

# 9th Annual Report 2001-2002



**N. R. Agarwal**  
**Industries Limited**

## N. R. Agarwal Industries Limited

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### Board of Directors

Shri N. R. Agarwal

Shri G. N. Agarwal

Shri R. N. Agarwal

Shri S. N. Chaturvedi

Shri N. Venkatesan

*Managing Director*

*Director*

*Director*

*Director*

*Nominee of IDBI*

### REGISTERED OFFICE:

415-418, Janki Centre, 4<sup>th</sup> 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  
17/B, Dena Bank Building  
2<sup>nd</sup> Floor, Horniman Circle,  
Fort, Mumbai - 400 001  
Tel. No.: 022-270 24 85 / 264 13 76

Annual General Meeting will be held  
on Monday, 16<sup>th</sup> September 2002 at  
Aishwarya Party Hall, 13-14, MHADA  
Commercial Complex, Andheri Link  
Road, Opp. Tarapore Gardens, Near  
Oshiwara Police Station, Andheri  
(West), Mumbai-400 102.

**NOTICE**

NOTICE is hereby given that the Ninth Annual General Meeting of the members of N. R. AGARWAL INDUSTRIES LIMITED will be held at Aishwarya Party Hall, 13-14, MHADA Commercial Complex, Andheri Link Road, Opp. Tarapore Gardens, Near Oshiwara Police Station, Andheri (West), Mumbai – 400 102 on Monday, the 16<sup>th</sup> September 2002 at 11.00 A.M. to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2002 and Profit and Loss Account for the year ended 31<sup>st</sup> March 2002 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. R. 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.
5. The Register of Members and Share Transfer Book of the Company will remain closed from Thursday, 12<sup>th</sup> September 2002 to Monday, 16<sup>th</sup> September 2002 (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., 17/B, Dena Bank Building, Second Floor, Horniman Circle, Fort, Mumbai – 400 001, instead of addressing the same to the Company.

**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.

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

**Registered Office:**

415-418, Janki Centre  
4<sup>th</sup> Floor, 29, Shah Indl. Estate  
Off: Veera Desai Road  
Andheri (W), Mumbai – 400 058  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2002.

**Vinod Bapna**  
Company Secretary



## N. R. Agarwal Industries Limited

### DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their Ninth Annual Report alongwith the Audited Annual Accounts for the year ended on March 31, 2002.

#### 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 31.03.2002	For the Year 31.03.2001
1. Net Sales / Income from Operations	8766.99	9519.46
2. Other Income	9.66	15.03
3. Total Expenditure	8023.05	8741.69
4. Interest	442.72	470.03
5. Gross Profit after Interest but Before Depreciation and Taxation.	310.88	322.77
6. Depreciation	200.77	192.40
7. Provisions for Taxation	8.35	11.08
8. Deferred Tax	43.45	—
9. Net Profit for the year	58.31	119.29
10. Prior year Adjustments +/-	1.55	(5.75)
11. Balance in Profit & Loss Account	638.08	525.18
12. Surplus available for appropriation	697.94	638.72
13. Transferred to General Reserve	325.00	—
14. Proposed dividend on Preference Shares	0.85	0.58
15. Tax on Dividend	0.09	0.06
16. Balance carried to Balance Sheet	372.00	638.08

#### 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 current tax and deferred tax Rs.58.31 lacs as against Rs.119.29 lacs in the previous year due to the reason of providing deferred tax of Rs.43.45 lacs in accordance with accounting standard AS-22. The turnover decreased from Rs.9519.46 to Rs.8766.99 lacs compared to previous year.

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.

#### 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.

#### 3. 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 31<sup>st</sup> March, 2002.

Your Board has recommended a dividend @ 1% on Non-cumulative Redeemable Preference Shares allotted on 27<sup>th</sup> July, 2000. Your Board seeks your approval for the same.

**4) DIRECTORS:**

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

During the year under review Shri.N.Venkatesan, was appointed as Nominee Director of IDBI in place of Shri.B.P. Muktieh. Shri. N. Venkatesan continue to hold Office of Nominee Director of IDBI.

**5) FIXED DEPOSITS:**

As on 31st March, 2002 no fixed deposit was due and unpaid.

**6) 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 31<sup>st</sup> March, 2002 are being audited by the Cost Auditor M/s.V. J.Talati & Company, 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 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) CORPORATE GOVERNANCE:**

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, your Company has to comply with Corporate Governance from the Financial Year 2002-03. The Company has formed Audit Committee and further necessary steps have been taken in this direction.

**12) INDUSTRIAL RELATIONS:**

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

**13) 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;  
31<sup>st</sup> July, 2002

**N. R. Agarwal**  
Managing Director

## N. R. Agarwal Industries Limited

### ANNEXURE - I

INFORMATION REQUIRED UNDER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31st MARCH 2002

#### I) CONSERVATION OF ENERGY:

##### A) Energy Conservation measures taken:

Energy conservation measures are undertaken by the Company on regular basis by installing various Equipments and drives etc., and the process is an ongoing process.

##### B) Additional investment and proposals for reduction of consumption of energy:

The Company is undertaking a process of increased automation and improved layout.

##### C) Impact of the measures at A & B above for reduction of energy consumption and consequent impact on the cost of production of goods:

The Company has been able to achieve reduction in specific energy Consumption.

##### D) Total energy consumption and energy consumption per unit of Production as per Form - A

#### 1) POWER & FUEL CONSUMPTION:

a) Electricity:	Unit	Current Year	Previous Year
i) Purchased	Lakh/ units		
	KWH	21733020	25763150
Total	Rs.in lakhs		
amount		1059.34	1241.51
Rate / Unit	Rs.	4.87	4.82
ii) Own Generation			
Through Diesel Generator			
Units (KWH)		5647120	Nil
Qty. (Kilo Ltrs.)		1802.74	Nil
Total Cost (Rs.in lacs)		253.59	Nil
Units per Ltr. Of Fuel			
Oil & LDO		3.13	Nil
Average cost/unit (Rs./KWH)		4.49	Nil

#### b) COAL:

Quantity	Tonnes	20966	19669
Total	Rs.in lakhs		
amount		474.94	438.12
Average			
Rate/Ton	Rs.	2265	2227

(The Company uses 'B' & 'C' grade coal in it's Boiler.)

#### 2) CONSUMPTION PER TONNE OF PRODUCTION:

Electricity	KWH	464	561
Coal	Kgs.	448	428
Furnace Oil	Ltr.	73	—
L.D.O.	Ltr.	3	—

#### II) TECHNOLOGY ABSORPTION:

Efforts made in technology Absorption as per Form - B.

##### A) Research and Development (R&D):

1) The Company has no Research and Development Department but keeping in view the global competition, efforts have been focused on the improvement of quality of end products, conservation of water, energy and the use of Chemical additives for improving the productivity.

2) Benefit derived as a result of above R & D:

The above attempts have resulted in improvement of quality of end products and reduction in input costs.

3) Future Plan of Action:

i) Continued efforts in improving quality of end products to meet the selective market need.

ii) Conservation of energy and water.

4) Expenditure on R & D : Nil.

##### B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts in brief, made towards technology absorption, adaptation and innovation:

1) To maintain the quality standards, productivity, energy efficiency and to achieve economical viability

2) Benefits derived as a result of above efforts.

i) Meeting the market requirement of quality of paper board.

ii) Improved productivity, energy and material efficiency

3) In case of Imported Technology (Imported during the last 5 years reckoned from the beginning of the financial year.): Not Applicable.

#### III) FOREIGN EXCHANGE EARNINGS & OUTGO:

A) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans: Despite the constraints faced by the Paper Industry due to international Market condition, the company continuous its effort for developing the exports market.

B) Total Foreign Exchange used and earned:

Used : Rs.1506.24 lacs Earned : 4.04 lacs

**AUDITORS' REPORT :**

To the Members of

**N. R. AGARWAL INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of **N. R. AGARWAL INDUSTRIES LIMITED** as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, the Company has kept proper

books of accounts as required by law, so far, as appears from our examination of such books.

- c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account.
- d) In our opinion the Profit & Loss Account and the Balance Sheet comply with the accounting standards referred in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors other than Mr. N. Venkatesan, (Financial Institution's nominee), we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2002 from being appointed in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956. Mr. Venkatesan has advised that the provisions of Section 274 relating to disqualification of directors are not attracted in his case, in view of the provisions contained in section 36A of the IDBI Act.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon give the informations required by the Companies Act, 1956, in the manner so required and give a true and fair view.
  - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2002.
  - ii) In the case of the Profit and Loss Account of the "Profit" for the year ended on that date.

For and on behalf of  
**CHATURVEDI & PARTNERS**  
Chartered Accountants

Place : Mumbai  
Date : 31<sup>st</sup> July, 2002

**A. K. CHATURVEDI**  
(Partner)



## N. R. Agarwal Industries Limited

### ANNEXURE TO THE AUDITORS' REPORT :

Referred in paragraph 1 of our Report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The management during the year has physically verified the fixed assets. In our opinion the frequency of such verification is reasonable and no material discrepancies were noticed on such verification as compared to the book records.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials except stocks lying with third parties have been physically verified by the management at reasonable intervals.
4. In our opinion and having regard to the size of the Company and nature of its business the procedures of physical verification adopted by the Company are reasonable and adequate.
5. No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as it appears from our examination of the books.
6. On the basis of our examination of stock records, the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding years.
7. In our opinion the terms and conditions on which the Company has taken loans from Companies listed in the register maintained under section 301 and from the Companies under the same management within the meaning of Sub-section (1B) of Section 370 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company.
8. The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to companies under the same management except for advances, the terms and conditions of which, prime facie, are not prejudicial to the interest of the company.
9. Employees to whom loans or advances in nature of loans have been given by the Company are repaying the principal amounts wherever stipulated and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size and the nature of its business for the purchase of stores, raw-materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and services aggregating during the year to Rs.50,000 or more in respect of each party in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, the Company has regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the explanation given to us, the Company has complied with the provisions of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rule, 1975.
14. The Company is maintaining reasonable records for sale and disposal of realisable scrap.
15. The Company has an internal audit system, which in our opinion, requires to be further strengthened.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made any detailed examination of such accounts and records with a