

August 21, 2019

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

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

Srip code : 516082  
NSE symbol : NRAIL

Sub: **Annual Report for the year 2018-19**

Dear Sir,

Please find enclosed herewith Annual Report of the Company for the financial year 2018-19.

Kindly take the same on record.

Thanking you.

Yours faithfully,  
For **N R AGARWAL INDUSTRIES LIMITED,**



**Pooja Daftary**  
**Company Secretary & Compliance Officer**

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N R Agarwal Industries Limited  
Annual Report 2018-19

# CULTURE

OF NO COMPROMISE

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## Contents

**02** Corporate snapshot **04** Financial performance **06** Strategic overview  
**18** Our business model **26** Competence catalyst **32** Board of Directors  
**33** Notice **44** Director's Report **73** Management Discussion and Analysis  
**81** Report on Corporate Governance **94** Financial statements




## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# CULTURE

## OF NO COMPROMISE



There are two principal messages that we wish to communicate in this report.

**One,** we believe in a broadbased business model where a presence across diverse geographies, products, grades and downstream customer applications has enhanced our business sustainability.

**Two,** we expected to emerge as the largest Indian recycled resource-based paper company and among the five largest paper companies in the next few years.

These priorities reflected in the highest revenues and EBIDTA in our existence during the last financial year, which provides us with a robust business foundation.

# N R Agarwal Industries Limited: Attractive proxy of the growth in India's packaging and writing / printing segments.

*Now perched at the cusp of sizable growth.*

## **Our vision**

To be recognised as a global manufacturer of innovative paper products to our valued customers

Living our core values

Providing a fair return to our stakeholders

## **Our mission**

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

## **Our portfolio**

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

**Writing & printing paper:** The Company manufactures writing and printing paper products respected for their high brightness, shade stability and smoothness across GSM ranges. The products comprise high tensile strength and surface properties suitable for high-speed multi-color printing. The Company launched copier paper in May 2019.

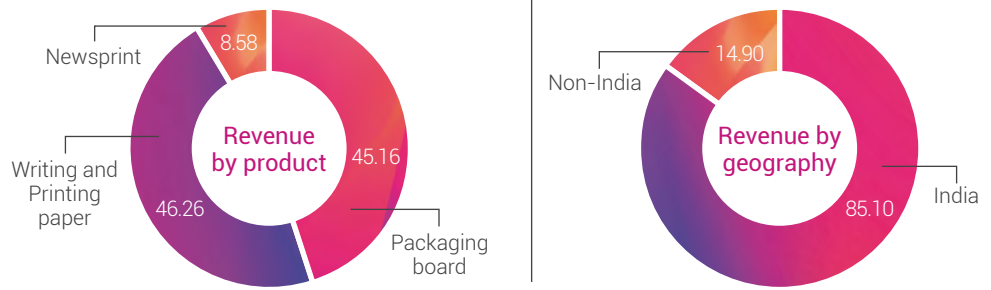


## **Our background**

N R Agarwal Industries Limited has been engaged in the business of paper manufacture and marketing for more than two-and-a-half decades (established 1993). The Company was among the first to manufacture quality paper products through the use of waste paper in India. The Company is among the largest manufacturers of waste paper-based paper companies in India and among the seven largest paper companies in India.

## **Our management**

N R Agarwal Industries Limited comprises a balance of promoter and professional competence. The promoters engaged in the business comprise Mr. R N Agarwal (Chairman & Managing Director) who possesses more than two decades of sectoral experience, Mr. Raunak Agarwal (Promoter Director) who spearheads the Company's presence in the Indian and international markets, and Ms. Reena Agarwal (Executive Director). The Company comprises 45 senior employees with diversified capabilities and 1461 workers.



(as % of overall revenues, 2018-19)



### Our capacity

The aggregate manufacturing capacity of the Company was 354000 TPA at the close of 2018-19. The Company commissioned a 108000 TPA unit for manufacturing writing and printing paper in 2014 followed by a switch in capacity from newsprint to writing & printing paper that enhanced the latter capacity to 174000 TPA. The total duplex board capacity was 174000 TPA at the close of 2018-19.

#### Writing & printing paper

9000 TPM (Unit 5)  
5500 TPM (Unit 2)

#### Duplex board

8000 TPM (Unit 1)  
3500 TPM (Unit 3)  
3500 TPM (Unit 4)

### Our locations

The Company is headquartered in Mumbai. All manufacturing operations are conducted in Vapi and Sarigam, Gujarat.

### Our sales footprint

The Company generated 85% of its revenues from sales within India and 15% from exports to more than 30 countries.

### Our listing

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

**73.31**

Promoters' holding,  
March 31, 2019 (%)

**1.73**

Institutional holding,  
March 31, 2019 (%)

**531.76**

Market capitalisation,  
March 31, 2019 (₹ crore)

**1505**

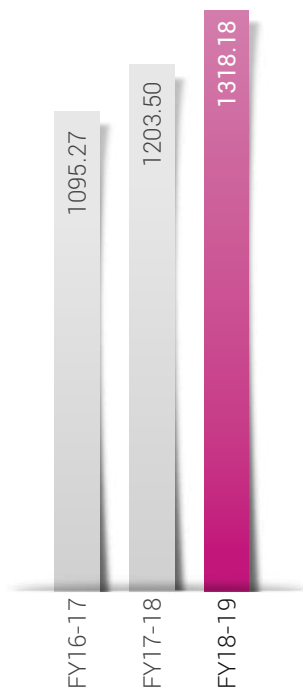
Team size,  
March 31, 2019

This is how we have grown in the last few years



## Revenues

(₹ crore)



### Definition

Growth in sales net of taxes, duties, rebates and discounts (including other operating revenue).

### Why this is measured

It is an index that showcases the Company's ability to maximise revenues, which provided a basis against which the Company's success can be compared with sectoral peers.

### What this means

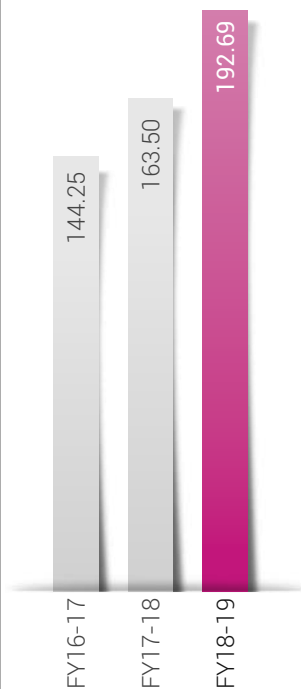
Aggregate revenue increased 9.53% to ₹1318.18 crore in FY2018-19 due to increased product offtake.

### Value impact

Improved product offtake enhanced the Company's respect and provided increased room to cover fixed costs.

## EBIDTA

(₹ crore)



### Definition

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

### Why this is measured

It is an index that showcases the Company's ability to generate a surplus after optimising operating costs, providing a base for comparison with sectoral peers.

### What this means

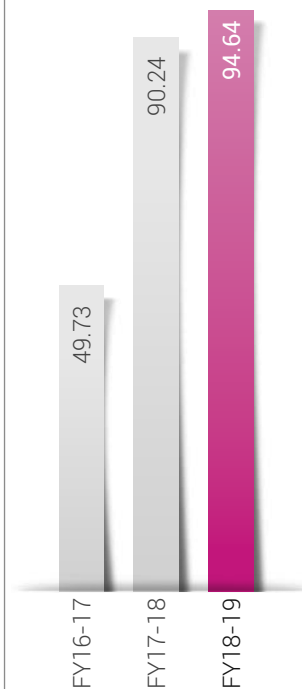
Helps create a robust growth surplus-generating engine that enhances reinvestment.

### Value impact

The Company reported a 17.85% increase in EBIDTA in FY 2018-19, an outcome of painstaking initiatives in improving operational efficiency.

## Net profit

(₹ crore)



### Definition

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

### Why this is measured

It highlights the strength of the business model to enhance value for shareholders.

### What this means

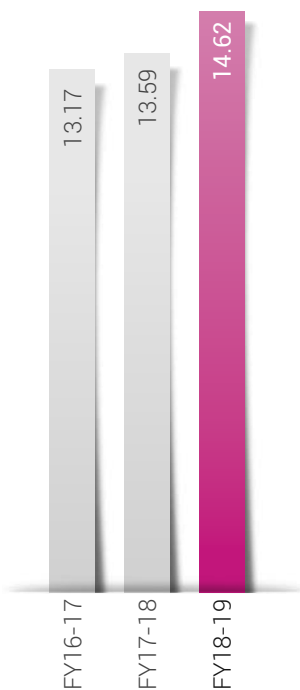
This ensures that adequate cash is available for reinvestment, leading to business sustainability.

### Value impact

The Company reported an improvement in net profit in FY2018-19, reflecting the growing attractiveness of the business model.

## EBIDTA margin

(%)



### Definition

EBIDTA margin is a profitability measure to ascertain a company's operating efficiency.

### Why this is measured

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

### What this means

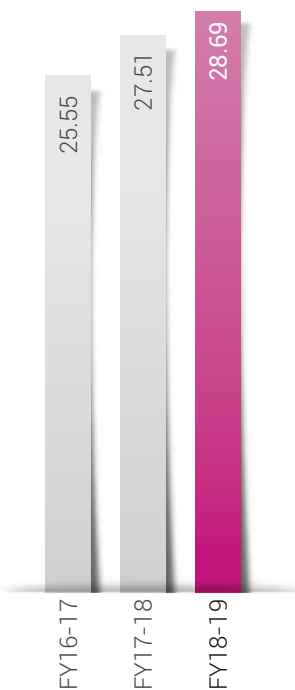
This measure demonstrates the buffer in the business, which when multiplied by scale, can potentially enhance the surplus.

### Value impact

The Company reported a 103 bps increase in EBIDTA margin in FY2018-19.

## RoCE

(%)



### Definition

This is a financial ratio that measures efficiency with which capital is employed in the Company's business.

### Why this is measured

RoCE is an insightful metric to compare profitability across companies based on their respective capital efficiency.

### What this means

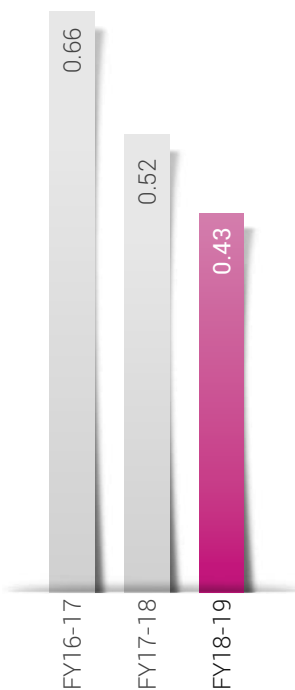
Enhanced RoCE can potentially drive valuations and market perception.

### Value impact

The Company reported a 118 bps increase in RoCE in FY2018-19.

## Gearing

(x)



### Definition

This is the ratio of debt to net worth (less revaluation reserves).

### Why this is measured

This is one of the defining measures of a company's financial solvency.

### What this means

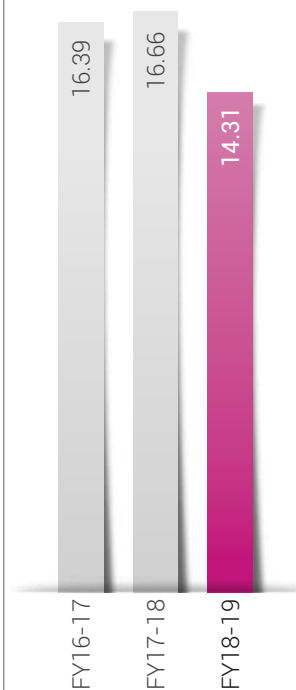
This indicates whether the Company enhances shareholder value by keeping the equity side constant and progressively moderating debt.

### Value impact

The Company's gearing stood at 0.43x in FY2018-19 compared to 0.52x in FY2017-18. This ratio should ideally be read in conjunction with net debt/operating profit (a reduction indicating greater ease in terms of servicing debt).

## Debt cost

(%)



### Definition

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

### Why this is measured

This indicates the Company's ability in convincing debt providers of the robustness of our business model and negotiating a lower debt cost (leading to higher margins).

### What this means

This translates into enhanced cash flows and strengthens credit rating leading to successive declines in debt cost.

### Value impact

The Company's average debt cost declined from 16.66% in 2017-18 to 14.31% in FY2018-19. This ratio should ideally be read in conjunction with net debt/operating profit (an increase indicating higher liquidity).



# Culture of no compromise

## Overview

N R Agarwal Industries Limited reported its best ever annual performance from a revenue perspective in 2018-19. The Company reported a 9.53% increase in revenues while EBIDTA grew 17.85% during the year under review, validating the Company's profitable growth.

The Company's pre-tax profit for 2018-19 was 34.63% higher than in the previous year, while a larger tax outgo of ₹36.05 crore in 2018-19 (compared with ₹6.83 crore in the previous year) accounted for a decline in the Company's post-tax profit.

The Company's superior competitiveness was reflected in an increase in EBIDTA margin from 13.59% in 2017-18 to 14.62% in 2018-19. Besides, the Company reported a 118 bps increase in Return on Capital Employed in 2018-19 over the previous financial year.

The big message that I wish to send out to our stakeholders is that this performance was not a sudden


unexpected spike but the outcome of a number of proactive business-strengthening initiatives undertaken in the last few years. Besides, this performance represents the foundation on which the Company expects to grow larger and faster across the foreseeable future.

## Decisive investments

At N R Agarwal, the management made a decisive change in its product mix a couple of years ago. The Company selected to invest ₹72 crore in its business with the objective of converting its erstwhile newsprint manufacturing capacity to writing & printing capacity on the one hand and making timely investments in balancing equipment with the objective to moderate resource consumption and reinforce environment commitment on the other.

I am pleased to communicate that the investment was made at the right time and the benefits became visible during the last financial year. The Company's decision to switch from newsprint proved timely; in the





The big message that I wish to send out to our stakeholders is that this performance was not a sudden unexpected spike but the outcome of a number of proactive business-strengthening initiatives undertaken in the last few years.

**9.53%**

Revenue growth, 2018-19



## Culture of no compromise



72

₹ crore, investment in converting the newsprint capacity to writing & printing



months that followed, newsprint realisations turned volatile and eventually headed downwards while the writing & paper realisations strengthened. We also believe that the long-term prospects of the newsprint market appear to have plateaued with an increasing number of readers turning to online news equivalents; the prospects of the writing & paper segment continue to provide optimism on account of growing literacy and increased use of paper arising out of increased incomes and commercial activity.

The Company commissioned its expanded writing & printing capacity during the current financial year, strengthening the surplus derived from this business segment. The

full benefit of this switch will be visible from the current financial year onwards.

### Strengthening processes

The other significant upside that we generated during the last financial year was from additional and selective investments that we made in our operational processes.

At N R Agarwal, we have always believed that in a large, multi-process and competitive paper sector, growth would need to be derived from improving efficiencies within and not necessarily passing cost increases to customers.

During the last couple of years, the management invested ₹120 crore

in infrastructure and equipment with the objective of enhancing operational efficiency that would, in turn, help the Company moderate its manufacturing costs.

I am pleased to report that the benefits of this investment became visible during the last financial year; the Company enhanced raw material yield while reducing power and water consumption. In doing so, the Company moderated its production costs, strengthening its ability to compete across market cycles.

### Cleaner operations

At N R Agarwal, we have always believed that the sustainability of our business will be influenced by our ability to protect our neighbourhood from effluents and emissions.

The Company made proactive investments in people, plant and processes with the objective to be completely compliant with statutory norms.

During the year under review, the Company invested in a reverse osmosis plant to enhance the recycling of process water and moderate our waste water discharge. We believe that this represents a decisive organisational initiative towards emerging as a completely zero liquid discharge facility across the foreseeable future. We believe that this proactive positioning towards an environmental responsibility will enhance our respect among institutional customers, strengthen credit access from bankers and strengthen our business sustainability.

### Business sustainability

At N R Agarwal, we have always focused on generating controlled and manageable growth.

This priority has been manifested in moderate debt mobilisation, focusing on high operational controls, maximised capacity utilisation, broadbased product mix that moderates revenue concentration on a few segments, sales within India and abroad that makes it possible escape temporary slowdowns in diverse geographies and addressing the needs of a range of downstream user segments. Besides, our focus on maximum debt repayment before we embark on a fresh round of capacity expansion has made us a steadily-growing sustainable business across market cycles.

This positioning was reflected in the improvement in our credit rating from BB+ to A- in the last four years with a corresponding decline in our debt costs, strengthening our overall sustainability.

### Overview

The big message that I wish to communicate is that N R Agarwal stands at an inflection point.

The benefits of our continuous effort should reflect more visibly in our financials for 2019-20.

We are optimistic of emerging as one of the leading paper mills in India and all our investments and strategies are aimed towards achieving this target.

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**R N Agarwal**  
*Managing Director*

The Company made proactive investments in people, plant and processes with the objective to be completely compliant with statutory norms



CULTURE OF  
NO COMPROMISE

# Through continuous improvement

Our growing output (tonnes)

**283483**

FY2016-17

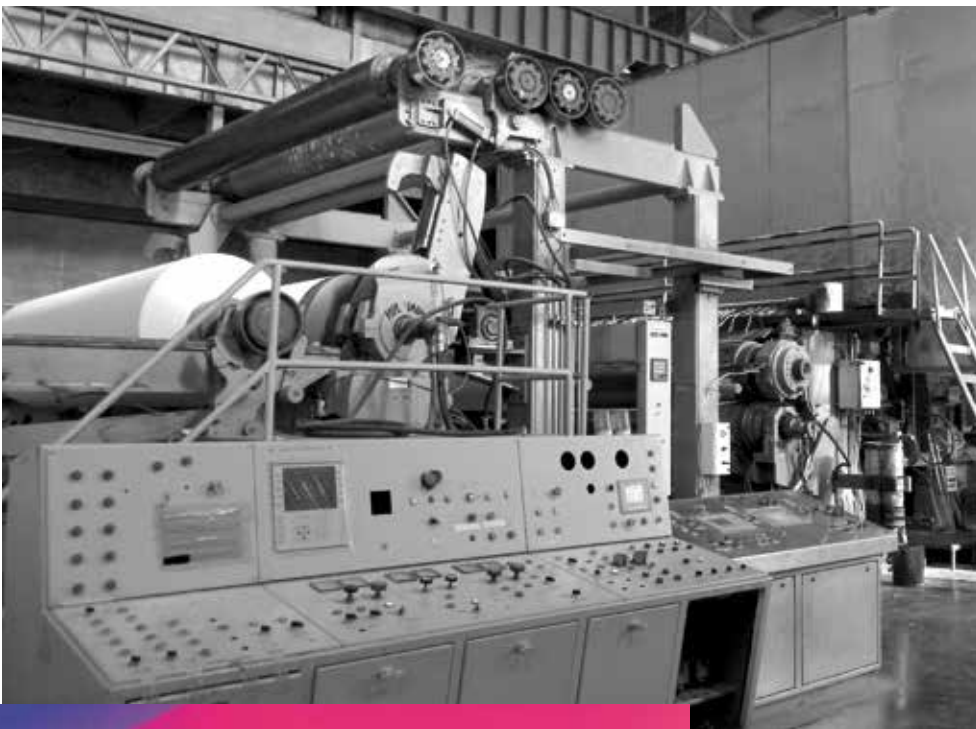
**299920**

FY2017-18

**304293**

FY2018-19





**At N R Agarwal, a few years ago the debate was whether the Company needed to commission a large modern plant as opposed to enhancing the efficiency of its existing manufacturing infrastructure.**

A new plant would warrant a sizable investment that would strength the Company's Balance Sheet; the refurbishment of legacy assets would warrant a deeper knowledge investment in knowledge instead.

The Company selected to invest in knowledge-driven capital investments instead.

Industry observers felt that the Company didn't stand a chance; the whisper on the shopfloor was: 'If we can permute the various variables and combinations better, we will find a better way to moderate costs and enhance output.'

During the year under review, the Company deepened this commitment.

The Company's technology investment comprised increased de-inking efficiency that enhanced pulp yield, moderated resource cost, helped manufacture a high product quality with cheaper raw material, strengthening competitiveness.

The Company's investment in production capabilities increased machines speed. This strengthened output from a given capacity that increased return on gross block, amortised fixed costs more effectively and strengthened profitability.

When combined, these projects enhanced overall efficiency to around the best standards in India's waste paper-based paper manufacturing industry.

***Empowering the Company to showcase a strong no compromise culture.***



CULTURE OF  
NO COMPROMISE

By  
thinking out  
of the box

Increased equipment dependability (%)

89.15

FY2016-17

81.95

FY2017-18

83.14

FY2018-19



**At N R Agarwal, the biggest challenge was the unexpected downtime arising out of manufacturing infrastructure more than a couple of decades old.**

The general whisper in the paper industry was that N R Agarwal would have to live with this problem.

The management at N R Agarwal disagreed. There has to be a way out, it insisted. And from that resistance to accept a prevailing reality emerged the commitment to find a better way.

N R Agarwal discovered a contrarian route to beating the odds.

Even as most experts insisted that assets in a capital-intensive paper manufacturing business needed to be always kept in operation, the cross-functional team at N R Agarwal took a different view. 'Let us take a compulsory shutdown of our manufacturing capacity every two months to refurbish our assets,' it countered.

Most observers on the outside questioned the decision; those on the inside were convinced this would work.

As everyone waited for the results of the proactive asset management, something interesting emerged. Machines kept humming. Breakdowns declined. Throughput increased.

The Company reported a higher capacity utilisation of 83.14% in 2018-19 compared with 81.95% in 2017-18.

*Less became more, empowering N R Agarwal to establish a culture of no compromise.*



CULTURE OF  
NO COMPROMISE

# Through a culture of *bhaagidaari*

Revenues per employee (₹)

87.59

FY2016-17

83.40

FY2017-18

73.70

FY2018-19



**When N R Agarwal embarked on the decision to leverage shopfloor and management experience to create a more efficient company, the first practical challenge that the Company encountered was the means to leverage its resident knowledge.**

Some felt that the senior management would direct the rest of the team guide; others felt that additional recruits would help plug the strategic gap.

At N R Agarwal, we responded with an unusual idea. We said, 'Let us ask our shopfloor employees on what should be done.'

The first reaction was surprise. The shopfloor workers in most companies are seldom asked; they are directed instead.

When the Company's senior management commenced the practice of cross-functional team working that provided shop-floor workers with an effective opinion, there was a surprise. The shop-floor worker discovered a voice; the worker felt respected; the worker felt he could make a difference.

The result was that the worker came up with observations on how to save waste. How to get a bigger output from a given machine. How to moderate costs. How to strengthen product quality. How to enhance machine speed.

When these improvements were aggregated, the result was transformational. Small initiatives aggregated into sizable savings. Every initiative connected to an improvement in margins.

The needle shifted. The shopfloor emerged as a profit centre. Every successive year, the focus shifted to doing considerably better than the base performance.

The results: costs moderated; margins climbed; the Company reported profitable growth in three successive years.

***Making it possible to acquire scope, scale and skill, reinforcing a culture of no compromise.***



CULTURE OF  
NO COMPROMISE

**A growth  
foundation built  
around a kaizen  
philosophy and  
savings**



**At N R Agarwal, we believe that the platform for entering a new orbit is not rooted in a grand statement of intent but in everyday initiatives that make a difference.**

The principal initiative at the Company is a mindset that questions every practice, process and convention. What is good must be made better; every challenge must be addressed; every frontier must be extended.

In the last couple of years, the Company brought to this mindset the power of a sizable investment. The Company invested ₹200 crore approximately with the objective to get more out of less.

A part of the Company's investment was directed at generating additional pulp from a given unit of waste paper resource. The Company achieved a 10% higher

production and 5% saving in raw material during the year under review, which was better than the prevailing standard. This additional resource yield translated into a notional raw material saving of ₹2.5 crore during the year under review; this notional saving accounted for 2% of the EBITDA reported by the Company.

The Company turned its attention to moderated power consumption. Most companies within India's waste paper-based paper companies reported a power consumption of around 450 units per tonne of the end product. Thanks to a deep understanding of the interplay of various operational factors and corresponding investment, the Company moderated power consumption in board manufacture to 350 units per tonne. The initiative generated a saving of ₹600 per tonne of the end product; when aggregated, this translated into a sizable saving of ₹6 crore in a year's production of packaging board.

Besides, the Company prioritised a lower consumption of water during its water-intensive manufacturing process. Following persistent commitment and investment in a reverse osmosis unit, the Company halved water consumption from the industry benchmark and increased its re-use proportion.

***In doing so, N R Agarwal emphasised the point that a lower consumption of finite natural resources is not just bountiful for the earth but also profitable for the Company.***

# Our business model

## Sectoral context

### Increased focus on economies of scale

India's paper industry is marked by large players with a growing premium on economies of scale (and hence capacity growth) among existing players.



### Pulp influence

The Company's writing & printing segment is influenced by pulp costs. When pulp costs increase, the end product segment realisations increase (and vice versa).



### Digitalisation

The paper industry has been threatened by the growing use of virtual technologies, cannibalising paper use.



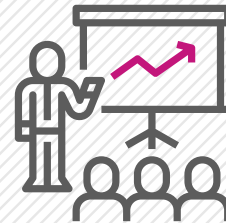
### Cost moderation

In a business where it is difficult to pass cost increases to customers, there is a premium on the need to reduce costs by addressing systemic wastages.



### Competition

There is intense competition from wood-based paper manufacturers who are larger, generate superior economies of scale and wood resources from proximate plantations.



### Increasing literacy

India's growing literacy rate of 72% is expected to strengthened the demand for writing & printing paper.

## Environment

In a business that generates a large volume of effluents and consumes wood (for wood-based paper manufacturers), there is a premium on the need to moderate resource consumption and effluent generation.



## Under-penetration

India's paper sector is vastly under-penetrated. Per-capita consumption was a little above 13 kgs compared to a global average of 57 kgs, indicating a large headroom.

## Income growth

India's disposable income has been rising year-on-year coupled with increased aspirations, strengthening paper offtake.



## Capital-intensive business

The paper industry is capital-intensive with a large moat that makes it expensive for new entrants into the sector, relatively protecting the interests of existing players.



## Population growth

India adds approximately 15 million to its population each year, which is widening the market for various paper varieties.



## Urbanisation

India is the second largest urban community in the world and this trend is likely to increase from 32% to 40% by 2030, catalysing paper offtake.



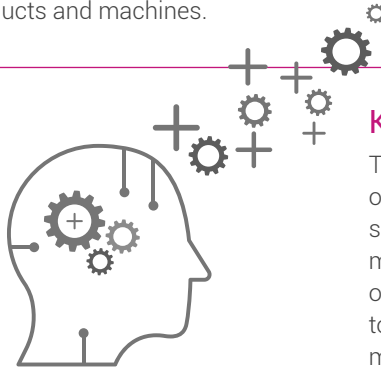
The  
**passion**  
we bring to our business

## Long experience

The Company possesses more than a quarter of century's experience in the business, translating into a deep understanding of markets, products and machines.

## Differentiated mindset

The Company is driven by the need to leverage knowledge to make continuous shopfloor improvements with the objective to moderate costs and enhance profitability.



## Knowledge sharing

The Company is driven by a culture of cross-functional knowledge sharing and team working, making it possible to address organisational challenges related to uptime, asset utilisation and cost moderation.



## Corporate governance

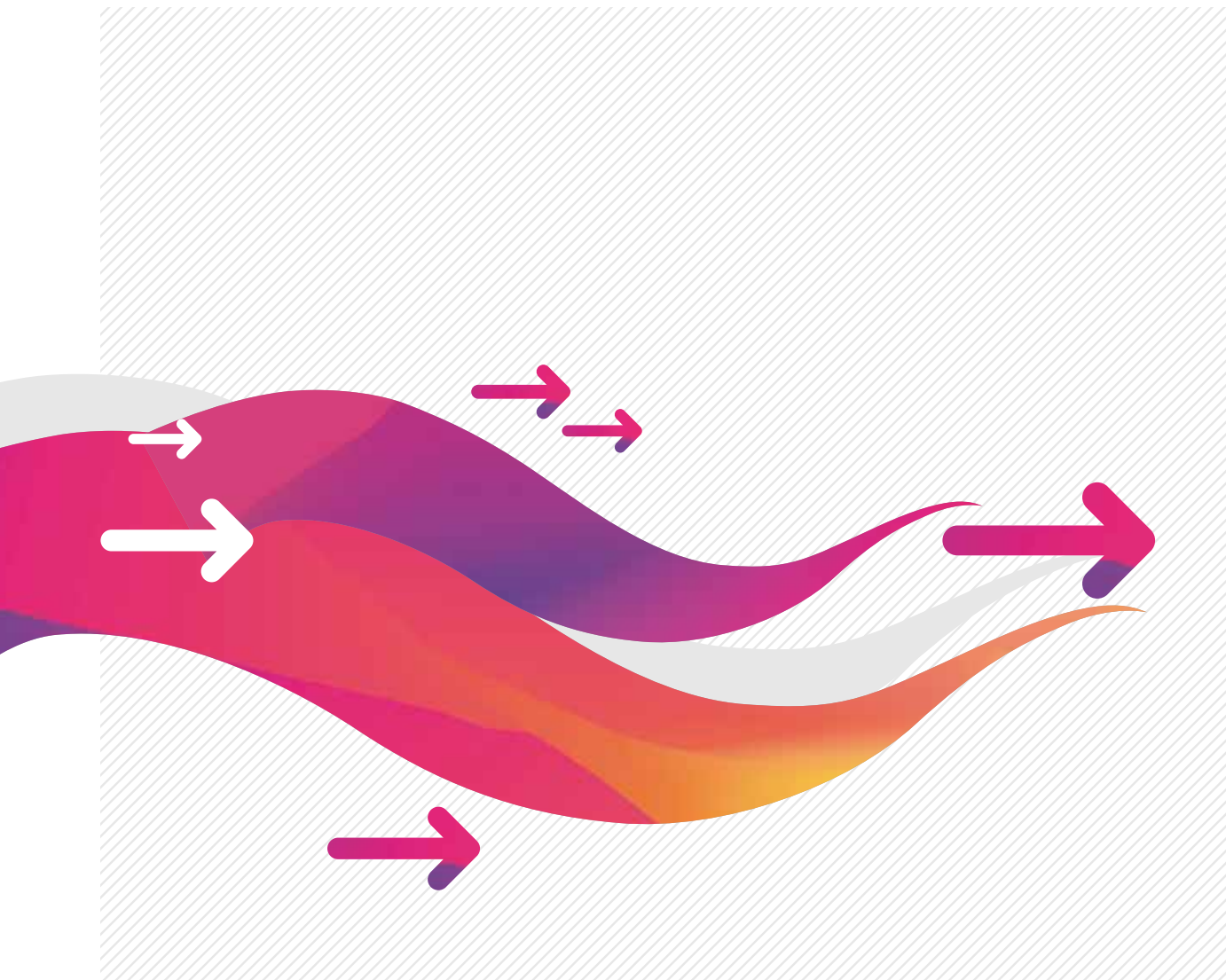
The Company is process-driven, focused on workplace safety, environment integrity (progressively zero liquid discharge), robust risk management system and complete alignment with certification and compliance needs.



## Environment integrity

The Company has selected to consume waste paper as its principal resource, addressing a growing global challenge in the responsible allocation of consumed paper (in addition to other initiatives to minimise carbon footprint).





Our competitive  
**advantages**

## Restructuring

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The Company engaged Ernst & Young LLP, leading global consultants, to advise in new product development, efficiency improvement and cost reduction, which strengthened the business during 2018-19.

## Environment integrity

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The Company moderated the use of finite resources through enhanced operating efficiency, lower power and water consumption per tonne of paper, increased water recycling and progressively zero effluents discharge.

## Infrastructure

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**Large land infrastructure:** The Company works out of 88 acres of its manufacturing facility at Sarigam. By the close of 2018-19, only 23 acres of the facility had been utilised, leaving the Company with a large acreage for prospective expansion, increasing the Company's expansion speed on the one hand and reducing cost on the other.

**Port proximity:** The one principal advantage of the Company is proximity to the ports of Hazira and Nhava Sheva, 150 and 200 kms respectively, from its manufacturing facility. The proximity has helped moderate the landed logistics cost of waste paper, a decided advantage over peer upcountry companies who need to incur high logistic costs for delivered material. Besides, the port proximity makes it possible for the Company to export products across 37 countries.

## Financial

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**Strengthening gearing:** The Company is present in a capital-intensive business with moderate debt. The Company repaid ₹58.49 crore debt during 2018-19. As a result, interest cover strengthened from 3.61 to 5.24 during the year under review.



**Strengthening terms of trade:** The Company strengthened its terms of trade, moderating receivables from an average 33 days of turnover equivalent in 2017-18 to 32 days in 2018-19.

## Products

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**B2C interface:** The Company launched copier paper in 2019-20, the first engagement of the Company with the retail customer. The introduction of the products helped widen the Company's risk profile.

**Portfolio:** In the duplex board segment, the Company produced White Back and Grey Back varieties across GSMs, addressing the widest market requirements. In the writing & printing segment, the Company produced all GSMs of the SS and NSS maplitho variety with text book and publishing applications. In 2019, the Company introduced copier paper, widening its products complement.

**Profitable portfolio:** The Company refurbished the equipment dedicated to the manufacture of newsprint (Unit II) to writing & printing. This switch was implemented with the objective to exit from a volatile segment to one generating increased realisations.

## Manufacturing

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**Capacity expansion:** The Company has progressively invested in enhancing its paper / board manufacturing capacities, strengthening its brand and dependability.

**Throughput productivity:** The Company focused on the generation of a high productivity from its longstanding equipment through continuous up-gradation and modernisation. The result is equipment delivering the highest productivity, efficiency, quality and competitiveness.

### The Company needed to enhance overall competitiveness

- The Company focused on enhancing manufacturing excellence
- The Company made extensive investments to moderate resource consumption
- Pulp yield improved; power and water consumption declined per tonne of output
- The decline in costs helped strengthen margins



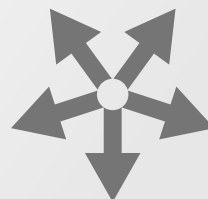
### The Company decided to exit newsprint manufacture

- This newsprint machines were upgraded to writing & printing
- The refurbished equipment was commissioned in January 2019
- The switch generated increased profit delta

# Transfor

### The Company needed to broadbase its portfolio

- This need increased following the exit from newsprint
- The Company introduced copier paper (derived from writing & printing paper machines)
- The product was launched in May 2019
- The product will enhance the Company's retail engagement and realisations





### The Company suffered a gearing of 3.3 in FY16



- The Company repaid ₹193.42 crore in the last four years
- This moderated gearing to 1.47 in FY19
- Credit rating strengthened to A-
- The Company expects to be debt-free by 2023-2024

# mation stories



### Graduating to a superior paper grade

- The Company questioned the use of inferior waste paper during slowdowns
- The Company modified equipment, changed manufacturing parameters and trained workers
- The use of quality waste paper helped moderate waste, water and power consumption
- Best of all, realisations and offtake strengthened, improving margins

## Overview

In the business of paper manufacturing and marketing, there is a premium for the need to extend the technology frontier, enhance operating efficiency, make continuous improvements and manufacture a range of quality customised products.

COMPETENCE  
CATALYST



How we enhanced  
our manufacturing  
**effectiveness**

## Challenges

The Company encountered a number of challenges during the year under review. The Company faced cost inflation, a need to moderate consumption (energy, water, raw materials and chemicals), the need to enhance asset utilisation and moderate manufacturing costs as opposed to passing cost increases to customers.

## Highlights, 2018-19

The Company addressed the various challenges through a number of initiatives:

**Technology upgradation:** The Company focused on technology upgradation, replacing legacy boiler, turbine and pumps with modern alternatives. These initiatives increased machine speed and product quality. The upside generated from this priority helped the Company moderate manufacturing costs and enhance overall competitiveness.

**De-inking:** The Company invested in deepening its de-inking capability to generate a superior end product through the use of cheaper and lower grade resource. This switch enhanced product quality.

**Asset utilisation:** The Company generated a capacity utilisation that extended beyond the nameplate capacity across a number of paper manufacturing machines. The proactive management of nearly 2500 equipment parts and wider engagement of shopfloor executives strengthened its capacity utilisation, making it possible to amortise costs more effectively in a capital-intensive business.

**Condition monitoring system:** The Company graduated to a preventive management system to counter downtime arising out of unforeseen machine breakdowns. The Company enforced a mandatory bi-monthly twelve-hour shutdown; this resulted in a substantial decline in machine downtime. Besides, the Company outsourced the maintenance of all bearings to a respected multi-national bearing company, which resulted in moderated malfunction and decline in related downtime by 20%.

**Energy management:** The Company refurbished and retrofitted its existing turbine and commissioned a new one with the objective to moderate power costs and generate savings attractive enough for the Company to generate a three-year payback on its investment.

**Switch:** The Company overhauled its erstwhile newsprint manufacturing machines to writing & printing paper during 2018-19 with the objective to strengthen offtake, enhance realisations and build a scalable revenue foundation.

The result is that the Company reported attractive moderations in the consumption of power, water, chemicals and raw material. The raw material procurement cost as a proportion of revenues reduced 10% through the course of the year, strengthening overall competitiveness.

## Outlook

The Company intends to consume as fuel the segregated residual plastic derived from waste paper, which should enhance logistical savings. The Company intends to use the sludge derived from its de-inking process in its boiler with the objective to moderate fuel costs. An increased investment in reverse osmosis system is expected to moderate the generation of discharge water. The Company intends to increase the output of writing and printing paper from its additional capacity commissioned during the year under review.

Power costs as % of revenues

12.28

FY2016-17

12.79

FY2017-18

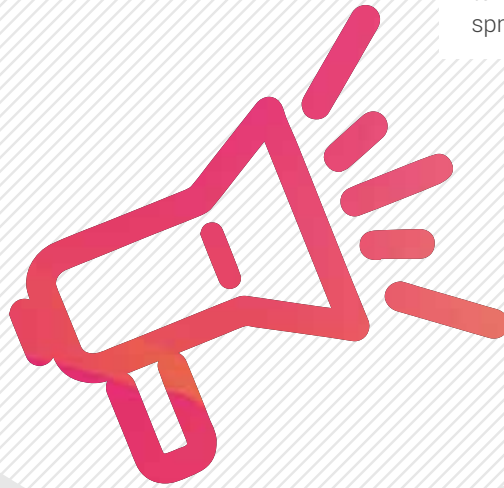
11.37

FY2018-19

## Overview

The paper industry is marked by shifts in offtake, preference and realisations, putting a premium on the need to be responsive. Following a closure of the use of waste products in China, demand for waste paper-based paper from India was higher than from the rest of the world, encouraging manufacturers outside of China to increase capacities, customer spread and delivery schedules.

COMPETENCE  
CATALYST



How we strengthened  
our sales and marketing  
**competence**

## Challenges

The major challenge that the Company faced during the year under review was the need to respond to a wider need of products from across the world, benchmark products around demanding international standards, address competition and increase customer wallet share.

## Highlights, 2018-19

The Company reported a 8.26% sales growth in the duplex boards segment; average realisations in the writing and printing segment increased 14.56% and in the packaging board segment by 6.53% during the year under review.

The Company engaged in a number of business-strengthening initiatives.

**Sales channels:** Following capacity expansion for writing & printing paper, the Company developed additional trade intermediaries. The Company deepened its brand as a provider of a larger quantity of writing & printing paper.

**Opportunities:** The Company responded quicker to demand upturns across geographies. The Company focused on delivering products on schedule.

**Footprint:** The Company widened its global presence to 37 countries. Exports increased 28.89% over the previous year and accounted for 14.90% of overall revenues. Sales in western India accounted for 60% of overall domestic sales.

**Realisation:** The Company strengthened average realisation by 9.65% to ₹43,271 per tonne.

**Product mix:** The Company strengthened its product mix by graduating to higher GSMs; the Company strengthened product brightness, cleanliness and aesthetics to enhance market acceptance. The Company exports paper of GSMs varying between 48 and 80 and boards of GSMs varying between 200 and 500.

## Outlook

The Company intends to increase offtake through increased customer wallet share on the one hand and wider engagement with trade intermediaries.

### Sectoral facts

1.82

paper exports from  
India (US\$)

6-7

%, contribution of  
writing and paper board  
to global sales

200-500

GSM, production of  
paper board

44-150

GSM, production of writing  
and printing paper



## Overview

The sector of the Company's presence is marked by players trying to balance the opposing priorities of capacity expansion and overhead optimisation. In such a scenario, the prudent management of funds assumed paramount significance. N R Agarwal's strong finance team maintains a real-time understanding of the financial health and undertakes corrective action whenever necessary.

COMPETENCE  
CATALYST



How we  
strengthened our  
**finance function**

## Challenges

The Company needed to strengthen its realisations, working capital efficiency, gearing and credit rating with the objective to create a foundation for the next round of growth.

## Highlights, 2018-19

**Interest cost:** The Company's average debt cost declined from 11.05% to 10.65%, making it possibly to save ₹0.47 crore on a debt outlay of ₹201.72 crore. The Company successfully moderated interest intensity in its business through a reduction in interest cost as a percentage of revenues from 3.3% of sales to 2.6%.

**Credit rating:** The Company's credit rating was raised by one notch – from BBB to A-.

**Working capital:** The Company strengthened its Current Ratio from 1.02 to 1.10 (could have been 1.45 if long term debt due had not been included). As a result, the Company borrowed only 75% of its sanctioned working capital.

**Financing capacity switch:** The Company invested ₹70 crore to switch 2700 tonnes per month of newsprint capacity to 5000 tonnes per month of writing & printing capacity with a three-year payback; the Company is positioned to generate revenues equally from its two businesses.

**Liquidity:** The Company finished the year under review with ₹129.94 crore of cash on its books (₹122.58 crore on March 31, 2018).

**Debt repayment:** The Company repaid ₹58.49 crore of debt in 2018-19 even as net worth strengthened from ₹219.38 crore to ₹312.35 crore.

**Insourcing:** The Company enhanced captive power generation capacity to 4.45 MW, strengthening its independence from grid energy; the switch helped moderate grid energy cost of around ₹8 per unit to ₹4.80 per unit.

## Outlook

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

# Board of Directors



**Mr. R N Agarwal**  
Chairman & Managing Director



**Mr. Raunak Agarwal**  
Whole Time Director



**Mrs. Reena Agarwal**  
Whole Time Director



**Mr. Ashok Kumar Bansal**  
Whole Time Director



**Mr. P Kumar**  
Independent Director



**Mr. C R Radhakrishnan**  
Independent Director



**Mr. R K Bakshi**  
Independent Director



**Mr. Ajay Aravind Nair**  
Independent Director

## N R AGARWAL INDUSTRIES LIMITED

CIN: L22210MH1993PLC133365

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

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

### Notice

NOTICE is hereby given that the **Twenty-Sixth Annual General Meeting** of the members of **N R AGARWAL INDUSTRIES LIMITED** will be held on Monday, September 16, 2019 at 11.30 a.m. at The Club Mumbai, 197, D.N Nagar, Andheri (West), Mumbai 400053 to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2019, the reports of the Board of Directors and Independent Auditors thereon.
2. To declare dividend on equity shares for the financial year ended March 31, 2019.
3. To appoint a Director in place of Smt. Reena Agarwal (DIN 00178743), who retires by rotation and, being eligible, offers herself for re-appointment.

#### SPECIAL BUSINESS:

4. Re-appointment of Shri Ashok Kumar Bansal (DIN: 07325904) as the Whole Time Director

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

**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder and SEBI (Listing Obligations and Disclosures Requirement) (Amendment) Regulation, 2018 notified by SEBI by way of Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018, (including any statutory modification (s) or re-enactment (s) thereof for the time being in force) and subject to other consents required, if any, approval of the Company be and is hereby accorded to the re-appointment and payment of remuneration to Shri Ashok Kumar Bansal (DIN: 07325904) as the Whole Time Director of the Company for a period of 3 (three) years with effect from November 1, 2018 to October 31, 2021 on the terms and conditions as approved by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the Notice convening this Meeting with liberty to the Board

of Directors to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Ashok Kumar Bansal, subject to the same not exceeding the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 and rules made thereunder or any statutory modification(s) or re-enactment(s) thereof;

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

**RESOLVED FURTHER THAT** in the event of any statutory amendment or relaxation by the Central Government to Schedule V of the Companies Act, 2013 or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Board be, and is hereby, authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Shri Ashok Kumar Bansal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

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

5. Re-appointment of Shri P Kumar (DIN: 00179074) as an Independent Director

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

**RESOLVED THAT** pursuant to the provisions of sections 149, 152, and other applicable provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations") Shri P Kumar (DIN 00179074), who was appointed as an Independent Director at the 21st Annual General Meeting and holds office upto September 20, 2019 and who has attained 75 years of age and being eligible for reappointment as an Independent Director has given a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations, be and is hereby re-appointed and continue as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years from September 21, 2019 to September 20, 2024;

**RESOLVED FURTHER THAT** Managing Director and/ or the Company Secretary of the Company be, and are hereby, authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this resolution and matters incidental thereto.

6. Re-appointment of Shri C R Radhakrishnan (DIN: 01309312) as an Independent Director

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

**RESOLVED THAT** pursuant to the provisions of sections 149, 152, and other applicable provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act including any statutory modification(s) or re-

enactment thereof for the time being in force) and Regulation 17 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations") Shri C R Radhakrishnan (DIN 01309312), who was appointed as an Independent Director at the 21st Annual General Meeting and holds office upto September 20, 2019 and who being eligible for reappointment as an Independent Director has given a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years from September 21, 2019 to September 20, 2024;

**RESOLVED FURTHER THAT** Managing Director and/ or the Company Secretary of the Company be, and are hereby, authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this resolution and matters incidental thereto.

7. Ratification of Cost Auditors' remuneration

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

**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to M/s. N. Ritesh & Associates, Cost Accountants, (Registration No. 100675) appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, amounting to ₹1,00,000/- (Rupees One lakh only) per annum and also the payment of GST as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid Audit be, and is hereby, ratified and confirmed.

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered as invalid. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.

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

2. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts concerning the business under Item Nos. 4 to 7 of the accompanying Notice are annexed hereto. The relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 ("Listing Regulations") and the Secretarial Standards on General Meetings in respect of the persons seeking appointment / re-appointment as Directors are also annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, September 10, 2019 to Monday, September 16, 2019 (both days inclusive).
4. Members holding shares in electronic form are advised to send their request for the change of address, bank particulars, residential status or request for transmission of shares etc. to their Depository Participant. The Company or its Registrar and Share Transfer Agent cannot act on any such requests received directly from the members holding shares in electronic form. Members holding shares in physical

form are advised to send such request to Registrar and Share Transfer Agent to the Company, Sharex Dynamic (India) Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400083.

5. In terms of the provisions of Section 124 and other applicable provisions of the Companies Act, 2013 (erstwhile Section 205A, 205C of the Companies Act 1956), the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Central Government. Accordingly, the unclaimed dividend in respect of financial year 2011-12 is due for transfer to the said Fund in September, 2019. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend for the financial year 2011-12 onwards, are requested to lodge their claims with the RTA for the same.

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

6. Members/Proxies should bring the enclosed Attendance Slip duly filled for attending the Annual General Meeting along with their copy of Annual Report.



7. The Securities and Exchange Board of India (SEBI) has mandated the transfer of securities to be carried out only in dematerialised form (except in case of transmission or transposition of securities) effective from April 1, 2019. Accordingly, requests for physical transfer of securities of listed entities shall not be processed from April 1, 2019 onwards. In view of such amendment and in order to eliminate the risks associated with physical holding of shares, members who are holding shares in physical form are hereby requested to dematerialise their holdings.

#### **GREEN INITIATIVE**

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

8. Relevant documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days up to date of the Annual General Meeting.
9. The route map to the venue of AGM is provided in the Annual Report for easy location.
10. Voting through Electronic means:  
In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as

amended from time to time together with relevant clauses in Listing Regulations, the Company is pleased to provide to its Members the facility to exercise their right to vote at the 26th Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL).

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

- (i) The voting period begins on Friday, September 13, 2019 at 9:00 a.m. and ends on Sunday, September 15, 2019 at 5:00 p.m. During this period, the shareholders of the Company holding shares either in physical form or in dematerialised form as on the cut-off date i.e. Monday, September 9, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (ii) Shareholders who have already voted prior to the meeting date would be entitled to attend the Annual General Meeting but shall not be entitled to vote at the meeting.
- (iii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on "Shareholders" tab.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID;
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged onto [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth as recorded in your demat account or in the Company records in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN to choose <N R AGARWAL INDUSTRIES LIMITED> to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat Account holder has forgotten the changed password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non - Individual Shareholders and Custodians:
  - Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates and Custodians respectively.



- A scanned copy of the Registration Form bearing the stamp and sign of the Entity should be emailed to helpdesk.evoting@cdslindia.com.
  - After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote.
  - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- (xxi) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. September 9, 2019 (may obtain the login ID and password by sending a request at evoting@cdslindia.com) shall follow the procedure laid down above. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evotingindia.com.
- (xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

**Other General Information:**

- a. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date i.e. Monday, September 9, 2019.
- b. The facility for voting, either through ballot or polling paper shall also be made available at the meeting and

members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting.

- c. The Company has appointed Ms. Jigyasa Ved (Membership No. FCS 6488) or failing her Ms. Sarvari Shah (Membership No. FCS 9697) of M/s. Parikh & Associates, Practising Company Secretaries as the Scrutiniser for conducting the voting process (including remote e-voting) in a fair and transparent manner.
- d. The Scrutiniser shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses not in employment of the Company and make not later than 48 hours of conclusion of the meeting, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- e. The Results declared along with the Scrutiniser's Report shall be displayed on the Notice Board of the Company at its Registered Office and placed on the Company's website www.nrail.com and on the website of CDSL and communicated to the BSE & NSE where the shares of the Company are listed.

By order of the Board of Directors

**POOJA DAFTARY**  
Company Secretary

**N R Agarwal Industries Ltd.**  
502-A/501-B, Fortune Terraces,  
5th Floor, Opp. Citi Mall,  
New Link Road, Andheri (West),  
Mumbai 400 053  
CIN:L22210MH1993PLC133365  
Tel. No. +91 (22) 67317500  
Email ID: investors@nrail.com  
Website: www.nrail.com  
Place: Mumbai  
Date: July 31, 2019

## ANNEXURE TO NOTICE

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

### ITEM NO. 4

The Board of Directors of the Company, at its meeting held on October 31, 2018, approved the re-appointment of Shri Ashok Kumar Bansal as the Whole Time Director of the Company for a further period of three years with effect from November 1, 2018 on terms and conditions as recommended by the Nomination and Remuneration Committee, subject to approval of the shareholders.

The material terms of his re-appointment are as under:

- 1) Term: November 1, 2018 to October 31, 2021
- 2) Remuneration:
  - a) Gross Salary: ₹5,20,000/- (Rupees five lakh twenty thousand only) p.m.
  - b) Perquisites & Allowances

In addition to the gross salary payable, Mr. Ashok Kumar Bansal shall be entitled to perquisites and allowances like:

- i) Rent free furnished accommodation
- ii) Use of the Company's car with driver for official duties, reimbursement of mobile and electricity expenses.
- iii) Company's contribution to Provident fund, gratuity and payment of bonus as per the rules of the Company.
- iv) Encashment of unavailed leave as per the rules of the Company;

The Board shall have the authority to determine any merit based increase in the gross salary within the range of ₹5,20,000 p.m. to ₹6,50,000 p.m.

Where, in any financial year during the currency of the tenure of Shri Ashok Kumar Bansal, the Company makes no profits or its profits are inadequate, the Company shall pay to the Whole Time Director, the above salary and perquisites, within the ceiling limits prescribed in Schedule V of the Companies Act, 2013 as Minimum Remuneration.

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

A copy of the Agreement dated October 31, 2018 for the re-appointment of Shri Ashok Kumar Bansal as the Whole Time Director of the Company is open for inspection by the members at the Registered Office of the Company on any working day, between 11.00 a.m. and 1.00 p.m., of the Company except Saturdays and Sundays.

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

The reappointment and payment of remuneration to Shri Ashok Kumar Bansal is subject to the approval of shareholders.

Shri Ashok Kumar Bansal is interested in resolutions at item No. 4 which pertains to his appointment and remuneration payable to him.

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

The Board recommends the Special Resolution set out at item No. 4 for approval by the members.

Additional Information as required under Part II of Section II of Schedule V of the Companies Act, 2013.

<b>I. GENERAL INFORMATION</b>				
(1)	Nature of Industry	Paper & Paper Products		
(2)	Date or expected date of commencement of commercial production	Date of Incorporation: 08.12.1993 Date of Commencement of Business: 20.12.1993		
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.		
(4)	Financial Performance	2016-17 (₹)	2017-18 (₹)	2018-19 (₹)
	Turnover	10,95,27,31,868	12,03,50,02,720	13,18,17,58,632
	Net profit (as computed under Section 198)	75,86,30,928	97,08,25,132	1,32,09,89,028
	Net profit/ (Loss) as per profit and loss account	49,73,18,625	90,24,39,668	94,64,33,888
	Amount of Dividend paid	-	3,40,38,200	1,36,74,531
	Rate of Dividend declared	-	20%	30%
	Earnings before interest, depreciation & taxes	1,44,25,11,859	1,63,50,10,013	1,92,68,80,531
	% of EBIDTA to turnover	13.17	13.15	14.62
(5)	Export performance and net foreign exchange collaborations	84,03,55,939	1,39,24,38,745	1,92,85,15,571
(6)	Foreign investments or collaborators, if any.	-	-	-
<b>II. INFORMATION ABOUT THE APPOINTEE:</b>				
(1)	Background details	Name:	Shri Ashok Kumar Bansal	
		Designation:	Whole Time Director	
		Father's name:	Shri Mahabir Prasad Bansal	
		Nationality:	Indian	
		Date of Birth:	14/11/1957	
		Qualifications:.	Diploma in Pulp & Paper Technology	
		Experience:	Over 35 years in Paper Industry	
(2)	Past remuneration	The gross remuneration paid to Shri Ashok Kumar Bansal during the year 2018-19 was ₹61,00,000/-		
(3)	Recognition or awards	N.A.		
(4)	Job profile and his suitability	<p>Shri Ashok Kumar Bansal shall be responsible for the management of the whole of the technical affairs of the Company and do all acts and things, which, in the ordinary course of business, is considered necessary or proper or in the interest of the Company.</p> <p>Considering the above and having regard to his age, qualifications, ability and experience and looking to the business requirement, the proposed remuneration is in the interest of the Company.</p>		
(5)	Remuneration proposed	A gross remuneration of ₹62,40,000/- per annum plus incentives as may be decided by the Board of Directors.		
(6)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin)	Compared to the industry average and the size of the Company, the remuneration proposed to be paid is reasonable.		

(7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Not Applicable															
<b>III. OTHER INFORMATION:</b>																	
(1)	Reasons of loss or inadequate profits.	The Company has reported profits from its operations in the current year and is expecting to earn profits in the future also. This disclosure under Section II, Part II of Schedule V to the Companies Act, 2013 is an enabling provision for payment of remuneration to the above mentioned Directors in the event of losses/inadequate profits.															
(2)	Steps taken or proposed to be taken for improvement	NOT APPLICABLE															
(3)	Expected increase in productivity and profits in measurable terms	<table border="1"> <thead> <tr> <th colspan="3">Projected</th> </tr> <tr> <th>Financial Year ending</th> <th>Projected Net Turnover (₹ in crore)</th> <th>Projected Profit after tax (₹ in crore)</th> </tr> </thead> <tbody> <tr> <td>31/03/2020</td> <td>1462.46</td> <td>100.24</td> </tr> <tr> <td>31/03/2021</td> <td>1480.82</td> <td>106.75</td> </tr> <tr> <td>31/03/2022</td> <td>1480.82</td> <td>110.90</td> </tr> </tbody> </table>	Projected			Financial Year ending	Projected Net Turnover (₹ in crore)	Projected Profit after tax (₹ in crore)	31/03/2020	1462.46	100.24	31/03/2021	1480.82	106.75	31/03/2022	1480.82	110.90
Projected																	
Financial Year ending	Projected Net Turnover (₹ in crore)	Projected Profit after tax (₹ in crore)															
31/03/2020	1462.46	100.24															
31/03/2021	1480.82	106.75															
31/03/2022	1480.82	110.90															
<b>IV. DISCLOSURES</b>																	
Details such as remuneration, service contract, notice period etc. of the Directors have been disclosed in the Corporate Governance Report. The Company has not granted any stock options to its Directors.																	

### ITEMS NOS. 5 & 6

Shri P Kumar & Shri C R Radhakrishnan were appointed as Independent Directors at the 21st Annual General Meeting held on September 20, 2014 to hold office for a period of five consecutive years commencing from September 20, 2014 to September 19, 2019.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of, upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a Special Resolution by the Company and disclosure of such appointment in the Board's Report, for another term of up to five consecutive years on the Board of the Company.

Based on the recommendation of the Nomination and Remuneration Committee and based on their skills, expertise and performance evaluation, the Board of Directors propose and recommend the re-appointment of Shri P Kumar & Shri C R Radhakrishnan as Independent Directors of the Company for a second term of five years.

The Company has received from Shri P Kumar & Shri C R Radhakrishnan, their declarations in terms of Section 149 of the Act and the Rules made thereunder and under

regulation 16(2) (b) of Listing Regulations stating that they are qualified to be re-appointed as Independent Directors of the Company.

In the opinion of the Board, Shri P Kumar & Shri C R Radhakrishnan, satisfy the conditions specified in the Act and the Rules made thereunder and the Listing Regulations for re-appointment as Independent Directors and that they are independent of the Management.

The Board considers that their association with the Company would be of immense benefit to the Company and it is desirable to continue to avail services of Shri P Kumar & Shri C R Radhakrishnan as Independent Directors of the Company for another term of five years. In compliance with the provisions of Section 149 and the Rules framed thereunder read with Schedule IV to the Act, the re-appointments of Shri P Kumar & Shri C R Radhakrishnan as Independent Directors for a second term of 5 years is now being placed before the Members at the General Meeting, for their approval.

In terms of Regulation 17 (1A) of SEBI Listing Regulations, approval of shareholders, by way of special resolution, is required to appoint or continue the directorship of

Non-Executive Directors who have attained or would be attaining the age of 75 years. Shri P Kumar has attained the age of 75 years. Accordingly, the approval of shareholders is also being sought for re-appointment Shri P Kumar as Independent Director by way of a special resolution.

A copy of the draft letters for the re-appointments of Shri P Kumar & Shri C R Radhakrishnan as Independent Directors, setting out the terms and conditions, would be available for inspection, without any fee, by the Members at the Registered Office of the Company, during normal business hours on any working day except Saturdays and Sundays and public holidays.

Shri P Kumar & Shri C R Radhakrishnan are interested in the Resolution mentioned at Items Nos. 5 and 6 of the Notice pertaining to their appointment, respectively.

None of the other Directors or Key Managerial Personnel or their relatives is concerned or interested in the Resolutions mentioned at Item No. 5 and 6 of the Notice.

#### ITEM NO. 7

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

On the recommendation of the Audit Committee, the Board of Directors of the Company has approved the appointment of N. Ritesh & Associates, Cost Accountants as the Cost Auditor of the Company for the financial year 2019-20 at a remuneration of ₹1,00,000/- per annum and also the

payment of GST as applicable and reimbursement of expenses incurred in connection with the aforesaid audit. The remuneration payable to Cost Auditors is required to be ratified by the shareholders in accordance to the provisions of the Act and Rule 14 of the Rules.

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

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

By order of the Board of Directors

**POOJA DAFTARY**  
Company Secretary

#### N R Agarwal Industries Ltd.

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

Place: Mumbai  
Date: July 31, 2019

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

Particulars	SHRI P KUMAR	SHRI C R RADHAKRISHNAN	SMT. REENA AGARWAL	SHRI ASHOK KUMAR BANSAL
Age	82 years	74 years	53 years	62 years
Date of Appointment	20.09.2014	20.09.2014	01.08.2017	05.11.2015
Qualification	M.A. C.A.I.I.B	M.Com C.A.I.I.B	B.Com	Diploma in Pulp and Paper Technology
Expertise/Experience in specific functional area	Over 45 years of experience in Banking and Management consultancy	Over 37 years of experience as a Professional Banker	Over 20 years of experience in Human Resource	Over thirty years of experience in Paper Industry as a Technical Expert

Particulars	SHRI P KUMAR	SHRI C R RADHAKRISHNAN	SMT. REENA AGARWAL	SHRI ASHOK KUMAR BANSAL
Directorships in other companies	Banswara Syntex Ltd.	ARRMS (INDIA) Private Limited	NIL	NIL
Memberships of Committees in other companies (Includes only Audit & Stakeholders Relationship Committee)	Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee of Banswara Syntex Ltd.	-	NIL	NIL
No. of shares held in the Company	NIL	NIL	NIL	NIL
Relationship between Directors inter-se and the KMPs	Shri P Kumar is not related to any of the Directors or KMPs of the Company	Shri C R Radhakrishnan is not related to any of the Directors or KMPs of the Company	Smt. Reena Agarwal is related to Shri R N Agarwal, Managing Director and Shri Raunak Agarwal, Whole Time Director	NA
Number of Board meetings attended during 2018-19	4	4	4	4

### Route Map (Venue of AGM)



# Director's Report

To the Members,

Your Directors are pleased to present the 26th Annual Report alongwith the Audited Financial Statements of the Company for the year ended March 31, 2019.

## FINANCIAL RESULTS

Particulars	(₹ in lakh)	
	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations and Other Income	132659.98	120962.49
Finance Costs	3454.54	4016.84
Gross Profit after Finance Costs but before Depreciation and Taxation	15814.36	12333.26
Depreciation	2745.28	2625.93
Profit before Tax and Exceptional Items	13069.08	9707.33
Exceptional Items	-	-
Profit before Tax and after Exceptional Items	13069.08	9707.33
Provisions for Taxation	2814.58	62.48
Tax expense of previous year (net)	5.58	12.60
Deferred Tax	784.57	607.86
Net Profit for the year	9464.34	9024.40
Other Comprehensive Income (Net of Tax)	(2.89)	7.10
<b>Total Comprehensive Income</b>	<b>9461.45</b>	<b>9031.49</b>

## Industry Overview

The pulp and paper industry is one of the largest industries in the world. It is dominated by North American, Northern European and East Asian companies. Latin America and Australia also have significant pulp and paper industries. Over the next few years, it is expected that both India and China will become key players in the industry. World production of paper and paperboard is around 390 million tonnes per annum and is expected to reach 490 million tonnes per annum by 2020. The pulp and paper industry is a large and growing portion of the world's economy.

Under the impact of a booming Internet and new media, the product structure of the paper industry will confront the pressure of profound adjustment. The widespread adoption of new media and paperless reading has led to a shrinking

demand for printing & writing paper as well as newsprint. Whilst demand for printing and writing paper and newsprint is decreasing globally, the internet and e-commerce business model has driven the rapid expansion of the express delivery business, and the demand for packaging paper is expected to increase steadily. In the context of the internet economy age, with the rapid transformation of the traditional media industry into new media and the rapid growth of online consumption, the product structure of the paper industry will also face tremendous pressure for adjustment. The successful paper companies will adjust their product focus in light of the changing demands of the e-commerce world.

## State of Company's Affairs

Your Company delivered another round of commendable



performance this year. The net revenue of the Company in 2018-19 increased from ₹1209.62 crore to ₹1326.59 crore registering a growth of 9.67% over the last year. The profit after tax for the current year also increased to ₹94.64 crore as against the ₹90.24 crore in the previous year.

### **Material Changes and Commitments affecting financial position of the Company occurred between March 31, 2019 and date of this report**

There are no material changes and commitments which affected the financial position of the Company between March 31, 2019 and date of this report i.e. July 31, 2019.

### **Number of Meetings of the Board of Directors**

There were four meetings of the Company's Board of Directors during the financial year 2018-19.

### **Transfer to reserves**

There was no transfer made to the General Reserve.

### **Dividend**

The Directors are pleased to recommend a dividend of ₹4/- per equity share of face value ₹10/- each on 17019100 equity shares for financial year 2018-19 subject to the approval of members at the ensuing Annual General Meeting of the Company, resulting in an appropriation of ₹8,20,69,658/- (including Corporate Dividend Tax of ₹1,39,93,258/-)

### **Directors and Key Managerial Personnel**

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

The Board, at its meeting held on October 31, 2018, has recommended the re-appointment of Shri Ashok Kumar Bansal as Whole Time Director for a further period of three years with effect from November 1, 2018 to October 31, 2021, subject to the approval of the shareholders. The necessary Resolution seeking approval of the members for the re-appointment of Shri Ashok Kumar Bansal as the Whole Time Director has been incorporated in the notice of the forthcoming Annual General Meeting of the Company.

The Board of Directors of the Company has, pursuant to the provisions of Section 149 and other applicable provisions of the Act and based on Shri P Kumar's and Shri C R Radhakrishnan's skills, expertise and performance evaluation, proposed the re-appointment of Shri P Kumar and Shri C R Radhakrishnan, as Independent Directors

of the Company for the second term of five years. The proposal for their reappointments for second term of five years are being placed before the shareholders for their approval at the ensuing Annual General Meeting.

The necessary Special Resolutions for reappointments of Shri P Kumar and Shri C R Radhakrishnan as Independent Directors of the Company for a second term of five years have been incorporated in the notice of the forthcoming Annual General Meeting of the Company along with brief details about them.

Apart from the above, there has been no change with respect to the Directors and Key Managerial Personnel during the year 2018-19.

### **Independent Directors Declaration**

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

### **Audit Committee**

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

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

### **Vigil Mechanism**

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

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

## Procedure for Nomination and Appointment of Directors

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

The Nomination and Remuneration Committee conducts a gap analysis to refresh the Board on a periodic basis, including a Director's appointment or re-appointment, which is envisaged every time. The Committee is also responsible for reviewing and vetting the CVs of potential candidates' vis-à-vis the required competencies and meeting potential candidates prior to making nomination recommendations to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

## Criteria for Determining Qualifications, Positive Attributes & Independence of a Director

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

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

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

**Positive attributes:** In addition to the duties as prescribed

under the Act, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behavior, strong inter-personal relations and communication skills besides soundness of judgment. Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

## Remuneration Policy

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

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

## Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Listing Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance as well as the evaluation of the working of its Committees. The criteria for performance evaluation of the Board and committees included aspects such as composition, structure, effectiveness of board and committee processes, etc.

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

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

## Directors' Responsibility Statement

The Directors hereby confirm and declare that:-

- (i) in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;

- (ii) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended March 31, 2019 and of the profit of the Company for the year;
- (iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they had prepared the annual accounts on a going concern basis;
- (v) they had laid down internal financial controls to be followed by the Company and such controls are adequate and operating efficiently;
- (vi) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating efficiently;

### Internal Control over Financial Reporting

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

### Details of Subsidiaries/ Joint ventures/ Associates

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

### Extract of Annual Return

The extracts of Annual Return as on March 31, 2019, as required under sub-section 3 of Section 92 of the Companies Act, 2013 in Form No. MGT 9, is attached as Annexure 2.

### Auditors' and Auditors' Report

#### a. Statutory Auditors

M/s. GMJ & Co., Chartered Accountants, have been appointed as the Statutory Auditors of the Company

for a period of five years at the Annual General Meeting ("AGM") of the Company held on September 20, 2017, to hold office till the conclusion of the 29th AGM of the Company to be held in the year 2022.

The Auditors' Report for the financial year ended March 31, 2019 does not contain any qualification, reservation or adverse remark.

#### b. Secretarial Auditors

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Parikh & Associates, Company Secretaries in-practice, for the financial year 2018-19, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as Annexure 3.

The Secretarial Audit Report for the financial year ended March 31, 2019 does not contain any qualification, reservation or adverse remark.

#### c. Cost Auditors

N. Ritesh & Associates, Cost Accountants, have been appointed to conduct Cost Audits for all the units of the Company for the year ending March 31, 2019 in terms of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014 and, as required, Cost Audit Report for the financial year 2017-18 was duly filed with Ministry of Corporate Affairs, Government of India on August 23, 2018.

The Cost Audit of the Company for the financial year ended March 31, 2019 was conducted by the said firm and the Report shall be submitted to the Ministry of Corporate Affairs, Government of India within the prescribed time.

### Technology Absorption, Energy Conservation & Foreign Exchange Earning & Outgo

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

### Particulars of Employees & Related Disclosures

The information required under Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014, is furnished in Annexure 5.

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

### Public Deposits

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

### Significant and Material Orders passed by the Regulators

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

### Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013.

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

### Related Party Transactions

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

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

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

### Risk Management

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and relevant provisions of Listing Regulations,

the Company has adopted Risk Management Policy for identification and implementation of Risk Mitigation Plan for the Company. The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

### Corporate Social Responsibility (CSR) Initiatives

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

Since your Company falls within the minimum threshold limit, it has constituted a CSR Committee of the Board and formulated a CSR Policy. The focus areas of CSR Policy are education, preventive health care, sanitation, environment and engagement. During the financial year 2018-19, the Company has spent a total amount of ₹1,19,47,039/- towards CSR initiatives.

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

### Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has zero tolerance policy for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment of women at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules there under for prevention and redressal of complaints of sexual harassment at workplace. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All women employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint on sexual harassment was received during the financial year 2018-19.

## Corporate Governance & Management Discussion & Analysis

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

### Listing Fees

The Company has paid the listing fees to BSE and NSE for the year 2019-2020.

### Insider Trading Regulations and Code of Disclosure

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

### Secretarial Standards

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

### Human Resources

There is a continuous effort to improve the working environment with focus on employee well-being and capability building to enable them to perform at their best

for the Company. The Company develops leaders at global platforms at regular intervals as a part of its commitment to engage and retain talent. The Company offers robust leadership development efforts to hone employee skills and help keep the Company ahead of the curve.

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

### Acknowledgements

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

On behalf of the Board of Directors

**R N AGARWAL**

Mumbai, July 31, 2019 Chairman & Managing Director

## REMUNERATION POLICY

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

### 1.01 Guiding Principles:

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

### 1.02 Remuneration Policy:

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

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



- (v) The remuneration to be paid to the KMPs viz. Chief Executive Officer (CEO), Chief Financial officer (CFO), Company Secretary (CS) or SMPs, shall be recommended by the Nomination and Remuneration Committee (NRC), considering relevant qualification and experience of the individual as well as the prevailing market condition.
- (vi) The NRC may consider granting Stock Options to KMPs & SMPs pursuant to any Stock Option Plan adopted by the Company, if any.

**(2) MD/WTD:**

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

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

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

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

**1.03 APPLICABILITY:**

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

**1.04 DISCLOSURES:**

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

**1.05 DISSEMINATION:**

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



FORM NO. MGT 9

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2019

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

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L22210MH1993PLC133365
Registration Date	08/12/1993
Name of the Company	N R Agarwal Industries Limited
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and Contact Details	502-A/501-B, Fortune Terraces, New Link Road, Andheri (West), Mum-400053 Tel: +91 (22) 67317500 Email: admin@nrail.com Website : www.nrail.com
Whether listed company	Yes
Name, address and contact details of Registrar & Transfer Agents (RTA), if any	Sharex Dynamic (India) Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai -400 083   T: 2851 5606/ 5644 Email : investors@sharexindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

S. No.	Name and Description of main products / services	NIC Code of the	% to total turnover of the Company
1	Duplex Boards	1701	45.16
2	News Print	1701	8.58
3	Writing & Printing	1701	46.26

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

None

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2018				No. of Shares held at the end of the year i.e. 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	12460923	0	12460923	73.217	12476998	0	12476998	73.312	0.095
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A)(1)</b>	<b>12460923</b>	<b>0</b>	<b>12460923</b>	<b>73.217</b>	<b>12476998</b>	<b>0</b>	<b>12476998</b>	<b>73.312</b>	<b>0.095</b>
<b>(2) Foreign</b>									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
b) Other -Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) =(A)(1) + (A)(2)</b>	<b>12460923</b>	<b>0</b>	<b>12460923</b>	<b>73.217</b>	<b>12476998</b>	<b>0</b>	<b>12476998</b>	<b>73.312</b>	<b>0.095</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	251887	0	251887	1.480	206392	0	206392	1.213	-0.267
b) Banks / FI	22944	2500	25444	0.150	6112	2000	8112	0.048	-0.102
c) Central Govt.	0	0	0	0	13153	500	13653	0.080	0.080
d) State Govt.	0	0	0	0	0	0	0	0	0.000
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.000
f) Insurance Companies	0	0	0	0	0	0	0	0	0.000
g) FIs	87345	0	87345	0.513	88625	0	88625	0.521	0.008
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.000
i) Others (specify)	0	0	0	0	0	0	0	0	0.000
<b>Sub-total (B)(1):-</b>	<b>362176</b>	<b>2500</b>	<b>364676</b>	<b>2.143</b>	<b>314282</b>	<b>2500</b>	<b>316782</b>	<b>1.862</b>	<b>-0.281</b>
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	562916	1200	564116	3.315	914216	900	915116	5.377	2.062
ii) Overseas	0	0	0	0	0	0	0	0	0.000
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	1736812	398621	2135433	12.547	1719410	318729	2038139	11.975	-0.572
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1021316	30000	1051316	6.177	790788	40000	830788	4.881	-1.296
c) Others (specify)									
<b>Non Resident Indians</b>	<b>97238</b>	<b>0</b>	<b>97238</b>	<b>0.571</b>	<b>85075</b>	<b>0</b>	<b>85075</b>	<b>0.5</b>	<b>-0.071</b>

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2018				No. of Shares held at the end of the year i.e. 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0.000
Foreign Nationals	0	0	0	0	0	0	0	0	0.000
Clearing Members	36543	0	36543	0.215	65965	0	65965	0.388	0.173
Trusts	0	0	0	0	1291	0	1291	0.008	0.008
Foreign Bodies-D R	0	0	0	0	0	0	0	0	0.000
IEPF	133370	0	133370	0.784	157866	0	157866	0.928	0.144
NBFCs registered with RBI	7310	0	7310	0.043	5000	0	5000	0.029	0.014
HUF	137375	30800	168175	0.988	125650	430	126080	0.741	0.247
<b>Sub-total (B)(2):-</b>	<b>3732880</b>	<b>460621</b>	<b>4193501</b>	<b>24.64</b>	<b>3865261</b>	<b>360059</b>	<b>4225320</b>	<b>24.827</b>	<b>0.187</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>4095056</b>	<b>463121</b>	<b>4558177</b>	<b>26.783</b>	<b>4179543</b>	<b>362559</b>	<b>4542102</b>	<b>26.689</b>	<b>-0.094</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>16555979</b>	<b>463121</b>	<b>17019100</b>	<b>100.00</b>	<b>16656541</b>	<b>362559</b>	<b>17019100</b>	<b>100.00</b>	<b>0</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2018			Shareholding at the end of the year i.e. 31.03.2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Rajendra Agarwal	7922030	46.548	0	7938105	46.642	0	0.094
2	Reena Agarwal	4538861	26.669	0	4538861	26.669	0	0
3	Raunak Agarwal	32	0	0	32	0	0	0
	<b>TOTAL</b>	<b>12460923</b>	<b>73.217</b>	<b>0</b>	<b>12476966</b>	<b>73.311</b>	<b>0</b>	<b>0.094</b>

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

Sl. No.	Name of the Promoter	Shareholding		Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.18)/ end of the year (31.03.19)	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1	Rajendra Agarwal	7922030	46.55					
				01/10/2018	5000	Open Market Purchase	7927030	46.58
				08/10/2018	739	Open Market Purchase	7927769	46.58
				09/10/2018	336	Open Market Purchase	7928105	46.58
				22/11/2018	7000	Open Market Purchase	7935105	46.62
				27/11/2018	3000	Open Market Purchase	7938105	46.64
		<b>7938105</b>	<b>46.64</b>					

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

Sl. No.	Name of the Promoter	Shareholding		Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.18)/ end of the year (31.03.19)	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1	Riddhi Siddhi Gluco Boils Limited	0	0	01-04-2018				
				22-06-2018	12358	Buy	12358	0.073
				15-03-2019	229097	Buy	241455	1.419
				22-03-2019	279192	Buy	520627	3.059
				29-03-2019	140000	Buy	660627	3.882
	Closing Balance	660627	3.882	31-03-2019				
2	BNP Paribas Dividend Yield Fund	195000	1.146	01-04-2018				
				06-04-2018	5000	Buy	200000	1.175
				20-04-2018	2387	Buy	202387	1.189
				27-04-2018	2000	Buy	204387	1.201
				18-05-2018	5600	Buy	209987	1.234
				08-06-2018	2000	Buy	211987	1.246
				23-11-2018	-3798	Sold	208189	1.223
				18-01-2019	-1797	Sold	206392	1.213
		206392	1.213	31-03-2019				
3	Investor Education and Protection Fund	133370	0.784	01-04-2018				
				07-12-2018	24996	Buy	158366	0.931
				11-01-2019	-500	Sold	157866	0.928
		157866	0.928	31-03-2019				
4	Dolly Khanna	86154	0.506	01-04-2018				
				13-04-2018	5390	Buy	91544	0.538
				27-04-2018	14000	Buy	105544	0.620
				13-07-2018	-2000	Sold	103544	0.608
				20-07-2018	-1000	Sold	102544	0.603
				27-07-2018	-1000	Sold	101544	0.597
				10-08-2018	10000	Buy	111544	0.655
				17-08-2018	13990	Buy	125534	0.738
				24-08-2018	14010	Buy	139544	0.820
				31-08-2018	4000	Buy	143544	0.843
				07-09-2018	4000	Buy	147544	0.867
				14-09-2018	32000	Buy	179544	1.055
				21-09-2018	14000	Buy	193544	1.137
				28-09-2018	8000	Buy	201544	1.184
				05-10-2018	2000	Buy	203544	1.196
				12-10-2018	2000	Buy	205544	1.208
				02-11-2018	9000	Buy	214544	1.261
				21-12-2018	-7000	Sold	207544	1.219
				28-12-2018	-1500	Sold	206044	1.211

Sl. No.	Name of the Promoter	Shareholding		Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.18)/ end of the year (31.03.19)	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				31-12-2018	-1000	Sold	205044	1.205
				04-01-2019	-1000	Sold	204044	1.199
				11-01-2019	-5000	Sold	199044	1.17
				18-01-2019	-13000	Sold	186044	1.093
				25-01-2019	-12000	Sold	174044	1.023
				01-02-2019	-4000	Sold	170044	0.999
				08-02-2019	-27000	Sold	143044	0.84
				15-02-2019	-16000	Sold	127044	0.746
				22-02-2019	-11702	Sold	115342	0.678
				01-03-2019	-2000	Sold	113342	0.666
				08-03-2019	-3000	Sold	110342	0.648
				15-03-2019	-2000	Sold	108342	0.637
				22-03-2019	-1000	Sold	107342	0.631
				29-03-2019	-6000	Sold	101342	0.595
		100342	0.59	31-03-2019	-1000	Sold	100342	0.59
5	India Max Investment Fund	67000	0.394	01-04-2018				
				06-04-2018	8000	Buy	75000	0.441
				14-09-2018	-500	Sold	74500	0.438
				28-09-2018	-1855	Sold	72645	0.427
		72645	0.427	31-03-2019				
6	Sunil Madanlal Agarwal	68255	0.401	01-04-2018				
				11-05-2018	500	Buy	68755	0.404
				28-09-2018	800	Buy	69555	0.409
				12-10-2018	-300	Sold	69255	0.407
				19-10-2018	-500	Sold	68755	0.404
				26-10-2018	59	Buy	68814	0.404
				02-11-2018	-859	Sold	67955	0.399
				07-12-2018	2500	Buy	70455	0.414
				28-12-2018	1000	Buy	71455	0.42
				04-01-2019	-133	Sold	71322	0.419
		71322	0.419	31-03-2019				
7	Rajendra Purshottamdas Agarwal	62500	0.367	01-04-2018				
				29-03-2019	100	Buy	62600	0.368
		62600	0.368	31-03-2019				
8	Intime Equities Limited	0	0	01-04-2018				
				20-04-2018	50000	Buy	50000	0.294
				01-06-2018	-26000	Sold	24000	0.141
				06-07-2018	-1456	Sold	22544	0.132
				10-08-2018	603	Buy	23147	0.136
				17-08-2018	400	Buy	23547	0.138
				24-08-2018	-1003	Sold	22544	0.132

Sl. No.	Name of the Promoter	Shareholding		Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.18)/ end of the year (31.03.19)	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				31-08-2018	-1588	Sold	20956	0.123
				07-09-2018	20	Buy	20976	0.123
				14-09-2018	9980	Buy	30956	0.182
				21-09-2018	40	Buy	30996	0.182
				28-09-2018	-8495	Sold	22501	0.132
				05-10-2018	-1500	Sold	21001	0.123
				12-10-2018	-45	Sold	20956	0.123
				26-10-2018	20	Buy	20976	0.123
				02-11-2018	-20	Sold	20956	0.123
				07-12-2018	-20000	Sold	956	0.006
				01-02-2019	41573	Buy	42529	0.25
				08-02-2019	-200	Sold	42329	0.249
				08-03-2019	180	Buy	42509	0.25
				15-03-2019	-180	Sold	42329	0.249
				22-03-2019	850	Buy	43179	0.254
				29-03-2019	-300	Sold	42879	0.252
		42879	0.252	31-03-2019				
9	Sanjay Madanlal Agarwal	40024	0.235	01-04-2018				
		40024	0.235	31-03-2019				
10	Vivek Bhimsaria	38821	0.228	01-04-2018				
		38821	0.228	31-03-2019				

v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Shri R N Agarwal, Managing Director				
At the beginning of the year	7922030	46.548	7938105	46.64
Date wise Increase / Decrease in Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
Mentioned Above				
<b>At the end of the year</b>	<b>7938105</b>	<b>46.64</b>	<b>7938105</b>	<b>46.64</b>
Shri Raunak Agarwal, Whole Time Director				
At the beginning of the year	32	0.00	32	0.00

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

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

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

## V. INDEBTEDNESS

(in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,60,15,16,972	1,31,32,26,292	-	3,91,47,43,264
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	53,24,724	-	-	53,24,724
<b>Total(i+ii+iii)</b>	<b>2,60,68,41,696</b>	<b>1,31,32,26,292</b>	<b>-</b>	<b>3,92,00,67,988</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	77,41,34,270	6,31,96,260	-	83,73,30,530
- Reduction	51,44,56,083	55,50,60,266	-	1,06,95,16,349



	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Net Change	25,96,78,187	(49,18,64,006)	-	(23,21,85,819)
Indebtedness at the end of the financial year				
i) Principal Amount	2,86,11,95,159	82,13,62,286	-	3,68,25,57,445
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	55,87,864	-	-	55,87,864
<b>Total (i+ii+iii)</b>	<b>2,86,67,83,023</b>	<b>82,13,62,286</b>	<b>-</b>	<b>3,68,81,45,309</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/ Manager				Total Amount
		Shri R N Agarwal (Managing Director)	Shri Raunak Agarwal (Whole Time Director)	Smt. Reena Agarwal (Whole Time Director)	Shri Ashok Kumar Bansal (Whole Time Director)	
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,40,00,000	72,00,000	72,00,000	61,00,000	4,45,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600	39,600	2,65,300	3,84,100
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- as % of profit	4,00,00,000	2,00,00,000	2,00,00,000	-	8,00,00,000
	- Others, specify..	-	-	-	-	-
5.	Provident Fund	21,600	21,600	21,600	21,600	86,400
6.	Bonus	-	-	-	8,400	8,400
7.	Leave Encashment	-	-	-	-	-
	<b>Total(A)</b>	<b>6,40,61,200</b>	<b>2,72,61,200</b>	<b>2,72,61,200</b>	<b>63,95,300</b>	<b>12,49,78,900</b>
	<b>Ceiling as per the Act</b>	<b>Schedule V of the Act</b>	<b>Schedule V of the Act</b>	<b>Schedule V of the Act</b>	<b>Schedule V of the Act</b>	<b>-</b>

B. Remuneration to other Directors

Independent Directors

(in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Shri P Kumar	Shri C R Radhakrishnan	Shri Ajay Nair	Shri R K Bakshi	
1.	Fees for attending Board/ Committee meetings	2,40,000	1,60,000	70,000	2,20,000	6,90,000
2.	Commission	-	-	-	-	-
3.	Others, please specify	-	-	-	-	-
	<b>Total :</b>	<b>2,40,000</b>	<b>1,60,000</b>	<b>70,000</b>	<b>2,20,000</b>	<b>6,90,000</b>

C. Remuneration to Key Managerial Personnel Other than MD / Manager/WTD

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total
1.	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	41,51,864	10,50,271	52,02,135
	b) Value of perquisites u/s17(2) Income-tax Act, 1961	28,800	-	28,800
	(c) Profits in lieu of salary under Section17(3) of Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - Others	-	-	-
5.	Provident Fund	21,600	21,600	43,200
6.	Bonus	8,400	8,400	16,800
	<b>Total(A)</b>	<b>42,10,664</b>	<b>10,80,271</b>	<b>52,90,935</b>

## VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES

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

On behalf of the Board of Directors

Mumbai, July 31, 2019

**R N AGARWAL**  
Chairman & Managing Director

FORM No. MR-3

**SECRETARIAL AUDIT REPORT**

For the financial year ended on March 31, 2019

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2019 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company, namely:
- 1) Factories Act, 1948
  - 2) Water (Prevention and Control of Pollution) Act, 1974
  - 3) Environment (Protection) Act, 1986
  - 4) Hazardous Wastes (Management, Handling & Transboundary movement) Rules, 2008
  - 5) Indian Boiler Act, 1923 as amended and Regulation 1950
  - 6) The Air (Prevention and Control of Pollution) Act, 1981 & the rules made thereunder

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

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

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

Decisions at the Board Meetings were taken unanimously.

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

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

**For Parikh & Associates**  
Company Secretaries

**Shalini Bhat**

Place: Mumbai

Partner

Date: July 31, 2019

FCS No: 6484 CP No: 6994

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

To,  
The Members  
N R AGARWAL INDUSTRIES LIMITED

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

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

**For Parikh & Associates**  
Company Secretaries

**Shalini Bhat**  
Partner

Place: Mumbai  
Date: July 31, 2019

FCS No: 6484 CP No: 6994

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

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

### A. Conservation of Energy

#### (i) Steps taken or impact on conservation of energy:

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

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

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

- Modification in press part section and former section by installing SRD.
- Removing line shaft drive with individual sectional drives for increasing the machine speed from 280 MPM to 327 MPM.
- Installation of new 16 feet MG.
- Installation sectional drive for size press for increasing roll life.
- Additional dryers installed with increased deckle.
- Wire table modification.
- Completed drive section modification suitable for 650 MPM.
- Steam and condensate System modification.
- Installation of New Head Box.
- Hood and ventilation modifications.

- Double doctoring system in Press Part.
- DIP screw press modifications.

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

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

- Replacement of conventional light fittings with LED fittings across the manufacturing units.
- Replacement of old DDRs with energy efficient refiners.
- New vacuum pumps/fan pumps installed.

#### ii) Capital investment on energy conservation equipments:

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

### B. Technology Absorption:

#### (i) Efforts made towards technology absorption:

- Continuous value engineering through various means such as new and alternate RM use, vendor collaboration, import substitution and identification of new raw materials for development.
- Upgradation of existing product and processes to save cycle time, energy consumption and overall operational efficiency.



- Optimization of products and processes to minimise waste generation and address environmental and safety concerns.
  - Fresh water consumption further reduced by recycling the machine back water at machine and pulp mill vacuum pumps.
  - Development of in house domain expertise to support product development.
- (ii) **Benefits derived like product improvement, cost reduction, product development or import substitution:**
- Reduction of power consumption per ton of paper
  - Control over the grammage variation of paper.
  - Fresh water consumption reduced and ETP load minimised.
  - Reduction in the SS load in primary clarifier.
  - Reduction in the COD & BOD load.
  - Emission in the air is negligible and maintains all emission parameters.
- (iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

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

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

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

	₹ in lakh	
	2018-19	2017-18
Foreign exchange earnings	19,285.15	13,924.39
Foreign exchange outgo	36,368.62	28,771.83

On behalf of the Board of Directors

**R N AGARWAL**

Mumbai, July 31, 2019

Chairman & Managing Director

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

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

(i)	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	Shri R N Agarwal Chairman & Managing Director	266.67:1	
		Shri Raunak Agarwal Whole Time Director	113.34:1	
		Smt. Reena Agarwal Whole Time Director	113.34:1	
		Shri Ashok Kumar Bansal Whole Time Director	25.42:1	
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;	Shri R N Agarwal Chairman & Managing Director	190.06%	(₹640.00 lakh in 2018-19 as against ₹220.64 lakh paid in 2017-18).
		Shri Raunak Agarwal Whole Time Director	330.64%	(₹272.00 lakh in 2018-19 as against ₹63.16 lakh in 2017-18)
		Smt. Reena Agarwal Executive Director	330.64%	(₹272.00 lakh in 2018-19 as against ₹63.16 lakh in 2017-18)
		Shri Ashok Kumar Bansal Whole Time Director	29.79%	(₹61.00 lakh in 2018-19 as against ₹47.00 lakh in 2017-18)
	The percentage increase in remuneration of Chief Financial Officer is 17.26% and percentage increase in remuneration of the Company Secretary is 32.45%.			
(iii)	The percentage increase in the median remuneration of employees in the financial year;		8.65%	
(iv)	The number of permanent employees on the rolls of company;		1505	

(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in salary/wages of the employees was 6% (other than Managerial Personnel) as against an increase of 216.02% in the remuneration to managerial personnel.  Retention of talented technical and managerial personnel as per Remuneration Policy of the Company.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, the remuneration has been paid as per the remuneration policy of the Company.

On behalf of the Board of Directors

**R N AGARWAL**  
Chairman & Managing Director

Mumbai, July 31, 2019

## FORM NO. AOC-2

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

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

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

Sl. No.	Particulars		
a)	Name(s) of the related party & nature of relationship	Shri Rohan Agarwal a) Son of Shri R N Agarwal, Managing Director & Smt. Reena Agarwal, Executive Director b) Brother of Shri Raunak Agarwal, Executive Director	Smt. Natasha Agarwal a) Wife of Rauank Agarwal, Executive Director b) Daughter-in-law of Shri R N Agarwal, Managing Director and Smt. Reena Agarwal, Executive Director
b)	Nature of contracts/ arrangements/ transaction	Appointment of a relative of Director to office or place of profit under Section 188 (f) of the Act. Designation- GM Marketing	Appointment of a relative of Director to office or place of profit under Section 188 (f) of the Act. Designation – Manager Product Development
c)	Duration of the contracts/ arrangements/ transaction	Full-time employee of the Company	Full-time employee of the Company
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Remuneration of ₹2,50,000/- per month	Remuneration of ₹50,000/- per month
e)	Justification for entering into such contracts or arrangements or transactions	Shri Rohan Agarwal has completed his Bachelors in Business Administration from Kingston University (London) and his knowledge and services are beneficial to the Company.	Ms. Natasha Agarwal has completed her Bachelors in Fine Arts from SAIC (School of the Art Institute of Chicago). She has a work experience of over 5 years in the field of interior designing and styling. Her expertise and experience would add value to the business of the Company.
f)	Date of approval by the Board	29.05.2015 and revised remuneration was approved by the Board on 28.07.2017	28.07.2017
g)	Amount paid as advances, if any	Nil	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Not Applicable	Not Applicable

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

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

On behalf of the Board of Directors

**R N AGARWAL**  
Chairman & Managing Director

Mumbai, July 31, 2019

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

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

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

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

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

Shri P Kumar (Independent Director) - Chairman

Smt. Reena Agarwal (Whole Time Director) - Member

Shri R K Bakshi (Independent Director) - Member

3. **Average net profit of the Company for last three Financial Years: ₹5,91,567,872/-**
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹1,18,31,357**
5. **Details of amount spent on CSR activity during the financial year:**

(a) Total amount spent for the financial year : ₹1,19,47,039

(b) Amount unspent, if any : Nil

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

(In ₹)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2)Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to Hospitals and Medical Camps	Healthcare	Sarigam, Gujarat Dharampur, Gujarat Mumbai, Maharashtra	65,38,938	65,38,938	65,38,938	Direct
2	Contribution to educational institutes	Education	Sarigam, Gujarat Dharampur, Gujarat Mumbai, Maharashtra	46,61,000	46,61,000	46,61,000	Direct
3	Environmental Protection	Tree Plantation	Dharampur, Gujarat	2,50,000	2,50,000	2,50,000	Through Shrimad Rajchandra Mission, Dharampur
4	Rural Infrastructural Development	Installation of RO facility	Sarigam, Gujarat	4,97,101	4,97,101	4,97,101	Direct
	<b>Total</b>			<b>1,19,47,039</b>	<b>1,19,47,039</b>	<b>1,19,47,039</b>	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

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

**R N Agarwal**  
Chairman & Managing Director  
Mumbai, May 21, 2019

**P Kumar**  
Chairman-CSR Committee



# Management Discussion and Analysis

## Global economic overview

Following a robust growth of 3.8% in 2017 and in the first half of 2018, the global economy slowed significantly in the second half of 2018, reflecting a confluence of factors affecting major economies like the failure of the Brexit negotiations, tightened financial conditions, geopolitical tension and higher crude oil costs. Owing to this, the global economy growth in 2018 was estimated at 3.6%.

Crude prices remained volatile since August 2018 as a result of multiple factors including American policy pertaining to Iranian exports and softening global demand. Oil prices dropped from a four year peak of US\$ 81 per barrel in

October 2018 to US\$ 61 per barrel in February 2019. While advanced economies were showing signs of a slowdown, emerging economies like India and China were expected to fuel the world's economic growth engines.

Global growth is expected to remain at 3.2% in 2019. The unwinding of the US fiscal stimulus and the fading of the favourable spill-overs from US demand to trading partners are expected to be offset by a pickup in growth in emerging markets and developing economies. Global oil supply is expected to increase gradually, lowering oil prices to US\$68.76 a barrel in 2019 and to ~US\$60 a barrel in 2023.

Global economic growth over six years

Year	2015	2016	2017(E)	2018(E)	2019 (P)	2020 (P)
Real GDP growth (%)	3.2	3.1	3.8	3.6	3.2	3.5

[Source: World Economic Outlook, July 2019] E: Estimated; P: Projected

## Indian economic overview

India retained its position as the sixth-largest economy and the fastest-growing trillion-dollar economy through a major part of the year under review (except in the last quarter of 2018-19). After growing 7.2% in 2017-18, the Indian economy is estimated to have grown 6.8% in 2018-19 as per the Central Statistics Office release, May 2019.

The principal developments during the year under review comprised a sustained increase in per capita incomes decline in national inflation, steady interest rates and weakened consumer sentiment from the second half of the financial year. The weaker sentiment was on account of a large non-banking financial institutions announcing its inability to address liabilities. This affected credit expansion, financial markets and consumer sentiment, which in turn resulted in slower GDP growth that declined to 5.8% by the fourth quarter of 2018-19, the slowest growth in a single quarter in years.

In 2018 the country attracted ~US\$ 42 billion in FDI inflows as per the World Investment Report 2019. Driven by strong policy reforms, India witnessed a 23-notch jump to a record 77th position in the World Bank's latest report on the 'Ease of Doing Business' that captured the performance of 190 countries.

The commencement of the US-China trade war opened new opportunities for India, particularly in the agro sector. Inflation (including food and energy prices) was estimated at 2.6% on an annual basis, one of the lowest in years and well below the Reserve Bank of India's medium-term target of 4%. The rupee rebounded after touching a low of ₹74.45 to a dollar to close the financial year at ₹69.44. During the fiscal under review, the Indian Government continued to invest deeper in digitisation, renewable energy capacity generation and infrastructure building.

## Key government initiatives

The Indian government continued to take a number of initiatives in strengthening the national economy.

**Bank recapitalisation scheme:** In addition to infusing ₹2.1 lakh crore in public sector units, the Indian Government announced a capital infusion of ₹41,000 crore to boost credit for a strong impetus to the economy in FY2018-19. The Budget 2019-20 mandated that the Union Government will infuse ₹70,000 crore to strengthen and enhance their lending capacity. (Source: *Hindu Business Line*)

**Expanding infrastructure:** India's proposed expenditure of ₹5.97 trillion (US\$ 89.7 billion) toward infrastructural development In the Union Budget 2018-19 is expected to strengthen the national economy. As of November 2018, total length of road-building projects awarded under Bharatmala Pariyojana (including residual NHDP works) was 6,460 kms for a total cost of ₹1.52 trillion (US\$ 21.07 billion). The Government has announced an investment of ₹1,00,00,000 crore (US\$ 1.5 trillion) in infrastructure over the next five years in Budget 2019-20. (Source: *IBEF*)

**Ujjwala Yojana and Saubhagya Yojana:** With the help of this initiative, the Government has transformed the lives of every rural family, dramatically improving the ease of their living by providing electricity and clean cooking facility to all willing rural families by 2022.

**UDAN:** This Scheme is directed towards providing air connectivity to smaller Indian cities, enabling the common citizens to avail the option of travelling by air. A number of airports are likely to be constructed under this scheme.

The Insolvency and Bankruptcy code (Amendment), Ordinance 2018: Passed in June 2018, the ordinance provides significant relief to home-buyers by recognising their status as financial creditors. The major beneficiary of the ordinance are the MSMEs, as it empowers the Indian Government to provide the MSMEs with a special dispensation under the code. (Source: *PIB*)

**Pradhan Mantri Kisan Samman Nidhi:** In February 2019, the Indian Government announced the Pradhan Mantri Kisan Samman Nidhi, a scheme promising an annual assured income of ₹6,000 (US\$84.5) for any farmer owning ≤2 hectares of farmland. The budget for the fiscal year 2020 allocated ₹75,000 crore for the scheme, benefiting ~120 million land-owning farmer households.(Source: *PIB*)

**Direct Benefit Transfer:** The Direct Benefit Transfer initiative re-engineered the cash disbursement process in welfare schemes through simpler and faster flow of information/funds to ensure accurate targeting of beneficiaries, de-duplication and reduction of fraud. In 2018-19 alone, this scheme is estimated to have transferred more than ₹3,00,000 crore and the gains to have accrued since scheme implementation (upto March 2019) is estimated at ₹1,41,677.56 crore. (Source: *www.dbtbharat.gov.in*)

## Outlook

India's economy is expected to remain sluggish through 2019-20 before reviving thereafter in line with its long-term potential. (Source: *CSO, Fitch, Economic Times, Business Standard, IBEF, Business Today, India Today*)

## Global pulp and paper industry overview

The pulp and paper industry is one of the world's largest sectors. The sector is dominated by North American, Northern European and East Asian companies even as Latin American and Oceania players possess significant capacities. Over the next few years, India and China could enhance their capacity following sustained increase in demand. World production of paper and paperboard currently stands at ~390 million tonnes and is expected to reach 490 million tonnes by 2020. (Source: *PG paper*)

## Key geographies

**China:** The pulp and paper industry in this country is faced with environmental, political, and economic pressures to reduce industrial wastewater effluents. In recent years, the Chinese market has begun to address the environmental hazards posed by the obsolete capacity through the imposition of environment protection taxes incorporated into local government taxation systems.

**The US:** The US continues to leverage robust cost management to stabilise profitability even as product line diversification has proved challenging. However, considering the uncertainties in global macroeconomic development and the economic growth slowdown in developing countries, the demand outlook appears weak.

**Japan:** The country continues to be the driving force behind the steady growth of the global paper industry, especially the packaging and household paper grades. Due to capacity reduction and continuous environment protection, paper prices increased. (Source: *PG Paper*)

## SWOT analysis

<b>Strengths</b>	<ul style="list-style-type: none"><li>• Growing needs for packaging in line with manufacturing and growing e-commerce activities</li><li>• New market outlets stemming from a rising middle-class in emerging markets</li><li>• Rising demand for hygiene products</li></ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"><li>• Inability to address rising investment costs</li><li>• High sensitivity to feedstock costs (pulp)</li><li>• Increasing competition from plastic packaging</li></ul>
<b>Opportunities</b>	<ul style="list-style-type: none"><li>• Increase in literacy increases demand for textbooks and notebooks.</li><li>• Increase in packaging needs increases demand for paper</li></ul>
<b>Threats</b>	<ul style="list-style-type: none"><li>• Emergence of digitalisation</li><li>• Import threats</li></ul>

## Outlook

The global production of paper and paperboard is projected to reach 490 million tonnes per annum by 2020 from a level of 390 million tonnes per annum in 2018. The global paper and pulp production is expected to remain stable in 2019. European and American production could remain stable with China and Japan emerging as prominent paper producers.

Paper will focus on serving niche markets due to changing demand and production methods. In context of the internet economy, with the rapid transformation of the traditional media industry into new media and the rapid growth of online consumption, the product structure of the paper industry would need to adjust. (Source: PG paper)

## Global paper packaging industry overview

In 2017, the global paper packaging market was valued at US\$ 64.4 billion and is expected to reach a value of US\$ 82.4 billion by 2023, registering a CAGR of ~4.19% during 2018-2023. The attributes likeligh weight, bio-degradability, and recyclability are the advantages that make paper an essential component of modern life.

Rising consumer consciousness regarding sustainable packaging, along with the strict regulations imposed by various environmental protection agencies regarding the use environment-friendly packaging products, is driving the market for paper packaging. The rapid growth of online shopping has strengthened the use of cardboard and paper-based bags. (Source: Mordor Intelligence)

## Indian paper industry overview

The Indian paper industry is attractively placed on account of no significant capacity being added while demand

continues to rise. Imports, which were a significant threat, are reducing owing to a depreciating rupee and higher global paper realisations. Finally, solid Balance Sheets of stronger players, increasing cost of environmental compliance for new entrants and economies of scale imply that the industry is well placed to consolidate around existing leaders.

India is the fastest growing major paper market in the world – registering a CAGR of ~8% from 2011-2016 vs 1% for the global paper industry. China and Indonesia have grown at 1% CAGR, and developed markets of USA & UK have declined at 1% and 3% CAGR in the same period respectively.

While India is a fast growing market, it is also fragmented – the top-3 players account for only 9% of the market share, versus. 68% in USA, 72% in Indonesia and 21% in China. The current industry scenario is ideal for consolidation as viable stressed assets get a acquired and healthy players to gain market share through inorganic expansions.

The current cyclical upturn in India has come after a period of stress, benefiting companies with strong Balance Sheets and adequate capacities.

The Indian paper industry is fragmented with over 1000 mills, of which about 750 mills are operational.

The paper Industry is highly capital intensive with heavy investments in land and machinery for paper mills. Also, repairs and maintenance of mills, cost of upgrading technology, cost of environmental compliance and establishing distribution network, all make manufacturing paper a capital intensive task.

The GST implementation increased costs for the unorganised sector, creating a level playing field.

The Indian paper industry is growing at around 6-7%. Despite the sustained growth in the industry, per capita paper consumption in India is estimated at less than 13 kilograms, well below the global average of 57 kilograms. The domestic demand in India grew from 9.3 million tonnes in FY08 to 17 million tonnes in FY18.

The industry is classified into four segments, printing and writing, packaging paper and board, specialty papers and newsprint. Printing and writing paper's share remained stable at ~30%, while packaging paper and board's share increased from 46% in FY08 to 52% in FY18.

Domestic demand for printing and writing paper stood at 5 million tonnes per annum in 2018. Rising literacy and universalisation of education through legislative steps like Right to Education, governmental measures like Sarva Shiksha Abhiyan and mid-day meal schemes, increased spending on education are the principal reasons for growth in the demand for printing and writing paper.

On the supply front, the installed capacity of the industry was around ~14 million tonnes per annum with the industry operating at a capacity utilisation level of ~85 - 90%. After capacity addition in the early part of the decade, the planned domestic capacity (greenfield and brownfield) additions for paper and newsprint have slowed, primarily due to a shortage of key raw materials (partially mitigated by agroforestry initiatives). Capex in the form of modernisation and debottlenecking are being undertaken.

### Indian packaging industry overview

Indian packaging industry is expected to grow from USD 31.7 billion in 2015 to USD 72.6 billion by FY20, driven by rising population, increase in income levels, ecommerce boom, organised retail and changing lifestyles. Fast-moving consumer goods is one of the primary growing segments in the retail sector and also one of the biggest end- users of the packaging industry. Pharmaceutical is another major user of the packaging industry. The per capita packaging consumption in India is quite low at 8.7 kg, compared with countries such as Germany (42kg) and Taiwan (19 kg), indicating headroom for the industry to grow. The Indian packaging industry contributes about 4 per cent to the global packaging sector. The packaging paper and board

segment accounted for ~52% of the total demand for paper in India, the largest segment in an industry which grew at a CAGR of 8.3% from 4.3 million tonnes during FY08 to 8.8 million tonnes in FY18.

(Source: Economic Times)

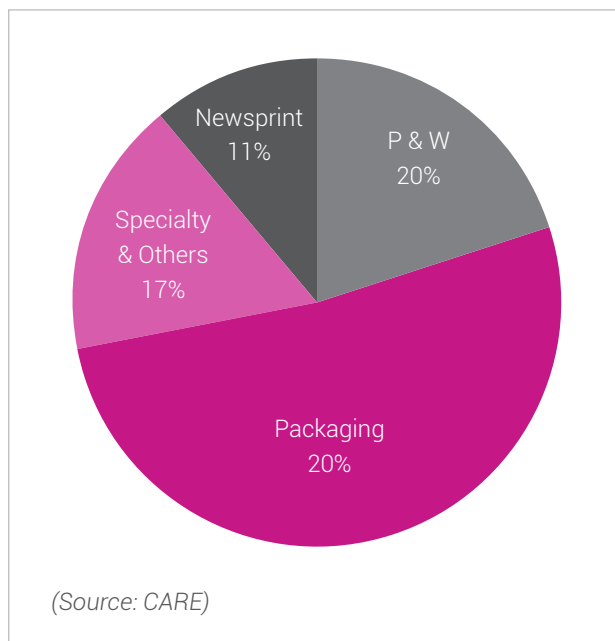
### Drivers of the packaging industry

**E-commerce boom:** India's e-commerce revenues are expected to jump from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, growing at an annual rate of 51% - the highest in the world. This is helping the country's paper packaging segment to expand.

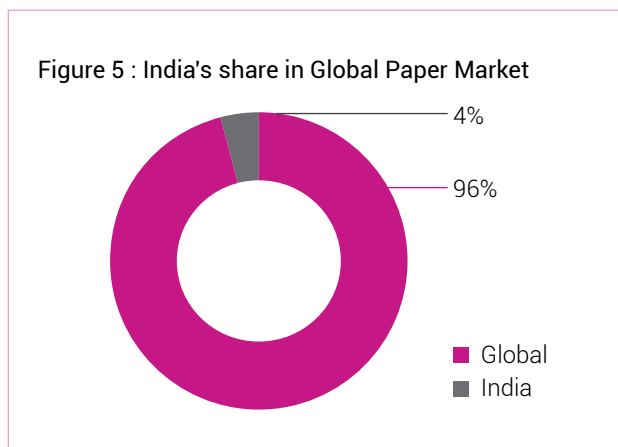
**Growing FMCG:** The Indian FMCG sector is the fourth largest sector of the Indian economy with household and personal care products accounting for 50% of all FMCG sales. The sector grew to US\$ 52.8 billion during FY2017-18 from US\$ 31.6 billion during 2010-11 and is expected to grow at 11-12% in 2019.

**Pharmaceutical:** Pharmaceutical exports grew from US\$ 17.28 billion in FY18 to US\$ 19.14 billion in FY19. India's domestic pharmaceutical market turnover reached ₹1.29 lakh crore in 2018, growing 9.4 per cent year-on-year from ₹1.16 lakh crore in 2017.

### Paper and paperboard consumption by segment (FY17)



## India's share in the global paper market



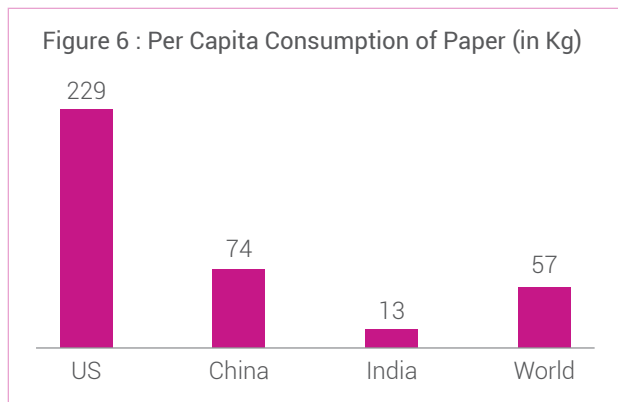
(Source: CARE)

## Input used as Raw Materials to Manufacture Paper and its Products

Pulp	Over 40%
Wood	30-35%
Wastepaper	45-50%
Agro-residues	20-22%

(Source: CARE Ratings)

## Per capita consumption of paper (kilograms)



(Source: CARE, IPMA)

## Drivers of the demand for India's paper industry

**Rising income level:** The annual income earned by an average Indian has doubled in seven years - from around ₹63,642 in 2011-12 to an estimated ₹125,000 in 2018-19. The increase has been attributed to low inflation, national growth and increased remittances. As India approaches the US\$2,000-per-capita-income mark, a hockey-stick curve may be expected in the growth of discretionary spending.

**Population growth:** The growing Indian population has increased the number of 'earning population'. The proportion of Indian populace in the age group of 15-64 years increased from 55.4% in 1991 to 67% in 2018. A low median age implies a higher number of working people and spending potential of the national population. The median age of India is 27.9 years, one of the lowest globally in comparison to 38.1 years in the US, 46.9 years in Japan and 37.4 years in China.

**Urbanisation:** As India has urbanised, aspirations, lifestyle standards and consumption increased.

**Increasing literacy:** India's youth literacy is expected to grow at 90% by 2020 from 74% in 2017.

Rising national literacy is expected to increase expenditure on textbooks, notebooks and paper products.

**Growing print media demand:** The circulation of print media reached 62 million copies a day in 2016, implying a 10-year-CAGR of ~5%, which is higher than most advanced economies marked by a decline.

**Growth in packaging paper and board segment:** The consumption of packaging paper and boards is driven by growth in the national economy and consumption.

**Educational spending:** India is a young market with 310 million students, which is roughly the size of the entire US population. Furthermore, this number has been growing at a rate of 1.7% y-o-y. India has over 250 million school-going students, more than any other country. It also has one of the largest network of higher educational institutions in the world. The number of colleges and universities in India reached 39,050 and 903 respectively in 2017-18, boosting the paper industry.

**Regionalisation:** Localization in coverage has resulted in the publishing of multi edition newspapers, combining national content with regional news.

Booming service sector: India's service sector grew at a rate of more than 16% between 2006 and 2014 and was mainly driven by the export of IT and BPO services. With the robust growth in India's service sector, there will be more demand of paper.

Growing consumption: India's middle-class households grew from 65 million in 2006 to more than 75 million in 2015, indicating a long term growth trend.

Policy support: The Union Budget 2017-18 laid out a sum of ₹79,685.95 crore for the education sector, up by 9.9% from ₹72,394 crore in 2016-17. With the Central Government spending more on improving the country's educational infrastructure, this would help in the offtake of writing and printing products could be sustained.

*(Source: CSO, Business Standard, Times Now, Edelweiss Capital, Fortune India, Print Week, CIA – The World Factbook, Audit Bureau of Circulation, CEIC)*

## Outlook

India's demand for paper is expected to grow at a CAGR of 6.7% to 20.7 million tonnes in FY20. The demand for packaging paper and board segment is expected to grow at a CAGR of 8.9% and reach 11.4 million tonnes in FY20, riding a growth in retail products consumption (FMCG, F&B, pharmaceuticals and textiles, among others).

The demand for printing and writing paper is expected to grow at a CAGR of 4.2% and reach 5.7 million tonnes in FY20, riding a sustained national focus on education and a widening of the print media.

Paper manufacture in China could be affected following a ban in the import of select waste paper varieties, which

could ease the pressure on raw material prices and improve realisations. Paper capacity in India is rationalizing and consolidating, especially in writing and printing paper. There is more discipline in adding capacity now than before, and pricing is more controlled. Multiple capacity additions are being made in the packaging segment. However, companies and industry experts believe this addition is in line with double-digit demand growth.

## Company overview

NR Agarwal is one of the prominent manufacturers of duplex boards (paper packaging) and writing and printing paper. The Company's production facility in Gujarat comprises five paper units, which utilise waste paper as a raw material.

The Company produced 304000 tonnes in FY19. The Company's products were used in FMCG packaging, textbook and print media applications. As a knowledge-driven organisation, the Company emphasised product development, quality improvement and cost optimisation.

## Financial performance

The Company's revenues grew by 9.53% to reach ₹1318.18 crore during FY2018-19 following an improvement in sales volume. EBIDTA stood at ₹192.69 crore compared to ₹163.50 crore in the previous year. Interest cost decreased to ₹3454.45 lakh in 2018-19 compared to ₹4016.84 lakh during the previous year. The Company reported a post-tax profit of ₹94.64 crore during FY2018-19 compared to a post-tax profit of ₹90.24 crore in the previous year. Consequently, the Company proposed a dividend of ₹4 per equity share of ₹10 each (fully paid-up).

## India's paper industry: An attractive opportunity

### Demand

**9.3**

Paper demand, 2008  
(in million tonnes)

**17.1**

Paper demand, 2018  
(in million tonnes)

### Output

**16.7**

Paper produced, 2016-17  
(in million tonnes)

**22.0**

Estimated paper production,  
2024-25 (in million tonnes)

### Consumption

**13**

India's per capita paper  
consumption, 2017 (in kg)

**17**

Estimated India's per capita  
consumption, 2024-25 (in kg)

### Offtake

**6.3**

India's writing paper consumption,  
2016-17 (in million tonnes)

**9.3**

Estimated India's writing paper  
consumption, 2021-22  
(in million tonnes)

### Growth

**9.4**

India's packaging paper  
consumption in 2016-17  
(in million tonnes)

**15.2**

Estimated India's packaging paper  
consumption in 2021-22  
(in million tonnes)

### Consumption

**4.51**

India's print media market size,  
FY2017 (in \$ billion)

**6.69**

India's projected print media market  
size, FY2021 (in \$ billion)

### Literacy

**74**

India's literacy rate in 2017  
(in per cent)

**90**

India's projected literacy  
rate in 2020 (in per cent)

### Population

**1.34**

India's current population  
in 2018 (in billion)

**1.68**

India's expected population  
by 2050 (in billion)

### Income

**1,25,397**

India's per capita income, 2018  
(in ₹)

**1,12,835**

India's per capita income, 2017  
(in ₹)



## Risk management

### Slowdown in the economy may impact the industry

Mitigation: The Indian economy is poised for strong growth. After growing at 7.2% in 2017-18 the Indian economy grew at 6.8% in 2018-19 which is expected to revive in the foreseeable future.

### Raw material scarcity can lead to price increases.

Mitigation: The Company's plant uses waste paper as raw material, procured from imports 48.82% as well as the domestic market 51.18% in FY19. Waste paper pricing dynamics play an important role in the Company's financials as cost of waste paper comprises ~ 82.21% of total raw material costs. Looking ahead, prices of waste paper internationally will see a downward trajectory following the ban on import of waste paper in China. Lowered raw material costs along with enhanced operational efficiency and increased realisations contributed to a higher EBIDTA margin of 14.52%.

### With rapid digitisation, paper demand could decline.

Mitigation: Digitisation could negatively affect paper consumption but in turn could accelerate economic growth that could translate into enhanced paper consumption. The Company has maintained its sectoral leadership by being constantly innovative. The Company is also focusing on the packaging paper segment to capitalise on its growing demand led by the e-commerce industry.

### High funding cost could affect capex requirements

Mitigation: The Company optimised its debt-equity ratio to 0.33 during FY2018-19 from 1.32 during FY2017-18 while the Company's interest cover stood at a robust 5.24 x as on March 31, 2019. Timely repayment of debts and a moderate gearing helped raise additional debt in a cost-effective manner.

## Human resources and industrial relations

The Company believes that the quality of the employees is the key to its success and is committed to equip them

with skills, enabling them to seamlessly evolve with ongoing technological advancements. During the year, the Company organised training programmes in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and code of conduct. The Company's employee strength stood at 1506 as on March 31, 2019.

## Internal control systems and their adequacy

The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorization and approval procedures. Both Internal Auditors and Statutory Auditors have verified, Internal Financial Controls (IFC) at entity level and operations level and satisfied about control effectiveness. The controls are reviewed at regular intervals to ensure that transactions are properly authorised and correctly reported and assets are safeguarded. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.

## Cautionary statement

Statements in the management discussion and analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements' within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. The important factors that could make a difference to the Company's operations include global and Indian demand and supply conditions, finished goods prices, raw material availability and prices, cyclical demand, changes in government regulations, environmental laws, tax regimes, economic developments within India and the world, as well as other factors such as litigation and industrial relations.



# Report on Corporate Governance

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

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

A report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is given below:

## BOARD OF DIRECTORS

### Composition & Attendance

The Board composition is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act'). As on March 31, 2019, the Board of Directors has an optimum combination of Executive and Non-Executive Directors. Shri R N Agarwal is the Promoter and the Chairman & Managing Director of the Company. The Board comprises of 8 Directors, out of which 4 are Non-Executive Independent Directors.

The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them in other public limited companies are given below:

Name of Director	Category	No. of Board Meetings attended during 2018-19	Attendance at the last AGM held on September 28, 2018	No. of other Directorships* (As on 31.03.2019)		No. of Committee positions in other Committees**	
				Chairman	Member	Chairman	Member
Shri R N Agarwal	Chairman & Managing Director	4	Yes	-	-	-	-
Shri Raunak Agarwal	Whole Time Director	4	Yes	-	-	-	-
Smt. Reena Agarwal	Whole Time Director	4	Yes	-	-	-	-
Shri A K Bansal	Whole Time Director	4	No	-	-	-	-
Shri P Kumar	Non-Executive Independent Director	4	Yes	-	1	2	-
Shri C R Radhakrishnan	Non-Executive Independent Director	3	Yes	-	1	-	-
Shri Ajay Nair	Non-Executive Independent Director	4	Yes	-	-	-	-
Shri R K Bakshi	Non-Executive Independent Director	1	No	-	2	-	3

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

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

The Company held four Board Meetings during 2018-19 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were: May 14, 2018, July 24, 2018, October 31, 2018 and February 7, 2019. Necessary quorum was present at the above Meetings.

None of the Non-Executive Directors of the Company hold any equity shares in the Company. Shri R N Agarwal, Shri Raunak Agarwal and Smt. Reena Agarwal are related to each other. The other Directors are not related to promoters or management at the board level of, inter se, among themselves. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which they are Directors. Necessary disclosures regarding committee positions in other public companies as on March 31, 2019 have been made by the Directors.

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

## BOARD PROCEDURE

The information as required under Schedule II Part A of the Listing Regulations is made available to the Board. The Board also reviews, on a quarterly basis, the declarations made by the Managing Director regarding compliance with all applicable laws. The MD & CFO have certified to the Board, inter alia the accuracy of financial statements and adequacy of internal controls for the financial reporting, in accordance with Regulation 17(8) read with Part B of

Schedule II of Listing Regulations pertaining to the CEO and CFO certification for the financial year ended March 31, 2019.

The Company has not entered into any materially significant transactions, during the year under report with any of the Promoters, Directors, and Senior Management Personnel etc. other than transactions if any, entered into in the normal course of Company's business.

## CODE OF CONDUCT

The Code of Conduct has been formulated for the Board Members and Senior Management Personnel. The Code incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The said Code of Conduct is posted on Company's website at [www.nrail.com](http://www.nrail.com). All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by Shri R N Agarwal, Chairman & Managing Director forms part of this report.

## FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

## SEPARATE MEETING OF INDEPENDENT DIRECTORS

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on December 30, 2018 as required under Schedule IV to the Companies Act, 2013 and Listing Regulations. At the meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;

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

All the Independent Directors attended the Meeting.

## EVALUATION OF BOARD PERFORMANCE

During the year, the annual evaluation of the Board's own performance, Board Committees and Individual Directors including the Chairman was carried out pursuant to the provisions of the Act and the Listing Regulations. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board & Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, etc.

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

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

## AUDIT COMMITTEE

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

### Terms of Reference

The Audit Committee functions according to its powers, scope and role defined in Part C of Schedule II of the Listing

Regulations and Section 177 of the Companies Act, 2013. The Terms of Reference of the Audit Committee are as follows:

- To overview the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- To review with the management, the quarterly and annual financial statements before submission to the Board for approval.
- To recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors, fixation of audit fees and to approve payments for any other services rendered by the Statutory Auditors.
- To review with the management, performance of Statutory and Internal Auditors.
- To review the adequacy of the internal audit function and efficacy of the internal control systems.
- To review the findings of any internal investigations by the Internal Auditors.
- To review the statement of significant related party transactions submitted by the management.
- And, generally, all items listed in Schedule II Part A of the Listing Regulations.

The Committee relies on the expertise and knowledge of the Management, Internal Auditors and the Independent Statutory Auditors in carrying out its responsibilities. The Management is responsible for the preparation, presentation and integrity of the Company's financial statements including accounting and financial reporting principles. Management is also responsible for internal control over financial reporting and procedures which are designed to ensure compliance with Accounting Standards, applicable laws, regulations as well as objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal control. The minutes of the Audit Committee Meetings form part of the papers circulated for Board Meetings.

## Composition and Attendance during the year

The composition of the Audit Committee and the details of meetings attended by the members during the year 2018-19 are given below:

Name	Category	No. of meetings attended
Shri P Kumar, Chairman	Non-Executive Independent	3
Shri C R Radhakrishnan, Member	Non-Executive Independent	3
Shri R K Bakshi, Member	Non-Executive Independent	3

During the year, the Audit Committee met 4 (four) times on May 14, 2018, July 24, 2018, October 31, 2018 and February 7, 2019 and gap between two meetings did not exceed four months. Necessary quorum was present at the above Meetings.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on September 28, 2018.

## NOMINATION AND REMUNERATION COMMITTEE

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

### Terms of Reference

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating

to, the remuneration of the Directors, Key Managerial Personnel and other employees;

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

### Composition and Attendance during the year

The Nomination and Remuneration Committee comprises of three Independent Directors including the Chairman of the Committee. The composition of the Committee and the details of meetings attended by the members during the year are given below:

Name	Category	No. of meetings attended
Shri P Kumar, Chairman	Non-Executive Independent	3
Shri C R Radhakrishnan, Member	Non-Executive Independent	3
Shri R K Bakshi, Member	Non-Executive Independent	3

During the year, the Nomination and Remuneration Committee met three times on July 24, 2018, October 31, 2018 and February 7, 2019. Necessary quorum was present at the above Meetings.

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

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

### A. REMUNERATION TO NON-EXECUTIVE DIRECTORS

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

### B. REMUNERATION TO EXECUTIVE DIRECTORS

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

of salary, perquisites and allowances, as also contributions to provident and other retirement benefit funds as approved by the shareholders at the General Meeting.

Presently, the Company does not have a scheme for grant of stock options or performance linked incentives for its Directors.

The remuneration policy and the criteria for making payments to Non-Executive Directors is available on the website of the Company [www.nrail.com](http://www.nrail.com).

### DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2019:

#### (a) NON-EXECUTIVE DIRECTORS

Name of the Directors	Sitting Fees (₹)
Shri P Kumar	2,40,000
Shri C R Radhakrishnan	1,60,000
Shri Ajay Nair	70,000
Shri R K Bakshi	2,20,000
<b>Total</b>	<b>6,90,000</b>

#### (b) EXECUTIVE DIRECTORS

(In ₹)

Particulars	Shri R N Agarwal Chairman & Managing Director	Shri Raunak Agarwal Whole Time Director	Smt. Reena Agarwal Whole Time Director	Shri Ashok Kumar Bansal Whole Time Director
Salary	6,40,00,000	2,72,00,000	2,72,00,000	61,00,000
Perquisites	39,600	39,600	39,600	2,65,300
Bonus	Nil	Nil	Nil	8,400
Commission	4,00,00,000	2,00,00,000	2,00,00,000	Nil
Provident Fund	21,600	21,600	21,600	21,600

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

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

### Terms of Reference

The Stakeholders' Relationship Committee has been constituted specifically to look into redressal of shareholders and investors complaints pertaining to transfer of shares, non-receipt of shares, non-receipt of dividends and to ensure expeditious share transfer process. The Company Secretary has been designated as the Compliance Officer.

### Composition and Attendance during the year

The Stakeholders' Relationship Committee met four (4) times during the year: May 14, 2018, July 24, 2018, October 31, 2018 and February 7, 2019

The composition of the Stakeholders' Relationship Committee and the details of meetings attended by the members during the year are given below:

Name	Category	No. of meetings attended
Shri P Kumar, Chairman	Non-Executive Independent	4
Shri R N Agarwal, Member	Non-Executive Independent	4
Shri R K Bakshi, Member	Non-Executive Independent	4

Based on the report received from the Company's Registrar and Share Transfer Agent, the Company received 5 complaints / grievances during the year which were redressed timely and there were no complaints pending as on March 31, 2019.

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

Ms. Pooja Daftary  
Company Secretary & Compliance Officer  
502-A/501-B, Fortune Terraces,  
5th Floor, Opp. Citi Mall,  
New Link Road, Andheri (West)  
Mumbai-400053  
Tel: 6731 7500/ 6731 7547  
Fax: 2673 0227/ 2673 6953  
Email: pooja.daftary@nrail.com

Shareholders may also correspond with the Company on its email address viz.: investors@nrail.com  
Website: www.nrail.com

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

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

### Terms of Reference

The broad Terms of Reference of the CSR Committee are as follows:

- Formulating and recommending to the Board, the CSR policy indicating the activities to be undertaken in line with Section 135 read with Schedule VII of the Act.
- Recommending to the Board, the CSR projects/activities to be undertaken by the Company.
- Recommending to the Board, the CSR expenditure to be incurred.
- Recommending to the Board, modifications to the CSR policy as and when required.

- Regularly monitoring the implementation of the CSR policy and projects under support and periodically reporting the progress to the Board.
- Meeting atleast once a year to review the CSR work in progress.
- To function under the overall supervision of the Board
- To do such other things as may be prescribed in the Act and the Rules thereunder

#### Composition and Attendance during the year

The CSR Committee met twice during the year on May 14, 2018 and February 7, 2019.

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

Name	Category	No. of meetings attended
Shri P Kumar, Chairman	Non-Executive Independent	2
Smt. Reena Agarwal, Member	Executive-Non-Independent	2
Shri R K Bakshi, Member	Non-Executive Independent	2

#### EXECUTIVE COMMITTEE OF THE BOARD

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

The Committee met twice during the year on April 11, 2018 and August 31, 2018.

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

Name of Director	Category	No. of meetings attended
Shri R N Agarwal, Chairman	Executive-Non-Independent	2
Shri P Kumar, Member	Non-Executive Independent	2
Shri Raunak Agarwal, Member	Executive-Non-Independent	2

#### SHARE TRANSFER COMMITTEE

The Board of Directors at their meeting held on March 29, 2015 has delegated the power of share transfer, transposition, transmission and other ancillary matters to the Company's Registrar and Share Transfer Agent, M/s. Sharex Dynamic (India) Private Ltd.

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

The Share Transfer Committee met 15 (fifteen) times during the year 2018-19 on 26.04.18, 24.05.18, 01.08.18, 14.08.18, 23.08.18, 01.09.18, 22.09.18, 25.10.18, 01.11.18, 22.11.18, 10.12.18, 27.12.18, 16.01.19, 25.01.19 and 04.03.19.

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

Name of Director	Category	No. of meetings attended
Shri R N Agarwal, Chairman	Executive-Non-Independent	15
Shri Raunak Agarwal, Member	Executive-Non-Independent	15

## SUBSIDIARY COMPANIES

The Company has no Subsidiary Company.

## GENERAL BODY MEETINGS FOR LAST THREE YEARS

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

Financial Year	Day, Date & Time	Location	Special Resolutions, if any
2017-18	Friday, September 28, 2018 at 11.30 a.m.	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (W), Mumbai-400053	<ol style="list-style-type: none"><li>1. Re-appointment of Shri Rajendra Agarwal as the Managing Director</li><li>2. Appointment of Shri Rajiv Kumar Bakshi as an Independent Director</li><li>3. Continuation of holding of office of Directorship by Shri P Kumar as an Independent Director</li></ol>
2016-17	Wednesday, September 20, 2017 at 11.30 a.m.	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (W), Mumbai-400053	<ol style="list-style-type: none"><li>1. Re-appointment of Smt. Reena Agarwal as Whole Time Director</li><li>2. Re-appointment of Shri Raunak Agarwal as Whole Time Director</li></ol>
2015-16	Wednesday, September 28, 2016 at 11.30 a.m.	GMS Community Centre Hall, Sitladevi Complex, D.N. Nagar, Andheri (W), Mumbai-400053	<ol style="list-style-type: none"><li>1. Appointment of Shri Ashok Kumar Bansal as a Whole Time Director</li></ol>

(b) Details of Extra-Ordinary General Meeting:

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

(c) No Postal Ballot was conducted during the year. None of the resolutions proposed for the forthcoming Annual General Meeting need to be passed by Postal Ballot.

## DISCLOSURES

a) The particulars of transactions between the Company and its related parties as per Accounting Standard (AS) - 18, are set out in notes to accounts in the Annual Report and were approved by the Audit Committee. There are no materially significant related party transactions of the Company having potential conflict with the interests of the Company at large. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link: [http://www.nrail.com/company\\_policies.html](http://www.nrail.com/company_policies.html).

b) The Board of Directors has been informed from time to time about the business risks faced by the Company and the steps taken by the management to face them.

c) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to the capital markets during the last three years. No penalties or strictures were imposed on the Company by these authorities.

d) The Company has a Whistle Blower Policy in place and none of the employees have been denied access to the Audit Committee. The said policy has been also put up on the website of the Company at the following link: [http://www.nrail.com/company\\_policies.html](http://www.nrail.com/company_policies.html).

e) Schedule V of the Listing Regulations mandates the Company to obtain a Certificate from either the Auditors or Practicing Company Secretaries regarding the compliance of conditions of Corporate Governance stipulated in the Listing Regulations and annex the Certificate with the Directors' Report, which is sent annually to all the shareholders. The Company has obtained a Certificate from the Auditors of the Company to this effect and the same is given as an Annexure to this Report.

f) The Company has complied with all the mandatory requirements relating to Corporate Governance



as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) of the Listing Regulations. Further, the Company has adopted the following non-mandatory requirements of the Clause:

- i) The financial statements of the Company are unqualified and the
- ii) The Internal Auditor presents his report to the Audit Committee at the end of every quarter.
- g) The Company does not have any subsidiaries; hence the policy for material subsidiaries is not applicable to the Company.

### SECRETARIAL AUDIT

Parikh & Associates, Practising Company Secretaries, have conducted a Secretarial Audit of the Company for the year 2018-19. Their Report confirms that the Company has complied with the applicable provisions of the Companies Act, Listing Regulations and other laws applicable to the Company. The Secretarial Audit Report is given as an Annexure 3 to the Board's Report.

### COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES

During the year 2018-19, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. Net open exposures are reviewed regularly and covered through forward contracts. Disclosure on risks forms part of Management Discussion and Analysis Report.

### CEO/CFO CERTIFICATION

The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Part B of Schedule

II to the Listing Regulations pertaining to CEO/ CFO certification for the financial year ended March 31, 2019.

### MEANS OF COMMUNICATION

- The quarterly and the half yearly results as per the proforma prescribed by the Listing Regulations are approved and taken on record by the Board of Directors of the Company. The approved results are forthwith sent to the Stock Exchanges where the Company's shares are listed. The results are also published, within 48 hours, in English and Marathi newspapers namely Business Standard and Mumbai Lakshdeep having wide circulations. The results are displayed on the Company's website, www.nrail.com and also filed with BSE and NSE.
- The Company publishes the audited annual results within the stipulated period of two months from the close of the financial year as required by the Listing Regulations. The annual audited results are also communicated to the Stock Exchanges where the Company's shares are listed, published in the newspapers and displayed on the Company's website, BSE and NSE Online Portal.
- Comprehensive information about the Company, its business and operations can be viewed on the Company's website. The "Investor Relations" section on the website gives information relating to financial results, annual reports, shareholding pattern, corporate governance report and policies of the Company. Information about unclaimed dividends is also available in this section, under the head "Unpaid Dividends".

## GENERAL SHAREHOLDERS INFORMATION

### ANNUAL GENERAL MEETING

Monday, September 16, 2019 at 11.30 a.m. at the Club Mumbai, 197 D.N Nagar, Andheri (West), Mumbai 400053.

Corporate Identification Number	:	L22210MH1993PLC133365
Financial Year	:	April to March
Date of Book Closure	:	September 10, 2019 to September 16, 2019 (Both days inclusive)
Dividend Payment Date	:	October 5, 2019
Listing of equity shares on :	:	BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001
	:	National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

Script Code	:	516082
NSE Symbol	:	NRAIL
Listing Fees :	:	The Company has paid the Listing Fees to both the exchanges on time.
Demat (ISIN)		INE740D01017
Registrar and Share Transfer Agent	:	Sharex Dynamic (India) Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083 Tel: 022-28515644/5606, Email: investors@sharexindia.com

## SHARE TRANSFER SYSTEM:

In case of shares in physical form, request for share transfers can be lodged with Sharex Dynamic (India) Private Limited at the above mentioned address. The transfers are normally processed within a period of 15 days from the date of receipt, if the documents are complete in all respects. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

- Pursuant to Regulation 40 (9) of the Listing Regulations, certificates have been issued on a half-yearly basis by a Company Secretary in Practice, certifying due compliance of the share transfer formalities by the Company.
- Pursuant to Regulation 7(3) of the Listing Regulations, certificates have been submitted to the Stock Exchange on half-yearly basis duly signed by the Compliance Officer of the Company and the Authorised Representative of the Share Transfer Agent certifying that all the all the activities in relation to both physical and electronic share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board.
- A qualified Practicing Company Secretary carries out a Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## MARKET PRICE DATA:

High / Low of daily closing market price of the Company's shares traded at NSE and BSE during each month of the financial year ended March 31, 2019 are as under:

April'18- March'19	HIGH				LOW			
	NRAIL (BSE)	SENSEX	NRAIL (NSE)	NIFTY	NRAIL (BSE)	SENSEX	NRAIL (NSE)	NIFTY
April	549.00	35213.30	549.00	10759.00	418.15	32972.56	417.25	10111.30
May	514.95	35993.53	511.00	10929.20	408.45	34302.89	412.00	10417.80
June	424.25	35877.41	420.05	10893.25	341.00	34784.68	336.80	10550.90
July	440.15	37644.59	449.00	11366.00	350.20	35106.57	344.00	10604.65
August	510.75	38989.65	510.00	11760.20	430.00	37128.99	422.45	11234.95
September	615.85	38934.35	616.00	11751.80	438.00	35985.63	437.45	10850.30
October	529.90	36616.64	532.00	11035.65	413.00	33291.58	411.70	10004.55
November	530.00	36389.22	521.95	10922.45	403.40	34303.38	403.90	10341.90
December	448.65	36554.99	449.45	10985.15	410.05	34426.29	408.00	10333.85
January	426.00	36701.03	430.00	10987.45	305.45	35375.51	307.05	10583.65
February	351.00	37172.18	357.35	11118.10	260.00	35287.16	265.00	10585.65
March	363.65	38748.54	362.00	11630.35	293.50	35926.94	295.00	10817.00

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2019:

SR. NO.	RANGE NO OF SHARES	NO OF SHAREHOLDERS	% TOTAL HOLDERS	TOTAL AMOUNT	% OF CAPITAL
1	Upto 100	5817	67.68	357558	2.10
2	101 to 200	922	10.73	160162	0.94
3	201 to 500	1022	11.89	369682	2.17
4	501 to 1000	363	4.22	283850	1.67
5	1001 to 5000	371	4.32	878381	5.61
6	5001 to 10000	55	0.64	378735	2.23
7	10001 to 100000	39	0.45	988539	5.80
8	10,001 & above	6	0.70	13602193	79.92
	<b>TOTAL</b>	<b>8595</b>	<b>100</b>	<b>17019100</b>	<b>100</b>

## CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2019:

Category	No. of shares held	Percentage to total share capital
Promoters	12476998	73.312
Mutual Funds	206392	1.213
Banks / FI	8112	0.048
FIs	13153	0.077
Body corporates	915116	5.377
Individuals	2868927	16.857
Non Resident Indians/ Overseas Corporate Bodies	85075	0.500
Clearing Members	65965	0.388
IEPF	157866	0.928
NBFC Registered with RBI	5000	0.029
HUF	126080	0.741
<b>Total</b>	<b>17019100</b>	<b>100.00</b>

## DEMATERIALIZATION OF SHARES AND LIQUIDITY

The shares of the Company are available for trading in the Depository System of both the National Securities Depository Limited and the Central Depository Services (India) Limited.

Details of shares held in physical form and dematerialised form as on March 31, 2019:

Mode	No of Shares	% of Share Capital
Electronic form with CDSL	13924978	81.82
Electronic form with NSDL	2738401	16.09
Physical Form	355721	2.09
<b>Total</b>	<b>17019100</b>	<b>100.00</b>

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

## ADDRESS FOR CORRESPONDENCE:

Registered Office:

502-A/501-B, Fortune Terraces,

Opp. Citi Mall, New Link Road,

Andheri (W), Mumbai-400053

Tel:67317500/Fax: 2673 0227/2673 6953

Email: admin@nrail.com Website: www.nrail.com

### Plant Locations:

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

Registrar and Share Transfer Agent

Sharex Dynamic (India) Private Limited,

C-101, 247 Park, L.B.S. Marg,

Vikhroli (W), Mumbai - 400 083

Tel: 022-28515606/5644

Email: investors@sharexindia.com

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

I, Shri R N Agarwal, Chairman and Managing Director of N R Agarwal Industries Limited hereby declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended March 31, 2019.

**R N Agarwal**

Chairman and Managing Director

Mumbai, May 21, 2019

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
**N R AGARWAL INDUSTRIES LIMITED**  
(CIN: L22210MH1993PLC133365)  
502-A/501-B, Fortune Terraces, 5th Floor,  
Opp. City Mall, New Link Road, Andheri (West)  
Mumbai 400053

We have examined the compliance of conditions of Corporate Governance by **N R AGARWAL INDUSTRIES LIMITED** (hereinafter referred as "Company") for the Financial year ended March 31, 2019 as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (hereinafter referred as "Listing Regulations").

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

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations. 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.

This certificate is issued solely for the purposes of complying with Listing Regulations and may not be suitable for any other purpose.

**For R & J Co**  
Practising Company Secretaries

**Jeethi Pillai**  
Partner  
ACS: 33085 COP. 13235

Date: 31.07.19  
Place: Mumbai

# Independent Auditor's Report

To the Members of  
N R AGARWAL INDUSTRIES LIMITED

## Report on the Audit of the Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of **N R AGARWAL INDUSTRIES LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to financial statements, including a summary of significant accounting policies (hereinafter referred to as the "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements financial statements.

### Key Audit Matters

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

Sr.No.	Key Audit Matter	How was the matter addressed in our audit
1	<p><b>Revenue recognition [refer note no. 26 to the Ind AS financial statements]</b></p> <p>Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.</p>	<p>Audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.</p>
2	<p><b>Capital work-in-progress/Property Plant and Equipment (PPE) [refer note no. 2 to the Ind AS financial statements]</b></p> <p>The Company has made additions to the Capital work-in-progress/Property, Plant and Equipment of the ongoing units. Also, the company has capitalized a portion of its capital work-in-progress considering them as ready to use. The assets need to be capitalized and depreciated once the assets are ready for use as intended by the management. Inappropriate timing of capitalization of the asset</p>	<p>Testing the design, implementation and operating effectiveness of controls in respect of review of capital work in progress, particularly in respect of timing of the capitalization and recording of additions to items of various categories of PPE with source documentation, substantive testing of appropriateness of the cut-off date considered for project capitalization.</p> <p>We tested the source documentation to determine whether the expenditure is of capital nature and has been appropriately approved and segregated into appropriate</p>

Sr.No.	Key Audit Matter	How was the matter addressed in our audit
2	and/or inappropriate classification of categories of items of PPE could result in material misstatement of Capital work-in-progress/ PPE with a consequent impact on depreciation charge and results for the year.	categories. Further, through sites visits, we have physically verified the existence of capital work in progress/PPE as at the reporting period.
3	<p><b>Provisions and Contingent Liabilities</b> (including direct and indirect taxes) [ refer note no. 33 to the Ind AS financial statements]</p> <p>The Company is involved in direct and indirect tax litigations that are pending with various tax authorities. Whether a liability is recognised or disclosed as a contingent liability in the financial statements is inherently judgemental and dependent on a number of significant assumptions and assessments. These include assumptions relating to the likelihood and/or timing of the cash outflows from the business and the interpretation of local laws and pending assessments at various levels of the statute.</p>	<p>Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of developments in relation to the litigations, including completeness thereof.</p> <p>Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts.</p> <p>Performed substantive procedures including tracing from underlying documents / communications from the tax authorities and re-computation of the amounts involved.</p> <p>Assessed management's conclusions and understanding precedents in similar cases.</p>

### Other information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance, but does not include the Ind AS financial statements and our auditor's report thereon. The above stated reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the

matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies



Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books.
- c) The company does not have any branches. Hence, the provisions of section 143(3)(c) is not applicable.
- d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- e) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"

- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- i) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position as referred to Note 33 to the Ind AS financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - (iii) There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For GMJ & Co**  
Chartered Accountants  
(Firm's Registration No.: 103429W)

**(CA S. Maheshwari)**

Partner

Place : Mumbai  
Date : May 21, 2019

Membership No.: 038755

# Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (b) Property, Plant and Equipment have been physically verified by the management at regular intervals, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) According to the information and explanation given to us and on the basis of our verification, title deeds of all immovable properties are held in the name of the company.
- ii. As explained to us, management has conducted physical verification of inventory at regular intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. The Company has not granted any loan, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, during the year, the Company has not granted any loans or provided any guarantees or security in respect of any loans to any party covered under section 185 of the Companies Act, 2013. In respect of loan has been given in the previous years, the provision of Section 186 of the Companies Act, 2013 have been complied with.
- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under.
- vi. We have broadly reviewed the books of account maintained by the company in the respect of the products where, pursuant to the Rules made by the Central Government, the maintenance of Cost Records have been prescribed under section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to whether they are accurate or complete.
- vii. (a) According to the information and explanation given to us and on the basis of our examination of our records of the Company, in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods and service tax and any other statutory dues have generally been regularly deposited with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, as at March 31, 2019, the following are the particulars of the dues that have not been deposited on the account of dispute.

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Forum where dispute is pending	Financial year to which the amount relates
Central Excise Act, 1944	Excise Duty*	496.15	Appellate Authority – CESTAT	2003-04 to 2016-17
Customs Act, 1962.	Custom Duty	30.49	Appellate Authority – CESTAT	2013-14 to 2014-15
Income Tax Act, 1961	Income Tax**	454.00	Appellate Authority – ITAT, Ahmedabad	2006-07 to 2012-13
Income Tax Act, 1961	Income Tax**	88.99	Appellate Authority – ITAT, Ahmedabad	2012-13
Income Tax Act, 1961	Income Tax**	26.23	Appellate Authority – ITAT, Ahmedabad	2013-14
Income Tax Act, 1961	Penalty Demand Income Tax	133.55	CIT(A)	2006-07 to 2009-10
Income Tax Act, 1961	Penalty Demand Income Tax	123.69	CIT(A)	2010-11 to 2011-12

\* Out of the demand, a sum of ₹14.48/- Lakhs was paid under protest.

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

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks during the year under audit. There are no dues to Financial Institution, Government and the Company has not issued any debentures.
- ix. According to the information and explanations given to us and based on the records and documents produced before us, during the year the company has not raised money by way of initial public offer or further public offer and the term loans have been applied for the purposes for which they were obtained.
- x. To the best of our knowledge and belief and according to the information given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on the records and documents produced before us, managerial remuneration has been paid by the company in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- xii. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, therefore the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.
- xiii. According to the information and explanation given to us all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures.
- xiv. According to the information and explanations given to us and based on the records and documents produced before us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him under the provisions of section 192 of Companies Act, 2013.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

**For GMJ & Co**  
Chartered Accountants  
(Firm's Registration No.: 103429W)

**(CA S. Maheshwari)**

Partner

Place : Mumbai

Date : May 21, 2019

Membership No.: 038755

# Annexure – ‘B’ to the Auditors’ Report

(Report on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”))

We have audited the internal financial controls over financial reporting of “N R Agarwal Industries Limited” (“the Company”) as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

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

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

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

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial

reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For GMJ & Co**  
Chartered Accountants  
(Firm's Registration No.: 103429W)

**(CA S. Maheshwari)**  
Partner  
Membership No.: 038755

Place : Mumbai  
Date : May 21, 2019

# Balance Sheet

as at March 31, 2019

(₹ in lakhs)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	2	52,615.67	46,337.81
Capital Work-in-progress	2	2,063.38	2,098.04
Intangible assets	3	34.23	57.23
Financial Assets			
Investments	4	41.32	45.40
Loans	5	4.10	4.20
Other financial assets	6	259.69	153.61
Other non-current Assets	7	357.22	702.69
<b>Total non-current assets</b>		<b>55,375.60</b>	<b>49,398.98</b>
<b>CURRENT ASSETS</b>			
Inventories	8	10,432.20	6,934.80
Financial Assets			
Trade receivables	9	11,746.78	11,073.97
Cash and cash equivalents	10A	8.80	10.49
Other bank balances	10B	567.47	775.63
Loans	11	91.81	92.69
Other financial assets	12	322.86	452.97
Other current assets	13	1,307.19	1,141.98
Current tax assets(Net)	14	636.28	457.95
<b>Total Current assets</b>		<b>25,113.39</b>	<b>20,940.47</b>
<b>TOTAL ASSETS</b>		<b>80,488.99</b>	<b>70,339.45</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	15	1,701.91	1,701.91
Other equity	16	29,533.46	20,236.86
Total equity		31,235.37	21,938.77
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities			
Borrowings	17	16,034.63	15,377.13
Other financial liabilities	18	7,144.45	10,199.67
Provisions	19	297.07	275.02
Deferred tax liabilities (net)	20	2,891.25	2,106.07
<b>Total non-current liabilities</b>		<b>26,367.40</b>	<b>27,957.89</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
Borrowings	21	8,113.77	8,739.10
Trade payables	22		
(a) total outstanding dues of micro enterprises and small enterprises		638.91	190.92
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,864.72	4,298.20
Other financial liabilities	23	7,599.89	6,856.43
Provisions	24	47.14	93.13
Other current liabilities	25	621.80	265.00
<b>Total current liabilities</b>		<b>22,886.23</b>	<b>20,442.78</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>80,488.99</b>	<b>70,339.45</b>
Significant Accounting Policies and Notes form an integral part of the Financial Statements.	1 to 48		

As per our attached report of even date

For **GMJ & CO**  
Chartered Accountants  
Firm's Registration No 103429W

**SANJEEV MAHESHWARI**  
Partner  
Membership No. 038755

Mumbai, May 21, 2019

For and on behalf of the Board of Directors

**R N AGARWAL**  
Chairman and Managing Director  
DIN 00176440

**POOJA DAFTARY**  
Company Secretary

**RAUNAK AGARWAL**  
Whole Time Director  
DIN 02173330

**GOPAL UCHIL**  
Chief Financial Officer

# Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in lakhs)

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
<b>INCOME</b>			
Revenue from Operations	26	1,31,817.59	1,20,350.03
Other income	27	842.39	612.46
	<b>Total</b>	<b>1,32,659.98</b>	<b>1,20,962.49</b>
<b>EXPENSES</b>			
Cost of materials consumed	28	77,456.58	70,735.88
Changes in inventories of finished goods, work -in-progress and goods-in-trade	29	(1,205.21)	(85.51)
Excise duty on sale of goods		-	1,306.37
Employee benefits expense	30	7,045.60	5,684.12
Finance costs	31	3,454.45	4,016.84
Depreciation and amortisation expense	2 & 3	2,745.28	2,625.93
Other expenses	32	30,094.19	26,971.53
	<b>Total</b>	<b>1,19,590.90</b>	<b>1,11,255.15</b>
<b>Profit before tax</b>		<b>13,069.08</b>	<b>9,707.33</b>
<b>Tax expense</b>	20		
Current tax (Net of Mat Credit)		2,814.58	62.48
Tax expense related to earlier years(Net)		5.58	12.60
Deferred tax		784.57	607.86
<b>Profit after tax</b>		<b>9,464.34</b>	<b>9,024.40</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement gains/(losses) on defined benefit plan		1.75	26.12
Income tax effect on above		(0.61)	(9.04)
Equity Instruments through Other Comprehensive Income		(4.03)	(9.98)
<b>Other Comprehensive Income for the year [Net of tax]</b>		<b>(2.89)</b>	<b>7.10</b>
<b>Total Comprehensive Income for the year</b>		<b>9,461.45</b>	<b>9,031.49</b>
<b>Basic and diluted earning per equity share [EPS](₹)</b>			
Basic		55.61	53.03
Diluted		55.61	53.03
(Face value of ₹ 10 each)			
Significant Accounting Policies and Notes form an integral part of the Financial Statements.	1 to 48		

As per our attached report of even date

For and on behalf of the Board of Directors

For **GMJ & CO**  
Chartered Accountants  
Firm's Registration No 103429W

**R N AGARWAL**  
Chairman and Managing Director  
DIN 00176440

**RAUNAK AGARWAL**  
Whole Time Director  
DIN 02173330

**SANJEEV MAHESHWARI**  
Partner  
Membership No. 038755

**POOJA DAFTARY**  
Company Secretary

**GOPAL UCHIL**  
Chief Financial Officer

Mumbai, May 21, 2019

# Statement of Changes in Equity for the year ended March 31, 2019

## A) Equity Share Capital

(₹ in lakhs)

Particulars	Nos.	As at March 31, 2018
As at April 01, 2017	170.19	1,701.91
As at March 31, 2018	170.19	1,701.91
As at March 31, 2019	170.19	1,701.91

## B) Other Equity

(₹ in lakhs)

Particulars	Reserves and surplus				Total
	Capital reserve	General Reserve	FVOCI - equity investments	Surplus in the Statement of Profit and Loss	
<b>As at April 01, 2017</b>	<b>146.25</b>	<b>802.53</b>	<b>48.86</b>	<b>10,617.41</b>	<b>11,615.05</b>
Profit for the year	-	-	-	9,024.40	9,024.40
<b>Other comprehensive income for the year</b>					
Remeasurements gain/(loss) on defined benefit plans.	-	-	-	26.12	26.12
Equity Instruments	-	-	(9.98)	-	(9.98)
Tax on Other Comprehensive Income	-	-	-	(9.04)	(9.04)
<b>Dividends</b>					
Final dividend	-	-	-	(340.38)	(340.38)
Corporate dividend tax	-	-	-	(69.29)	(69.29)
<b>As at March 31, 2018</b>	<b>146.25</b>	<b>802.53</b>	<b>38.88</b>	<b>19,249.21</b>	<b>20,236.86</b>
Profit for the year	-	-	-	9,464.34	9,464.34
<b>Other comprehensive income for the year</b>					
Remeasurements gain/(loss) on defined benefit plans.	-	-	-	1.75	1.75
Equity Instruments	-	-	(4.03)	-	(4.03)
Tax on Other Comprehensive Income	-	-	-	(0.61)	(0.61)
<b>Dividends</b>					
Final dividend	-	-	-	(136.75)	(136.75)
Corporate dividend tax	-	-	-	(28.11)	(28.11)
<b>As at March 31, 2019</b>	<b>146.25</b>	<b>802.53</b>	<b>34.85</b>	<b>28,549.83</b>	<b>29,533.46</b>

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

1 to 48

As per our attached report of even date

For and on behalf of the Board of Directors

For **GMJ & CO**  
Chartered Accountants  
Firm's Registration No 103429W

**R N AGARWAL**  
Chairman and Managing Director  
DIN 00176440

**RAUNAK AGARWAL**  
Whole Time Director  
DIN 02173330

**SANJEEV MAHESHWARI**  
Partner  
Membership No. 038755

**POOJA DAFTARY**  
Company Secretary

**GOPAL UCHIL**  
Chief Financial Officer

Mumbai, May 21, 2019



# Cash Flow Statement

for the year ended March 31, 2019

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before Income tax	13,069.08	9,707.33
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense	2,745.28	2,625.93
Loss/ (profit) on sale of property, plant & equipment	140.81	0.92
Dividend Received	-	(0.08)
Interest Received	(174.43)	(220.19)
Interest on Income tax refund	-	(68.92)
Bad debt	0.01	58.72
Doubtful Debt Received	(2.24)	
Provision for doubtful debts	-	66.59
Finance costs	3,454.45	4,016.84
<b>Operating Profit before working capital changes</b>	<b>19,232.96</b>	<b>16,187.15</b>
<b>Add: Adjustments For:</b>		
Change in Working Capital		
(Increase)/decrease in inventories	(3,497.41)	(637.68)
(Increase)/decrease in trade receivables	(670.58)	(1,754.75)
(Increase)/decrease in loans (non-current and current)	0.98	(10.71)
(Increase)/decrease in other assets (non-current and current)	(206.84)	872.53
(Increase)/decrease in other financial assets (non-current and current)	24.04	(122.52)
Increase/(decrease) in trade payables	2,014.51	(1,072.37)
Increase/(decrease) in other financial liabilities (non-current and current)	(3,015.58)	(316.47)
Increase/(decrease) in other liabilities (current)	356.80	(286.75)
Increase/(decrease) in provisions	(22.15)	(0.64)
Cash generated from/(used) in operations	<b>14,216.73</b>	<b>12,857.79</b>
Less: Income tax paid (net of refunds)	2,998.50	2,445.57
<b>Net Cash flow from/(used) in Operating Activities (A)</b>	<b>11,218.23</b>	<b>10,412.22</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment and intangible assets, including capital advances	(8,809.68)	(4,920.46)
Proceeds from sale of property, plant and equipment	90.48	31.79
Dividends received	-	0.08
Interest received	174.43	220.19
<b>Net Cash flow from/(used) in Investing Activities (B)</b>	<b>(8,544.78)</b>	<b>(4,668.40)</b>

# Cash Flow Statement

for the year ended March 31, 2019

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	6,710.50	4,959.50
Repayment of borrowings	(5,131.27)	(4,684.30)
Finance Cost	(3,465.11)	(4,061.25)
Increase/(Decrease) in Short Term borrowings (Net)	(625.33)	893.11
Unsecured Borrowings (Net)	(207.24)	(2,160.00)
Dividends paid	(136.75)	(340.38)
Dividend distribution tax paid	(28.11)	(69.29)
<b>Net Cash Flow from/(used) in Financing Activities (C)</b>	<b>(2,883.31)</b>	<b>(5,462.60)</b>
Net increase (decrease) in cash and cash equivalents	(209.86)	281.22
Cash and Cash Equivalents at the beginning of the financial year	786.13	504.90
<b>Cash and Cash Equivalents at end of the year</b>	<b>576.27</b>	<b>786.13</b>

## Notes:-

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

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Opening balances</b>		
Long-term borrowings (including current maturities)	20,208.66	22,161.13
Short-term borrowings	8,739.10	7,845.99
<b>Movements</b>		
Long-term borrowings (including current maturities)	1,358.69	(1,952.47)
Short-term borrowings	(625.33)	893.11
<b>Closing balances</b>		
Long-term borrowings (including current maturities)	21,567.35	20,208.66
Short-term borrowings	8,113.77	8,739.10

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

As per our attached report of even date

For and on behalf of the Board of Directors

For **GMJ & CO**  
Chartered Accountants  
Firm's Registration No 103429W

**R N AGARWAL**  
Chairman and Managing Director  
DIN 00176440

**RAUNAK AGARWAL**  
Whole Time Director  
DIN 02173330

**SANJEEV MAHESHWARI**  
Partner  
Membership No. 038755

**POOJA DAFTARY**  
Company Secretary

**GOPAL UCHIL**  
Chief Financial Officer

Mumbai, May 21, 2019

# Notes to the Financial Statements for the year ended March 31, 2019

## NOTE 1: CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### 1. CORPORATE INFORMATION

N. R. Agarwal Industries Limited ('the Company') is a public limited Company incorporated in India with its Registered Office at 502-A/501-B, Fortune Terraces, 5th Floor, Opposite Citi Mall, New Link Road, Andheri (West), Mumbai -400053 Maharashtra. The Equity shares of the Company are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is among the first and leading manufacturers of recycled paper in India and the largest manufacturer of grey back and white back Duplex Boards for over 25 years now and forayed into Writing & Print (W&P) paper in July 2014. The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorized for issue on May 21, 2019.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.01 Basis of preparation

##### (i) Compliance with Ind AS

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

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

##### (ii) Historical cost convention

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

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

##### (iii) Rounding of amounts

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

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

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

#### 2.03 Property, plant and equipment

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

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

Subsequent expenditure on property, plant and equipment after its purchase/completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of

# Notes to the Financial Statements for the year ended March 31, 2019

performance. Property, plant and equipment acquired and put to use for the project are capitalized and depreciation thereon is included in the project cost till the project is ready for its intended use. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

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

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

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

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

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

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

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

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

## 2.04 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Finance Lease

Finance Lease that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing costs.

# Notes to the Financial Statements for the year ended March 31, 2019

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

## **Operating Lease**

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Payments under operating lease are recorded in the Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

## **2.05 Impairment of Non-Financial assets**

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

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

## **2.06 Cash and Cash Equivalents**

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

## **2.07 Intangible assets**

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

## **2.08 Financial Instruments**

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

### **Financial assets - Initial recognition**

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

### **Subsequent measurement**

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

#### **(i) Measured at amortized cost:**

A financial asset is measured at amortized cost, if it is held under the hold to collect business model i.e. held with an objective of holding the assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal outstanding. Amortized cost is calculated using the effective

## Notes to the Financial Statements for the year ended March 31, 2019

interest rate ("EIR") method by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. On de-recognition, gain or loss, if any, is recognized to Statement of Profit and Loss.

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

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

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

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

### Impairment

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

### De-recognition

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

### Financial Liabilities

#### Initial Recognition and measurement

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

#### De-recognition

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

#### Offsetting of financial instruments

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

# Notes to the Financial Statements for the year ended March 31, 2019

## Financial liabilities and equity instruments

### Classification as debt or equity

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

### Equity Instruments:

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

### Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The company classifies all other liabilities as non-current.

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

## 2.09 Inventories

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

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

## 2.10 Revenue from contracts with customers

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

# Notes to the Financial Statements for the year ended March 31, 2019

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

## **Variable Consideration**

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

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

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

## **Sale of goods**

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

## **Interest income**

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

## **Dividend income**

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

## **Other operating revenue - Export incentives**

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

## **2.11 Foreign currency transactions and translations**

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

### **a) Initial Recognition**

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

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

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line



# Notes to the Financial Statements for the year ended March 31, 2019

with the recognition of the gain or loss on the change in the fair value of the item. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

## 2.12 Employee Benefit Plan

### Defined contribution plan

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

### Defined benefit plans

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

### Other long-term employee benefit obligations

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

## 2.13 Borrowing Cost:

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

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

## 2.14 Income Tax

### Current income tax

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

### Deferred tax

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

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

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

# Notes to the Financial Statements for the year ended March 31, 2019

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

## **Minimum Alternate Tax**

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## **2.15 Provisions, Contingent liabilities and Contingent assets**

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

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

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

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

## **2.16 Segment Reporting - Identification of Segments**

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

## **2.17 Earnings per Share (EPS)**

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

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

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

# Notes to the Financial Statements for the year ended March 31, 2019

## 2.18 New Standards adopted

### Ind AS 115 "Revenue from Contracts with Customers"

The Companies (Indian Accounting Standards) Amendment Rules, 2018 issued by the Ministry of Corporate Affairs (MCA) notified Ind AS 115 "Revenue from Contracts with Customers" related to revenue recognition which replaced Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and provide a single, comprehensive model for all contracts with customers. The revised standard contains principles to determine the measurement of revenue and timing of when it is recognized. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments as well as assets recognized from costs incurred to fulfil these contracts.

The Company has adopted Ind AS 115 w.e.f. April 1, 2018 using the full retrospective approach, the adoption of the standard did not have any impact on the financial statements.

## 2.19 Recent accounting pronouncements

### Ind AS 116 :

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognize depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

# Notes to the Financial Statements for the year ended March 31, 2019

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

### Property, Plant and Equipment

(₹ in lakhs)

Particulars	Freehold Land	Leasehold Land	Road & Pathway	Factory Buildings	Other - Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Computers	Total
<b>Gross block</b>										
At April 1, 2017	464.31	466.68	114.41	7,695.06	523.48	36,275.52	86.10	339.89	73.46	46,038.90
Additions	-	-	134.01	24.41	1,375.59	3,242.01	381.67	185.53	21.16	5,364.38
Disposals	-	-	-	-	10.05	8.29	2.10	17.44	-	37.87
<b>At March 31, 2018</b>	<b>464.31</b>	<b>466.68</b>	<b>248.42</b>	<b>7,719.47</b>	<b>1,889.02</b>	<b>39,509.23</b>	<b>465.68</b>	<b>507.99</b>	<b>94.62</b>	<b>51,365.42</b>
Additions	-	-	17.21	21.69	219.51	8,526.32	3.16	435.35	8.18	9,231.42
Disposals	-	-	-	-	-	417.33	-	8.79	-	426.12
<b>At March 31, 2019</b>	<b>464.31</b>	<b>466.68</b>	<b>265.63</b>	<b>7,741.17</b>	<b>2,108.52</b>	<b>47,618.22</b>	<b>468.84</b>	<b>934.55</b>	<b>102.80</b>	<b>60,170.72</b>
<b>Accumulated Depreciation</b>										
At April 1, 2017	-	-	9.37	307.52	79.18	1,953.58	14.26	36.95	21.08	2,421.94
Charge for the year	-	7.68	19.64	310.13	109.15	2,047.62	30.48	60.36	25.80	2,610.87
Disposals	-	-	-	-	0.44	0.61	0.29	3.87	-	5.20
<b>At March 31, 2018</b>	<b>-</b>	<b>7.68</b>	<b>29.01</b>	<b>617.65</b>	<b>187.89</b>	<b>4,000.59</b>	<b>44.46</b>	<b>93.44</b>	<b>46.88</b>	<b>5,027.60</b>
Charge for the year	-	7.68	25.21	311.21	132.15	2,090.08	49.96	87.58	18.41	2,722.28
Disposals	-	-	-	-	-	190.53	-	4.29	-	194.82
<b>At March 31, 2019</b>	<b>-</b>	<b>15.36</b>	<b>54.21</b>	<b>928.86</b>	<b>320.04</b>	<b>5,900.14</b>	<b>94.41</b>	<b>176.73</b>	<b>65.28</b>	<b>7,555.05</b>
<b>Net carrying amount</b>										
At March 31, 2018	464.31	459.00	219.41	7,101.82	1,701.12	35,508.64	421.22	414.54	47.74	46,337.81
At March 31, 2019	464.31	451.32	211.41	6,812.30	1,788.48	41,718.08	374.42	757.82	37.52	52,615.67

### Capital Work-In-Progress

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Compound Wall & Road	-	16.26
Factory Building	146.96	41.42
Plant and Machinery	1,683.92	2,017.86
Others	232.50	22.50
<b>Total</b>	<b>2,063.38</b>	<b>2,098.04</b>

Note: "Leasehold Land" represents land obtained on long term lease from Government authorities for "99 Years" and considered as finance lease.

## Note 3 : Intangible Assets

(₹ in lakhs)

Particulars	Computer Software	Others	Total
<b>Gross block</b>			
At April 1, 2017	8.94	27.79	36.72
Additions	-	47.49	47.49
Disposals	-	-	-
<b>At March 31, 2018</b>	<b>8.94</b>	<b>75.28</b>	<b>84.22</b>
Additions	-	-	-
Disposals	-	-	-
<b>At March 31, 2019</b>	<b>8.94</b>	<b>75.28</b>	<b>84.22</b>

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 3 : Intangible Assets

(₹ in lakhs)

Particulars	Computer Software	Others	Total
<b>Amortization</b>			
At April 1, 2017	5.59	6.34	11.92
Amortisation for the year	2.47	12.59	15.06
Disposals	-	-	-
<b>At March 31, 2018</b>	<b>8.06</b>	<b>18.93</b>	<b>26.99</b>
Amortisation for the year	-	23.00	23.00
Disposals	-	-	-
<b>At March 31, 2019</b>	<b>8.06</b>	<b>41.93</b>	<b>49.99</b>
<b>Net carrying value</b>			
At March 31, 2018	0.88	56.35	57.23
At March 31, 2019	0.88	33.34	34.23

## Note 4 : Non-Current Investments

(₹ in lakhs)

Particulars	Face Value/ Share (₹)	No. of Shares	As at March 31, 2019	As at March 31, 2018
<b>Quoted, Equity shares fully paid up</b>				
<b>Investment Carried at Fair Value through OCI</b>				
Bank of Baroda	2	30,000	38.64	42.69
Bank of India	10	2,200	2.29	2.28
<b>Unquoted, Equity shares fully paid up</b>				
<b>Investments Carried at Fair value through Profit or loss</b>				
Mahalaxmi Co-Operative Housing Society Ltd.	10	375	0.04	0.04
Kherana Paper Mills Pvt. Ltd.	100	95	0.10	0.10
Shamrao Vitthal Co-Op Bank Ltd.	100	25	-	0.03
Saraswat Co-Operative Bank Ltd.	10	2500	0.25	0.25
Kalupur Co-operative Bank Ltd.	10	250	-	0.03
			<b>41.32</b>	<b>45.40</b>
Aggregate book value of unquoted investments			0.38	0.43
Aggregate market value of quoted investments			40.93	44.97

## Note 5 : Non-Current Financial Assets - Loans

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured considered good)		
Loans to employees	4.10	4.20
<b>Total</b>	<b>4.10</b>	<b>4.20</b>

## Note 6 : Non-Current Financial Assets - Others

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Rent and Other security deposits	259.69	153.61
<b>Total</b>	<b>259.69</b>	<b>153.61</b>

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 7 : Non-Current Assets - Others

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Advances	268.16	655.24
Advances to employees	1.54	2.19
Deferred lease expenses	87.52	45.25
<b>Total</b>	<b>357.22</b>	<b>702.69</b>

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Materials - Stock	3,860.91	2,573.22
Raw Materials - In Transit	53.16	205.75
Stock-in-process	455.93	369.66
Finished Goods	2,323.54	1,204.61
Stores and Spares	3,021.61	2,078.86
Coal - In Stock	571.39	307.75
Coal - In Transit	-	68.91
Packing Materials	145.66	126.05
<b>Total</b>	<b>10,432.20</b>	<b>6,934.80</b>

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

## Note 9 : Trade Receivables

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured considered Good	11,746.78	11,073.97
Unsecured considered Doubtful	64.35	66.59
With significant increase in credit risk	-	-
Less: Allowance for doubtful debts	64.35	66.59
<b>Total trade and other receivables</b>	<b>11,746.78</b>	<b>11,073.97</b>

### Notes:

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

## Note 10(A) : Cash and Cash Equivalent

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with Banks in current accounts	7.98	9.34
Cash on hand	0.82	1.15
<b>Total</b>	<b>8.80</b>	<b>10.49</b>

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 10(B) : Other Bank Balance

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
In other deposit accounts - Original maturity more than 3 months and less than 12 months	549.90	760.82
Unclaimed Dividend Account	17.57	14.81
<b>Total</b>	<b>567.47</b>	<b>775.63</b>

## Note 11 : Current Financial Assets - Loans

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured considered good)		
Loans to employees	16.81	17.69
Loans to others	75.00	75.00
(With significant increase in credit risk)		
Loans to employees	-	-
Loans to others	-	-
<b>Total</b>	<b>91.81</b>	<b>92.69</b>

## Note 12 : Current Financial Assets - Others

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Rent and Other Security deposits	161.16	63.97
Insurance Claim receivable	-	229.43
Interest on deposit	41.70	35.74
Claim and other receivable	120.00	123.83
<b>Total</b>	<b>322.86</b>	<b>452.97</b>

## Note 13 : Other Current Assets

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Advances to employees	1.61	2.43
Commercial Advances	371.56	387.50
Prepaid expenses	163.57	135.48
Balances with Government authorities	734.72	601.27
Export benefits receivable	35.23	15.04
Others	0.50	0.25
<b>Total</b>	<b>1,307.19</b>	<b>1,141.98</b>

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 14 : Current Tax Assets (Net)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Income Tax/ Tax deducted at source (net of provisions)	636.28	457.95
<b>Total</b>	<b>636.28</b>	<b>457.95</b>

## Note 15 : Equity Share Capital

(₹ in lakhs)

### (A) Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
<b>a) Authorized</b>		
225,00,000 Equity Shares ₹10 each (March 31, 2018: 225,00,000 Equity Shares of ₹ 10/- each)	2,250.00	2,250.00
25,00,000 Preference Shares ₹10 each (March 31, 2018: 25,00,000 Preference Shares of ₹ 10/- each)	250.00	250.00
Issued, subscribed and fully paid-up		
1,70,19,100 Equity Shares ₹10 each (March 31, 2018: 1,70,19,100 Equity Shares of ₹ 10/- each)	1,701.91	1,701.91

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

(No. of Shares)

Particulars	As at March 31, 2019	As at March 31, 2018
At the beginning of the year	1,70,19,100	1,70,19,100
Add: Equity shares issued	-	-
At the end of the year	1,70,19,100	1,70,19,100

### (c) Terms/rights attached to equity shares

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

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

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

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	% holding	Nos	% holding
Shri. R N Agarwal	79,38,105	46.64	79,22,030	46.55
Smt. Reena R. Agarwal	45,38,861	26.67	45,38,861	26.67



# Notes to the Financial Statements for the year ended March 31, 2019

## Note 16 : Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Reserve	146.25	146.25
General reserve	802.53	802.53
Retained earnings	28,549.83	19,249.21
Equity instruments through other comprehensive income	34.85	38.88
<b>Total</b>	<b>29,533.46</b>	<b>20,236.86</b>

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Capital Reserve	146.25	146.25
b) General Reserve	802.53	802.53
c) Retained Earnings		
Opening balance	19,249.21	10,617.41
Net profit for the year	9,464.34	9,024.40
Items of other comprehensive income recognised directly in retained earnings		
Remeasurement of post employment benefit obligation, net of tax	1.14	17.08
Dividend	(136.75)	(340.38)
Tax on dividend	(28.11)	(69.29)
Closing balance	<b>28,549.83</b>	<b>19,249.21</b>
d) Equity instruments through other comprehensive income		
Opening balance	38.88	48.86
Add: Changes for the year	(4.03)	(9.98)
Closing balance	<b>34.85</b>	<b>38.88</b>

## Note 17 : Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
Term and Corporate loans from Banks	20,634.52	19,068.59
	<b>20,634.52</b>	<b>19,068.59</b>
<b>Unsecured</b>		
From related parties	932.83	1,040.07
From others	-	100.00
	<b>932.83</b>	<b>1,140.07</b>
Less:- Current maturities disclosed under other current financial liabilities (Refer note 23)	5,532.72	4,831.53
<b>Total</b>	<b>16,034.63</b>	<b>15,377.13</b>

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 17 : Borrowings (contd.)

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

(₹ in lakhs)

Bank	Terms of repayment & Security	As at March 31, 2019	As at March 31, 2018
<b>A - Term, Corporate, FITL and Mortgage Loans from Banks: -</b>			
Bank of Baroda	Secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 @ 10.65% p.a., March 31, 2018 @ 11.05% p.a. and March 31, 2017 @ 12.30% p.a. Terms of repayment - 32 quarterly installments of ₹ 125.78 Lakhs.	1,911.88	2,415.00
Bank of Baroda	Secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 @ 10.65% p.a., March 31, 2018 @ 11.05% p.a. and March 31, 2017 @ 12.30% p.a. Terms of repayment - 32 quarterly installments of ₹ 66.41 Lakhs.	1,009.37	1,275.00
Bank of Baroda	Secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 @ 10.65% p.a., March 31, 2018 @ 11.05% p.a. and March 31, 2017 @ 12.30% p.a. Terms of repayment - 32 quarterly installments of ₹ 218.75 Lakhs.	3,062.50	3,937.50
Bank of Baroda	Secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 @ 10.65% p.a., March 31, 2018 @ 11.05% p.a. and March 31, 2017 @ 12.30% p.a. Terms of repayment - 26 quarterly installments of ₹ 56.25 Lakhs.	881.25	1,106.25

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 17 : Borrowings (contd.)

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

(₹ in lakhs)

Bank	Terms of repayment & Security	As at March 31, 2019	As at March 31, 2018
Bank of Baroda	Secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 10.65% p.a., March 31, 2018 @ 11.05% p.a and March 31, 2017 @ 12.30%. Terms of repayment - 16 quarterly installments of ₹ 109.06 Lakhs.	545.31	981.56
Bank of Baroda	Secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusive first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 10.65% p.a., March 31, 2018 @ 11.05% p.a and March 31, 2017 @ 12.30%. Terms of repayment - 32 quarterly installments of ₹ 203.12 Lakhs.	3,087.50	3,900.00
Bank of Baroda	Secured by way of first pari passu charge (i) on movable assets including plant and machinery and immovable assets at Unit I at Vapi and exclusives first charge on movable assets including plant and machinery and immovable assets at Unit II, III and IV at Vapi and Unit V at Sarigam (excluding non-agricultural land of 37.61 acres at Sarigam, Gujarat) (ii) second pari passu charge on current assets of the Company, and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 10.65% p.a., March 31, 2018@ 11.05% and March 31, 2017 @ Nil. Terms of repayment - 24 quarterly installments of ₹ 312.50 Lakhs.	5,312.50	3,869.00
The Saraswat Co-operative Bank Ltd.	Secured by way of first pari passu charge on movable assets including plant and machinery and immovable assets at Unit I at Vapi. The loan is further secured on exclusive basis (i) Directors residential bungalow at Lokhandwala, Andheri (W), Mumbai 400053, (ii) the non agricultural land admeasuring 37.61 acres at Sarigam, Gujarat and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 10.65% p.a., March 31, 2018 @ 11.05% p.a. and March 31, 2017 @ 12.30% p.a. Terms of repayment - 32 quarterly installments of ₹ 72.34 Lakhs.	1,099.62	1,389.00

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 17 : Borrowings (contd.)

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

(₹ in lakhs)

Bank	Terms of repayment & Security	As at March 31, 2019	As at March 31, 2018
The Saraswat Co-operative Bank Ltd.	Secured by way of (i) Directors residential bungalow at Lokhandwala, Andheri (W), Mumbai 400053, (ii) the non agricultural land admeasuring 37.61 acres at Sarigam, Gujarat and (iii) personal guarantees of Shri R. N. Agarwal, Shri Raunak Agarwal, Shri Rohan Agarwal and Smt. Reena R. Agarwal. Effective rate of interest - March 31, 2019 10.15%, March 31, 2018 @ Nil and March 31, 2017 @ Nil p.a. Terms of repayment - 20 quarterly installments of ₹ 181.25 Lakhs.	3,262.50	-

### B - Vehicle Loans from Banks:-

Bank of Baroda	Various Car Loans secured by hypothecation of Motor Car. Terms of repayment - each repayable in 60 monthly installments.	429.46	108.57
The Saraswat Co-operative Bank Ltd.	Various Car Loans secured by hypothecation of Motor Car. Terms of repayment - each repayable in 36 monthly installments.	12.51	25.63
Kotak Mahindra Prime Ltd.	Secured by hypothecation of Motor Car. Terms of repayment - repayable in 60 monthly installments.	101.08	128.75

## Note 18 : Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payable (Retention Money)	6,500.00	9,500.00
Deferred rent	61.94	59.66
Dealers deposits	582.51	640.01
<b>Total</b>	<b>7,144.45</b>	<b>10,199.67</b>

## Note 19 : Non-Current Provisions

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Provision for employee benefits:-</b>		
Gratuity and compensated absences	297.07	275.02
<b>Total</b>	<b>297.07</b>	<b>275.02</b>

## Note 20: Income tax

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current tax (Net of Mat Credit)	2,814.58	62.48
Adjustment of tax relating to earlier years	5.58	12.60
Deferred Tax	784.57	607.86
<b>Total</b>	<b>3,604.74</b>	<b>682.94</b>

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 20: Income tax (contd.)

### b) Reconciliation of tax expense and the accounting profit (₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Profit before income taxes	13,069.08	9,707.33
Enacted tax rate in India	34.944%	34.608%
Computed expected tax expenses	4,566.86	3,359.51
Difference in Tax Rate	7.92	(0.31)
Effect of concessions	(1,132.24)	(1,188.81)
Adjustment of tax relating to earlier years	5.58	12.60
Expenses/Income not consider for tax purpose	156.61	(70.43)
Others Adjustments	-	(1,429.63)
<b>Income tax expense Net</b>	<b>3,604.74</b>	<b>682.94</b>

### c) Movement in deferred tax assets and liabilities during the Year ended March 31, 2019 (₹ in lakhs)

Particulars	As at March 31, 2018	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at March 31, 2019
<b>Deferred income tax assets</b>				
Expenditure deductible for tax purposes in future period	37.45	1.66	-	39.11
MAT credit entitlement	3,569.59	375.71	-	3,945.29
Provisions for employee benefits	127.41	(6.52)	(0.61)	120.28
Loss allowance on Trade Receivables	23.05	(0.56)	-	22.49
Others	20.65	0.79	-	21.44
	<b>3,778.15</b>	<b>371.07</b>	<b>(0.61)</b>	<b>4,148.61</b>
<b>Deferred income tax liabilities</b>				
Temporary difference in the carrying amount of property, plant and equipment	5,884.21	1,155.65	-	7,039.86
	<b>5,884.21</b>	<b>1,155.65</b>	<b>-</b>	<b>7,039.86</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>(2,106.07)</b>	<b>(784.57)</b>	<b>(0.61)</b>	<b>(2,891.25)</b>

## Note 21 : Current Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
Working Capital loan from Banks	7,977.43	6,946.58
<b>Unsecured</b>		
Vendor Bill discounting	136.34	1,792.52
<b>Total</b>	<b>8,113.77</b>	<b>8,739.10</b>

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

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 22 : Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
-Acceptances	1,709.53	2,292.83
-total outstanding dues of creditors other than micro and small enterprises	4,155.19	2,005.36
-total outstanding dues of micro and small enterprises	638.91	190.92
<b>Total</b>	<b>6,503.63</b>	<b>4,489.12</b>

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

- a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal Interest	638.91	190.92
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

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

## Note 23 : Other Current Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long term borrowings	5,532.72	4,831.53
Interest accrued but not due on borrowings	55.88	53.25
Unclaimed Dividends*	17.57	14.81
Salary and wages payable	486.97	444.56
Other payables for expenses	1,041.70	1,042.67
Creditors for Capital Expenditure	465.05	469.61
<b>Total</b>	<b>7,599.89</b>	<b>6,856.43</b>

\*Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred ₹4.41 lakhs (March 31, 2018: ₹ 4.36 lakhs) out of unclaimed dividend pertaining to the financial year 2010-11 and 2009-10 to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 124 & 125 of the Companies Act, 2013.

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 24 : Current Provisions

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits - Gratuity and compensated absences	47.14	93.13
<b>Total</b>	<b>47.14</b>	<b>93.13</b>

## Note 25 : Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory dues	540.62	140.42
Trade advances	81.18	124.58
<b>Total</b>	<b>621.80</b>	<b>265.00</b>

## Note 26 : Revenue from operations

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Revenue from contract with customers:</b>		
Sale of Products(including excise duty)	1,32,510.57	1,21,936.48
Less:- Rebate & Discount	(1,840.42)	(2,266.53)
<b>Other operating revenue:</b>		
Sale of Scrap	117.01	137.31
Export incentives	1,030.42	542.77
<b>Total</b>	<b>1,31,817.59</b>	<b>1,20,350.03</b>

**Note:** Excise duty collected from customers included in sale of products inclusive of Sale of Scrap/Fly ash amounted to ₹ Nil (March 31, 2018: ₹1,306.37 lakhs)

## Note 27: Other income

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Interest Income</b>		
On deposits	39.61	38.97
On Others	134.82	181.23
On Income Tax refund	-	68.92
Dividend Income	-	0.08
<b>Other Non-operating income</b>		
Foreign exchange gain (net)	601.93	247.73
Fair value gain on financial instruments at amortised cost	3.38	-
Other non operating income	62.66	75.54
<b>Total</b>	<b>842.39</b>	<b>612.46</b>

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 28: Cost of materials consumed

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Waste paper	63,724.17	58,568.95
Chemical	13,776.81	12,166.92
Less: Sale of raw material	(44.39)	-
<b>Total</b>	<b>77,456.58</b>	<b>70,735.88</b>

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

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Inventory at the end of the year</b>		
Finished goods/ goods in trade	2,323.54	1,204.61
Work-in-progress	455.93	369.66
	<b>2,779.47</b>	<b>1,574.26</b>
<b>Inventory at the beginning of the year</b>		
Finished goods/ goods in trade	1,204.61	1,318.32
Work-in-progress	369.66	170.43
	<b>1,574.26</b>	<b>1,488.75</b>
<b>Total</b>	<b>(1,205.21)</b>	<b>(85.51)</b>

## Note 30: Employee Benefits Expense

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	6,580.32	5,199.06
Contribution to provident and other funds	281.10	264.70
Staff welfare expenses	184.18	220.36
<b>Total</b>	<b>7,045.60</b>	<b>5,684.12</b>

## Note 31: Finance Cost

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Expenses[*]	3,417.51	3,956.75
Other borrowings cost	103.12	79.09
Other Bank charges	269.11	222.02
	<b>3,789.74</b>	<b>4,257.85</b>
Less: Finance Costs Capitalised	335.29	241.01
<b>Total</b>	<b>3,454.45</b>	<b>4,016.84</b>
<b>[*] The break up of interest expense into major heads is given below:</b>		
On term loans	2,370.30	2,264.25
On working capital loans	666.14	934.69
Others	381.07	757.81
	<b>3,417.51</b>	<b>3,956.75</b>



# Notes to the Financial Statements for the year ended March 31, 2019

## Note 32: Other Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores, spares and tools	3,238.53	2,511.46
Increase / (decrease) in excise duty on inventory of finished goods	-	(67.19)
Power, fuel and water	16,189.55	15,398.43
Material handling charges	1,651.41	1,584.20
Repairs and maintenance:		
Plant and machinery	768.53	557.22
Buildings	120.94	84.11
Others	138.99	104.11
Selling and distribution expenses	4,959.18	3,840.39
General Expenses	1,353.00	1,146.47
Expenditure on Corporate social responsibility	119.47	38.70
Provisions for doubtful debts	-	66.59
Rent	1,089.13	922.81
Insurance	33.33	31.46
Rates and taxes	86.72	67.76
Payment to auditors	15.00	15.09
Legal and professional Fees	162.42	600.90
Loss on sale /discard of fixed assets	140.81	-
Miscellaneous expenses	27.18	69.00
<b>Total</b>	<b>30,094.19</b>	<b>26,971.53</b>

## Note 33: Contingent Liabilities and Commitments

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>i) Contingent Liabilities</b>		
(i) Disputed Excise Duty/Custom Duty demands	512.16	510.60
(ii) Disputed Income Tax demands	257.24	278.55
(iii) Other claims against the Company not acknowledged as debts	133.15	103.60
(iv) On account of counter guarantees given to the bankers	959.74	659.90
(v) Letters of Credit outstanding	1,034.22	1,027.20
(iv) Provident Fund		
<p>The Honourable Supreme Court, has passed a decision on 28th February, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds &amp; Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarification in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.</p>		

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 33: Contingent Liabilities and Commitments

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>ii) Commitments:</b>		
<b>(i) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	1,650.69	3,379.12
<b>(ii) EPCG Commitments</b>		
Future export obligations / commitments under import of Capital Goods at Concessional rate of customs duty.	949.86	1,523.42

### Notes:

- (i) The Deputy Commissioner of Income Tax, Surat has raised a demand for ₹1,084.45 lakhs while completing the assessment for the A. Y. 2007-08 to 2010-11. The Company had appealed against these orders before the CIT (A) and obtained partial relief reducing the demand to ₹ 359.45 lakhs. The demand has been paid by the Company. The Company and the department are in appeal before the Income Tax Appellate Tribunal, Ahmedabad.
- (ii) The Asst. Commissioner of Income Tax, Surat had raised a demand of ₹ 782.86 lakhs while completing the assessment for the A.Y. 2011-12 and 2012-13. The Company had appealed against these orders before the CIT (A) and obtained partial relief reducing the demand to ₹ 94.55 lakhs. The Company has paid the Demand. The Company and the department are in appeal before the Income Tax Appellate Tribunal, Ahmedabad
- (iii) The Income tax officer, Vapi had raised a demand of ₹ 88.99 lakhs while completing the assessment for the year 2013-14. The Company had appealed against this order before the CIT (A) and obtained partial relief reducing the demand to 'Nil. The Company and the department are in appeal before the Income Tax Appellate Tribunal, Ahmedabad.
- (iv) The Income Tax Officer, Vapi had raised a demand of ₹ 26.23 lakhs while completing the assessment for the year assessment year 2014-15. However the company had filed application u/s 154 for rectification of order which has resulted in "NIL" demand.". The Company had appealed against assessment order before the CIT (A) and the same is pending disposal.
- (v) The Asst. Commissioner of Income Tax, Vapi had raised a demand of ₹ 352.11 lakhs as penalty u/s 271(1) (C) for the assessment years 2007-08 to 2010-11. In order to stay this demand the Company offered to adjust refund of earlier years amounting to ₹168.56 lakhs and also paid ₹50 lakhs. Net outstanding demand is ₹133.55 lakhs The Company had appealed against these orders before the CIT (A) and the same is pending disposal.
- (vi) The Income Tax department is in appeal before the Hon'ble High Court, Gujarat for the assessment years 2007-08 and 2008-2009 on various grounds decided by the Income Tax Appellate Tribunal.
- (vii) The Asst. Commissioner of Income Tax, Vapi had raised a demand of ₹ 154.63 lakhs as penalty u/s 271(1) (C) for the assessment years 2011-12 and 2012-13. Refund of ₹ 9.64 lakhs and also paid ₹ 21.31 lakhs has been adjusted reducing demand to ₹ 123.69 lakhs. The Company had appealed against these orders before the CIT (A) and the same is pending disposal.
- (viii) The Assessment for the assessment year 2016-17 is completed with no additional demand.

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 34: Earnings Per Share [EPS] computed in accordance with Ind As 33 (₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit after tax (A)	9,464.34	9,024.40
Weighted average number of equity shares of ₹10 each outstanding during the year (B)	170.19	170.19
<b>Earnings per share</b>		
Basic and diluted (in ₹) [A/B]	55.61	53.03

## Note 35: Related Party Disclosures

### (a) Details of Related Parties

#### i) Key Management Personnel

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

#### ii) Non-Executive/Independent Directors on the Board

Shri P Kumar	Independent Director
Shri C R Radhakrishnan	Independent Director
Shri Ajay Nair	Independent Director
Shri R K Bakshi	Independent Director

#### iii) Relatives of Key Management Personnel

Shri Rohan Agarwal	General Manager - Marketing
Smt. Natasha Agarwal	Manager-Product Development

### (b) Transactions during the year (₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
1) Remuneration paid to Key Management Personnel and Relatives	538.72	503.59
2) Commission paid to Key Management Personnel	800.00	-
3) Sitting Fees paid to Independent Directors on the Board	6.90	6.10
4) Car Lease Rent paid to Key Management Personnel	-	3.00
5) Dividend Paid to Key Management Personnel	-	249.22
6) Unsecured Deposit Received from Key Management Personnel	-	350.00

### (c) Balances at the year end

7) Unsecured Deposit from Key Management Personnel	932.83	1,040.07
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**Note:** The remuneration paid to key managerial personal excludes gratuity and compensated absences as the provision is computed for the Company as a whole and separate figures are not available.

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 35: Related Party Disclosures (contd.)

### (d) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no financials guarantees provided to a Related Party. For the year ended March 31, 2019, the company has not recorded any impairment of receivables relating to amount owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and market in which the related party operates.

## Note 36: Employee benefits plan

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

### a) Other long-term benefits - Compensated absences

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

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

### b) Defined benefits plans - Gratuity

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

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

(₹ in lakhs)

Particulars	Gratuity	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>I. Change in present value of obligation during the year</b>		
Present value of obligation at the beginning of the year	605.29	520.75
<b>Included in profit and loss:</b>		
Current Service Cost	88.91	86.82
Interest Cost	46.61	38.62
Past Service Cost	-	14.43
Actuarial Gain/(Loss)	-	-
<b>Included in OCI:</b>		
Actuarial losses/(gains) arising from:		
Experience adjustments	3.08	(18.78)
Financial assumption	(7.44)	(6.72)
<b>Others</b>		
Benefits Paid	(31.30)	(29.84)
<b>Present Value of obligation as at year-end</b>	<b>705.15</b>	<b>605.29</b>

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 36: Employee benefits plan (contd.)

(₹ in lakhs)

Particulars	Gratuity	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>II. Change in Fair Value of Plan Assets during the year</b>		
Plan assets at the beginning of the year	539.94	407.60
<b>Included in profit and loss:</b>		
Expected return on plan assets	41.58	30.16
<b>Included in OCI:</b>		
Actuarial Gain/(Loss) on plan assets	(2.61)	0.62
<b>Others:</b>		
Employer's contribution	141.42	131.40
Benefits paid	(31.30)	(29.84)
<b>Plan assets at the end of the year</b>	<b>689.03</b>	<b>539.94</b>
The plan assets are maintained with Life Insurance Corporation of India (LIC)		
<b>III. Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets</b>		
1 Present Value of obligation as at year-end	(705.15)	(605.29)
2 Fair value of plan assets at year -end	689.03	539.94
3 Funded status {Surplus/(Deficit)}	(16.12)	(65.35)
<b>Net Asset/(Liability)</b>	<b>(16.12)</b>	<b>(65.35)</b>
<b>IV. Expenses recognised in the Statement of Profit and Loss</b>		
1 Current Service Cost	88.91	86.82
2 Interest Cost	46.61	38.62
3 Past service Cost	-	14.43
4 Expected return on plan assets	(41.58)	(30.16)
<b>Total Expense</b>	<b>93.94</b>	<b>109.71</b>
<b>V. Expenses recognised in the Statement of Other Comprehensive Income</b>		
1 Net Actuarial (Gain)/Loss	(4.36)	(25.50)
2 Expected return on plan assets excluding interest income	2.61	(0.62)
<b>Total Expense/(Income)</b>	<b>(1.75)</b>	<b>(26.12)</b>
<b>VI. Constitution of Plan Assets</b>		
1 Insurance	689.03	539.94
<b>VII. Bifurcation of Net Liability at the end of the year</b>		
1 Current Liability	16.12	65.35
2 Non-Current Liability	-	-
<b>VIII. Actuarial Assumptions</b>		
1 Discount Rate	7.79%	7.70%
2 Expected rate of return on plan assets	7.79%	7.70%
3 Salary Escalation	7.25%	
4 Mortality table	IALM (2006-08)	
5 Withdrawal Rate	2.00%	
<b>IX. The expected contribution for Defined Benefit Plan for the next financial year will be ₹113.15 lakhs</b>		

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 36: Employee benefits plan (contd.)

### X. Experience Adjustment:

Gratuity	2018-19	2017-18
Present Value of obligation	(705.15)	(605.29)
Fair value of Plan assets	689.03	539.94
Net Asset/(Liability)	(16.12)	(65.35)
Actuarial (Gain)/Loss on plan obligation	3.08	(18.78)
Actuarial Gain/(Loss) on plan assets	(2.61)	0.62

### XI. Sensitivity Analysis

(₹ in lakhs)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(75.16)	89.87	(82.88)	68.94
Future salary growth (1% movement)	86.99	(74.15)	79.96	(68.08)
Withdrawal Rate (1% movement)**	4.09	(4.95)	-	-

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

### XII. Methodology for defined benefit obligation

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

### XIII. Maturity Profile of Defined benefit payments from the Fund

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
i) Duration of defined benefit payments		
Within the next 12 months (next annual reporting period)	30.50	18.91
Between 2 and 5 years	128.45	120.76
Beyond 5 years	2,093.50	1,897.45

#### c) Defined contribution plan

Company's employees are covered by Provident Fund to which the Company makes a defined contribution measured as a fixed percentage of salary. The contributions are made to registered provident fund administered by Government. During the year, amount of ₹ 196.41 lakhs (Previous Year: ₹ 184.44 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to the funds.

## Note 37: Segment information

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

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

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 37: Segment information (contd.)

Geographical revenues is allocated based on the location of the customer. Information regarding geographical revenue is as follows:

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
India	1,12,771.27	1,08,012.09
Outside India	19,739.30	13,924.39
<b>Total</b>	<b>1,32,510.57</b>	<b>1,21,936.48</b>

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

## Note 38: Corporate Social Responsibility (CSR)

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

(a) Gross amount required to be spent by the Company during the year ₹ 118.31 lakhs

(b) Amount spent during the year on:

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(i) Healthcare	65.39	22.70
(ii) Education	46.61	11.15
(iii) Infrastructure / Cultural / Environment	7.47	4.65
	<b>119.47</b>	<b>38.50</b>

## Note 39: Operating Lease (Ind AS 17)

(₹ in lakhs)

Future minimum rental payables under non-cancellable operating lease:-

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(i) Not later than one year	431.98	324.25
(ii) Later than one year and not later than five years	1,065.10	789.08
(iii) More than five years	4,583.24	-
	<b>6,080.32</b>	<b>1,113.34</b>

**Note 40:** Management expects that it would earn sufficient taxable income in future and therefore will be in a position to pay normal tax within the period specified under the Income Tax Act, 1961 and accordingly MAT credit entitlement of ₹ 3945.29 lakhs (Current Year ₹ 375.71 lakhs – Previous year ₹ 2022.19 lakhs) has been recognized.

## Note 41: Financial Instruments by category

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

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 41: Financial Instruments by category (contd.)

### a) Financials Assets (₹ in lakhs)

Particulars	Level	As at March 31, 2019		As at March 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>1) Financial assets at fair value through profit and loss</b>	3				
Non-current assets - a) Investments		0.38	0.38	0.43	0.43
<b>2) Financial assets designated at fair value through other comprehensive income</b>					
Investment In Equity shares	1	40.93	40.93	44.97	44.97
<b>3) Financial assets at amortised cost</b>					
a) Other Bank Balances*	3	567.47	567.47	775.63	775.63
b) Cash & Cash Equivalents*	3	8.80	8.80	10.49	10.49
c) Trade receivables*	3	11,746.78	11,746.78	11,073.97	11,073.97
d) Other receivables*	3	263.79	263.79	157.81	157.81
e) Other financial assets	3	414.67	414.67	545.66	545.66
		<b>13,042.81</b>	<b>13,042.81</b>	<b>12,608.96</b>	<b>12,608.96</b>

### b) Financial Liabilities (₹ in lakhs)

Particulars	Level	As at March 31, 2019		As at March 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial liability at amortised cost</b>					
a) Borrowings	3	24,148.40	24,148.40	24,116.23	24,116.23
b) Trade payables*	3	6,503.63	6,503.63	4,489.12	4,489.12
c) Other financial liability*	3	14,744.34	14,744.34	17,056.10	17,056.10
		<b>45,396.37</b>	<b>45,396.37</b>	<b>45,661.45</b>	<b>45,661.45</b>

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

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

#### Fair value hierarchy

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

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

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

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



# Notes to the Financial Statements for the year ended March 31, 2019

## Note 41: Financial Instruments by category (contd.)

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

### Valuation processes

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

## Note 42: Financial risk management objectives and policies

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

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

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

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

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

### (a) Market Risk

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

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

### (i) Foreign Currency Risk

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

### Foreign Currency Exposure

Name of the Instrument	March 31, 2019		March 31, 2018	
	In Million US\$	₹ in lakhs	In Million US\$	₹ in lakhs
Open Foreign Exchange Exposures - Receivable	\$2.56	1770.9	\$2.17	1390.58
Open Foreign Exchange Exposures - Payable	\$1.16	824.48	\$0.11	73.44

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 42: Financial risk management objectives and policies (contd.)

### Foreign Currency Risk Sensitivity

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

Name of the Instrument	2018-19		2017-18	
	1% appreciation	1% depreciation	1% appreciation	1% depreciation
	in US \$	in US \$	in US \$	in US \$
Increase / (decrease) in profit or loss (₹ in lakhs)	9.46	(9.46)	13.17	(13.17)

#### (ii) Interest rate risk:

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

#### (iii) Commodity price risk

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

#### (b) Credit Risk

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

##### i) Trade receivables

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

##### Expected credit loss for trade receivables:

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

##### ii) Financial Instruments and cash deposits

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

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 42: Financial risk management objectives and policies (contd.)

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

Particulars	Neither Due nor impaired	Past Due			Total
		Upto 6 months	6 to 12 months	Above 12 months	
<b>Trade Receivables</b>					
As at March 31, 2019					
Unsecured	10,599.05	1,036.89	13.68	161.51	11,811.13
Loss allowance	-	-	-	(64.35)	(64.35)
<b>Total</b>	<b>10,599.05</b>	<b>1,036.89</b>	<b>13.68</b>	<b>97.16</b>	<b>11,746.78</b>
As at March 31, 2018					
Unsecured	8,585.70	2,331.27	149.58	74.01	11,140.56
Loss allowance	-	-	-	(66.59)	(66.59)
<b>Total</b>	<b>8,585.70</b>	<b>2,331.27</b>	<b>149.58</b>	<b>7.42</b>	<b>11,073.97</b>

### (c) Liquidity Risk

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

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

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

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 42: Financial risk management objectives and policies (contd.)

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

(₹ in lakhs)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More than 5 year	Total
Borrowings - Current	8,739.10	8,739.10	-	-	8,739.10
Borrowings - Non-Current	20,208.66	4,831.53	15,377.13	-	20,208.66
Trade payables	4,489.12	4,489.12	-	-	4,489.12
Other financial liabilities - Current	2,024.90	2,024.90	-	-	2,024.90
<b>Other financial liabilities - Non-Current</b>					
Dealer deposits	640.01	-	640.01	-	640.01
Retention money	9,500.00	-	9,500.00	-	9,500.00

## Note 43: Capital Management and Distribution made and proposed

### (a) Capital Management

The Company's objectives when managing capital are to

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

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

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Debt (A)	24,148.40	24,116.23
Less : Cash and Bank Balance (B)	576.27	786.12
<b>Net Debt (A-B)</b>	<b>23,572.13</b>	<b>23,330.11</b>
Total Equity	31,235.37	21,938.77
<b>Total Capital</b>	<b>54,807.50</b>	<b>45,268.88</b>
<b>Gearing Ratio</b>	<b>43%</b>	<b>52%</b>
<b>Net Debt to Equity Ratio</b>	<b>0.75</b>	<b>1.06</b>

### Loan Covenants

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

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 43: Capital Management and Distribution made and proposed (contd.)

### (b) Dividend

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

(₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A) Declared and paid during the year:</b>		
Final Dividend the FY 2017-18: ₹ 3 per share (FY 2016-17: ₹ 2 per share)	136.75	340.38
Dividend distribution tax	28.11	69.29
	<b>164.86</b>	<b>409.67</b>
<b>B) Proposed for approval at the annual general meeting (not recognised as a liability)*</b>		
Final Dividend the FY 2018-19: ₹ 4 per share(FY 2017-18: ₹ 3 per share)	680.76	136.75
Dividend distribution tax	139.93	28.11
	<b>820.70</b>	<b>164.86</b>

## Note 44: Ind AS 115 - Revenue from Contracts with Customers

With effect from April 1, 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers'. The Application of Ind AS 115 did not have any significant impact on retained earnings and financial statements of the Company.

In compliance with Ind AS 115, certain Rebates and discounts are now treated as variable components of consideration and have been recognised as deductions from revenue instead of other expenses. Consequently, all comparative period numbers have been restated, adhering to the full retrospective approach under Ind AS 115.

The Revenue and Other expenses for the year ended March 31, 2018 have both been reduced by ₹ 2266.53 lakhs due to the aforesaid regrouping and there is no impact on the Profit, financial position and Cashflow of the Company.

Reconciliation of revenue and as recognised in statement of profit and loss: (₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from contract with customers:	1,32,510.57	1,21,936.48
Less: Rebate & Discount	(1,840.42)	(2,266.53)
<b>Revenue as per statement of profit and loss</b>	<b>1,30,670.16</b>	<b>1,19,669.95</b>

**Note 45 : Sundry Debtors, Sundry Creditors, Unsecured Loans and Loans and Advances balances are subject to confirmation and reconciliation.**

## Note 46 : Disclosure required under section 186(4) of The Companies Act, 2013

Particulars of transaction made during the year and outstanding balance as at the end of the year: (₹ in lakhs)

Name of the Party	Nature	Rate of interest	As at March 31, 2019	As at March 31, 2018
Spytech Buildcon Pvt.Ltd	Inter Corporate Deposit	9%	75.00	75.00

# Notes to the Financial Statements for the year ended March 31, 2019

## Note 47 : Standards issued but not yet effective

### Ind AS 116 - Leases

Ind AS 116 was issued in July 2017 to replace the existing standard (Ind AS 17). The guidance in the new standard requires lessees to adopt a single model approach which brings leases on the balance sheet on day 1, in the form of a right-of-use asset and a lease liability. With additional reporting of assets and liabilities, key financial metrics such as earnings before interests, Tax, Depreciation and Amortisation (EBITDA), asset turnover ratio, interest coverage ratio, etc., would get affected. This standard will come into force from accounting period commencing on or after April 1, 2019. The Company will adopt the new standard on the required effective date.

**Note 48 :** Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

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

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As per our attached report of even date

For and on behalf of the Board of Directors

For **GMJ & CO**

Chartered Accountants

Firm's Registration No 103429W

**R N AGARWAL**

Chairman and Managing Director

DIN 00176440

**RAUNAK AGARWAL**

Whole Time Director

DIN 02173330

**SANJEEV MAHESHWARI**

Partner

Membership No. 038755

**POOJA DAFTARY**

Company Secretary

**GOPAL UCHIL**

Chief Financial Officer

Mumbai, May 21, 2019

Form No. MGT-11

# Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

## **N R AGARWAL INDUSTRIES LIMITED**

Regd. Office: 502-A/501-B, Fortune Terraces, 5th Floor, Opp. Citi Mall,  
New Link Road, Andheri (W), Mumbai -400053

CIN: L22210MH1993PLC133365

Tel: 67317500/Fax: 2673 0227/2673 6953 Email: admin@nrail.com Website: www.nrail.com

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Name of the Member (s) : \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No./ Client ID: \_\_\_\_\_ DP ID No. \_\_\_\_\_

I / We, being the member(s) of \_\_\_\_\_ equity shares of the above named company, hereby appoint

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: Signature: or failing him / her: \_\_\_\_\_

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: Signature: or failing him / her: \_\_\_\_\_

3. Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: Signature: \_\_\_\_\_



as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Twenty-Sixth Annual General Meeting of the Company, to be held on the Monday, September 16, 2019 at 11.30 a.m. at The Club Mumbai, 197, Shakti Nagar, Shanti Nagar, D.N. Nagar, Andheri West, Mumbai - 400 053 and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

Sr. No.	Resolution
1.	Adoption of Audited Financial Statements for the financial year ended March 31, 2019 together with the Reports of the Board of Directors and Auditors thereon.
2.	Declaration of dividend for the financial year 2018-19.
3.	Appointment of Director in place of Smt. Reena Agarwal who retires by rotation and, being eligible, offers herself for re-appointment.
4.	Re-Appointment of Shri Ashok Kumar Bansal as the Whole Time Director.
5.	Re-Appointment of Shri C R Radhakrishnan as an Independent Director.
6.	Re-Appointment of Shri P Kumar as an Independent Director.
7.	Ratification of payment of remuneration to the Cost Auditors for the financial year ended March 31, 2020.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019

Signature of Shareholder \_\_\_\_\_

Signature of Proxy Holder (s) \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re.1/-

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Please complete all details including details of member(s) in above box before submission.



# CORPORATE INFORMATION

CIN: L22210MH1993PLC133365

## Board of Directors

**Shri R N Agarwal**  
*Chairman & Managing Director*

**Shri Raunak Agarwal**  
*Whole Time Director*

**Smt. Reena Agarwal**  
*Whole Time Director*

**Shri Ashok Kumar Bansal**  
*Whole Time Director*

**Shri P Kumar**  
*Independent Director*

**Shri C R Radhakrishnan**  
*Independent Director*

**Shri Ajay Nair**  
*Independent Director*

**Shri R K Bakshi**  
*Independent Director*

## Chief Financial Officer

Shri Gopal Uchil

## Company Secretary & Compliance Officer

Ms. Pooja Daftary  
Contact Details: 022-67317547  
Email id: investors@nrail.com

## Auditors

GMJ & Co., Chartered Accountants

## Bankers

Bank of Baroda

Bank of India

IDBI Bank Limited

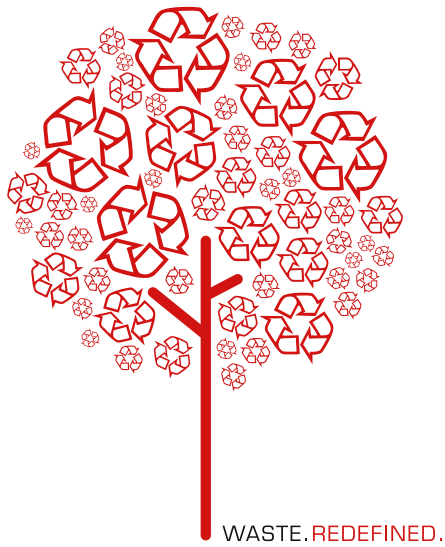
The Saraswat Co-operative Bank Limited

## Registered Office

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

## Registrar & Share Transfer Agents

Sharex Dynamic (India) Private Limited  
C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West),  
Mumbai - 400 083.  
T: 2851 5606/ 5644  
Contact Details: 022-28515606/5644  
Email Id: investors@sharexindia.com



**N R AGARWAL INDUSTRIES LIMITED**  
Regd. Off.: 502-A/501 -B, Fortune Terraces,  
5th Floor, Opp. City Mall, New Link Road,  
Andheri (West), Mumbai 400 053