

N R AGARWAL INDUSTRIES LIMITED



CORPORATE INFORMATION

Board of Directors

Shri R N Agarwal

Shri Raunak Agarwal

Shri Mangilal Suthar (upto 8/8/14)

Smt Reena Agarwal (w.e.f. 8/8/14)

Shri S N Chaturvedi

Shri P Kumar

Shri C R Radhakrishnan

Chairman, Managing Director & CEO

Whole Time Director

Executive Director

Executive Director

Independent Director

Independent Director

Independent Director

Chief Financial Officer

Shri Gopal Uchil

Registered Office

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

Company Secretary & Compliance Officer

Ms. Hemali Shah

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

Auditors

Chaturvedi & Partners

Chartered Accountants, Mumbai

CIN

L22210MH1993PLC133365

Bankers

Bank of Baroda

Bank of India

Standard Chartered Bank

IDBI Bank Limited

The Saraswat Co-operative Bank Limited





Founder Chairman
Late Shri N R Agarwal



Shri R N Agarwal
Chairman & Managing Director



Shri Raunak Agarwal
Whole-Time Director



VALUE STATEMENT BY MANAGING DIRECTOR & CEO

Dear Shareholders,

The year 2013-14 has been a difficult yet exciting year for Indian Paper Industry. Notwithstanding, on-going economic slowdown, inflationary pressures and hardening of interests rates in India, paper sector continued with its march towards capacity expansion, technology upgradation, energy & water efficiency and achieving its mission of becoming most sustainable industrial sector in India. It is important to add that the financial year with its trials and tribulations saw an addition of 1 million tonnes (mt) of capacity in the paper sector in India.

Growing consumerism, modern retailing, rising literacy (continued government spending on education through the Sarva Shiksha Abhiyan) and the increasing use of documentation will keep demand for writing and printing paper buoyant.

An India Ratings Report estimates India's per capita paper consumption at 9 kg, against 22 kg in Indonesia, 25 kg in Malaysia and 42 kg in China. The global average stands at 58 kg. This indicates there is a lot of headroom for growth in India. From a demand point of view, every one kg incremental per capita consumption results in additional demand of more than one mt a year. Besides, policy factors also have a key role to play in the growth of the domestic paper industry in India. The government's sustained focus on literacy, increased consumerism and expansion in organized retail are expected to positively affect paper consumption and demand in India,"



Strength does not come out of physical capacity. It comes from an indomitable will.
- Mahatma Gandhi

Digital media has a lot of ground to cover, at least as far as penetration is concerned, primarily in rural areas. Paper is an established business and its consumption is being encouraged. What was heartening was though there were challenges, the packaging side of the segment continued to grow. In the last five years, the Indian Paper Sector has invested about ₹ 20,000 Crores on capacity enhancement, technology upgradation and acquisitions. Now, Companies in the sector are seeking to improve their balance sheets. While the sector is eager to expand capacity further, decisions in this regard will depend on how soon Companies can improve their financials. The capacity expansion that took place in the industry through the last few years is now being absorbed due to the rising demand for paper in India.

On the positive side, demand for Paper and Paper Board has been increasing, which has helped to offset the rising cost of production. India's Paper and Paper Board industry thus has unlimited scope for further growth.

Your Company has undertaken a landmark expansion by setting-up a 90,000 TPA paper machine for manufacturing Newsprint and Writing Printing at Sarigam, Gujarat State. With a view to reinforce its competitiveness in the market and secure energy availability, the new mill complex has also have a 15 MW captive power plant, providing 100 percent self-reliance. I have a pleasure in informing you that the Commercial Production has been commenced at the Company's Cogen Cum Paper Unit at Sarigam, Taluka-Umbergaon, Gujarat with effect from July, 2014.

I immensely value the faith that you have reposed in NRAIL and would like to thank you for your continued support.

R N Agarwal
Chairman, Managing Director & CEO



CONTENTS

Notice

1

Directors' Report

13

Corporate Governance

17

Management Discussion and Analysis Report

25

Independent Auditors' Report

28

Balance Sheet

32

Statement of Profit and Loss

33

Cash Flow Statement

34

Significant Accounting Policies

36

Notes to Financial Statements

38

Proxy Form

53

NOTICE

NOTICE is hereby given that the Twenty-First 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, September 20, 2014 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Raunak Agarwal (holding DIN 02173330), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Chaturvedi & Partners, Chartered Accountants, Mumbai, (ICAI Registration No. 307068E), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri S. N. Chaturvedi, (DIN 00553459), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 20, 2014 up to September 19, 2019.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri C R Radhakrishnan, (DIN 01309312), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 20, 2014 up to September 19, 2019.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri P Kumar, (DIN 00179074), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 20, 2014 up to September 19, 2019.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that in supersession of the earlier resolution passed, the consent of the Company be and is hereby accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013, to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from Company’s bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 1,000 Crores (Rupees One Thousand Crores).”

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

“RESOLVED THAT in supersession of the earlier resolution passed, consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company wheresoever situate, both present and future, on such terms, at such time, in such form and in such manner as the Board may deem fit, together with power to take over the management of the business and concern of the Company in certain events in favour of all or any of the following, namely: Banks, Financial Institutions, Insurance Companies, Investment Institutions, other investing agencies, Bodies Corporate incorporated under any statute and trustees for the holders of debentures/ secured premium notes/ bonds/ other securities/ debt instruments, and other secured lenders (hereinafter referred to as “the Lenders”) to secure repayment of any loans (both rupee loans and foreign currency loans) and/or any other financial assistance and/ or guarantee facilities already obtained or that may hereafter be obtained from any of the Lenders by the Company, and/ or to secure redemption of debentures (whether partly/fully convertible or non-convertible)/ secured premium notes/ bonds/ other securities/ debt instruments and/or rupee/ foreign currency convertible bonds and/or bonds with share warrants attached, already issued or that may hereafter be issued by the Company, together with all interest, compound additional interest, commitment charge, liquidated damages, premium on prepayment or on redemption, trustees’ remuneration, costs, charges, expenses and all other moneys including revaluation/ devaluation/ fluctuation in the rates of foreign currencies involved, payable by the Company to the Lenders concerned, in terms of their respective Loan Agreements/ Heads of Agreements/ Hypothecation Agreements/ Trustees Agreements/ Letters of Sanction/ Memorandum of terms and conditions/ Debenture Certificates entered into/to be entered into/ issued/to be issued by the Company, provided that the total borrowings of the Company (exclusive of interest) whether by way of loans and/or any other financial assistance and/ or guarantee facilities and/or issue of debentures/ secured premium notes/ other securities/ debt instruments to be secured as aforesaid (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) shall not any time exceed the limit of ₹ 1,000 Crores (Rupees One Thousand Crores).

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalise and execute with any of the Lenders jointly or severally, the documents, instruments and writings for creating aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing the aforesaid

Resolution and to resolve any question, difficulty or doubt which may arise in relation thereto or otherwise considered by the Board to be in the best interest of the Company.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, Smt. Reena Agarwal, who was appointed as an Additional Director of the Company by the Board of Directors (the ‘Board’) with effect from August 8, 2014 and who holds office until the date of this annual general meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Smt. Reena Agarwal as a candidate for the office of a Director of the Company, be and is hereby appointed as a director of the Company.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, including statutory modification or re-enactment thereof, for the time being in force and subject to such approval as may be necessary, the consent and approval of the Company be and is hereby accorded to the appointment of Smt. Reena Agarwal(DIN 00178743), as Whole-time Director designated as Executive Director of the Company for a period of three years with effect from August 8, 2014 upon the terms and conditions including the terms as to remuneration as approved by the Nomination and Remuneration Committee and as detailed in the explanatory statement annexed to this notice and set out in the Agreement dated August 8, 2014, which Agreement placed before this meeting be and is hereby specifically sanctioned with liberty to the Board of Directors of the Company (the “Board”) to alter, vary and modify the terms and conditions of the said appointment and the Agreement in such manner as may be agreed to between the Board and Smt. Reena Agarwal.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Smt. Reena Agarwal’s term of office as Executive Director the remuneration payable to her shall be as per the minimum remuneration prescribed in Schedule V of the Act and that she shall be entitled to all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration.

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to

Schedule V of the Companies Act, 2013, the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Smt Reena Agarwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

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.

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, including statutory modification or re-enactment thereof, for the time being in force and subject to such approval as may be necessary, the consent and approval of the Company be and is hereby accorded to the reappointment of Shri Raunak Agarwal (DIN 02173330) as the Whole-time Director of the Company for a period of three years with effect from September 1, 2014 upon the terms and conditions including the terms as to remuneration as approved by the Nomination and Remuneration Committee and as detailed in the explanatory statement annexed to this notice and set out in the Agreement dated August 8, 2014 entered into between the Company and Shri Raunak Agarwal, which agreement as 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 V of the Companies Act, 2013 or any amendment thereto as may be agreed to between the Board and Shri Raunak Agarwal;

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 Whole-time Director the remuneration including all other benefits and perquisites set out in the said agreement shall be payable to him as minimum remuneration subject to the limits prescribed in Schedule V of the Act;

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule V of the Companies Act, 2013, the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Shri Raunak Agarwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

RESOLVED FURTHER THAT the Board be and is hereby

authorised to do all such acts, matters, deeds and things and take such steps as may be expedient or desirable to give effect to this Resolution”.

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Provisions of Sections 197 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, and subject to the approval of the Central Government and subject to such other consents and approvals as may be necessary, the payment of excess remuneration paid to Shri R. N. Agarwal, Managing Director and CEO of the Company amounting to ₹1,950,000/- , over and above the limits prescribed under the provisions of the erstwhile section 309 of the Companies Act, 1956 read with Schedule XIII, for the financial year ended March 31, 2014 i.e. for a period from April 1, 2013 to March 31, 2014 or such amount as approved by the Central Government, resulting from inadequacy of profits for the above financial year be and is hereby ratified and confirmed;

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 (9) & (10) and other applicable provisions if any of the Companies Act, 2013 and subject to the approval of the Central Government the recovery of the excess remuneration of ₹1,950,000/- paid during the financial year ended March 31, 2014 or such amount as approved by the Central Government from Shri R. N. Agarwal, Managing Director & CEO be and is hereby waived;

RESOLVED FURTHER THAT the Company do apply to Central Government for its approval to the waiver of recovery of excess remuneration paid by the Company and that Directors of the Company and Company Secretary, be and are hereby severally authorized to do all the necessary acts, deeds, matters and things to effectuate the above resolution.”

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 197 read with Schedule V of the Companies Act, 2013 and subject to such approvals as may be necessary, the consent and approval of the Company be and is hereby accorded to the revised remuneration payable to Shri R. N. Agarwal, Managing Director & CEO for the residual period of his tenure from April 1, 2014 upto July 31, 2015, as approved by the Nomination and Remuneration Committee and as detailed in the explanatory Statement annexed to this notice and set out in the Supplemental Agreement dated August 8, 2014, which agreement is hereby specifically approved with liberty to the Board of Directors of the Company (the “Board”) to alter, vary and modify the terms and conditions of the said appointment and the said Supplemental Agreement in such manner as may be agreed to between the Board and Shri R. N. Agarwal;

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company

during Shri R. N. Agarwal's term of office as Managing Director & CEO, Shri R. N. Agarwal, be paid the remuneration as set out in the said agreement as minimum remuneration as prescribed in Schedule V of the Companies Act, 2013 and that he shall be entitled to all other benefits and perquisites set out in the Agreement as the minimum remuneration;

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule V of the Companies Act, 2013 the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Shri R. N. Agarwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

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”.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
2. An Explanatory Statement pursuant to Section 102(2) of the Companies Act, 2013, which sets out details relating to the Special Business at the meeting, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Friday, September 12, 2014 to Saturday, September 20, 2014 both days inclusive.
4. Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - (ii) to the Company's Registrar & Share Transfer Agents, Sharex Dynamic (India) Private Limited, Unit 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai 400072, Maharashtra in respect of their physical share folios, if any, quoting their folio numbers.
5. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, the dividend

remaining unclaimed/unpaid for a period of seven years from the date they became due for payment shall be credited to the Investors' and Protection Fund setup by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the fund or the Company in respect of individual amounts once credited to the said fund.

6. Members are requested to bring their copy of the Annual Report to the meeting.

GREEN INITIATIVE

The Ministry of Corporate Affairs (MCA), Government of India, through its Circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in Corporate Governance. Recognizing the spirit of the circular issued by the MCA, we propose to send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc to the email address provided by you with your depositories. We request you to register/ update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email address.

7. Voting through Electronic Means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Twenty-First Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL)

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “N R Agarwal Industries Limited” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.