

N. R. INTERNATIONAL LTD.



16th Annual Report 2006-2007

16TH ANNUAL REPORT

2006-2007

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

Bankers

The Federal Bank Limited

Registrars & Share Transfer Agents

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

N.R. INTERNATIONAL LIMITED**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of M/s N. R. International Limited will be held on Saturday, December 29, 2007 at 10.00 a.m. at the Merchants Chamber of Commerce, 15-B, Hemanta Basu Sarani, Kolkata - 700 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 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 Director in the place of Mr. N. K. Joshi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in the place of Mr. Abhay Kumar who retires by rotation 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 Section 372A read with Section 292 (1) (e) and other applicable provisions, if any, of the Companies act, 1956 and other applicable laws, the Board of directors of the company be and is hereby authorized to acquire by subscription, preference or equity shares in bodies corporate under authority of this resolution together with the amounts of the securities of other companies already acquired, loans already made to other bodies corporate, amounts of security already provided and guarantees already given in connection with loans made by other persons to, or to other persons by, the company, exceed the limits prescribed in Section 372A of the Act, i.e. sixty per cent of the paid up capital and free reserves of the company or one hundred percent of its free reserves whichever is more."

"RESOLVED FURTHER THAT the Board of directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as, in its absolute discretion, may be considered necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order give effect to the foregoing resolution or otherwise considered by the Board of Directors to be in the interest of the company."

By Order of the Board

Sd/-

Biswa Ranjan Nanda
Company Secretary

Place: Cuttack
Date: 05.12.2007

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 24.12.2007 to 29.12.2007 (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

The company is associated with several bodies corporate by way of participation in their equity share capital and management and /or by having regular dealings with them for purchase and supply of substantial quantities of raw materials, consumable stores, packing material and other products. By virtue of such association, the company is sometimes call upon to assist these bodies corporate by way of investment in their equity share capital or in preference shares. The Board of Directors considered desirable in the interest of the company to invest in equity shares of those companies.

At times the Board may have to invest in the equity shares of these associate companies, the aggregate whereof, together with the investments already made, loans already given, guarantees already given and security already provided by the company, may exceed the limits prescribed in Section 372A of the act, i.e. sixty per cent of the paid up capital and free reserves of the company or one hundred percent of its free reserves whichever is more for which the company's approval is required.

The proposed resolution seeks the company's authority for the purpose, which the shareholders are requested to approve.

None of the directors of the company are concerned or interested in the proposed resolution.

By Order of the Board

Place: Cuttack
Date: 05.12.2007

Sd/-
Biswa Ranjan Nanda
Company Secretary

N.R. INTERNATIONAL LIMITED

Chairman's Statement

Dear shareholders,

It gives me immense pleasure in welcoming you to the 16th Annual General Meeting of your Company. The Director's Report and Audited Accounts for the year ended 31st March, 2007, 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 Steel Market has gradually stabilized during the end of the financial year 2006-07. Accordingly your Company has capitalized the opportunities and the turnover of the Company has been increased from Rs. 33.33 Crores to Rs. 70.95 Crores i.e. increased by around 113% in comparison to the financial year 2005-06. The profit after tax has also been increased from 61.56 Lacs to 62.95 Lacs in comparison to the last financial year.

Presently, the Company is exploring all possibilities to commence forward & backward integration of the existing business activities. More specifically we are negotiating with different Sponge Iron Units in Orissa, either to enter into certain business arrangements or to take over any existing Sponge Iron Unit in Orissa.

Though your Company has making profits since last 5 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 31.03.2007. However, during the current financial year 2007-08 out of its free reserves, the Company has already issued/allotted Bonus Shares in the proportion of 1 new equity share for every 1 existing equity shares.

On 03.07.2007, your Company has obtained the trading permission from Bombay Stock Exchange Limited for trading of 50,89,060 Nos. of Bonus Shares under the BSE Script Code – 532623.

The future outlook relating to setting up of Integrated Steel Complex, which is purely based on allocation of Coal Blocks for Captive Mining. After the first level clearance by the Ministry of Coal, Government of India, New Delhi, our applications are still pending with the Coal Ministry for the final decision. The Company is trying its level best to obtain the approval of the Ministry to proceed further in this regard.

On 03.12.2007 the Hon'ble High Court of Kolkata have sanctioned the Scheme of Amalgamation of M/s Shree Maruti Steels & Castings (P) Ltd. (SMSCPL) with M/s N. R. International Ltd. (NRIL), U/s 391 (2) & 394 of the Companies Act, 1956 with transfer date as 01.04.2006. Accordingly the Books of Accounts of SMSCPL have been merged with NRIL w.e.f. 01.04.2006.

Keeping all these factors into consideration, your Company will definitely expand its business activities in Steel Market to a large extent.

N.R. INTERNATIONAL LIMITED

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 Sixteenth Annual Report together with the audited accounts of the Company for the year ended March 31, 2007.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March 2007 is summarized below:

| | As at 31.03.2007 (Rs.) | As at 31.03.2006 (Rs.) |
|--|------------------------------|------------------------------|
| Working for the year yielded a Profit before depreciation, Interest, and tax | 3,05,02,512 | 1,59,32,355 |
| Less : Interest & Finance Charges | 1,50,70,260 | 44,85,129 |
| Profit before Depreciation | 1,54,32,252 | 1,14,47,226 |
| Less Depreciation | 58,67,402 | 32,35,665 |
| Profit before Tax | 95,64,850 | 82,11,561 |
| Less : Provision for taxation | 10,63,043 | 9,22,980 |
| Deferred Tax | 21,16,860 | 11,32,404 |
| Fringe Benefit Tax | 90,310 | — |
| Profit after tax | 62,94,637 | 61,56,177 |
| Less: Income Tax adjustment for earlier years | — | 337 |
| Add : Surplus brought forwards previous year | 2,47,14,010 | 1,85,14,117 |
| Add : Amount transferred pursuant to Scheme of Amalgamation | — | 44,053 |
| Add : Depreciation written back | 9,88,436 | — |
| Less : Transfer to General Reserve | 1,72,99,807 | — |
| Surplus carried to Balance Sheet | 1,46,97,276 | 2,47,14,010 |

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

During the Financial year 2006-07 the turnover of the Company has been increased by around 113% and profit after tax has been increased from Rs. 61.56 Lacs to Rs. 62.95 Lacs in comparison to the last year. Further, on 03.12.2007 the Hon'ble High Court of Kolkata have sanctioned the Scheme of Amalgamation of M/s Shree Maruti Steels & Castings (P) Ltd. (SMSCPL) with M/s N. R. International Ltd. (NRIL), U/s 391 (2) & 394 of the Companies Act, 1956 with transfer date as 01.04.2006. Accordingly the Books of Accounts of SMSCPL have been merged with NRIL w.e.f. 01.04.2006.

N.R. INTERNATIONAL LIMITED**FUTURE OUTLOOK**

1. Expansion of existing Induction Furnace Plant situated at Kushpangi, Athagarh, Cuttack by installation of one additional 8 MT capacity of Induction Furnace.
2. Expansion of existing Induction Furnace Plant situated at Bainchua, Tangi, Cuttack by installation of one Cupola Furnace, Twin Blast System.
3. To set-up well modernized Integrated Steel Plant in the State of Orissa & Jharkhand.
4. To negotiate with different Sponge Iron Units in Orissa, either to enter into certain business arrangements or to take over any existing Sponge Iron Unit in Orissa.
5. To set-up one 0.9 MTPA capacity of Coal Beneficiation Plant at Bainchua, Tangi, Cuttack.

RESERVES

The total Reserves as on 31st March 2007 stood at Rs. 2248 Lacs as against Rs. 1915 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. Abhay Kumar, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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. 8,68,92,592/- |

LISTING WITH STOCK EXCHANGES

The equity shares of the Company are listed in following Stock Exchanges as at 31.03.2007:

| 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 5th day of December, 2007

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 2007 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 attention to Note 4 of Schedule 18 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, 2007, and taken on record by the Board of Directors, none of the directors of the Company is disqualified as at March 31, 2007, 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, 2007,
 - (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

Camp : Cuttack
Date : December 5, 2007