

6th Annual
1998-99

Report  nction.com

N. R. Agarwal
Industries Limited

N. R. Agarwal Industries Limited

Board of Directors

Shri N. R. Agarwal

Managing Director

Shri G. N. Agarwal

Director

Shri R. N. Agarwal

Director

Shri S. N. Chaturvedi

Director

Shri B. P. Muktieh

Nominee of IDBI

Chief Executive & Co. Secretary

REGISTERED OFFICE,
FACTORY & SHARE DEPT.

Shri R. M. Kandoi

Plot No.169, GIDC.,

VAPI - 396 195,

Dist : Valsad,

Gujarat State

Chief Accountant

Shri A. Gurusamy

Auditors

CHATURVEDI & PARTNERS

Banker

BANK OF BARODA

Annual General Meeting will be held on
Thursday 30th September 1999 at Vapi
Industries Association Hall, Plot No.135,
G.I.D.C, Vapi - 396195

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the members of **M/S. N.R. AGARWAL INDUSTRIES LIMITED** will be held at Vapi Industries Association Hall , Plot No. 135 G.I.D.C., Vapi on Thursday the 30th day of September, 1999 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

- (1) To consider and adopt the Profit & Loss Account for the year ended on 31st March , 1999 and the Balance Sheet as on that date and the report of the Directors and Auditors thereon .
- (2) To appoint a Director in place of Mr. R. N. Agarwal who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

- (4) To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to provision of sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the company hereby approves the re-appointment of Shri N. R. Agarwal as Managing Director of the company for a period of five years with effect from 16th March, 1999 upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting and initialled by the Chairman, for the purpose of identification, which draft agreement is specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or the Agreement so as not to exceed the limits specified in Schedule-XIII of the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Directors and Shri N. R. Agarwal.

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

- (5) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution.

"RESOLVED that pursuant to section 372-A of the Companies Act, 1956, the Board of Directors of the company be and is hereby authorised to give any guarantee or provide any security in connection with a loan made by any other person to, or to any other person, by any body corporate, provided that the aggregate value of such guarantees given or securities provided and outstanding shall not exceed Rs.50 Crores at any one time.

"RESOLVED FURTHER THAT the consent of the company be and is hereby accorded pursuant to the provision of section 372-A and other applicable provisions, if any, of the Companies Act, 1956 to the company giving guarantee for the repayment of Term Loan plus Interest, Cost and Charges and all other money payable not exceeding Rs.600/- Lacs to Industrial Development Bank of India by Gayatrishakti Paper & Boards Ltd.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary, usual or proper for giving effect to this resolution.

- (6) To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution. :

"RESOLVED THAT the Board of Directors of the company, be and are hereby authorised pursuant to Sub-section 1(e) of section 293 of the Companies Act, 1956 on behalf of the company to contribute and / or subscribe from time to time, in any financial year to any body, institute, society, person, trust or fund for any charitable or other purposes not directly related to the business of the company or to the welfare of its employees upto a total amount of Rupees ten lacs, or five percent of the average net profits as determined in accordance with the provisions of section 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater."

N. R. Agarwal Industries Limited

- (7) To consider and if thought fit, to pass, with or without modifications, the following resolution as special resolution.

"RESOLVED that pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the company be and is hereby amended as under :

1. Following articles be added as Article 56-A.

56-A Nomination of Shares.: Every holder of shares in or debentures of the company, may at any time nominate in the prescribed manner, a person to whom his shares in or debentures of the company shall vest in the event of his/her death and such nomination shall be governed by the provisions of Companies Act, 1956 and Rules and Regulation framed thereunder."

2. Following shall be added at the end of Article - 57.

"Provided, however, that where a shareholder has nominated a person to whom his shares or debentures of the company shall vest in the event of his/her death, the title to the shares/ debentures of the deceased holder in such a case shall be governed by the Provision of Companies Act, 1956 and Rules and Regulations framed thereunder."

By Order of the Board of Directors,

R. M. KANDOI
(Chief Executive
& Co. Secretary)

Mumbai, 23rd July '1999

Registered Office:
Plot No.169, 2nd Phase,
GIDC, Vapi-396 195,
Dist : Valsad, (GUJARAT)

NOTES

- i. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself and that proxy need not be a member.
- ii. The instrument appointing proxy should be deposited at the registered office of the company not less than forty eight hours before commencement of the meeting.
- iii. Explanatory Statement as required under section 173 of the Companies Act, 1956, in respect of Special Business set out above is annexed hereto.
- iv. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th September 1999 to 30th September, 1999. (both days inclusive).
- v. Shareholders desiring any information as regards the Accounts are requested to write to the Company atleast seven days before the meeting to enable the Management to keep the information ready at the time of meeting.
- vi. Members are requested to notify immediately change in their address, if any, to the company at its Registered office by quoting their folio number.

- vii. Members are requested to bring their copies of the Annual Report at the meeting to avoid inconvenience.

- viii. The Companies (Amendment) Act, 1999 has inserted a new Section 109-A, providing for the facility of nomination of Shares/Debentures/Deposits in single name. In cases where the Securities/deposits are held in joint names, the nomination will get effective only on the death of all the holders.

Members are advised to avail of this facility, especially those members holding securities in single name, to avoid the process of transmission by law. Members desirous of making a nomination are requested to send the enclosed Nomination Form No. 2B duly completed to the Share Department of the Company.

By Order of the Board of Directors,

R. M. KANDOI
(Chief Executive
& Co. Secretary)

Mumbai, 23rd July '1999

Registered Office:
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ANNEXURE TO THE NOTICE :**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.4**

The tenure of appointment of Shri N. R. Agarwal, Managing Director of the company expired on 15th March 1999. The Board of Directors of the company at its meeting held on 15th March, 1999 have re-appointed Shri N. R. Agarwal for a further period of five years w.e.f. 16th March 1999 on revised remuneration subject to approval of the share holders in General Meeting. The agreement between the company and Shri N. R. Agarwal contains following main terms and conditions.

- i) Period : 5 Years with effect from 16th March 1999.
- ii) Salary : Rs.70,000/- per month.
- iii) Perquisites :

Perquisites may be allowed in addition to salary. These shall be restricted to an amount equal to the annual salary or Rs. 8,40,000/- per annum whichever is less. Unless the context otherwise requires perquisites are classified into three categories, 'A', 'B', 'C', as follows:-

CATEGORY - A:

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees of the clubs and personal accident insurance.

- i) HOUSING-I: The expenditure by company on hiring furnished accommodation for the appointee will be subject to the following ceiling:-

Sixty percent of salary, over and above ten percent payable by the appointee.

HOUSING-II: In case the accommodation is owned by the company, ten percent of the salary of the appointee shall be deducted by the Company.

HOUSING-III: In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing-I.

EXPLANATION : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962.

This shall, however be subject to a ceiling of 10% of the salary.

- ii) MEDICAL REIMBURSEMENT : Expenses incurred for the appointee and the family subject to a ceiling of one month salary in a year or three months' salary over a period of three years.
- iii) LEAVE TRAVEL CONCESSION : For the appointee and his family, once in a year incurred in accordance with any Rules specified by the Company.
- iv) CLUB FEES : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee
- v) PERSONAL ACCIDENT INSURANCE : Premium not to exceed Rs.4000/- per annum.

CATEGORY-B :

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites, to the extent these either singly or put together are not taxable under the Income-Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service.

CATEGORY-C:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to your account.

This explanation together with the accompanying notice is and should be considered as an abstract of the terms of re-appointment of Managing Director and Memorandum as to the nature of concern or interest of the Directors in the said re-appointment as required under section 302 of the Companies Act, 1956 or any amendment or modification thereof. The Agreement as proposed above will be entered into subject to such other approvals as may be necessary. The draft agreement is available for inspection at the registered office of the company on any working day during business hours.

Shri G. N. Agarwal & Shri R. N. Agarwal who are related to Shri N. R. Agarwal are interested in the re-appointment.

The Directors recommend this resolution for approval of the shareholders.

N. R. Agarwal Industries Limited

ITEM NO.5

Pursuant to Companies (Amendment) Act, 1999 a New Section 372-A has been introduced according to which no company shall directly or indirectly make any loan to any other body corporate; give any guarantee, or provide security in connection with a loan made by any other person to, or to any other person by, any body corporate, and acquire by way of subscription, purchase or otherwise the securities of any other body corporate, exceeding sixty percent of its paid-up share capital and free reserves or one hundred percent of its free reserves whichever is more. If the aforesaid limit is exceeded, no investment or loan shall be made or guarantee shall be provided unless previously authorised by special resolution passed in a General Meeting. Provided further that the Board may give guarantee, without being previously authorised by a special resolution, if a resolution is passed in a meeting of the Board authorising to give guarantee, and the resolution of the Board is confirmed within twelve months in a General Meeting of the company or the Annual General Meeting held immediately after passing of the Board resolution, whichever is earlier.

In the course of company's business, it becomes necessary for the Board of Directors from time to time to give guarantees or provide securities favouring various persons/authorities including Government / Semi-Government authorities. In case of providing guarantee or providing securities to other bodies corporate, the value of such guarantee given or securities provided and outstanding shall not exceed Rs.50/- crores at any one time.

The Board of Directors of the company at its meeting held on 15/03/99 had given guarantee to IDBI to the extent of Rs.600/- lacs for due repayment of the Term Loan by Gayatrishakti Paper & Boards Ltd.

The Directors recommend the resolution for your approval. None of the Directors of the company is, in any way, concerned or interested in the resolution except to the extent of their shareholdings/ Directorships, if any, in the concerned body corporate.

ITEM NO.6

Section 293(1)(e) of the Companies Act, 1956 provides that any amount contributed to any charitable or other

funds not directly relating to the business of the company or welfare of the employees, the aggregate of which exceeds Rs.50,000/- or 5% of the company's average net profits as determined in accordance with the provisions of section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceeding the year in which the contribution is made needs the approval of the members of the company. The Board of Directors considers that keeping in view the companies obligation to the society at large and other social welfare and charitable funds the limits provided under section 293(1)(e) of the Companies Act, 1956 requires upward revision.

This resolution is therefore recommended for your acceptance.

None of the directors of the company is concerned or interested in this resolution.

ITEM NO.7

A new provision has been added to Companies Act, 1956 vide Company (Amendment) Act, 1999, providing for Nomination of Shares and transmission of Shares. Accordingly individual as well as joint holders of shares or debentures are permitted to nominate a person to whom his shares in or debentures of the company shall vest in the event of his/her death.

The Articles have been proposed to be amended by addition of new article 56-A and proviso to article 57 as set out in the resolution at item no.7 which will give opportunity to the shareholders to exercise the option of nomination.

None of directors of the company is interested in the resolution.

By Order of the Board of Directors,

R. M. KANDOI
(Chief Executive
& Co. Secretary)

Mumbai, 23rd July '1999

Registered Office:
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Dist : Valsad, (GUJARAT)

Annual Report 1998-99

DIRECTORS' REPORT :

To the Members ,

Your Directors have the pleasure in presenting Sixth Annual Report of the company and the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL HIGHLIGHTS :

The financial results of the company for the accounting period ended 31st March, 1999 are as under.

(Rs. in lakhs)		
PARTICULARS	31/03/99	31/03/98
1. Net Sales/Income from Operations	5379.08	3599.76
2. Other Income	14.56	16.21
3. Total Expenditure	4877.79	3286.98
4. Interest	329.08	134.77
5. Gross Profit after Interest but before Depreciation and Taxation	186.77	194.22
6. Depreciation	128.70	58.09
7. Provision for Taxation	6.50	10.50
8. Net Profit for the year	51.57	125.63
9. Prior year Adjustments +/-	(6.15)	(4.30)
10. Surplus brought forward from the previous year.	404.89	283.56
11. Total amount available for appropriation	450.30	404.89
12. Appropriation made by Directors :		
Transfer to General Reserve.	—	—
13. Appropriation recommended by Directors :		
i) Surplus carried over to Balance Sheet.	450.30	404.89

1) THE STATE OF THE COMPANY'S AFFAIRS :

Your Directors are pleased to inform that your company has achieved a turnover of about Rs. 5379 lacs as compared to Rs. 3600 lacs for the previous year. However, due to extremely depressed market conditions the company was compelled to reduce the price of its products which

has resulted in a lower profit after tax of Rs.51.57 lacs. This is inspite of a much better capacity utilisation during last financial year.

The newsprint project of the company has stabilised during the year under review. During the year, the company installed additional equipments in the newsprint project which has resulted in enhanced production and improved quality of the newsprint manufactured by your company. The management is contemplating to further increase the production and quality of the newsprint by installing more equipments in near future.

2) DIVIDEND :

Your Company is just over four years old and continues to require substantial investments in expansion, modernisation and other infrastructure activities. Considering the growth momentum we believe that retentions would help create additional shareholder value by increasing the return on equity. Due to various reasons, the stock market has remained listless and the share prices have been subdued.

As you are aware, the Company has maintained its commitment towards repayment of loan installments to the Financial Institutions inspite of the Newsprint project being delayed by a year. This has put considerable pressure on the cash accruals.

Keeping in view the above facts your Directors are unable to recommend any dividend for the year under review.

3) MODERNISATION AND EXPANSION :

The Board is pleased to inform you that your company has successfully commissioned its Newsprint Project for manufacturing Newsprint paper. Though there were some teething problems initially but the management has been able to overcome them very effectively and in a very short period of time. The unit has started despatch of its News-print from July 1998. The quality of Newsprint manufactured by your company is second to none and is comparable to the best quality available in the market.

4) DIRECTORS :

Mr. R. N. Agarwal retires by rotation and being eligible, offers himself for re-appointment as per