



28th ANNUAL REPORT 2012-2013

CORPORATE INFORMATION

Board of Directors

Shri Ankit Jalan - Executive Director Finance
Shri D. Kumar - Executive Director
Shri Sheo Shankar Joshi - Director
Shri kamal Kumar Khetawat - Director

Company Secretary

Shri Saikat Ghosh

Statutory Auditors

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

Cost Auditors

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

Bankers

Allahabad Bank
Axis Bank

Registered & Transfer Agent

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

Registered Office

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

Mill

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

TABLE OF CONTENTS

Notice	1
Directors' Report	3
Management Discussion and Analysis	9
Corporate Governance	11
Auditor's Certificate on Corporate Governance	21
Auditor's Report	22
Balance Sheet	27
Profit and Loss Account	28
Cash Flow Statement	29
Notes Forming Part of Balance Sheet and Statement of Profit & Loss and Significant Accounting Policies	30

NOTICE

NOTICE is hereby given that the Twenty Eighth 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 25th September, 2013 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 2013, together with the Report of the Directors and Auditors.

2. To appoint director in place of director retiring by rotation.

Shri Kamal Kumar Khetawat, 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.

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

14th August, 2013

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 23rd September, 2013.**
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 23rd September 2013 to 25th September 2013 (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 Kamal Kumar Khetawat, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. As required under the listing agreement, the information/data to be provided for these Director is given in the Corporate Governance Section of this Annual Report.
12. 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.

DIRECTORS REPORT

TO THE MEMBERS

AGIO PAPER & INDUSTRIES LTD.

Your Directors have pleasure in presenting the 28TH Annual Report of the Company along with Audited Accounts of the Company for the year ended 31st March, 2013.

SUMMARISED FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	Current Year	Previous Year
Gross Turnover and other receipts	50.00	121.52
Profit / (Loss) before Interest and Depreciation	(327.99)	(181.73)
Less: Interest	456.51	399.64
	-----	-----
Profit/ (Loss) Before Depreciation	(784.50)	(581.37)
Less: Depreciation	27.11	124.35
	-----	-----
Profit / (Loss) Before Tax	(812.21)	(705.72)
Less: Provision for taxation		
MAT Credit Entitlement	—	—
Deferred Tax	—	(11.37)
Fringe Benefit Tax	—	—
Wealth Tax	—	—
	-----	-----
Profit / (Loss) After Tax	(812.21)	(694.35)
Balance brought forward from previous year	(1310.95)	(616.60)
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	(2123.16)	(1310.95)

BUSINESS PERFORMANCE

Ever since the closure of our factory to ensure compliance of Central Pollution Control Board's norms during the financial year 2010-11 we having been trying different alternatives to mitigate the problems but so far it has not come to fruition. Yet we remain honest in our endeavour and hope to make up for loss time in the future.

DIVIDEND

In absence of profit no dividend is recommended for the financial year ended 31st March, 2013.

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 had restructured such credit facilities earlier. The company has been paying on schedule up until recently, when some of the payments had to be held due to difference in figures with the bank. The company is in talks with the bank to sort out the matter.

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, 2013.

DIRECTORS

In accordance with Section 256 of the Companies Act, 1956 and Article 75 of the Articles of Association of the Company, Shri Kamal Kumar Khetawat Director of your Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

CORPORATE GOVERNMENT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made part of this Annual Report.

INTERNAL CONTROL SYSTEM

The company has over the years developed an adequate internal control system through effective means to safeguard against loss and wastages. These internal control systems are subject to review by the Audit Committee and Board of Directors. The internal audit department of the Company reviews the internal control system on a regular basis to improve its effectiveness. Regular internal audits are conducted based on annual internal audit programme as agreed with audit committee. The audit committee also reviews the effectiveness of Company's internal controls and regularly monitors implementation of audit recommendations. Your Company has emphasized upon the importance of effective internal control and has increased the focus.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) All the applicable Accounting Standards have been followed in the preparation of the Annual Accounts and there is no material departure from the same.
- b) Accounting policies have been selected in consultation with the statutory auditors and have been applied consistently in making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2013.
- 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 and all assets are adequately secured.

CORPORATE SOCIAL RESPONSIBILITY

The Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

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:-

- * Zero discharge of Black Liquor from the mill and installing another filter press with full capacity.
- * Drastic deduction in Consumption of fresh water thereby reducing the generation of effluent.
- * 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.
- * Maximum use of mill back water in the plant by recycling.
- * Effluent generation from Paper Machine and Waste Paper Pulp processing is being used 100% after clarification.
- * Effluent sludge is separated through 2 Nos. sludge press and used for making board.
- * 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.
- * Emission from boiler is controlled by Trema cyclone & in Power Plant ESP has been installed which maintained emission standard satisfactorily.
- * Giving emphasis on green environment every year we planted more than 5000 trees.
- * Further for zero effluent discharge we are developing around 3 acres of land.
- * Installation of Chemical Recovery Plant in the near future shall bring about a permanent solution to the long standing pollution Problem.
- * 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

CAPITAL WORK IN PROGRESS

The paper plant was closed on 6th October, 2010 to ensure due compliance of orders of the Central Pollution Control Board during which the expansion unit was still under the installation stage. As a result of the closure, the installation of the paper machine and the integration of the power plant with the old and new machines could not be carried out. In order to be effective as well as feasible both needs to operate in unison but since circumstances has led to non commissioning of the power plant and the new paper machine both of them have been shown as work in progress in auditor's report.

IMPAIRMENT OF ASSETS

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. During the previous financial year the valuation of the various assets of the company situated at our mill site including the factory building and premises was carried out by a registered valuer in connection with various financial facilities granted by our banker. Although the report was submitted by the valuer to the bank directly in accordance with his norms of appointment it is significant to note that neither the bank has communicated any adverse remarks on such assets nor have they expressed any concern regarding the current state of such assets till date. Based on the strategic plans and such valuation of the fixed assets of the company, no impairment of assets is envisaged at the balance sheet date.

FINANCIAL VIABILITY OF COMPANY

As it has been pointed out in the auditor's report that there has been complete erosion of net worth due to closure of our mill. It is expected that once we are able start operations the losses can be made up .

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 from 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, 2013

ANKIT JALAN
Executive Director

ANNEXTURE -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

ANNEXTURE -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)

	2012-13	2011-12
Earning: Export	Nil	Nil
Outgo: Imports	Nil	Nil
Outgo on repayment of unsecured loan	Nil	Nil

FORM - A

A. POWER & FUEL CONSUMPTION	2012-13	2011-12
1. ELECTRICITY:		
a) Chhattisgarh State Electricity Board		
Units (KWH in lacs)	1.98	2.51
Total Amount (Rs. in lacs)	19.39	28.64
Rate/KWH (In Rs.)	9.78	11.42
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)	Nil	8659.18
Total Cost (Rs. in lacs)	Nil	134.47
Average rate	Nil	1552.91
b. ROM (Washery)		
Quantity (MT)	Nil	Nil
Total Cost (Rs. in lacs)	Nil	Nil
Average rate	Nil	Nil
3. RICE HUSK		
Quantity (MT)	Nil	Nil
Total Cost (Rs. in lacs)	Nil	Nil
Average rate	Nil	Nil
4. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (KWH/MT)	Nil	Nil
Coal/Husk (MT/MT)	Nil	Nil

FORM B
TECHNOLOGY ABSORPTION:-
1. 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 fibre 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:

<ul 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>
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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, 2013

On behalf of the Board
ANKIT JALAN
Executive Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INTRODUCTION

The closure of factory has made the going very tough for us. The stoppage in production and sales at this juncture is now showing our progress of past decade in an unfavourable light. The tough experience has hardened our resolve. Although our search for a feasible solution to our pollution problem is not over yet we remain optimistic that we shall be able to recommence our operations after a revamp.

INDUSTRY AND OUTLOOK

The Indian paper industry is an integral part of the nation's economy and contributes to its growth and development. There are about 750-1000 paper mills in the country after taking into consideration mills into both into organized and unorganized sector. Large integrated units comprising 14-15 mills comprise 28% of production whereas small and medium mills contribute 72% of production. Although most paper mills used to be relatively small with outdated technology the Indian paper industry has managed to upgrade its technology in recent times and has managed to upgrade its capacity. Facing intensive competition from countries such as China and Indonesia as well as shortage of raw materials has resulted in major overhauls in most units.

Overall, paper demand is unevenly distributed as 72% of the world's paper is consumed by 22% of the world's population - in the US, Europe and Japan. The world demand for the material is expected to grow by around 3% annually, reaching an estimated 490 million tons by 2020, with significant growth coming out of Asia and Eastern Europe.

India is likely to be one of the fastest rising markets at an estimated 6.5% growth. Over the years, aspiration levels of the growing middle class, improving standards of living, better educational opportunities and governmental support are some of the prime reasons for the rising trend in consumption. This trend is expected to continue. It is estimated that an increase in consumption by one kg per capita can potentially increase annual paper demand by a million tons.

Paper is interwoven with human life in hundreds of ways. It is a bio-degradable product and has a benign footprint at the end of its life cycle. Despite the projections that digital age would render paper obsolete, Paper Industry has been growing year after year.

RSK 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 Indian paper industry has a large and growing domestic paper market and potential export market. It is manned by qualified technical personnel and the employee costs are still relatively low.

To meet the trend of growing demand the industry expanded its capacity to meet its expected demand of 1 billion tones however, the recession of 2008 slowed down fresh expansion capacity. Although the market recovered slightly in 2011 & 2012 the growth in paper industry in 2012-13 is insignificant being 0.6% in Q1, 1.4% in Q2 and 0.3% in Q3 as per economic survey 2012-13.

However, India's projected GDP growth , the renewed thrust on universal education through Sarva Shiksha Abhiyan and Right to Education , consequent changes in lifestyle , paper demand per capita will gradually raise it to to at least 20 kg per capita in our country by 2020 ,requiring more than double quantity of paper of what we produce and consume at present.

INFORMATION TECHNOLOGY

One of the main criteria of staying in competition for meeting the challenges of tomorrow is to always upgrade one's self with the latest available technology. Thus even though we are passing through a lull period yet we have kept our selves updated in this regard so that we shall be ready for the future upon resumption of activities.

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 OPERTIONAL PERFORMANCE

Inspite of absence of positivity we remain steadfast in our belief that we shall be able to make progress in 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

Human Resource being the most precious resource of the organization have always been cared for in a special way. They have always been provided with decent working conditions, healthy living atmosphere, treated with utmost respect and been given adequate training to enable them to perform to their optimum level of capacity.

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 statues, 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 4 Directors of which 2 are Executive Directors and 2 are Non-Executive 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 31.3.2013
		Board Meeting	Last AGM	Directorship	Committee Membership	Chairmanship	
^Shri Murari Lal Jalan	Promoter & Non Executive Director	2	No	2	1	Nil	5695868
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	2	No	Nil	Nil	Nil	Nil
Shri Sheo Shankar Joshi	Independent Director	4	No	Nil	Nil	Nil	Nil
Shri Kamal Kumar Khetawat	Independent Director	4	Yes	1	Nil	Nil	Nil

^ The resignation of both directors were placed before and accepted at board meeting held on 14.11.2012.

None of the present directors are "Relative" of each other as defined in section 2(41) and section 6 read with Schedule IA of the Companies Act, 1956.

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:

-30 th May 2012	-14 th August 2012
- 14 th November 2012	- 14 th February 2013

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

BOARD COMMITTEES

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

I. AUDIT COMMITTEE

- i. The Audit Committee of the Company is constituted in line with the provisions of clause 49 of the Listing Agreements with the Stock Exchanges read with section 292A of the Companies Act, 1956.
- ii. The terms of reference & scope of the audit committee shall be in accordance with paragraph C & D of the Clause 49 of Listing Agreement and include the following:
 - Effective supervision of financial reporting process.
 - Review of annual, half yearly and quarterly financial results before submission to the Board.
 - Reviewing with the management the annual financial statements before submission to the board for approval with particular reference to :
 - ✓ 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.
 - ✓ Changes if any in accounting policies, and practices and reasons for the same.
 - ✓ Compliance with listing and other legal requirements relating to financial statements.
 - Ensuring completeness of coverage and proper disclosure of financial reporting.
 - Review of adequacy of internal control & audit and actions taken.
 - Recommending the appointment of statutory auditors and their fees.
- iii. The Composition of Audit Committee was reconstituted during the year following the resignation of Shri Sumitro Mukherjee. Sree Kamal Kumar Khetawat has replaced him as Chairman and particulars of meeting attended by the members of the Audit Committee during 2012-13 are given below:

Name	Status	Category	No of Meetings Attended during the year 2012-13
Shri Sumitro Mukherjee	Chairman	Non Executive & Independent Director	2
Shri Ankit Jalan	Member	Executive Director	4
Shri Sheo Shankar Joshi	Member	Non-Executive & Independent Director	4
Shri Kamal Kumar Khetawat	Member	Non-Executive & Independent Director	2
	Chairman		2

The details of composition of the Committee are as under:

NAME	Status	CATEGORY	No. of meeting during the year 2012-13	
			Held	Attended
Shri Sumitro Mukherjee	Chairman	Non-Executive Director & Independent	7	4
Shri Ankit Jalan	Member	Executive Director	7	7
Shri Sheo Shankar Joshi	Member	Non-Executive & Independent Director	7	7
Shri Kamal Kumar Khetawat	Member	Non-Executive & Independent Director	4	4
	Chairman		3	3

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, 2013.

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.

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 2012-2013.

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
2009- 2010	Bengal National Chamber of Commerce & Industry, 23, R. N. Mukherjee Road, Kolkata – 700 001	27.09.2010	11.30 A.M.
2010-2011	Bengal National Chamber of Commerce & Industry, 23, R. N. Mukherjee Road, Kolkata – 700 001	22.09.2011	10.30 A.M
2011-2012	Bengal National Chamber of Commerce & Industry, 23, R. N. Mukherjee Road, Kolkata – 700 001	26.09.2012	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 (1 st Quarter 2012-13)	Newspaper	15.08.2012	14.08.2012
2	Half -yearly Un-audited Financial Statements (2 nd Quarter 2012-13)	Newspaper	15.11.2012	14.11.2012
3	Quarterly Un-audited Financial Statements (3 rd Quarter 2012-13)	Newspaper	15.02.2013	14.02.2013
4	Annual Audited Financial Results for the financial year	Newspaper	01.06.2013	30.05.2013

The quarterly, half-yearly and annual financial results were/will be published in eminent daily newspapers like **Business Standard** and **Aajkaal** and also displayed on Company's website www.agiopaper.com.

SHAREHOLDER INFORMATION

Registered Office :

41A, AJC Bose Road, Suite No.505, Kolkata- 700017
 Telephone No. – (033) 4022-5900 / Fax No. – (033) 4022-5999
 Email: ho@agiopaper.com / redressal@agiopaper.com

PARTICULARS OF DIRECTORS REAPPOINTED

In accordance with the provisions of Companies Act 1956, and Company's Articles of Association Shri Kamal Kumar Khetawat will retire by rotation and being eligible offers himself for re-appointment..

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

Name of the Director	Age	Qualification	Experience	Directorships in other Public Limited Companies
Shri Kamal Kumar Khetawat	46	B .com	Shri Kamal Kumar Khetawat has a wide variety of entrepreneurial skills ranging over a period spanning twenty two years and his operational skills are useful to the company.	One

REGISTER 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 – 495551

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

Remuneration Committee:

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'.

Tenure of Independent Directors:

The Board has not decided any specific tenure for the Independent Directors.

Shareholders Rights :

The quarterly and half-yearly financial results are published in widely circulated dailies and also displayed on Company's website www.agiopaper.com. Hence, these are not individually sent to the Shareholders.

Audit Qualification :

The Qualifications given in the Auditors' Report on Financial Accounts are adequately dealt with in Directors' Report.

Training of Board Members :

All Board members are experienced and acquainted with business knowledge, obviating the need for formal training.

Mechanism for the Evaluation of Non-Executive Directors :

The company has not yet implemented any mechanism for evaluation of performance of Non-Executive Directors of the Company.

Whistle Blower Policy :

Any employee may report unethical attitude at the work place without fear and reach the Chairman of the Audit Committee or alternatively may report to the Head-HR.

General Shareholders Information

Annual General Meeting

Date : 25th September , 2013

Time : 10.30 A.M

FINANCIAL CALENDAR

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

Financial Year : 1st April to 31st March

For the year ended 31st March, 2013, results were announced on:

- August 2012 : First Quarter
- November 2012: Second Quarter
- February 2013 : Third Quarter
- May 2013 : Audited Results

Book Closure

The dates of book closure are from 23rd September, 2013 to 25th September, 2013 (inclusive of both days).

Listing

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

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

Stock Exchanges	Stock Code
Bombay Stock Exchange Ltd. 25 th Floor Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	Physical-16020 Demat Segment – 516020
The Calcutta Stock Exchange Association Ltd. Kolkata 700001	Physical –21021 7, Lyons Range 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.

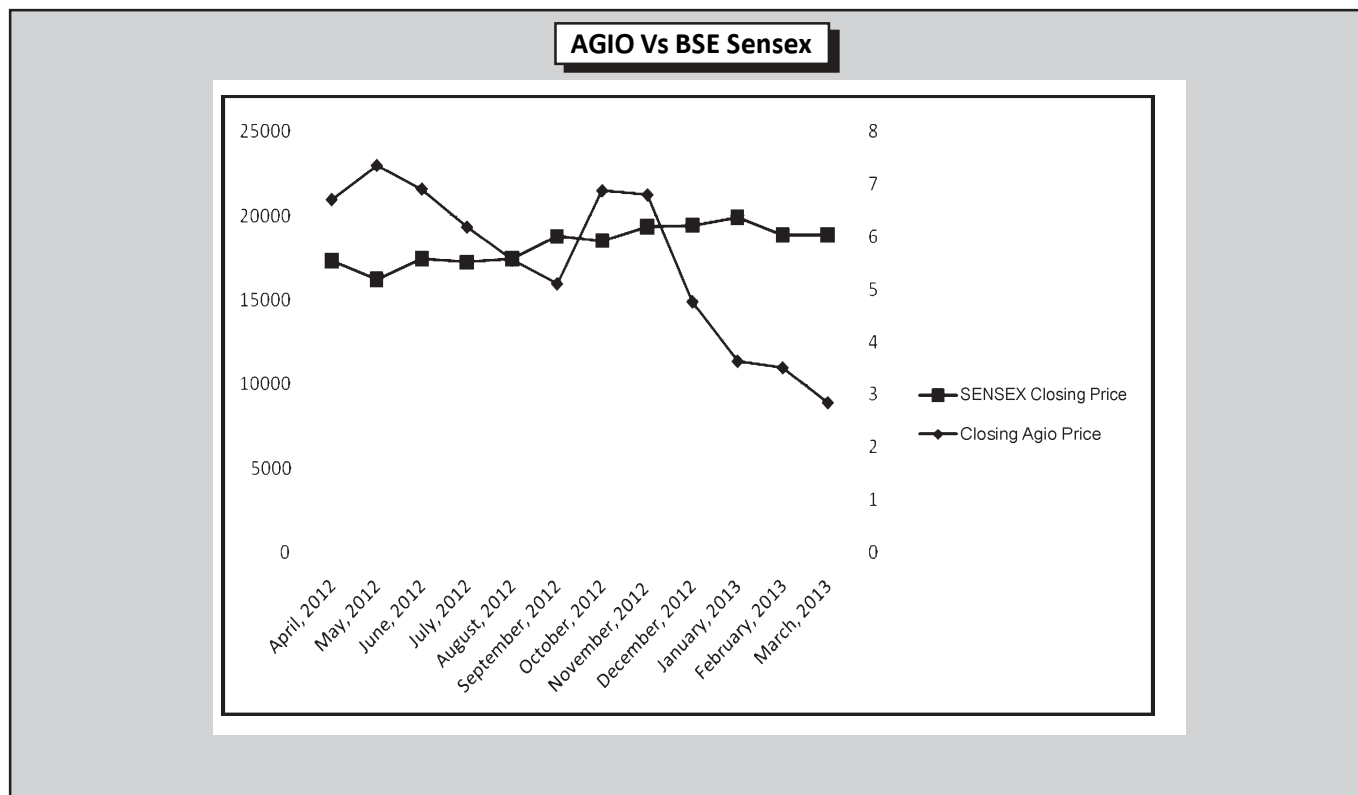
Stock Market Data

Bombay Stock Exchange Limited

Market Price Data as compared to closing Sensex during 2012 - 2013:

Month	HIGH(Rs)	LOW(Rs)	Close(Rs)	No of Shares Traded	No of Trades	SENSEX Closing
April, 2012	7.40	6.7	6.7	240	4	17318.81
May, 2012	7.35	7	7.35	30	4	16218.53
June, 2012	7.00	6.9	6.9	12	3	17429.98
July, 2012	6.56	6.18	6.18	2547	19	17236.18
August, 2012	6.15	5	5.55	1899	22	17429.56
September, 2012	5.5	5.10	5.1	8640	21	18762.74
October, 2012	7.24	5.24	6.87	10127	71	18505.38
November, 2012	7.20	6.79	6.79	61	4	19339.9
December, 2012	6.46	4.76	4.76	1749	21	19426.71
January, 2013	5.20	3.63	3.63	11365	57	19894.98
February, 2013	4.02	3.44	3.51	4851	49	18861.54
March, 2013	3.58	2.82	2.84	2381	23	18835.77

Comparative Price Chart:



Distribution of Shareholding as on 31st March, 2013

Shareholding	Holders	Percentage%	No of shares	Percentage%
Upto 500	7204	92.3827	1043444	6.4708
501 to 1000	320	4.1036	258358	1.6022
1001 to 2000	126	1.6158	191746	1.1891
2001 to 3000	42	.5386	107899	.6691
3001 to 4000	18	.2308	65663	.4072
4001 to 5000	20	.2565	92574	.5471
5001 to 10,000	32	.4104	223339	1.3850
10001 and above	36	.4617	14142377	87.7025
Grand Total	7798	100.0000	16125400	100.0000

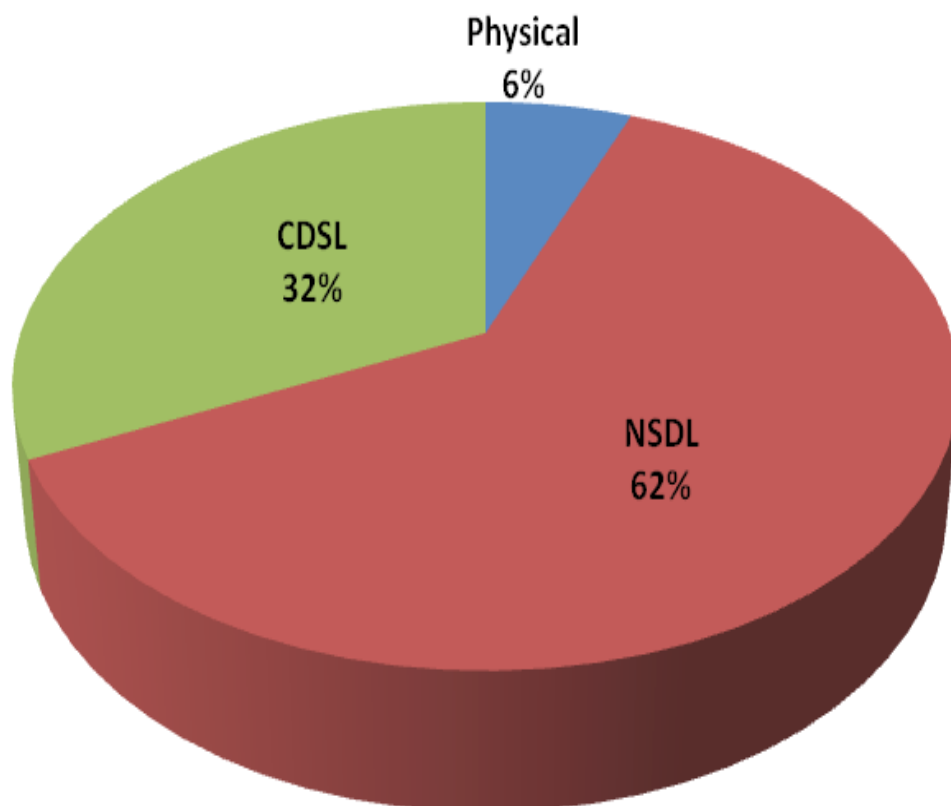
Shareholding pattern as on 31st March, 2013

Category code	Category	Total Shares	% of Share Capital
A	Shareholding of Promoter & Promoter Group		
	1. Indian Promoters	3047157	18.8966
	2. Foreign Promoters	5695868	35.3223
	Sub - Total	8743025	54.219
B	Public Shareholding		
	1. Institutions		
	a. Mutual Funds / UTI	6800	.0422
	b. Financial Institutions / Banks	300	.0019
	c. Central Govt. / State Govt.	Nil	Nil
	d. F.I.I	Nil	Nil
	2. Non Institutions		
	a. Bodies Corporate	347948	2.1578
	b. Individual Holding		
	i. Nominal Share Capital up to Rs 1 Lakh	1878316	11.6482
	ii. Nominal Share Capital in excess of Rs. 1 Lakh	5136397	31.8528
	Any other Non resident Individual	12614	0.0782
	Sub Total	7382375	45.781
Grand Total	16125400	100.00	

Physical/NSDL/ CDSL/Summary Report as on 31st March 2013

PARTICULARS	HOLDERS	SHARES	PERCENTAGE%
PHYSICAL	4826	848043	5.2591
NSDL	2062	10032603	62.2161
CDSL	910	5244754	32.5248
TOTAL	7798	16125400	100.0000

Dematerialisation of Share



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, Ankit Jalan, 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
Date: 14th August, 2013

Ankit Jalan
Executive Director

AUDITORS' CERTIFICATE OF COMPLIANCES WITH THE CORPORATE GOVERNANCE

TO THE MEMBERS OF
AGIO PAPER & INDUSTRIES LIMITED

We have examined the compliance of Corporate Governance by Agio Paper & Industries Limited for the year ended on 31st March, 2013 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 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 *except that the audit committee chairman was not present in the previous year's annual general meeting as per the requirements of clause 49.*

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 Accountant
Firm Registration No.302049E

(Gopal Jain)
Partner.
Membership No. 059147

1-B, Old Post Office Street
Kolkata, the 30th Day of May 2013.

INDEPENDENT AUDITORS' REPORT

To the Members of
Agio Paper & Industries Limited

We have audited the accompanying financial statements of **Agio Paper & Industries Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Basis for Qualified Opinion

The Paper Factory of the company is under shut down since 6th October 2010 to fulfil certain pollution control measures as enumerated in note no. 2.20.F in the financial statements. The power plant and the new paper mill are also kept under capital work in progress due to reasons mentioned in the note.

As further explained in note no 2.20.G, based on the future plans and valuation of fixed assets, the management of the company is not envisaging any impairment loss in fixed assets of the company as at the balance sheet date as per the requirements of Accounting Standard AS- 28 on "Impairment of Assets". However in absence of any certainty towards crystallization of future plans of the company or a binding sale agreement at arm's length basis indicating the amount obtainable from sale of fixed assets, we are unable to comment on the quantum of impairment loss on the fixed assets, if any, at the balance sheet date.

The impact on the financial statements therefore could not be determined.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the basis of qualified opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- 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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw our attention to note no. 2.20.E regarding preparation of financial statements of the Company on a going concern basis notwithstanding the fact that its net worth is completely eroded. During the year the Company has incurred net loss of Rs. 812.21 lacs and has also defaulted in repayment of instalments of term loans and interest accrued thereon. The appropriateness of the said basis is interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations, repayment of term loans and resuming normal operations.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) 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.
 - d) *Except for the effects of the matter described in the basis for qualified opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on March 31st, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

(Gopal Jain)
Partner

Membership No. -059147

Kolkata, the 30th day of May 2013

The Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our Report of even date to the members of Agio Paper & Industries Limited on the accounts of the company for the year ended 31st March, 2013.

- i. In respect of fixed assets;
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
 - b) According to the explanation given to us, *due to non- operation of factory during the whole year, physical verification of the fixed assets could not be carried out.*
 - c) According to the explanation given to us, the Company has not disposed off substantial fixed Assets during the year.
- ii. In respect of inventories
 - a) As explained to us, inventories could not be verified *due to non- operation of factory during the whole year.*
 - b) In view of clause (a) above, reporting under clause (b) is not applicable.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. *In absence of any physical verification of inventories, discrepancies between physical stock and book stock could not be determined and commented upon.*
- iii.
 - a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clause (iii) (b) to (d) of the Order is not applicable.
 - e) According to the information and explanations given to us, the Company has taken interest free unsecured loans from one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum of loan outstanding during the year and the year-end balance of such loan is Rs. 10,45,00,000/-. The loan is repayable on demand. The other terms & conditions of the loan are not prejudicial to interest of the Company.
- 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 the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. The company is not in the business of sale of services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v.
 - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the internal audit functions carried out during the year by a firm of chartered accountants appointed by the management have been commensurate with the size of the Company and the nature of its business during the year.

viii. We have broadly reviewed the books of account and records maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

ix. According to the information and explanations given to us in respect of statutory and other dues:

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax and other material statutory dues have been, *except few delays*, generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax and other material statutory dues were in arrears as at 31st March, 2013, for a period of more than six months from the date they become payable *except liability towards water cess amounting 28,69,881/- which is outstanding for more than six months*.

b) According to the information and explanations given to us and the records of the Company examined by us, the dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2013 which have not been deposited on account of any dispute and the forum where the disputes are pending are as under.

Statute	Nature of dues	Forum where dispute is pending	Amount involved (Rs.)	Period to which relates
The Income Tax Act 1961	Income tax	Hon'ble High Court at Calcutta	7,96,364	1996-97
The Income Tax Act 1961	Income tax	Deputy Commissioner (Appeal)	5,50,000	2007-08
The Central Sales Tax Act 1956	Sales Tax	Sales Tax Appellate Tribunal	37,701	2002-03 to 2003-04
The Central Excise Act 1944	Cenvat Claim	Customs, Excise & Service Tax Appellate Tribunal	3,81,404	1993-95

x. As per the financial statements of the company, the accumulated losses at the end of the financial year have exceeded fifty percent of its net worth. The Company has incurred cash losses during the current financial year and immediate preceding financial year.

xi. Based on our audit procedures and on the basis of information and explanations given by the management, the Company did not have any outstanding debentures or dues to the financial institution during the year. Default in repayment of dues to a bank is given below:

- Rs. 50,00,000/- towards instalments of funded interest term loan payable in four equal monthly instalment since December 2012.*
- Rs. 62,40,343/- towards interest on term loans and working capital loan for the month January & February 2013.*
- Rs. 53,15,482/- towards interest on funded interest term loan payable for the period July 2012 to February 2013.*

The aforesaid amounts are due to the bank as on 31st March 2013.

- xii. According to the information and explanations given to us, no loans or advances has been granted by the company on the basis of securities by way of pledge of shares, debentures or other securities.
- xiii. The Company is not a Chit fund or a Nidhi/Mutual benefit fund/society.
- xiv. The Company is not in the business of dealing or trading in shares and securities.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, term loans have been applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us, and on the basis of overall examination of the cash flow statements, no fund raised on short term basis, prima facie, been used during the year for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies act, 1956 during the year.
- xix. The Company has not issued any debentures during the period as covered by our audit report.
- xx. The Company has not raised monies by way of public issues during the year.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us and so far as appears from our examination of books and records of the company, we are of the opinion that no fraud on or by the company was noticed and reported during the year.

For and on behalf of
Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

(Gopal Jain)
Partner
Membership No. - 059147

Kolkata, the 30th day of May 2013

AGIO PAPER & INDUSTRIES LIMITED
BALANCE SHEET as at 31st March 2013

(Amount in Rs.)

	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	161,273,500	161,273,500
Reserves and Surplus	2.2	(161,679,717)	(80,458,463)
		<u>(406,217)</u>	<u>80,815,037</u>
NON-CURRENT LIABILITIES			
Long-Term Borrowings	2.3	254,000,000	285,033,532
Long-Term Provision	2.4	1,107,898	255,107,898
		<u>5,697,008</u>	<u>290,730,540</u>
CURRENT LIABILITIES			
Short-Term Borrowings	2.5	107,300,000	72,949,500
Trade Payables	2.6	11,189,648	18,173,275
Other Current Liabilities	2.7	74,026,174	19,412,667
Short-Term Provisions	2.4	5,013,410	2,810,585
		<u>197,529,232</u>	<u>113,346,027</u>
TOTAL		<u>452,230,913</u>	<u>484,891,604</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	2.8	48,027,360	51,222,491
Capital Work-In-Progress		358,271,042	358,271,042
Long-Term Loans and Advances	2.9	16,995,467	423,293,869
		<u>33,993,187</u>	<u>443,486,720</u>
CURRENT ASSETS			
Inventories	2.10	18,713,158	22,649,216
Trade Receivables	2.11	931,722	3,026,627
Cash and Bank Balances	2.12	1,647,614	1,008,715
Short-Term Loans and Advances	2.9	6,837,453	14,161,723
Other Current Assets	2.13	807,097	558,603
		<u>28,937,044</u>	<u>41,404,884</u>
TOTAL		<u>452,230,913</u>	<u>484,891,604</u>
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements.			

As per our report of even date annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

(Gopal Jain)
Partner
Membership No.: 059147
Kolkata : 30th May, 2013

(SAIKAT GHOSH)
Company Secretary

For and on Behalf of the Board of Directors

(ANKIT JALAN)
Executive Director

(D KUMAR)
Executive Director

Agio Paper & Industries Limited
STATEMENT OF PROFIT & LOSS for the year ended 31st March 2013

(Amount in Rs.)

	Note No.	As at March 31, 2013	As at March 31, 2012
INCOME			
Revenue from Operations (Excluding Excise duty nil, P.Y. Rs. 39,021)	2.14	348,108	1,441,119
Other Income	2.15	4,651,471	10,711,010
TOTAL		<u>4,999,579</u>	<u>12,152,129</u>
EXPENSES			
(Increase)/ Decrease in Inventories of Finished Goods	2.16	329,922	1,815,585
Employee Benefits Expense	2.17	19,174,044	14,050,918
Finance Costs	2.18	45,650,827	39,963,800
Other Expenses	2.19	18,295,008	14,459,031
TOTAL		<u>83,449,801</u>	<u>70,289,334</u>
Profit before Tax, Depreciation and Amortization		<u>(78,450,222)</u>	<u>(58,137,205)</u>
Depreciation and Amortization Expense	2.8	2,771,032	12,434,916
Profit/ (Loss) before Tax		<u>(81,221,254)</u>	<u>(70,572,121)</u>
Tax Expense:			
Current Tax		-	-
Deferred Tax		-	(1,136,734)
Profit/ (Loss) for the year		<u>(81,221,254)</u>	<u>(69,435,387)</u>
Basic & Diluted Earnings Per Share (in Rs.) [nominal value Rs.10 /-] (Refer Note No. 2.20.O)		(5.04)	(4.31)
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements.			

As per our report of even date annexed.

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

(Gopal Jain)
Partner
Membership No.: 059147
Kolkata : 30th May, 2013

(SAIKAT GHOSH)
Company Secretary

For and on Behalf of the Board of Directors

(ANKIT JALAN)
Executive Director

(D KUMAR)
Executive Director

AGIO PAPER & INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	As at March 31, 2013	As at March 31, 2012
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extraordinary items	(81,221,254)	(70,572,121)
Adjustments for:		
Depreciation/Amortisation	2,771,032	12,434,916
Sundry Balances/ Liabilities no longer required written back	(3,702,282)	(4,263,386)
Sundry balance written off	226,106	29,131
Provision for doubtful debts/Advances	5,166,916	835,744
Loss on Sale/Discard of Fixed Assets (Net)	337,099	-
Loss on Sale/Discard of Stores Materials	316,651	1,364,485
Provision for Obsolescence on Stores	1,125,100	1,125,200
Provision for Contingency (net of reversal)	3,013,727	2,797
Finance Cost	45,650,827	39,963,800
Interest Income	(706,180)	(467,897)
	54,198,996	51,024,790
Operating Profit before working capital changes	(27,022,258)	(19,547,331)
Adjustments for:		
(Increase)/Decrease in Trade Receivable	1,347,441	(326,779)
(Increase)/Decrease in Other Receivable	2,729,249	(502,894)
(Increase)/Decrease in Inventory	2,494,307	(5,289,796)
Increase/(Decrease) in Trade Payable	(3,281,345)	(5,635,811)
Increase/(Decrease) in Other Liabilities	(9,341,385)	904,587
	(6,051,733)	(10,850,693)
Cash generation from/(used in) operations	(33,073,991)	(30,398,024)
Direct Taxes (paid)/refund	(69,636)	(45,977)
Net cash flow from/(used in) operating activities	(33,143,627)	(30,444,001)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Increase in Fixed Assets/Capital Work-in-progress	87,000	(3,145,554)
Refund of Capital Advance	17,016,818	4,751,718
Interest Received	457,686	46,509
	17,561,504	1,652,673
	(15,582,123)	(28,791,328)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	(15,629,478)	(2,077,107)
Proceeds from long term borrowings	-	-
Repayment of long term borrowings	(2,500,000)	(274,288)
Proceeds from short term loans (net)	34,350,500	30,608,000
	16,221,022	28,256,605
Net Increase/(Decrease) in Cash and Cash equivalents	638,899	(534,723)
Cash and Cash equivalents as at 1st April	247,942	782,665
Cash and Cash equivalents as at 31st March	886,841	247,942

- Cash and cash equivalent at the year end represents cash in hand and bank balance with schedule banks as reflected in note 2.12 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 SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

(Gopal Jain)
Partner
Membership No.: 059147
Kolkata : 30th May, 2013

(SAIKAT GHOSH)
Company Secretary

For and on Behalf of the Board of Directors

(ANKIT JALAN)
Executive Director

(D KUMAR)
Executive Director

AGIO PAPER & INDUSTRIES LIMITED

NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES :

i) Basis of Accounting

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.

II) Fixed Assets, Depreciation & Amortization:

- a) 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.
- b) 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.
- c) 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.
- d) Leasehold lands are amortized over the lease period.

III) 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 over a period of 3-5 years.

IV) 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.

V) Inventories :

- a) Finished Goods (including goods in transit) and work-in-process are valued at cost or net realizable value, whichever is lower.
- b) Raw material and stores are valued at cost or net realizable value, whichever is lower.
- c) 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.
- d) 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.
- e) 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.
- f) Provision is made for obsolete and slow moving stocks where necessary.

VI) 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.

VII 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 statement of profit & loss.

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 acquisi-

tion 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.

VIII Recognition of Income & Expenditure :

- a) 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.
- b) Other income and expenditure are accounted for on accrual basis.

IX Employee Benefits:

a) **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 and payment under VRS.

b) **Long Term Employee Benefits:**

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

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

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

X 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".

XI 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 normal tax liability.

XII Leases

For assets acquired under operating lease, rentals payable are charged to statement of profit and loss 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.

XIII 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.

XIV 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 to Financial Statements for the year ended 31st March 2013

		As at 31st March 2013	As at 31st March 2012
2.1	SHARE CAPITAL		
	Authorized:		
	Equity Shares:		
	18,000,000 Ordinary Shares of Rs.10/- each	180,000,000	180,000,000
	Preference Shares:		
	200,000, 10% Non-cumulative Redeemable Shares of Rs.100/- each	20,000,000	20,000,000
		<u>200,000,000</u>	<u>200,000,000</u>
	Issued, Subscribed and Paid up:		
	1,61,25,400 Ordinary Shares of Rs.10/- each fully paid up	161,254,000	161,254,000
	Add : Shares forfeited (Amount paid up)	19,500	19,500
		<u>161,273,500</u>	<u>161,273,500</u>

a) **Reconciliation of Shares outstanding at the beginning and at the end of year**

	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	16,125,400	16,125,400
Shares outstanding at the end of the year	<u>16,125,400</u>	<u>16,125,400</u>

- b) The Company has only one class of issued shares i.e. Ordinary Shares having par value of Rs.10/- per share. Each holder of Ordinary Shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the ordinary shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.
- c) The Company does not have any holding company or ultimate holding company.
- d) Details of shareholders holding more than 5% shares in the Company:

	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	% holder	No. of Shares	% holder
Ordinary Shares of Rs.10 each fully paid up				
1) Murari Lal Jalan	5,695,868	35.32	5,681,080	35.23
2) Arrow Syntex Private Limited	2,938,194	18.22	2,938,194	18.22
3) Bharat Mekani	1,500,000	9.30	1,500,000	9.30
4) Babulal Bahadur	1,500,000	9.30	1,500,000	9.30
5) Anand Purohit	1,500,000	9.30	1,500,000	9.30

- e) No Ordinary Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.
- f) No Ordinary Shares have been bought back by the Company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.
- g) No Ordinary Shares have been issued pursuant to scheme of amalgamation and arrangement for consideration other than cash in immediately preceding five years.
- h) No securities convertible into Ordinary/Preference shares have been issued by the Company during the year.
- i) No calls are unpaid by any Director or Officer of the Company during the year.

AGIO PAPER & INDUSTRIES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

	As at 31st March 2013	As at 31st March 2012
2.2 : RESERVES AND SURPLUS		
Capital Redemption Reserve	10,000	10,000
Securities Premium	50,627,000	50,627,000
Surplus		
As per the last Financial Statements	(131,095,463)	(61,660,076)
Add : Profit/(Loss) for the year	(81,221,254)	(69,435,387)
Net Surplus	(212,316,717)	(131,095,463)
Total	<u>(161,679,717)</u>	<u>(80,458,463)</u>

2.3 : LONG-TERM BORROWINGS

	Non-current portion		Current Maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Secured				
Term Loan from Bank	149,000,000	165,000,000	16,000,000	-
Working Capital Term Loan from Bank	75,000,000	90,000,000	15,000,000	-
Funded Interest Term Loan from Bank (FITL)	30,000,000	30,033,532	20,000,000	7,500,000
Total Secured Borrowings	<u>254,000,000</u>	<u>285,033,532</u>	<u>51,000,000</u>	<u>7,500,000</u>
Amount disclosed under the head "Other Current Liabilities" (Note no. 2.7)			51,000,000	7,500,000
	<u>254,000,000</u>	<u>285,033,532</u>	-	-

Security

Term Loan, Working Capital Term Loan & FITL is secured by equitable mortgage of all fixed assets including leasehold freehold land, building and Capital Working Progress (both present & future). The above loans are also guaranteed by a relative of director.

Maturity Profile of the above loans

Nature of Loan	Amount	2013-14	2014-15	2015-16	2016-17	2017-18
Term Loan - I	105,000,000	10,000,000	10,000,000	25,000,000	30,000,000	30,000,000
Term Loan - II	60,000,000	6,000,000	6,000,000	12,000,000	12,000,000	24,000,000
Working Capital	90,000,000	15,000,000	25,000,000	25,000,000	25,000,000	-
Funded Interest Term Loan *	50,000,000	20,000,000	15,000,000	15,000,000	-	-
	<u>305,000,000</u>	<u>51,000,000</u>	<u>56,000,000</u>	<u>77,000,000</u>	<u>67,000,000</u>	<u>54,000,000</u>

* Includes four monthly installments of Rs. 12.50 lacs each payable from December 2012 to March 2013 due but not paid at the Balance Sheet date.

- i) Term Loan - I & II is repayable in 20 quarterly balloning installments starting from quarter ending June 2013 and ending at March 2018.
- ii) Working Capital Term Loan is repayable in 16 quarterly balloning installments starting from quarter ending June 2013 and ending at March 2017.
- iii) FITL is repayable in 42 equal monthly installments starting from quarter ending October 2012 and ending at March 2016.

Restructuring of above loans

Vide Bank sanction letter dated 25.03.2011 and further renewal letter dated 24.01.2013, the above loans were restructured by the bank and the above disclosure and maturity profile are as per restructuring sanctioned by the bank.

2.4 Provision	Short Term		Long Term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Provision for Employees Benefits				
Leave	28,248	197,842	5,864	51,000
Gratuity	1,079,650	5,499,166	476,234	1,242,000
Other Provisions				
Provision for Contingency			4,531,312	1,517,585
	<u>1,107,898</u>	<u>5,697,008</u>	<u>5,013,410</u>	<u>2,810,585</u>

2.5 : SHORT TERM BORROWINGS (Unsecured)

From Body Corporates
(Includes Rs. 10,45,00,000 (P.Y Rs. 6,99,50,000 from
a related party (Refer Note No. 2.20.M)

As at 31st March 2013	As at 31st March 2012
107,300,000	72,949,500
<u>107,300,000</u>	<u>72,949,500</u>

2.6 : TRADE PAYABLES

For Goods and Services

As at 31st March 2013	As at 31st March 2012
11,189,648	18,173,275
<u>11,189,648</u>	<u>18,173,275</u>

	As at 31st March 2013	As at 31st March 2012
2.7 : OTHER CURRENT LIABILITIES		
Current maturities of Long Term Debt (See Note 2.3)	51,000,000	7,500,000
Interest accrued but not due on long term borrowings	3,933,854	434,798
Interest accrued and due on long term borrowings *	11,555,825	-
Statutory Dues Payable	3,140,303	2,693,200
Amount payable for Capital Goods	597,990	628,140
Advances Received from Customers	293,367	185,962
Employee related liability	875,090	4,754,132
Deposit From customers & others	2,629,745	3,216,435
	<u>74,026,174</u>	<u>19,412,667</u>

* Represents interest accrued & due on term loans & working capital term loan amounting to Rs. 62,40,343 related to January 2013 & February 2013 and Rs. 53,15,482 on funded interest term loan relating to July 2012 to February 2013, not paid at the Balance Sheet date.

AGIO PAPER & INDUSTRIES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

**2.8 : FIXED ASSETS
TANGIBLE ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION & AMORTIZATION				NET BLOCK		
	Value as on 31.03.2012	Additions	Sale / Adjustment	Total Value as on 31.03.2013	Upto 31.03.2012	For the Year	Sale / Adjustment	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Land :										
- Freehold	958,276	-	-	958,276	-	-	-	-	958,276	958,276
- Leasehold	59,541	-	-	59,541	16,838	601	-	17,439	42,102	42,703
Building	35,518,290	-	-	35,518,290	18,602,836	942,306	-	19,545,142	15,973,148	16,915,454
Plant & Machinery	204,351,438	-	-	204,351,438	178,601,936	1,157,612	-	179,759,548	24,591,890	25,749,502
Furniture & Fittings	8,466,149	-	-	8,466,149	4,080,701	303,744	-	4,384,445	4,081,704	4,385,448
Computers	2,572,202	-	-	2,572,202	2,464,492	24,029	-	2,488,521	83,681	107,710
Office Equipments	1,964,043	-	-	1,964,043	559,438	75,921	-	635,359	1,328,684	1,404,605
Vehicles	5,776,125	-	1,281,929	4,494,196	4,117,332	266,819	857,830	3,526,321	967,875	1,658,793
TOTAL :	259,666,064	-	1,281,929	258,384,135	208,443,573	2,771,032	857,830	210,356,775	48,027,360	51,222,491
PREVIOUS YEAR	256,526,399	3,139,665	-	259,666,064	196,008,657	12,434,916	-	208,443,573	51,222,491	
CAPITAL WORK IN PROGRESS									358,271,042	358,271,042

	Long Term		Short Term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
2.9 : LOANS & ADVANCES				
(Unsecured & considered good, unless otherwise mentioned)				
Capital Advances	7,103,516	24,120,334	-	-
Security Deposits	6,681,800	6,681,800	106,696	111,371
<u>Other Loans and Advances</u>				
Advance Tax and TDS (Net of provisions)	327,108	366,880	-	-
Income Tax Refundable	542,479	542,479	(69,636)	-
Mat credit Entitlement (Net of Provision Rs. 59,06,409,P.y. Rs. 59,09,406)	-	-	-	-
<u>Advance Receivable in cash or in kind</u>				
Considered good	-	-	911,352	8,050,223
Considered doubtful	-	-	5,255,196	835,744
Less : Provision	-	-	(5,255,196)	(835,744)
Prepaid Expenses	-	-	6,093	100,888
Loan / Advance to Employees	-	-	70,306	120,136
Balances with Government & Statutory Authorities	-	-	5,743,006	5,779,105
Deposit with Govt. Authorities	2,300,792	2,321,466	-	-
	<u>16,995,467</u>	<u>33,993,187</u>	<u>6,837,453</u>	<u>14,161,723</u>

2.10 : INVENTORIES**(As valued and certified by the Management)**

	As at 31st March 2013	As at 31st March 2012
Raw Materials	102,128	102,128
Stores and Spares (net of obsolesce) *	18,611,030	22,217,166
Finished Goods **	-	329,922
	<u>18,713,158</u>	<u>22,649,216</u>

* Including Rs. 15,59,476 (P.Y Nil) lying with third party

** Finished goods represent stock of paper.

2.11 : TRADE RECEIVABLES

	As at 31st March 2013	As at 31st March 2012
Outstanding for a period exceeding six months	602,859	2,885,468
Unsecured, considered good	2,610,645	1,863,181
Doubtful	3,213,504	4,748,649
Less : Provision for doubtful receivables	2,610,645	1,863,181
	602,859	2,885,468
Other Receivables		
Unsecured, considered good	328,863	141,159
	<u>931,722</u>	<u>3,026,627</u>

AGIO PAPER & INDUSTRIES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs.)

	As at 31st March 2013	As at 31st March 2012
2.12 CASH AND BANK BALANCES		
<u>Cash and Cash Equivalents</u>		
Balances With Banks :	885,130	224,155
In Current Account	1,711	23,787
Cash on hand		
<u>Other Bank Balance</u>		
Fixed deposit with bank (having maturity beyond 12 Months)	760,773	760,773
	<u>1,647,614</u>	<u>1,008,715</u>
2.13: OTHER CURRENT ASSETS		
Interest accrued on deposit	807,097	558,603
MAT credit Entitlement		
Less : Provision		
	<u>807,097</u>	<u>558,603</u>
2.14: REVENUE FROM OPERATIONS		
Sale of Finished Goods	348,108	1,480,140
Less : Excise Duty	-	39,021
	<u>348,108</u>	<u>1,441,119</u>
Details of Sale of Finished Goods :		
Paper	348,108	1,480,140
	<u>348,108</u>	<u>1,480,140</u>
2.15 : OTHER INCOME		
Interest Income		
On Bank Deposits	77,058	67,589
On Other Deposit	629,122	400,308
Other Non Operating Income		
Excess depreciation written back	-	2,156,263
Sundry Balances/ Liabilities no longer required written back	3,702,282	4,263,386
Miscellaneous Income	243,009	3,823,464
	<u>4,651,471</u>	<u>10,711,010</u>
2.16 : (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS		
Inventories at the end of the year		
Paper	329,922	2,145,507
	<u>329,922</u>	<u>2,145,507</u>
Inventories at the beginning of the year		
Paper	-	329,922
	<u>-</u>	<u>329,922</u>
(Increase)/ Decrease in Inventories of Finished Goods	<u>(329,922)</u>	<u>(1,815,585)</u>

AGIO PAPER & INDUSTRIES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs.)

	As at 31st March 2013	As at 31st March 2012
2.17 : EMPLOYEE BENEFIT EXPENSE		
Salaries & Wages	15,986,262	11,920,320
Contribution to Provident Funds and Others	982,980	1,382,624
Gratuity Fund	2,111,715	517,000
Staff Welfare Expenses	93,087	230,974
	<u>19,174,044</u>	<u>14,050,918</u>
2.18 : FINANCE COST		
Interest Expenses		
Term Loans	45,647,871	39,849,744
Others	2,956	114,055
	<u>45,650,827</u>	<u>39,963,799</u>
2.19: OTHER EXPENSES		
MANUFACTURING EXPENSES		
Stores, Spare Parts & Packing Materials Consumed	1,494,074	1,186,745
Power & Fuel	1,939,168	2,863,904
Repairs to Buildings	17,996	29,226
Repairs to Machinery	1150	605,810
Repairs to Other Assets	24,398	37,663
	<u>3,476,786</u>	<u>4,723,348</u>
SELLING AND ADMINISTRATION		
Commission , Brokerage & Discount	3,285	16,183
Rent	10,642	10,642
Rates & Taxes	364,220	415,512
Insurance	241,316	249,532
Vehicle Running & Maintenance Expense	373,137	544,464
Charity & Donation	-	150,000
Auditors' Remuneration	-	
Statutory Auditors -		
Auditor	125,000	200,000
Issue of Certificates	80,000	122,500
Tax Audit	25,000	37,500
Reimbursement of Service Tax	28,428	19,010
Cost Auditors' Remuneration		
Other Services	15,000	15,000
Traveling Expenses	156,019	500,594
Director Sitting Fees	17,978	28,000
Loss on Sale/Discard of Stores Materials	316,651	1,364,485
Loss on Sale/Discard of Fixed Assets (Net)	337,099	-
Provision for doubtful debts/Advances	5,166,916	835,744
Provision for Obsolescence on Stores	1,125,100	1,125,200
Provision for Contingency (net of reversal)	3,013,727	2,797
Other Miscellaneous Expenses	3,418,704	4,098,520
	<u>14,818,222</u>	<u>9,735,683</u>
	<u>18,295,008</u>	<u>14,459,031</u>

AGIO PAPER & INDUSTRIES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

2.20: NOTES ON ACCOUNTS

A. Contingent and disputed liabilities not provided for:-

Claims against the Company not acknowledged as debts

(Amount in Rs.)

		As at 31st March 2013	As at 31st March 2012
i)	Disallowance of Modvat Credit on input items Felts & etc from 1993 – 2005	381,404	381,404
ii)	Disallowance of Modvat Credit on input items Felts & etc from November, 1991 to May, 1992	320,192	-
iii)	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.	796,364	796,364
iv)	Disputed sales tax liability for interest on installment for FY 2002-03 & 2003-04	-	37,701
v)	Disputed provident fund liabilities 1990-99 & 1999 -2008, stay granted from provident fund Appellate Tribunal (net of advance).	-	2,64,000
vi)	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.	550,000	550,000

B. Civil Cases Pending

	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. 241,000 (P.Y 241,000) 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.** Estimated amount of contracts remaining to be executed on Capital Account Rs. nil, (net of advance), Previous Financial Year Rs 74,00,000, (net of advance).
- D.** Bank guarantee outstanding at the year end is Rs.15,10,773 (Previous year Rs.15,10,773).
- E.** The Company has incurred net loss of Rs. 8,12,21,254 and cash loss Rs.7,84,50,222 during the year ended 31st March 2013 and the net worth of the Company has been fully eroded. These financial statements have been prepared on a going concern basis based on the future strategic plan envisaged by the management for the revival of the company and on the basis of a comfort letter received from a promoter company confirming their continued financial support.
- F.** The paper factory remains under shut down w.e.f. 6th October, 2010 to fulfil certain pollution control measures as laid down by Central Pollution Control Board. The management of the company is taking active steps to comply with the required norms to start the factory. The management is also actively considering to begin paper production through alternate means. As reported earlier, the new paper mill with an annual capacity of 18000 MT is under installation and waiting for necessary clearance to commence production as mentioned above. The power plant also could not be started due to non operation of the paper mill and thus still kept under capital work in progress.
- G.** 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. Based on the future strategic plans and the valuation report of the fixed assets of the company, no impairment of assets is envisaged at the balance sheet date.
- H.** Balance confirmations from some of the parties of trade receivable, unsecured loans, advances and trade payable are yet to be received.

AGIO PAPER & INDUSTRIES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.

I. 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 are operated 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.

	Gratuity (Unfunded)	
	2012-13	2011-12
Expenses recognized for the year ended 31st March, 2013		
i) Current Service Cost	78,733	299,000
ii) Interest Cost	331,882	552,000
iii) Actuarial (Gain) / Losses	1,701,100	(334,000)
iv) Expenses Recognized in Statement of Profit & Loss	2,111,715	517,000
Net (Asset) / Liabilities recognized in Balance Sheet		
i) Present Value of Defined Benefit Obligation	1,555,884	6,741,166
ii) Net (Asset)/ Liabilities recognized in Balance Sheet	1,555,884	6,741,166
Changes in Present Value of Defined Benefit Obligation during the year		
i) Present Value of Defined Benefit Obligation at the beginning of the year	6,741,166	7,054,953
ii) Current Service Cost	78,733	299,000
iii) Interest Cost	331,882	552,000
iv) Actuarial (Gain) /Losses	1,701,100	(334,000)
v) Benefit Paid	(7,296,997)	(830,787)
vi) Present Value of Obligation at the end of the year	1,555,884	6,741,166
Principle Actuarial Assumptions used		
i) Discount Rate per annum	8.00%	8.00%
ii) Expected Salary increase	5.00%	5.00%
iv) Withdrawal		No explicit allowance 2% to 1%, depending on the age and length of service. 58 years
v) Normal age of retirement		
vi) Mortality		LIC (1994-96), ultimate table
c) 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.		
d) The table below illustrates experience adjustment disclosure as per Para 120 (n) (ii) of Accounting Standard 15 – Employee Benefits.		

(Rs. in lacs)

	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit obligation	15.56	67.41	70.55	71.83	70.74
Surplus / (Deficit)	15.56	67.41	70.05	71.83	70.74
Experience adjustments on plan liabilities	17.01	(3.34)	5.05	(0.29)	(4.40)

AGIO PAPER & INDUSTRIES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.

- e) The disclosure as required by Para 120 of Accounting Standard – 15 “Employee Benefit” has been made to the extent applicable to the Company.
- j. No borrowing cost as per Accounting Standard -16 “Borrowing Costs” has been capitalised during the year.
- k. The company does not have any exposure in foreign currency at the year end.
- l. **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.

M. Related party’s disclosures under AS- 18

Sl	Name of Parties	Relationship
i	Arrow Syntax Pvt Ltd	Associate Company and having significant influence over the Company
ii	Orion IT Parks Pvt. Ltd.	Common Director
iii	D. Kumar – Whole Time Director	Key Management Personnel

Related party transactions under Accounting Standard AS-18

(Amount in Rs.)

Related Party Transactions	Enterprises having Common Director		Key Management Personnel	
	2012-13	2011-12	2012-13	2011-12
Remuneration Paid #	–	–	–	134,400
Unsecured Loan				
Paid	9,650,000	60,250,000	–	–
Received	44,200,000	91,200,000	–	–
Balances as on 31st March				
Payable	104,500,000	69,950,000	–	–

The whole time director has voluntarily forgone his remuneration during the year

N. Disclosures required by AS- 29 “Provisions, Contingent Liabilities and Contingent Assets” Movement in provisions:

(Amount in Rs.)

Particulars	2012-13	2011-12
i Opening Balance	1,517,585	1,620,712
ii Provision during the year	3,013,727	18,847
iii Provision used during the year	-	105,924
iv Provisions reversed during the year	-	16,050
v Closing Balance	4,531,312	1,517,585

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.

O. Earning Per Shares (Basic & Diluted)

Particulars	2012-13	2011-12
Net Profit/ (Loss) after tax for the year (Rs.)	(81,221,254)	(69,435,387)
Weighted average no. of Equity Shares (No.)	16,125,400	16,125,400
Earning per share (Basic /Diluted) (Rs.)	(5.04)	(4.31)

AGIO PAPER & INDUSTRIES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.

- P . In view of substantial brought forward losses and depreciation, the year end deferred tax position reflects net deferred tax assets and the same has not been recognised on account of prudence.
- Q . The entire spares and components consumption during the year as well for the previous year are through indigenous sources.

Spares & Components Consumption

Particulars	2012-13	2011-12
Imported	-	-
Indigenous	1,493,875	1,154,771
	1,493,875	1,154,771

- R 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

For and on Behalf of the Board of Directors

(Gopal Jain)
 Partner
 Membership No.: 059147
 Kolkata : 30th May, 2013

(SAIKAT GHOSH)
 Company Secretary

(ANKIT JALAN)
 Executive Director
(D KUMAR)
 Executive Director



Agio Paper & Industries Limited

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 28th 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, 25th September, 2013 at 10.30 A.M.

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



PROXY FORM



Agio Paper & Industries Limited

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

Regd. Folio No. :
DP ID No. :
Client ID No. :

No. of Shares



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 28th 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 25th September, 2018 at 10.30 A.M.

As witness my / our hand this _____ day of _____ 2013

Signed by the Said _____



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.

41A, AJC Bose Road
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Fax : +91-33-4022 5999
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