



29th ANNUAL REPORT 2013-2014

CORPORATE INFORMATION

Board of Directors

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

Company Secretary

Shri Saikat Ghosh

Statutory Auditors

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

Bankers

Allahabad Bank
Axis Bank
State Bank of India

Registrar & Transfer Agent

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

Registered Office

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

Mill

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

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NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of Agio Paper & Industries Ltd. (CIN L21090WB1984PLC037968) will be held at Auditorium of Bengal National Chamber of Commerce & Industry , Bengal National Chamber House, 23, R.N. Mukherjee Road, Kolkata – 700001 on Wednesday the 24th September, 2014 at 11:00 A.M. to transact the following Business :

Ordinary Business

1. To consider and adopt the audited accounts of the Company for the year ended 31st March 2014, together with the Report of the Directors and Auditors.
2. To appoint a director in place of Shri Ankit Jalan (DIN: 02577501), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 139 (2) and 142(1) of the Companies Act, 2013, M/s Singhi & Co (Firm registration No : 302049E), Chartered Accountants, the retiring Auditors, be and are hereby appointed as Statutory Auditors of the Company for a period of three (3) years subject to ratification by members at every Annual General Meeting commencing from the conclusion of this Annual General Meeting until the conclusion of the fourth consecutive Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company on a year to year basis.”

Special Business

4. To appoint Shri Sheo Shankar Joshi (DIN: 01180895) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the said Act, Shri Sheo Shankar Joshi (DIN : 01180895), Director of the Company and in respect of whom the Company has received a Notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intentions to propose Shri Sheo Shankar Joshi, as a candidate for office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2019 not liable to retire by rotation.”

5. To Appoint Shr Kamal Kumar Khetawat (DIN: 00438830) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 149 ,152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under read with Schedule IV to the said act, Shri Kamal Kumar Khetawat (DIN : 00438830), Director of the company and in respect of whom the Company has received a Notice in writing from a member under section 160 of the Companies Act, 2013signifying his intention to propose Shri Kamal Kumar Khetawat, as a candidate for office of director of the Company, be and is hereby appointed as an Independent Director of the company to hold office for 5 (five) consecutive years for a term up to the conclusion of 34th Annual General Meeting, of the Company in the calendar year 2019 not liable to retire by rotation.”

6. To re-appoint Shri Davinder Kumar (DIN: 00289363) as a Whole-time Director designated as Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution

“RESOLVED THAT, pursuant to the provisions of Section 196, 197, 203 and Schedule V of the Companies Act, 2013 and the Rules made there under and the Articles of Association of the Company, Shri Davinder Kumar , is reappointed as Wholetime Director for a period of two years with effect from 24th February,2014 on such terms and conditions as set out in the Statement annexed to the notice convening this meeting, with the liberty given to the Board of Directors to alter and vary the terms and conditions of the said re appointment and/ or remuneration in such manner as may be agreed to by and between the Company and Shri Davinder Kumar provided however, such alterations are within the maximum limits laid down in the Companies Act, 2013 for the time being in force.”

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

7. Borrowing Powers

To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (which power the Board may exercise by delegation to a duly constituted Committee thereof) for borrowing moneys for the purpose of the business of the Company, from time to time, upon such terms and conditions as they think fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business) will exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves, provided that the total amount upto which money be borrowed by the Board of Directors, apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business, shall not exceed Rs. 65 crores (Rupees Sixty five crores only).

“RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby given to the Board of Directors for securing the repayment of the said borrowing, with interest, costs and other moneys in such manner as they may think fit and for that purpose to execute mortgages, charges and / or hypothecation in respect of the whole or any part of the properties and assets of the Company, both present and future and on such terms and conditions as the Board of Directors may think fit from time to time.”

8. Mortgage of Assets

To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include a duly constituted Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events, in favour of Banks / Financial Institutions and / or other Lenders / Investing Agencies / Trustees for Debentures / Bonds to secure borrowings from time to time provided that the aggregate of borrowings so secured shall not exceed Rs. 65 crores (Rupees Sixty Five crores only) outstanding at any time exclusive of interest, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of such borrowings.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised and empowered to finalise, settle and execute requisite agreements, documents, deeds, indemnities, guarantees, declarations or other legal undertakings and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid.”

Registered Office:
41A, AJC Bose Road
Suite no. 505
Kolkata – 700 017
14th August, 2014

By Order of the Board
For Agio Paper & Industries Limited

Saikat Ghosh
Company Secretary

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy and the proxy need not be a member of the Company.
2. **The Proxy form must be deposited at the registered office of the Company not less than 48 hours before the scheduled hour of commencement of the meeting i.e. by 11:00 A. M. on 22nd September, 2014.**
3. Members/Proxies should bring their attendance slips duly filled in for attending the meeting.
4. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting, as the copies of the report will not be circulated at the meeting.
5. The Register of Members and Share Transfer Registers of the Company will remain closed from 22nd September 2014 to 24th September 2014 (both days inclusive).
6. Explanatory statements pursuant to section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting under Item No.4 to 8 is Annexed hereto.
7. Members who hold shares in dematerialized form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Registrar M/s Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001, Phone : 033 2243 5029/2248 2248, Fax : 033 2248 4787, E-mail : mdpl@cal.vsnl.net.in
11. **Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.**
12. In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means. A separate communication containing all necessary instructions and relevant information is being sent separately.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice. Items 4 to 5

Appointment of Independent Directors

The Company has a total Board strength of 4 Directors. The Company is in compliance with Clause 49 of the Listing Agreement by having 2 Independent Directors representing 50% of the total Board strength. The details have been disclosed in the Corporate Governance Report of each year to the Shareholders.

With the coming into force of the Companies Act, 2013, our Company, being a listed Company, shall have at least one-third of the total number of Directors as Independent Directors. Clause 49 of the Listing Agreement continues to prescribe a higher ceiling of 50%, as applicable to our Company. With our total Board strength remaining unchanged at 4, we have to have a minimum of 2 Independent Directors to comply with 50% requirement of SEBI.

Section 149(10) of the Companies Act, 2013 now mandates the appointment of Independent Director for a fixed tenure up to five consecutive years. He/ She shall be eligible for reappointment for one more term of five years on passing of a Special Resolution by the Company.

SEBI, by Circular dated April 17, 2014, has advised Stock Exchanges to amend Clause 49 of the Equity Listing Agreement with a view to align them with the new Company Law and in certain areas SEBI has imposed more stringent conditions as well. This inter alia deals with compliance of Section 149(5) before 1st October 2014.

In order that our Company ensures due compliance with the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement, it is intended to pass requisite Resolutions at this AGM for the appointment of 2 Independent Directors who are already on the Board. Both of the existing Independent Directors of the Company qualify for being appointed as Independent Director for a tenure of five years from the commencement of Section 149. Accordingly, their appointments have been proposed for a fixed tenure from 24th September 2014 and ending with the conclusion of the 34th Annual General Meeting in the Calendar year 2019.

The Company has received Notices under Section 160 from Members proposing each of the candidature for being appointed as Independent Director. Details of Independent Directors proposed for appointment are furnished in the Annexure pursuant to Clause 49 of the Listing Agreement that forms an integral part of this Notice.

| Name of independent Director | Date of First appointment | Date of last re-appointment | Proposed tenure |
|------------------------------|---------------------------|-----------------------------|--|
| Kamal Kumar Khetawat | 01.08.2011 | 25th September, 2014 | Till conclusion of the 34th Annual General Meeting in the calendar year 2019 |
| Sheo Shankar Joshi | 01.08.2011 | — | |

The Company has received requisite declaration from each of the above, in deference to Section 149(7) that he meets the criteria of independence as provided in Section 149(6) of the Act. It is further confirmed that in the opinion of the Board each of the Independent Director proposed to be appointed as above fulfils the conditions specified in the Act and the Rules made thereunder and that the proposed Director is independent of the Management.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions.

The Board recommends these Resolutions for your Approval.

Item no.6

Shri Davinder Kumar is a graduate from IIT –Khragpur. He has got a wide and varied industrial experience and has been associated from inception, implementation to successful operation of projects in India and abroad. Out of his total experience of over 40 years, he has spent last 30 years in Paper Industry in the capacity of Wholetime Director.

He has been continually serving the company in the capacity of Wholetime Director since 2003. The present term of office of Shri Davinder Kumar, Wholetime Director designated as Executive Director has expired on 24th February, 2014. The Board of Directors of the company (the Board), at its meeting held on 14th February, 2014 has, subject to the approval of members, re-appointed the said Wholetime Director as Executive Director for a further period of 2 years from the expiry date of his term.

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

Terms & Conditions

- 1) **Designation:** Wholetime Director
- 2) **Term:** 2 years with effect from 25.02.2014
- 3) **Salary:** No salary will be paid to him as on date. However the Board of Directors has the liberty to fix a minimum remuneration and other perquisites pursuant to the provisions of Section 196, 197, 203 and Schedule V of the Companies Act, 2013 and the Rules made there under.

In compliance with the provisions of the Companies Act, 2013 the appointment and the terms of remuneration specified above are now being placed before the Members in the Annual General Meeting for their approval.

The said appointment is subject to the approval of the members in the General Meeting.

The above may be treated as an abstract of the terms of contract between the Company and Shri Davinder Kumar under Section 190 of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Shri Davinder Kumar, is interested financially or otherwise in this Resolution.

The Board recommends this Resolution for your Approval.

Items no.7 & 8

Borrowing powers and Mortgage of Assets

In terms of Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956, the Members had passed requisite Resolutions, by way of Ordinary Resolution and Special Resolution at an Annual General Meeting and also by way of Postal Ballot on 27th July 2007 and 12th March 2011, respectively. The Board of Directors was duly delegated powers for making borrowings and creating security for such borrowings upto an aggregate outstanding amount of Rs.50 crores.

The Central Government has since enacted the Companies Act, 2013 in place of the Companies Act, 1956 and the provisions of new Law are being effectuated in a phased manner. In terms of Section 180 of the Companies Act, 2013, the authorisation by Members for the aforesaid purposes shall require to be given by way of Special Resolution as opposed to the Ordinary Resolution required under the old Law. Ministry of Corporate Affairs, by General Circular No. 04/204, dated 25th March 2014, has clarified that the Resolutions passed under Section 293 of the Companies Act, 1956 prior to 12th September 2013 with reference to borrowings and / or creation of security will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of notification of Section 180 of the new Law.

It has, thus, become necessary for the Company to revalidate the sanctions already given by passing a fresh Resolution by way of Special Resolution. Having regard to the future revival plans of the Company, the promoters group intends to infuse fresh funds and also enhance the limit for such operations.

No Director or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in this item of business.

The Board recommends these Resolutions for your Approval.

Additional Details of the Independent Directors

| | |
|--|--|
| Name of the Director Date of Birth Nationality Date of Appointment on the Board Qualification Experience in functional areas Shareholding in the Company List of Directorship held in other Companies Committee Membership in other Companies | Sheo Shankar Joshi 05.01.1955 Indian 01.08.2011 B.Com Shri Joshi has been involved with paper business for more than two decades and possesses expert knowledge of marketing and sales. Nil Nil Nil |
| Name of the Director Date of Birth Nationality Date of Appointment on the Board Qualification Experience in functional areas Shareholding in the Company List of Directorship held in other Companies Committee Membership in other Companies | Kamal Kumar Khetawat 28.12.1967 Indian 01.08.2011 B.Com Shri Khetawat has wide variety of entrepreneurial skills ranging over a period spanning more than twenty years and his expertise and his operational skills will be helpful in the company's growth. Nil Pristine Regent Infratech Ltd Nil |

DIRECTORS REPORT

TO THE MEMBERS

AGIO PAPER & INDUSTRIES LTD.

Your Directors have pleasure in presenting the 29TH Annual Report of the Company along with Audited Accounts of the Company for the year ended 31st March, 2014.

SUMMARISED FINANCIAL HIGHLIGHTS

SUMMARISED FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

| | Current Year | Previous Year |
|--|--------------|---------------|
| Gross Turnover and other receipts | 70.42 | 50.00 |
| Profit / (Loss) before Interest and Depreciation | (53.47) | (327.99) |
| Less: Interest | 495.66 | 456.51 |
| | ----- | ----- |
| Profit/ (Loss) Before Depreciation | (549.08) | (784.50) |
| Less: Depreciation | 27.57 | 27.11 |
| | ----- | ----- |
| Profit / (Loss) Before Tax | (576.65) | (812.21) |
| Less: Provision for taxation | — | — |
| | ----- | ----- |
| Profit / (Loss) After Tax | (576.65) | (812.21) |
| Balance brought forward from previous year | (2123.16) | (1310.95) |
| | ----- | ----- |
| Balance carried to Balance Sheet | (2699.81) | (2123.16) |

BUSINESS PERFORMANCE

We have not been able to resume production activities yet despite the best efforts undertaken by us. However, we remain very positive and hopeful that the Central Pollution Control Board shall in the near future permit us to re commence and build upon the good work of manufacturing paper.

DIVIDEND

In absence of any production activities no profit was generated for recommendation of dividend for the financial year ended 31st March, 2014.

CREDIT FACILITIES

Before closure of our factory at Bilaspur the Allahabad Bank had granted us certain credit facilities in connection with our projects at factory site. Although the company was making repayments to bank as per its commitments certain payments had to be withheld due to certain differences in figures with the bank. In spite of exercising its rights the company is in discussion with the secured creditor to expedite the matter.

AUDITORS

The Statutory Auditors of the Company M/s Singhi & Co, Chartered Accountants retire at the ensuing Annual General Meeting of the Company have given their consent for appointment and have also confirmed that their appointment, if made, would be within the limits as prescribed under Section 141(3)(g) of the Companies Act, 2013.

The audit of the cost accounts of the Company for the year ended 31st March 2014 is being carried out by our cost auditor M/s M.Pal & Associates and after completion of the audit the cost audit report will be submitted to the Central Government.

In accordance with notification issued by the Ministry of Corporate Affairs dated 30th June, 2014 paper industry no longer falls under the purview of cost audit. However, in case of any future requirement of such audit the company shall ensure due compliance.

DIRECTORS

In accordance with the provisions of Companies Act, 2013 and Articles of Association of the company Shri Ankit Jalan, Executive Director retires by rotation at the conclusion of the ensuing twenty ninth annual general meeting of the company and being eligible offers himself for re-appointment.

As per the provision of Companies Act, 2013, Independent Directors are required to be appointed for a term of 5 consecutive years and not be liable to retire by rotation. In order to comply with provisions of the Companies Act, 2013, the Board recommends for appointment of both the following present Independent Directors not liable to retire by rotation for a consecutive period of 5 years and seek approval by the shareholders of the company at the next General Meeting.

- 1) Shri Sheo Shankar Joshi
- 2) Shri Kamal Kumar Khetawat

CORPORATE GOVERNANCE

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

INTERNAL CONTROL SYSTEM

The Company has adequate system of internal controls and check and balances to ensure that its assets are safeguarded and protected against loss from unauthorized use. The existing set up of the internal control system is commensurate with the size of the company's operations and nature of its business.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) All the applicable Accounting Standards have been followed in the preparation of the Annual Accounts and there is no material departure from the same.
- b) Accounting policies have been selected in consultation with the statutory auditors and have been applied consistently in making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2014.
- c) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and .
- d) That they have prepared the annual accounts on a going concern basis.

INSURANCE

Your Company has taken adequate guard against the unforeseen and accidents and all assets are adequately secured.

CORPORATE SOCIAL RESPONSIBILITY

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

POLLUTION CONTROL AND ENVIRONMENTAL PROTECTION

Paper Industry by nature is a hazardous industry. The Management had taken during earlier years many developmental actions and made huge investments towards that. In specific areas actions taken were:-

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

HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

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

PARTICULARS OF EMPLOYEES PURSUANT TO PROVISION OF SECTION 217 (2A) OF THE COMPANIES ACT. 1956

The particulars are stated in Annexure - I hereto.

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

The information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, is given in the Annexure –II hereto

CAPITAL WORK IN PROGRESS

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

IMPAIRMENT OF ASSETS

In compliance with Accounting Standard AS-28 relating to "Impairment of Assets", the company has reviewed the carrying amount of its fixed assets as at the end of the year. During the year prior to the previous financial year the valuation of the various assets of the company situated at our mill site including the factory building and premises was carried out by a registered valuer in connection with various financial facilities granted by our banker. Although the report was submitted by the valuer to the bank directly in accordance with his norms of appointment it is significant to note that neither the bank has communicated any adverse remarks on such assets nor have they expressed any concern regarding the current state of such assets till date. Based on the strategic plans and such valuation of the fixed assets of the company, no impairment of assets is envisaged at the balance sheet date.

FINANCIAL VIABILITY OF COMPANY

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