

NOTICE

NOTICE is hereby given that the Twenty Seventh 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 – 700001 on Wednesday the 26th September, 2012 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 2012, together with the Report of the Directors and Auditors.
2. To appoint directors in place of directors retiring by rotation.
Shri Davinder Kumar, director, retires by rotation and being eligible, offers himself for re-appointment.
Shri M.L.Jalan, 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 reappointment.

Special Business

4. To Consider and, if thought fit, to pass the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to provisions of sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Davinder Kumar as wholetime Director of the Company for a period of two years with retrospective effect from 25th February 2012 upon the terms and conditions including remuneration as set out in the draft agreement and also the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and to vary the terms and conditions of the said appointment and /or the Agreement so as not to exceed the limits specified in schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the directors and Shri Davinder Kumar.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take necessary steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.”

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

14th August, 2012

By Order of the Board
For Agio Paper & Industries Limited

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 a 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 24th September, 2012.
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 24th September 2012 to 26th September (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 Davinder Kumar and Shri M. L. Jalan, 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 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 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 present term of office of Shri Davinder Kumar, Wholetime Director designated as Executive Director has expired on 24th February, 2012. The Board of Directors of the company (the Board), at its meeting held on 13th February, 2012 has, subject to the approval of members, re-appointed the said Wholetime Director as Executive Director for a further period of 2 years from the expiry date of his term.

The broad particulars of remuneration payable to Shri Davinder Kumar are as under:-

SALARY

1. Basic Pay: Rs. 20,000/- per month along with annual increment to be decided mutually by both the parties.
2. Perquisites & Allowances:

CATEGORY A

Medical Reimbursement: Expenses incurred for self and the family subject to a ceiling of 1 month's salary in a year.

Leave Travel Allowance: Reimbursement of Leave Travel Expenses incurred for self and Family as per Company Rules.

CATEGORY B

Contribution to Provident Fund: The Whole time Director shall be entitled to Provident Fund, to the extent these contributions singly or put together are not taxable under the provisions of Income Tax Act, 1961.

CATEGORY C

Encashment of Leave as per Company Rule:

Overall remuneration package not to exceed limits specified in schedule XIII of the Companies Act, 1956.

The board of Directors shall be authorized to revise remuneration from time to time provided that the remuneration package shall be within the limits specified in Schedule XIII of the Companies Act, 1956.

None of the Directors of your Company, other than Shri Davinder Kumar, 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

14th August, 2012

By Order of the Board
For Agio Paper & Industries Limited

Saikat Ghosh
Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS
AGIO PAPER & INDUSTRIES LTD.

Your Directors have pleasure in presenting the 27th Annual Report of the Company along with Audited Accounts of the Company for the year ended 31st March, 2012.

SUMMARISED FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	Current Year	Previous Year
Gross Turnover and other receipts	121.52	2429.30
Profit / (Loss) before Interest and Depreciation	(181.73)	600.77
Less: Interest	399.64	301.84
Profit/(Loss) Before Depreciation	(581.37)	395.95
Less: Depreciation	124.35	483.03
Profit / (Loss) Before Tax	(705.72)	(177.09)
Less: Provision for taxation		
MAT Credit Entitlement	-	59.06
Deferred Tax	(11.37)	(40.85)
Fringe Benefit Tax	-	-
Wealth Tax	-	-
Profit / (Loss) After Tax	(694.35)	(195.29)
Balance brought forward from previous year	(616.60)	(421.31)
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	(1310.95)	(616.60)

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.

Throughout the period during which we have been closed we have been trying very hard to resolve the issue but so far the pollution control authorities has shown reluctance towards giving us clearance. Therefore, we are also exploring the option of trying alternate modes of production.

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, 2012.

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 had our 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 reappointment.

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, 2012.

DIRECTORS

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

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.

The internal audit system which is an integral part of internal control system could not be carried out during the previous financial year due to absence of production activities as it has been mentioned in the auditor's report. However, we remain firm in our commitment towards exercising all such controls and needful action shall be taken upon commencement of production activities.

DIRECTOR'S 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, 2012.
- 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 had taken during earlier years many developmental actions and made huge investments towards that. In specific areas actions taken were:-

- 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 near future shall bring about a permanent solution to the long standing to pollution.
- Ø All wastes and effluents 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 EARNINGS 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

FINANCIAL VIABILITY OF COMPANY

As it has been pointed out in the auditor's report that there has more than 50% erosion of net worth due to closure of our mill. However your directors are making wholehearted efforts to ensure that things get to normalcy. Once the mill resumes production the company shall complete the recovery process.

CONCLUSION

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
14th August, 2012

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)

	2011 - 12	2010 - 11
Earning: Export	Nil	Nil
Outgo: Imports	Nil	124.25
Outgo on repayment of unsecured loan	Nil	Nil

FORM A

	2011-12	2010-11
A. POWER & FUEL CONSUMPTION		
1. ELECTRICITY:		
a) Chhattisgarh State Electricity Board		
Units (KWH in lacs)	2.51	42.70
Total Amount (Rs. in lacs)	9.62	205.64
Rate/KWH (In Rs.)	3.83	4.82
b) Own Generation		
i) Through Diesel (KWH in lacs)	NIL	NIL
ii) Through Steam Turbine Generator	NIL	NIL
2. Coal:		
a) Grade E (ROM)		
Quantity (MT)	8659.18	3568.23
Total Cost (Rs. in lacs)	134.47	51.42
Average rate	1552.91	1440.98
b) ROM (Washery)		
Quantity (MT)	NIL	NIL
Total Cost (Rs. in lacs)	NIL	NIL
Average rate	NIL	NIL
3. RICE HUSK		
Quantity (MT)	NIL	2203.32
Total Cost (Rs. in lacs)	NIL	35.03
Average rate	NIL	1589.92
4. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (KWH/MT)	NIL	1077.51
Coal/Husk (MT/MT)	NIL	1.46

FORM B

TECHNOLOGY ABSORPTION :-

I. RESEARCH AND DEVELOPMENT (R & D)

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

- a) Installed Basis Weight Control Valve at paper machine.
- b) Fresh water consumption further reduced by recycling the machine back water at couch pit dilution, machine and pulp mill vacuum pumps.
- c) Installed 2 Nos. sludge press – running well. Further we are going to install additional treatment before primary clarifier.
- d) Install ESP in power plant boiler which is running well.
- e) Further to reduce fresh water consumption, machine back water used in all vacuum pumps sealing water instead of fresh water.
- f) 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.
- f) Minimum use of fresh water and recycling of such water.

Expenses on R & D :

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> a) Captial b) Recurring c) Total d) Total R & D expenditure
As a % of total turnover | <p>The development work is carried by the concerned department on an ongoing basis. The expenses and the cost of assets are grouped under the respective heads.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

Kolkata

14th August, 2012

On behalf of the Board

M. L. JALAN

Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INTRODUCTION

Since the closure of the mill the company has been experiencing very tough times. We are trying all possible solutions which could prove useful in our hour of need. But nothing yet has been achieved to show for our efforts. 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 has recently moved up to the 11th position in production. It is however highly fragmented. As per estimates, there are more than 1000 paper mills in the Country. There are three segments in the entire Industry, other than newsprint segment, viz., (i) large integrated mills, using bamboo and hardwood and large mills using waste paper / recycled fibre, (ii) medium mills using agricultural residues and (iii) small / medium mills using waste paper / recycled fibres. The Paper Industry is an important industrial sector having a bearing on the socio-economic development of the Country. The Industry mirrors the Country's economic growth. It creates economic wealth in the hands of the poor, by generating rural employment. Indian Paper Industry is an important vehicle to drive the Government's National Literacy Mission. It is also an important contributor to greening India through Social Forestry Programmes.

The industry experienced an unprecedented situation in 2011-12 with growth slowdown and commissioning of new capacities in some segments by major players. This led to a temporary demand – supply mismatch and inventory buildup in the industry. Over the past few years, the Indian industry has grown faster at 8.5% annually as against the global paper industry growth of 2%. The long term growth drivers, which remain intact, will ensure that the Indian paper industry will continue to grow at 8-9% in this decade. The market for Writing and Printing paper is expected to grow by about 9% annually over the next 5-7 years. As a result market size will expand from the current 4.4 million tonnes to about 8 million tonnes per year.

RISK AND CONCERNS

As in other industries there are various risks associated with the paper industry.

In order to minimize the risks we have adopted a systematic course by resorting to SWOT analysis.

SWOT ANALYSIS

<p>STRENGTHS</p> <ul style="list-style-type: none"> i) Opportunity for starting afresh. ii) Complete overhauling of infrastructure. iii) Clear vision for future with stronger foundations. 	<p>WEAKNESS</p> <ul style="list-style-type: none"> i) Greater cost aspects. ii) Substantial timeframe will be involved iii) Achieving optimum efficiency with new team.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> i) Diversification ii) Good growth potential iii) Govt thrust for improving literacy 	<p>THREATS</p> <ul style="list-style-type: none"> i) Environmental threats ii) Poor infrastructure iii) Competition from abroad

OPPORTUNITIES

The slowdown in global economy had its effect on the Indian economy with the GDP growth slowing down to 6.5% in 2011-12 from 8.4% in 2010-11. Consequently, the Indian paper industry was impacted by cost cutting by corporate sector. Indian industry went through a challenging period last year due to the tough market conditions and rising input costs. There are some welcome signs of recovery both in demand and pricing in recent months and there is hope that this will continue in the coming quarters. The long term growth story of the industry is still intact and we expect that the industry will soon catch up with its earlier growth path.

The increased focus on education is evident as we witness significant progress of the Government's schemes like "Sarva Shiksha Abhiyan" and "National Literacy Mission".

INFORMATION TECHNOLOGY

The company is constantly on the look out for better technology in order to ensure that it endures the tough challenges which it is facing from all corners. 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 31.03.2012
		Board Meeting	Last AGM	Directorship	Committee Membership	Chairmanship	
Shri Murari Lal Jalan	Promoter & Non Executive Director	2	No	2	1	Nil	5681080
Shri Davinder Kumar	Executive Director	2	No	Nil	Nil	Nil	Nil
Shri Ankit Jalan	Executive Director	4	Yes	1	Nil	Nil	Nil
Shri Sumitro Mukherjee	Independent Director.	4	Yes	Nil	Nil	Nil	Nil
[^] Shri Sheo Shankar Joshi	Independent Director	3	No	Nil	Nil	Nil	Nil
[^] Shri Kamal Kumar Khetawat	Independent Director	3	Yes	Nil	Nil	Nil	Nil

^ 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.

Four 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:

- | | |
|-----------------------|-----------------------|
| - 30th May, 2011 | - 12th August, 2011 |
| - 14th November, 2011 | - 13th February, 2012 |

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:
 - 1 Effective supervision of financial reporting process.
 - 1 Review of annual, half yearly and quarterly financial results before submission to the Board.
 - 1 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.
 - 1 Ensuring completeness of coverage and proper disclosure of financial reporting.
 - 1 Review of adequacy of internal control & audit and actions taken.
 - 1 Recommending the appointment of Statutory Auditors and their fees.
- iii. The Composition of Audit Committee was reconstituted during the year and particulars of meeting attended by the members of the Audit Committee during 2011-12 are given below :

Name	Status	Category	No of Meetings Attended during the year 2011-12
Shri Sumitro Mukherjee	Chairman	Non-Executive & Independent Director	4
Shri Ankit Jalan	Member	Executive Director	3
Shri Sheo Shankar Joshi	Member	Non Executive & Independent Director	3
Shri Kamal Kumar Khetawat	Member	Non Executive & Independent Director	3

The details of composition of the Committee are as under:

NAME	Status	CATEGORY	No. of meeting during the year 2010-11	
			Held	Attended
Shri Sumitro Mukherjee	Chairman	Non-Executive & Independent Director	14	14
Shri Ankit Jalan	Member	Executive Director	14	12
Shri Sheo Shankar Joshi	Member	Non-Executive & Independent Director	14	9
Shri Kamal Kumar Khetawat	Member	Non-Executive & Independent Director	14	9

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 one and no complaint was pending/unresolved as on 31st March, 2012.

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 notes on accounts forming part of the Accounts for the financial year 2011-2012.

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
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.
2011 - 2012	Bengal National Chamber of Commerce & Industry, 23, R. N. Mukherjee Road, Kolkata – 700 001	22.09.2011	10.30 A.M

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

The special resolutions were relating to delisting of equity shares, private placement of non convertible secured debentures, Allotment of shares on preferential allotment basis under section 81(1A) 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 August/September 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 2011-12)	Newspaper	13.08.2011	12.08.2011
2	Half -yearly Un-audited Financial Statements (2nd Quarter 2011-12)	Newspaper	15.11.2011	14.11.2011
3	Quarterly Un-audited Financial Statements (3rd Quarter 2011-12)	Newspaper	15.02.2012	13.02.2012
4	Annual Audited Financial Results for the financial year	Newspaper	31.05.2012	30.05.2012

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 Davinder Kumar and Shri M. L. Jalan 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 Davinder Kumar	69	BE, from IIT Kharagpur	He is a graduate from IIT –Kharagpur. He has got a wide and varied industrial experience and has been associated from inception, implementation to successful operation of projects in India and abroad. Out of his total experience of 40 years, he has spent last 28 years in Paper Industry in the capacity of Wholetime Director.	None
Shri M.L. Jalan	47	B Com	He is a visionary Non-resident Indian and has been involved with the paper industry for a long term. He is based in Dubai and has business interests spread in several countries.	Shee Bhawani Paper Mills Ltd.

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 - Darrighat, 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

® Date : 26th September, 2012

® Time : 10.30 A.M

FINANCIAL CALENDAR

® 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:

® August 2011 : First Quarter

® November 2011 : Second Quarter

® February 2012 : Third Quarter

® May 2012 : Audited Results

Book Closure

The dates of book closure are from 24th September 2012 to 26th September 2012 (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.

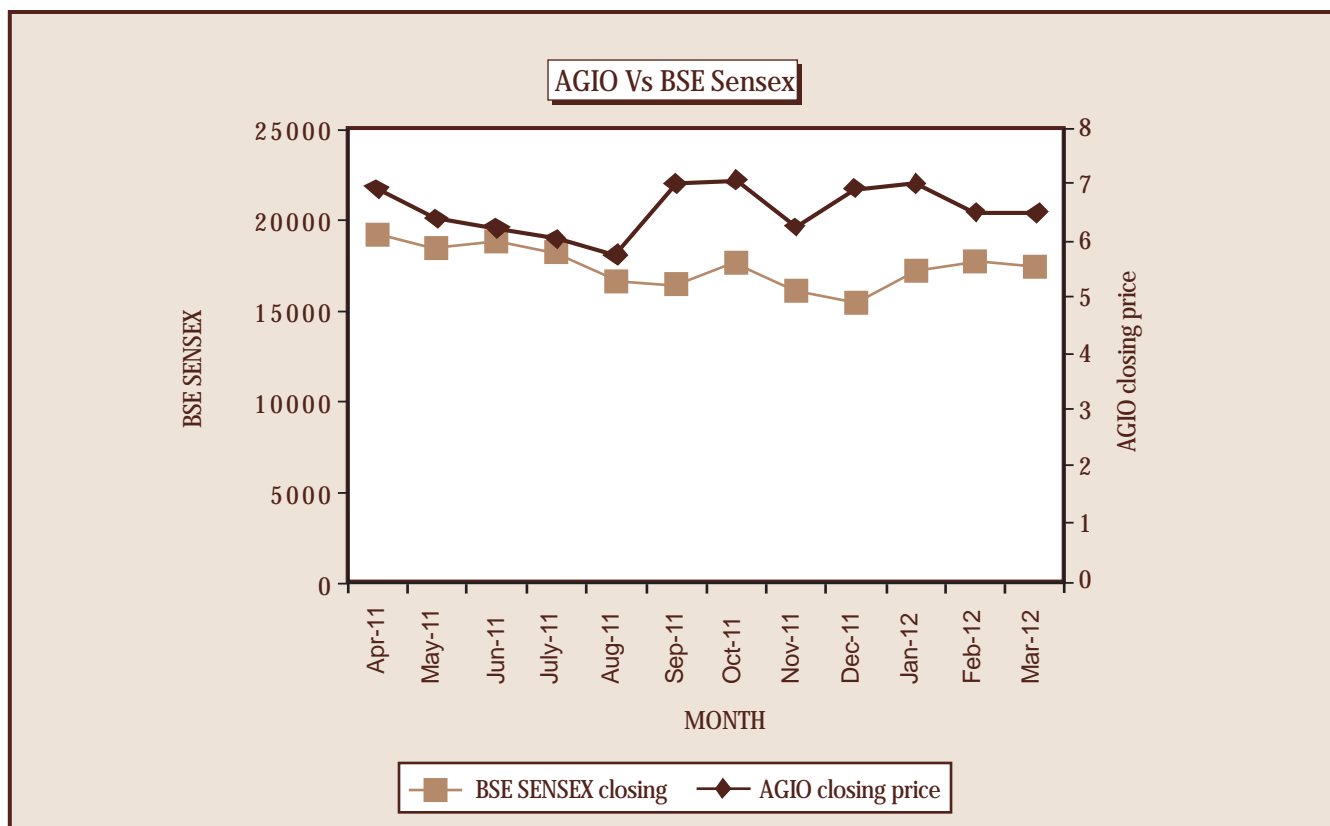
Stock Market Data

Bombay Stock Exchange Limited

Market Price Data as compared to closing Sensex during 2011-2012 :

Month	HIGH (Rs)	LOW (Rs)	Close (Rs)	No of Shares Traded	No of Trades	SENSEX Closing
April, 2011	8.08	6.34	6.43	108727	174	19135.96
May, 2011	7.14	4.57	6.44	172727	405	18503.28
June, 2011	7.35	5.46	7.16	66844	128	18845.87
July, 2011	8.19	6.40	7.04	20833	62	18197.20
August, 2011	7.02	4.76	6.05	4787	27	16676.75
September, 2011	7.56	5.89	7.27	7078	48	16453.76
October, 2011	7.27	6.51	7.17	1230	12	17705.01
November, 2011	6.82	5.31	5.31	351	8	16123.46
December, 2011	6.30	5.35	5.75	6706	44	15454.92
January, 2012	6.03	5.75	6.03	3404	12	17193.55
February, 2012	6.37	5.29	6.27	13054	88	17752.68
March, 2012	6.45	6.45	7.05	5145	18	17404.20

COMPARATIVE PRICE CHART :



Distribution of Shareholding as on 31st March, 2012

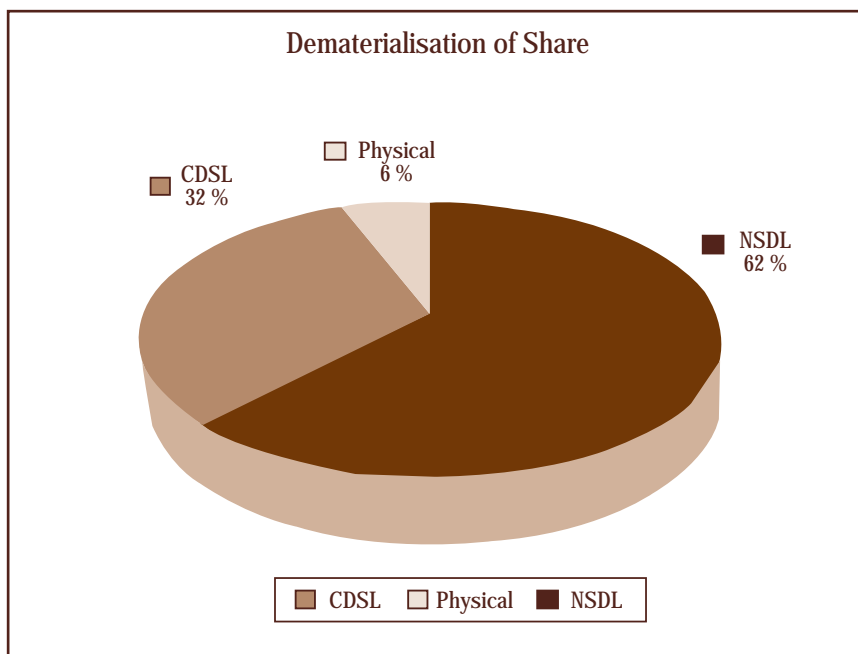
Shareholding	Holders	Percentage %	No of shares	Percentage %
Upto 500	7263	92.3929	1,058,744	6.5657
501 to 1000	324	4.1216	263,448	1.6337
1001 to 2000	124	1.5774	190,280	1.1800
2001 to 3000	43	.5470	109,359	.6782
3001 to 4000	19	.2417	68,999	.4279
4001 to 5000	20	.2544	92,574	.5741
5001 to 10,000	33	.4198	228,493	1.4170
10001 and above	35	.4452	14,113,503	87.5234
Grand Total	7861	100.0000	16,125,400	100.0000

Shareholding pattern as on 31st March, 2012

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	5,681,080	35.2306
	Sub - Total	8,728,237	54.1272
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	351,4879	2.1797
	b. Individual Holding		
	i. Nominal Share Capital up to Rs 1 Lakh	1,904,196	11.8087
ii. Nominal Share Capital in excess of Rs. 1 Lakh	5,122,311	31.7655	
Any other Non resident Individual	12,069	0.0748	
	Sub Total	7,397,163	45.8728
	Grand Total	16,125,400	100.00

Physical/NSDL/CDSL/Summary Report as on 31st March, 2012

PARTICULARS	HOLDERS	SHARES	PERCENTAGE (%)
PHYSICAL	4856	854,143	5.2969
NSDL	2089	10,040,230	62.2634
CDSL	416	5,231,027	32.4397
TOTAL	7361	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: 14th August, 2012

Executive Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMEBERS 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'12 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, 2012

S. K. Kothari
Partner
Membership No - 54157

AUDITORS' REPORT

TO THE MEMBERS OF
AGIO PAPER AND INDUSTRIES LIMITED

We have audited the attached Balance Sheet of AGIO PAPER AND INDUSTRIES LIMITED as at 31st March, 2012, the Statement of Profit & Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 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, 2012;
 - (b) In the case of the Statement of Profit and Loss, 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

S. K. Kothari
Partner
Membership No - 54157

1-B, Old Post Office Street, Kolkata
Date : 30th May, 2012

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.
 - (b) As per the information and explanations given to us, due to suspension of operations during the whole year, physical verification of fixed assets could not be carried out.
 - (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 stock and book stock, 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, during the year the company has taken interest free unsecured loans aggregating Rs. 1302.00 lacs from two parties covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding during the year from these parties and the year-end balance of loan taken from one party was Rs. 1302.00 lacs and Rs. 699.50 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 under section 301 of the Companies Act, 1956 have been made at prices which 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 does not have internal audit system commensurate with the size and nature of its business. Internal audit was not conducted during the current year.
- 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, Service Tax, Excise Duty, Cess, Wealth Tax 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, 2012 for a period of more than six months from the date they became payable except liability towards Water Cess amounting to Rs. 26.29 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	3.81	1993 - 2005	Central Excise Authorities
4	Employees Provident Fund & Misc. Provisions Act, 1952	Provident Fund	2.64	1990 - 1991 to 2000 - 2001 & 2003 - 2004	Provident Fund Appellate Tribunal
5	Central Sales Tax Act, 1956	Sales Tax	0.37	2002-03 & 2003-04	Sales Tax Appellate

- x. As per books of accounts, the Company's accumulated losses at the end of the financial year *have exceeded fifty percent of its net worth*. The Company has incurred cash losses in the current year and in 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 not delayed in repayment of dues to the banks.
- 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 not made any preferential allotment during the year, to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- 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

S. K. Kothari
Partner
Membership No - 54157

1-B, Old Post Office Street, Kolkata
Date : 30th May, 2012

AGIO PAPER & INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

Sl No.	Particulars	Note No.	As at 31.03.2012 Rs	As at 31.03.2011 Rs
I	EQUITY AND LIABILITIES			
1	Shareholders' Fund			
a)	Share Capital	2	161,273,500	161,273,500
b)	Reserves & Surplus	3	(80,458,463)	(11,023,076)
			<u>80,815,037</u>	<u>150,250,424</u>
2	Share application money pending allotment		-	-
3	Non-Current Liabilities			
a)	Long-term borrowings	4	285,468,330	255,290,734
b)	Deferred tax liabilities (Net)	5	-	1,136,734
c)	Other Long term liabilities	6	3,216,435	3,223,675
d)	Long term provisions	7	5,697,008	5,638,992
			<u>294,381,773</u>	<u>265,290,135</u>
4	Current Liabilities	8		
a)	Short-term borrowings		72,949,500	42,341,500
b)	Trade payables		17,667,830	28,344,962
c)	Other current liabilities		14,320,623	4,202,144
d)	Short-term provisions		5,735,984	6,785,112
			<u>110,673,937</u>	<u>81,673,718</u>
	TOTAL :		<u>485,870,747</u>	<u>497,214,277</u>
II	ASSETS			
1	NON CURRENT ASSETS			
a)	Fixed Assets			
i)	Tangible Assets	9	51,222,491	60,517,742
ii)	Capital W-I-P	21	358,271,042	358,265,154
			<u>409,493,533</u>	<u>418,782,896</u>
b)	Long-Term Loans And Advances	10	33,123,600	37,887,615
c)	Other Non Current Assets	11	959,099	897,988
			<u>443,576,232</u>	<u>457,568,499</u>
2	CURRENT ASSETS	12		
a)	Inventories		22,649,216	19,849,105
b)	Trade Receivable		3,026,627	2,699,848
c)	Cash & Cash Equivalents		247,943	782,665
d)	Short Term Loans & Advances		8,631,524	9,214,111
e)	Other Current Assets		7,739,206	7,100,048
			<u>42,294,516</u>	<u>39,645,777</u>
	TOTAL :		<u>485,870,747</u>	<u>497,214,277</u>
	<i>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT</i>			

As per our report of even date annexed

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

S. K. Kothari
 Partner
 Membership No - 54157
 Kolkata : 30th May, 2012

SAIKAT GHOSH
(Company Secretary)

For and on behalf of Board of Directors

M. L. JALAN | *Chairman*D. KUMAR
ANKIT JALAN | *Executive Directors*S. MUKHERJEE
S S JOSHI
K K Khetawat | *Directors*

AGIO PAPER & INDUSTRIES LIMITED
STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Sl No.	Particulars	Note No.	For the Year ended 31.03.2012 Rs	As at Year ended 31.03.2011 Rs
I	Gross Sales	13	1,827,585	146,957,384
	Less : Excise Duty & Cess		<u>39,021</u>	<u>928,725</u>
	Net Sales		1,788,564	146,028,659
II	Other Income	13	<u>10,363,565</u>	<u>96,901,432</u>
III	TOTAL REVENUE : [I+II]		<u>12,152,129</u>	<u>242,930,091</u>
IV	EXPENSES			
a)	Raw Materials Consumed	33	-	47,441,337
b)	Purchase of Finished Goods		-	-
c)	Changes in inventories of finished goods, work-in-progress and Stock-in-Transit	14	1,815,585	20,846,457
d)	Employee benefit expense	15	14,050,918	23,224,587
e)	Financial costs	16	39,963,800	29,482,427
f)	Depreciation and amortization expense	9	12,434,916	48,303,378
g)	Other Expenses	17	<u>14,459,031</u>	<u>91,340,508</u>
	TOTAL EXPENSES :		<u>82,724,249</u>	<u>260,638,693</u>
V	Profit before exceptional and extraordinary items and tax		<u>(70,572,121)</u>	<u>(17,708,602)</u>
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		<u>(70,572,121)</u>	<u>(17,708,602)</u>
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		(70,572,121)	(17,708,602)
X	Tax expense:			
	MAT Credit Entitlement reversed		-	5,906,409
	Deferred Tax		<u>(1,136,734)</u>	<u>(4,085,650)</u>
			<u>(1,136,734)</u>	<u>1,820,759</u>
XI	Profit/(Loss) from the period from continuing operations (IX-X)		<u>(69,435,387)</u>	<u>(19,529,361)</u>
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		<u>(69,435,387)</u>	<u>(19,529,361)</u>
XVI	Earning per Share			
1	Basic		(4.31)	(3.15)
2	Diluted		(4.31)	(3.15)
	(Face value Rs.10/- per share)			
	<i>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</i>			

For and on behalf of Board of Directors

As per our report of even date annexed

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

S. K. Kothari
 Partner
 Membership No - 54157
 Kolkata : 30th May, 2012

SAIKAT GHOSH
(Company Secretary)

M. L. JALAN | *Chairman*

D. KUMAR
 ANKIT JALAN | *Executive Directors*

S. MUKHERJEE
 S S JOSHI | *Directors*
 K K Khetawat

AGIO PAPER & INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the year ended 31st March, 2012 Rs	For the year ended 31st March, 2011 Rs
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extraordinary items:	(70,572,121)	(17,708,602)
Adjustments for:		
Depreciation	12,434,916	48,303,378
Foreign Exchange (Gain) / Loss	-	(701,619)
Liability no longer required written back	(4,263,386)	(95,886,809)
Sundry balance written off	29,131	78,840
Provision for Doubtful Debt	835,744	-
Loss on sale of Fixed Assets	-	2,295,809
Loss on Sale/Discurred of Raw Materials	1,364,485	-
Provision for non moving items	1,125,200	1,092,000
Provision for Contingencies	2,797	286,050
Interest Expense (Net)	39,495,903	29,670,173
	<u>51,024,790</u>	<u>(14,862,178)</u>
	(19,547,329)	(32,570,780)
Operating Profit before working capital changes		
Adjustments for:		
(Increase)/Decrease in Sundry Debtors	(326,779)	15,594,161
(Increase)/Decrease in Other Receivable	4,692,311	9,260,535
(Increase)/Decrease in Inventory	(3,925,311)	34,120,698
Increase/(Decrease) in Sundry Creditors	(8,751,106)	(20,363,547)
Increase/(Decrease) in Other Liabilities	39,725,330	(8,054,694)
	<u>31,414,445</u>	<u>30,557,153</u>
Cash generation from operations:	11,867,116	(2,013,627)
Foreign Exchange Fluctuation	-	-
Taxes paid including Fringe Benefit Tax	(45,977)	(49,791)
	<u>(45,977)</u>	<u>(49,791)</u>
Net cash flow from Operating Activities	11,821,139	(2,063,418)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Increase in Fixed Assets/Capital Work-in-progress	(3,145,554)	(36,663,383)
Interest Received	467,897	513,873
	<u>(2,677,657)</u>	<u>(36,149,510)</u>
	(9,143,482)	(38,212,928)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	(39,855,800)	(33,696,075)
Proceeds from long term borrowings	30,177,596	29,276,911
Repayment of long term borrowings	-	(30,000,000)
Proceeds from preferential issue	-	120,000,000
Proceeds from short term loans (net)	-	(51,721,327)
	<u>(9,678,204)</u>	<u>33,859,509</u>
Net Increase/(Decrease) in Cash and Cash equivalents	(534,722)	(4,353,418)
Cash and Cash equivalents as at 1st April, 2011	782,665	5,136,084
Cash and Cash equivalents as at 31st March, 2012	<u>247,943</u>	<u>782,665</u>

- 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.
- 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).
- Previous Year's figures have been recast, regrouped and restated where ever necessary.

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*

S. K. Kothari
 Partner
 Mebership No - 54157
 Kolkata : 30th May, 2012

SAIKAT GHOSH
(Company Secretary)

S. MUKHERJEE |
 S S JOSHI | *Directors*
 K K Khetawat |

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON 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) 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.

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.

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON ACCOUNT

- 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 compensation
- ii) Long Term Employee Benefits:
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.
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.
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
For assets acquired under operating lease, rentals payable are charged to profit and loss account on a straight line basis over a lease term.
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 share.
- 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.

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Sl. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		No. of Shares	Amount	No. of Shares	Amount
2	SHARE CAPITAL				
	AUTHORIZED				
	Equity Shares of Rs.10/- each	18,000,000	1,800.00	18,000,000	1,800.00
	2,00,000 10% non-cumulative redeemable Preference Shares of Rs.100/- each	200,000	200.00	200,000	200.00
		18,200,000	2,000.00	18,200,000	2,000.00
	ISSUED, SUBSCRIBED & PAID-UP				
	1,61,25,400 Equity Shares of Rs.10/- each fully paid-up in cash				
A	Promoter & Promoter Group				
i)	Indian				
	Individual /Hindu Undivided Family	108,963	10.90	108,963	10.90
	Bodies Corporate	2,938,194	293.82	2,938,194	293.82
	Sub Total	3,047,157	304.72	3,047,157	304.72
ii)	Foreign				
	Individuals (NRI/Foreign Individuals)				
	Opening balance	5,607,477	560.75	5,607,477	560.75
	Purchase during the year	73,603	7.36		
	Sub Total	5,681,080	568.11	5,607,477	560.75
	Total Share Holding of Promoter & Promoter Group	8,728,237	872.82	8,654,634	865.46
B	Public Share holding				
i)	Institutions				
	Mutual Funds/UTI	6,800	0.68	6,800	0.68
	Financial Institutions/ Bank	300	0.03	300	0.03
	Sub Total	7,100	0.71	7,100	0.71
ii)	Non - Institutions				
	Bodies Corporate	351,487	35.15	553,629	55.36
	Individuals Holding				
	a) Nominal Share Capital up to Rs. 1 Lakh	1,904,196	190.42	1,933,685	193.37
	b) Nominal Share Capital in excess of Rs.1 Lakh	5,122,311	512.23	465,055	46.51
	Any Other				
	a) Non resident Individual	12,069	1.21	4,511,197	451.12
	b) Clearing Member		-	100	0.01
	Sub Total	7,390,063	739.01	7,463,666	746.37
	Total public shareholding	7,397,163	739.72	7,470,766	747.08
	Total [A+B]	16,125,400	1,612.54	16,125,400	1,612.54
	Add: Shares forfeited (Amount paid up)		0.20		0.20
			1,612.74		1,612.74
C	Details of shareholders holding more than 5% shares of the Company				

Sl. No.	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		No. of Shares	% holding	No. of Shares	% holding
	Equity shares of Rs.10/- each fully paid				
i	Murari Lal Jalan	5,681,080	35.2306	5,500,000	34.1077
ii	Arrow Syntex Private Limited	2,938,194	18.2209	2,938,194	18.2209
iii	Bharat Mekani	1,500,000	9.3021	1,500,000	9.3021
iv	Babulal Bahadur	1,500,000	9.3021	1,500,000	9.3021
v	Anand Purohit	1,500,000	9.3021	1,500,000	9.3021
		13,119,274	81.3578	12,938,194	80.2349

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Lacs)

Sl. Particulars	As at 31st March, 2012	As at 31st March, 2011
3 RESERVES & SURPLUS		
a Reserves :		
Capital Redemption Reserve	0.10	0.10
Securities Premium Reserve		
Opening balance	506.27	306.27
Add: Addition during the year	506.27	200.00
Foreign Currency Translation reserve		
Opening balance		2.64
Adjustment during the year	-	2.64
	506.37	506.37
b Surplus :		
Profit & Loss opening balance	(616.60)	(421.31)
Profit & Loss during the year	(694.35)	(195.29)
Total	(804.58)	(110.23)
4 LONG TERM BORROWINGS		
a SECURED LOANS		
i) LOANS FROM BANKS		
Term Loan	1,650.00	1,650.00
(Repayable within one year Rs.Nil. Previous year Rs.3,00,00,000)		
Working Capital Term Loan	900.00	901.15
Funded Interest Term Loan	304.68	-
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.		
Sub total	2,854.68	2,551.15
ii) VEHICLE LOAN		
TATA CAPITAL LTD.	-	1.75
Sub total	-	1.75
Total Secured Loans	2,854.68	2,552.91
Total Long Term Loans [a+b]	2,854.68	2,552.91

Note :

a Restrucluring of secured borrowings

As per Allahabad Bank sanction letter dated 25.03.2011 previous year's credit limit has been restructured alongwith the sanction of fresh FILT of Rs.5.25 crores (being the interest to be funded on all facilities for the period of 18 months i.e. 01.04.2011 to 30.09.2012) & fresh WCTL of Rs.9.00 crores (conversion of entire CC limit).

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

b	Repayment schedule of secured borrowings (other than debentures)	
Sl	Nature of security	Terms of Repayment
i)	Term loan from Allahabad Bank amounting to Rs.1650.00 lacs (previous year Rs.1650.00 lacs)	Repayable in 20 quarterly instalments starting from quarter ending June, 2013 alongwith interest @4.25% p.a.w.m.r. (current rate of interest is 15%)
ii)	Working capital term loan from Allahabad Bank amounting to Rs.900.00 lacs (previous year Rs.900.00 lacs)	Repayable in 16 quarterly instalments starting from quarter ending June, 2013 alongwith interest @4.25% p.a.w.m.r. (current rate of interest is 15%)
iii)	Funded interest term loan from Allahabad Bank amounting to Rs.379.68 lacs (previous year Rs.Nil)	Repayable in 42 monthly instalments starting from October, 2012. Till March, 2013 Rs.75.00 lacs payable

5 MAJOR COMPONENTS OF DEFERRED TAX ARISING ON ACCOUNT OF TEMPORARY DIFFERENCES ARE AS BELOW (Rs. in Lacs)

Sl. Particulars	As at 31st March, 2012	As at 31st March, 2011
A Deferred Tax Liabilities		
i) Difference of Written Down Value of Fixed Assets	51.10	77.69
Sub Total - A	77.69	77.69
B Deferred Tax Assets		
i) Unabsorbed Losses and Depreciation*		9.25
ii) 43B items	60.84	57.07
Sub Total - B	60.84	66.32
Net Deferred Tax Liabilities/(Assets)	(9.74)	11.37
Net Deferred Tax Liabilities/(Assets) recognised in financial statement	Nil	11.37
As a matter of prudence deferred tax assets of Rs.9.74 lacs has not been recognized		
* Recognized based on the future projection of the Company.		
6 OTHER LONG TERM LIABILITIES		
a Deposit from customers & Others	32.16	32.24
Total	32.16	32.24
7 LONG TERM PROVISIONS		
a Provisions for Employees	56.97	56.39
Total	56.97	56.39
8 CURRENT LIABILITIES		
a Short-term borrowings	729.50	423.42
b Trade Payables	176.68	283.45
c Other current liabilities	143.21	42.02
d Short-term provisions	57.36	67.85
Total	1,106.74	816.74

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

9. TANGIBLE ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION & AMORTIZATION			NET BLOCK			
	As on 31.03.2011	Additions during the year	Sale/Adjust- ment during the year	Total as on 31.03.2012	As on 31.03.2011	For The Period	Adjustment against Sales /Disposal during the year	Total As on 31.03.2012	Balance As on 31.03.2011	Balance As on 31.03.2012
Land :										
- Freehold	9.58	-	-	9.58	-	-	-	-		9.58
- Leasehold	0.60	-	-	0.60	0.16	0.01	-	0.17		0.43
Building	355.18	-	-	355.18	176.61	9.42	-	186.03		169.15
Plant & Machinery	2,043.51	-	-	2,043.51	1,678.21	107.80	-	1,786.02		257.50
Furniture & Fittings	62.30	22.36	-	84.66	37.77	3.04	-	40.81		43.85
Computers	25.50	0.22	-	25.72	24.30	0.34	-	24.64		1.08
Office Equipments	19.17	0.47	-	19.64	4.80	0.79	-	5.59		14.05
Vehicles	49.42	8.34	-	57.76	38.23	2.94	-	41.17		16.59
TOTAL :	2,565.26	31.40	-	2,596.66	1,960.09	124.35	-	2,084.44	1,078.52	512.22
PREVIOUS YEAR	2,557.72	32.65	25.10	2,565.26	1,479.20	483.03	2.14	1,960.09	1,078.52	605.18
CAPITAL WORK IN PROGRESS	3,582.65	0.06	-	3,582.71						3,582.71

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs in Lacs)

Sl. Particulars	As at 31st March, 2012	As at 31st March, 2011
10 LONG TERM LOANS AND ADVANCES		
a) Security Deposit	90.03	90.16
b) Capital Advances	241.20	288.72
Total	331.24	378.88
11 OTHER NON CURRENT ASSETS		
Fixed Deposit with Bank	9.59	8.98
	9.59	8.98
12 CURRENT ASSETS		
a) Inventories		
i) Raw Materials	1.02	9.44
ii) Stores & Spares, Chemical etc.	222.17	167.60
iii) Stock In Process	-	-
iv) Finished Goods	3.30	21.46
v) Stock-in-Transit	-	-
Total	226.49	198.49
Note:		
Finished Goods includes stock with consignment Agent		
Rs.3.30 lacs (Previous Year Rs.19.83 lacs) of paper		
b) Trade receivable		
i) More than six months		
- Secured, Considered Good		
- Unsecured, Considered Good	28.85	5.43
- Unsecured, Considered Doubtfull	18.63	18.63
	47.49	24.06
ii) Less than six month	1.41	21.57
	48.90	45.63
Less:Stock with Consignment Agent	2.18	2.18
Provision for bad & doubtful debt	16.46	16.46
	30.27	27.00
c) Cash & Bank Balances		
Cash & Cash equivalent		
i) Balances with Bank	2.24	7.15
ii) Cash on hand	0.24	0.68
	2.48	7.83
d) Short Term Loans & Advances		
i) Advances recoverable in cash or kind or for value to be received	4.61	0.50
ii) Advances Against purchase of R/M & Stores etc.	80.50	88.22
iii) Advance to staff & workers	1.20	3.42
	86.32	92.14
e) Other Current Assets		
a) Balances with Central Excise/Customs Authority	57.13	51.48
b) Income Tax Refundable	5.42	5.42
c) Sundry Deposit	1.78	1.50
d) Income Tax Advance & Tax Deducted at Source	13.06	12.60
	77.39	71.00

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs in Lacs)

Sl. Particulars	As at 31st March, 2012	As at 31st March, 2011
13 REVENUE FROM OPERATION		
a) Gross Sales	18.28	1,469.57
Less : Excise Duty	0.39	9.29
Net Sales	17.89	1,460.29
b) Other Income		
i) Interest	4.68	5.14
ii) Sundry Balances/Liabilities no longer required w/back	42.63	958.87
iii) Refund from CSEB	32.08	-
iv) Excess Depreciation W/back	21.56	-
iii) Miscellaneous Receipts	2.69	5.01
Sub Total	103.64	969.01
Total	121.52	2,429.30
14 INCREASE / (DECREASE) IN STOCK		
Opening Stock		
Finished Goods	21.46	202.34
Stock in Process	-	27.58
Stock in Transit	-	-
	21.46	229.92
Closing Stock		
Finished Goods	3.30	21.46
Stock in Process	-	-
Stock in Transit	-	-
	3.30	21.46
INCREASE/(DECREASE) IN STOCK	(18.16)	(208.46)
15 EMPLOYEES BENEFIT EXPENSES		
a) Salary, Wages, Bonus, Gratuity & Other Allowances	124.37	199.65
b) Contribution to Provident Fund, Family Pension Fund Etc.	13.83	24.17
c) Workmen & Staff Welfare Expenses	2.31	8.42
Total	140.51	232.25
16 FINANCIAL COSTS		
a) Interest		
i) Interest on Term Loan	398.50	193.10
ii) Interest on Cash Credit	-	105.83
iii) Other Interest	1.14	2.92
Total	399.64	301.84
b) Net (Gain)/Loss on foreign currency transactions and translation	-	(7.02)
	399.64	294.82
17 OTHER EXPENSES		
a) Stores, Chemical, Spare Parts etc.	0.32	427.46
b) Power and Fuel	28.64	292.09
c) Repairs & Maintenance	18.34	5.03
d) Rent	0.11	6.45
e) Rates & Taxes	1.76	1.18
f) Insurance	2.50	3.75
g) Miscellaneous Expenses (Including payment to auditors Rs.379,010, P.Y. Rs.416,379)	92.93	177.44
	144.59	913.41

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

18 Contingent and disputed liabilities not provided for:-

A Claims against the Company not acknowledged as debts

(Rs in Lacs)

Sl.	Particulars	As at 31st March, 2012	As at 31st March, 2011
1.	Disallowance of Modvat Credit on input items Felts & etc from 1993-2005 (Show Cause Notice issued by Excise Department).	3.81	16.09
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 installment for FY 2002-03 & 2003-04.	0.37	-
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	6.23

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.

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	2011-12	2010-11
1	Opening Balance	16.21	17.34
2	Provision during the Year	0.19	2.86
3	Provision used during the year	1.06	-
4	Provisions reversed during the year	0.16	3.99
5	Closing Balance (1+2-3-4)	15.18	16.21

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.

19. Estimated amount of contracts remaining to be executed on Capital Account Rs 74.00 lacs, (Advances Rs. nil). Previous Financial Year Rs 74.00 lacs, (Advances Rs. nil).

20. Bank guarantee outstanding at the year end is Rs. 15.11 lacs (Previous year Rs. 15.11 lacs).

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

21 Capital work-in-progress includes

(Rs in Lacs)

Sl	Particulars	2011-12	2010-11
A	CWIP		
i)	Consultants	34.12	34.12
ii)	Civil Construction	682.42	682.42
iii)	Mechanical Exps	353.59	353.53
iv)	Equipment	1,488.11	1,488.11
v)	Transportation	43.93	43.93
	Total	2,602.17	2,602.12
B	Pre-operative Expenses		
i)	Salary & Wages	160.51	160.51
ii)	Bank Charges & T/L Interest	396.62	396.62
iii)	Power & Fuel	339.23	339.23
iv)	Rates & Taxes	6.10	6.10
v)	Insurance	1.80	1.80
vi)	Stores Material	73.01	73.01
vii)	Travelling Exps	3.28	3.28
	Total	980.54	980.54
	Grand Total	3,582.71	3,582.65

Note Pre operative expenses are not directly attributable to any asset. These expenses will be apportioned into tangible/intangible asset at the time of Capitalization.

- 22 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.
- 23 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 Nil MT of pulp during 2011-12 (previous year 2017 MT).
- 24 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.
- 25 Balance confirmations from some of the parties of sundry debtors, unsecured loans, advances and creditors are yet to be received.
- 26 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.
- 27 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.
- 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.

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs in Lacs)

A	Expenses recognized in the statement of Profit & Loss Account for the year ended 31st March, 2012	Gratuity (Unfunded)		Leave (Unfunded)	
		2011-12	2010-11	2011-12	2010-11
i)	Current Service Cost	2.99	3.41	2.08	(0.14)
ii)	Interest Cost	5.52	5.69	2.56	0.34
iii)	Expected Return on Plan Assets	-	-	-	-
iv)	Expected Return on any reimbursement right recognized as an asset	-	-	-	-
v)	Actuarial (Gain) / Losses	(3.34)	5.05	(5.52)	0.02
vi)	Past Service Cost	-	-	-	-
vii)	Effect of any Curtailment /Settlement	-	-	-	-
viii)	Unrecognized defined benefit obligation	-	-	-	-
ix)	Expenses Recognized in Profit & Loss Account	5.17	14.15	(0.88)	0.22
B	Net (Asset) / Liabilities Recognized in Balance Sheet				
i)	Present Value of Defined Benefit Obligation	67.41	70.55	2.49	3.91
ii)	Fair Value of Plan Assets	-	-	-	-
iii)	Unrecognized Defined Obligation	-	-	-	-
iv)	Net (Asset)/ Liabilities recognized in Balance Sheet	67.41	70.55	2.49	3.91
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	70.55	71.83	3.91	4.48
ii)	Current Service Cost	2.99	3.41	2.08	(0.14)
iii)	Interest Cost	5.52	5.69	2.56	0.34
iv)	Actuarial (Gain) / Losses	(3.34)	5.05	(5.52)	0.02
v)	Past service cost	-	-	-	-
vi)	Losses/(gains) on curtailments	-	-	-	-
vii)	Liabilities extinguished on settlements	-	-	-	-
viii)	Benefit Paid	(8.31)	(15.43)	(0.54)	(0.79)
ix)	Present Value of Obligation at the end of the year	67.41	70.55	2.49	3.91
D	Principle Actuarial Assumptions used				
i)	Discount Rate per annum	8.00%	8.00%	8.00%	8.00%
ii)	Expected Salary increase	6.00%	5.00%	6.00%	5.00%
iii)	Mortality	No explicit allowance		-	-
iv)	Withdrawal	2% to 1% depending on the age and length of service		-	-
v)	Expected average remaining working lives of employees (years)	NA	NA	7.76	8.00
vi)	Normal age of retirement	58 years		58 years	
vii)	Mortality	LIC(1994-96), ultimate table			

- 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.

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- g) The table below illustrates experience adjustment disclosure as per para 120(n)(ii) of Accounting Standard 15 -Employee Benefits.

(Rs in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	67.41	70.55	71.83	70.74	69.28
Plant assets	-	-	-	-	-
Surplus / (Deficit)	67.41	70.05	71.83	70.74	69.28
Experience adjustments on plan liabilities	(3.34)	5.05	(0.29)	(4.40)	(2.47)
Experience adjustments on plan assets	-	-	-	-	-

- h) Comparative values of defined benefit plans for the past 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.
28. During the year borrowing cost amounting to Rs Nil (Previous year Rs 41.63 lacs) has been capitalized and grouped under Capital Work-in-Progress.
29. The year end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below:

(Rs in Lacs)

Particulars	Amount in Foreign Currency		Equivalent Rupees	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Unsecured Loan (USD)	Nil	Nil	Nil	Nil

30. 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.

31. Related party’s disclosures under AS- 18

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

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Related party transactions under Accounting Standard (AS)- 18

(Rs in Lacs)

Related Party Transactions	Enterprises having Common Director		Key Management Personnel	
	2011-12	2010-11	2011-12	2010-11
Remuneration Paid	-	-	1.34	2.96
Unsecured Loan				
Paid	602.50	1,225.39	-	-
Received	912.00	711.60	-	-
Contribution received towards Preferential Allotment	-	660.00	-	-
Balances as on 31st March				
Payable	699.50	390.00	-	0.18

32 Earning Per Shares (Basic & Diluted)

(Rs in Lacs)

Particulars	2011-2012	2010-2011
Net Profit/ (Loss) after tax for the year (A) (In lacs)	(694.35)	(195.29)
Weighted average no. of Equity Shares (B)	16,125,400	6,207,592
Earning per share (Basic/Diluted) (Rs.)	(4.31)	(3.15)

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

A Break up of raw materials, stores and spares consumed :

(Rs in Lacs)

Sl	Items	2011-12		2010-11	
		Value(Rs)	%	Value(Rs)	%
a)	Raw Materials				
i)	Indigenous	-	-	324.61	68.42
ii)	Imported	-	-	149.80	31.58
	Total	-	-	474.41	100.00
b)	Stores, Spares including Chemicals and Dyes				
iii)	Indigenous	-	-	381.96	100.00
iv)	Imported	-	-	-	-
	Total	-	-	381.96	100.00

AGIO PAPER & INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

B C. I. F. Value of Imports :

(Rs in Lacs)

Sl	Items	2011-2012	2010-2011
i)	Raw Materials	-	124.25
ii)	Capital Goods	-	-
	Total	-	124.25

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.

- 34 In view of suspension of operation the company has incurred substantial lisses resulting in erosion of net worth by more than 50%. However, the management feels that going concern concept is not impaired.
- 35 Previous year's figures have been regrouped and/or re-arranged wherever necessary, to conform the current year classification.

As per our report of even date annexed

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

S. K. Kothari
 Partner
 Mebership No - 54157
 Kolkata : 30th May, 2012

SAIKAT GHOSH
(Company Secretary)

For and on behalf of Board of Directors

M. L. JALAN | *Chairman*

D. KUMAR
 ANKIT JALAN | *Executive Directors*

S. MUKHERJEE
 S S JOSHI
 K K Khetawat | *Directors*



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 27th 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 Wednesday, 26th September, 2012 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: 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 27th 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 Wednesday, the 26th September, 2012 at 10.30 A. M.

As witness my / our hand this _____ day of _____ 2012

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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