	1,217.79	842.40

Note 28: Cost of materials consumed

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Waste paper	62,907.23	63,724.17
Chemical	15,971.17	13,776.81
Less: Sale of raw material	(46.50)	(44.39)
Total	78,831.90	77,456.59

Note 29: Changes in inventories of finished goods, work-in-progress and goods-in-trade

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the end of the year		
Finished goods/ goods in trade	2,216.44	2,323.54
Work-in-progress	550.86	455.93
	2,767.30	2,779.47
Inventory at the beginning of the year		
Finished goods/ goods in trade	2,323.54	1,204.61
Work-in-progress	455.93	369.66
	2,779.47	1,574.27
Total	12.17	(1,205.21)

Note 30: Employee Benefits Expense

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	7,104.59	6,580.32
Contribution to provident and other funds	276.29	281.10
Staff welfare expenses	216.67	184.18
Total	7,597.55	7,045.60

Notes to the Financial Statements for the year ended March 31, 2020

Note 31: Finance Cost

(₹ in lakhs)

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Interest Expenses[*]	2,885.29	3,417.51
Interest on lease liability	307.38	-
Other borrowings cost	100.53	103.12
Other Bank charges	295.27	269.11
	3,588.47	3,789.74
Less:- Finance Costs Capitalised	-	335.29
Total	3,588.47	3,454.45
[*] The break up of interest expense into major heads is given below:		
On term loans	1,880.78	2,370.30
On working capital loans	633.86	666.14
Others	370.65	381.07
	2,885.29	3,417.51

Note 32: Other Expenses

(₹ in lakhs)

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Consumption of stores, spares and tools	3,440.16	3,238.53
Power, fuel and water	17,176.51	16,189.55
Material handling charges	1,961.11	1,651.41
Repairs and maintenance:		
Plant and machinery	858.22	768.53
Buildings	148.60	120.94
Others	140.79	138.99
Selling and distribution expenses	5,919.94	4,959.18
General Expenses	1,353.46	1,353.00
Expenditure on Corporate social responsibility	204.55	119.47
Rent	757.94	1,089.13
Insurance	50.06	33.33
Rates and taxes	101.98	86.72
Payment to auditors	20.00	15.00
Legal and professional Fees	253.92	162.42
Loss on sale /discard of fixed assets	11.86	140.81
Miscellaneous expenses	35.82	27.18
Total	32,434.92	30,094.19

Notes to the Financial Statements for the year ended March 31, 2020

Note 33: Contingent Liabilities and Commitments

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Contingent Liabilities		
(i) Disputed Excise Duty/Custom Duty demands	570.84	512.16
(ii) Disputed Income Tax demands	257.24	257.24
(iii) On account of counter guarantees given to the bankers	887.91	959.74
(iv) Letters of Credit outstanding	1,992.25	1,034.22
(v) Other claims against the Company not acknowledged as debts		
Labour	174.81	133.15
Property Tax	325.25	-
Other matters(Pipeline)	441.54	177.56
ii) Commitments:		
(i) Capital commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	2,167.36	1,650.69
(ii) EPCG Commitments		
Future export obligations / commitments under import of Capital Goods at Concessional rate of customs duty.	1,299.08	949.86

Notes:

- (i) The Deputy Commissioner of Income Tax, Surat has raised a demand for ₹1084.45 lakhs while completing the assessment for the A. Y. 2007-08 to 2010-11. The Company had appealed against these orders before the CIT (A) and obtained partial relief reducing the demand to ₹ 359.45 lakhs. The demand has been paid by the Company. The Company and the department are in appeal before the Income Tax Appellate Tribunal, Surat.
- (ii) The Asst. Commissioner of Income Tax, Surat had raised a demand of ₹ 782.86 lakhs while completing the assessment for the A.Y. 2011-12 and 2012-13. The Company had appealed against these orders before the CIT (A) and obtained partial relief reducing the demand to ₹ 94.55 lakhs. The Company has paid the Demand. The Company and the department are in appeal before the Income Tax Appellate Tribunal, Surat.
- (iii) The Income tax officer, Vapi had raised a demand of ₹ 88.99 lakhs 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, Surat.
- (iv) The Income Tax Officer, Vapi had raised a demand of ₹ 26.23 lakhs while completing the assessment for the year assessment year 2014-15. However the company had filed application u/s 154 for rectification of order which has resulted in "NIL" demand. The Company had appealed against assessment order before the CIT (A) and obtained partial relief.
- (v) The Asst. Commissioner of Income Tax, Vapi had raised a demand of ₹ 352.11 lakhs as penalty u/s 271(1) (C) for the assessment years 2007-08 to 2010-11. In order to stay this demand the Company offered to adjust refund of earlier years amounting to ₹168.56 lakhs and also paid ₹50 lakhs. Net outstanding demand is ₹133.55 lakhs The Company had appealed against these orders before the CIT (A) and the same is pending disposal.

Notes to the Financial Statements for the year ended March 31, 2020

Note 33: Contingent Liabilities and Commitments (contd.)

- (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.
- (vii) The Asst. Commissioner of Income Tax, Vapi had raised a demand of ₹ 154.63 lakhs as penalty u/s 271(1) (C) for the assessment years 2011-12 and 2012-13. Refund of ₹ 9.64 lakhs and also paid ₹ 21.31 lakhs has been adjusted reducing demand to ₹ 123.69 lakhs. The Company had appealed against these orders before the CIT (A) and the same is pending disposal.
- (viii) The Assessment for the assessment year 2016-17 is completed with no additional demand.

Note 34: Earnings Per Share [EPS] computed in accordance with Ind AS 33

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax (A)	11,674.88	9,464.35
Weighted average number of equity shares of ₹10 each outstanding during the year (B)	170.19	170.19
Earnings per share		
Basic and diluted (in ₹) [A/B]	68.60	55.61

Note 35: Related Party Disclosures

(a) Details of Related Parties

i) Key Management Personnel

R N Agarwal	Chairman and Managing Director
Reena R Agarwal	Whole time Director
Raunak Agarwal	Whole time Director
Ashok Kumar Bansal	Whole time Director
Rohan Agarwal	Whole time Director
Gopal Uchil	Chief Financial Officer
Pooja Daftary	Company Secretary

ii) Non-Executive/Independent Directors on the Board

P Kumar	Independent Director
C R Radhakrishnan	Independent Director
R K Bakshi	Independent Director
S N Chaturvedi	Independent Director

iii) Relatives of Key Management Personnel

Natasha Agarwal	Manager-Product Development
-----------------	-----------------------------

Notes to the Financial Statements for the year ended March 31, 2020

Note 35: Related Party Disclosures (contd.)

(b) Transactions during the year		(₹ in lakhs)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
1) Remuneration paid to Key Management Personnel and Relatives	551.33	538.72	
2) Commission paid to Key Management Personnel	800.00	800.00	
3) Sitting Fees paid to Independent Directors on the Board	8.10	6.90	
(c) Balances at the year end			
4) Unsecured Deposit from Key Management Personnel	707.69	932.83	

Note:

The remuneration paid to key managerial personal excludes gratuity and compensated absences as the provision is computed for the Company as a whole and separate figures are not available.

(c) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no financials guarantees provided to a Related Party. For the year ended March 31, 2020, the company has not recorded any impairment of receivables relating to amount owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and market in which the related party operates.

Note 36: Employee benefits plan

As per Ind AS 19 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below :

a) Other long-term benefits - Compensated absences

The Company permits encashment of compensated absence accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of leave at the balance sheet date is determined and provided on the basis of actuarial valuation as at the balance sheet date performed by an independent actuary.

The Company doesn't maintain any plan assets to fund its obligation towards compensated absences.

b) Defined benefits plans - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The plan is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net employee benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Notes to the Financial Statements for the year ended March 31, 2020

Note 36: Employee benefits plan (contd.)

I. Change in present value of obligation during the year		(₹ in lakhs)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
Present value of obligation at the beginning of the year	705.15	605.29	
Included in profit and loss:			
Current Service Cost	97.04	88.91	
Interest Cost	54.93	46.61	
Past Service Cost	-	-	
Actuarial Gain/(Loss)	-	-	
Included in OCI:			
Actuarial losses/(gains) arising from:			
Experience adjustments	2.26	3.08	
Financial assumption	95.20	(7.44)	
Others			
Benefits Paid	(37.05)	(31.30)	
Present Value of obligation as at year-end	917.52	705.15	

II. Change in Fair Value of Plan Assets during the year		(₹ in lakhs)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
Plan assets at the beginning of the year	689.03	539.94	
Included in profit and loss:			
Expected return on plan assets	53.68	41.58	
Included in OCI:			
Actuarial Gain/(Loss) on plan assets	(1.04)	(2.61)	
Others:			
Employer's contribution	140.13	141.42	
Benefits paid	(37.05)	(31.30)	
Plan assets at the end of the year	844.74	689.03	

The plan assets are maintained with Life Insurance Corporation of India (LIC)

III. Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets		(₹ in lakhs)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
1. Present Value of obligation as at year-end	689.03	539.94	
2. Fair value of plan assets at year -end			
3. Funded status {Surplus/(Deficit)}	(37.05)	(31.30)	
Net Asset/(Liability)	844.74	689.03	

Notes to the Financial Statements for the year ended March 31, 2020

Note 36: Employee benefits plan (contd.)

IV. Expenses recognised in the Statement of Profit and Loss			(₹ in lakhs)
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
1. Current Service Cost	97.04	88.91	
2. Interest Cost	54.93	46.61	
3. Past service Cost	-	-	
4. Expected return on plan assets	(53.68)	(41.58)	
Total Expense	98.29	93.94	
V. Expenses recognised in the Statement of Other Comprehensive Income			(₹ in lakhs)
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
1. Net Actuarial (Gain)/Loss	97.46	(4.36)	
2. Expected return on plan assets excluding interest income	1.04	2.61	
Total Expense/(Income)	98.50	(1.75)	
VI. Constitution of Plan Assets			(₹ in lakhs)
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
Insurance	844.74	689.03	
VII. Bifurcation of Net Liability at the end of the year			(₹ in lakhs)
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
1. Current Liability	72.78	16.12	
2. Non-Current Liability	-	-	
VIII. Actuarial Assumptions			(₹ in lakhs)
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
1. Discount Rate	6.84%	7.79%	
2. Expected rate of return on plan assets	6.84%	7.79%	
3. Salary Escalation	7.25%		
4. Mortality table	IALM (2006-08)		
5. Withdrawal Rate	2.00%		
IX. The expected contribution for Defined Benefit Plan for the next financial year will be ₹190.48 lakhs.			

Notes to the Financial Statements for the year ended March 31, 2020

Note 36: Employee benefits plan (contd.)

X. Experience Adjustment:		(₹ in lakhs)	
Gratuity	2019-20	2018-19	
Present Value of obligation	(917.52)	(705.15)	
Fair value of Plan assets	844.74	689.03	
Net Asset/(Liability)	(72.78)	(16.12)	
Actuarial (Gain)/Loss on plan obligation	2.26	3.08	
Actuarial Gain/(Loss) on plan assets	(1.04)	(2.61)	

XI. Sensitivity Analysis:		(₹ in lakhs)			
	Year ended March 31, 2020		Year ended March 31, 2019		
	Increase	Decrease	Increase	Decrease	
Discount rate (1% movement)	(99.78)	119.79	(75.16)	89.87	
Future salary growth (1% movement)	114.94	(97.69)	86.99	(74.15)	
Withdrawal Rate (1% movement)**	(3.11)	3.33	4.09	(4.95)	

** Changes in Defined benefit obligation due to 1% Increase/Decrease in Withdrawal Rate, if all other assumptions remain constant is negligible.

XII. Methodology for defined benefit obligation

The Projected Unit Credit (PUC) actuarial method has been used to assess the plan's liabilities allowing for retirements, death-in-service and withdrawals.

XIII. Maturity Profile of Defined benefit payments from the Fund		(₹ in lakhs)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
i) Duration of defined benefit payments			
Within the next 12 months (next annual reporting period)	46.56	30.50	
Between 2 and 5 years	166.79	128.45	
Beyond 5 years	2,318.28	2,093.50	

c) Defined contribution plan

Company's employees are covered by Provident Fund to which the Company makes a defined contribution measured as a fixed percentage of salary. The contributions are made to registered provident fund administered by Government. During the year, amount of ₹ 207.87 lakhs (Previous Year: ₹ 196.41 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to the funds.

Notes to the Financial Statements for the year ended March 31, 2020

Note 37: Segment information

The operations of the Company are limited to one segment viz. Paper and Paper Boards. The products being sold under this segment are of similar nature and comprises of paper products only.

Operating segments are defined as components of a Company for which discrete financial information is available that is evaluated regularly by the Managing Director (Chief Operating Decision Maker) ("CODM"), in deciding how to allocate resources and assessing performance.

Geographical revenues is allocated based on the location of the customer. Information regarding geographical revenue is as follows: (₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
India	1,17,663.30	1,12,771.27
Outside India	24,516.09	19,739.30
Total	1,42,179.39	1,32,510.57

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Note 38: Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The proposed areas of CSR activities are promoting health care, promoting education and rural development activities. The expenditure incurred during the year on these activities are as specified in schedule VII on the Companies Act, 2013.

(a) Gross amount required to be spent by the Company during the year ₹ 203.36 lakhs

(b) Amount spent during the year on: (₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Healthcare	124.71	65.39
(ii) Education	47.67	46.61
(iii) Infrastructure / Cultural / Environment	32.17	7.47
	204.55	119.47

Note 39:

Management expects that it would earn sufficient taxable income in future and therefore will be in a position to pay normal tax within the period specified under the Income Tax Act, 1961 and accordingly MAT credit entitlement of ₹ 3501.59 lakhs (Current Year ₹ -443.70 lakhs – Previous year ₹ 375.71 lakhs) has been recognized.

Note 40: Financial Instruments by category

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes to the Financial Statements for the year ended March 31, 2020

Note 40: Financial Instruments by category (contd.)

a) Financials Assets

(₹ in lakhs)

Particulars	Level	As at March 31, 2020		As at March 31, 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
1) Financial assets at fair value through profit and loss	3				
Non-current assets - a) Investments		0.39	0.39	0.39	0.39
2) Financial assets designated at fair value through other comprehensive income					
Investment In Equity shares	1	16.78	16.78	40.93	40.93
3) Financial assets at amortised cost					
a) Other Bank Balances*	3	523.23	523.23	567.47	567.47
b) Cash & Cash Equivalents*	3	48.39	48.39	8.80	8.80
c) Trade receivables*	3	12,051.74	12,051.74	11,746.78	11,746.78
d) Other receivables*	3	235.34	235.34	263.79	263.79
e) Other financial assets	3	328.48	328.48	414.67	414.67
		13,204.34	13,204.34	13,042.82	13,042.82

b) Financial Liabilities

(₹ in lakhs)

Particulars	Level	As at March 31, 2020		As at March 31, 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liability at amortised cost					
a) Borrowings	3	17,343.13	17,343.13	24,148.40	24,148.40
b) Trade payables*	3	8,494.42	8,494.42	6,503.63	6,503.63
c) Other financial liability*	3	12,999.10	12,999.10	14,744.34	14,744.34
		38,836.65	38,836.65	45,396.37	45,396.37

*The carrying amounts of trade receivables, cash and cash equivalents, current loans, other current financial assets, current borrowings, trade payables and other financial liabilities are considered to be approximately equal to the fair value.

The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Notes to the Financial Statements for the year ended March 31, 2020

Note 40: Financial Instruments by category (contd.)

During the years mentioned above, there have been no transfers amongst the levels of hierarchy. The fair values of unquoted equity instruments are not significantly different from their carrying value and hence the management has considered their carrying amount as fair value.

Valuation processes

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the company's quarterly reporting periods.

Note 41: Financial risk management objectives and policies

The Company's principal financial liabilities, comprise of borrowings, security deposits, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee.

This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables.

(i) Foreign Currency Risk

The Company operates internationally and portion of the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the company are significantly lower in comparison to its imports. Foreign currency exchange rate exposure is partly balanced by exports of goods and prudent hedging policy.

Foreign Currency Exposure

Name of the Instrument	Currency	March 31, 2020		March 31, 2019	
		In Million	₹ in lakhs	In Million	₹ in lakhs
Open Foreign Exchange Exposures - Receivable	US\$	\$2.90	2093.02	\$2.56	1,770.90
Open Foreign Exchange Exposures - Payable	US\$	\$1.23	902.41	\$1.16	824.48
Open Foreign Exchange Exposures - Payable	EURO €	€ 0.02	13.15	€ 0.01	15.48

Notes to the Financial Statements for the year ended March 31, 2020

Note 41: Financial risk management objectives and policies (contd.)

Foreign Currency Risk Sensitivity

A change of 1% in Foreign currency would have following Impact on profit before tax:

(₹ in lakhs)

Particulars	2019-20		2018-19	
	1% appreciation in Foreign Currency	1% depreciation in Foreign Currency	1% appreciation in Foreign Currency	1% depreciation in Foreign Currency
Increase / (decrease) in profit or loss (₹ in lacs)	11.77	(11.77)	9.31	(9.31)

(ii) Interest rate risk:

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of interest bearing loans, vehicle loans and advances and security deposits; however these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

(iii) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of paper and paper boards and therefore require a continuous supply of raw materials i.e. waste paper, chemicals, coal etc. being the major input used in the manufacturing. Due to the significantly increased volatility of the price of waste paper and coal the Company had entered into various purchase contracts for these material for which there is an active market. The Company's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further the Company increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

i) Trade receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

Expected credit loss for trade receivables:

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, has assess the credit risk for trade receivables as low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The Company has also taken advances and trade deposits from its customers which mitigate the credit risk to an extent.

Notes to the Financial Statements for the year ended March 31, 2020

Note 41: Financial risk management objectives and policies (contd.)

ii) Financial Instruments and cash deposits

The Company considers factors such as track record, size of the institution, market reputation, financial strength/rating and service standards to select the banks with which balances and deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings.

iii) The ageing analysis if the receivables (gross of provision) has been considered from the date of invoice falls due.

(₹ in lakhs)

Particulars	Neither Due nor impaired	Past Due			Total
		Upto 6 months	6 to 12 months	Above 12 months	
Trade Receivables					
As at March 31, 2020					
Unsecured	7,936.71	4,002.51	89.51	82.36	12,111.09
Loss allowance	-	-	-	(59.35)	(59.35)
Total	7,936.71	4,002.51	89.51	23.01	12,051.74
As at March 31, 2019					
Unsecured	10,599.05	1,036.89	13.68	161.51	11,811.13
Loss allowance	-	-	-	(64.35)	(64.35)
Total	10,599.05	1,036.89	13.68	97.16	11,746.78

(c) Liquidity Risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Further, the Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and Company monitors rolling forecasts of its liquidity requirements.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

(₹ in lakhs)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More than 5 year	Total
Borrowings - Current	4,222.40	4,222.40	-	-	4,222.40
Borrowings - Non-Current	15,957.33	2,836.60	13,120.73	-	15,957.33
Trade payables	8,494.42	8,494.42	-	-	8,494.42
Other financial liabilities - Current	2,930.81	2,930.81	-	-	2,930.81
Lease Liabilities	2,842.18	471.85	800.48	1,569.86	2,842.18
Other financial liabilities - Non-Current					
Dealer deposits	589.51	-	589.51	-	589.51
Retention money	3,800.00	-	3,800.00	-	3,800.00

Notes to the Financial Statements for the year ended March 31, 2020

Note 41: Financial risk management objectives and policies (contd.)

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

(₹ in lakhs)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More than 5 year	Total
Borrowings - Current	8,113.77	8,113.77	-	-	8,113.77
Borrowings - Non-Current	21,567.35	5,532.72	16,034.63	-	21,567.35
Trade payables	6,503.63	6,503.63	-	-	6,503.63
Other financial liabilities - Current	2,067.17	2,067.17	-	-	2,067.17
Other financial liabilities - Non-Current					
Dealer deposits	582.51	-	582.51	-	582.51
Retention money	6,500.00	-	6,500.00	-	6,500.00

Note 42: Capital Management and Distribution made and proposed

(a) Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Company manages capital by monitoring gearing ratio which is net debt divided by equity plus net debt.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (A)	17,343.13	24,148.40
Less : Cash and Bank Balance (B)	571.62	576.27
Net Debt (A-B)	16,771.51	23,572.13
Total Equity	41,878.14	31,235.37
Total Capital	58,649.65	54,807.51
Gearing Ratio	29%	43%
Net Debt to Equity Ratio	0.40	0.75

Loan Covenants

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, debt to EBIDTA ratio, interest service coverage ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended once the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of adoption of the financial statements. The Company has also satisfied all the debt covenants prescribed in respective sanction of bank loans.

Notes to the Financial Statements for the year ended March 31, 2020

Note 42: Capital Management and Distribution made and proposed (contd.)

(b) Dividend

The Company follows the policy of Dividend for every financial year as may be decided by Board considering financial performance of the company and other internal and external factors enumerated in the Company's dividend policy.

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
A) Declared and paid during the year:		
Final Dividend the FY 18-19: ₹ 4 per share (FY 2017-18: ₹ 3 per share)	680.76	136.75
Dividend distribution tax	139.93	28.11
	820.70	164.86
B) Proposed for approval at the annual general meeting (not recognised as a liability)*		
Final Dividend the FY 2019-20: ₹ Nil per share(FY 18-19: ₹ 4 per share)	-	680.76
Dividend distribution tax	-	139.93
	-	820.70

Note 43:

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

Note 44 : Disclosure required under section 186(4) of The Companies Act, 2013

Particulars of transaction made during the year and outstanding balance as at the end of the year:

(₹ in lakhs)

Name of the Party	Nature	Rate of interest	March 31, 2020	March 31, 2019
Spytech Buildcon Pvt.Ltd.	Inter Corporate Deposit	9%	68.00	75.00

Note 45 : Transition to Ind AS 116

Ind AS 116 - Leases

The Company's lease asset primarily consist of leases for land and buildings for offices and warehouses having the lease terms between 3 and 30 years. Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method and has taken the adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 27.23 Crores, and a lease liability of ₹ 29.75 Crores. The cumulative effect of applying the standard, amounting to ₹ 2.52 Crores was debited to retained earnings, net of taxes amounting to ₹ 1.64 Crores and ₹ 0.41 crores net of taxes on account of Reversal of Deferred Rent Liability.

Notes to the Financial Statements for the year ended March 31, 2020

Note 45 : Transition to Ind AS 116 (contd.)

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	(₹ in lakhs)		
	Right of Use Asset		
	Land	Building	Total
Balance as at April 1, 2019	-	-	-
Transition impact on account of adoption of Ind AS 116 "Leases" (refer Note 3)	1,433.70	1,122.21	2,555.90
Total Right of Use on the date of transition	1,433.70	1,122.21	2,555.90
Additions during the year	-	167.50	167.50
Depreciation of Right of use assets	(49.26)	(220.26)	(269.51)
Balance as at March 31, 2020	1,384.44	1,069.45	2,453.89

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	(₹ in lakhs)
	Amount
Transition impact on account of adoption of Ind AS 116 "Leases"	2,807.52
Additions during the year	167.50
Finance cost accrued during the year	307.38
Payment of lease liabilities	(440.22)
Balance as at March 31, 2020	2,842.18
Current Lease Liabilities	471.85
Non-current Lease Liabilities	2,370.34

The maturity analysis of lease liabilities are disclosed in Note 41(c)

The effective interest rate for lease liabilities is 10.65%.

Rental expense recorded for short-term leases was ₹ 7.57 crore for the year ended March 31, 2020.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes to the Financial Statements for the year ended March 31, 2020

Note 46: Payment to Statutory Auditors

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Statutory Audit Fees	15.00	12.00
Tax Audit & 80IA Fees	5.00	3.00
Total	20.00	15.00

Note 47: COVID-19 Assessment

The outbreak of COVID-19 pandemic and the resulting lockdown enforced by the Authorities from March 25, 2020 has affected the Company's regular operations. The Company's management has considered the possible effects that may result from the pandemic on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. Arriving at the relevant assumptions relating to the possible future uncertainties in the global economic scenario because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external information pertaining to the Paper industries which are relevant in determining the expected future performance of the Company. Accordingly, the Company has evaluated its liquidity position, recoverability of such assets and based on current estimates expects the carrying amount of these assets will be recovered and the Company will continue to operate as a going concern. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Note 48 :

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

Significant Accounting Policies and Notes form an integral part of the Financial Statements.

As per our attached report of even date

For and on behalf of the Board of Directors

For **GMJ & CO**

Chartered Accountants

Firm's Registration No 103429W

R N AGARWAL

Chairman and Managing Director

DIN 00176440

RAUNAK AGARWAL

Whole Time Director

DIN 02173330

SANJEEV MAHESHWARI

Partner

Membership No. 038755

POOJA DAFTARY

Company Secretary

GOPAL UCHIL

Chief Financial Officer

Mumbai, June 29, 2020

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 Rohan Agarwal
Whole Time Director

Shri P Kumar
Independent Director

Shri R K Bakshi
Independent Director

Shri S N Chaturvedi
Independent Director

Shri C R Radhakrishnan
Independent Director

Smt. Sunita Nair
Independent Director

Company Secretary & Compliance Officer

Ms. Pooja Daftary
Contact Details: 022-67317547
Email id: investors@nrail.com

Auditors

GMJ & Co., Chartered Accountants

Bankers

Bank of Baroda
Bank of India
IDBI Bank Limited
The Saraswat Co-operative Bank Limited

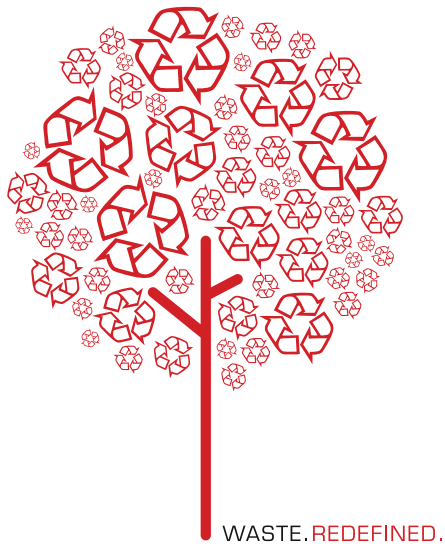
Registered Office

502-A/501-B, Fortune Terraces,
5th Floor, Opp. Citi Mall,
New Link Road, Andheri (West),
Mumbai 400 053

Registrar & Share Transfer Agents

Sharex Dynamic (India) Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083.
T: 2851 5606/ 5644
Contact Details: 022-28515606/5644
Email Id: investors@sharexindia.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