

8th Annual Report

2000-2001



N. R. Agarwal
Industries Limited

N. R. Agarwal Industries Limited

Board of Directors

Shri N. R. Agarwal

Shri G. N. Agarwal

Shri R. N. Agarwal

Shri S. N. Chaturvedi

Shri B. P. Muktieh

Managing Director

Director

Director

Director

Nominee of IDBI

REGISTERED OFFICE:

415-418, Janki Centre, 4th Floor
29, Shah Industrial Estate
Off: Veera Desai Road
Andheri (W), Mumbai – 400 058

FACTORIES:

Unit – I

Plot No.169, GIDC.,
VAPI - 396 195,
Dist : Valsad,
Gujarat State

Unit – II

Plot No.1, Phase 1,
GIDC., VAPI-396 195,
Dist : Valsad,
Gujarat State

Auditors

CHATURVEDI & PARTNERS

Banker

BANK OF BARODA

Company Secretary

Shri. Vinod Bapna

REGISTRAR & TRANSFER AGENTS

SHAREX (INDIA) PRIVATE LIMITED

Unit –1, Luthra industrial premises
Safed Pool, Andheri Kurla Road,
Andheri - East, Mumbai – 400 072

Annual General Meeting will be held
on Tuesday, 25th September 2001 at
Madonna's Galleria, C/o. Aishwarya
Hall, 13-14, MHADA Com. Complex,
Andheri Link Road Extn., Opp.
Tarapore Gardens, Andheri (West),
Mumbai-400 053.

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the members of N.R.AGARWAL INDUSTRIES LIMITED will be held at Madonna's Galleria, C/o.Aishwarya Hall, 13-14, MHADA Commercial Complex, Andheri Link Road Extn., Opp. Tarapore Gardens, Andheri (West), Mumbai - 400 053 on Tuesday, the 25th September 2001 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2001 and Profit and Loss Account for the year ended 31st March 2001 and the Reports of Board of Directors and Auditors thereon.
2. To declare dividend at the rate of 1% on Non-cumulative Redeemable Preference Shares.
3. To appoint a Director in place of Shri. G. N. Agarwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:**5. ALTERATION OF ARTICLES:**

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") the Articles of Association of the Company be and are hereby altered in the following manner:

A. Insert the following new Articles after existing Article Number 3 (ix):**3A. "DEMATERIALISATION OF SECURITIES"**

(I) For the purpose of Article:

"SEBI" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force.

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under Sub-section (1A) of

Section 12 of the Securities and Exchange Board of India Act, 1992.

"Beneficial Owner" means a person whose name is recorded as such with a depository.

"Bye-laws" means byelaws made by a Depository under Section 26 of the Depositories Act.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as Beneficial Owner in the records of the Depository.

"Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books of stores in computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by the SEBI Board.

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Depositories Act, shall have the same meaning respectively assigned to them in that Act.

B. Insert the following new Articles after existing Article Number 26:

26A. Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the Certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

26B. Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize its existing

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securities, rematerialize its securities held in the Depositories and/or offer its fresh securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

26C. Every person subscribed to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.

If a person opts to hold his security with Depository, the Company shall intimate such Depository the details of allotment of the Security and on receipt of the information, the Depository shall enter in its record the name of the allottees as the Beneficial owner of the security.

26D. All the securities held by a depository shall be dematerialized and be in tangible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

26E. (a) Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.

(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

26F. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name

appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than absolute right there to in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors of them.

26G. Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the byelaws and the Company in the behalf.

26H. Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

26I. If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such condition and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

26J. Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the record of the beneficial ownership may be served by such Depository on the

Company by means of electronic mode or by delivery of floppies or discs.

26K. Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien or shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.

26L. Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

26M. The shares in the capital shall be numbered progressively accordingly to their several denominations provided, however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

26N. The Company shall cause to keep a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with a details of shares and debentures held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be Register and Index of Members and Register and Index of debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

26O. The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

26P.(i) Every holder of shares in, or holder of Debentures of the Company may, at any time nominate, in the prescribed manner under Section 109A of The Act, a person to whom his shares in, or Debentures of the Company shall vest in the event of his death.

(ii) Where the shares in, or Debentures of the Company are held by more than one person, jointly, the joint holders may together nominate, in the prescribed manner under Section 109A of the Act, a person to whom all the rights in the Shares or Debenture of the Company shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of shares in, or debentures of the Company where a nomination made in the prescribed manner under Section 109A of the Act, purports to confer on any person the right to vest the Shares in, or Debenture of the Company, the nominees shall, on the death of the Shareholder or holder of Debentures of the Company, or as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company, or as the case may be, all the joint holders, in relation to such Shares in, or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under Section 109A of the Act.

(iv) Where the nominee is a minor, it shall be lawful for the holder of the shares, or holder of Debentures, to make the nomination to appoint, in

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the prescribed manner under Section 109A of the Act, any person to become entitled to Shares in, or Debentures of the Company, in the event of his death, during the minority.

NOTES:

1. A member who is entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote, instead of himself and the proxy need not be a member.
2. The instrument of proxy for use of the meeting must be lodged at the Registered Office of the Company, not less than forty eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Book of the Company will remain closed from Thursday, 20th September 2001 to Tuesday, 25th September 2001 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to immediately notify the Company in case of any change in address and should specify their full address in capital letters clearly indicating the pincode of the post office.
5. Members are requested to bring their copy of Annual Report as the extra copies will not be supplied at the Annual General Meeting.
6. In case members desire to raise any queries they are requested to send them at the Registered Office of the Company, at least 10 days in advance so that related information may be kept available at the meeting.
7. **In order to get faster response, members are requested to address all correspondence to the Registrar & Transfer Agents M/s.Sharex (India) Pvt. Ltd., Unit -1, Luthra industrial premises, Safed Pool, Andheri Kurla Road, Andheri - East, Mumbai - 400 072, instead of addressing the same to the Company.**
8. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is annexed hereto.

By order of the Board of Directors
For N. R. Agarwal Industries Limited

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5 - ALTERATION OF ARTICLES:

Consequent to the passing of the Depositories Act, 1996, and the introduction of the system of Depositories ('the System'), certain provisions of the Companies Act, 1956 and of the Securities Contracts (Regulation) Act, 1956 relating to the issue, holding, transfer and transmission of shares and other securities have been amended to facilitate the implementation of the System. Further, as per the Companies (Amendment) Act 1999, the Act has been amended to provide for nomination facility for the Shareholders.

It is therefore essential to make necessary modification in the Articles of Association in terms of the Special Resolution at item No.5 of the Notice.

It is clarified that, while the additional facility as specified hereinabove has been provided within the new legal framework, it is not compulsory for the shareholders to dematerialize their holdings as neither is the same mandatory under any legal provision/ notification nor has the Securities and Exchange Board of India specified that the securities of the Company can be traded only if the same are held in a dematerialized form.

The Board recommends the resolution to be passed. None of the Directors of the Company is concerned or interested in this Resolution.

By order of the Board of Directors
For N. R. Agarwal Industries Limited

Place : Mumbai
Date : 30th July, 2001

Vinod Bapna
Company Secretary

Registered Office: **Vinod Bapna**
415-418, Janki Centre Company Secretary
4th Floor, 29, Shah Indl. Estate
Off: Veera Desai Road
Andheri (W), Mumbai - 400 058
Place : Mumbai
Date : 30th July, 2001.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their Eighth Annual Report alongwith the Audited Annual Accounts for the year ended on March 31, 2001.

FINANCIAL RESULTS:

Your Company's performance during the year as compared with that during the previous year is summarized below:

Particulars	(Rs.in lakhs)	
	For the Year 31.03.2001	For the Year 31.03.2000
1. Net Sales / Income from Operations	9519.46	7186.36
2. Other Income	15.03	8.09
3. Total Expenditure	8741.69	6427.06
4. Interest	470.03	497.83
5. Gross Profit after Interest but Before Depreciation and Taxation.	322.77	269.56
6. Depreciation	192.40	177.06
7. Provisions for Taxation	11.08	11.50
8. Net Profit for the year	119.29	81.00
9. Prior year Adjustments +/-	(5.75)	(6.12)
10. Balance in Profit & Loss Account	525.18	450.30
11. Surplus available for appropriation	638.72	525.18
12. Proposed dividend on Preference Shares	0.58	—
13. Tax on Dividend	0.06	—
14. Balance carried to Balance Sheet	637.08	528.18

1. REVIEW OF OPERATIONS:

The adverse economic environment and overall recession in the Duplex Board market affected your Company's performance during the year under review and profit margin was under severe pressure following a sharp increase in input cost due to many factors. Due to slow down in user industries, the additional cost could not be passed on to them.

Despite the above discouraging environment, your Company achieved a net profit after tax of Rs.119.29 lacs as against Rs.81.00 lacs in the previous year. The turnover stood at Rs.9519.46 registering a growth of 32% over the previous year's turnover of Rs.7186.36 lacs.

The Newsprint project of the Company has stabilized during the year under review and achieved satisfactory production level.

We have initiated a number of measures to improve productivity and lower costs both at the Duplex Board and Newsprint Plants at Vapi. The results of such measures are expected to improve the bottomline substantially in the current year.

In continuation of the reporting made by the Board in its previous year's report, your directors are pleased to place on record that the Company Law Board, Western Region Bench, Maharashtra has already passed an Order approving the change in Registered Office from the State of Gujarat to the State of Maharashtra. Accordingly the present Registered Office is situated at 415-418, Janki Centre, 4th Floor, 29, Shah Industrial Estate, Off: Veera Desai Road, Andheri (W), Mumbai – 400 058.

2. RESPONSIBILITY STATEMENT:

The Directors confirm:

- that in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made 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 at the end of the financial year and of the profit of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis;
- that the observations by the Auditor on Annual Accounts are self-explanatory and does not require any further comments.

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3. DEPOSITORY SYSTEM AND APPOINTMENT OF REGISTRAR AND TRANSFER AGENTS:

Your Company's shares are tradable in electronic form and the Company has established connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of Company's shares on either of the Depositories as aforesaid. Certain amendments have to be made in the Articles of Association of the Company, and the same are proposed in the Notice.

Sharex (India) Pvt. Ltd., have been appointed as Registrar and Transfer Agents (R&T) for the physical as well as the demat transfer of shares of the Company. Members are requested to kindly note the same and send all communications related to the transfer and other matters to the R&T Agents.

4) DIVIDEND:

In order to further consolidate the position of the Company, your Directors are not recommending payment of Dividend to Equity Shareholders for the year ended 31st March, 2001.

Your Board has recommended a dividend of Rs.1/- per Non-cumulative Redeemable Preference Shares allotted on 27th July, 2000 on pro-rata basis. Your Board seeks your approval for the same.

5) DIRECTORS:

Shri. G. N. Agarwal retires by rotation and being eligible offers himself for reappointment as per the provisions of Articles of Association of the Company.

6) FIXED DEPOSITS:

As on 31st March, 2001 no fixed deposit was outstanding.

7) COST AUDIT:

As per the Government's directive, the Company's cost records in respect of Paper products of the Company for the year ended 31st March, 2001 are being audited by the Cost Auditor M/s.Vijay Talati & Associates, who were appointed by the

Board with the approval of the Central Government.

7) DISCLOSURE UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and out go is given in Annexure-I forming part of this report.

8) PARTICULARS OF EMPLOYEES:

None of the employees is covered under the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975.

9) AUDIT COMMITTEE:

The Audit Committee comprises of Shri.R.N.Agarwal, Shr.G.N.Agarwal and Shri.S.N.Chaturvedi, all non-executive independent directors with Shri.S.N.Chaturvedi as its Chairman. The role, terms of reference and the authority and powers of the Audit Committee are in conformity with the provisions of Section 292A and other applicable provisions of the Companies Act, 1956.

10) AUDITORS :

M/s.Chaturvedi & Partners, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible are willing to continue in office. The Board recommends their re-appointment.

11) INDUSTRIAL RELATIONS:

The Employer - Employee relations were cordial throughout the year under review.

12) ACKNOWLEDGEMENT:

The Board wishes to record its appreciation of the efforts put in by the employees of the company. The Board also acknowledge the support received from Financial Institutions, Banks and different Government Agencies.

By Order of the Board

Mumbai;
30th July, 2001

N. R. Agarwal
Managing Director