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Improving Financial Flexibility

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solid plan, significant investments  
AND PROGRESS....**

Building a winning team

Improving operating efficiency



26th ANNUAL REPORT 2010-2011

# CORPORATE INFORMATION

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## Board of Directors

Shri M. L. Jalan - Chairman  
Shri Ankit Jalan - Executive Director Finance  
Shri D. Kumar - Executive Director  
Shri S. Mukherjee - Director  
Shri Sheo Shankar Joshi - Director  
Shri Kamal Kumar Khetawat - Director

## Company Secretary

Shri Saikat Ghosh

## Statutory Auditors

M/S Singhi & Co.  
Chartered Accountants  
1B, Old Post Office Road  
Emerald House, Kolkata - 700 001

## Cost Auditors

M. Paul & Associates  
Cost Accountants  
82, Akhil Mistry Lane  
Kolkata - 700 009

## Bankers

Allahabad Bank  
Axis Bank

## Registrar & Transfer Agent

Maheshwari Datamatics Pvt. Ltd.  
6 Mangoe Lane  
Kolkata - 700 001  
Ph. : (033) 2243 5809/5029

## Registered Office

Agio Paper & Industries Ltd.  
41A, AJC Bose Road  
Suite No. 505, Kolkata - 700 017  
Phone : +91-33-4022 5900  
Fax : +91-33-4022 5999  
E-mail : ho@agiopaper.com

## Mill

Village : Dhenka, P.O : Darrighat  
Masturi, Bilaspur - 495 551  
Chhattisgarh  
Ph. : +91-7752-257 010/011/014/235  
Fax : +91-7752-257 371

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## NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of the Company will be held at Auditorium of Bengal National Chamber of Commerce & Industry, Bengal National Chamber House, 23, R.N. Mukherjee Road, Kolkata – 700 001 on Thursday, the 22nd September, 2011 at 10:30 A.M. to transact the following Business:

### Ordinary Business

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March 2011, together with the Report of the Directors and Auditors.
2. To appoint Directors in place of Directors retiring by rotation.  
Shri Ankit Jalan, Director, retires by rotation and being eligible, offers himself for re-appointment.  
Shri Sumitro Mukherjee, Director, retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. The present Auditors, M/s. Singhi & Co, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

### Special Business

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED THAT Shri Sheo Shankar Joshi, who was appointed as an Additional Director and who in terms of Section 260 of the Companies Act, 1956 read with Article 82 of the Articles of Association of the Company, holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, along with the deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company liable to retire by rotation”.
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED THAT Shri Kamal Kumar Khetawat , who was appointed as an Additional Director and who in terms of Section 260 of the Companies Act, 1956 read with Article 82 of the Articles of Association of the Company, holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, along with the deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

Registered Office:  
41A, AJC Bose Road  
Suite No. 505  
Kolkata – 700 017

By Order of the Board  
For Agio Paper & Industries Limited

12th August, 2011

Saikat Ghosh  
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND THE PROXY NEED NOT BE MEMBER OF THE COMPANY.
2. The Proxy form must be deposited at the registered office of the Company not less than 48 hours before the scheduled hour of commencement of the meeting i.e. by 10:30 A. M. on 20th September, 2011.
3. Members/Proxies should bring their attendance slips duly filled in for attending the meeting.
4. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting, as the copies of the report will not be circulated at the meeting.
5. The Register of Members and Share Transfer Registers of the Company will remain closed from 16th September 2011 to 22nd September 2011 (both days inclusive).
6. In accordance with Section 205C of the Companies Act, 1956, no claim shall lie against the Company or Fund in respect of individual accounts of dividends remaining unclaimed or unpaid for a period of seven years from the dates they become first due for payment and no payment shall be made in respect of any such claims.
7. Members who hold shares in dematerialized form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
8. The members are aware that their Company's shares are under Compulsory Demat Trading with effect from 25th September 2000 for all the investors, hence they may utilize this facility.
9. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
10. Shri Ankit Jalan and Shri Sumitro Mukherjee, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. As required under the Listing Agreement, the information/data to be provided for these Directors are given in the Corporate Governance Section of this Annual Report.
11. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" to allow paperless compliances by the corporate sector. MCA, by its Circular dated April 21, 2011, has now made permissible the service of documents through electronic mode to shareholders. To support the Green Initiative of the Government, it is proposed to send, henceforth, all Notices, Annual Report and other communications through Email. For the above purpose, we request you to send an Email confirmation to our designated ID [redressal@agiopaper.com](mailto:redressal@agiopaper.com) mentioning your name, DP / Customer ID or Folio number and your Email ID for communication. On this confirmation, we would, henceforth, send all Notices, Annual Report and other communications through Email. Copies of the said documents would be available in the Company's website [www.agiopaper.com](http://www.agiopaper.com) for your access. You will at all times be entitled to receive, free of cost, hard copy (paper version) of Annual Report and other communications on specific request. You are also at liberty to change the instructions from time to time.

We request you to support the Green Initiative of the Government by opting for electronic mode of receiving our Corporate Communications.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

The Board of Directors of your Company ('the Board') at its meeting held on August 12, 2011 has appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 82 of the Articles of Association of the Company Shri Sheo Shankar Joshi as an Additional Director.

In terms of Section 260 of the Act, Shri Joshi would hold office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith a deposit of Rs. 500 proposing the candidature of Shri Joshi for the office of Director of the Company under the provisions of section 257 of the Act.

Shri Joshi has been involved with paper business for more than two decades and possesses expert knowledge of marketing and sales which would benefit the Company in the long run.

It is therefore desirable that Shri Joshi is appointed as an Independent Director, liable to retire by rotation in accordance with the Articles of Association of the Company.

A brief resume of Shri Joshi, nature of his expertise in specific functional areas and names of Companies in which he holds Directorship and Membership / Chairmanship of Board Committees, as stipulated under clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

None of the Directors of your Company, other than Shri Sheo Shankar Joshi, is interested in this Resolution.

The Board recommends this Resolution for your Approval.

Item No. 5

The Board of Directors of your Company ('the Board') at its meeting held on August 12, 2011 has appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 82 of the Articles of Association of the Company Shri Kamal Kumar Khetawat as an Additional Director.

In terms of Section 260 of the Act, Shri Khetawat would hold office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith a deposit of Rs.500 proposing the candidature of Shri Khetawat for the office of Director of the Company under the provisions of section 257 of the Act.

Shri Kamal Kumar Khetawat has wide variety of entrepreneurial skills ranging over a period spanning twenty years and his expertise and his operational skills will be helpful in the company's turn around planning.

Keeping in view his qualification and expertise it is desirable that Shri Khetawat is appointed as an Independent Director, liable to retire by rotation in accordance with the Articles of Association of the Company.

A brief resume of Shri Khetawat, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership / chairmanship of Board Committees, as stipulated under clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

None of the Directors of your Company, other than Shri Kamal Kumar Khetawat, is interested in this Resolution.

The Board recommends this Resolution for your Approval.

Registered Office:  
41A, AJC Bose Road  
Suite No. 505  
Kolkata - 700 017

12th August, 2011

By Order of the Board  
For Agio Paper & Industries Limited

Saikat Ghosh  
Company Secretary

## DIRECTORS' REPORT

TO THE MEMBERS

AGIO PAPER &amp; INDUSTRIES LTD.

Your Directors have pleasure in presenting the 26th Annual Report of the Company along with Audited Accounts of the Company for the year ended 31st March, 2011.

## SUMMARISED FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	Current Year	Previous Year
Gross Turnover and other receipts	2445.60	2415.61
Profit / (Loss) before Interest and Depreciation	(607.79)	(118.14)
Less: Interest	301.84	85.33
Profit/(Loss) Before Depreciation	(305.95)	(203.47)
Less: Depreciation	483.03	126.30
Profit / (Loss) Before Tax	(177.08)	(329.77)
Less: Provision for taxation		
MAT Credit Entitlement	59.06	-
Deferred Tax	(40.85)	-
Fringe Benefit Tax	-	-
Wealth Tax	-	-
Profit / (Loss) After Tax	(195.29)	(329.77)
Balance brought forward from previous year	(421.31)	(91.53)
Add: Adjustment of Employee Benefit as per AS -15 (Revised)	-	-
Add: Transfer to foreign currency translation reserve for 2007- 08	-	-
Balance carried to Balance Sheet	(616.60)	(421.31)

## BUSINESS PERFORMANCE

The closure of the factory since 6th October, 2010 due to instructions issued by the Central Pollution Control Board has put a temporary halt on our consistent progress which we had managed to achieve during the last few years. But this has not deterred us from finding a feasible solution which shall soon be implemented and enable us to carry on production activities without any stoppages.

Even though we have not been able to manufacture paper for majority of the year yet we managed to earn substantial revenue from what we produced prior to such closure. We have also managed to curb certain top heavy expenditures and this has also helped us reduce our losses to a certain extent.

Once production activities resume we shall certainly make up for lost time and shall continue our march towards progress.

## DIVIDEND

In absence of profit no dividend is recommended for the financial year ended 31st March, 2011.

## PREFERENTIAL ALLOTMENT OF EQUITY SHARES

In accordance with provisions of section 81(1A) of the Companies Act, 1956 and subject to guidelines for preferential issues issued by the Securities and Exchange Board of India ("SEBI") under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the Company has allotted 10,000,000 (One Crore) Equity Shares of Rs.10/- each at a price of Rs. 12/- per equity Share (including a premium of Rs. 2/- per share) on preferential allotment basis. Therefore the paid up capital of the Company now stands at Rs.161,254,000/-.

## EXPANSION, NEW PROJECTS AND FUTURE PROJECTIONS

Although we achieved significant progress in installation of second paper machine having production capacity of 18000 MT per annum yet it can be operational only when production resumes. Similarly the 4 MW Co-Generation power plant at our factory which had earlier been tested on trial run basis can run only when we resume production. To prevent further pollutions in future we have decided to install a chemical recovery plant. The work on this project shall commence in the near future and although it will be a time consuming process it will be worth the wait since it will provide a long term solution.

#### CREDIT FACILITIES

To facilitate the projects at our factory site at Bilaspur our banker Allahabad Bank has raised the level of credit facilities to the extent of Rs.30.85 crores and has restructured such credit facilities.

#### CREDIT RATING

During the current year we are getting rating done through Fitch Ratings.

#### AUDITORS

The Statutory Auditors of the Company M/s. Singhi & Co, Chartered Accountants retire at the ensuing Annual General Meeting of the Company and have given their consent for re-appointment.

Pursuant to directions received from the Central Government, M. Pal & Associates has been appointed as the Cost Auditor of the Company to audit the Cost Accounts of the Company for the year ended 31st March, 2011.

#### DIRECTORS

In accordance with Section 256 of the Companies Act, 1956 and Article 75 of the Articles of Association of the Company, Shri Sumitro Mukherjee and Shri Ankit Jalan, Directors of your Company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri Sheo Shankar Joshi and Shri Kamal Kumar Khetawat were appointed as Additional Directors with effect from 12th August, 2011 to hold office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notices under section 257 of the Companies Act, 1956 from members proposing their appointment as Directors of the Company.

After their long association with the Company and rendering services in the capacity of Directors Shri Jitendra Agrawal, Shri Ankur Jalan, Shri Ramesh Kumar Kanoi and Shri Shiv Kumar Kanoi have relinquished their offices. The Board of Directors records its sincere appreciation for the invaluable services rendered by them during their tenure as Directors. The Board of Directors also wishes to thank Shri Brij Kishore Taimni who guided the Company during his tenure as Director and has resigned during the year under review.

#### CORPORATE GOVERNANCE

Ever since its inception in the Indian Corporate System observance of Corporate Governance parameters has been strictly followed by the Company. It has been accepted by us as a means of doing business and not just mere compliance. The Corporate Governance Report and the Corporate Governance Compliance Certificate obtained from the Company's Statutory Auditors M/s. Singhi & Co., Chartered Accountants, confirming the compliance of Corporate Governance as stipulated in Clause 49 of Listing Agreement is included in the Annual Report.

#### INTERNAL CONTROL SYSTEM

Adequate internal control system has been established and is maintained in various areas. The existing set up of the internal control system is commensurate with the size of the Company's operations and nature of its business. Your Company has emphasized upon the importance of effective internal control and has increased the focus.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provision of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors it is hereby confirmed that:

- a) All the applicable Accounting Standards have been followed in the preparation of the Annual Accounts and there is no material departure from the same.
- b) Accounting policies have been selected in consultation with the Statutory Auditors and have been applied consistently in making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2011.
- c) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and .
- d) That they have prepared the Annual Accounts on a going concern basis.

#### INSURANCE

Your Company has taken adequate guard against the unforeseen and accidents. Sufficient insurance coverage has been obtained w.r.t. the raw materials, finished goods and all assets of the Company.

#### CORPORATE SOCIAL RESPONSIBILITY

Keeping in consistency with previous years we have carried out our duties as a responsible corporate citizen. Looking after the needs of the society and our surroundings is considered a prime responsibility. Serving the needs of the society and doing everything possible to develop our surroundings and also pave the way for its betterment has not only been a philosophy for the new management but put into practice on a consistent basis over the past years.

## POLLUTION CONTROL AND ENVIRONMENTAL PROTECTION

Paper Industry by nature is a hazardous industry. The Management has taken many developmental actions and made huge investments towards that. In specific areas actions taken are:-

- Ø Zero discharge of Black Liquor from the mill and installing another filter press with full capacity.
- Ø Drastic deduction in Consumption of fresh water thereby reducing the generation of effluent.
- Ø The Effluent Treatment Plant has been strengthened by further installation of flocculants tanks, Chemical dosing arrangement for reducing the Effluent load and improves the effluent quality.
- Ø Maximum use of mill back water in the plant by recycling.
- Ø Effluent generation from Paper Machine and Waste Paper Pulp processing is being used 100% after clarification.
- Ø Effluent sludge is separated through 2 Nos. sludge press and used for making board.
- Ø Effluent water is treated in ETP and 100% used for irrigating tree plantation, quenching ash and sprinkling on gardens, roads. There is no discharge in River.
- Ø Emission from boiler is controlled by Trema Cyclone & in Power Plant ESP has been installed which maintained emission standard satisfactorily.
- Ø Giving emphasis on green environment every year we planted more than 5000 trees.
- Ø Further for zero effluent discharge we are developing around 3 acres of land.
- Ø Installation of Chemical Recovery Plant in the very near future shall bring about a permanent solution to the long standing to pollution.
- Ø All wastes and effluents generated from production and deposited in the black lagoons and sludge beds meant for storing them have been systematically cleaned and no further wastes can any longer be found.

## HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

Even during the current period when there is no production we continue to have the support of our disciplined workforce. They form the backbone of the organization and considered our greatest asset. The Company too has been sincere in its efforts to provide the best atmosphere for its employees. Adequate training and planning of our manpower resources has been a major factor in our operations. Performance is always rewarded with suitable remuneration.

### PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956

The particulars are stated in Annexure - I hereto.

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

The information relating to the Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, is given in the Annexure –II hereto

### ACKNOWLEDGEMENT

The Company has been very well supported from all quarters and therefore your Directors wish to place on record their sincere appreciation for the support and co-operation received from Employees, Dealers, Suppliers, Central and State Governments, Bankers and others Associated with the Company.

Your Directors wish to thank the Banks, Financial Institutions, Shareholders and Business Associates for their continued support and cooperation. We look forward to receiving the continued patronage from all quarters to become a better and stronger Company.

For and on behalf of the Board of Directors

Kolkata  
12th August, 2011

M. L. JALAN  
Chairman



#### ANNEXURE - I

None of the Employees are covered by the provisions contained in section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

- a) Employed throughout the year Nil
- b) Employed for part of the year Nil

#### ANNEXURE - II

##### A. CONSERVATION OF ENERGY

Power :

- a) Efforts made for conservation of energy :-
  - (i) By controlling process parameters.
  - (ii) Replacement of high capacity motor.
  - (iii) Installation of energy saving lamps wherever possible in plant and colony.
  - (iv) Replacing old pumps & motors by high efficiency Pumps & Low Power consumption motors.
  - (v) By changing process pipe line system.
- b) Additional investment and proposal, if any:
  - (i) Self power generation unit to overcome power tripping and breakdown in supply from Chhattisgarh State Electricity Board (CSEB).
  - (ii) For better efficiency of Boiler and Pollution free emission we are installing Electro Static Precipitator (ESP) in power plant.
- c) Impact of above measures on consumption of energy :  
Saving in consumption of electricity & steam.
- d) Power & Fuel Consumption:  
Refer Form 'A' attached

##### B. TECHNOLOGY ABSORPTION

Refer Form 'B' attached.

##### C. FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. In Lacs)

	2010 - 11	2009 - 10
Eaming: Export	Nil	Nil
Outgo: Imports	124.25	52.42
Outgo on repayment of unsecured loan	Nil	Nil

## FORM A

	2010-11	2009-10
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY:</b>		
a) Chhattisgarh State Electricity Board		
Units (KWH in lacs)	42.70	71.66
Total Amount (Rs. in lacs)	205.64	305.60
Rate/KWH (In Rs.)	4.82	4.26
b) Own Generation		
i) Through Diesel (KWH in lacs)	NIL	NIL
ii) Through Steam Turbine Generator	NIL	NIL
<b>2. Coal:</b>		
a) Grade E (ROM)		
Quantity (MT)	3568.23	5971.91
Total Cost (Rs. in lacs)	51.42	85.62
Average rate	1440.98	1433.71
b) ROM (Washery)		
Quantity (MT)	NIL	1870.95
Total Cost (Rs. in lacs)	NIL	13.22
Average rate	NIL	706.83
<b>3. RICE HUSK</b>		
Quantity (MT)	2203.32	3805.00
Total Cost (Rs. in lacs)	35.02	69.26
Average rate	1589.92	1820.23
<b>4. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity (KWH/MT)	1077.51	955.53
Coal/Husk (MT/MT)	1.46	1.55

## FORM B

## TECHNOLOGY ABSORPTION :-

## I. RESEARCH AND DEVELOPMENT (R &amp; D)

Specific areas in which the Company carried out R & D :

- Installed Basis Weight Control Valve at paper machine.
- Fresh water consumption further reduced by recycling the machine back water at couch pit dilution, machine and pulp mill vacuum pumps.
- Installed 2 Nos. sludge press – running well. Further we are going to install additional treatment before primary clarifier.
- Install ESP in power plant boiler which is running well.
- Further to reduce fresh water consumption, machine back water used in all vacuum pumps sealing water instead of fresh water.
- Installed black liquor recovery plant at ETP 2nd filter press is commissioned & running well.

Benefits derived as a result of above R & D :

- a) Control over the grammage variation of paper
- b) Fresh water consumption reduced and ETP load minimized
- c) Reduce the SS load in primary clarifier also reduce the COD & BOD load.
- d) Emission in the air is negligible and maintains all emission parameters.
- e) Reduce fresh water consumption.
- f) Minimise black liquor storage problem and recovered lignin sludge is using as fuel alongwith coal in boiler. After commissioning the 2nd filter press black liquor lignin is utilised in boiler as fuel.

Future Plan of action:

- a) To improve quality of paper further to increase market share in printing segment.
- b) To install slotted pressure screen in paper machine to minimize dirt & specks and improve the paper cleanliness.
- c) To install Waste Paper Street with deinking facility for which black liquor and effluent load reduced.
- d) To install 1 No. B-2 Thickness in machine back water system for recovery of black water fiber and reuse the back water.
- e) Installation of ESP in power plant boiler-reduce the Air pollution load in ambient.

Expenses on R & D :

a) Capital	The development work is carried by
b) Recurring	the concerned department on an
c) Total	ongoing basis. The expenses and
d) Total R & D expenditure	the cost of assets are grouped under
As a % of total turnover	the respective heads.

## II. Technology absorption, adaptation and innovation :

1. Efforts made towards technology absorption, adaptation and innovation:-  
Use of rice husk and low cost coal was introduced.
2. Benefits derived as a result of above efforts  
This will result in reduction in over all cost of coal consumption.
3. Efforts are being made towards the technology of treated effluent  
water decolorisation R & D work is continuing with M/s Asianol Speciality Chemicals - Kolkata

On behalf of the Board

Kolkata  
12th August, 2011

M. L. JALAN  
Chairman

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### INTRODUCTION

The last year could well be described as toughest in our recent history yet we can optimistically look forward to the future in the belief that we rode the storm well and the worst is behind us. Things are sure to get better sooner rather than later. Our progress has come to a temporary halt due to orders issued by the Central Pollution Control Board. But the steps adopted by us will soon enough bring about a permanent solution and we can continue to perform our tasks successfully in future without any more disruptions.

### INDUSTRY AND OUTLOOK

The Indian Paper Industry is a rural based industry with linkage to Agriculture and Agro Forestry. The Indian Paper industry is an important industrial sector having a bearing on the socio economic development of the country. It mirrors the country's economic growth and plays a crucial role in the national economy by creating rural employment.

In India the industry's current installed capacity is around 11 million tonnes. The annual output is of the order of 8.5 million tonnes. The consumption is currently estimated at 10 million tonnes and is set to grow to 20 million tonnes by 2020. The Industry provides direct employment to more than 5 lakhs people, besides indirect employment to over 11 lakhs people mostly living in rural areas where the scope of employment in other areas are restricted. The Industry has grown at a CAGR of 6% in the last few years and is projected to grow at a CAGR of 7.6% in the next 2 - 3 years.

As against the world average consumption of 55 Kg and Asia average consumption of 45 Kg the per capita consumption in India is about 8.5 kg only. Paper Industry plays a very prominent role in the World Economy. Annual revenue from this Sector exceeds US \$ 500 billions. Current consumption is of the order of 400 million tonnes. Demand is projected to exceed 500 million tonnes by 2020.

The factors that affect demand for writing & printing (W&P) paper include printing of books and stationery material for education; usage of office printing and stationery; and printing of company published statutory documents such as annual reports, share issue forms, and other documents. Educational books and materials account for the highest share of demand.

Given the fact that the Indian population now stands well in excess of one billion and it is also growing at a rapid pace, it could augur only well for the paper industry and there is a huge potential of growth within a very short span of time. Around 200,000 new schools are expected to be established in the country by 2015, as an outcome of the Indian Government's Right to Education Act (RTE) initiative. The increasing literacy, increasing consumerism, urbanization, growth in service sector are considered to be the main industry drivers for Indian paper industry. The expected growth in education would translate into a steady growth of 4-5 per cent from cream wove paper, the variety that is mostly used in school textbooks in India.

### RISK AND CONCERNS

To systematically overcome all risk and uncertainties associated with the industry we have adopted a practical approach over the years and in consistency with our policy over the years we have adopted SWOT analysis.

### SWOT ANALYSIS

<b>STRENGTHS</b> i) Installation of machinery for long term solution of pollution control in process ii) Substantial reduction in overhead costs. iii) Increase in production capacity. iv) Self generated power.	<b>WEAKNESS</b> i) Increase raw material cost. ii) Lack of demand in writing/printing segment.
<b>OPPORTUNITIES</b> i) The mass spread of literacy will translate into huge demand for paper in coming years. ii) The ban of plastic usage in all types of packaging will lead to increase in demand for paper. iii) India has the fastest growing market when it comes to consumption.	<b>THREATS</b> i) Business will not survive with aging manual work practice. ii) Continued import of paper products. iii) Increasing cost due to inflation. iv) The industry is small & fragmented.

## OPPORTUNITIES

The Industry is slowly coming out of the economic crisis that hit the world economy in the second half of 2008 and there are signs of optimism for various grades and regions. Fitch Ratings has projected a positive outlook for the Indian Paper Sector for the year 2011. Fitch analysis shows that India's Paper sector should benefit from recovery in macro-economic factors such as industrial output, an increase in corporate marketing spend and greater education and office activities. The 'Writing and Printing' paper segment, estimated at 3.3 million tonnes grew by 7% in 2010-11.

The growth in the value added writing and printing paper segment will continue to be fuelled by initiatives like Sarva Shiksha Abhiyan, together with increasing literacy levels, changing demographic profiles and GDP growth. This segment is expected to grow at around 8% per annum during the next 5 years.

## INFORMATION TECHNOLOGY

We have always utilized the best available technology which has stood us in good stead in this era of tough competition. In fact no entity can afford to ignore the use of technology and yet expect to survive. We have also evolved with time and ensured we changed according to the need of time and upgraded ourselves.

## INTERNAL CONTROL SYSTEM

The Company is having an efficient and well established internal control system commensurate with the size and level of Operations of the Company. The internal checks and audits at regular intervals ensure all operations are carried out systematically under strict supervision.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Though it has been a difficult year on all fronts yet we have not deviated from the standards which we have set for ourselves and we are sure the results will show as soon as production commences in the near future.

The accounting statement had been prepared in compliance with the provisions of Companies Act, 1956 (as amended up to date) and in conformity with the generally accepted accounting practices in India.

## HUMAN RESOURCE

The Company has conscientiously fostered a culture that rewards continuous learning and development across the organisation to be future-ready and meet the challenges posed by ever-changing market realities. Employees are the Company's most valuable assets and the Company's processes are designed to empower employees and support creative approaches in order to create enduring value.

## CAUTIONERY STATEMENT

The statements contained in the Management Discussion and Analysis contain certain statements relating to the future and therefore are forward looking within the meaning of applicable securities, laws and regulations.

Various factors such as economic conditions, changes in government regulations, tax regime, other statutes, market forces and other associated and incidental factors may however lead to variation in actual results.

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

#### The Company

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:-

- Commitment to excellence and customer satisfaction
- Maximizing long term shareholders' value
- Long term sustainability in the competitive environment and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and remaining committed to high standards of business ethics.

It is the consistent conviction of the Company that sound and strong Corporate Governance Standards lead to durable sustenance of business and generate long term value for all stakeholders ensuring the robust health of the corporate entity. In pursuance of this, the Company has been passionately pursuing good Corporate Governance practices based on professional excellence, business ethics, and transparency which operate within the accepted norms of propriety, equity, fair play and a sense of justice. While the Company's philosophy has always been to ensure all statutory compliances well within time period, yet the Company also believes that good Corporate Governance goes much beyond the mere fulfilling of statutory requirements, and it is also a projection towards the sound formulation of a distinct corporate culture. The Company further presumes that Corporate Governance is more about creating organisational excellence leading to increased customer satisfaction and stakeholder value.

Accountability and transparency are the key drivers behind the Board decision-making which inspires stakeholder confidence. Openness and transparency of the Company's Corporate Governance are reflected in the exhaustive disclosures made in the Company's Annual Report with a view to sharing information with stakeholders, investors, analysts, and competitors.

### BOARD COMPOSITION

#### Size and Composition of Board of Directors

##### Board of Directors

- i. The Company has 6 Directors with a Non-Executive Chairman, who is one of the promoters of the Company. Of the 6 Directors, 3 are Non-Executive Director and Independent Directors (i.e.50%). The composition of the Board is in conformity with clause 49 of the Listing Agreement entered into with the stock Exchanges.
- ii. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanship /Memberships held by them in other Companies is given below. Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies, Section 25 Companies, and of Companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

Name of the Director	Category	Attendance Particulars		No. of Directorship and other committee Membership/Chairmanship			No. of shares held in the Company as on 31.03.2011
		Board Meeting	Last AGM	Directorship	Committee Membership	Chairmanship	
Shri Murari Lal Jalan	Promoter & Non Executive Director	2	No	2	1	Nil	5607477
Shri Davinder Kumar	Executive Director	2	Yes	Nil	Nil	Nil	Nil
Shri Ankit Jalan	Executive Director	8	Yes	1	Nil	Nil	Nil
*Shri Jitendra Agrawal	Independent Director	8	Yes	1	Nil	Nil	Nil
Shri Sumitro Mukherjee	Independent Director.	8	No	Nil	Nil	Nil	Nil
**Shri Brij Kishore Taimni	Independent Director	-	Yes	Nil	Nil	Nil	Nil
*Shri Ankur Jalan	Non Executive Director	8	Yes	Nil	Nil	Nil	Nil
~Shri Ramesh Kumar Kanoi	Independent Director	-	No	2	Nil	Nil	Nil
~Shri Shiv Kumar Kanoi	Independent Director	-	No	Nil	Nil	Nil	Nil
^Shri Sheo Shankar Joshi	Independent Director	N.A.	N.A.	Nil	Nil	Nil	Nil
^Shri Kamal Kumar Khelawat	Independent Director	N.A.	N.A.	Nil	Nil	Nil	Nil

\* Both Directors resigned with effect from 30.05.2011.

\*\* Resigned with effect from 12.11.2010.

~ Both Directors resigned with effect from 03.06.2011.

^ Both Directors appointed as Additional Directors with effect from 01.08.2011 vide resolution passed by circulation and subsequently ratified at Board Meeting held on 12.08.2011.

Eight Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

- 15th May, 2010	- 12th November, 2010
- 12th August, 2010	- 3rd December, 2010
- 14th August, 2010	- 7th February, 2011
- 27th August, 2010	- 29th March, 2011

During the year, information as mentioned in annexure 1A to clause 49 of the Listing Agreement has been placed before the Board for its consideration.

#### BOARD COMMITTEES

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has three committees i.e Audit Committee, Remuneration Committee and Shareholders/Investor Grievances Committee. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

#### I. AUDIT COMMITTEE

- i. The Audit Committee of the Company is constituted in line with the provisions of clause 49 of the Listing Agreements with the Stock Exchanges read with section 292A of the Companies Act, 1956.
- ii. The terms of reference & scope of the audit committee shall be in accordance with paragraph C & D of the Clause 49 of Listing Agreement and include the following:
  - Effective supervision of financial reporting process.
  - Review of annual, half yearly and quarterly financial results before submission to the Board.
  - Reviewing with the management the annual financial statements before submission to the Board for approval with particular reference to:
    - ü Matters to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of Companies Act.
    - ü Changes if any in accounting policies, and practices and reasons for the same.
    - ü Compliance with listing and other legal requirements relating to financial statements.
  - Ensuring completeness of coverage and proper disclosure of financial reporting.
  - Review of adequacy of internal control & audit and actions taken.
  - Recommending the appointment of Statutory Auditors and their fees.
- iii. The Audit Committee has been reconstituted due to resignations of Shri Jitendra Agrawal, Shri Ankur Jalan, Shri Ramesh Kumar Kanoi and Shri Shiv Kumar Kanoi. Subsequently Shri Ankit Jalan, Shri Sheo Shankar Joshi and Shri Kamal Kumar Khetawat have been inducted into the committee. The particulars of meeting attended by the members of the Audit Committee during 2010-11 are given below:

Name	Status	Category	No of Meetings Attended during the year 2010-11
Shri Jitendra Agrawal	Chairman	Non-Executive & Independent Director	5
Shri Ankur Jalan	Member	Non-Executive & Non Independent Director	5
Shri Sumitro Mukherjee	Member	Non-Executive & Independent Director	5
Shri Ramesh Kumar Kanoi	Member	Non Executive & Independent Director	-
Shri Shiv Kumar Kanoi	Member	Non Executive & Independent Director	-

Five Audit Committee meetings were held during the year and the gap between two meetings never exceeded four months. The dates on which such meetings were held are as follows:

- 15th May, 2010

- 12th August, 2010

- 14th August, 2010

- 12th November, 2010

- 7th February, 2011

The necessary quorum was present at all the meetings.

## II. REMUNERATION COMMITTEE

- i) The Remuneration Committee of directors is going to be reconstituted following the resignations of Shri Jitendra Agrawal, Shri Ramesh Kumar Kanoi and Shri Shiv Kumar Kanoi and subsequent induction of Shri Sheo Shankar Joshi and Shri Kamal Kumar Khetawat.
- ii) The broad terms of reference of the Remuneration Committee are as under:
  - a) To approve the Annual Remuneration plan of the Company.
  - b) To approve the remuneration and commission/incentive remuneration payable to the Wholtime Director for each financial year.
  - c) To approve the remuneration payable to the Senior Officers of the Company for each financial year.
  - d) Such other matters as the Board from time to time request the Remuneration Committee to examine and recommend/approve.

The Meeting of the Committee was held on Thursday, 24th September, 2010. The composition of the committee during the financial year 2010-11 comprised of four non-executive directors, all of them were independent including the Chairman of the committee. The details of the composition of the Remuneration Committee were as under:

NAME	Status	CATEGORY	No. of meeting during the year 2010-11	
			Held	Attended
Shri Jitendra Agrawal	Chairman	Non-Executive & Independent Director	1	1
Shri Sumitro Mukherjee	Member	Non-Executive & Independent Director	1	1
Shri Ranesh Kumar Kanoi	Member	Non-Executive & Independent Director	1	-
Shri Shiv Kumar Kanoi	Member	Non-Executive & Independent Director	1	-

The Executive Director receives salary, perquisites etc. as per Schedule XIII to the Companies Act, 1956. The details of the payments made are given in point no. 23 (E) of Schedule 19 forming part of the Accounts for the financial year 2010-2011.

## SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

The Company has constituted a Shareholders/Investors Grievance Committee of Directors to look into the following functions:

- Transfer/Transmission of shares
- Issue of Duplicate Share Certificates.
- Review of Share dematerialization and rematerialization.
- Monitoring the expeditious Redressal of Investor Grievances.
- All other matters related to the shares.

The committee has been reconstituted following the resignations of Shri Jitendra Agrawal, Shri Ankur Jalan and Shri Shiv Kumar Kanoi and subsequent induction of Shri Ankit Jalan. During 2010-11 the committee comprised of four Non-Executive Directors and fifteen meetings were held as under:

16th April, 2010

30th June, 2010

15th December, 2010

30th April, 2010

16th August, 2010

30th January, 2011

15th May, 2010

31st August, 2010

15th February, 2011

31st May, 2010

30th September, 2010

28th February, 2011

15th June, 2010

18th October, 2010

31st March, 2011



The details of composition of the Committee are as under:

NAME	Status	CATEGORY	No. of meeting during the year 2010-11	
			Held	Attended
Shri Jitendra Agrawal	Chairman	Non-Executive & Independent Director	15	15
Shri Ankur Jalan	Member	Non-Executive & Non Independent Director	15	15
Shri Sumitro Mukherjee	Member	Non-Executive & Independent Director	15	15
Shri Shiv Kumar Kanoi	Member	Non-Executive & Independent Director	15	0

Shri Saikat Ghosh, the Company Secretary was the Compliance Officer during the year under review. He performed the functions of monitoring the complaints received vis-à-vis share transfer and other related processes and reported them to the Board. He also carried out his responsibility as liaison officer with the investors and regulatory authorities, such as SEBI Stock Exchanges, Registrar of Companies, R.B.I. in respect of implementing laws, rules and regulations, and directives of such authorities concerning investor service and complaints.

The present Company Secretary now performs the duty of Compliance Officer.

Total numbers of complaints received from the shareholders and redressed during the year was three and no complaint was pending/unresolved as on 31st March, 2011.

#### Disclosures

The transaction of material nature with related parties and material individual transactions with related parties were placed before the Audit Committee from time to time.

The present promoter group which has solely been responsible for reviving the company has always ensured fair code of conduct and maintained transparency.

Compliances, rules & regulations as laid down by various statutory authorities has always been observed by the company since such change over both in letter as well as in spirit.

During the year 2007- 08 the Company had paid penalty of Rs.1,75,000 to Securities & Exchange Board of India (SEBI) towards non disclosure of information required under regulations 6(2), 6(4) and 8(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for the Period 1997- 98 to 2002 - 03 when the Company was under the control of erstwhile promoters.

No other penalty has been imposed by any other statutory authority during the last three years.

The Board has obtained certificates/disclosures from key management personnel confirming they do not have any material financial and commercial interest in transactions with the company at large.

Disclosures regarding related party transactions have been made in note 20 of Schedule 19 forming part of the Accounts for the financial year 2010-2011.

#### GENERAL BODY MEETING

The details of last three Annual General Meetings of the Company held are given below:

Financial Year	Location of the Meeting	Date	Time
2007 - 2008	Bengal National Chamber of Commerce & Industry, 23, R.N.Mukherjee Road, Kolkata – 700 001	19.08.2008	11:30 A.M.
2008 - 2009	Bengal National Chamber of Commerce & Industry, 23, R.N.Mukherjee Road, Kolkata – 700 001	17.09.2009	11:30 A.M.
2009 - 2010	Bengal National Chamber of Commerce & Industry, 23, R. N. Mukherjee Road, Kolkata – 700 001	27.09.2010	11.30 A.M.

Three special resolutions were passed during the last three Annual General Meetings.

The Company had on 09.02.2011 dispatched to all shareholders a notice dated 07.02.2011 pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, for passing of two special resolutions through postal ballot.

The special resolutions as set out in the notice dated 07.02.2011 was duly passed with the necessary consent of the shareholders and the result of which was declared on 12.03.2011. The special resolutions were relating to Allotment of shares on preferential allotment basis under section 81(1A) of the Companies Act, 1956 and to sell / lease / transfer and /or dispose off Company's assets more specifically situated at the Company's Mill under section 293 (1) (a) of the Companies Act, 1956.

#### CEO/CFO CERTIFICATION

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Executive Director of the Company, Shri D. Kumar and Shri Ankit Jalan, Executive Director - finance of the Company certify to the Board that:

- a) The financial statements and the Cash Flow Statement for the year have been reviewed and to the best of their knowledge and belief:
  - (i) these statements do not contain any untrue statement of material fact, have not omitted any material fact and do not contain any statement that is misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b) To the best of their knowledge and belief no transactions entered into by the Company during the year are fraudulent, illegal or violate the Company's code of conduct.
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
- d) They have indicated to the Auditors and the Audit Committee:
  - i) Significant changes in the internal control over financial reporting during the year
  - ii) Significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii) There have been no instances of significant fraud either by the management or an employee having a significant role in the Company's internal control system of financial reporting.

#### MEANS OF COMMUNICATION

Annual Reports in respect of each financial year are mailed to all shareholders in July/August of each calendar year. Each Report contains the Annual Accounts of the Company in respect of the financial year with the Directors' and Auditors' Reports. Also included in each Annual Report is the Notice convening the Annual General Meeting, the financial year's Corporate Governance Report and the Cash Flow Statement together with the corresponding reports of the Auditors.

The financial results of the company were officially released or would be released in accordance with the following schedule:

Sl no.	Nature of Communication	Media used for Publication	Date of Publication	Forwarded/to be forwarded to Stock Exchange on
1	Quarterly Un-audited Financial Statements (1st Quarter 2010-11)	Newspaper	17.08.2010	14.08.2010
2	Half -yearly Un-audited Financial Statements (2nd Quarter 2010-11)	Newspaper	14.11.2010	13.11.2010
3	Quarterly Un-audited Financial Statements (3rd Quarter 2010-11)	Newspaper	09.02.2011	07.02.2011
4	Annual Audited Financial Results for the financial year	Newspaper	01.06.2011	31.05.2011

The quarterly, half-yearly and annual financial results were/will be published in eminent daily newspapers like *Business Standard* and *Aajkaal*.

#### SHAREHOLDER INFORMATION

Registered Office  
41A, AJC Bose Road  
Suite No. 505, Kolkata - 700 017  
Telephone No. - (033) 4022-5900  
Fax No. - (033) 4022-5999  
Email: ho@agiopaper.com  
Email: redressal@agiopaper.com

#### PARTICULARS OF DIRECTORS REAPPOINTED

In accordance with the provisions of Companies Act 1956, and Company's Articles of Association Shri Ankit Jalan and Shri Sumitro Mukherjee will retire by rotation and being eligible offer themselves for re-appointment.

As required under clause 49 of the Listing Agreement, the details of membership of the Directors and other relevant details in respect of Directors who are being recommended for reappointment are given hereunder:

Name of the Director	Age	Qualification	Experience	Directorship in other Public Limited Companies
Shri Ankit Jalan	27	MBA - Finance	Shri Ankit Jalan has graduated with Bachelor of Science in Business Management from the U.S.A. His area of specialization is finance and heads the finance division of the company.	Bengal Orion Financial Hub Ltd.
Shri Sumitro Mukherjee	65	M. COM (C.U), LLB (C.U), CAIIB	# Five years experience in Public Debt Office of Reserve Bank of India. # Two years experience in Establishment / Administration department of RBI # Two years experience in department of banking supervision. # Acquired extensive knowledge & experience in interpreting foreign exchange rules & regulations framed under FERA & FEMA by RBI & Government of India due to long association for over 20 years in Forex areas. Handled & solved many complicated cases in foreign exchange transactions referred by various banks/corporate bodies/members of the public # Manager, Foreign Exchange Department of Reserve Bank of India Up to 31.01.2006.	None
Shri Sheo Shankar Joshi	56	B. COM	Mr. Joshi has been involved with paper business for more than two decades and possesses expert knowledge of marketing and sales	None
Shri Kamal Kumar Khetawat	44	B. COM	Shri Kamal Kumar Khetawat has wide variety of entrepreneurial skills ranging over a period spanning twenty years and his expertise and his operational skills will be helpful in the Company's turn around planning.	None

#### Registrar and Transfer Agent

Shareholders may contact the Company's Registrar and Share Transfer Agent (for both physical and demat segments) at the following address for any assistance regarding dematerialization of shares, share transfers, transmission, change of address, non-receipt of annual report and any other query relating to the shares of the Company:

Maheshwari Datamatics Private Limited  
6, Mangoe Lane, Kolkata – 700 001  
Telephone No: (033) 2243-5809 / 2248-2248  
E Mail: mdpl@cal.vsnl.net.in

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

#### Plant Location

Village – Dhenka  
Post - Danighat, Masturi  
District – Bilaspur  
Chhatisgarh – 495 551  
Telephone: +91 7752 257009/10/13/14  
Facsimile: + 91 7752 257371

## Compliances

### *Mandatory Requirements*

The Company has fully complied with the applicable mandatory requirements of the revised Clause 49. Secretarial Audit is regularly done by the Company and report is submitted to Stock Exchanges.

### Compliance with Clause 47(f) of the Listing Agreement

In compliance with the recently introduced provisions of clause 47(f) of the Listing Agreement, a separate email ID redressal@agiopaper.com has been set up as a dedicated ID solely for the purpose of registering investor's complaint.

### *Adoption of Non-Mandatory requirements*

Although it is not mandatory, a Remuneration Committee of the Board is in place. Details of the Remuneration Committee have been provided under the Section 'Remuneration Committee'.

## General Shareholders Information

### Annual General Meeting

1 Date : 22nd September, 2011

1 Time : 10.30 A.M

### FINANCIAL CALENDAR

1 Venue : Bengal National Chamber of Commerce & Industry, 23, R.N.Mukherjee Road, Kolkata – 700 001

o Financial Year : 1st April to 31st March

o For the year ended 31st March, 2011, results were announced on:

1 August 2010 : First Quarter

1 November 2010 : Second Quarter

1 February 2011 : Third Quarter

1 May 2011 : Audited Results

## Book Closure

The dates of book closure are from 16th September 2011 to 22nd September 2011 (inclusive of both days).

No dividend recommended considering the closure of the factory of the Company.

## Listing

At present, the equity shares of the company are listed on the Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).

Stock Exchanges	Stock Code
Bombay Stock Exchange Ltd. 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	Physical -16020 Demat Segment - 516020
The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata 700 001	Physical – 21021 Demat Segment – 10021021

## SHARE TRANSFER SYSTEM

The Company's shares are in demat mode. The shares received for transfer in physical mode are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respect.

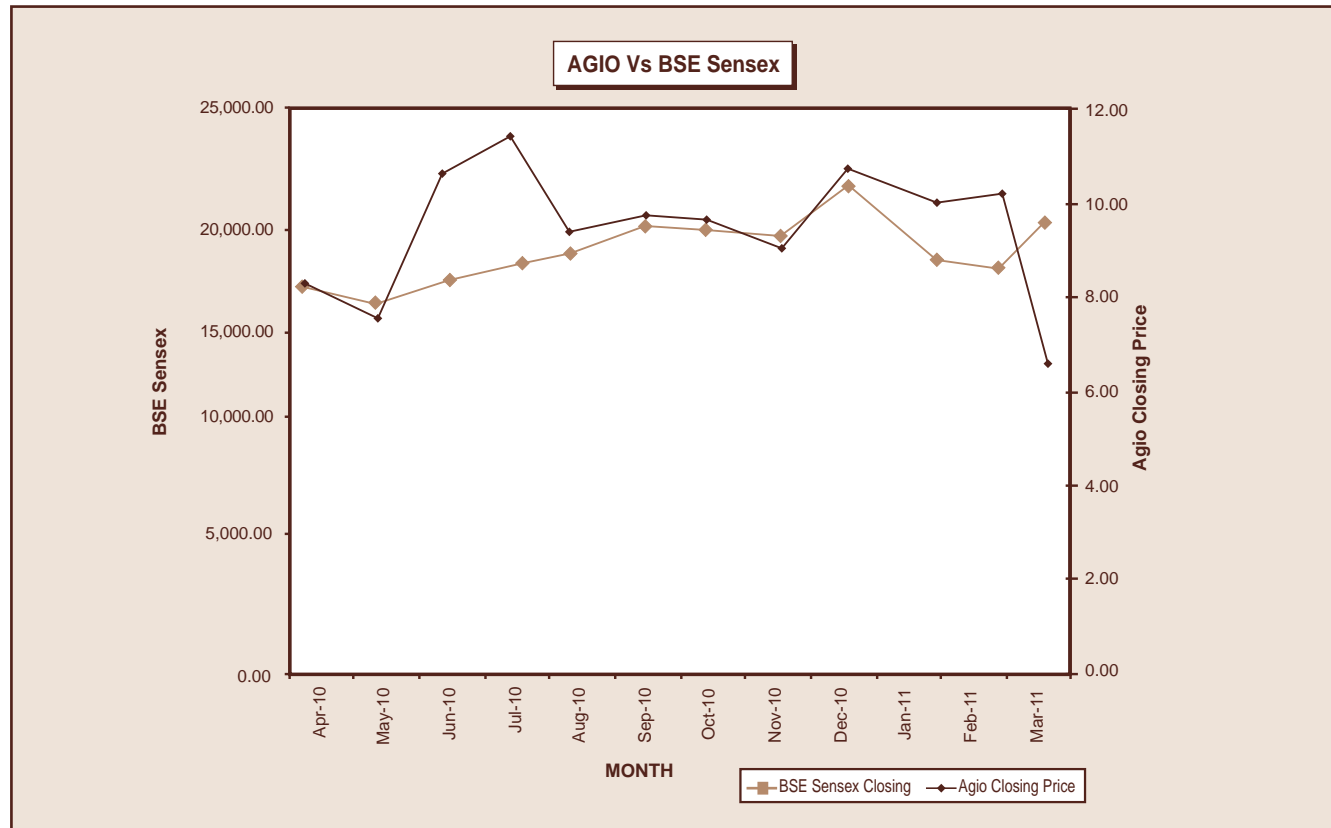
## Stock Market Data

*Bombay Stock Exchange Limited*

Market Price Data as compared to closing Sensex during 2010-2011 :

Month	HIGH (Rs)	LOW (Rs)	Close (Rs)	No of Shares Traded	No of Trades	SENSEX Closing
April, 2010	9.48	7.81	8.57	31,094	161	17,558.71
May, 2010	8.64	7.06	7.61	9,069	47	16,944.63
June, 2010	10.60	6.91	10.60	24,417	157	17,700.90
July, 2010	12.35	9.66	11.20	32,467	150	17,868.29
August, 2010	12.90	9.60	9.60	34,027	159	17,971.12
September, 2010	10.42	8.31	9.95	34,797	150	20,069.12
October, 2010	10.37	8.56	9.89	35,699	120	20,032.34
November, 2010	9.90	8.56	9.00	26,164	69	19,521.25
December, 2010	10.46	8.56	10.35	21,641	78	20,509.09
January, 2011	11.50	9.45	9.88	5,739	14	18,327.76
February, 2011	10.37	7.74	10.02	5,194	62	17,823.40
March, 2011	10.52	6.52	7.00	24,518	272	19,445.22

## COMPARATIVE PRICE CHART :



## Distribution of Shareholding as on 31st March, 2011

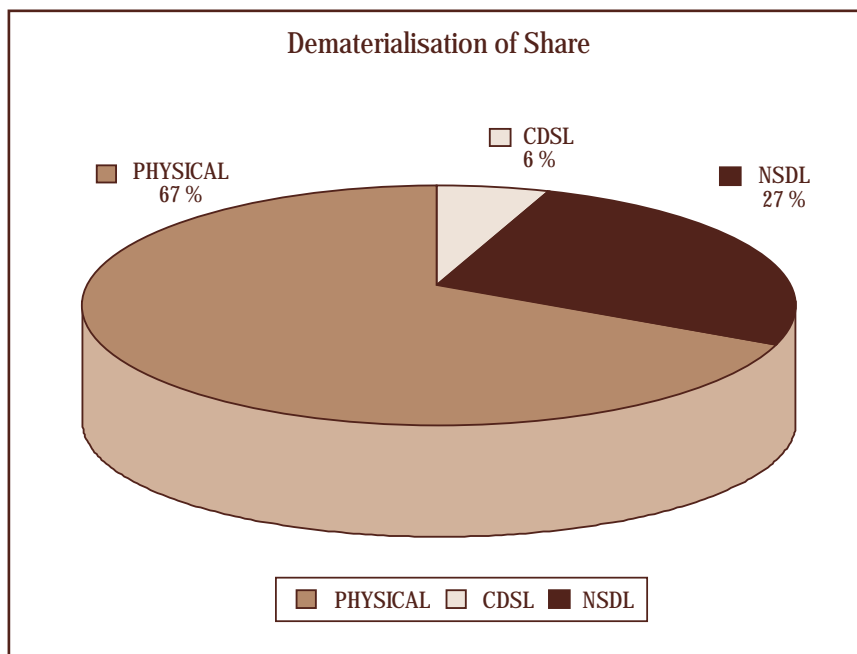
Shareholding	Holders	Percentage %	No of shares	Percentage %
Upto 500	7312	92.3582	1,072,485	6.6509
501 to 1000	328	4.1430	265,926	1.6491
1001 to 2000	126	1.5915	192,908	1.1963
2001 to 3000	43	.5431	109,309	.6779
3001 to 4000	20	.2526	72,413	.4491
4001 to 5000	18	.2274	83,373	.5170
5001 to 10,000	36	.4547	250,773	1.5551
10001 and above	34	.4295	14,078,213	87.3046
Grand Total	7917	100.0000	16,125,400	100.0000

## Shareholding pattern as on 31st March, 2011

Category Code	Category	Total Shares	% of Share Capital
A	Shareholding of Promoter & Promoter Group		
	1. Indian Promoters	3,047,157	18.8966
	2. Foreign Promoters	5,607,477	34.7742
	Sub - Total	8,654,634	53.6708
B	Public Shareholding		
	1. Institutions		
	a. Mutual Funds / UTI	6,800	0.0422
	b. Financial Institutions / Banks	300	0.0019
	c. Central Govt. / State Govt.	Nil	Nil
	d. F.I.I	Nil	Nil
	2 Non Institutions		
	a. Bodies Corporate	553,629	3.4333
	b. Individual Holding		
	i. Nominal Share Capital up to Rs 1 Lakh	1,933,685	11.9915
	ii. Nominal Share Capital in excess of Rs. 1 Lakh	465,055	2.8840
	c. Any other Non resident Individual	4,511,197	27.9757
C	Shares held by custodians against which deposit receipts have been issued	100	0.0006
	Sub Total	7,470,766	46.3292
	Grand Total	16,125,400	100.00

## Physical/NSDL/CDSL/Summary Report as on 31st March, 2011

PARTICULARS	HOLDERS	SHARES	PERCENTAGE (%)
PHYSICAL	4894	10,864,498	67.3751
NSDL	2117	4,343,131	26.9335
CDSL	906	917,771	5.6915
TOTAL	7917	16,125,400	100.0000



#### ADDRESS OF CORRESPONDENCE

Shareholders may contact:

*Shri Saikat Ghosh,*  
*(Company Secretary)*

Agio Paper & Industries Ltd.  
41A, AJC Bose Road  
Suite No. 505  
Kolkata - 700 017  
Telephone : (033) 4022 - 5900/5901  
E-mail : ho@agiopaper.com  
E-mail : redressal@agiopaper.com

## TO WHOMSOEVER IT MAY CONCERN

I, Davinder Kumar, the Executive Director of the Company, do hereby declare that all the Board Members and Senior Management personnel of the Company have affirmed their compliance on an annual basis with the Code of Conduct as laid down by the Company pursuant to the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

Place: Kolkata

Davinder Kumar

Date: 12th August, 2011

Executive Director

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF

AGIO PAPER & INDUSTRIES LIMITED

We have examined the compliance of Corporate Governance by Agio Paper & Industries Limited for the year ended on 31st March'11 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring to compliance of the conditions of the 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, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Singhi & Co  
Chartered Accountants  
Firm Registration No. 302049E

1-B, Old Post Office Street, Kolkata  
Date : 30th May, 2011

L.N. Dey  
Partner  
Membership No - 03569



## AUDITORS' REPORT

TO THE MEMBERS OF  
AGIO PAPER & INDUSTRIES LIMITED

We have audited the attached Balance Sheet of AGIO PAPER AND INDUSTRIES LIMITED as at 31st March, 2011, the Profit & Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. We report that, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant Accounting Policies and Notes on Account in Schedule "19" give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Singhi & Co  
Chartered Accountants  
Firm Registration No. 302049E

1-B, Old Post Office Street, Kolkata  
Date : 30th May, 2011

L.N. Dey  
Partner  
Membership No - 03569

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

- i. a) In our opinion, the Company has maintained records showing full particulars, including quantitative details and their situation of its fixed assets. However the fixed assets register is under updation.
- b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased program of verification of its fixed assets adopted by the company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its business.
- c) There was no substantial disposal of fixed assets during the year.
- ii. a) According to the explanation given to us, the inventories have been physically verified at reasonable intervals during the year by the management except materials lying with third parties, where confirmations are obtained.
- b) In our opinion, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventories. The discrepancies between the physical stocks and book stocks, if any, have been properly dealt with in the books of account.
- iii. a) As per the information furnished, the Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the Register maintained u/s 301 of the Companies Act, 1956. Hence, clauses 4 (iii) (b), (c) and (d) of the order are also not applicable to the company.
- b) As per the information and explanations given to us, the company has taken interest free unsecured loans aggregating Rs. 711.60 lacs from one party covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding during the year from three such parties and the year-end balance of loans taken from one party was Rs. 2195.70 lacs and Rs. 390.00 lacs respectively.
- c) In our opinion the terms and conditions of above loans are prima-facie, not prejudicial to the interest of the company.
- d) The aforesaid loans are repayable on demand and there is no repayment schedule. During the year the company has not paid any amount as interest to the parties covered in register maintained under section 301 of the Act.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of accounts and according to the information and explanation given to us, we have not come across any instances of major weaknesses in the aforesaid internal control system.
- v. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- vi. The Company has not accepted any fixed deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.
- vii. In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues during the year with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of above statutory dues were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable except liability towards Water Cess amounting to Rs. 22.90 lacs are outstanding for more than six months.

- (c) According to the information and explanation given to us, the following statutory dues have not been deposited on account of matters pending before appropriate authorities:

Sl	Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	7.96	1996 - 1997	Kolkata High Court
2	Income Tax Act, 1961	Income Tax	6.23	2007 - 2008	Deputy Commissioner
3	Central Excise Act, 1944	Cenvat Claim	16.09	1993 - 2005	Central Excise Authorities

- x. As per books of accounts, the Company's accumulated losses at the end of the financial year have not exceeded fifty percent of its networth. The Company has incurred cash losses in the current year and immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given to us by the management, the Company has delayed in repayment of dues of Rs. 225 lacs to a Bank. The period of delay being 5 days to 90 days.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund/ mutual benefit/ society and therefore, the provisions of clause 4 (xiii) of the order are not applicable.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and therefore, the provisions of clause 4 (xvi) of the order are not applicable.
- xv. As per the information and explanation given to us, the Company has not given any guarantee for loans taken by others from Bank or financial institutions.
- xvi. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment during the year on overall basis.
- xviii. According to the information and explanations given to us, the Company has made preferential allotment of 55,00,000 shares of Rs. 10/- each at a premium of Rs. 2/- per share during the year, to parties and companies covered in the Register maintained u/s 301 of the Companies Act, 1956. In our opinion the terms and conditions of above allotment are prima-facie, not prejudicial to the interest of the company.
- xix. The Company did not issue debentures during the year.
- xx. The Company has not raised any monies by public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Singhi & Co  
Chartered Accountants  
Firm Registration No. 302049E

1-B, Old Post Office Street, Kolkata  
Date : 30th May, 2011

L.N. Dey  
Partner  
Membership No - 03569

**AGIO PAPER & INDUSTRIES LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

	SCHEDULE No.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SOURCES OF FUND</b>			
<b>SHAREHOLDERS FUND :</b>			
Share Capital	1	161,273,500	61,273,500
Reserves & Surplus	2	50,637,000	30,900,777
		<u>211,910,500</u>	<u>92,174,277</u>
<b>LOAN FUNDS :</b>			
Secured Loans	3	255,355,926	256,079,015
Unsecured Loans	4	42,341,500	189,317,866
		<u>297,697,426</u>	<u>445,396,881</u>
<b>DEFERRED TAX LIABILITIES</b>		1,136,734	5,222,384
<b>TOTAL :</b>		<u>510,744,660</u>	<u>542,793,542</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS :</b>			
Gross Block	5	256,526,399	255,771,902
Less : Depreciation/Amortization		196,008,657	147,919,693
Net Block		<u>60,517,742</u>	<u>107,852,209</u>
Capital Work in Progress		387,137,206	350,075,708
		<u>447,654,948</u>	<u>457,927,917</u>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
Inventories	6	19,849,105	55,061,803
Sundry Debtors	7	2,699,848	18,294,009
Cash & Bank Balances	8	1,680,653	5,136,084
Loan and Advances	9	24,350,580	34,459,311
		<u>48,580,186</u>	<u>112,951,207</u>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS :</b>			
Liabilities	10	36,976,773	59,360,979
Provisions	11	10,173,777	10,855,318
		<u>47,150,550</u>	<u>70,216,297</u>
Net Current Assets		1,429,636	42,734,910
<b>PROFIT AND LOSS ACCOUNT</b>		61,660,076	42,130,715
<b>TOTAL :</b>		<u>510,744,660</u>	<u>542,793,542</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	19		

Schedules 1 to 11 & Schedule 19 referred to above form an integral part of the Balance Sheet.

As per our report of even date annexed.

For SINGHI & CO.  
*Chartered Accountants*  
 Firm Registration No. 302049E

L. N. Dey  
*Partner - Membership No. 03569*  
 Kolkata : 30th May, 2011

For and on behalf of Board of Directors

M. L. JALAN | *Chairman*  
 D. KUMAR  
 ANKIT JALAN | *Executive Directors*

ANKUR JALAN  
 J. AGRAWAL | *Directors*  
 S. MUKHERJEE

**AGIO PAPER & INDUSTRIES LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	SCHEDULE No.	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>INCOME :</b>			
Gross Sales	12	146,956,758	237,242,926
Less : Excise Duty & Cess		928,725	4,500,225
Net Sales		146,028,033	232,742,701
Other Income	13	97,603,677	4,317,622
Net Increase/(Decrease) in stock	14	(20,846,457)	12,836,125
		<u>222,785,253</u>	<u>249,896,448</u>
<b>EXPENDITURE :</b>			
Raw Materials Consumed		47,441,337	91,652,421
Manufacturing Expenses	15	71,786,330	121,049,037
Payments to & Provision for Employees	16	23,224,587	23,425,448
Administrative, Selling & Other Expenses	17	19,554,177	25,583,886
		<u>162,006,430</u>	<u>261,710,792</u>
Profit/(Loss) before Interest & Depreciation & Extra-ordinary Items		60,778,823	(11,814,344)
Interest	18	30,184,046	8,532,843
Profit/(Loss) before Depreciation & Extra-ordinary Items		<u>30,594,776</u>	<u>(20,347,187)</u>
Depreciation/Amortization (Note No.7, Schedule No. 19)		48,303,378	12,630,053
Net Profit/(Loss) before Tax & Extra-ordinary Items		<u>(17,708,602)</u>	<u>(32,977,240)</u>
Provision for Taxation			
MAT Credit Entitlement reversed		5,906,409	-
Deferred Tax		(4,085,650)	-
Net Profit/(Loss) after Tax		<u>(19,529,361)</u>	<u>(32,977,240)</u>
Previous year balance brought forward		(42,130,715)	(9,153,475)
Balance Carried to Balance Sheet		<u>(61,660,076)</u>	<u>(42,130,715)</u>
Earning per Share(Basic & Diluted)(Face Value Rs. 10/- per share)		(3.15)	(5.38)
(Note No.22, Schedule No. 19)			
<b>SIGNIFICANT ACCOUNTING POLICIES AND</b>			
<b>NOTES ON ACCOUNTS</b>	19		

Schedules 12 to 19 referred to above form an integral part of the Profit & Loss Account.

As per our report of even date annexed.

For SINGHI & CO.  
*Chartered Accountants*  
Firm Registration No. 302049E

L. N. Dey  
*Partner - Membership No. 03569*  
Kolkata : 30th May, 2011

For and on behalf of Board of Directors

M. L. JALAN	<i>Chairman</i>
D. KUMAR ANKIT JALAN	<i>Executive Directors</i>
ANKUR JALAN J. AGRAWAL S. MUKHERJEE	<i>Directors</i>

**AGIO PAPER & INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	For the year ended 31st March, 2011 (Rs.)	For the year ended 31st March, 2010 (Rs.)
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extraordinary items:	(17,708,602)	(32,977,240)
Adjustments for:		
Depreciation	48,303,378	12,630,053
Foreign Exchange (Gain) / Loss	(701,619)	(263,778)
Liability no longer required written back	(95,886,809)	(637,805)
Sundry balance written off	78,840	147,654
Provision for Doubtful Debt	-	6,000
Loss on sale of Fixed Assets	2,295,809	302,797
Provision for non moving items	1,092,000	1,203,000
Provision for Contingencies	286,050	532,239
Interest Expense (Net)	<u>29,670,173</u>	<u>8,080,054</u>
	(14,862,178)	22,000,214
	(32,570,780)	(10,977,026)
Operating Profit before working capital changes		
Adjustments for:		
(Increase)/Decrease in Sundry Debtors	15,594,161	(3,254,410)
(Increase)/Decrease in Other Receivable	10,158,523	(7,721,076)
(Increase)/Decrease in Inventory	34,120,698	(22,187,401)
Increase/(Decrease) in Sundry Creditors	(20,363,547)	22,364,403
Increase/(Decrease) in Other Liabilities	<u>(8,054,694)</u>	<u>(1,706,636)</u>
	31,455,141	(12,505,120)
Cash generation from operations:	(1,115,639)	(23,482,146)
Taxes paid including Fringe Benefit Tax	(49,791)	(133,757)
	(49,791)	(133,757)
Net cash flow from Operating Activities	(1,165,430)	(23,615,903)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Increase in Fixed Assets/Capital Work-in-progress	(36,663,383)	(72,313,978)
Interest Received	<u>513,873</u>	<u>452,789</u>
	(36,149,510)	(71,861,189)
	(37,314,940)	(95,477,092)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	(33,696,075)	(26,334,566)
Proceeds from long term borrowings	29,276,911	64,977,255
Repayment of long term borrowings	(30,000,000)	(15,523,463)
Proceeds from preferential issue	120,000,000	-
Proceeds from short term loans (net)	<u>(51,721,327)</u>	<u>74,993,871</u>
	33,859,509	98,113,097
Net Increase/(Decrease) in Cash and Cash equivalents	(3,455,431)	2,636,005
Cash and Cash equivalents as at 1st April, 2010	<u>5,136,084</u>	<u>2,500,079</u>
Cash and Cash equivalents as at 31st March, 2011	<u>1,680,653</u>	<u>5,136,084</u>

- 1 Cash & cash equivalent at the year end represents cash in hand and bank balance with schedule Banks as reflected in schedule 8 and are available for use in the ordinary course of business.
- 2 The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard on Cash Flow Statement (AS-3).
- 3 Previous Year's figures have been recast, regrouped and restated where ever necessary.

For and on behalf of Board of Directors

For SINGHI & CO.  
*Chartered Accountants*  
Firm Registration No. 302049E

M. L. JALAN	<i>Chairman</i>
D. KUMAR ANKIT JALAN	<i>Executive Directors</i>

L. N. Dey  
*Partner - Membership No. 03569*  
Kolkata : 30th May, 2011

ANKUR JALAN J. AGRAWAL S. MUKHERJEE	<i>Directors</i>
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**AGIO PAPER & INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>1. SHARE CAPITAL AUTHORIZED</b>		
1,80,00,000 Equity Shares of Rs. 10/- each	180,000,000	180,000,000
2,00,000 10% non-cumulative Redeemable Preference Shares of Rs.100/- each	<u>20,000,000</u>	<u>20,000,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
1,61,25,400 Equity Shares of Rs.10/- each fully paid-up in cash	161,254,000	61,254,000
(1,00,00,000 equity shares of Rs.10/- each fully paid in cash have been issued during the year on preferential basis)		
Add: Shares forfeited (Amount paid up)	<u>19,500</u>	<u>19,500</u>
	<u>161,273,500</u>	<u>61,273,500</u>
<b>2. RESERVES &amp; SURPLUS</b>		
Capital Redemption Reserve	10,000	10,000
Securities Premium		
Opening Balance	30,627,000	
Add : Additional during the year	<u>20,000,000</u>	30,627,000
	50,627,000	
Foreign Currency Translation Reserve		
(i) Opening Balance	263,777	(12,720,994)
(ii) Adjustment during the year	<u>263,777</u>	<u>12,984,771</u>
	<u>50,637,000</u>	<u>30,900,777</u>
<b>3. SECURED LOANS</b>		
<b>i) LOANS FROM BANKS</b>		
Term Loan	195,000,000	149,900,271
(Repayable within one year Rs.Nil.Previous year Rs. 3,00,00,000/-)		
Interest accrue and due	65,192	1,917,186
Working Capital Term Loan	90,115,474	58,450,394
Above loans are secured primarily by hypothecation charge over all the current assets and book debts of the Company along with movable assets of the Company both present and future and equitable mortgage on Plant and Machinery, Land and Building and all fixed assets of the Company (including Capital Work in progress) both present and future. These loans are collaterally secured by equitable mortgage of the Company's land, freehold and leasehold.		
<b>ii) VEHICLE LOAN</b>		
CITI BANK	-	115,551
TATA CAPITAL LTD.	175,260	595,884
(Secured against hypothecation of Assets acquired against loan)		
(Repayable within one year Rs.1,75,260/-)	<u>255,355,926</u>	<u>256,079,015</u>
<b>4. UNSECURED LOANS</b>		
Other loans & advances		
From Bodies Corporates		
- In Foreign Currency	-	99,944,366
- In Indian Rupees	<u>42,341,500</u>	<u>89,373,500</u>
	<u>42,341,500</u>	<u>189,317,866</u>

**AGIO PAPER & INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)**

**5. FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION & AMORTIZATION				NET BLOCK	
	As on 31.03.2010	Additions during the year	Sale/Adjust- ment during the year	Total as on 31.03.2011	As on 31.03.2010	For The Period	Adjustment against Sales /Disposal during the year	Total As on 31.03.2011	Balance As on 31.03.2011 Balance As on 31.03.2010
Land :									
Freehold	958,276	-	-	958,276	-	-	-	-	958,276
Leasehold	59,541	-	-	59,541	15,636	601	-	16,237	43,905
Building	35,518,290	-	-	35,518,290	13,319,031	4,341,499	A	17,660,530	22,199,259
Plant & Machinery	204,351,438	-	-	204,351,438	126,753,613	41,067,825	B	167,821,438	77,597,825
Furniture & Fittings	4,989,569	2,170,475	930,382	6,229,662	2,135,981	1,733,925	C	3,776,957	2,853,588
Computers	2,533,185	17,200	-	2,550,385	2,393,720	36,353	-	2,430,073	139,465
Office Equipments	2,419,668	1,077,045	1,579,841	1,916,872	503,085	98,824	121,465	480,444	1,916,583
Vehicles	4,941,935	-	-	4,941,935	2,798,627	1,024,351	D	3,822,978	2,143,308
TOTAL :	255,771,902	3,264,720	2,510,223	256,526,399	147,919,693	48,303,378	214,414	196,008,657	107,852,209
PREVIOUS YEAR	249,094,203	7,183,004	505,305	255,771,902	135,371,148	12,630,053	81,508	147,919,693	
CAPITAL WORK IN PROGRESS	350,075,708	40,304,518	3,243,020	387,137,206					350,075,708

Note:

A,B,C & D Includes arrear depreciation related to Financial year 1996-97 to 1999-2000 amounting to Rs. 33,99,193/-, Rs. 30,276,907, Rs. 15,08,160/- & Rs. 5,54,867/- respectively which has been provided during the year. (Refer Note No.7, Schedule No. 19)



**AGIO PAPER & INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>6. INVENTORIES</b> (As taken, valued & certified by the management)		
Raw Materials	944,053	2,390,128
Stores & Spares, Chemical etc.	16,759,545	29,679,711
Stock In Process	-	2,758,032
Finished Stock	2,145,507	20,233,932
	<u>19,849,105</u>	<u>55,061,803</u>
<b>7. SUNDRY DEBTORS</b> (Unsecured)		
Due over six months :		
Considered Good	760,223	648,445
Considered Doubtful	722,504	722,504
Under Litigation	923,032	923,032
	<u>2,405,759</u>	<u>2,293,981</u>
Other Debts	1,939,625	17,645,564
	<u>4,345,384</u>	<u>19,939,545</u>
Less: Provision For Doubtful Debt	1,645,536	1,645,536
	<u>2,699,848</u>	<u>18,294,009</u>
<b>8. CASH &amp; BANK BALANCES</b>		
Cash in hand	67,515	41,671
With Schedule Banks :		
In Current Account	715,150	1,639,665
Fixed deposit with Bank held as margin Money	897,988	3,454,748
	<u>1,680,653</u>	<u>5,136,084</u>
<b>9. LOANS &amp; ADVANCES</b> (Unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received	9,220,112	12,288,161
Less: Provision for Doubtful Advances	6,000	6,000
Balances with Central Excise/Customs Authority	9,214,112	12,282,161
Income Tax Refundable	5,147,644	5,649,163
Minimum Alternate Tax Credit Entitlement	542,479	542,479
Sundry Deposit	-	5,906,409
Advance Income Tax/TDS (Net)	9,165,214	9,847,509
Income Tax Advance & Tax Deducted at Source	1,260,274	1,809,078
Less : Provision of Tax	979,143	1,577,488
	<u>281,131</u>	<u>231,590</u>
	<u>24,350,580</u>	<u>34,459,311</u>
<b>10. CURRENT LIABILITIES</b>		
Sundry Creditors for goods, Services & expenses		
- Others	29,670,726	50,874,238
- Dues to Micro Enterprise & Small Enterprise	-	-
Deposit From customers & Others	3,834,386	4,150,778
Advances from Dealers & Consignment agents	868,534	1,167,013
Other Liabilities	2,603,127	3,168,950
	<u>36,976,773</u>	<u>59,360,979</u>
<b>11. PROVISIONS</b>		
For Bonus/ Gratuity/ Leave	8,553,065	9,121,082
For Others (Refer note no.2C, Schedule no.19)	1,620,712	1,734,236
	<u>10,173,777</u>	<u>10,855,318</u>

**AGIO PAPER & INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

		For the Year ended 31.03.2011 Rs.	For the Year ended 31.03.2010 Rs.
12	SALES	146,956,758	237,242,926
	Less : Excise Duty	928,725	4,500,225
	NET SALES	<u>146,028,033</u>	<u>232,742,701</u>
13	OTHER INCOME		
	Interest on Deposits (TDS Rs.49,791/-)	513,873	452,789
	(Previous year Rs.90,757/-)		
	Foreign Exchange Fluctuation Gain	701,619	263,778
	Sundry Balances/ Liabilities no longer required written back (Note No.8, Schedule No. 19)	95,886,809	637,805
	Miscellaneous Receipts	501,376	2,963,250
		<u>97,603,677</u>	<u>4,317,622</u>
14	INCREASE / (DECREASE) IN STOCK		
	Opening Stock		
	Finished Goods	20,233,932	9,174,025
	Stock in Process	2,758,032	981,814
		<u>22,991,964</u>	<u>10,155,839</u>
	Closing Stock		
	Finished Goods	2,145,507	20,233,932
	Stock in Process	-	2,758,032
		<u>2,145,507</u>	<u>22,991,964</u>
	Increase / (Decrease) in Stock	<u>(20,846,457)</u>	<u>12,836,125</u>
15	MANUFACTURING EXPENSES		
	Stores, Chemical, Spare Parts etc.	42,746,444	71,844,855
	Power and Fuel	29,209,338	47,369,866
	Repairs & Maintenance :		
	Plant & Machinery	223,967	608,050
	Buildings	146,537	570,759
	Others	132,116	237,164
	Excise Duty on Finished Stock	(672,072)	418,343
		<u>71,786,330</u>	<u>121,049,037</u>

**AGIO PAPER & INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

		For the Year ended 31.03.2011 Rs.	For the Year ended 31.03.2010 Rs.
16	<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
	Salary, Wages, Bonus, Gratuity & other Allowances	19,965,376	20,588,964
	Contribution to Provident Fund, Family Pension Fund etc.	2,417,439	1,854,834
	Workmen & Staff Welfare Expenses	841,772	981,650
		<u>23,224,587</u>	<u>23,425,448</u>
17	<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
	Rent	644,779	1,090,642
	Rates & Taxes	118,472	127,628
	Travelling & Conveyance	635,638	762,764
	Insurance	374,925	375,479
	Postage, Telephone & Telex	630,025	829,534
	Printing & Stationery	315,996	360,723
	Legal & Professional Charges	630,798	1,140,319
	Security Charges	1,702,246	1,464,426
	Directors Fees	28,000	56,000
	Loss on Sale/Discard of Fixed Assets	2,295,809	302,797
	Auditor's Remuneration :		
	For Audit Fee	200,000	200,000
	For Certification	175,376	150,000
	For Tax Audit	41,363	37,500
	Out of Pocket Expenses	-	55,985
	Sales Tax	2,743,138	4,134,092
	Donation	408,100	1,001,000
	Commission & Brokerage	633,676	941,685
	Selling Expenses	3,438,072	5,526,890
	Provision For Doubtful Debts further created	-	6,000
	Provision for Contingencies	286,050	532,239
	Miscellaneous Expenses	4,251,714	6,488,183
		<u>19,554,177</u>	<u>25,583,886</u>
18	<b>INTEREST</b>		
	On Term Loan	19,309,590	515,546
	On Working Capital Loan	10,582,721	7,695,785
	Other Finance Charges	291,735	321,512
		<u>30,184,046</u>	<u>8,532,843</u>

## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### 19. NOTES ON ACCOUNTS

#### SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

##### 1. SIGNIFICANT ACCOUNTING POLICIES:

###### (a) Accounting Concept:

The financial statements have been prepared on mercantile basis of accounting in accordance with the historical cost convention and in compliance with mandatory accounting standards notified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956.

###### (b) Fixed Assets, Depreciation & Amortization:

- i) Fixed asset are stated at cost including expenses incurred up to the date of their installation/commissioning as reduced by accumulated depreciation/impairment provided in the accounts. Capital work-in-progress is stated at cost.
- ii) Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular are capitalised and depreciated over the residual life of the respective assets.
- iii) Depreciation on assets is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. Assets individually costing Rs.5,000/- or less depreciated at 100% within the period of one year from the date of use.
- iv) Leasehold lands are amortized over the lease period.

###### (c) Intangible Assets

Cost incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets and amortized on a straight-line method beginning from the date of capitalization.

###### (d) Impairment of Assets:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit & loss account of the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is adjusted if there has been a change in the estimate of the recoverable amount.

###### (e) Inventories :

- i) Finished Goods (including goods in transit) and work-in-process are valued at cost or net realizable value, whichever is lower.
- ii) Raw material and stores are valued at cost or net realizable value, whichever is lower.
- iii) Cost comprises of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and conditions. Cost formula used is weighted average cost.
- iv) Net realizable value is the estimated selling price in ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.
- v) Materials and other items held for use in the production of Inventories are not written down below the costs of the finished products in which they will be incorporated are expected to be sold at or above cost.
- vi) Provision is made for obsolete and slow moving stocks where necessary.

###### (f) Borrowing Cost:

Borrowing cost that is attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to set ready for its intended use. All other borrowing costs are charged to revenue.

###### (g) Foreign Currency Transaction :

Foreign currency transactions are recorded on the basis of exchange rate prevailing at the date of the transactions. Any gain or loss on settlement of monetary items denominated in foreign currencies transactions during the year or at the time of translation at the year end rates is recognized in the profit & loss account.

Exchange difference arising on long term foreign currency monetary items has been accounted in accordance with option granted vide notification no. GSR 225(E) dated 31.03.2009 issued by the Ministry of Corporate affairs wherein exchange difference arising on restatement of long term foreign currency monetary items (other than for acquisition of depreciable capital assets) have been recognized over the shorter of the maturity period of monetary items or 31st March, 2011. The unrecognized amount is reflected as foreign currency translation reserve as part of reserve and surplus account.

## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (contd.)

### (h) Recognition of Income & Expenditure :

- i) Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer and is stated at net of trade discount, rebates and return but inclusive of excise duty, sales tax and cess. However, consignment sales are net of sales tax.
- ii) Other income and expenditure are accounted for on accrual basis.

### (i) Excise Duty:

Excise Duty, Cess & Education Cess payable on finished goods is accounted for on clearance of goods from the factory.

### (j) Employee Benefits:

#### i) Short Term Employees Benefits:

The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by the employee is recognized during the period when the employee renders the service. This benefit includes salary, wages, short term compensatory absence and bonus.

#### ii) Long Term Employee Benefits:

i) Defined Contribution Scheme: The benefit includes contribution to provident fund schemes and ESIC (Employee State Insurance Corporation). The contribution is recognized during the period in which the employee renders service.

ii) Defined Benefit Scheme: For defined benefit scheme the cost of providing benefit is determined using the projected unit credit method with actuarial valuation being carried out at each balance sheet date. The retirement benefit obligation recognized in the balance sheet represents value of defined benefit obligation. Actuarial gains and losses are recognized in full during the period in which they occur.

iii) Other Long Term Benefit: Long term compensated absence is provided for on the basis of actuarial valuation, using the projected unit credit method as at the date of balance sheet.

### (k) Research and Development :

Research costs are expensed as and when incurred. The development expenses on cost of internal projects is also expensed as incurred, unless they meet asset recognition criteria as defined in AS-26 "Intangible Assets".

### (l) Accounting for Taxes on Income:

Provision for taxation comprises of current tax and deferred tax. The deferred tax charge or credit is recognised, using subsequently enacted tax rates for timing differences between book and tax profits.

Deferred tax assets arising on account of carry forward losses and unabsorbed depreciation are recognised only when there is virtual certainty of realization of such assets. Other deferred tax assets are recognised to the extent there is reasonable certainty of realization in future.

Tax Credit for Minimum Alternate Tax (MAT) is recognized when there is convincing evidence of its realisability against future tax liability.

### (m) Leases

- i) For assets acquired under operating lease, rentals payable are charged to profit and loss account on a straight line basis over a lease term.
- ii) For assets acquired under finance lease, the assets are capitalized at lower of their respective fair value and present value of minimum lease payments after discounting them at an appropriate discount rate.

### (n) Earning Per Share:

Basic earning per share is calculated by dividing the net profit for the year attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive equity shares.

## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT(contd.)

## (o) Provisions, Contingent Liabilities and Contingent Assets:

A Provision is recognized when there is a present obligation as a result of amount of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Assets is neither recognized nor disclosed in the financial statements.

## 2. Contingent and disputed liabilities not provided for:-

(Rs. in Lacs)

A	Claims against the Company not acknowledged as debts	As at 31st March, 2011	As at 31st March, 2010
1.	Disallowance of Modvat Credit on input items Felts & etc from 1993-2005 (Show Cause Notice issued by Excise Department).	16.09	16.45
2.	Disputed income tax liability relating to disallowance of depreciation in calculation of book profit under MAT provisions pending before Kolkata High Court for the financial year 1996- 1997.	7.96	7.96
3.	Disputed sales tax liability for pending Declaration Forms & etc. for 1999-2000 to 2004-05.	-	5.94
4.	Disputed provident fund liabilities 1990-91 to 2000-2001 & 2003-2004, stay granted from provident fund Appellate Tribunal (net of advance).	2.64	2.64
5.	Disputed income tax liability relating to imposition of interest on advance tax not paid u/s 154 pending before Deputy Commissioner of Income Tax, Kolkata for the financial year 2007-2008.	6.23	7.17

## B Civil Cases Pending

SL	Name of Party	Before the Court	Nature	Brief Description
1	Rajlakshmi Chemicals Industries	Learned Civil Judge (Sr. Division) - Pune	Against Supply of Material	Suit claiming a decree for Rs. 2.41 lacs with interest from the date of suit till completion.
2	Harsh Industries	Learned Third Civil Judge, Bilaspur (Chattisgarh)	Against Supply of Material	Party has instituted a suit for Rs. 0.36 lacs and summon issued by the court.

The above claims / demands are at various stages of appeal and in the opinion of the Company are not tenable.

## C. Disclosures required by AS-29 "Provisions, Contingent Liabilities and Contingent Assets" Movement in provisions :

(Rs. in Lacs)

Sl	Particulars of disclosure	2010-11	2009-10
1	Opening Balance	17.34	12.02
2	Provision during the Year	2.86	7.73
3	Provision used during the year	-	-
4	Provisions reversed during the year	3.99	2.41
5	Closing Balance (1+2-3-4)	16.21	17.34

The provisions for disputed obligatory liabilities on account of cases pending with courts/concerned authorities based on estimate made by the company considering the facts and circumstances.

## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (contd.)

3. Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) Rs. 74.00 lacs (Previous Financial Year Rs 56.90 lacs).
4. Bank guarantee outstanding at the year end is Rs.15.11 lacs (Previous year Rs.15.11 lacs).
5. Capital work-in-progress includes

(Rs. in Lacs)

Sl	Particulars	For the year 2010-11*	For the year 2009-10
1	Power & Fuel	71.02	163.84
2	Stores, Chemicals, Spare Parts, etc	35.57	41.30
3	Salary & Wages	45.65	48.17
4	Rates & Taxes	-	2.17
5	Insurance	-	1.18
6	Interest & Financial Charges	41.63	190.02
7	Administrative & Others Charges	-	1.02

\*Represents addition during the year

6. The following are included under other heads of expense in the Profit & Loss Account

(Rs. in Lacs)

Sl	Particulars	As on 31.03.2011	As on 31.03.2010
1	Salary & Wages	31.52	68.89

7. Depreciation/Amortization for the year includes arrear depreciation amounting to Rs. 357.39 lacs (Previous year Rs. 357.39 lacs) related to financial year 1996-1997 to 1999-2000.
8. In earlier years the Company had taken unsecured foreign currency loan amounting to Rs.9,47,33,625/- (balance as on 31.03.2011) for the rehabilitation of the Company. The Board of the Company had also decided to issue right share to the lender in lieu of the loan. However considering the present scenario and in view of term of settlement reached between the Company and the lender, the loan liability remained as on 31.03.2011 after payment of settlement amount has been foregone by the lender.
9. The power plant has been commissioned and started generating power from 16th October, 2008 and was operated until 19th February, 2009. As the power plant can be made fully operational with the upcoming additional paper production capacity, the same is considered under trial run and has been shown under capital work in progress.
10. Additional paper machine with an annual capacity of 18000 MT is under installation. However, pulp mill of the new paper machine has commenced its trial run production w.e.f. 25th October, 2009 and has generated 2017 MT of pulp during 2010-11 (previous year 2487 MT).
11. In compliance with Accounting Standard AS-28 relating to "Impairment of Assets", the company has reviewed the carrying amount of its fixed assets as at the end of the year and no impairment of assets is envisaged.
12. Balance confirmations from some of the parties of sundry debtors, unsecured loans, advances and creditors are yet to be received.
13. The factory remains under shut down w.e.f. 6th October, 2010 to fulfill certain pollution control measures laid down by Central Pollution Control Board.
14. The Company has no amount due to suppliers under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) as at 31.03.2011. The disclosure as required under the said act is as under:

(Rs. in Lacs)

Sl	Particulars	Amount
1	Principal Amount due to Suppliers under MSMED Act	Nil
2	Interest due to Suppliers on above	Nil
3	Any Payment made to suppliers beyond appointed date (u/s 16 of the Act)	Nil
4	Interest due and payable to suppliers under MSMED Act	Nil
5	Interest Accrued and remaining unpaid as at 31.03.2010	Nil
6.	Interest remaining due and payable as per section 23 of the Act	Nil

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT (contd.)

## 15. Employee Benefits:

## a) Defined Contribution Plan:

The Company makes contribution towards provident fund and Employee's State Insurance Corporation (ESIC) to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund plan and ESIC by concerned Government agencies created for the purpose. Under the said schemes the Company is required to contribute a specific percentage of pay roll costs in respect of eligible employees to the retirement benefit scheme to fund the benefits. The contribution payable to these plans by the Company is at the rates specified in the rules of the scheme.

The amount recognized in financial statements for defined contribution plans are as under:

(Rs. in Lacs)

Defined Contribution Plans	Amount recognised during the year	
	2010-11	2009-10
Provident Fund Contribution	16.77	13.09
ESIC Contribution	7.41	5.16

## b) Defined Benefits Plan:

i) Gratuity: 15 days salary for every completed year of service. Vesting period is 5 years and payment is restricted to Rs. 10.00 lacs.

ii) Leave: The employees of the Company are also eligible for encashment of leave on retirement.

iii) The present value of defined obligation and related current cost are measured using the Projected Credit Method with actuarial valuation being carried out at each balance sheet date.

(Rs. in Lacs)

A	Expenses recognized in the statement of Profit & Loss Account for the year ended 31st March, 2011	Gratuity (Unfunded) 2010-11	Gratuity (Unfunded) 2009-10
i)	Current Service Cost	3.41	4.28
ii)	Interest Cost	5.69	5.35
iii)	Expected Return on Plan Assets	-	-
iv)	Expected Return on any reimbursement right recognized as an asset	-	-
v)	Actuarial (Gain) / Losses	5.05	(0.29)
vi)	Past Service Cost	-	-
vii)	Effect of any Curtailment /Settlement	-	-
viii)	Unrecognized defined benefit obligation	-	-
ix)	Expenses Recognized in Profit & Loss Account	14.15	9.34
B	Net (Asset) / Liabilities Recognized in Balance Sheet		
i)	Present Value of Defined Benefit Obligation	70.55	71.83
ii)	Fair Value of Plan Assets	-	-
iii)	Unrecognized Defined Obligation	-	-
iv)	Net (Asset)/ Liabilities recognized in Balance Sheet	70.55	71.83
C	Changes in Present Value of Defined Benefit Obligation during the year		
i)	Present Value of Defined Benefit Obligation at the beginning of the year	71.83	70.74
ii)	Current Service Cost	3.41	4.28
iii)	Interest Cost	5.69	5.35
iv)	Actuarial (Gain) / Losses	5.05	(0.29)
v)	Past service cost	-	-
vi)	Losses/(gains) on curtailments	-	-
vii)	Liabilities extinguished on settlements	-	-
viii)	Benefit Paid	(15.43)	(8.25)
ix)	Present Value of Obligation at the end of the year	70.55	71.83
D	Principle Actuarial Assumptions used		
i)	Discount Rate per annum	8.00%	7.50%
ii)	Expected Salary increase	5.00%	5.00%
iii)	Mortality	LIC (1994-96), ultimate table	



## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (contd.)

- c) Amount not recognized as an asset, because of the limit prescribed in Accounting Standard 15 (Revised 2005) i.e. Employees Benefits is Rs. Nil.
- d) There is no reimbursement right at the balance sheet date.
- e) Fair value of plan assets does not include any amount for Companies own financial instruments or any property occupied by or other assets used by, the Company.
- f) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- g) The table below illustrates experience adjustment disclosure as per para 120(n)(ii) of Accounting Standard 15 -Employee Benefits.

(Rs. in Lacs)

	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	70.55	71.83	70.74	69.28
Plant assets	-	-	-	-
Surplus / (Deficit)	70.55	71.83	70.74	69.28
Experience adjustments on plan liabilities	5.05	(0.29)	(4.40)	(2.47)
Experience adjustments on plan assets	-	-	-	-

- h) Comparative values of defined benefit plans for the past three years instead of four financial years as required by Accounting Standard – 15 (Revised 2005) on Employees Benefits are provided, this being only the fourth year of adoption of the Standard.
  - i) The disclosure as required by Para 120 of Accounting Standard – 15 “Employee Benefit” has been made to the extent applicable to the Company.
16. During the year borrowing cost amounting to Rs. 41.63 lacs (Previous year Rs. 190.02 lacs) has been capitalized and grouped under Capital Work-in-Progress.
  17. The year end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below:

Particulars	Amount in Foreign Currency (USD)		Equivalent Rupees (Rs. in Lacs)	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Unsecured Loan (USD)	Nil	2,213,975	Nil	999.44

18. Major components of deferred tax arising on account of temporary differences are as below :

(Rs. in Lacs)

Sl	Particulars	As At 31.03.2011	As At 31.03.2010
A.	Deferred Tax Liabilities		
1	Difference of Written Down Value of Fixed Assets	77.69	121.29
	Sub Total (A)	77.69	121.29
B.	Deferred Tax Assets		
1	Unabsorbed Losses and Depreciation*	9.25	17.60
2	43B items	57.07	51.47
	Sub Total	66.32	69.07
	Net Deferred Tax Liabilities/ (Assets)	11.37	52.22

\* Recognized based on the future projection of the Company

## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT (contd.)

## 19. Segment Reporting

The Company's business activities fall within a single primary reportable segment viz., Writing & Printing Paper. Accordingly, pursuant to Accounting Standard (AS)-17 on Segment Reporting, Segmental Information is not given.

## 20. Related party's disclosures under AS- 18

Sl	Name of Parties	Relationship
A.	1. Arrow Syntax Pvt. Ltd.	Associate Company and having significant influence over the Company
B.	1. Foto Exim FZE, Dubai 2. Orion IT Parks Pvt. Ltd. 3. Dhanshree Impex Pvt. Ltd.	Common Director
C.	D. Kumar – Whole Time Director	Key Management Personnel

## Related party transactions under Accounting Standard (AS)- 18

(Rs. in Lacs)

Related Party Transactions	Enterprises having Common Director		Key Management Personnel	
	2010-11	2009-10	2010-11	2009-10
Remuneration Paid	-	-	2.96	2.96
Unsecured Loan				
Paid	1225.39	29.25	-	-
Received	711.60	935.92	-	-
Contribution received towards Preferential Allotment	660.00			
Balances as on 31st March				
Payable	390.00	1856.34	0.18	0.22

## 21. Operating Leases

The Company does not have any lease agreement as at the end of the year. The total rental expenses under non-cancelable operating lease for the year is Rs.8,75,000 (Previous year Rs.15,00,000).

## 22. Earning Per Shares (Basic &amp; Diluted)

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Net Profit/ (Loss) after tax for the year (A) (In lacs)	(195.29)	(329.77)
Weighted average no. of Equity Shares (B)	6,207,592	6,125,400
Earning per share ( Basic/Diluted) (Rs.)	(3.15)	(5.38)

## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (contd.)

23. Information pursuant to the provision of paragraph 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956 :-

A) Particulars in respect of goods manufactured

(Rs. in Lacs)

Particulars	2010-2011		2009-2010	
	Qty (MT)	Value	Qty (MT)	Value
Licensed Capacity	15500.00		15500.00	
Installed Capacity	15500.00		15500.00	
Class of goods	PAPER		PAPER	
Production	3963.17		7499.83	
Opening Stock	637.18	202.34	281.84	91.74
Sales (including wrapper)	4521.95	1469.57	7144.49	2372.43
Closing Stock	78.40	21.46	637.18	202.34

(i) Closing stock includes stock with consignment Agent 73.30 M.T. (Previous Year: 192.85 MT) of paper.

(ii) Pulp plant is an integral part of the Paper plant and therefore capacity and actual production of pulp are not separately shown.

B) Particulars of Raw Materials consumed :

(Rs. in Lacs)

Sl	Items	2010-2011		2009-2010	
		Qty (M.T.)	Value	Qty (M.T.)	Value
i)	Straw	5819.26	63.17	10056.00	106.27
ii)	Gunny	38.68	2.61	617.00	41.69
iii)	Waste Paper	2888.61	407.11	5206.11	755.96
iv)	Wood Pulp	6.00	1.52	49.52	12.60
	Total	8752.55	474.41	15928.63	916.52

C) Break up of raw materials, stores and spares consumed :

(Rs. in Lacs)

Sl	Items	2010-2011		2009-2010	
		Value	%	Value	%
A.	Raw Materials				
i)	Indigenous	324.61	68.42	833.14	90.90
ii)	Imported	149.80	31.58	83.38	9.10
	Total	474.41	100.00	916.52	100.00
B.	Stores, Spares including Chemicals and Dyes				
iii)	Indigenous	381.96	100.00	629.17	100.00
iv)	Imported	Nil	Nil	Nil	Nil
	Total	381.96	100.00	629.17	100.00

## SCHEDULE OF NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT (contd.)

## D) C. I. F. Value of Imports :

(Rs. in Lacs)

Sl	Items	2010-2011	2009-2010
i)	Raw Materials	124.25	52.42
ii)	Capital Goods	Nil	Nil
	Total	124.25	52.42

## E) Managerial Remuneration :

(Rs. in Lacs)

Sl	Items	2010-2011	2009-2010
i)	Salary	2.40	2.40
ii)	Perquisites	0.27	0.27
iii)	Company's Contribution to Provident fund	0.29	0.29
	Total	2.96	2.96

Note: The above Remuneration does not include provision for post retirement benefits under Accounting Standard 15, since the same is not available for individual's employees.

24. Previous year's figures have been regrouped and/or re-arranged wherever necessary, to conform the current year classification.

Signature to Schedules "1" to "19"

As per our report of even date annexed.

For and on behalf of Board of Directors

For SINGHI & CO.  
Chartered Accountants  
Firm Registration No. 302049E

M. L. JALAN *Chairman*

D. KUMAR  
ANKIT JALAN *Executive Directors*

L. N. Dey  
Partner - Membership No. 03569  
Kolkata : 30th May, 2011

ANKUR JALAN  
J. AGRAWAL  
S. MUKHERJEE *Directors*

## INFORMATION PURSUANT TO PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

### Balance Sheet Abstract of Company's General Business Profile.

#### I. Registration Details

Registration No.	21-37968 of 1984 (CIN NO: L21090WB1984PLC037968)
State Code	21
Balance Sheet Date	31.03.2011

#### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	100,000

#### III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	510,745	Total Assets	510,745
Sources of Funds			
Paid-up Capital	161,274	Reserves & Surplus	50,637
Deferred Tax Liabilities	1,137	Secured Loans	255,356
Unsecured Loans	42,341		
Application of Funds			
Net Fixed Assets	447,655	Investments	NIL
Net Current Assets	1,430	Accumulated Losses	61,660
Misc. Expenditure	NIL		

#### IV. Performance of Company (Amount in Rs. Thousands)

Turnover	146,028	Total Expenditure	320,031
Profit/ (Loss) before tax	(17,709)	Profit/ (Loss) after tax	(19,529)
Earning Per Share	(3.15)	Dividend Rate %	NIL

#### V. Generic Name of the Principal Product of the Company

Item Code No.	480252-09
(ITC Code)	
Product Description	: WRITING AND PRINTING PAPER

For and on behalf of Board of Directors

M. L. JALAN	<i>Chairman</i>
D. KUMAR ANKIT JALAN	<i>Executive Directors</i>
ANKUR JALAN J. AGRAWAL S. MUKHERJEE	<i>Directors</i>

## FINANCIAL OVERVIEW

(Rs. in Lacs)

Parameters	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
<b>PROFIT &amp; LOSS :</b>									
Gross Sales	1,469.57	2,372.43	3,677.63	3,660.62	3,712.14	3,561.22	3,347.93	2,115.69	1,387.50
Net Sales	1,460.28	2,327.43	3,547.24	3,345.45	3,402.68	3,224.65	3,004.34	1,888.93	1,341.94
Other Income	976.04	43.18	59.16	6.27	160.67	50.58	25.21	68.38	4.19
Operating Profit	(368.25)	(161.32)	231.69	628.06	428.35	255.59	149.07	104.28	(415.19)
Profit/(Loss) before IDT	607.79	(118.14)	290.85	634.33	589.02	306.17	174.28	172.66	(411.00)
Interest	301.84	85.33	134.90	36.17	17.00	47.90	39.46	62.78	144.12
Depreciation	483.03	126.30	121.34	119.98	116.03	104.65	102.02	99.96	97.93
Profit before Tax	(177.09)	(329.77)	34.61	478.18	455.99	153.62	32.80	9.92	(653.05)
Taxation	18.21	-	19.33	36.76	23.73	1.27	-	-	-
Profit After Tax	(195.29)	(329.77)	15.28	441.42	432.26	152.35	32.80	9.92	(653.05)
<b>BALANCE SHEET :</b>									
Equity	1,612.74	612.74	612.74	612.74	612.74	612.74	612.74	612.74	612.74
Reserves	506.37	309.01	179.16	306.37	306.37	306.37	306.37	306.37	306.37
Profit & Loss	(616.60)	(421.31)	(91.53)	(54.73)	(505.88)	(938.15)	(1,090.50)	(1,123.30)	(1,133.22)
Loan Fund	2,976.97	4,434.80	3,322.81	2,639.32	1,519.82	1,623.36	2,117.31	1,932.52	1,149.84
Fixed Assets	4,476.55	4,579.28	3,804.72	2,945.20	1,346.42	1,431.99	1,476.63	1,420.66	1,486.21
Net Current Assets	14.30	408.18	270.67	593.30	586.62	172.33	469.29	304.99	(555.85)
<b>STATISTICS &amp; RATIOS</b>									
Net Worth	1,502.50	500.44	700.37	864.38	413.23	(19.04)	(171.39)	(204.19)	(214.11)
EPS	(3.15)	(5.38)	0.25	7.21	7.06	2.49	0.54	0.16	(10.66)
Operating Margin (%)	(25.22)	(6.93)	6.53	18.77	12.59	7.93	4.96	5.52	(30.94)
Gross Margin (%)	(13.29)	(13.90)	0.42	12.06	11.64	4.28	0.98	0.47	(47.07)
Net Margin (%)	(13.37)	(14.17)	0.43	13.19	12.70	4.72	1.09	0.53	(48.66)
Interest Cover (Times)	2.01	(1.38)	2.16	17.54	34.65	6.39	4.42	2.75	(2.85)
Net Sales/Total Assets (Times)	0.33	0.51	0.93	1.14	2.53	2.25	2.03	1.33	0.90
Current Ratio (Times)	1.03	1.57	1.53	2.23	2.43	1.27	1.80	1.32	0.51



## Agio Paper & Industries Ltd.

Regd. Office: 41A, AJC Bose Road

Suite No. 505, Kolkata - 700 017

ATTENDANCE SLIP

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. PLEASE ALSO BRING YOUR COPY OF THE ENCLOSED ANNUAL REPORT

I hereby record my presence at the 26<sup>th</sup> Annual General Meeting of the Company at Auditorium of Bengal National Chamber of Commerce & Industry, Bengal National House, 23 R. N. Mukherjee Road, Kolkata - 700 001 on Thursday, 22<sup>nd</sup> September, 2011 at 10.30 A.M.

Regd. Folio No. :	Name of the shareholder / Proxy (in block letters)	Signature
DP ID No.		
Client ID No.		

PROXY FORM



## Agio Paper & Industries Ltd.

Regd. Office: 41A, AJC Bose Road

Suite No. 505, Kolkata - 700 017

No. of Shares	Regd. Folio No. :
	DP ID NO. :
	Client ID No. :

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member / members of AGIO PAPER & INDUSTRIES LIMITED hereby appoint

\_\_\_\_\_

of \_\_\_\_\_ or failing him \_\_\_\_\_

as my/our proxy to attend and vote for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company at Auditorium of Bengal National Chamber of Commerce & Industry, Bengal National Chamber House, 23 R. N. Mukherjee Road, Kolkata - 700 001 on Thursday, the 22<sup>nd</sup> September, 2011 at 10.30 A. M.

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signed by the Said \_\_\_\_\_

Re. 1.00  
Revenue  
Stamp

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.







Regd. Off. : Agio Paper & Industries Ltd.

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Fax : +91-33-4022 5999  
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Bilaspur - 495 551 (Chhattisgarh),  
Phone : +91-7752-257 010/011/014  
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E-mail : mill@agiopaper.com