

N R AGARWAL INDUSTRIES LIMITED





GREENFIELD PROJECT

ON PATH OF SUCCESS...



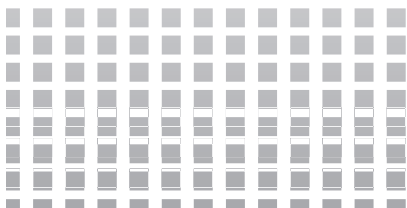
N.R. Agarwal Industries Ltd.
Unit-5 Sarigam.
SITE FOR PROPOSED PAPER MILL
SURVEY NO.



Shri N R Agarwal
1932-2011



*Our late
Founder Chairman
Shri N R Agarwal's
approach to everything was
developmental in nature.
He never curbed anyone's
ideas or creativity.
He was very liberal in outlook and
far from calculative,
traits which made him a lovable human
being and an excellent leader. "*



Value Statement by Managing Director & CEO



R N Agarwal
Chairman, Managing Director & CEO

Dear Shareholders,

It gives me immense pleasure to communicate and share my views with you amidst promising financial reports by your Company.

For the year 2010-11, income of the Company posted a 24.03% increase over the previous year while profit after tax rose to 5.98% on net sales. It was another successful year for your Company.

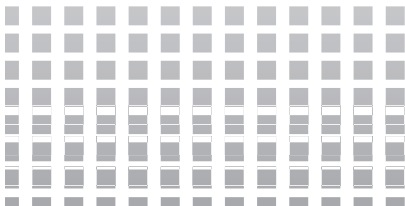
In India only about 20% waste paper is being currently recovered annually. Low recovery is on account of alternate use of paper in wrapping, packing etc. Lack of source segregation results in waste paper getting contaminated and becoming unusable. In comparison in developed countries the percentage of recovery of waste paper is very high. For instance in Germany it is 73%, Sweden 69%, Japan 60%, Western Europe 56%, USA 49% and Italy 45%.

As we believe “WASTE IS A TAX ON THE WHOLE PEOPLE”, at N RAIL we use 100% recycled waste paper which enable us to contribute to the environment. Your Company has set up 350 TPD Writing Printing / Newsprint / Kraft Paper project at a project cost of ₹ 260 Crores. The project has been set up at Sarigam near Vapi and is likely to be completed in the year 2011-12.

With the proven track record of more than 30 years in the paper industry, the new project of N R Agarwal Industries Limited will be the lowest cost paper manufacturer equipped with the best recycling technology in the world. Your Company has struggled to adhere to its long term strategies. There has nevertheless been need to reschedule and reprioritize investment strategies in consonance with market conditions during this period. The Company's philosophy is to achieve long term value to serve in the best interest of all stakeholders-shareholders, customers, employees, government and the society at large.

As shareholders, you have always appreciated the role of the employees of your Company in its growth and consistent profitability over the years. Their commitment, dedication and sense of belonging have contributed immensely to the growth and strength of your Company.

R N AGARWAL
CHAIRMAN, MANAGING DIRECTOR & CEO



Financial Highlights

(₹ in lacs)

FY 2006-07 FY 2007-08 FY 2008-09 FY 2009-10 FY 2010-11

Revenue from Operations	27,089	29,118	37,003	37,681	46,690
Other Income	71	205	301	303	310
PBDIT	3,011	2,983	2,750	3,719	5,186
PBT	1,479	1,234	932	2,049	3,606
PAT	1,106	906	891	2,095	2,775
Basic Earning Per Share (EPS) - ₹/Share	6.52	5.42	5.21	12.68	16.39
Dividend Per Share	1.50	1.20	1.00	1.80	1.80
Return on Capital Employed (ROCE)(%)	13.24	10.58	11.25	25.63	27.09
Return on Networth (RONW)(%)	20.16	30.16	20.98	17.80	30.80
Networth	2,857	3,668	4,316	5,003	6,804



CORPORATE INFORMATION

Board of Directors

Shri R N Agarwal (Chairman, Managing Director & CEO)

Shri Raunak Agarwal (Whole Time Director)

Shri S N Chaturvedi

Shri P Kumar

Shri C R Radhakrishnan

Chief Financial Officer

Shri Gopal Uchil

Company Secretary & Compliance Officer

Ms Hemali Sheth

Auditors

Chaturvedi & Partners

Chartered Accountants, Mumbai

Bankers

Bank of India

Bank of Baroda

Standard Chartered Bank

IDBI Bank Limited

The Saraswat Co-operative Bank Limited

Registered Office

415-418, Janki Centre, 4th Floor,

29, Shah Industrial Estate,

Off Veera Desai Road,

Andheri (West), Mumbai - 400 053

Registrar & Share Transfer Agents

Sharex Dynamic (India) Private Limited

Unit No.1, Luthra Industrial Premises,

Safed Pool, Andheri Kurla Road,

Andheri (East), Mumbai - 400 072

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of N R AGARWAL INDUSTRIES LIMITED, will be held at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D N Road, Opp. Indian Oil Nagar on Link Road, Andheri (West), Mumbai – 400 053 on Saturday, August 27, 2011 at 11.30 a.m. to transact the following business;

ORDINARY BUSINESS:

1. To consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date together with 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 Radhakrishnan, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. Revision of Remuneration to Smt. Reena R. Agarwal:

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(1B) read with Directors Relatives (Office or Place of Profit) Amendment Rules, 2011 and other applicable provisions, if any, of the Companies Act, 1956 and as approved by the Selection Committee, the consent of the Company be and is hereby accorded to Smt. Reena R. Agarwal, relative of Directors of the Company to hold and continue to hold an office or place of profit in the Company as Vice President – HR of the Company on the payment of revised remuneration of ₹ 100,000/- (Rupees One Lakh only) per month inclusive of all perquisites with effect from June 1, 2011 with power to the Board of Directors to increase from time to time the remuneration upto a limit of ₹ 250,000/- per month inclusive of all perquisites.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board or any Committee thereof be and is hereby authorized 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. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business at Item No.5 above is annexed hereto. The relevant details of directors seeking appointment/re-appointment under Item No.3 above as required by Clause 49 of Listing Agreements entered into with the Stock Exchanges are reported in Corporate Governance.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the meeting.
3. The Register of Members and Transfer Books of the Company will remain closed from Tuesday, August 23, 2011 to Saturday, August 27, 2011 (both days inclusive).
4. Dividend if declare, will paid on or after August 27, 2011 to those members, whose names are on the Company's Register of Members on August 27, 2011. In respect of Equity Shares held in electronic form, the dividend will be payable to the beneficial owners as at the end of business hours on Monday, August 22, 2011, as per details furnished by the Depositories for this purpose.
5. **Shareholders holding shares in physical form are requested to get their shares dematerialized.**
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank.
7. Members are requested to avail the facility of remittance of dividend through the National Electronic Clearing System (NECS). The NECS facility is available at locations identified by Reserve Bank of India from time to time. Members holding shares in physical form and desirous of availing this facility are requested to immediately write to the Company's Registrars and Transfer Agents with changes in their bank account/ accounts numbers, if any, alongwith a photocopy of a Blank cheque pertaining to the concerned account **particulars or bank mandates**. Such changes are to be advised only to the Depository Participant of the Members.
8. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Share Registrars of the Company.

9. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Share Registrar and Transfer Agents. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Share Registrar and Transfer Agents.

10. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims by the IEPF.

Members who have not yet encashed their dividend warrant(s) for the financial years ended March 31, 2005 onwards are requested to make their claims to the Company accordingly, without any delay.

11. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

By order of the Board of Directors

HEMALI SHETH

Company Secretary

Registered Office:

415-418, Janki Centre,
4th Floor, 29, Shah Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai – 400 053.

Dated: May 30, 2011

ANNEXURE TO NOTICE

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

Item No.5

Smt. Reena Agarwal, relative of Directors has been looking after the HR Department of the Company as Vice-President at a monthly remuneration of ₹ 45,000/- and under her guidance the company has set up a full fledged HR department which has formulated various HR policies. In order to recognize her services, the Board of Directors had at their meeting held on Monday, May 30, 2011 approved a revised remuneration of ₹ 100,000/- per month including all perquisites payable to her with effect from June 1, 2011 with power to the Board of Directors to increase the same from time to time upto a limit of ₹ 250,000/- per month inclusive of all perquisites.

As per the provisions of Section 314(1B) of the Companies Act, 1956, consent of the members of the Company is required by way of special resolution for her holding and continuing to hold an office or place of profit in the Company at the revised remuneration as contained in the resolution at item no 5 of the notice.

Accordingly, special resolution at item no. 5 of the accompanying notice is proposed for the approval of the members of the Company.

Shri R. N. Agarwal, Chairman Managing Director & CEO and Shri. Raunak Agarwal, Whole Time Director are interested or concerned in the said resolution being relatives of Smt. Reena R. Agarwal.

The directors commend the resolution for approval of the members.

By order of the Board of Directors

HEMALI SHETH

Company Secretary

Registered Office:

415-418, Janki Centre,
4th Floor, 29, Shah Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai – 400 053.

Dated: May 30, 2011

The Ministry of Corporate Affairs (MCA), vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has clarified that a Company will be deemed to have complied with provisions of Section 53 and 219(1) of the Companies Act, 1956, in case documents like notices, annual reports etc. are sent to its Members in electronic form, subject to compliance with the conditions stated therein.

The Company in support of the Green Initiative of the MCA, proposes to send its notices, annual report etc. in electronic form to the Members. The Members who wish to receive the said documents in electronic form are requested to register/update their e-mail addresses as per the following:

- i) Members holding equity shares of the Company in electronic form are requested to update/register their e-mail addresses with their respective depository participants.
- ii) Members holding equity shares in physical form are requested to update/register their e-mail addresses with Company by sending a mail to investors@nrail.com mentioning their name and folio number.

DIRECTORS' REPORT

To the Members,
Your Directors have pleasure in submitting their Eighteenth Annual

Report on the business and operation of the Company along with the Annual Accounts for the year ended on March 31, 2011.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Sales / Income from Operations and Other Income	48,754.91	39,244.02
Interest	732.42	861.38
Gross Profit After Interest but Before Depreciation and Taxation	4,453.83	2,857.17
Depreciation	848.17	808.53
Profit Before Tax and Exceptional Items	3,605.66	2,048.64
Exceptional Item	-	761.80
Profit Before Tax and After Exceptional Items	3,605.66	2,810.44
Provisions for Taxation	860.16	715.00
Deferred Tax	(29.37)	-
Prior year Adjustments	(14.76)	63.37
Net Profit for the year	2,789.63	2,158.81
Balance in Profit and Loss Account	4,501.08	2,858.68
Amount Available for Appropriation	7,290.71	5,017.49
Appropriation:		
General Reserve	158.00	158.00
Proposed Dividend	306.34	306.34
Tax on Dividend	50.88	52.06
Balance carried to Balance Sheet	6,775.49	4,501.08

DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 1.80 per equity share (18%) [Previous year ₹ 1.80 per equity share]. If the dividend, as recommended above, is approved by the Members at the Annual General Meeting, the total outflow towards dividend on equity shares for the year would be ₹ 35,722,368 (including dividend tax).

COMPANY PERFORMANCE

During the financial year ended March 31, 2011 the Company recorded production of 131106 MT of Duplex Board, 28476 MT of Newsprint and 3402 MT of Kraft Paper as against 126059 MT of Duplex Board and 31972 MT of Newsprint in previous financial year. During the year under review, the Company has commenced production of Kraft Paper in its Unit No.II.

The turnover for the financial year under review was ₹ 48,328 lacs as against ₹ 38,855 lacs for the previous financial year. As compared to

the previous year, there has been a substantial increase in the Net Profit, mainly due to improved sales realization.

During the year, the Company exported Duplex Board and realized ₹ 1,529 lacs, as compared to ₹ 439 lacs, in the previous year.

FIXED DEPOSITS

As on March 31, 2011 no fixed deposit was due or unclaimed.

COST AUDIT

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, Company's cost records in respect of Paper products for the year ended March 31, 2011 are being audited by the Cost Auditor M/s. N Ritesh & Associates, Cost Accountants, who were appointed by the Board with the approval of the Central Government.