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NR AGARWAL INDUSTRIES LIMITED

The Sky is the Limit

16th Annual Report 2008-2009

Board of Directors

Shri N R Agarwal
Shri R N Agarwal
Shri S N Chaturvedi
Shri Parduman Kumar
Shri C R Radhakrishnan
Shri Raunak Agarwal
(w.e.f. 1st September, 2009)

Executive Chairman
Managing Director & CEO
Director
Director
Director
Whole Time Director

Chief Financial Officer
Shri S Ramesh

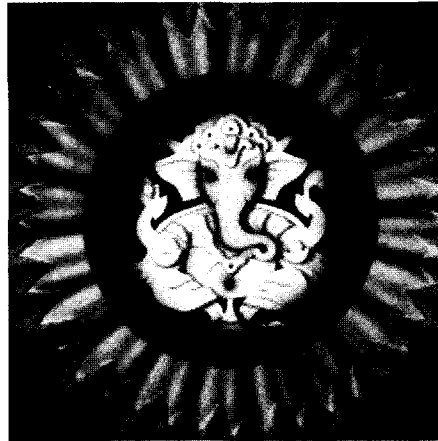
Company Secretary & Compliance Officer
Ms Priyanka Agrawal

Auditors
Chaturvedi & Partners
Chartered Accountants, Mumbai.

Bankers
Bank of India
Bank of Baroda
Oriental Bank of Commerce
Standard Chartered Bank
IDBI Bank Limited
ING Vysya Bank Limited

Registrar & Transfer Agents
Sharex Dynamic (India) Private Limited
17/B, Dena Bank Building
2nd Floor, Horniman Circle
Fort, Mumbai – 400 001
Tel. : 022-22702485/22641376

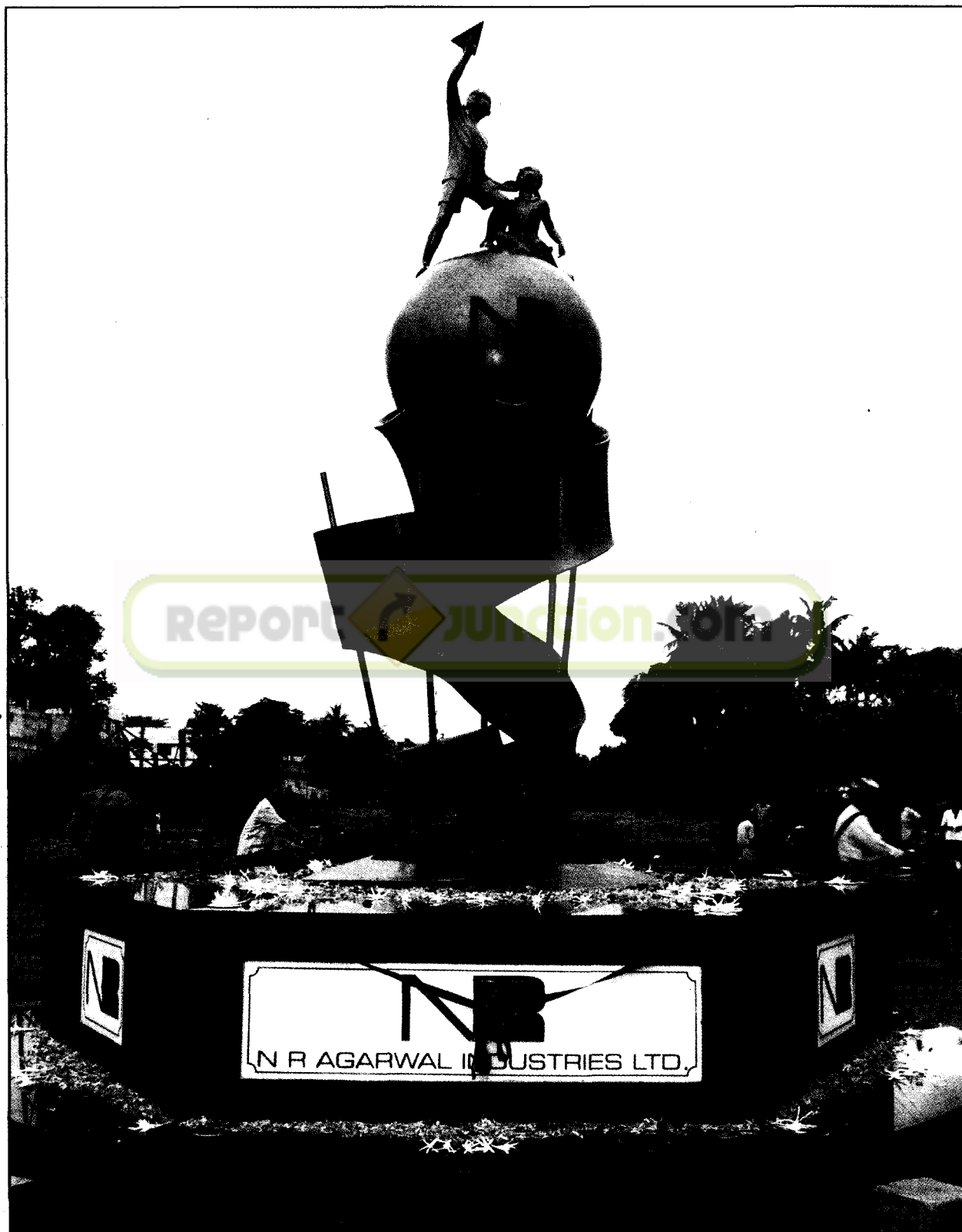
Registered Office
415-418, Janki Centre, 4th floor, 29,
Shah Industrial Estate,
Off Veera Desai Road
Andheri (W), Mumbai-400053
Tel. : 022-67317500
Email: investors@nrail.com
Website: www.nrail.com



Contents

▪ Chairman Profile	3
▪ From the Desk of Managing Director & CEO	4
▪ Customer Delight-Our Obsession	5
▪ Notice	6
▪ Directors' Report	10
▪ Report On Corporate Governance	14
▪ Management Discussion & Analysis Report	23
▪ Auditors' Report	25
▪ Balance Sheet	28
▪ Profit & Loss Account	29
▪ Cash Flow Statement	30
▪ Schedules	32
▪ Notes To Accounts	38
▪ Balance Sheet Abstract	46
▪ Team NRAIL	47

N R AGARWAL INDUSTRIES LIMITED



Your Company's contribution in beautification of GIDC, Vapi by building Traffic Island.

Shri N R Agarwal

Founder Chairman

'If You Believe In Your Dreams, There Is No End To What You Can Do' are the electrifying words of our Chairman, who is the principal author of the phenomenal successes notched up by the company in such a short span of time.

Known for his remarkable scholastic achievements, he is a qualified Chemical Engineer having over Four decades of rich experience in the paper industry.

He is often referred to as 'a gifted man of terrific qualities', a man who was destined to succeed. An iconic figure, commanding respect from one and all for his in-depth knowledge of varied aspects, he is our founder chairman without whom, the Company wouldn't have reached such great heights.

It is his proficiency, commitment and hard work which has made the Company earn a pre-eminent position in the industry.

His matchless ability to lead from the front, bottomless knowledge of managerial affairs, capacity to take sound, vital and far-reaching strategic decisions which have time and again checkmated our rivals, thus making him the most invaluable asset for the Company.

He was awarded the "Order of Merit" for management, was honoured as "Samaj Shri" in recognition for services

rendered to the public and was made "Life Member" by the 'Indian Council of Management Executives', Bombay in the year 1994. He won the "Order of Merit" award again in 1995 from the Council.

A man of charismatic personality retaining poise in all situations of life, his ebullience spurring one and all connected with the company to strive for its cause with an unquestionably strong sense of devotion,

commitment and responsibility.

He is a go getter working with unflinching zeal to win the Company a most prominent place in the Corporate World.

He has proved to be a uniquely distinct leader, a model to be emulated by all those who want to learn the science and art of Leadership.

It is his immense clout in India that allows the Company to venture bravely even into global waters.

The success of the Company which has in its fold a brilliant mercurial mind like him, is always a foregone conclusion.

The Company will always remain indebted for the momentous role he has carried out in the rise of the company as a force to reckon with, which includes leading its way to the pinnacle of glory.



From the Desk of Managing Director & CEO



Dear Shareholders,

The Indian economy, which was growing steadily and at rapid pace over the last five years, has taken a backward step, due to the major worldwide financial turmoil and continuing global slowdown. Attempts have been made to counter the domestic effects by introducing the fiscal measures and stimulating packages, with a view to provide tax relief to boost demand and increase in expenditure relating to public projects. In addition, the Reserve Bank of India has also taken a number of measures to increase the availability of credit, ease liquidity and reduce lending rates. It is expected that with implementation of all these measures, the slowdown in the Indian economy would be reversed and more favourable trends would re-emerge in the near future.

The Indian Paper Industry, an underperformer till some time ago, is currently in the midst of a transformation, with improving operating efficiencies and a major capex binge. The industry has turned around in the past couple of years, as demand growth has started to outpace supply.

Your company is planning a 300 TPD Newsprint / Writing Printing project for which the discussion for finalisation of machine is at a concluding stage.

The Company is confident of implementing this project to augment the Turnover and Profitability.

Considering the surrounding somber and difficult circumstances, the performance of our Company is considered satisfactory. However, due to the steadfast thrust of the Government on education, the demand for paper is expected to remain firm.

I append the latest result of our business activities for the year 2008-09.

The Company has posted reasonable growth in Sales/ Revenue with total turnover and other income of Rs39285 lacs as against Rs 31341 lacs for the previous financial year, thereby registering an increase of around 25%. Consequently, we foresee an exciting path of steady success ahead for the company by accepting the challenges, which we may face on the road towards success. Our conviction to succeed is ever-more and the strength to achieve is from within.

While we are continuously striving to adapt the changing business environment to keep our company at the forefront, our uncompromising focus on quality, will continue to give us a competitive advantage.

I'd like to extend my gratitude towards all our shareholders, customers and the staff for their faith in the Company and unstinted support, as always.

R N Agarwal
Managing Director & CEO

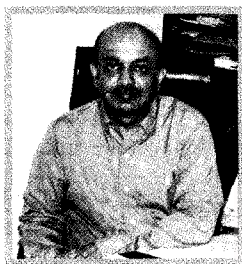
Customer Delight - Our Obsession

“QUALITY IS NOT AN ACT, IT IS A HABIT”, is what NRAIL thrives on.

We believe in making a difference through the quality of our wide product portfolio of Paper & Paper Boards.

We have consistently used best practices, backed by Strict Quality Control (QC) regimen to ensure quality of our products. We integrate QC as an integral part of our Manufacturing process and use sophisticated testing equipments to ensure adherence to Standards.

We have always aimed to move beyond the production and profitability, driven by a Single growth engine- Customers. Our personnel visit our Customers on regular basis, to understand what improvements can be implemented in order to respond to the changing needs of the market places. Customer feedbacks are vital for product improvement and creating a new array of products.



Shri Saket Kanoria
Managing Director, ICPL

Comments :

We really value our association with NRAIL. They offer “Value for Money Boards”, coupled with delivery of the products Just In Time. Their focus on consistent improvement in Quality and service makes them, A Dependable partner. The personal touch in their services and willingness to lend a patient ear to our suggestions makes them a preferred choice as a supplier. We look forward to work together for a long time to come for mutual benefit.

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To us, the customer is not at the end of the Value chain. The customer is the origin of all that we are.

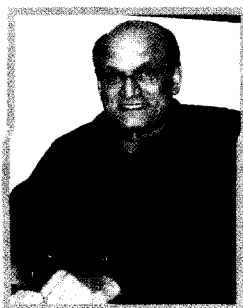
Customers today expect, nothing, but the best, which is what drives us to give them, nothing, but only The Best. We believe that Excellence never comes from mere words or procedures but comes, only from an urge to strive and deliver the best everytime. The views of our Chairman emanates from his vision that says,

“When it is good enough, improve it.”

At NRAIL, a Customer Centric Attitude is deeply ingrained in employees across all levels. Our people have a constant quest, of understanding our customers needs and commitment to satisfy them.

Comments :

“Borkars have always cherished their association with NRAI. It's been a long one; one we fondly look back on. If I were to really look back on why we rely on them so much and value them as *our business associates*, I can think of two key factors on which NRAI stands out: *reliability and consistency*. This is seen in both quality as well as service. I don't recall a single incident where we have felt stranded or left to fend for ourselves. NRAI has always stood by us. Communication from their Marketing/Customer Care wing is excellent. I would rate this business house very high on business ethics as well. NRAI can always count on our unrelenting support. I am sure in times to come, this association will only strengthen.”



Shri Pramod Borkar
Managing Director
Borkar Packaging Pvt. Ltd., Daman

N R AGARWAL INDUSTRIES LIMITED**Notice**

NOTICE is hereby given that the Sixteenth 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 26, 2009 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 2009 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. C R Radhkrishnan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. S N Chaturvedi, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the company hereby approves the appointment of Shri Raunak Agarwal as the Wholtime Director of the Company for a period of five years with effect from September 1, 2009 upon the terms and conditions including the terms as to remuneration as set out in the Agreement dated 20.08.2009 entered into between the company and Shri Raunak Agarwal and placed before this meeting 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 appointment and/or the agreement so as 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 Raunak Agarwal.

RESOLVED FURTHER THAT subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Act, the remuneration payable to Shri Raunak Agarwal as Wholtime Director by way of salary, commission and perquisites shall not 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 Raunak Agarwal's term of office as Wholtime 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".

7. 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 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company are listed (the "Stock Exchanges"), Foreign Exchange Management Act, 2000(FEMA), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and the regulations/ guidelines, if any prescribed by the Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as might be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any Committee(s) constituted by the Board to exercise its powers including the powers conferred by this resolution) is hereby authorized to accept, the Board be and is hereby authorized on behalf of the Company to create, issue, offer and allot, (including with provisions for reservation on firm and/ or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more public or private offerings in domestic and/or one or more international market(s), with or without a green shoe option, Ordinary Shares and/or Ordinary Shares through depository receipts and /or convertible bonds and or other securities convertible into Ordinary Shares at the option of the Company and/or the holder (s) of such securities, and/or securities linked to Ordinary shares and /or securities including non-convertible debentures with warrants or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for the Ordinary Shares and/or warrants with an option exercisable by the warrant-holder to subscribe for Ordinary shares and/or any instruments or securities representing either Ordinary Shares and/or convertible securities linked to Ordinary Shares (including the issue and allotment of Ordinary Shares pursuant to a Green Shoe Option, if any), (all of which are hereinafter collectively referred to as 'Securities') to eligible investors under applicable laws, regulations and guidelines

(whether residents and/or non-residents and/or institution/banks and/or incorporated bodies, mutual funds venture capital funds and Indian and/or multi-lateral financial institutions and/or individuals and/or trustees and/or stabilizing agents or otherwise, and whether or not such investors are members of the Company), through prospects and/or letter of offer or circular and/or on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities provided that the total amount raised through the issuance of such Securities does not exceed Rs. 200 Crores or its equivalent in one or more currencies, including premium if any as may be decided by the Board, to investors as mentioned above.

RESOLVED FURTHER that without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holders of any Securities or for variation of the price or period of conversion of Securities into Ordinary Shares or issue of Ordinary Shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of Securities.

RESOLVED FURTHER that the Company and/or any agency or body or person authorized by the Board, may issue depository receipts representing the underlying Ordinary Shares in the capital of the Company or such other Securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Ordinary Shares as may be required to be issued and allotted, including issue and allotment of Ordinary Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer, subject to the provisions of the Memorandum and Articles of Association of the Company all such shares shall rank pari passu inter se and with the then existing Ordinary Shares of the Company in all respects, including dividend.

RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of Ordinary Shares or Securities or instruments representing the same, as described above, the Board 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 or desirable for such purpose, including without limitation, entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of Securities issued, such as the depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s),

including but not limited to the preliminary and final offer documents and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating hereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, including filling of Offer document with authorities as required, affixing the Common Seal of the Company on agreement/documents, arrangements delivery and execution of contracts, deeds, agreements and instruments and opening bank accounts and demat accounts."

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 item no 6 & 7 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 22, 2009 to Saturday, September 26, 2009 (both days inclusive).
5. The dividend on equity shares, if declared at the meeting, will be paid on or after September 26, 2009 to those members whose names appear on Register of Members on September 26 2009. In respect of equity shares held in electronic form, the dividend will be payable to the Beneficial Owners of shares as at the end of business hours on September 21, 2009 as per the details furnished by the Depositories for this purpose.
6. Members are requested to immediately notify the Company or M/s Sharex Dynamic (India) Private Limited, 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001 in case of any change in address and should specify their full address in capital letters clearly indicating the pincode of the post office and quoting of the Folio Number.
7. Shareholders holding shares in physical form are requested to get their shares dematerialised.

By order of the Board of Directors

Registered Office:

415-418, Janki Centre
4th Floor, 29, Shah Industrial Estate
Off: Veera Desai Road
Andheri (West), Mumbai - 400 053
Dated: August 20, 2009

Priyanka Agrawal
Company Secretary

N R AGARWAL INDUSTRIES LIMITED**Annexure to Notice:**

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

Item No. 6

The Board of Directors of the company at its meeting held on August 20, 2009 had appointed Shri Raunak Agarwal as the Wholetime Director of the Company for a period of five years with effect from September 1, 2009 on the remuneration and terms and conditions as contained in the Agreement dated August 20, 2009 entered into between the company and Shri Raunak Agarwal. The terms of his appointment as contained in the said Agreement dated August 20, 2009 for his appointment as Wholetime Director are as under:

1) **Appointment** of Shri Raunak Agarwal as Wholetime Director for a period of five years with effect from September 1, 2009.

2) **Remuneration:**

- a) **Salary:** Rs. 50,000/- per month with an annual increment of Rs.50,000/- Per Month subject to Provision of Schedule XIII.
- b) **Commission:** Commission on Net profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 as may be fixed by the Board subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.

Perquisites: In addition to the aforesaid Salary and commission, the Wholetime Director shall be entitled to the following perquisites:

- i) Free Furnished residential accommodation or House Rent Allowance together with utilities, therefore such as gas, electricity, water, furnishings, repairs, servants salaries, society charges and property taxes as may be approved by the Board.
- ii) Reimbursement of medical Expenses incurred for self and family and medical/ accident insurance.
- iii) Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
- iv) Fees of clubs/ annual membership fees for professional bodies.

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Wholetime Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Wholetime 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.

- c) The Wholetime Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
 - i) Contribution to Provident Fund, Superannuation Fund

or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.

- ii) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
- iii) Earned privilege leave at the rate of one month's leave for every eleven months of service. The Wholetime Director shall be entitled to encash leave at the end of his tenure as Wholetime Director.
- iv) Provision for Car for Company's business and Telephone at the residence of the Wholetime Director shall not be treated as perquisites.

Other terms:

- 1) The Wholetime Director shall unless prevented by ill health, through out the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the company and use his utmost endeavor to promote the interest thereof.
- 2) The Wholetime Director shall be entitled at any time to resign office as Wholetime Director after giving the Company Ninety days notice or by such period agreed to by Board of Directors in that behalf and subject to any provisions of the Act in that behalf.

A special resolution at item no. 6 of the accompanying notice is proposed for his appointment as Wholetime Director and payment of remuneration to him as he is below the age of Twenty five years. The Board commends the approval by the members of the said special resolution.

Shri Raunak Agarwal is concerned or interested in the said Special Resolution at item no.6 of the accompanying notice as it relates to his own appointment. Shri N R Agarwal and Shri R N Agarwal are also interested or concerned in the said resolution as the relatives of Shri Raunak Agarwal.

The above should be considered as an abstract of the terms of appointment of the Wholetime 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 Agreement dated August 20, 2009 for the appointment of Shri Raunak 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 Company intends to raise additional long-term finance by issue of securities in the domestic/ international markets and utilize the proceeds for capital expenditures, repayment of indebtedness, acquisitions, working capital in the Company, investments by way of equity and or debt in consolidated subsidiaries, joint ventures and associated companies and general corporate purposes as well as