

14th Annual Report

2006 - 2007



N. R. Agarwal

Industries Limited

N. R. Agarwal Industries Limited

Board of Directors

Shri. N. R. Agarwal
 Shri. R. N. Agarwal
 Shri. S. N. Chaturvedi
 Shri. Chittaranjan Musib
 Shri. P. Kumar
 Shri. C. R. Radhakrishnan

Executive Chairman
Managing Director
Director
Director
Director
Director

REGISTERED OFFICE:

415-418, Janki Centre, 4th 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 INDIA
 BANK OF BARODA
 ORIENTAL BANK OF COMMERCE
 STANDARD CHARTERED BANK

REGISTRAR & TRANSFER AGENTS

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

Annual General Meeting will be held on
 Saturday, 29th September, 2007 at GMS
 Community Centre Hall, Sittladevi Complex, 1st
 Floor, D. N. Nagar, Opp. Indian Oil Nagar on Link
 Road, Andheri (West), Mumbai – 400 053

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of N. R. AGARWAL INDUSTRIES LIMITED will be held at GMS Community Centre Hall, Sittladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar on Link Road, Andheri (West), Mumbai – 400 053 on Saturday, September 29, 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 31st March 2007 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri. P. Kumar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT Shri C. R. Radhakrishnan, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in accordance with Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, of the Companies Act, 1956 (the Act) and subject to such other approvals as may be necessary, the approval of the Company be and is hereby granted to the revision in remuneration payable to Shri N. R. Agarwal with effect from 1st September, 2007 for the remaining period of his tenure as the Executive Chairman of the Company i. e. upto 30th September 2010 as approved by the remuneration committee and as set out in the Supplemental Agreement dated 23rd August, 2007 entered into between the company and Shri N. R. Agarwal and placed before this meeting which agreement be and is hereby specifically approved with liberty to the Board of Directors of the company to alter or vary and modify the terms and conditions of the said supplemental agreement so as the remuneration not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board and Shri N. R. Agarwal.

RESOLVED FURTHER THAT subject to the provisions of sections 198 and 309 and other applicable provisions, if any, of the Act, the remuneration payable to Shri N.R. Agarwal as Executive Chairman by way of salary, commission and perquisites shall not at anytime exceed five percent of the net profits of the Company for one such Director and if there are more than one such Director, ten percent of such net profits for all of them together in that financial year.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri N. R. Agarwal's term of office as Executive Chairman the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the said agreement as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, of the Companies Act, 1956 (the Act) and subject to such other approvals as may be necessary, the approval of the Company be and is hereby granted to the revision in remuneration payable to Shri R. N. Agarwal with effect from 1st September, 2007 for the remaining period of his tenure as the Managing Director of the Company i.e. upto 4th August 2010 as approved by the Remuneration committee and as set out in the Supplemental Agreement dated 23rd August, 2007 entered into between the Company and Shri R. N. Agarwal and placed before this meeting which agreement be and is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said supplemental agreement so as the remuneration not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board and Shri R. N. Agarwal.

RESOLVED FURTHER THAT subject to the provisions of sections 198 and 309 and other applicable provisions, if any, of the Act, the remuneration payable to Shri R. N. Agarwal as Managing Director by way of salary, commission and perquisites shall not at anytime exceed five percent of the net profits of the Company for one such Director and if there are more than one such Director, ten percent of such net profits for all of them together in that financial year.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri R. N. Agarwal's term of office as Managing Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the said agreement as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act 1956 and subject to the approval of the concerned authorities, if

N. R. Agarwal Industries Limited

required, the consent of the Company be and is hereby accorded to Smt. Reena R. Agarwal, relative of Directors of the Company to hold with effect from May 1, 2007 and continue to hold an office or place of profit in the Company as Vice President – HRD of the Company on the payment of remuneration with usual allowances, benefits, perquisites, amenities and facilities as determined by the Board of Directors of the Company, from time to time, so that her total remuneration does not exceed Rs. 45,000/- (Rupees Forty Five thousand only) per month or Rs. 5,40,000/- (Rupees Five Lacs Forty thousand only) per annum.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board or any Committee thereof be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

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 of the Companies Act, 1956 in respect of the business at items 5 to 8 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 25, 2007 to Saturday, September 29, 2007 (both days inclusive) for the purpose of Annual General Meeting.
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 pincode of the post office.

By order of the Board of Directors

R. N. Agarwal
Managing Director

Registered Office:

415-418, Janki Centre, 4th Floor
29, Shah Industrial Estate
Off: Veera Desai Road
Andheri (W), Mumbai – 400 053
Mumbai, 23rd August, 2007.

N. R. AGARWAL INDUSTRIES LIMITED

ANNEXURE TO NOTICE:

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

Item No. 5

Shri C.R. Radhakrishnan was appointed as Additional Director of the Company by the Board of Directors on 27.02.2007. By virtue of Section 260 of the Companies Act, 1956 he holds office up to the date of the forthcoming Annual General Meeting and are eligible for appointment. The Company has received notice under Section 257 of the Companies Act, 1956 alongwith deposit of Rs. 500/- from member of the Company proposing the name of Shri C.R. Radhakrishnan as candidate for the office of Director.

Shri C.R. Radhakrishnan is interested in the resolution as it relates to his own appointment.

Item No. 6

The Board of Directors of the Company at its meeting held on August 5, 2005 had appointed Shri N. R. Agarwal as the Executive Chairman of the Company for a period of five years with effect from October 1, 2005 on the remuneration and terms and conditions as contained in the Agreement dated 05.08.2005 entered into between the company and Shri N. R. Agarwal.

The board of directors of the Company at its meeting held on 23rd August, 2007 approved the revision in remuneration payable to Shri N. R. Agarwal with effect from 1st September 2007 for the remaining period of his tenure as Executive Chairman of the Company and the other terms of his appointment remaining unchanged. The revised remuneration as approved and as contained in the Supplemental Agreement dated 23rd August, 2007 are as under:

Remuneration:

- a) Salary: Rs. 1,75,000/- per month with an annual increment of Rs. 50,000/- per month subject to Provision of Schedule XIII.
- b) Commission and other perquisites and benefits approved earlier shall remain unchanged. However the perquisites shall relate to the increased salary as above.

Where in any financial year during the currency of the tenure of the Executive Chairman, the Company has made no profits or its profits are inadequate, the Company shall pay to the Executive Chairman, the above Salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

A special resolution at item no. 6 of the accompanying notice is proposed for approval of the revision in remuneration payable to him as he is above the age of Seventy years. The Board commends the approval by the members of the said special resolution.

Shri N. R. Agarwal is concerned or interested in the said Special Resolution at item no. 6 of the accompanying notice. Shri R. N. Agarwal is also interested or concerned in the said resolution as the relative of Shri N. R. Agarwal.

The above should be considered as an abstract of the terms of appointment of the Executive Chairman and Memorandum as to the

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nature of concern or interest of the Directors in the said appointment as required under section 302 of the Companies Act, 1956.

A copy of the Supplemental Agreement dated 23rd August, 2007 for the revision in remuneration payable to Shri N. R. Agarwal is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company except Saturday and Sunday.

Item No. 7

The Board of Directors of the Company at its meeting held on August 5, 2005 had appointed Shri R. N. Agarwal as the Managing Director of the Company for a period of five years with effect from August 5, 2005 on the remuneration and terms and conditions as contained in the Agreement dated 05.08.2005 entered into between the company and Shri R. N. Agarwal.

The Board of Directors of the Company at its meeting held on 23rd August, 2007 approved the revision in remuneration payable to Shri R. N. Agarwal with effect from 1st September 2007 for the remaining period of his tenure as Managing Director of the Company and the other terms of his appointment remaining unchanged. The revised remuneration as approved and as contained in the Supplemental Agreement dated 23rd August, 2007 is as under:

Remuneration:

- a) Salary : Rs. 2,75,000/- per month with an annual increment of Rs. 50,000/- per month subject to Provision of Schedule XIII.
- b) Commission and other perquisites and benefits approved earlier shall remain unchanged. However the perquisites shall relate to the increased salary as above.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

The Board commends the approval by the members of the revision in remuneration payable to Shri R. N. Agarwal as Managing Director as contained in the Ordinary Resolution at item no. 7 of the accompanying notice.

Shri R. N. Agarwal is concerned or interested in the said Ordinary Resolution at item no. 7 of the accompanying notice as it relates to his own appointment. Shri N. R. Agarwal is also interested or concerned in the said resolution as the relative of Shri R. N. Agarwal.

The above should be considered as an abstract of the terms of appointment of Managing Director and Memorandum as to the nature of concern or interest of the Directors in the said appointment as required under section 302 of the Companies Act, 1956.

A copy of the Supplemental Agreement dated 23rd August, 2007 for the appointment of Shri R. N. Agarwal is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company except Saturday and Sunday.

Item No. 8

The Board of Directors of the Company at its meeting held on April 30, 2007 appointed Smt. Reena R. Agarwal, a relative of Directors of the Company as Vice President – HRD with effect from May 1, 2007 at a remuneration with usual allowances, benefits, perquisites, amenities and facilities as determined by the Board of Directors of the Company, from time to time, so that her total remuneration does not exceed Rs. 45,000/- (Rupees Forty Five thousand only) per month or Rs. 5,40,000/- (Rupees Five Lacs Forty thousand only) per annum.

As per the provisions of Section 314 of the Companies Act, 1956 consent of the members of the company is required for the payment of aforesaid remuneration to relative of directors of the Company by way of special resolution.

Accordingly, special resolution at item no. 8 of the accompanying notice is proposed for the approval of the members of the Company.

Shri N. R. Agarwal and Shri R. N. Agarwal are interested or concerned in the said resolution as the relative of Smt. Reena R. Agarwal.

The Directors commend the resolutions for approval of the members.

By order of the Board of Directors

R. N. Agarwal
Managing Director

Registered Office:

415-418, Janki Centre, 4th Floor
29, Shah Industrial Estate
Off: Veera Desai Road
Andheri (W), Mumbai – 400 053
Mumbai, 23rd August, 2007.

N. R. Agarwal Industries Limited

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their Fourteenth Annual Report alongwith the Audited Annual Accounts for the year ended on 31st March, 2007.

FINANCIAL RESULTS:

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2007	Year ended 31.03.2006
Net Sales / Income from Operations and other income	29138.47	21858.74
Interest	866.79	568.56
Gross Profit after Interest but Before Depreciation and Taxation	2144.48	1435.50
Depreciation	665.08	527.49
Profit Before Tax	1479.40	908.01
Provisions for Taxation	215.00	76.81
M Vat Entitlement	(76.41)	—
Deferred Tax	229.25	250.16
Fringe Benefit Tax	5.40	4.97
Prior year Adjustments	2.97	(9.03)
Net Profit for the year	1109.13	567.03
Balance in Profit & Loss Account	795.37	776.64
Amount Transferred on Amalgamation	—	651.76
Surplus available for appropriation	1904.50	1995.43
Transferred to General Reserve	68.00	17.00
Capital Redemption Reserve	—	85.00
Proposed final Dividend	255.29	204.23
Proposed Dividend on Preference Shares	—	2.75
Tax on Dividend	43.38	35.09
Balance carried to Balance Sheet	1537.83	1651.36

DIVIDEND:

The Board of Directors of the Company recommend for declaration by the Shareholders at the Annual General Meeting payment of a dividend of 15% (Rs.1.50 per equity share) on 1,70,19,100 equity shares of the face value of Rs.10/- each.

SHARE CAPITAL:

The Company has redeemed on 27th July 2007 8,50,000 1% Non-Cumulative Redeemable Preference Shares of Rs.10/- each. With the result the paid up Share Capital of the Company as on the date of this Report stands at Rs. 17,01,91,000/-.

YEAR IN RETROSPECT:

During the year, the Company achieved a production of 98893 tonnes of Duplex Boards and 30549 tonnes of Newsprint, highest achieved by the Company so far, compared to 78978 tonnes of Duplex Board and 25518 tonnes of Newsprint in the previous year.

The gross sales and other income for the financial year under review were Rs.29138.47 lakhs as against Rs.21858.74 lakhs for the previous financial year registering an increase of 33.30%. The Profit before tax and extraordinary items (after interest and depreciation charges) of Rs.1482.38 lakhs and the Profit after tax of Rs.1106.16 lakhs for the financial year under review as against Rs. 898.98 lakhs and Rs.567.04 lakhs respectively for the previous financial year, improved by 65% and 95% respectively.

Exports efforts of the Company fructified during the year and the Company exported Duplex Board worth more than US \$ 17,72,990 to various countries.

CURRENT YEAR'S PROSPECTS:

During the current year, the Company has diversified into manufacturing Cream Wove (writing printing paper) and produced 1816 tonnes in the first quarter. The production of Duplex Board and Newsprint during the first quarter was 26224 tonnes and 6301 tonnes respectively compared to 23988 tonnes of Duplex Board and 7224 tonnes of Newsprint during April-June 2006.

During the first quarter of the current year 1592 tonnes of Duplex Board, valued at INR 327.18 lakhs were exported.

FIXED DEPOSITS:

As on 31st March, 2007 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 31st March, 2007 are being audited by the Cost Auditor M/s.Talati & Associates, who were appointed by the Board with the approval of the Central Government.

DIRECTORS:

Shri P. Kumar would retire by rotation at the ensuing Annual General Meeting of the Company and is eligible for reappointment.

Shri C. R. Radhakrishnan had been appointed as an Additional Director by the Board on 27.02.2007. By virtue of section 260 of the Companies Act, 1956 he holds office upto the date of the ensuing Annual General Meeting and is eligible for appointment.

Brief resume of the above Directors, nature of their experience in specific functional areas and names of the Companies in which they hold 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.

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The remuneration payable to Shri N. R. Agarwal, Executive Chairman and to Shri R. N. Agarwal, Managing Director have been revised. Necessary resolutions for approval of revision in remuneration payable to Shri N. R. Agarwal, Executive Chairman and to Shri R. N. Agarwal, Managing Director are being proposed for approval by the shareholders at the ensuing Annual General Meeting 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 Company does not have any employee where particulars are required to be given under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm:

- a) 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;
- b) 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;
- c) 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;
- d) 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 retire at the ensuing Annual General Meeting and are eligible for reappointment 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 with the Bombay Stock Exchange Limited. The Equity Shares allotted to the shareholders of the Transferor Companies on amalgamation of N. R. Paper and Boards Limited and Suman Paper and Boards Limited with the Company are also listed with the Bombay Stock Exchange Limited with effect from August 17, 2007. The Company has paid Annual Listing Fee to the Bombay Stock Exchange Limited for the year 2007-2008.

DELISTING OF SHARES:

The Company's application for Delisting of Shares from Delhi Stock Exchange Limited has been approved and the Shares of the Company were delisted with effect from 24.03.2007.

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

N. R. Agarwal
Executive Chairman

Mumbai, 23rd August, 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 31ST MARCH, 2007.

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	29254360	27629647
Total amount	Rs.in lakhs	1600.70	1469.83
Rate / Unit	Rs.	5.48	5.32

ii) Own Generation

(i) Through Diesel Generator

Units	KWH	N.A	1063628
Qty.	Kilo Ltrs.		313.629
Total Cost	Rs.in lacs		81.80
Units per Ltr. of Furnace Oil & LDO			0.29
Average Cost/Unit	Rs./KWH		7.69

(ii) Through Steam Turbine

Units	KWH	37506852	23944834
Units per tonne of coal	KWH	562.80	624.48
Average Cost/Unit	Rs./KWH	1.65	3.25

b) COAL AND LIGNITE:

Quantity	Tonnes	91739	75122
Total amount	Rs.in lakhs	2271.00	1546.61
Average Rate/Ton	Rs.	2475	2059

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

2) CONSUMPTION PER TONNE OF PRODUCTION:

Electricity	KWH	290	504
Coal	Kgs.	709	719
Furnace Oil	Ltr.	NA	6
L.D.O.	Ltr.	NA	4

II) TECHNOLOGY ABSORPTION:

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

III) FOREIGN EXCHANGE EARNINGS & OUTGO:

Foreign Exchange Outgo	: Rs.1169.26 Lacs
Foreign Exchange Earnings	: Rs. 788.53 Lacs

For and on behalf of the Board of Directors

N. R. Agarwal
Executive Chairman

Mumbai, 23rd August, 2007

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

N. R. Agarwal Industries Limited (NRAIL) continues to uphold its commitment to high standards of corporate governance. In all its operations and process, 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 of Directors of the Company 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 present strength of Board of Directors of the Company is Six 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	1	Not Attended	4	—	—
Shri. R. N. Agarwal	Managing Director Non-Independent	7	Attended	—	—	—
Shri. S. N. Chaturvedi	Non-Executive Non-Independent	7	Attended	3	2	—
*Shri. R. K. Sinha (upto 31-01-2007)	Nominee Director Independent	1	Not Attended	—	—	—
Shri. Chittaranjan Musib	Non-Executive Independent	5	Attended	—	—	—
Shri P. Kumar	Non-Executive Independent	7	Attended	1	3	—
**Shri C. R. Radhakrishnan (from 27.02.2007)	Non-Executive Independent	2	Attended	—	—	—

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

**Appointed as Additional director on 27-02-2007.

None of the Non-Executive Directors of the Company hold any Equity Shares in the Company

Number of Board Meetings held and the dates on which held:

Seven Board Meetings were held during the year 2006-2007. The dates on which the said meetings were held are as follows:

28/04/2006, 31/07/2006, 31/10/2006, 01/12/2006, 31/01/2007, 09/03/2007 and 20/03/2007

The Company has a process to provide the information to the Board as required under Annexure I A to clause 49 of the listing agreement, which was followed.

All the Directors have made necessary disclosures about the 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 personnel etc. other than transactions if any, entered into in the normal course of Company's business.

N. R. Agarwal Industries Limited

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

The particulars of Directors who are proposed to be appointed/ re-appointed at the ensuing Annual General Meeting, are given below, as required pursuant to clause 49 of the Listing Agreement:

Name : Shri. P. Kumar
Qualifications : M.A., C.A.I.I.B.
Expertise : Management Consultant
Other Directorships : Banswara Syntex Limited
Other Memberships of Committees : Membership in Three Committees

Shri. P. Kumar does not hold any Equity Shares in the Company.

Name : Shri. C. R. Radhakrishnan
Qualification : M. Com., C.A.I.I.B.
Expertise : Banking and Finance
Other Directorships : Nil
Other Memberships of Committees : Nil

Shri. C. R. Radhakrishnan does not hold any equity shares in the Company.

3. CODE OF CONDUCT:

The Board has laid down a code of conduct for Board 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 Shri. Chittaranjan Musib was appointed as Member of Audit Committee w.e.f. 31st January, 2007. Shri C. R. Radhakrishnan was appointed as Member of Audit Committee w.e.f. 28th July, 2007. Accordingly the Audit Committee has been reconstituted.

The Audit Committee comprised solely 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 are required to be mandatorily reviewed by it under corporate governance.

Six Meetings of the Committee were held during the year 2006-2007. The dates on which the meetings were held are as follows:

28/04/2006, 31/07/2006, 31/10/2006, 01/12/2006, 31/01/2007 and 20/03/2007

Composition and category of Members is as follows:

Name of Director	Category	No. of Meetings Attended
Shri. S. N. Chaturvedi	Non- Independent	6
Shri. R. K. Sinha (upto 31/01/2007)	Independent	1
Shri. P. Kumar	Chairman, Independent	6
Shri. C. Musib (w.e.f. 31/01/2007)	Independent	1
Shri. C. R. Radhakrishnan (w.e.f. 28/07/2007)	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	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
Shri C. R. Radhakrishnan (w.e.f. 28.07.2007)	Member - Independent, Non-Executive