Waste.Redefined.

N R AGARWAL INDUSTRIES LIMITED

2015-16 | ANNUAL REPORT

Shri N R Agarwal
(1932 - 2011)
NRAIL - Founder and Visionary

"Leaders don't create followers, they create more Leaders"

Corporate Overview

N R Agarwal Industries Ltd (NRAIL) is a pioneer in development, manufacturer of quality finished paper products by recycling of waste paper and marketing in domestic and international markets. Established in 1993, was promoted by NRAIL Group and founded by Late Shri N R Agarwal, is headquartered in Mumbai-India, we are committed to 'Serve Paper Products Worldwide'. The twenty three year old Company is an integrated paper and board manufacturer with a total production capacity of 288,000 TPA. The Company produces a range of premium grade Duplex Board, Writing and Printing, and Newsprint Papers for domestic and export markets. Each of these products offer a differentiated proposition and is targeted to meet unique needs of discerning customers.

The Company employs over 1,400 people. The manufacturing facilities comprise of five mills at Vapi and Sarigam, both located in the Valsad District, in the State of Gujarat. It is our mission to become one of the best and most respected companies in the country – as measured by our employees, our customers, our communities and our share owners. To achieve this goal, the Company is focused on excellence on its three drivers – People, Customers and Operations, while maintaining high standards of integrity and safety in everything we do.

At NRAIL, we work towards conserving our Environment. Our principal source of raw material is not forest but waste paper. We remain mindful of the huge losses suffered by the environment through deforestation. We believe in maintaining the equilibrium of the environment and so we strive to give back to it all that we can. We plant trees, maintain strict adherence to the pollution norms, recycle water and residue.

Throughout our products, activities and services, we endeavor to minimize any adverse impact on the environment by means of pollution prevention, energy and water conservation. In this way, cost savings, increased operational efficiency and improved quality of products and services are achieved as well as a safe environment maintained for the community as a whole.

Chairman's Communique

Dear Shareholders,

It gives me immense pleasure to connect with you through this 23rd Annual Report of your Company. The year 2015-16 has been a year of growth for N R Agarwal Industries Limited (NRAIL) despite the volatile global economy and challenging Indian market conditions. The global economy remained subdued with growth in emerging and developing economies constituting about 70% of the global growth, continued to decline and the advanced economies witnessed only a very modest recovery. The Eurozone economy remained sluggish and revival continues to be slow. The economic outlook for the year 2016 globally is forecasted to see a marginal improvement from the 2015 levels. Notwithstanding the depressing global economy, India's economic growth continued during the year well supported by the Government's initiatives and reorientation programmes.

“ I never dreamt of success, I worked for it”

PERFORMANCE

Against this backdrop, NRAIL’s operational performance improved by 22% during 2015-16, with the turnover growing to ₹ 883 Cr from ₹ 724 Cr. This was achieved despite a reduction in end customer prices consequent to a drop in raw material prices. We, at NRAIL put our existing capabilities and capacities to optimal and efficient use and as required for the future, selectively create new capacities. Our EBIDTA for the year is 73.28 Cr which is an increase of 3.32% against the previous year. EBIDTA percentage was 4.98 in the previous year which we bettered to 8.30% during the year.

SUSTAINABILITY

We continue to focus on sustainability and consider Product Development, People, Customer Experience, Environment & Society as the key components of our material matrix. We continue to channelize our efforts for the all-round improvement of Sarigam where our new unit is located. Our social interventions include health, sanitation,drinking water and education.

DIRECTORS

The members of the Board are a great source of strength through their active support and encouragement to the Company’s management team and to me personally. I deeply value their wisdom and counsel and thank them for their involvement, commitment and participation.

HUMAN RESOURCES

We have always valued our human resources as one of our greatest sources of strength. Our employees have stood by us shoulder to shoulder unwaveringly all through the years, participating whole-heartedly and enthusiastically in the pursuit of NRAIL’s business goals. The Management Committee have steered this resourceful and dedicated team of employees very competently. I thank the entire team for all their good work. I wish them greater success in the years to come.

Finally, I take this opportunity to express my gratitude to all of you, dear shareholders for your continued support and confidence in the Company

Yours Sincerely,

R N Agarwal

Chairman & Managing Director

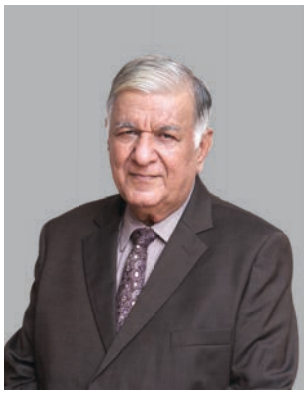
Board of Directors

Shri R N Agarwal
(Chairman & Managing Director)

Smt. Reena Agarwal
(Whole Time Director)

Shri Raunak Agarwal
(Whole Time Director)

Shri Ashok Kumar Bansal
(Whole Time Director)



Shri P Kumar
(Independent Director)

Shri S N Chaturvedi
(Independent Director)

Shri C R Radhakrishnan
(Independent Director)

Shri Ajay Nair
(Independent Director)

Corporate Information

BOARD OF DIRECTORS

Shri R N Agarwal	Chairman & Managing Director
Shri Raunak Agarwal	Whole Time Director
Smt. Reena Agarwal	Whole Time Director
Shri Ashok Kumar Bansal	Whole Time Director (w.e.f. 05.11.2015)
Shri S N Chaturvedi	Independent Director
Shri P Kumar	Independent Director
Shri C R Radhakrishnan	Independent Director
Shri Ajay Nair	Independent Director (w.e.f. 01.08.2016)

CHIEF FINANCIAL OFFICER

Shri Gopal Uchil

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Pooja Daftary
Contact Details: 022-67317547
Email id: investors@nrail.com

AUDITORS

Chaturvedi & Partners
Chartered Accountants, Mumbai

REGISTERED OFFICE

415-418, Janki Centre, 4th Floor,
29, Shah Industrial Estate,
Off Veera Desai Road,
Andheri (West), Mumbai - 400 053
Tel.: +91 22 6731 7500
Email Id: admin@nrail.com
Website: www.nrail.com

BANKERS

Bank of Baroda
Bank of India
Standard Chartered Bank
IDBI Bank Limited
The Saraswat Co-operative Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Private Limited
Unit No.1, Luthra Industrial Premises,
Safed Pool, Andheri Kurla Road,
Andheri (East), Mumbai - 400 072
Contact Details: 022-28515606
Email Id: investors@sharexindia.com

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Notice

Notice is hereby given that the Twenty-Third Annual General Meeting of the Members of **N R AGARWAL INDUSTRIES LIMITED** will be held on Wednesday, September 28, 2016 at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D N Road, Opp. Indian Oil Nagar on Link Road, Andheri West, Mumbai – 400 053 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Financial Statements of the Company for the year ended March 31, 2016 together with the Report of the Board of Directors and Independent Auditors report thereon.

2. To appoint a Director in place of Shri R N Agarwal (DIN 00176440), who retires by rotation and being eligible offers himself for re-appointment.

3. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to Sections 139, 141 and other applicable provisions if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, Messrs Chaturvedi & Partners, Chartered Accountants, Mumbai, (Firm Registration No. 307068E), be and are hereby re-appointed as Statutory Auditors to hold office for the financial year 2016-17 from the conclusion of this Annual General Meeting till the conclusion of the 24th Annual General Meeting at such remuneration, including applicable taxes and out-of-pocket expenses to be finalized in consultation with the Board of Directors."

SPECIAL BUSINESS:

4. Appointment of Shri Ashok Kumar Bansal (DIN: 07325904) as Director

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

   "**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Ashok Kumar Bansal (DIN: 07325904), who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company with effect from November 5, 2015 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification 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 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification (s) or re-enactment (s) thereof, for the time being in force) and subject to other consents, if any, approval of the Company be and is hereby accorded to the appointment and payment of remuneration to Shri Ashok Kumar Bansal (DIN: 07325904) as the Whole Time Director of the Company for a period of 3 (three) years with effect from November 5, 2015, on the terms and conditions including remuneration and other perquisites and benefits as set out in the Explanatory Statement annexed to this Notice convening this meeting as approved by the Nomination and Remuneration Committee be and is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Ashok Kumar Bansal within the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

   RESOLVED FURTHER THAT pursuant to the provision of Section 197 of the Act, where in any financial year during the currency of his term of office, the Company has no profits or its profits are inadequate, it may pay remuneration to Shri Ashok Kumar Bansal by way of salary and perquisites as Minimum Remuneration which shall be within the limits of Schedule V to the Companies Act, 2013;

   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 authorized to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Shri Ashok Kumar Bansal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company;

   RESOLVED FURTHER THAT subject to the provisions of Section 152 of the Companies Act, 2013, Shri Ashok Kumar Bansal shall be liable to retire by rotation during his tenure as a Whole Time Director of the Company;

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things as may be considered necessary, expedient, usual or proper to give full effect to this resolution."

6. Appointment of Shri Ajay Nair (DIN: 07562602) as an Independent Director

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 made thereunder (including any statutory modification (s) or re-enactment thereof for the time being in force), Shri Ajay Nair (DIN 07562602), who was appointed as an Additional Director of the Company with effect from August 1, 2016 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and hold office for a period of 5(five) consecutive years from August 1, 2016 to July 31, 2021."

7. Ratification of Cost Auditors' remuneration

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

   RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the remuneration payable to Messrs N. Ritesh & Associates, Cost Accountants, (Registration No. 100675), appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company's Paper & Paper Boards manufacturing Units at Vapi and Sarigam for the Financial Year 2016-17, being ₹ 70,000 (Rupees Seventy Thousand) per annum and also the payment of service tax as applicable and re-imbursement of out-of-pocket expenses etc. incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

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 AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered as invalid. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable. It is advisable that the proxy holder's signature may also be furnished in the Proxy Form, for identification purposes.

   A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts concerning the business under Item Nos. 4 to 7 of the accompanying Notice are annexed hereto. The relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 ('Listing Regulations') and the Secretarial Standards on General Meetings in respect of the persons seeking appointment/re-appointment as Directors are also annexed.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 21, 2016 to Wednesday, September 28, 2016 (both days inclusive).

4. Members holding shares in electronic form are advised to send their request for the change of address, bank particulars, residential status or request for transmission of shares etc to their Depository Participant. The Company or its Registrar and Share Transfer Agent cannot act on any such requests received directly from the members holding shares in electronic form. Members holding shares in physical form are advised to send such request to Registrar and Share Transfer Agent of the Company, Messrs Sharex Dynamic (India) Private Limited, Unit 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai 400 072, Maharashtra.

5. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956 (which are still applicable as the relevant sections under Companies Act, 2013 are yet to be notified), 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 necessary claims 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/Proxies should bring the enclosed Attendance Slip duly filled for attending the Annual General Meeting along with their copy of Annual Report.

   GREEN INITIATIVE

   The Ministry of Corporate Affairs (MCA), Government of India, has allowed companies to send official documents to their shareholders electronically as a part of its green initiatives in Corporate Governance. The SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 (LODR) permits the companies to send soft copies of the Annual Report to all those shareholders who have registered