

# 13th Annual Report 2005 - 2006



**N. R. Agarwal**  

---

**Industries Limited**  

---

# N. R. Agarwal Industries Limited

## Board of Directors

Shri. R. N. Agarwal  
 Shri. N. R. Agarwal  
 Shri S. N. Chaturvedi  
 Shri. Chittaranjan Musib  
 Shri. P. Kumar  
 Shri. C. R. Radhakrishnan (w.e.f. 27.02.2007)

*Managing Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*

### REGISTERED OFFICE:

415-418, Janki Centre, 4<sup>th</sup> Floor  
 29, Shah Industrial Estate  
 Off: Veera Desai Road  
 Andheri (W), Mumbai – 400 053

### 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

**Unit – III**  
 Plot No.901, Phase-3  
 GIDC, Vapi - 396 195  
 Dist. Valsad  
 Gujarat State

**Unit - IV**  
 Plot No.901/P, Phase-3  
 GIDC, Vapi - 396 195  
 Dist. Valsad  
 Gujarat State

### Auditors:

CHATURVEDI & PARTNERS

### Bankers:

BANK OF BARODA  
 ORIENTAL BANK OF COMMERCE  
 BANK OF INDIA

### Company Secretary

Shri.Vinod Bapna

### REGISTRAR & TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PRIVATE LIMITED  
 17/B, Dena Bank Building  
 2<sup>nd</sup> Floor, Horniman Circle  
 Fort, Mumbai – 400 001  
 Tel. No. 022 - 2270 24 85 / 2264 13 76

Annual General Meeting will be held on  
 Monday, 30<sup>th</sup> April, 2007 at GMS Community  
 Centre Hall, Sitladevi Complex, 1<sup>st</sup> Floor, D. N.  
 Nagar, Opp. Indian Oil Nagar on Link Road,  
 Andheri (West), Mumbai – 400 053

## Annual Report 2005 - 2006

## NOTICE

Notice is hereby given that the Adjourned Thirteenth Annual General Meeting of the Members of N. R. Agarwal Industries Limited will be held at GMS Community Centre Hall, Sittadevi Complex, 1<sup>st</sup> Floor, D. N. Nagar, Opp. Indian Oil Nagar on Link Road, Andheri (West), Mumbai – 400 053 on Monday, April 30, 2007 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 2006 and the Profit and Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare dividend on Preference Shares.
3. To declare dividend on Equity Shares.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of proxy for use at 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 Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the business at items 1, 2 and 3 is annexed hereto.
4. **The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 27<sup>th</sup> April, 2007 to Monday, 30<sup>th</sup> April, 2007 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.**
5. 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 pin code of the post office.
6. Members are requested to bring their copy of Annual Report as extra copies will not be supplied at the Annual General Meeting.

By order of the Board of Directors

Vinod Bapna  
Company Secretary

**Registered Office:**

415-418, Janki Centre, 4<sup>th</sup> Floor  
29, Shah Industrial Estate  
Off: Veera Desai Road  
Andheri (W), Mumbai – 400 053  
Mumbai, 20<sup>th</sup> March, 2007.

**N. R. AGARWAL INDUSTRIES LIMITED****ANNEXURE TO NOTICE:**

**Explanatory statement under Section 173 (2) of the Companies Act, 1956.**

**Item Nos. 1, 2 and 3:**

The Company's petition for approval of the Scheme of Amalgamation of N. R. Paper and Boards Limited and Suman Paper and Boards Limited with the Company has been approved by the Hon'ble High Court of Mumbai by their order dated 2<sup>nd</sup> February, 2007.

At the Thirteenth Annual General Meeting of the Company held on December 29, 2006, the consideration of item nos. 1, 2 and 3 of the notice dated December 1, 2006 relating to adoption of accounts and declaration of dividend on Preference Shares and Equity Shares was deferred and the said Annual General Meeting of the Company was adjourned sine die for consideration of the said items of the agenda at the reconvened adjourned meeting which was to be fixed after the Amalgamation Scheme was finally approved and became effective.

Accordingly, the Balance sheet of the Company as at 31<sup>st</sup> March 2006, the Profit and Loss account and the Cash flow statement for the year ended on that date, the Directors' Report, Management Discussions and Analysis Report and Corporate Governance Report have now been finalized by incorporating the effect of the amalgamation of N. R. Paper and Boards Limited and Suman Paper and Boards Limited with the Company with effect from April 1, 2005, being the appointed date as per the approved Scheme of Amalgamation.

The accounts for the year ended 31<sup>st</sup> March 2006 alongwith the Directors' Report, Corporate Governance Report and the Auditors' Report are therefore now circulated for consideration and approval at the ensuing adjourned Annual General Meeting and for declaration of dividend on Preference shares and Equity shares.

The Directors of the Company may be deemed to be interested in the resolutions to the extent of the dividend they may get on the shares held by them.

By order of the Board of Directors

Vinod Bapna  
Company Secretary

**Registered Office:**

415-418, Janki Centre, 4<sup>th</sup> Floor  
29, Shah Industrial Estate  
Off: Veera Desai Road  
Andheri (W), Mumbai – 400 053  
Mumbai, 20<sup>th</sup> March, 2007.

## N. R. Agarwal Industries Limited

### DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their Thirteenth Annual Report alongwith the Audited Annual Accounts for the year ended on 31st March, 2006.

#### FINANCIAL RESULTS:

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2006**	Year ended 31.03.2005
Net Sales / Income from Operations and other income	21858.74	11321.27
Interest	568.56	215.97
Gross Profit after Interest but Before Depreciation and Taxation	1435.50	812.94
Depreciation	527.49	239.17
Profit Before Tax	908.01	573.77
Provisions for Taxation	76.81	45.00
Deferred Tax	250.16	224.45
Fringe Benefit Tax	4.97	—
Prior year Adjustments	(9.03)	(12.73)
Net Profit for the year	567.03	291.59
Balance in Profit & Loss Account	776.64	612.86
Amount Transferred on Amalgamation	651.76	—
Surplus available for appropriation	1995.43	904.45
Transferred to General Reserve	17.00	15.00
Capital Redemption Reserve	85.00	—
Interim Dividend	—	36.90
Proposed final Dividend	204.23	61.50
Proposed Dividend on Preference Shares	2.75	0.85
Tax on Dividend	35.09	13.56
Balance carried to Balance Sheet	1651.36	776.64

\*\* The Financial Results for the year ended 31<sup>st</sup> March, 2006 include the operating results of the Amalgamated Companies - N. R. Paper and Boards Limited and Suman Paper and Boards Limited and are therefore, not comparable with the results of the previous year.

#### SCHEME OF AMALGAMATION:

The Scheme of Amalgamation of N. R. Paper and Boards Limited and Suman Paper and Boards Limited (Transferor Companies) with

N. R. Agarwal Industries Limited as approved by the shareholders in their meeting held on 16<sup>th</sup> August, 2006 has been approved by the Hon'ble High Court of Judicature at Mumbai and the Scheme has become effective on 6<sup>th</sup> March, 2007. Your directors expect that integrated operations of three Companies would yield better results in the coming year.

The accounts for the year ended March 31, 2006 have been prepared by consolidating the accounts of the Transferor and the Transferee Companies with effect from April 1, 2005 being the appointed date as per the Scheme of Amalgamation.

#### SHARE CAPITAL:

At the original Annual General Meeting of the Company held on December 29, 2006, the authorized share capital of the Company was increased from Rs.15.00 crores to Rs.25.00 crores. The shareholders of the transferor companies were allotted 1,05,00,000 equity shares of Rs.10/- each in the Company against the shares held by them in the respective transferor Companies as per the Scheme of Amalgamation. With the result, the paid up share capital of the company has increased from Rs.10,25,00,000/- to Rs.17,01,91,000/-. As per the said Scheme 37,30,900 Nos. of Equity Shares held by the Transferor Companies in the Company have been extinguished.

#### DIVIDEND:

The Board of Directors of the Company recommend for consideration of Shareholders at the Adjourned Annual General Meeting payment of a dividend of 12% (Rs.1.20 per equity share) on 1,70,19,100 equity shares of the face value of Rs.10/- each include Equity Shares allotted pursuant to the Scheme of Amalgamation.

Your Directors further recommend a dividend at the rate of 1% on Non-cumulative Redeemable Preference Shares of Rs.10/- each.

#### PERFORMANCE:

The performance of the Company during the year under review has been satisfactory compared to previous year due to increase in the production, sales, profitability mainly as a result of increase in capacity, higher sales realization, and performance efficiency which not only contributed in absorbing the increase in the input costs, but also added to the bottom line of the Company. But for the hike in the rates of raw materials, chemicals and adverse exchange rate fluctuation during the year, the working results would have looked still higher.

During the year exports have increased to Rs.1.59 crores from Rs.0.78 crores last year.

The current year's figures are not strictly comparable with those of the previous year as two Companies - N. R. Paper and Boards Limited and Suman Paper and Boards Limited were amalgamated with N. R. Agarwal Industries Limited.

#### CURRENT YEAR'S PROSPECTS

Production of duplex board in the eleven months of current year viz. April 2006 - February 2007 is 89785 MT as against 78978 MT in the previous year and newsprint 27672 MT as against 25519 MT in the previous year. Therefore, barring unforeseen circumstances, the bottom line of the Company during the current year is likely to improve further due to the following factors:

- The Government of India has reduced excise duty from 16% to 12% ad valorem on paper and paperboard, with effect from 1<sup>st</sup> March, 2006 in order to encourage capacity addition.
- The commissioning of 5 MW Co-generation Plant is giving the desired benefits and same will be reflected for the six months in 2006-07.

## Annual Report 2005 - 2006

- (c) Sale prices of duplex board have been increased during the current year which has been absorbed by the market.

### ISO 9001 CERTIFICATION

The Newsprint Unit of the Company has been certified ISO 9001 – 2000 Quality Management System international certificate by Det Norske Veritas, the Netherlands, effective from 21/04/2006. This certificate is valid upto 21/04/2009.

### FIXED DEPOSITS:

As on 31st March, 2006 no fixed deposit was due and unpaid

### 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, 2006 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.

### DIRECTORS:

Shri. S. N. Chaturvedi retired by rotation at the original Annual General Meeting of the Company held on December 29, 2006 and was reappointed as director.

Brief resume of the above Director, nature of his experience in specific functional areas and names of the companies in which he holds Directorship and Membership/Chairmanship of Committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange are given in the section on Corporate Governance in the Annual Report.

IDBI Limited has withdrawn the nomination of Mr. R. K. Sinha as Director of the Company and accordingly, Mr. Sinha has ceased to be a Director of the Company with effect from 31.01.2007.

Mr. C. R. Radhakrishnan has been appointed as an Additional Director by the Board on 27.02.2007 who is an Independent Director of the Company.

### 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 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.

### PARTICULARS OF EMPLOYEES:

The information as required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is annexed hereto as Annexure 'II' and form part of this Report.

### DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that the accounting policies selected and applied are consistent and judgements and estimates made 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 proper and sufficient care has been taken 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 the annual accounts have been prepared on a going concern basis;

### AUDITORS AND AUDIT REPORT:

M/s. Chaturvedi & Partners, Chartered Accountants, the Auditors of the company retired at the Annual General Meeting held on December 29, 2006 and were reappointed as auditors to hold office until the conclusion of the next annual general meeting of the company.

As regards the observations made by the Auditor in their report, the Company already have an internal auditor. However, the steps are being taken to further strengthen the internal audit system.

### LISTING:

The Equity shares of the Company are listed at the Stock Exchanges at Mumbai and Delhi. The Company's application to the Bombay Stock Exchange Limited for listing of equity shares allotted to the shareholders of the Transferor Companies is under process. The Company has paid Annual Listing Fee to the Bombay Stock Exchange Limited for the year 2006-2007.

### DELISTING OF SHARES:

The shares of the company were got delisted from the Ahmedabad Stock Exchange Limited with effect from July 31, 2006.

The Company's application for Delisting of Shares from Delhi Stock Exchange Limited is pending for approval.

### CORPORATE GOVERNANCE/ MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion & Analysis and on Corporate Governance alongwith a certificate from the Auditors are attached hereto and form part of this report.

### INDUSTRIAL RELATIONS:

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

### ACKNOWLEDGEMENT:

The Board wishes to record its appreciation of the efforts put in by the employees of the company. The Board also acknowledges the continued support received from Financial Institutions, Banks and various Central and State Government Agencies, shareholders, suppliers, dealers and valued customers.

For and on behalf of the Board of Directors

R. N. Agarwal  
Managing Director

N. R. Agarwal  
Director

Mumbai, 20<sup>th</sup> March, 2007

# 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 31<sup>ST</sup> MARCH, 2006.

### I) CONSERVATION OF ENERGY:

#### A) Energy Conservation measures taken:

Installation of 3MW Co-Generation Plant at News Print Unit and 5MW Co-Generation Plant at Duplex Board Unit to reduce specific Steam Consumption for Power generation and to improve Co-Generation.

Installation of Forbes Marshal Steam and condensate system to reduce steam consumption and maximum recovery condensate.

Installation of energy saving vacuum pump in paper machines.

Installation of capacitors with harmonic filter in various sections of the mill for power factor improvement and reduction in the additional burden in the network because of harmonics generated due to non-linear loads.

Continuing the installation of transparent sheets in various sections of the mills for providing natural day light.

Replacement of efficient pumps by energy saving pumps from Sam Turbo, KSB and Andritz.

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

The Company is further reviewing various proposals for reduction in consumption of energy, mainly by way of replacement of existing equipments by modern and energy efficient equipment.

#### 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 units	Lakh/KWH	27629647	10250250
Total amount	Rs.In lakhs	1469.83	569.88
Rate / Unit	Rs.	5.32	5.56

##### ii) Own Generation

##### (i) Through Diesel Generator

Units	KWH	1063628	14955751
Qty.	Kilo Ltrs.	313.629	4392.120
Total Cost	Rs.in lacs	81.80	717.09
Units per Ltr. of Furnace Oil & LDO		0.29	6.93
Average Cost/Unit	Rs./KWH	7.69	4.79

##### (ii) Through Steam Turbine

Units	KWH	23944834	6695750
Units per tonne of coal	KWH	624.48	592.65
Average Cost/Unit	Rs./KWH	3.25	3.41

##### b) COAL AND LIGNITE:

Quantity	Tonnes	75122	32981
Total amount	Rs.in lakhs	1546.61	696.20
Average Rate/Ton	Rs.	2059	2111

(The Company uses 'B' & 'C' grade coal in it's Boiler and Steam Turbine)

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

Electricity	KWH	504	548
Coal	Kgs.	719	567
Furnace Oil	Ltr.	6	110
L.D.O.	Ltr.	4	35

##### II) TECHNOLOGY ABSORPTION:

The Company does not require any technology for its existing business.

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

Foreign Exchange Outgo	Rs.158.74 Lacs
Foreign Exchange Earnings	Rs. 176.55 Lacs

For and on behalf of the Board of Directors

R. N. Agarwal  
Managing Director

N. R. Agarwal  
Director

Mumbai, 20<sup>th</sup> March, 2007

**Annual Report 2005 - 2006****ANNEXURE – II**

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2006.

Name, Age and Qualification	Designation and Nature of Duties	Date of commencement of employment	Experience in years	Remuneration	Last Employment
R. N. Agarwal 46 years B.E. Electrical, MBA (USA)	Managing Director	5/8/2005	20 Years	Rs.25,93,019/-	—

- 1 Remuneration includes Salary and allowances, Company's contribution to Provident Fund.
- 2 The nature of employment of the above employee is contractual.

For and on behalf of the Board of Directors

R. N. Agarwal  
Managing Director

N. R. Agarwal  
Director

Mumbai, 20<sup>th</sup> March, 2007

Report  junction.com



# N. R. Agarwal Industries Limited

## CORPORATE GOVERNANCE REPORT:

### 1. COMPANY PHILOSOPHY:

N. R. Agarwal Industries Limited (NRAIL) continues to uphold its commitment to high standards of corporate governance. In all its operations and processes, the company adheres to stringent governance norms so that its stakeholders are ensured of superior financial performance.

Through its corporate governance measures, the Company aims to maintain transparency in its financial reporting and keep all its stakeholders informed about its policies, performance and developments. NRAIL will contribute to sustain and strengthen stakeholders confidence by adopting and continuously improving good corporate practices.

Your Company's Board has laid down identifiable policies and guidelines related to the key elements of corporate governance – transparency, disclosure, supervision and internal control, risk management, internal and external communications, high standard of safety, accounting fidelity, product and service quality. It has also introduced adequate review processes.

### 2. BOARD OF DIRECTORS:

The Board of Directors of the Company consists of persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The Board is entrusted with the task of managing the Company directly or through delegation of authority either partly or totally as may be found appropriate and reasonable to the Board (within the legal frame work of the Company).

The strength of Board of Directors of the Company is Six Directors comprising three independent directors and three non-independent directors.

Composition and category of Directors is as follows:

Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies including private companies in India	No. of Committees in which Chairman/ Member (other than N R Agarwal Industries Ltd)	
					Member	Chairman
Shri. N. R. Agarwal	Executive Chairman Non-Independent	2	Attended	6	—	—
Shri. R. N. Agarwal	Managing Director Non-Independent	7	Attended	2	—	—
Shri. S. N. Chaturvedi	Non-Executive Non-Independent	7	Attended	3	1	—
*Shri. R. K. Sinha (upto 31/01/2007)	Nominee Director Independent	5	Not Attended	—	—	—
Shri. Chittaranjan Musib	Non-Executive Independent	2	Attended	—	—	—
Shri P. Kumar (from 05.08.2005)	Non-Executive Independent	6	Not Attended	1	3	—
**Shri. C. R. Radhakrishnan (from 27/02/2007)	Non-Executive Independent	—	—	—	—	—

\*Ceased to be a nominee director on 31/01/2007.

\*\*Appointed as Additional director on 27/02/2007.

None of the Non-Executive Directors hold any equity shares in the Company.

No. of Board Meetings held and the dates on which held:

Seven Board Meetings were held during the year 2005-2006. The dates on which the said meetings were held are as follows:

29/04/2005, 05/08/2005, 13/09/2005, 31/10/2005, 17/11/2005, 25/01/2006 and 31/01/2006.

The Company has a well-established system to provide the information to the Board as required under Annexure IA to clause 49, which was duly followed.

All the directors have made necessary disclosures about the membership and committee positions, they occupy in other companies.

The Company has not entered into any materially significant transactions during the year under report with promoters, directors, senior management



## Annual Report 2005 - 2006

personnel etc, other than transactions, if any, entered into in the normal course of Company's business.

Information required under clause 49 VI A of the Listing Agreement:

The particulars of the Director who was re-appointed at the original Annual General Meeting held on 29<sup>th</sup> December, 2006 are given below, as required pursuant to clause 49 of the Listing Agreement:

Name : Shri. S. N. Chaturvedi  
Qualifications : Chartered Accountant  
Expertise : Finance & Accounts  
Other Directorships : 1) Balkrishna Industries Limited  
2) Tufropes Private Limited  
3) Jai Corp Limited

Other Memberships of Committees : Jai Corp Limited

Shri. S. N. Chaturvedi does not hold any equity shares in the Company.

### 3. CODE OF CONDUCT:

The Board has adopted a Code of Conduct for its Members and Senior Management Personnel of the Company. The said code of conduct is posted on the Company's website. The Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct.

### 4. AUDIT COMMITTEE:

Consequent to the cessation of Shri R. K. Sinha, a member of the Audit Committee, as Director, the audit committee has been reconstituted.

The Audit Committee comprises of Qualified, Independent & Non-Executive Directors. The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956 such as oversight of the company's financial reporting process; recommending the appointment / reappointment of statutory auditors; reviewing with the management annual financial statements; quarterly financial statements and other matters as covered under role of Audit Committee in clause 49. The audit committee has powers, inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the company as well as seek outside legal and professional advice.

The members of Audit Committee have knowledge on financial matters and majority of them have accounting or related financial management expertise. The Chairman of the Audit Committee is an Independent Director.

The statutory auditors and finance personnel are invitees to the meetings of the audit committee.

The Audit Committee reviews all the information that is required to be mandatorily reviewed by it under Corporate Governance.

Five meetings of the Committee were held during the year 2005-2006. The dates on which the meetings were held are as follows:

29/04/2005, 05/08/2005, 13/09/2005, 31/10/2005 and 31/01/2006.

Composition and category of Members is as follows:

Name of Director	Category	No. of Meetings Attended
Shri.R. N. Agarwal (upto 05/08/2005)	Non-Independent	2
Shri. S. N. Chaturvedi	Non- Independent	5
Shri. R. K. Sinha (upto 31/01/2007)	Independent	4
Shri. P. Kumar (w.e.f. 05/08/2005)	Chairman, Independent	3
Shri. C. Musib (w.e.f. 31/01/2007)	Independent	—

### 5. SUBSIDIARY COMPANY:

The Company has no subsidiary company.

### 6. REMUNERATION COMMITTEE:

In view of Shri R. K. Sinha, ceasing to be a director, the Remuneration Committee has been reconstituted and comprises of following Independent & Non-Executive Directors

Shri. P. Kumar (w.e.f. 25/01/2006)	Chairman - Independent, Non-Executive
Shri S. N. Chaturvedi	Member - Non-Independent, Non-Executive
Shri R. K. Sinha (upto 31/01/2007)	Member - Independent, Non-Executive
Shri Chittaranjan Musib (w.e.f. 05/08/2005)	Member - Independent, Non-Executive

The remuneration committee deals with the matters specified in clause 49 of the listing agreement and also reviews the overall compensation structure and policies of the company.

## N. R. Agarwal Industries Limited

Presently, the Company does not have any stock option plan or performance linked incentives for its Directors.

A meeting of the Committee was held on 05/08/2005.

The details of remuneration to all the Directors for the year ended March 31, 2006 are as under:

Name of Director	Salary (Rs.)	Benefits (Rs.)	Commission (Rs.)	Others (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Shri N.R.Agarwal	12,50,000/-	57,800/-	—	—	19,000/-**	13,26,800/-
Shri R.N.Agarwal	25,77,419/-	15,600/-	—	—	12,000/-**	26,05,019/-
Shri S.N. Chaturvedi	—	—	—	—	32,000/-	32,000/-
Shri R.K.Sinha	—	—	—	—	23,000/-	23,000/-
Shri C. Musib	—	—	—	—	6,000/-	6,000/-
Shri P. Kumar	—	—	—	—	27,000/-	27,000/-
Shri C. R.Radhakrishnan (w.e.f.27/02/2007)	—	—	—	—	—	—

\*\* Sitting fees include fees paid by erstwhile N. R. Paper and Boards Limited and Suman Paper and Boards Limited

### 7. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The shareholders'/ Investors' Grievance Committee comprises of

Shri. P. Kumar - Chairman, Non- Executive Independent Director  
(w.e.f. 25/01/2006)

Shri S. N. Chaturvedi - Member, Non- Executive Independent Director

Shri N. R. Agarwal - Member

The Board has designated Shri Vinod Bapna, Company Secretary as the compliance officer.

The committee deals with matters relating to :

- Review of shares dematerialized and all other matters.
- Investors' grievances and redressal mechanism and measures to improve the level of investor services.
- Review of queries received from Investors.

Two Meetings of the Committee were held during the year 2005-2006. The dates on which the meetings were held are as follows:

1<sup>st</sup> October, 2005 and 25<sup>th</sup> January, 2006

Number of Meetings attended by each Members is as follows:

Name of Director	Category	No. of Meetings Attended
Shri S. N. Chaturvedi	Non - Independent	2
Shri N. R. Agarwal	Executive	1
Shri P. Kumar (w.e.f. 25.01.2006)	Independent	1

The total number of complaints received and replied to the satisfaction of shareholders during the year under review, were three. Outstanding complaints as on 31<sup>st</sup> March, 2006 were Nil. No requests for transfers were pending for approval as on 31<sup>st</sup> March, 2006.

### 8. GENERAL BODY MEETINGS:

Location and time, where last three Annual General Meetings were held are given below:

Year	Venue	Day, Date	Time	Special resolution, if any
2002 – 2003	Aishwarya Party Hall, Oshiwara, Jogeshwari (W), Mumbai-400 102	23-Sep-2003	11.00A.M.	No special resolution passed
2003 – 2004	Aishwarya Party Hall, Oshiwara, Jogeshwari (W), Mumbai-400 102	28-Oct-2004	11.00A.M.	Special resolutions for alteration of Articles of Association and for preferential issue of shares through postal ballot were passed
2004 - 2005	Aishwarya Party Hall, Oshiwara, Jogeshwari (W), Mumbai-400 102	29-Sep-2005	11.00 A.M.	Delisting of shares from Ahmedabad and Delhi Stock Exchange and approval to the appointment and payment of remuneration to Executive Chairman

#### Postal ballot:

The Board of Directors had, at its meeting held on 22<sup>nd</sup> September 2004, decided to issue 41,00,000 Equity shares of Rs.10/- each for cash at