

15th Annual Report 2005-2006



N. R. INTERNATIONAL LTD.

15TH ANNUAL REPORT

2005-2006

Board of Directors

Mr. Nirmal Modi
Mr. Deepak Agarwal
Mr. V. K. Srivastava
Mr. Abhay Kumar
Mr. N. K. Joshi
Mr. B. K. Joshi

Company Secretary

Mr. Biswa Ranjan Nanda

Auditors

V. Lohia & Co.
Chartered Accountants

Registered Office

3rd Floor, Drupadi Mainson,
11, Braubourne Road,
Kolkata – 700 001

Banker

The Federal Bank Limited

Registrar & Share Transfer Agent

ABS Consultant Private Limited
Room No. – 99, 6th Floor
Stephen House, 4, B. B. D. Bag (East)
Kolkata – 700 001

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of M/s N. R. International Limited will be held on Saturday, December 30, 2006 at 10.30 a.m. at the Community Hall of Lake Apartment, 210, Jessore Road, Kolkata - 700 089 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint Directors in the place of Mr. N. K. Joshi and Mr. B. K. Joshi who retire by rotation and being eligible, offer themselves for re-appointment.
3. To appoint a Director Mr. Abhay Kumar in the place of Mr. R. K. Joshi, who retires at this meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their Remuneration and to pass, with or without modification, the following resolution, which will be proposed as an Ordinary Resolution:

"RESOLVED that M/s V. Lohia & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Audit Committee of the Board of Directors be and is hereby authorised to determine the remuneration payable to the Company's Auditor."

SPECIAL BUSINESS

5. To consider and if thought fit to pass the following resolution(s) as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Table A, Schedule - 1 vide Regulation 32 & 33 of the Regulations for Companies Limited by Shares and Article - 25 of the Article of Association of the Company, consequent upon forfeiture of 1,58,325 Nos. of Equity Shares dt. 26.07.2006 under different folios and distinctive numbers, the Company is be and hereby authorized for re-issue/sale of 1,58,325 Nos. of Equity Shares @ Rs. 25/- per share to M/s Aim Credit Capital (P) Ltd. 107 Merlin Chambers, 1, Crooked Lane, 1st Floor, Kolkata - 700 069."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board is be and hereby authorised on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the re-issue/sale of aforesaid Securities and listing compliances thereof with the stock exchange (s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed re-issue/sale of the said securities utilisation of the proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intend that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board is be and hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors or Chairman and Managing Director or any other Director (s) or Officer (s) of the Company to give effect to the said Resolutions.

By Order of the Board

Place: Cuttack
Date: 06.12.2006

Sd/-
Biswa Ranjan Nanda
Company Secretary

N.R. INTERNATIONAL LIMITED**NOTES:-**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
2. The Share Transfer Books and Register of Members of the Company will remain closed from 26.12.2006 to 30.12.2006 (both days inclusive).
3. Members are requested to produce the enclosed Attendance Slip duly signed as per the specimen signature with the Company / Depository Participant for admission to the Meeting Hall.
4. Members who hold shares in de-materialised form, are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the Meeting.
5. Members holding shares in physical form, are requested to notify immediately any change in their address and bank particulars to the Company or its Share Transfer Agents and in case their shares are held in de-materialised form, this information should be passed on directly without any delay to their respective Depository Participants and not to the Company or the Share Transfer Agents.
6. In all correspondence with the Company, members are requested to quote their folio numbers and in case their shares are held in de-materialised form, they must quote their DP ID and Client ID Numbers.
7. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them pursuant to amendment in the Companies Act, 1956. The prescribed Form (Form-2B) can be obtained from the share department of the Company on request. Members desiring to avail this facility may send their nomination forms duly filled in to the Company or its Share Transfer Agents by quoting their respective Folio Numbers.
8. Investors / Shareholders are requested to kindly note that if physical documents viz. Demat Request Forms (DRF) and Share Certificates etc. are not received from their DP's by the Share Transfer Agents (STA) within a period of 15 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected / cancelled. Upon rejection / cancellation of the DRN a fresh DRF has to be forwarded along with the Share Certificate by the DP's to the STA. This note is only to caution investors / shareholders that they should ensure that their DP's do not delay in sending the DRF and share certificates to the STA after generating DRN.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. - 5**

Pursuant to the provisions of Section 391(2) & 394 of Companies Act, 1956 M/s N. R. International Limited had been amalgamated with M/s I. B. Industries Limited vide the order of Hon'ble High Court of Kolkata dt. 08.04.2002 and obtain the listing approval of Bombay Stock Exchange Limited on 07.04.2005. As per the order of the Hon'ble High Court of Kolkata, the Company has allotted 1 equity share of M/s N. R. International Ltd. against every 4 equity shares held in M/s I. B. Industries Limited, pending receipt of the allotment money from the shareholders of M/s I. B. Industries Limited against different folios. Till date after several reminders sent to those shareholders the Board of Directors of the Company on 26.07.2006 at a duly convened Board Meeting decided to forfeit 1,58,325 Nos. of Equity shares.

Accordingly, the details are furnished to all stock exchanges where the equity shares of the Company are listed and finally on 19.09.2006 vide exchange notice No. 20060919-14 the Bombay Stock Exchange Limited, the designated Stock Exchange issued the notice of forfeiture of those equity shares.

The Board of Directors of the Company feels that it would be in the interest of the Company to re-issue these forfeited equity shares @ Rs. 25/- per share to a body corporate M/s Aim Credit Capital (P) Ltd., 107, Merlin Chambers, 1, Crooked Lane, 1st Floor, Kolkata - 700 069." and recommend the resolutions set out at items 5 of the Notice for your approval.

None of the Directors is in any way concerned or interested in the Resolution.

By Order of the Board

Sd/

Biswa Ranjan Nanda
Company Secretary

Place: Cuttack
Date: 06.12.2006

N.R. INTERNATIONAL LIMITED**Chairman's Statement**

Dear shareholders,

It gives me immense pleasure in welcoming you to the 15th Annual General Meeting of your Company. The Director's Report and Audited Accounts for the year ended 31st March, 2006, are already with you and with your permission, I take them as read.

Before I take up the agenda for today's meeting, I would like to share with you some of my perception relating to the Coal & Steel Industry and the performance of NRIL, as well as the growth opportunities pursued by the Company.

Our primary policy of the Company is production & productivity. The financial year 2005-06 is year of expansion, diversification & consolidation. During the financial year due to sluggish market condition and sudden fall in the steel market, the demand of coke has been drastically reduced. Accordingly the Company was forced to reduce the production capacity and concentrated in import & trading of coal & coke business. The turnover of the Company as compared to the financial year 2004-05 has been reduced by 21% and profitability has also been reduced by 32%.

You must aware that during the financial year 2004-05 the company had diversified its trading activities by entering into an agreement with M/s Essar Oil Limited, Mumbai for opening of a retail outlet at Tangi, Cuttack Orissa on DO-DO basis. However due to non-availability of refinery alongwith failure of M/s Essar Oil Limited with regard to fuel supply the Company has decided to stop the project.

Though your Company has making profits since last 4 years and the expansion, diversification projects are in full swing in stead of availing any long term financial assistance from out sources your company has invested its reserves & surplus in those expansion & diversification projects. The same has resulted inadequate surplus for recommendation of dividend for the financial year ended as on 31.03.2006.

As per the future outlook of the Company for setting up of two Integrated Steel Complex (one in the State of Orissa and the other in the State of Jharkhand), on 28.10.2005 the Company has submitted two applications for allocation of Coal Blocks (Rohne Block & Chakla Block, Jharkhand) for Captive Mining to the Ministry of Coal, Government of India, New Delhi. The applications have already been passed by the Coal Ministry at their first level of scrutiny pending the final decision on the same which will be done in due course of time.

On 21.02.2006 the Directors of the Company has approved the Scheme of Amalgamation of two wholly owned subsidiary companies namely, M/s Sunrise Spongiorn & Steels Private Limited (SSSPL) & M/s Orissa Coalfields & Washeries Limited (OCWL) with NRIL. At this juncture, I would like to inform you that the 6 Tons capacity of Induction

N.R. INTERNATIONAL LIMITED

Furnace Plant under the banner of SSSPL has already started its commercial production. The order of the Hon'ble High Court of Kolkata has been passed on dt. 20.11.2006 with an effective date as 31.03.2005. Accordingly, the financial statements of all these companies are merged with the parent Company NRIL. As both the units are wholly owned subsidiary companies of NRIL there were no changes in the equity share holding pattern in the post merger equity capital base of the Company.

Keeping all these factors into consideration, your Company is expected to stabilize all business activities during this current financial year 2006-07 and expected higher turnover with higher profitability.

On 10.03.2006, your Company has obtained the in-principle listing approval of the designated stock exchange, Mumbai relating to issue & listing of 6,25,000 numbers of Equity Shares @ Rs. 10/- each issued at a premium of Rs. 48/- per share and allotted to two Bodies Corporate on preferential basis. Accordingly the paid-up equity capital base of the Company has been increased from 44,64,061 to 50,89,600 numbers of equity shares @ Rs. 10/- each.

On behalf of the Company and all of you, I take this opportunity to thank our valued customers, investors, suppliers, bankers, consultants, the Member of the Board, the Government of India, the Government of Orissa and in particular, the NRIL collective, for their excellent support and co-ordination to achieve yet another year of success for the Company. We are committed to strive together as a team to attain the main objective of the Company while ensuring our economical, social & moral commitments.

I once again welcome you and thank you for the confidence you have reposed on us.

Sd/-
Nirmal Modi
Chairman

N.R. INTERNATIONAL LIMITED**DIRECTOR'S REPORT**

To
The Members of
N. R. INTERNATIONAL LIMITED

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the audited accounts of the Company for the year ended March 31, 2006.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March 2006 is summarized below:

	As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
Working for the year yielded a Profit before depreciation, Interest, and tax	1,59,32,355	2,02,07,921
Less : Interest	44,85,129	20,29,972
	1,44,47,226	1,81,77,949
Less Depreciation	32,35,665	25,21,628
Profit before tax	82,11,561	1,56,56,321
Less : Provision for taxation	9,22,980	11,70,163
Deferred Tax	11,32,404	50,33,236
Profit after tax	61,56,177	94,52,922
Less: Income Tax adjustment for earlier years	337	3,50,192
Add : Surplus brought forwards previous year	1,85,14,117	94,11,387
Add : Amount transferred pursuant to Scheme of Amalgamation	44,053	—
Surplus carried to Balance Sheet	<u>2,47,14,010</u>	<u>1,85,14,117</u>

DIVIDEND

With a view to plough back of earnings for the future growth of the company, your Directors do not recommend any dividend for the year.

REVIEW OF OPERATION

Due to sluggish market condition and sudden fall in the steel market, the demand of coke has been drastically reduced resulting an overall decrease of 21% in annual turnover and 32% decrease in the profitability.

The financial year 2005-06 was considered as the year of expansion & diversification. During the year the Company has undertaken following expansion & diversification projects:

1. Set-up the Induction Furnace Plant in its wholly owned subsidiary company M/s Sunrise Spongiron & Steels Pvt. Ltd. situated in the State of Orissa.
2. Amalgamation of two wholly owned subsidiary companies namely, M/s Sunrise Spongiron & Steels Private Limited (SSSPL) & M/s Orissa Coalfields & Washeries Limited (OCWL) with NRIL.

N.R. INTERNATIONAL LIMITED

3. Got clearance of the Ministry of Coal, Govt. of India at their first level of scrutiny pending the final decision for allocation of the coal block for the proposed Integrated Steel Complex.
4. Obtained in-principle approval of the Orissa Industrial Infrastructure Development Corporation, Government of Orissa, Bhubaneswar for allotment of land at Dhenkanal, Orissa.

FUTURE OUTLOOK

Your directors are planning to set-up two well modernized Integrated Steel Plant in the State of Orissa & Jharkhand. Necessary steps are taken to obtain approval of all statutory authorities for setting-up of an industrial undertaking. In case of Orissa Project, the land allocation work is under the active consideration of IDCO, Orissa and presently the Company is waiting for the consent to establish from the Pollution Control Board, Orissa before proceed further in this regard. In case of Jharkhand the land acquisition work is under process. Accordingly your Directors are expecting to commence setting-up of the industrial units during the end of next financial year

RESERVES

The total Reserves as on 31st March 2006 stood at Rs. 1915 Lacs as against Rs.1239 Lacs of last year.

PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of Companies Act, 1956 has not been given as none of the employees are in receipt of remuneration in excess of the limits prescribed therein.

FIXED DEPOSITS

Your company has not accepted any deposits as such, no amount of principal or interest is outstanding on the date of the Balance Sheet.

DIRECTORS

Mr. N. K. Joshi and Mr. B. K. Joshi, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Abhay Kumar appointed as independent non-executive Director in the place of Mr. R. K. Joshi, who ceased to be Director due to death.

AUDITORS

M/S. V. Lohia & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

AUDITORS' REMARKS

The notes to the accounts referred to in the Auditors Report are self-explanatory and therefore do not call any further comments.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors hereby confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that 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;
- iii) that directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that directors had prepared the annual accounts on a going concern basis.

N.R. INTERNATIONAL LIMITED**PARTICULARS OF ENERGY CONSERVATION, ETC.**

Particulars with respect to conservation of energy as per section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in report of Directors) Rules, 1988 are as under

1. Conservation of energy	NIL
2. Technology Absorption	NIL
3. Foreign Exchange Earning and out go	
a. Foreign Exchange Earning	Rs. NIL
b. Foreign Exchange Outgo	Rs.5,74,10,850/-

LISTING WITH STOCK EXCHANGES

The equity shares of the Company are listed in following Stock Exchanges as at 31.03.2006:

Name of Stock Exchanges	Trading approval Obtained on	Scrip Code
Calcutta St. Ex. Association Ltd., Kolkata.	24.03.2005	NIL
The Stock Exchange, Mumbai.	07.04.2005	532623
The BBSR St. Ex. Association Ltd, BBSR	07.04.2005	NIL
The Stock Exchange, Ahmedabad.	19.05.2005	41081

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

DEMATERIALISATION OF SHARES

The Company has got the approval for dematerialisation of shares from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have option to dematerialize the shares with any Depository under demat ISIN Number for both NSDL & CDSL is INE605F01017.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere thanks to various State and Central Government Departments, Bankers, Consultants, Advisors, Shareholders and Investors for their valuable co-operation and continued support throughout the year to the Company. Your Directors would also sincerely acknowledge the significant contribution made by the Executives, Staff and workers for their dedicated services to the company.

For and on behalf of the Board

Sd/-

Deepak Agarwal
Managing Director

The 6th day of December, 2006.

N.R. INTERNATIONAL LIMITED**AUDITOR'S REPORT**

To
The Members of
N. R. INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of **N. R. INTERNATIONAL LIMITED** as at 31st March 2006 and the related Profit & Loss Account and the cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting, the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report), 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act' 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. We draw to attention to Note 4 of Schedule 20 regarding Preparation of Financial Statements of combined Entity based on the certified copy of Minutes obtained from the High Court.
5. Further to our comments in the Annexure referred in paragraphs 3 & 4 above, we report that:
 - 5.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 5.2 In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - 5.3 The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 5.4 In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - 5.5 On the basis of the written representations received from the directors as at March 31, 2006, and taken on record by the Board of Directors, none of the directors of the Company is disqualified as at March 31, 2006, from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Act;
6. In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2006,
 - (b) in the case of the Profit & Loss Account, of the profit for the year ended on that date and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **V. Lohia & Co.**
(Chartered Accountants)

Sd/-
VISHNU LOHIA, FCA
Partner
Membership No. : 55683

Date : December 6, 2006