



The Sky is the Limit

N AGARWAL INDUSTRIES LIMITED

16th Annual Report 2008-2009

Board of Directors

Shri N R Agarwal
Shri R N Agarwal
Shri S N Chaturvedi
Shri Parduman Kumar
Shri C R Radhakrishnan
Shri Raunak Agarwal
(w.e.f. 1st September, 2009)

Executive Chairman
Managing Director & CEO
Director
Director
Director
Whole Time Director

Chief Financial Officer

Shri S Ramesh

Company Secretary & Compliance Officer

Ms Priyanka Agrawal

Auditors

Chaturvedi & Partners
Chartered Accountants, Mumbai.

Bankers

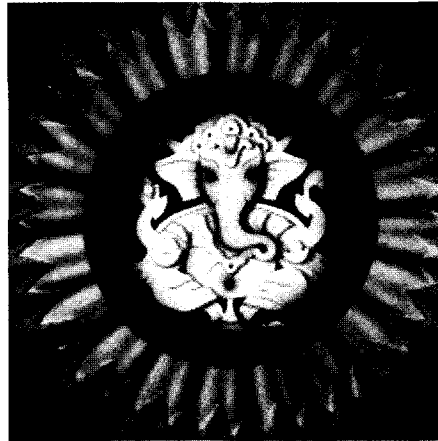
Bank of India
Bank of Baroda
Oriental Bank of Commerce
Standard Chartered Bank
IDBI Bank Limited
ING Vysya Bank Limited

Registrar & Transfer Agents

Sharex Dynamic (India) Private Limited
17/B, Dena Bank Building
2nd Floor, Horniman Circle
Fort, Mumbai – 400 001
Tel. : 022-22702485/22641376

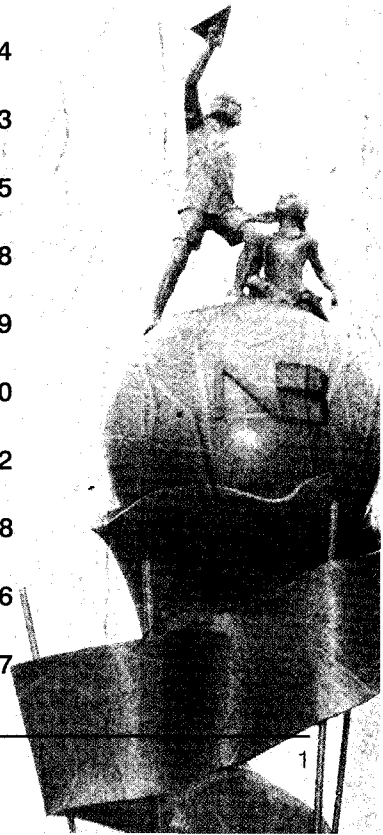
Registered Office

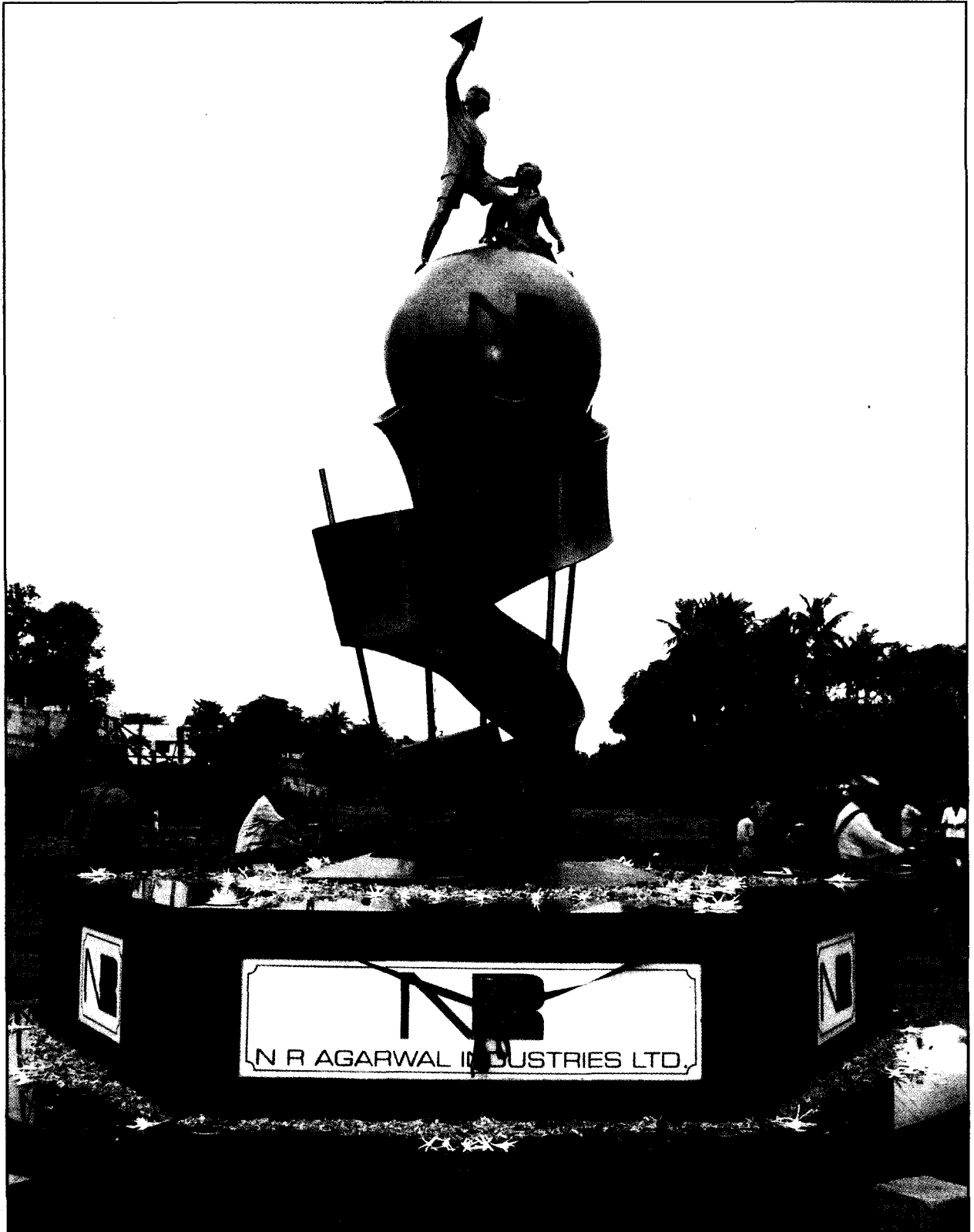
415-418, Janki Centre, 4th floor, 29,
Shah Industrial Estate,
Off Veera Desai Road
Andheri (W), Mumbai-400053
Tel. : 022-67317500
Email: investors@nrail.com
Website: www.nrail.com



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Your Company's contribution in beautification of GIDC, Vapi by building Traffic Island.

Shri N R Agarwal Founder Chairman

'If You Believe In Your Dreams, There Is No End To What You Can Do' are the electrifying words of our Chairman, who is the principal author of the phenomenal successes notched up by the company in such a short span of time.

Known for his remarkable scholastic achievements, he is a qualified Chemical Engineer having over Four decades of rich experience in the paper industry.

He is often referred to as 'a gifted man of terrific qualities', a man who was destined to succeed. An iconic figure, commanding respect from one and all for his in-depth knowledge of varied aspects, he is our founder chairman without whom, the Company wouldn't have reached such great heights.

It is his proficiency, commitment and hard work which has made the Company earn a pre-eminent position in the industry.

His matchless ability to lead from the front, bottomless knowledge of managerial affairs, capacity to take sound, vital and far-reaching strategic decisions which have time and again checkmated our rivals, thus making him the most invaluable asset for the Company.

He was awarded the "Order of Merit" for management, was honoured as "Samaj Shri" in recognition for services

rendered to the public and was made "Life Member" by the 'Indian Council of Management Executives', Bombay in the year 1994. He won the "Order of Merit" award again in 1995 from the Council.

A man of charismatic personality retaining poise in all situations of life, his ebullience spurring one and all connected with the company to strive for its cause with an unquestionably strong sense of devotion,

commitment and responsibility. He is a go getter working with unflinching zeal to win the Company a most prominent place in the Corporate World.

He has proved to be a uniquely distinct leader, a model to be emulated by all those who want to learn the science and art of Leadership.

It is his immense clout in India that allows the Company to venture bravely even into global waters.

The success of the Company which has in its fold a brilliant mercurial mind like him, is always a foregone conclusion.

The Company will always remain indebted for the momentous role he has carried out in the rise of the company as a force to reckon with, which includes leading its way to the pinnacle of glory.



From the Desk of Managing Director & CEO



Dear Shareholders,

The Indian economy, which was growing steadily and at rapid pace over the last five years, has taken a backward step, due to the major worldwide financial turmoil and continuing global slowdown. Attempts have been made to counter the domestic effects by introducing the fiscal measures and stimulating packages, with a view to provide tax relief to boost demand and increase in expenditure relating to public projects. In addition, the Reserve Bank of India has also taken a number of measures to increase the availability of credit, ease liquidity and reduce lending rates. It is expected that with implementation of all these measures, the slowdown in the Indian economy would be reversed and more favourable trends would re-emerge in the near future.

The Indian Paper Industry, an underperformer till some time ago, is currently in the midst of a transformation, with improving operating efficiencies and a major capex binge. The industry has turned around in the past couple of years, as demand growth has started to outpace supply.

Your company is planning a 300 TPD Newsprint / Writing Printing project for which the discussion for finalisation of machine is at a concluding stage.

The Company is confident of implementing this project to augment the Turnover and Profitability.

Considering the surrounding somber and difficult circumstances, the performance of our Company is considered satisfactory. However, due to the steadfast thrust of the Government on education, the demand for paper is expected to remain firm.

I append the latest result of our business activities for the year 2008-09.

The Company has posted reasonable growth in Sales/ Revenue with total turnover and other income of Rs39285 lacs as against as against Rs 31341 lacs for the previous financial year, thereby registering an increase of around 25%. Consequently, we foresee an exciting path of steady success ahead for the company by accepting the challenges, which we may face on the road towards success. Our conviction to succeed is ever-more and the strength to achieve is from within.

While we are continuously striving to adapt the changing business environment to keep our company at the forefront, our uncompromising focus on quality, will continue to give us a competitive advantage.

I'd like to extend my gratitude towards all our shareholders, customers and the staff for their faith in the Company and unstinted support, as always.

R N Agarwal
Managing Director & CEO

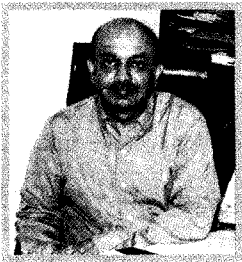
Customer Delight - Our Obsession

“QUALITY IS NOT AN ACT, IT IS A HABIT”, is what NRAIL thrives on.

We believe in making a difference through the quality of our wide product portfolio of Paper & Paper Boards.

We have consistently used best practices, backed by Strict Quality Control (QC) regimen to ensure quality of our products. We integrate QC as an integral part of our Manufacturing process and use sophisticated testing equipments to ensure adherence to Standards.

We have always aimed to move beyond the production and profitability, driven by a Single growth engine- Customers. Our personnel visit our Customers on regular basis, to understand what improvements can be implemented in order to respond to the changing needs of the market places. Customer feedbacks are vital for product improvement and creating a new array of products.



Shri Saket Kanoria
Managing Director, ICPL

Comments :

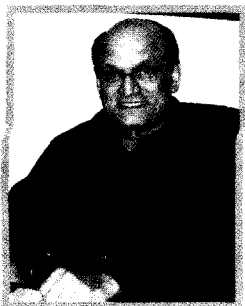
We really value our association with NRAIL. They offer “Value for Money Boards”, coupled with delivery of the products Just In Time. Their focus on consistent improvement in Quality and service makes them, A Dependable partner. The personal touch in their services and willingness to lend a patient ear to our suggestions makes them a preferred choice as a supplier. We look forward to work together for a long time to come for mutual benefit.

To us, the customer is not at the end of the Value chain. The customer is the origin of all that we are.

Customers today expect, nothing, but the best, which is what drives us to give them, nothing, but only The Best. We believe that Excellence never comes from mere words or procedures but comes, only from an urge to strive and deliver the best everytime. The views of our Chairman emanates from his vision that says,

“When it is good enough, improve it.”

At NRAIL, a Customer Centric Attitude is deeply ingrained in employees across all levels. Our people have a constant quest, of understanding our customers needs and commitment to satisfy them.



Shri Pramod Borkar
Managing Director
Borkar Packaging Pvt. Ltd., Daman

Comments :

“Borkars have always cherished their association with NRAIL. It’s been a long one; one we fondly look back on. If I were to really look back on why we rely on them so much and value them as our business associates, I can think of two key factors on which NRAIL stands out: reliability and consistency. This is seen in both quality as well as service. I don’t recall a single incident where we have felt stranded or left to fend for ourselves. NRAIL has always stood by us. Communication from their Marketing/Customer Care wing is excellent. I would rate this business house very high on business ethics as well. NRAIL can always count on our unrelenting support. I am sure in times to come, this association will only strengthen.”

Notice

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of **N R AGARWAL INDUSTRIES LIMITED** will be held at GMS Community Centre Hall, Sittladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar on Link Road, Andheri (West), Mumbai – 400 053 on Saturday, September 26, 2009 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended on that date and 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 Radhkrishnan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. S N Chaturvedi, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. 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 Sections 198, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the company hereby approves the appointment of Shri Raunak Agarwal as the Wholetime Director of the Company for a period of five years with effect from September 1, 2009 upon the terms and conditions including the terms as to remuneration as set out in the Agreement dated 20.08.2009 entered into between the company and Shri Raunak Agarwal and 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 XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board and Shri Raunak Agarwal.

RESOLVED FURTHER THAT subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Act, the remuneration payable to Shri Raunak Agarwal as Wholetime Director by way of salary, commission and perquisites shall not exceed five percent of the net profits of the Company for one such Director and if there are more than one such Director, ten percent of such net profits for all of them together in that financial year.

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 Wholetime Director the remuneration payable to him shall be as per the minimum remuneration

prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the said agreement as the minimum remuneration.

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”.

7. 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 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company are listed (the “Stock Exchanges”), Foreign Exchange Management Act, 2000(FEMA), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and the regulations/ guidelines, if any prescribed by the Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as might be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any Committee(s) constituted by the Board to exercise its powers including the powers conferred by this resolution) is hereby authorized to accept , the Board be and is hereby authorized on behalf of the Company to create, issue, offer and allot, (including with provisions for reservation on firm and/ or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more public or private offerings in domestic and/or one or more international market(s), with or without a green shoe option, Ordinary Shares and/or Ordinary Shares through depository receipts and /or convertible bonds and or other securities convertible into Ordinary Shares at the option of the Company and/or the holder (s) of such securities , and/or securities linked to Ordinary shares and /or securities including non-convertible debentures with warrants or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for the Ordinary Shares and/or warrants with an option exercisable by the warrant-holder to subscribe for Ordinary shares and/or any instruments or securities representing either Ordinary Shares and/or convertible securities linked to Ordinary Shares (including the issue and allotment of Ordinary Shares pursuant to a Green Shoe Option, if any), (all of which are hereinafter collectively referred to as ‘Securities’) to eligible investors under applicable laws, regulations and guidelines

(whether residents and/or non-residents and/or institution/banks and/or incorporated bodies, mutual funds venture capital funds and Indian and/or multi-lateral financial institutions and/or individuals and/or trustees and/or stabilizing agents or otherwise, and whether or not such investors are members of the Company), through prospects and/or letter of offer or circular and/or on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities provided that the total amount raised through the issuance of such Securities does not exceed Rs. 200 Crores or its equivalent in one or more currencies, including premium if any as may be decided by the Board, to investors as mentioned above.

RESOLVED FURTHER that without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holders of any Securities or for variation of the price or period of conversion of Securities into Ordinary Shares or issue of Ordinary Shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of Securities.

RESOLVED FURTHER that the Company and/or any agency or body or person authorized by the Board, may issue depository receipts representing the underlying Ordinary Shares in the capital of the Company or such other Securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Ordinary Shares as may be required to be issued and allotted, including issue and allotment of Ordinary Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer, subject to the provisions of the Memorandum and Articles of Association of the Company all such shares shall rank pari passu inter se and with the then existing Ordinary Shares of the Company in all respects, including dividend.

RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of Ordinary Shares or Securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of Securities issued, such as the depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s),

including but not limited to the preliminary and final offer documents and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating hereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, including filling of Offer document with authorities as required, affixing the Common Seal of the Company on agreement/documents, arrangements delivery and execution of contracts, deeds, agreements and instruments and opening bank accounts and demat accounts."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of proxy for use at the meeting must be lodged at the Registered Office of the Company, not less than forty eight hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at item no 6 & 7 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 22, 2009 to Saturday, September 26, 2009 (both days inclusive).
5. The dividend on equity shares, if declared at the meeting, will be paid on or after September 26, 2009 to those members whose names appear on Register of Members on September 26 2009. In respect of equity shares held in electronic form, the dividend will be payable to the Beneficial Owners of shares as at the end of business hours on September 21, 2009 as per the details furnished by the Depositories for this purpose.
6. Members are requested to immediately notify the Company or M/s Sharex Dynamic (India) Private Limited, 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai – 400 001 in case of any change in address and should specify their full address in capital letters clearly indicating the pincode of the post office and quoting of the Folio Number.
7. Shareholders holding shares in physical form are requested to get their shares dematerialised.

By order of the Board of Directors

Registered Office:
415-418, Janki Centre
4th Floor, 29, Shah Industrial Estate
Off: Veera Desai Road
Andheri (West), Mumbai - 400 053
Dated: August 20, 2009

Priyanka Agrawal
Company Secretary

Annexure to Notice:

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

Item No. 6

The Board of Directors of the company at its meeting held on August 20, 2009 had appointed Shri Raunak Agarwal as the Wholetime Director of the Company for a period of five years with effect from September 1, 2009 on the remuneration and terms and conditions as contained in the Agreement dated August 20, 2009 entered into between the company and Shri Raunak Agarwal. The terms of his appointment as contained in the said Agreement dated August 20, 2009 for his appointment as Wholetime Director are as under:

1) **Appointment** of Shri Raunak Agarwal as Wholetime Director for a period of five years with effect from September 1, 2009.

2) **Remuneration:**

- a) **Salary:** Rs. 50,000/- per month with an annual increment of Rs.50,000/- Per Month subject to Provision of Schedule XIII.
- b) **Commission:** Commission on Net profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 as may be fixed by the Board subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.

Perquisites: In addition to the aforesaid Salary and commission, the Wholetime Director shall be entitled to the following perquisites:

- i) *Free Furnished residential accommodation or House Rent Allowance together with utilities, therefore such as gas, electricity, water, furnishings, repairs, servants salaries, society charges and property taxes as may be approved by the Board.*
- ii) *Reimbursement of medical Expenses incurred for self and family and medical/ accident insurance.*
- iii) *Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.*
- iv) *Fees of clubs/ annual membership fees for professional bodies.*

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Wholetime Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Wholetime Director, the above Salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

- c) The Wholetime Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
 - i) Contribution to Provident Fund, Superannuation Fund

or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.

- ii) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
- iii) Earned privilege leave at the rate of one month's leave for every eleven months of service. The Wholetime Director shall be entitled to encash leave at the end of his tenure as Wholetime Director.
- iv) Provision for Car for Company's business and Telephone at the residence of the Wholetime Director shall not be treated as perquisites.

Other terms:

- 1) The Wholetime Director shall unless prevented by ill health, through out the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the company and use his utmost endeavor to promote the interest thereof.
- 2) The Wholetime Director shall be entitled at any time to resign office as Wholetime Director after giving the Company Ninety days notice or by such period agreed to by Board of Directors in that behalf and subject to any provisions of the Act in that behalf.

A special resolution at item no. 6 of the accompanying notice is proposed for his appointment as Wholetime Director and payment of remuneration to him as he is below the age of Twenty five years. The Board commends the approval by the members of the said special resolution.

Shri Raunak Agarwal is concerned or interested in the said Special Resolution at item no.6 of the accompanying notice as it relates to his own appointment. Shri N R Agarwal and Shri R N Agarwal are also interested or concerned in the said resolution as the relatives of Shri Raunak Agarwal.

The above should be considered as an abstract of the terms of appointment of the Wholetime Director and Memorandum as to the nature of concern or interest of the Directors in the said appointment as required under section 302 of the Companies Act, 1956.

A copy of the Agreement dated August 20, 2009 for the appointment of Shri Raunak Agarwal is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company except Saturday and Sunday.

Item No. 7

The Company intends to raise additional long-term finance by issue of securities in the domestic/ international markets and utilize the proceeds for capital expenditures, repayment of indebtedness, acquisitions, working capital in the Company, investments by way of equity and or debt in consolidated subsidiaries, joint ventures and associated companies and general corporate purposes as well as

exploit opportunities by way of merger and acquisitions, joint ventures and strategic alliances, both aboard & in India.

The proposed resolution at item No.7 seeks the enabling authorisation of the Members to the Board of Directors, to raise additional funds through the issue of Securities in the domestic/international markets, including by way of depository receipts for an amount not exceeding Rs.200 Crores or its equivalent in one or more currencies, in one or more tranches, in such form, on such terms, in such manner, at such price and at such time as may be considered appropriate by the Board, to the various categories of investors in the domestic/international markets.

Section 81(1A) of the Act and Listing Agreement entered with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution at Item No.7 seeks the consent and authorization of the Members to the Board of Directors to make the proposed issue of Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares,

to issue to the holders of such convertible securities in such manner and such manner of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines.

The Board of Directors accordingly recommends the resolution set out at Item No.7 of the accompanying Notice for the approval of the Members.

The Directors of the Company may be deemed to be concerned or interested in the Resolution at Item No.7 of the Notice to the extent of Securities that may be subscribed to by the companies/institutions of which they are directors or members.

By order of the Board of Directors

Registered Office:

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

Priyanka Agrawal
Company Secretary

Dated: August 20, 2009

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their Sixteenth Annual Report along with the Audited Annual Accounts for the year ended on 31st March, 2009.

FINANCIAL RESULTS:

(Rs. in Lakhs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Net Sales / Income from Operations and other income	39259.96	31340.73
Interest	1008.05	998.68
Gross Profit after Interest but before Depreciation and Taxation	1991.76	1984.32
Depreciation	809.70	750.23
Profit before Tax	1182.06	1234.09
Provisions for Taxation	246.33	272.30
M Vat Entitlement	-	-
Deferred Tax	40.16	51.15
Fringe Benefit Tax	5.00	5.09
Prior year Adjustments	(4.20)	16.99
Net Profit for the year	886.37	922.54
Balance in Profit & Loss Account	2196.43	1537.83
Surplus available for appropriation	3082.79	2460.37
Transferred to General Reserve	25.00	25.00
Capital Redemption Reserve	-	-
Proposed Dividend	170.19	204.23
Proposed Dividend on Preference Shares	-	-
Tax on Dividend	28.92	34.71
Balance carried to Balance Sheet	2858.68	2196.43

DIVIDEND:

The Board of Directors of the Company recommend for declaration by the Shareholders at the Annual General Meeting payment of a dividend of 10% (Re 1/- per equity share) on 1,70,19,100 equity shares of the face value of Rs.10/- each.

YEAR IN RETROSPECT:

During the current year the company achieved a production of 120602 MT of Duplex Board and 32997 MT of Newsprint and Writing Printing Paper as against 99070 MT and 32524 MT for the previous year. The Duplex Board production has grown by 22% whereas the Newsprint and Writing printing paper production has shown marginal growth of around 2%, in view of market conditions.

The gross sales and other income for the financial year under review were Rs. 39221 lacs as against Rs.31341 lacs for the previous financial year registering a growth of around 25%.

Irrespective of reasonable growth in production and turnover, there has been a pressure on the bottom line and the company could not achieve the profitability level as compared to the previous year due to high input cost and recessionary trend in the market. Even exports were affected and it has dropped by around 9% as compared to the previous year, due to global recession.

CURRENT YEAR'S PROSPECTS:

The production of Duplex Board and Newsprints during the first quarter was 30698 MT and 7272 MT respectively as against 29459 MT of Duplex Board and 7539 MT of Newsprints in the corresponding quarter of the previous year.

During the first quarter of the current year the company achieved a turnover of around Rs. 88 Crores and the net profit of around Rs.420 lacs as against Rs.232 lacs of the corresponding quarter of the previous year. However the exports are still bleak in view of the slow down continuing in the global scenario.

The company could only export 95 MT during the first quarter of the current year as against 1662 M.T. in the corresponding quarter of the previous year. However, this drop has been compensated by pushing sales in the local market.

FIXED DEPOSITS:

As on 31st March, 2009 no fixed deposit was due and unpaid.

COST AUDIT:

As per the Government's directive, the Company's cost records in respect of Paper products of the Company for the year ended 31st March, 2009 are being audited by the Cost Auditor M/s. V. J. Talati & Company, who were appointed by the Board with the approval of the Central Government.

DIRECTORS:

Shri C R Radhakrishnan would retire by rotation at the ensuing Annual General Meeting of the Company and is eligible for reappointment.

Shri S N Chaturvedi would retire by rotation at the ensuing Annual General Meeting of the Company and is eligible for reappointment.

Shri Raunak Agarwal has been appointed as a Wholetime Director by the Board with effect from 1st September, 2009. Necessary resolutions for approval of the Appointment and remuneration payable to Shri Raunak Agarwal is being proposed for approval by the shareholders at the ensuing Annual General Meeting of the Company.

Brief resume of the above Directors, nature of their experience in specific functional areas and names of the companies in which they hold Directorship and Membership/Chairmanship of Committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange are given in the section on Corporate Governance in the Annual Report.

DISCLOSURE UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure-I forming part of this report.

PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given below:

Sr. No.	Name	Age	Designation	Gross Remuneration	Net Remuneration	Qualifications	Total Experience	Date of Commencement of Employment	Last Employment
1.	Shri R N Agarwal	49	MD & CEO	38,50,000	24,58,650	BE- Electrical, MBA	20	05.08.2005	-
2.	Shri N R Agarwal	77	Executive Chairman	25,00,000	16,98,554	Chemical Engineer	40	05.08.2005	-

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that the accounting policies selected and applied are consistent and judgments and estimates made 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;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis;

Search and seizure under Section 132 of the Income Tax Act, 1961 was carried out in July, 2009 and the matter is under process.

AUDITORS AND AUDIT REPORT:

M/s. Chaturvedi & Partners, Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment as auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

LISTING:

The Equity shares of the Company are listed with the Bombay Stock Exchange Limited. The Company has paid Annual Listing Fee to the Bombay Stock Exchange Limited for the year 2008-2009.

CORPORATE GOVERNANCE/ MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion & Analysis and on Corporate Governance alongwith a certificate from the Auditors are attached hereto and form part of this report.

INDUSTRIAL RELATIONS:

The Employer - Employee relations were cordial throughout the year under review.

ACKNOWLEDGEMENT:

The Board wishes to record its deep appreciation for the exemplary contribution made by the employees at all levels. The Board also acknowledges the continued support received from Financial Institutions, Banks and various Central and State Government Agencies, shareholders, suppliers, dealers and valued customers.

By order of the Board of Directors

N. R. Agrawal
Executive Chairman

Mumbai

Dated: August 20, 2009

ANNEXURE - I

INFORMATION REQUIRED UNDER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

i) CONSERVATION OF ENERGY:

ENERGY CONSERVATION MEASURE TAKEN IN NEWS PRINT UNIT AND DUPLEX COATED PAPERBOARD UNITS

A) Newsprint manufacturing Unit.

1. Further installed 4 nos. the ceramic tops at vacuum boxes in wire part for reducing the friction as well as overall machine run-ability improvement for power saving on per ton of finished product.
2. After installation of sludge press in place of huge power consuming de-caneters, management focused on the saving of fresh water consumption by recycling the used water like back water of paper machine. For achieving the usable water results, two RCC Tanks with ceramic tiles lining has been prepared for paper machine back water and clear water for precipitation and settling of suspended particle at bottom of these tanks. Thereafter, this water goes to further treatment. As a result of this we are saving up to 2.5 KL fresh water per ton of machine production by circulating the more used water in close cycle.
3. Energy efficient imported fan pump (PCC) of paper machine has been installed replacing the old one for power saving and paper quality improvement.
4. We installed the wind driven turbo air ventilator in place of electrical exhaust fans in our machine hall, turbine house and waste paper godown for saving the electricity.
5. We also installed the ceramic tops on press felt vacuum boxes for better life of felts and power saving by reducing the friction between felt and vacuum boxes.

By putting the above said equipments we are producing the one grade higher quality News Prints at the same KWH/Ton of paper & at lower steam consumption. We are also producing the Writing & Printing paper on the same paper machine.

B) Duplex coated paperboard Units.

1. As we have described above that management is focusing to save the fresh water consumption per ton of paper by re-cycling the used water. For achieving the usable water once again we are installing the big capacity krofta unit.
2. Further we are going to install another one additional former 'Black Clawson' (UK) in paper machine wet section for improving the machine production with wide range in GSM.

3. We have installed a new energy efficient pulper for using the pepsi cutting for slashing the production cost (Like cost of waste paper and electricity).
4. Further we are going to replace all steam rotary joints, steam traps and air vent with world class steam condensate recovery system manufacturer M/s. Kadant Johnson (UK) in our machine dryer section for reducing steam consumption as well as better condensate recovery.
5. We are also doing the water harvesting during the rain.

1) POWER & FUEL CONSUMPTION:

a) Electricity:	Unit	Current Year	Previous Year
i) Purchased Units	Lakh/KWH	12002760	12663380
Total amount	Rs. in lakhs	778.15	711.59
Rate / Unit	Rs.	6.48	5.62
ii) Own Generation			
(i) Through Diesel Generator			
Units	KWH	N.A.	N.A.
Qty.	Kilo Ltrs.		
Total Cost	Rs.in lacs		
Units per Ltr. of Furnace Oil & LDO			
Average Cost/Unit	Rs./KWH		
(ii) Through Steam Turbine			
Units	KWH	64221960	57723600
Units per tonne of coal	KWH	1053	1160
Average Cost/Unit	Rs./KWH	2.51	1.58
b) Coal and Lignite:			
Quantity	Tonnes	135542	109779
Total amount	Rs. in lakhs	4676.56	2923.02
Average Rate/Ton	Rs.	3450	2663
(The Company uses 'B' & 'C' grade coal in it's Boiler and Steam Turbine)			

2) CONSUMPTION PER TONNE OF PRODUCTION:

Electricity	KWH	78	96
Coal	Kgs.	882	834
Furnace Oil	Ltr.	N.A.	NA
L.D.O.	Ltr.	N.A.	NA

II) TECHNOLOGY ABSORPTION:

The Company does not require any technology for its existing business.

III) FOREIGN EXCHANGE EARNINGS & OUTGO:

Foreign Exchange Outgo	: Rs 3870.26 Lacs
Foreign Exchange Earnings	: Rs.1226.83Lacs

For and on behalf of the Board of Directors

N R Agarwal
Executive Chairman

Mumbai: August 20, 2009

Report on Corporate Governance

Corporate Governance is about commitment to values and ethical business conduct. It is also about how an organisation is managed viz., its corporate and business structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial position of the company, its performance and ownership forms part of the corporate governance.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

N R Agarwal Industries Limited (NRAIL) continues to uphold its commitment to high standards of corporate governance. In all its operations and processes, the Company adheres to stringent governance norms so that its stakeholders are ensured of superior financial performance.

Through its corporate governance measures, the Company aims to maintain transparency in its financial reporting and keep all its stakeholders informed about its policies, performance and developments. NRAIL will contribute to sustain and strengthen stakeholder's confidence by adopting and continuously improving good corporate practices.

Your Company's Board has laid down identifiable policies and guidelines related to the key elements of corporate governance-transparency, disclosure, supervision and internal control, risk management, internal and external communications, high standard of safety, accounting fidelity, product and service quality. It has also introduced adequate review processes.

2. BOARD OF DIRECTORS:

A. Composition of the Board

The Board of Directors of the Company consists of persons with professional expertise and experience in business and industry, finance, management, and marketing. The Board of Directors of the Company is entrusted with the task of managing the Company directly or through delegation of authority either partly or totally as may be found appropriate and reasonable to the Board (within the legal frame work of the Company).

The present strength of Board of Directors of the Company is Six Directors.

Four out of Six Directors are Non Executive Directors and three out of them are Independent Directors.

Composition and category of Directors is as follows:

Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies including private companies in India	No. of Committees in which Chairman/ Member (other than N R Agarwal Industries Ltd)	
					Member	Chairman
Shri. N R Agarwal	Executive Chairman	0	-	4	-	-
Shri. R N Agarwal	Managing Director & CEO	4	Yes	-	-	-
Shri. S N Chaturvedi	Non-Executive Independent	4	Yes	6	2	-
Shri. Chittaranjan Musib (upto 10.07.2008)	Non-Executive Independent	1	-	-	-	-
Shri P. Kumar	Non-Executive Independent	4	Yes	1	1	3
Shri C R Radhakrishnan	Non-Executive Independent	4	-	-	-	-
Shri Raunak Agarwal (Since 01.05.2008)	Non- Executive	2	Yes	-	-	-

Shri Raunak Agarwal is the son of Shri R N Agarwal and Shri R N Agarwal is the son of Shri N R Agarwal and hence they are related to each other.

B. Non-executive Director's Compensation

None of the non-executive directors is paid any remuneration other than sitting fees of Rs. 5000/- for each director for attending each Board Meeting and Rs.5000/- for each of the Audit Committee Meetings.

The holding of non-executive directors in the shares of the Company are as follows:

1. Shri Raunak Agarwal 32 Equity Shares

C. Independent Directors

The independent directors are not related to promoters or management at the Board level.

D. Board Procedure

Number of Board Meetings held and the dates on which held:

Four Board Meetings were held during the year 2008-09. The dates on which the said meetings were held are as follows:

28.04.2008, 31.07.2008, 23.10.2008 and 19.01.2009.

The Company has a process to provide the information to the Board as required under Annexure I A to clause 49 of the listing agreement, which was followed.

All the directors have made necessary disclosures about the committee positions, they occupy in other companies.

The company has not entered into any materially significant transactions during the year under report with promoters, directors, senior management personnel etc. other than transactions if any, entered into in the normal course of company's business.

E. Details of Directors to be appointed

Information required under clause 49 VI G of the Listing Agreement:

The particulars of Directors who are proposed to be appointed/ re-appointed at the ensuing Annual General Meeting, are given below, as required pursuant to clause 49 of the Listing Agreement:

Name	:	Shri C R Radhakrishnan
Qualifications	:	M.Com, C.A.I.I.B.
Expertise	:	Banking & Finance
Other Directorships	:	NIL
Other Memberships of Committees	:	Membership in Two Committees
No of shares held	:	NIL

Name	:	Shri S N Chaturvedi
Qualifications	:	Chartered Accountant
Expertise	:	Finance & Accounts
Other Directorships	:	Jai Corp Ltd Balkrishna Industries Ltd Tufropes Private Ltd Jai Realty Ventures Ltd ValuDel Consultancy Ltd Balkrishna Paper Mills Ltd
Other Memberships of Committees	:	Jai Corp Limited Balkrishna Industries Limited
No of shares held	:	NIL

Name	:	Shri Raunak Agarwal
Qualifications	:	B. B. A.
Expertise	:	Industrialist
Other Directorships	:	NIL
Other Memberships of Committees	:	NIL
No of shares held	:	32

3. CODE OF CONDUCT:

The Board has laid down a code of conduct for Board members and senior management personnel of the company. The said code of conduct is posted on the Company's website. The board members and senior management personnel have affirmed compliance with the said code of conduct.

The Company has also adopted a code of conduct for prevention of Insider Trading. All the Directors, Senior Management employees and other employees who have access to the unpublished price sensitive information of the Company are governed by this code. During the year under report, there has been due compliance with the said code of conduct for prevention of Insider Trading.

4. AUDIT COMMITTEE:

The Audit Committee comprises of three Qualified, Independent & Non-Executive Directors. The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956 such as oversight of the company's financial reporting process; recommending the appointment / reappointment of statutory auditors; reviewing with the management annual financial statements; quarterly financial statements and other matters as covered under role of audit committee in clause 49. The audit committee has powers, inter-alia, to investigate any activity within its terms of reference and to seek information from any employee of the company as well as seek outside legal and professional advice.

The members of audit committee have knowledge on financial matters and majority of them have accounting or related financial management expertise. The Chairman of the audit committee is an independent director.

The statutory auditors and finance personnel and Managing Director are invitees to the meetings of the audit committee.

The audit committee reviews all the information that is required to be mandatorily reviewed by it under Corporate Governance.

The Company Secretary acts as a Secretary to the Committee.

Four Meetings of the Committee were held during the year 2008-09. The dates on which the meetings were held are as follows:

28.04.2008, 31.07.2008, 23.10.2008 and 19.01.2009.

The Audit Committee was re-constituted w.e.f July 31, 2008 to comprise the following directors.

Composition and category of Members is as follows:

Name of Director	Category	No. of Meetings Attended
Shri P. Kumar	Chairman-Independent	4
Shri S. N. Chaturvedi	Independent	4
Shri. C. R. Radhakrishnan	Independent	4

5. SUBSIDIARY COMPANY:

The Company has no subsidiary company.

6. REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three directors all of whom are Non-Executive, Independent Directors.

The Remuneration Committee was re-constituted w.e.f July 31, 2008 to comprise the following directors

Shri P Kumar	Chairman	- Independent, Non Executive
Shri S. N. Chaturvedi	Member	- Independent, Non Executive
Shri C.R.Radhakrishnan	Member	- Independent, Non Executive

The remuneration committee deals with the matters specified in clause 49 of the listing agreement and also reviews the overall compensation structure and policies of the company.

There was no meeting of the Committee held during the year.

The details of remuneration to all the Directors for the year ended March 31, 2009 are as under:

Name of Director	Salary (Rs.)	Benefits (Rs.)	Commission (Rs.)	Sitting fees (Rs.)	Total
Shri N R Agarwal	24,50,000	50000	—	—	25,00,000
Shri R N Agarwal	36,50,000	200000	—	—	38,50,000
Shri S N Chaturvedi	—	—	—	46,000	46,000
Shri C Musib*	—	—	—	10,000	10,000
Shri P Kumar	—	—	—	46,000	46,000
Shri C R Radhakrishnan	—	—	—	40,000	40,000
Shri Raunak Agarwal	—	—	—	10000	10000

*Ceased to be director of the Company w.e.f 10.07.2008

Presently, the Company does not have any stock option plan or performance linked incentives for its Directors.

7. Shareholders' / Investors' Grievance Committee:

The shareholders' / Investors' Grievance Committee comprises of

Shri P. Kumar	Chairman, Non-Executive, Independent Director
Shri S N Chaturvedi	Member, Non-Executive, Independent Director
Shri N R Agarwal	Member

The committee deals with matters relating to:

- Review of shares dematerialized and all other matters.
- Investors' grievances and redressal mechanism and measures to improve the level of investor services.
- Review of queries received from investors.

Two meetings of the Committee were held during the year 2008-09. The dates on which the meetings were held are as follows: 31.07.2008 and 19.01.2009.

Number of Meetings attended by each Member is as follows:

Name of Director	Category	No. of Meetings Attended
Shri. P. Kumar	Independent	2
Shri. S N Chaturvedi	Independent	2
Shri. N R Agarwal	Non Independent	0

The Company Secretary has been designated as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review, were NIL. Outstanding complaints as on 31st March, 2009 were Nil. No requests for transfers were pending for approval as on 31st March, 2009.

8. GENERAL BODY MEETINGS:

Location and time of last three Annual General Meetings:

Year	Venue	Day, Date	Time	Special resolution, if any
2005-2006	GMS Community centre, Hall, Sitladevi Complex, D. N. Nagar, Andheri (W), Mumbai-400053.	Friday December 29, 2006	11.00 a.m.	Alteration of Articles of Association for increase in authorized Capital and issue of shares.
2005-2006 (Adjourned AGM)	GMS Community centre, Hall, Sitladevi Complex, D. N. Nagar, Andheri (W), Mumbai-400053	Monday April 30, 2007	11.00 a.m.	—
2006-07	GMS Community centre, Hall, Sitladevi Complex, D.N.Nagar, Andheri (W), Mumbai-400053	Saturday September 29, 2007	11.00 a.m.	Approval of the revision in the remuneration to the Executive Chairman, Shri N R Agarwal and Managing Director Shri R N Agarwal and approval to Mrs Reena Agarwal for holding an office or place of profit.
2007-08	GMS Community centre, Hall, Sitladevi Complex, D. N. Nagar, Andheri (W), Mumbai-400053	Thursday September 11, 2008	11.00 a.m.	—

Postal ballot:

There was no special resolution passed through postal ballot in the last year. At the ensuing Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

9. DISCLOSURES:

A) Related Party Transactions:

There were no transactions of Material nature with related parties i.e. with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large. The transactions with related parties as per Accounting Standard AS-18, are set out in notes to accounts in the Annual Report and were placed before the Audit Committee periodically.

B) Risk Management:

The Board of Directors have been informed from time to time the business risks faced by the Company and the steps taken by the management to face them.

C) Proceeds from Initial Public Offerings(IPOs):

The Company has not made any IPO during the year.

D) Management

The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties/strictures have been imposed against the Company during the last three years.

Clause 49 of the Listing Agreement mandates to obtain a certificate from either the Auditors or Practising Company Secretaries regarding compliance of conditions of corporate governance stipulated in the clause and annex the certificate with the Directors' Report, which is sent annually to all the Shareholders. The Company has obtained a certificate from the Auditors of the company to this effect and the same is given as an annexure to Directors' Report.

The company has not framed whistle blower policy. However, no personnel has been denied access to the audit committee.

The company has not adopted non-mandatory requirements of clause 49. However the particulars relating to remuneration committee are given in this report.

10. CEO/CFO Certification:

A certificate from the Managing Director & CEO and Chief Financial Officer of the company in terms of clause 49 V of the Listing agreement was placed before the Board at the Board meeting held on August 20, 2009 to approve the audited annual accounts for the year ended 31st March 2009.

11. Means of Communication:

The half-yearly and quarterly results are regularly submitted to the Stock Exchange in accordance with the Listing Agreement and are published in newspapers like Free Press Journal and Navshakti. These are not sent individually to the shareholders.

Pursuant to Clause 51 of the Listing Agreement, all data related to quarterly financial results, shareholding pattern etc. are hosted on the Electronic Data information Filing and Retrieval (EDIFAR) website www.sebiedifar.nic.in maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard.

The Company's financial results are displayed on the Company's Website www.nrail.com.

The Management Discussion and Analysis Report forms part of this Annual Report. There were no presentations made to the institutional investors or analysts.

12. General Shareholder Information :

12.1	Annual General Meeting	Date and Time September 26, 2009 At 11.00 A.M.	Venue GMS Community Centre Hall, Sitaladevi Complex, D. N. Nagar, Opp. Indian oil Nagar, On Link Road, Andheri (W), Mumbai- 400053
12.2	Financial Year Financial Calendar	: April to March : First quarter results – last week of July* Second quarter results – last week of October* Third quarter results – last week of January * Fourth quarter results – last week of April * *Tentative	
12.3	Date of Book Closure Annual General Meeting	: Tuesday, September 22, 2009 to Saturday, September 26, 2009 (both days inclusive)	
12.4	Dividend Payment Date	: within 30 days from date of Annual general meeting	
12.5	Listing on Stock Exchange (a) Stock Code – Physical (b) ISIN Number in NSDL and CDSL	: At the Bombay Stock Exchange Limited : BSE, Mumbai – 516082 : ISIN No. INE740D01017	

12.6 Market Price Data

Table below gives the monthly highs and lows of the Company's shares on the Bombay Stock Exchange Limited (BSE).

High and Low prices of the Company's shares on BSE with corresponding BSE Sensex April 2008 to March 2009

Months	High		Low	
	N R Agarwal Industries Limited Price (Rs.)	BSE Sensex	N R Agarwal Industries Limited Price (Rs.)	BSE Sensex
April 2008	29.30	17,480.74	21.50	15,297.96
May 2008	25.65	17,735.70	22.00	16,196.02
June 2008	24.70	16,632.72	19.10	13,405.54
July 2008	23.90	15,130.09	16.00	12,514.02
August 2008	22.55	15,579.78	18.90	14,002.43
September 2008	21.00	15,107.01	13.65	12,153.55
October 2008	15.15	13,203.86	9.85	7,697.39
November 2008	15.04	10,945.41	9.90	8,316.39
December 2008	12.80	10,188.54	10.25	8,467.43
January 2009	12.80	10,469.72	8.70	8,631.60
February 2009	10.00	9,724.87	8.30	8,619.22
March 2009	11.00	10,127.09	8.02	8,047.17

Registrar & Transfer Agents:

Sharex Dynamic (India) Private Limited
17/B, Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai – 400 001

12.7 Share Transfer System

The transfer of shares in physical form is processed and completed by Sharex Dynamic (India) Private Limited within a period of thirty days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Agreement with the Stock Exchanges, a practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued. The Share Transfer Committee meets on fortnightly basis (depending upon share transfers received)

12.8 Distribution of shareholding as on 31st March, 2009:

Sr. No.	Range	No. of shareholders	% to total holders	No. of Shares held	% of Capital
1	1 to 500	6796	87.15	10770340	6.33
2	501 to 1,000	463	5.94	3884650	2.28
3	1,001 to 2,000	247	3.17	3824500	2.25
4	2,001 to 3,000	82	1.05	2141710	1.26
5	3,001 to 4,000	33	0.42	1154060	0.68
6	4,001 to 5,000	74	0.95	3601200	2.12
7	5,001 to 10,000	54	0.69	3931720	2.31
8	10,001 & above	49	0.63	140882820	82.78
	Total	7798	100.00	170191000	100.00

12.9 Categories of Shareholders as on 31st March, 2009:

Category	No. of shares held	Percentage to total share capital
Foreign holding (FIIs, OCBs and NRIs)	27769	0.16
Financial Institutions/ Banks/ Insurance Companies	2500	0.014
Mutual Funds and UTI	0	0
Corporate Bodies	629285	3.698
Directors and their relatives	12460923	73.217
Public	3898623	22.91
Total	17019100	100

12.10 Dematerialization of shares and Liquidity

Trading in the Company's shares is permitted only in dematerialized form for all investors. The Company has established connectivity with National Securities Depository Limited and Central Depository Services (India) Limited through the Registrars, M/s Sharex Dynamic (India) Pvt. Ltd., whereby the investors have the option to dematerialize their shares with either of the depositories.

As on 31st March, 2009, 95.23 % of the paid up share capital has been dematerialized.

Outstanding GDRs /ADRs/Warrants or any convertible instruments conversion date and likely impact on equity: Not Applicable

12.11 Plant Locations:

Unit - I	Unit - II	Unit - III	Unit - IV
Plot No. 169, GIDC, Vapi - 396 195, Dist. Valsad, Gujarat State. Telefax : 0260 - 2401 634 / 2401 706	Plot No. 1, Phase 1, GIDC, Vapi - 396 195, Dist. Valsad, Gujarat State. Telefax : 0260 2400979 / 2401841	Plot No. 901, Phase 3, GIDC, Vapi - 396 195, Dist. Valsad, Gujarat State. Telefax : 0260 2400052 / 2401836	Plot No. 901/P, Phase 3 GIDC, Vapi - 396 195, Dist. Valsad, Gujarat State. Telefax : 0260 2400052 / 2401836

12.12 Address for Correspondence

Registrar and Share Transfer Agents :
Sharex Dynamic (India) Private Limited
17/B, Dena Bank Building
2nd Floor, Horniman Circle,
Fort, Mumbai - 400 001
Tel. : 022-2270 2485 / 2264 1376
Email : investors@nrail.com

Mumbai, 20.08.2009

DECLARATION

As provided under clause 49 of the listing agreement with the Stock Exchange, the Board members and the senior management personnel have affirmed compliance with the code of conduct for the Board of directors and senior management for the year ended 31st March 2009.

For **N R AGARWAL INDUSTRIES LIMITED**

Mumbai
Dated : 20.08.2009

R N AGARWAL
Managing Director & CEO

Auditors' Certificate on
CORPORATE GOVERNANCE

To

The members of

N R AGARWAL INDUSTRIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **N. R. Agarwal Industries Limited**, for the period ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and Management, in our opinion the company had complied with the condition of Corporate Governance as stipulated in Clause 49 of Listing Agreement.
4. On the basis of the Certificate issued by the Registrars of the Company and the minutes of the Shareholder's Investors Grievance Committee of the Company, we state that there were no investors Grievances pending as at March 31, 2009 against the Company for a period exceeding one month.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Chaturvedi & Partners**
Chartered Accountants

G. Venkatakrishnan
Partner
M. No.11255

Mumbai,
Date: 20.08.2009

Certification by
MANAGING DIRECTOR & CEO AND CFO OF THE COMPANY

We, Rajendra N. Agarwal, Managing Director & CEO and S Ramesh, Chief Financial Officer of N. R. Agarwal Industries Limited (the Company), hereby certify to the Board that:

- (a) We have reviewed the financial statements and the Cash Flow Statement for the year ended March 31, 2009 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by N R Agarwal Industries Limited during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) Significant changes in internal controls over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the Notes to the financial statements; and
 - (iii) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system.

Mumbai
Dated : 20.08.2009

R N AGARWAL
Managing Director & CEO

S. RAMESH
Chief Financial Officer

Management Discussion & Analysis Report

Industry Structure and developments:

The Indian Paper Industry is today among the top fifteen globally and produces about 8 Lac tones of paper annually with a turnover of over Rs.25000 crores. The industry has turned around in the past couple of years, as demand growth has started to outpace supply. Paper Industry in India is riding on a strong demand and on an expanding mood to meet the projected demand of 8 million tones by 2010 & 20 million tones by 2020.

On the basis of raw material use, the industry is classified into three segments: wood and bamboo (40 per cent); Bagasse and agri residues (30 per cent); and Waste paper (30 per cent). India is the only country to be using so many varieties of fibre in paper making. Indian paper manufacturing units have, by and large, shown better margins and return on investment than their counterparts elsewhere.

With the rapid rise in demand for newsprint from the print media and for paperboard from the FMCG industry, paper manufacturers are recording strong revenue growth, which is backed by improving margins. The increased focus on education by the government, an increase in the general level of literacy and continued demand from user industries will further add to the growth prospects of this sector.

The paper industry provides the basic input for most service sectors such as education, print media and packaging. With the rapid growth of the economy in the past few years, India is undergoing structural changes with greater urbanization, rise in disposable incomes leading to higher demand for high-end paper and hygiene paper products. As a result, there is a shift in demand from low-value paper products to the high-value segment. Further, a spurt in direct mailers and print media is creating an even greater demand for newsprint.

The industry has also been constrained due to high cost of production caused by other factors, such as high-energy cost and concentration of mills in one particular area. Several policy measures have been initiated by the Government in recent years to remove the bottlenecks of availability of raw materials and infrastructure development. To overcome raw material shortage, duty on pulp and waste paper and wood logs/chips has been reduced, spurring the import of pulp and wastepaper.

Opportunities and Threats:

The long-term growth outlook for this sector remains positive. As per industry estimates, the domestic paper sector is expected to grow at 6.6%, which is higher than the growth rate globally. Demand is encouraging due to high consumption across segments, while the value-added segment is acting as the main driver of growth.

However, the consumption growth in the rest of the world (excluding India and China) remains almost negligible, which means that Indian producers will have to continue competing with imports.

The Indian paper industry has a considerable untapped potential. Its total production at 8 million tonnes and per capita paper consumption of around 7 kg may appear low. But even a modest increase of 1 kg per capita translates into 1.15 million tonnes of additional paper demand. The Indian paper industry is highly fragmented with numerous small players. The performance of the industry has been constrained due to high cost of production caused by high cost of raw materials, high cost of energy and environmental issues. The cost of own power generation is increasing due to consistent increase in coal prices. As regards the Distribution, Indian paper distribution is still dominated by six to seven layers, which needs to be de-layered to cut down the distribution costs.

Additionally the paper industry in India is also witnessing a gradual change in consumer preference, which is shifting from lower to higher quality paper. With steady demand for paper in India and a surging requirement for higher quality paper, foreign players are exporting to India in a major way. Alternatively, there may be foreign tie-ups with Indian manufacturers who have a strong marketing network.

The domestic paper industry has however emerged as a growth sector, taking in its stride problems such as rising costs of raw materials and fuel, as well as the threat of imports. As the demand remains robust, expansion plans are likely to give companies economies of scale and volume-led growth in the coming quarters.

Segment-wise performance:

The Company is a single product Company and hence segment-wise performance is not provided.

Industry Outlook:

With the expected increase in literacy rate and growth of the economy, an increase in the per capita consumption of paper is expected.

The Indian Paper Industry is among the top 15 global players today, with an output of more than 6 millions tones annually with an estimated turnover of Rs. 150,000 millions. (approx. USD 3400 million).

N R AGARWAL INDUSTRIES LIMITED

As exports require high quality packaging, exports will push up duplex board demand. However, despite high demand growth, there may be continuing overcapacity in the low-end wastepaper-based capacities on account of the low capital intensity of the business. Moreover, prices in the industrial packaging segment are likely to rise only moderately on account of high level of fragmentation in the industry.

The demand for Newsprint paper is expected to consistently grow with fast increasing literacy rates as also newsprint consumption per literate person.

Due to favourable economic factors, which are directly linked to the demand for paper, the industry outlook appears to be positive.

Risk and Concerns:

The custom duty on pulp and paper has already been lowered recently. For import of newsprint, it has come down to zero, which means large imports of paper at low rates resulting in increase competition in the domestic market and consequent lower realization. Macro economic factors such as economic slowdown, sluggish demand or unforeseen political or social instability would affect the performance of the industry as a whole.

Environment and safety:

The Company is conscious of the need for environmentally clean and safe operations. The Company policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

Internal control systems and their adequacy:

The Company is having an efficient and well-established internal control system commensurate with the size and level of operations of the Company.

The key elements of internal control systems are as follows:

- Clearly defined organization structure
- Well defined authorization for conducting business.
- Management control through efficient reporting system.
- A regular review of systems and procedures.

Performance Highlights:

During the year, the Company produced 120602 tonnes of Duplex Board and 32997 tonnes of Newsprint / W & P, compared to the installed capacity of 112800 tonnes and 36000 tonnes respectively. The Company sold 120528 tonnes of Duplex Board and 32330 tonnes of Newsprint, during the year, as against 99039 tonnes of Duplex Board and 32371 tonnes of Newsprint / W & P, in the previous year. Throughout the year under review, the company has faced stiff competition due to high cost of inputs as well as the high cost of raw materials.

Irrespective of the recession the company posted a growth in total sales revenue and other income by around 25%. The total sales revenue and other income stood at Rs.39221 lacs as against Rs.31340 lacs during the previous financial year

The Exports have slightly dropped during the year in view of Global recession. The exports stood at Rs.1227 lacs as against Rs.1432 lacs during the previous year.

Human Resources and Industrial Relations:

Relations between the Management and the labour were cordial, throughout the year under review.

Cautionary Statement:

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

Auditors' Report

To,

The Members of

N R AGARWAL INDUSTRIES LIMITED

- 1) We have audited the attached Balance Sheet of N R AGARWAL INDUSTRIES LIMITED as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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 and the Companies (Auditor's Report) Amendment Order 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - a) 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;
 - b) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and 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 Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given and management representations made to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009
 - ii) In the case of the Profit and Loss account, of the "Profit" for the year ended on that date; and
 - iii) In the case of the Cash Flow statement, of the Cash Flow for the year ended on that date.

For **CHATURVEDI & PARTNERS**
Chartered Accountants

G. VENKATAKRISHNAN
(Partner)
Membership No. 11255

Mumbai
Dated : 20.08.2009

Annexure to the Auditors' Report

Referred to in paragraph 3 of our Report of even date

- 1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for the assets under installation.
b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c) The Company has not disposed off substantial part of its fixed assets, which affect the going concern status of the Company.
- 2) a) As explained to us, the management, at reasonable intervals during the year, has physically verified the inventories.
b) In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company is maintaining proper records of inventory. As explained to us, no material discrepancies have been noticed on physical verification of stocks as compared to book records.
- 3) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clauses 4(iii) (b) to (g) of the Order are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit we have not observed any major weaknesses in internal controls.
- 5) a) In our opinion and according to the information's and explanations given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Act have been properly entered.
b) All the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time and the nature of services rendered by such parties.
- 6) In our opinion and according to the information and explanation given to us, the Company has complied with the provision of section 58A & 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regards to the deposits accepted from the public. We have been informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the said records.
- 9) a) According to the books of account and records as produced and examined by us in accordance with the generally accepted auditing practice in India, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Service Tax, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities.
b) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, as at 31st March 2009, the following are the particulars of dues that have not been deposited on account of any dispute.

Name of the statute	Name of the dues	Amount (Rs)	Forum where dispute is pending	Financial year to which the amount relates
Central Excise Act, 1944	Excise duty	12,71,220	Appellate Authority up to Commissioner level	2006-07 and 2007-2008
Central Excise Act, 1944	Excise duty	4,11,240	Appellate Authority – Up to Commissioners' level	2008-2009

- 10) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in immediately preceding financial year.
- 11) On the basis of certificate issued by the term lending bankers, the company has not defaulted the repayment of dues to them during the year.
- 12) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks & financial institutions are prima facie, not prejudicial to the interest of the Company.
- 16) In our opinion, on the basis of information and explanations given to us, the term loans were applied for the purpose for which they were raised.
- 17) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- 18) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanations given to us, during the year the company has not issued any debentures.
- 20) The company has not raised any money through a public issue during the year.
- 21) During the course of our examination of the books & records of the Company carried out in accordance with the generally accepted accounting practices in India & according to the information's & explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **CHATURVEDI & PARTNERS**
Chartered Accountants

G. VENKATAKRISHNAN
(Partner)
Membership No.11255

Mumbai
Dated : 20.08.2009

BALANCE SHEET

as at 31st March 2009

	Schedule	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
SOURCES OF FUNDS			
(1) SHARE HOLDERS' FUND			
(a) Share Capital	A	170,191,000	170,191,000
(2) RESERVES AND SURPLUS	B	330,120,832	261,395,742
		<u>500,311,832</u>	<u>431,586,742</u>
(3) LOAN FUNDS			
(a) Secured Loans	C	733,578,762	849,622,135
(b) Unsecured Loans	D	98,732,173	106,652,764
		<u>832,310,935</u>	<u>956,274,899</u>
(4) DEFERRED TAX LIABILITY		164,306,064	160,290,437
	TOTAL	<u>1,496,928,831</u>	<u>1,548,152,078</u>
APPLICATION OF FUNDS			
(1) FIXED ASSETS	E		
(a) Gross Block		1,652,996,296	1,589,705,017
(b) Less : Depreciation		516,953,602	437,763,484
(c) Net Block		1,136,042,694	1,151,941,533
(d) Add : Capital Work in Progress		32,475,025	46,368,611
		<u>1,168,517,719</u>	<u>1,198,310,144</u>
(2) INVESTMENTS	F	1,847,860	1,847,860
(3) CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	G	257,780,921	253,970,830
(b) Sundry Debtors	H	511,462,883	394,633,350
(c) Cash and Bank Balances	I	25,287,315	95,272,029
(d) Loans and Advances	J	148,468,965	193,085,795
		<u>943,000,084</u>	<u>936,962,004</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	K	579,012,668	552,570,830
(b) Provisions		37,424,164	36,397,100
		<u>616,436,832</u>	<u>588,967,930</u>
NET CURRENT ASSETS		<u>326,563,252</u>	<u>347,994,074</u>
	TOTAL	<u>1,496,928,831</u>	<u>1,548,152,078</u>
NOTES TO ACCOUNTS	Q		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our attached report of even date

 For **CHATURVEDI & PARTNERS**

Chartered Accountants

G. VENKATAKRISHNAN

Partner

Mumbai, 20th August 2009

PRIYANKA AGRAWAL

Company Secretary

For and on behalf of the Board of Directors

N R AGARWAL

Executive Chairman

R N AGARWAL

Managing Director & CEO

S N CHATURVEDI

Director

PROFIT AND LOSS ACCOUNT

for the year ended 31st March 2009

	Schedule	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
INCOME			
Sales		3,867,076,305	3,113,545,894
Sales-Traded Goods		3,844,846	-
Other Income	L	55,074,580	20,526,884
Increase / Decrease in stock + / (-)	M	12,202,440	(2,668,764)
		<u>3,938,198,170</u>	<u>3,131,404,014</u>
EXPENDITURE			
Raw Materials Consumed	N	2,244,328,969	1,698,574,613
Purchases of Traded Goods		3,821,342	-
Manufacturing and Other Expenses	O	1,390,066,675	1,134,528,310
Interest	P	100,805,456	99,868,372
Depreciation	E	80,969,777	75,023,383
		<u>3,819,992,219</u>	<u>3,007,994,678</u>
PROFIT BEFORE TAXATION			
		118,205,952	123,409,336
Provision for Taxation		24,633,930	27,230,100
Provision for Deferred Tax		4,015,627	5,114,687
Fringe Benefit Tax		500,000	509,374
PROFIT AFTER TAXATION			
		89,056,395	90,555,175
Excess provision written back		-	3,000,000
Previous year taxation Adjustment + / (-)		1,329,693	(1,301,443)
Prior year Adjustments + / (-)		(1,749,502)	-
Balance brought forward		219,642,799	153,782,862
PROFIT AVAILABLE FOR APPROPRIATION			
		<u>308,279,385</u>	<u>246,036,594</u>
APPROPRIATIONS			
Proposed final dividend - equity shares		17,019,100	20,422,920
Tax on proposed equity dividend		2,892,396	3,470,875
Transfer to General Reserve		2,500,000	2,500,000
BALANCE CARRIED TO BALANCE SHEET			
		<u>285,867,889</u>	<u>219,642,799</u>
Basic and diluted earning per share (in Rs.)			
		5.21	5.42
NOTES TO ACCOUNTS			

Q

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

G. VENKATAKRISHNAN

Partner

PRIYANKA AGRAWAL

Company Secretary

Mumbai, 20th August 2009

For and on behalf of the Board of Directors

N R AGARWAL

Executive Chairman

R N AGARWAL

Managing Director & CEO

S N CHATURVEDI

Director

**Cash Flow Statement as per the clause 32 of the listing Agreement
Cash Flow Statement for the Year Ended 31st March, 2009**

	Year ended 31.03.2009		Year ended 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary Items		118,205,952		123,409,336
ADJUSTMENTS FOR				
Depreciation	80,969,777		75,023,383	
Interest	100,805,456		99,868,372	
Loss/(Profit) on Sale of Assets (net)	(577,748)		548,263	
Profit on sale of Investments	-		-	
Dividend received	(86,800)		(51,300)	
Interest received	(7,666,564)		(6,559,220)	
Bad Debts written off	724,319		570,199	
Misc. Expenses W/off	-	174,168,439	-	169,399,697
OPERATING PROFIT BEFORE WORKING CAPITAL				
CHANGES		292,374,391		292,809,033
CHANGES IN				
Trade and Other Receivables	(117,553,852)		(27,897,024)	
Inventories	(3,810,091)		(42,600,171)	
Trade Payables	7,042,429		13,410,422	
Loans & Advances	63,216,831	(51,104,683)	(44,461,749)	(101,548,521)
CASH GENERATED FROM OPERATIONS		241,269,708		191,260,512
Direct Taxes Paid	(18,600,000)	(18,600,000)	(21,553,000)	(21,553,000)
Cash Flow Before Extra Ordinary Items		222,669,708		169,707,512
Extra Ordinary Items	-		3,000,000	
Miscellaneous Expenditure	-		-	
Previous Year Adjustments	(419,809)	(419,809)	(1,301,443)	1,698,557
Net Cash from Operating Activities		222,249,899		171,406,069
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of Fixed Assets	(53,191,605)		(108,358,384)	
Sale of Fixed Assets	2,592,000		269,170	
Purchase of Investments	-		(212,350)	
Dividend received	86,800		51,300	
Interest received	7,666,564		6,559,220	
Sale of Investments	-	(42,846,241)	-	(101,691,044)
Net Cash used in Investing Activities		(42,846,241)		(101,691,044)

	Rs.	Year ended 31.03.2009 Rs.	Rs.	Year ended 31.03.2008 Rs.
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	-		(8,500,000)	
Interest Paid	(102,215,665)		(105,081,545)	
Borrowings	36,681,542		229,595,016	
Repayment of Long Term Borrowings	(152,724,915)		(142,077,711)	
Unsecured Loans	(7,920,591)		16,642,367	
Equity share Dividend including tax thereon	(23,208,744)		(23,893,795)	
		<u>(249,388,373)</u>		<u>(33,315,668)</u>
Net Cash used in Financing Activities		(249,388,373)		(33,315,668)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		<u>(69,984,715)</u>		<u>36,399,357</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE		95,272,029		58,872,672
CASH & CASH EQUIVALENT AS AT 1ST APRIL 2005 TAKEN OVER ON AMALGAMATION (NOTE 5)		-		-
CASH AND CASH EQUIVALENTS - CLOSING BALANCE		<u>25,287,315</u>		<u>95,272,029</u>
		<u>(69,984,714)</u>		<u>36,399,357</u>

For **CHATURVEDI & PARTNERS**
Chartered Accountants

G. VENKATAKRISHNAN
Partner

Mumbai, 20th August 2009

PRIYANKA AGRAWAL
Company Secretary

For and on behalf of the Board of Directors

N R AGARWAL
Executive Chairman

R N AGARWAL
Managing Director & CEO

S N CHATURVEDI
Director

Schedules

Forming part of the Balance Sheet

	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
SCHEDULE : A		
Share Capital		
Authorised		
225,00,000 Equity Shares Rs. 10 each	225,000,000	225,000,000
25,00,000 Preference Shares of Rs.10 each	25,000,000	25,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
Issued, Subscribed and Paid Up		
1,70,19,100 Equity Shares of Rs. 10 each fully paid up	170,191,000	170,191,000
850,000 1% Non-Cumulative Redeemable Preference Shares of Rs.10 each fully paid up.	-	-
TOTAL	<u>170,191,000</u>	<u>170,191,000</u>
SCHEDULE : B		
Reserves And Surplus		
General Reserve		
Balance as per Last Account	33,252,943	34,298,111
Add: Transfer from profit and loss account	<u>2,500,000</u>	2,500,000
Less: Adj as per trans prov of AS 15 (Rev 2005) (Net of Deferred tax Rs18.25 lacs)	-	3,545,168
	<u>35,752,943</u>	<u>33,252,943</u>
Capital Redemption Reserve		
Balance as per Last Account	8,500,000	-
Add; Transfer from Profit and Loss Account	-	8,500,000
	<u>8,500,000</u>	<u>8,500,000</u>
Profit and Loss Account		
Balance as per profit and loss account	<u>285,867,889</u>	219,642,799
	<u>285,867,889</u>	<u>219,642,799</u>
	<u>330,120,832</u>	<u>261,395,742</u>
SCHEDULE : C		
Secured Loans		
i) Term Loans		
Bank of India	43,083,697	83,573,698
The Bombay Mercantile Co-operative Bank Ltd.	26,966,000	40,351,300
Oriental Bank of Commerce	20,015,000	36,011,000
Bank of Baroda -Vapi	41,115,081	71,655,294
ii) Corporate Loans		
I D B I Bank	43,750,000	68,750,000
Bank of India	21,652,000	41,660,000
iii) Rupee Term Loan		
IDBI Bank	93,750,000	80,000,000
iv) Centurian Bank-Veh Loans		
	881,108	1,936,508
v) Indus Ind Bank Loan		
	60,000,000	-
vi) Working Capital Loan from Banks		
	<u>382,365,877</u>	425,684,335
	<u>733,578,762</u>	<u>849,622,135</u>

Notes:

- 1) Term Loan/ Corporate Loan from IDBI Bank is secured by hypothecation of plant and machinery and extension of existing security on immovable properties situate at Vapi Plants on pari passu with other term lenders.
- 2) The Term Loan/ Corporate Loans from Bank of India are secured by First pari passu charge on company's net block excluding motor cars, office premises at Mumbai, staff quarters at Vapi and land at Sarigam, but including land admeasuring 19770 sq. metres at GIDC, Vapi purchased from Agarwal Paper Mills Ltd, and Agrashakti Paper Mills Ltd.
- 3) The Term Loan from Oriental Bank of Commerce is secured by hypothecation of plant and machinery and extension of existing security on immovable properties situate at Vapi Plants on pari passu with other term lenders.
- 4) The Term Loan from Bank of Baroda is secured by hypothecation of plant and machinery and extension of existing security on immovable properties situate at Vapi Plants on pari passu with other term lenders.
- 5) The Term Loan from Bombay Mercantile Co-operative Bank Limited is secured by way of Equitable Mortgage of Office premises situate at Janki Centre, Mumbai of the Company & are further secured by personal guarantee of Mr N. R. Agarwal & Mr R. N. Agarwal.
- 6) The term loans from Bank of India, Oriental Bank of Commerce, Bank of Baroda and Bombay Mercantile Co-operative Bank Ltd, are further secured by the personal guarantee of Shri R. N. Agarwal.
- 7) The working capital loans from Banks are secured by hypothecation of present and future stock of raw materials, steam coal, goods-in-process, finished goods and book debts etc. ranking pari passu inter-se and second charge on Companies movable and immovable fixed assets and further guaranteed by personal guarantee of Shri R N Agarwal.
- 8) The Loan from IndusInd Bank is secured by way of Equitable Mortgage of Residential premises situated at Sunny Side Bungalow, Lokhandwala Complex, Andheri (W) Mumbai 400053 and Sarigam Land admeasuring 24383 sq mts.

	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
SCHEDULE : D		
Unsecured Loans		
Fixed Deposits	3,300,000	3,440,939
Trade Deposits	57,692,982	27,878,819
Other deposits	37,739,191	15,333,006
From Banks	-	60,000,000
	98,732,173	106,652,764

SCHEDULE : E
Fixed Assets

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK		
	As at 01.04.2008	Additions during the year	Deductions/ Adjustments	As at 31.03.2009	As at 01.04.2008	For the year	On Deductions/ Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
1. Land	20,999,730	15,371,746	—	36,371,476	—	—	—	—	36,371,476	20,999,730	
2. Leasehold Land	35,402,448	—	—	35,402,448	820,727	—	—	820,727	34,581,721	34,581,721	
3. Factory Building	193,393,246	2,973,625	—	196,366,871	42,694,138	6,522,030	—	49,216,168	147,150,703	150,699,108	
4. Plant and Machinery	1,280,069,298	40,062,656	2,400,000	1,317,731,954	371,250,253	68,750,055	1,342,885	438,657,423	879,074,531	908,819,045	
5. Furniture and Fixtures	12,840,928	5,344,790	—	18,185,718	7,167,874	693,749	—	7,861,623	10,324,095	5,673,054	
6. Motor Cars	12,841,935	2,967,735	1,249,411	14,560,259	3,404,739	1,492,006	299,499	4,597,246	9,963,013	9,437,196	
7. Others - Building	17,015,400	—	—	17,015,400	3,074,770	277,351	—	3,352,121	13,663,279	13,940,630	
8. Computer	11,463,823	364,638	144,500	11,683,961	5,565,512	1,341,852	137,275	6,770,089	4,913,872	5,898,311	
9. Intangible Asset-SAP Software	5,678,209	—	—	5,678,209	3,785,471	1,892,734	—	5,678,205	4	1,892,738	
TOTAL	1,589,705,017	67,085,190	3,793,911	1,652,996,296	437,763,484	80,969,777	1,779,659	516,953,602	1,136,042,694	1,151,941,533	
Previous Year	1,490,933,391	100,064,931	1,293,306	1,589,705,017	363,215,974	75,023,383	475,873	437,763,484			
Capital Work in Progress									32,475,025	46,368,611	
									1,168,517,720	1,198,310,144	

N R AGARWAL INDUSTRIES LIMITED

	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
SCHEDULE : F		
Investments (At Cost)		
Unquoted		
Shares of Sagar Sarita Co. Operative Housing Society Limited	3,500	3,500
Shares of Laxmi Co. Operative Housing Society Limited	2,750	2,750
Shares of MahaLaxmi Co. Operative Housing Society Limited	3,750	3,750
Shares of The Greater Bombay Co-operative Bank Limited (8040 Equity Shares of @ Rs. 25/- each fully paid up)	201,000	201,000
Shares of Kherani Paper Mills Pvt. Ltd. (95 Equity Shares of Rs. 100/- each fully paid up)	9,500	9,500
Shares - Bombay Mercantile Co-operative Bank Ltd (33912 Equity Shares of @ Rs. 30/- each fully paid up) (Previous year 33912 Equity Shares @30/-)	1,017,360	1,017,360
Shares - Moogaveera Co-op. Bank Ltd, 10 Shares of Rs.100/- each (Previous year 10 Shares of Rs.100/-)	1,000	1,000
Quoted		
6000 fully paid up Equity Shares of Bank of Baroda of Rs. 10/- each	510,000	510,000
2200 fully paid up Equity Shares of Bank of India of Rs. 10/- each	99,000	99,000
Aggregate book value of :		
Quoted investment : Rs. 609000 (Previous year Rs 609000)		
Unquoted investment : Rs.1238860 (Previous year Rs 1026510)		
Aggregate market value of Quoted Investment Rs.1891080 (Previous Year Rs.2259780)		
	<u>1,847,860</u>	<u>1,847,860</u>
SCHEDULE : G		
Inventories		
(As taken, valued and certified by the Management)		
Stores, spares and tools	107,225,209	77,105,996
Packing Materials	3,812,609	3,465,843
Raw Materials	93,698,315	132,556,644
Work-in-process	8,120,000	12,022,345
Finished Goods	44,924,787	28,820,002
	<u>257,780,920</u>	<u>253,970,830</u>
SCHEDULE : H		
Sundry Debtors		
Debts - exceeding 6 months		
- considered good	10,995,071	11,902,350
	<u>10,995,071</u>	<u>11,902,350</u>
Other Debts	500,467,812	382,731,000
	<u>511,462,883</u>	<u>394,633,350</u>

	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
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SCHEDULE : I

Cash and Bank Balances

Cash on Hand	681,544	215,221
Balances with Scheduled Banks - In Current Accounts	802,801	80,620,013
- In Margin Money Accounts	23,802,970	14,436,794
	<u>25,287,315</u>	<u>95,272,029</u>

SCHEDULE : J

Loans and Advances

(Unsecured, Considered good)

Advances Recoverable in cash or in kind or for value to be received.*	107,324,420	153,238,653
Deposits	33,037,477	24,390,440
Advance Payment of Income Tax (Net of Provisions)	8,107,068	15,456,702
	<u>148,468,965</u>	<u>193,085,795</u>

* Refer note no.8 of Schedule 'Q'

SCHEDULE : K

Current Liabilities and Provisions

(a) Current Liabilities

Sundry Creditors (due to small scale industrial undertaking)	13,157,898	11,273,707
Sundry Creditors (due to others)	504,907,754	505,690,671
Investor education and protection fund shall be credited by the following amounts when due:-		
a) Unclaimed Dividends	1,340,349	655,298
Other Liabilities	58,663,511	32,597,789
Interest accrued but not due	943,156	2,353,365
	<u>579,012,668</u>	<u>552,570,830</u>

(b) Provisions

For Leave Encashment	10,688,785	8,028,300
For Proposed Dividend on Equity Shares	17,019,100	20,422,920
For Provision for Fringe Benefit Tax	1,549,615	1,049,615
For Provision for Wealth Tax	291,030	257,100
For Provision for Gratuity	4,983,238	3,168,290
For Tax on Dividend	2,892,396	3,470,875
	<u>37,424,164</u>	<u>36,397,100</u>
	<u>616,436,832</u>	<u>588,967,930</u>

Schedules

Forming part of the Profit and Loss Account

	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
SCHEDULE : L		
Other Income		
Interest on Fixed Deposits (TDS Rs.279275/-) (Previous Year Rs.152298/-)	1,228,223	766,832
* Miscellaneous Income	<u>53,846,356</u>	<u>19,760,052</u>
	<u>55,074,580</u>	<u>20,526,884</u>
SCHEDULE : M		
Increase (+) / Decrease (-) In Stock		
Opening Stock		
Finished Goods	28,820,002	26,374,069
Work-In-Process	<u>12,022,345</u>	<u>17,137,043</u>
	(A) <u>40,842,347</u>	<u>43,511,112</u>
Closing Stock		
Finished goods	44,924,787	28,820,002
Work-in-Process	<u>8,120,000</u>	<u>12,022,345</u>
	(B) <u>53,044,787</u>	<u>40,842,347</u>
	(B-A) <u>12,202,440</u>	<u>(2,668,765)</u>
SCHEDULE : N		
Raw Materials Consumed		
Opening Stock		
Add : Purchases	132,556,644	109,334,817
	<u>2,205,470,640</u>	<u>1,721,796,440</u>
	<u>2,338,027,284</u>	<u>1,831,131,257</u>
Less : Closing Stock	<u>93,698,315</u>	<u>132,556,644</u>
	<u>2,244,328,969</u>	<u>1,698,574,613</u>

* (Includes in amounts of Rs. 250 lacs declared u/s 132 (4) of the Income Tax Act 1961.) - Refer Note No 11 of schedule Q

Schedules

Forming part of the Profit and Loss Account

	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
SCHEDULE : O		
Manufacturing and Other Expenses		
Manufacturing Expenses		
Consumption of Stores, Spares and Tools	100,312,412	70,797,364
Power, Fuel and Water Charges	608,113,119	420,600,133
Material Handling Charges	16,262,022	15,466,882
Excise Duty	193,700,100	240,382,518
	818,075,241	676,449,533
Employees Remuneration and Benefits		
Salaries, Wages, Bonus etc.	102,041,102	94,304,140
Contribution to ESIC and Other Funds	7,533,410	6,749,362
Staff Welfare Expenses	986,109	1,122,993
	110,560,621	102,176,495
Administrative Expenses		
Insurance	4,080,398	4,318,034
Rent	2,907,880	2,414,865
Rates and Taxes	937,355	1,962,054
General Expenses	60,820,725	49,509,742
	68,746,358	58,204,695
Selling and Distribution Expenses		
	244,293,412	201,749,573
Repairs and Maintenance		
Machinery	39,018,542	17,563,542
Building	3,279,603	1,412,786
Others	4,446,774	3,748,408
	46,744,919	22,724,736
Other Expenses		
Directors Sitting Fees	152,000	148,000
Remuneration to Auditors	650,000	650,000
Advertisement	227,028	245,622
Donation	158,113	263,831
Loss/(Profit) on Sales of Assets	(577,748)	548,263
Bad debts written off	724,319	570,199
	1,333,712	2,425,915
	1,390,066,675	1,134,528,310

SCHEDULE : P

Interest

Interest on		
(a) Term Loans	42,568,008	48,263,410
(b) Bank	48,657,148	46,350,965
(c) Others	9,580,300	5,253,998
	100,805,456	99,868,373

SCHEDULE: Q

NOTES TO ACCOUNTS

1. Significant Accounting Policies:

(a) Accounting Convention:

The financial statements are prepared under the historical cost convention on an accrual basis of accounting with the generally accepted accounting principles in India, Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and the relevant provisions of the Companies Act, 1956.

(b) Fixed Assets:

All fixed Assets are stated at cost, net of Cenvat/Service Tax/VAT, less accumulated depreciation. Expenditure related to and incurred during implementation of project is included under Capital Work-in-Progress and the same is capitalized by allocating to various fixed assets on completion of the project.

(c) Depreciation:

i) Depreciation is provided on the straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on assets added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal. Buildings erected on land taken on a short lease (i.e. up to 10 years) are written off equally over the lease period of the land.

ii) Intangible Assets are amortized over their useful life not exceeding ten years.

(d) Investments:

Investments are stated at cost. Provision of diminution in value of long-term investment is made only if such a decline is other than temporary in the opinion of the management.

(e) Foreign Currency Transactions:

(i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.

(ii) Monetary items denominated in foreign currencies at year end and not covered by forward exchange contracts are translated at year end exchange rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.

(iii) Any income or expenses on account of exchange difference on translation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

(f) Inventories:

(i) Inventories are valued at the lower of cost, computed on moving average basis and estimated net realizable value, after providing due allowance for defective and obsolete items, wherever necessary, based on the past experience of the Company.

(ii) Goods in Transit are stated at cost.

(iii) Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(g) Employee Benefits:

i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

ii. The eligible employees of the Company are entitled to receive benefits under the Provident fund, a defined contribution plan in which both the employee and the Company make monthly contributions at a specified percentage of the covered employee's salary (currently 12% of employee's salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Pension Scheme. The Company recognizes such contributions as expenses of the year in which the liability is incurred.

iii. The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an

amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.

- iv. The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave for availment as well as encashment subject to the rules. As per the regular past practice followed by the employees, it is not expected that the entire accumulated leave shall be encashed or availed by the employees during the next twelve months and accordingly the benefit is treated as long defined benefit. The liability is provided for based on the number of days of unutilized leave at the Balance Sheet date on the basis of an independent actuarial valuation.

(h) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

(i) Treatment of expenditure during construction period:

Expenditure during construction period is included under Capital Work-in-Progress and the same is allocated to respective Fixed Assets on the completion of its construction.

(j) Revenue Recognition:

Sale of goods is recognized at the point of dispatch of finished goods to customers. Sales include amounts recovered towards Excise Duty but are net of Sales Tax.

(k) Taxes on Income:

Provision for current Income Tax is made on the basis of estimated taxable income for the year, in accordance with the Income Tax Act, 1961.

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method at the current rate of tax, to the extent that the timing differences are expected to crystallize. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future.

Fringe Benefit tax provision is made in accordance with the provisions of the Income Tax Act, 1961.

(l) Cenvat Credit:

Excise Cenvat credit in respect of capital assets is adjusted against excise duty liability arising subsequent to such credit.

(m) Contingent Liabilities:

Contingent Liabilities are not provided for in the accounts but are disclosed separately.

(n) Preliminary Expenses:

Preliminary Expenses are written off over a period of ten years.

2. Contingent Liabilities:

- (a) Guarantees and counter guarantees given by the Company on behalf of group companies Rs. 140 Lacs (Previous year Rs. 420 Lacs).
- (b) Excise duty demands and penalties – Rs.16,82,460 (Previous Year Rs.33,96,751) (Against old cases to the tune of Rs.33.96 lacs, payments have already been made under protest and under appeal and hence no contingent liability exists).
- (c) Claims against the Company not acknowledged as debts - Rs. NIL (Previous year - Rs. NIL).
- (d) Letter of Credit outstanding Rs.2,237.59 lacs (Previous year Rs.1611.65 lacs).
- (e) Customs penalties on Imports – Rs. NIL (Previous year Rs.1,88,000).

3. Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances) Rs.797.77 lacs (Previous Year Rs. NIL lacs).

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4. Defined benefits plans – As per actuarial valuation as on 31st March, 2009.

Sr. Particulars No.	Gratuity Benefits		Compensated absences	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
1 Components of employer expenses				
Current service cost	1,541,249	1,261,606	2,216,449	1,360,487
Interest cost	840,602	736,146	793,497	500,545
Expected return on plan assets	(562,427)	(519,888)	NA	NA
Actuarial losses / (gains)	736,812	14,863	302,617	1,705,093
Total expenses / (income) recognized in the Profit and Loss Account	2,556,236	1,492,727	3,312,563	3,566,126
2 Actual contribution and benefits paid during the year				
Actual benefits paid	806,988	1,166,128	652,078	868,312
Actual contribution	741,288	804,488	NA	NA
3 Net asset/(liability) recognized in Balance Sheet as at 31st March, 2009				
Present Value of Defined Benefit Obligation	(11,681,443)	(9,369,768)	(10,688,785)	(8,028,300)
Fair value of plan assets	6,698,205	6,201,478	NA	NA
Net asset/(liability) recognized in Balance Sheet	(4,983,238)	(3,168,290)	(10,688,785)	(8,028,300)
4 Change in Defined Benefit Obligations (DBO)				
during the year ended 31st March, 2009.				
Present value of DBO at beginning of year	9,369,768	8,523,281	8,028,300	5,330,487
Current Service cost	1,541,249	1,261,606	2,216,449	1,360,487
Interest cost	840,602	736,146	793,497	500,545
Actuarial (gain)/ losses	736,812	14,863	302,617	1,705,093
Benefits paid	(806,988)	(1,166,128)	(652,078)	(868,312)
Present Value of DBO at the end of year	11,681,443	9,369,768	10,688,785	8,028,300
5 Change in Fair Value of Assets during the year ended 31st March, 2009				
Plan Assets at beginning of year	6,201,478	6,043,230	NA	NA
Expected return on plan assets	562,427	519,888	NA	NA
Actual Company contributions	741,288	804,488	NA	NA
Benefits paid	(806,988)	(1,166,128)	NA	NA
Plan assets at the end of year	6,698,205	6,201,478	NA	NA
6 Actuarial Assumptions				
Discount Rate	8%	8%	8%	8%
Expected Return on plan assets	9%	9%	NA	NA
Salary escalation	8%	8%	8%	8%

a. The planned asset is represented by investment made under the Group Gratuity Scheme operated by Life Insurance Corporation of India.

5. The deferred tax liability as at 31st March 2008 comprise of the following:

	31st March, 2009 (Rupees)	31st March, 2008 (Rupees)
Deferred Tax Liability		
Fixed Assets excess net block over written down value as per the provisions of the Income Tax Act 1961	48,84,59,497	48,27,55,343
	<u>48,84,59,497</u>	<u>48,27,55,343</u>
Deferred Tax Assets		
Disallowance under Income Tax Act 1961	50,64,192	58,03,528
Difference of opening liability as per revised AS-15	–	53,70,653
	<u>50,64,192</u>	<u>1,11,74,181</u>
	<u>48,33,95,305</u>	<u>47,15,81,162</u>
Provision for deferred tax (net)	<u>16,43,06,064</u>	<u>16,02,90,437</u>

6. **Earnings Per Share:**

	31st March, 2009	31st March, 2008
(a) Weighted average number of equity shares of Rs.10/- each		
(i) Number of shares at the beginning of the year	1,70,19,100	1,70,19,100
(ii) Number of shares at the end of the year	1,70,19,100	1,70,19,100
(iii) Weighted average number of equity shares outstanding during the year	1,70,19,100	1,70,19,100
(b) Net Profit after tax and after prior year adjustments (Rs.)	<u>8,86,36,586</u>	<u>9,22,53,732</u>
(c) Profit attributable to equity share holders (Rs.)	<u>8,86,36,586</u>	<u>9,22,53,732</u>
Basic and diluted earnings per share (in Rupees)	<u>5.21</u>	<u>5.42</u>

7. There are no Micro, Small and Medium Enterprises, to whom the Companies owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the company has neither paid nor payable any interest to any Micro, Small and Medium Enterprises on the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.
8. Advances recoverable in cash or kind or value to be received includes an amount of Rs.95.00 lacs short term advances made not bearing any interest.
9. The names of the Small Scale Undertakings to whom the Company owes a sum exceeding Rs.1.00 lac outstanding for more than 30 days as on 31st March 2009 are: Saraf Organics Pvt Ltd., Siddharth Chemicals, Alok Trade and Investments Pvt Ltd, Bhavik Enterprises, Vipul Chemicals India Pvt Ltd, Vertex Chem Pvt Ltd, Synergy Multichem Pvt Ltd. The Information regarding Small Scale Industrial Undertakings has been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.
10. The Company's Income Tax assessment has been completed up to A.Y.2006-07. Tax Liabilities and interest in respect thereof demanded by the Income Tax Department has been paid
11. Search and seizure operation u/s 132 of I.T. Act were conducted during July 2009. The liability, if any, will be recognized in the books of accounts upon conclusion of tax proceedings.
12. Sundry Debtors, Sundry Creditors, Unsecured Loans and Loans and Advances balances are subject to confirmation and reconciliation.
13. Sundry Creditors include a sum of Rs.27,81,836 (Previous Year Rs. 24,95,612) payable for Capital Goods.
14. **Segment Reporting:**

The Company operates in Single Business Segment of "Manufacturing of Paper Boards & Newsprint". Therefore, the Company is of the view that the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable to the Company.

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15. The Company has imported Capital Goods under 'Export Promotion Capital Goods' Scheme for which the Company has an export obligation of Rs.5,91,57,326 (previous year Rs.18,50,23,229).

16. Disclosure in respect of related parties pursuant to Accounting Standard AS-18:

(a) Related parties with whom transactions have been taken place during the year:

Associates:

Gayatrishakti Paper & Boards Limited

Kherani Paper Mills Private Limited

Key Management Personnel & Relatives:

Shri N. R. Agarwal

Shri R. N. Agarwal

Smt.R. R. Agarwal

Shri Raunak Agarwal

Relatives of Directors

Smt. S. N. Agarwal

(b) During the year the following transactions were carried out with the related parties in the ordinary course of business:

	31st March, 2009 (Rs. In lacs)	31st March, 2008 (Rs. In lacs)
(i) Purchase of Fixed Assets		
Associates	0.00	0.00
(ii) Unsecured Advances given		
Associates	0.00	0.39
(iii) Unsecured Deposits received		
Key Management Personnel & Relatives	0.00	0.00
(iv) Remuneration paid		
Key Management Personnel	66.60	54.16
(v) Sitting Fees Paid		
Key Management Personnel	0.10	0.00
(vi) Outstanding Credit Balance		
Unsecured Deposits		
Key Management Personnel & Relatives	377.39	153.33
Deposits		
(vii) Guarantees provided for Associates	140.00	420.00

(c) Loans and Advances in the nature of Loans given to Associates:

Loans and Advances in the nature of Loans

Maximum balance

Nil

Notes:

- Loans and advances shown above, to Associates fall under category of 'Loans and advances' in the nature of Loans where there is no repayment schedule.
- Loans to Employees as per Company's policy are not considered.
- Related party relationship is as identified by the Company and relied upon by the auditors.

17. Auditor's Remuneration

	31st March, 2009 (Rupees)	31st March, 2008 (Rupees)
Audit Fees	5,00,000	5,00,000
Tax Audit	1,00,000	1,00,000
Other matters	50,000	50,000
Service Tax*	67,362	80,340
Total	7,17,362	7,30,340

*Eligible for CENVAT Credit

18. (i) Management Remuneration under Section 198 of the Companies Act 1956:

	31st March, 2009 (Rs. In lacs)	31st March, 2008 (Rs. In lacs)
To the Executive Chairman and the Managing Director & CEO		
(a) Remuneration and contribution to funds	61,18,720	46,68,720
(b) Perquisites	2,50,000	2,50,000
Total	63,68,720	49,18,720

(ii) Computation of Net Profit as per Section 349 read with Section 309(5) of the Companies Act, 1956.

	31st March, 2009 (Rupees)	31st March, 2008 (Rupees)
Profit Before Tax and after prior period adjustment as per Profit and Loss Account	11,77,86,143	12,21,07,893
Add: Depreciation Charged in the Accounts	8,09,69,777	7,50,23,383
Loss on sale of assets as per Section 349 of the Companies Act, 1956	3,74,912	5,48,263
Directors' remuneration (including Sitting fees)	65,20,720	50,66,720
Commission payable to Directors	-	-
	20,56,51,552	20,27,46,259
Less: Depreciation under Section 350	8,09,69,777	7,50,23,383
Gain on Sale of Assets	9,52,660	-
	8,19,22,437	7,50,23,383
Net Profit	12,37,29,115	12,77,22,876
Overall ceiling on Managerial remuneration under Section 198 of the Companies Act, 1956	1,23,72,912	1,27,72,288

19. Capital Work-in-progress includes advance:

Paid towards

	31st March, 2009 (Rupees)	31st March, 2008 (Rupees)
Building	5,32,273	7,16,834
Expenses	-	-
Plant & Machinery	2,75,74,045	3,68,50,547
Advance for Land	43,68,708	88,01,230
Total	3,24,75,026	4,63,68,611

N R AGARWAL INDUSTRIES LIMITED

20. Details of capacity:

Product	DUPLEX BOARD		NEWSPRINT	
	CAPACITY (ANNUAL IN M.T.)		CAPACITY (ANNUAL IN M.T.)	
	Licensed	Installed	Licensed	Installed
This Year	N.A.	112800 TPA (3 shifts)	N.A.	36000 TPA (3 shifts)
Previous year	N.A.	112800 TPA (3 shifts)	N.A.	36000 TPA (3 shifts)

Notes:

- Licensed capacity is not applicable in view of the Company's products having been de-licensed as per the licensing policy of the Government of India.
- Installed capacity is as certified by the management and accepted by auditors, being technical matter.

21. Additional information pursuant to the Provisions 3 and 4 of Part II of Schedule VI of the Companies Act, 1956:

A. Information regarding Raw Materials Consumed:

	Waste Paper		Chemicals, Dyes	
	Qty. MT.	Value Rs.	Qty. MT.	Value Rs.
Indian	122,570.838 (113,157.889)	126,41,03,018 (102,18,45,822)	(-) (-)	30,95,75,279 (21,85,58,190)
Imported (including High Seas)	43,816.662 (28,925.325)	54,77,89,876 (37,97,33,682)	(-) (-)	12,28,60,796 (7,88,36,918)
Total	166,387.500 (142,083.214)	181,18,92,894 (140,15,79,504)	(-) (-)	43,24,36,075 (29,69,95,109)

B. Information regarding Exports, imports and other Matters:

1. Remittance in foreign currency on account of dividend:

The Company has paid dividend in respect of shares held by Non-Resident Shareholders on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non Resident External (NRE A/c.). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given below:

Year to which the dividend relates	2007-2008	2006-2007
Number of non resident shareholders	24	26
Number of shares held by them	21,269	10,256
Amount of dividend (Rupees)	25,523	15,385

	31st March, 2009 (Rupees)	31st March, 2008 (Rupees)
2. Earnings in Foreign Exchange		
F.O.B. Value of Goods Exported	12,26,82,976	14,32,43,640
3. C.I.F. Value of imports		
(i) Raw Materials	36,87,02,220	8,48,50,512
(ii) Stores, Components & parts	1,69,23,752	84,46,596
(iii) Capital Goods	-	57,96,787
4. Expenditure in Foreign Currency		
Travelling	14,00,685	6,76,393

	31st March, 2009 (Rupees)	31st March, 2008 (Rupees)
5. Value of Imported and Indigenous Raw Materials, Stores and Spares consumed:		
Raw Materials:		
Imported (including High Seas)	67,06,50,672	45,85,70,601
Indigenously obtained	157,36,78,297	124,00,04,012
	224,43,28,969	169,85,74,613
Stores and Spares:		
Imported	1,01,43,602	89,43,846
Indigenously obtained	9,01,68,810	6,18,53,518
	10,03,12,412	7,07,97,364
6. Percentage of Total Consumption		
Raw Materials:		
Imported (including High Seas)	30%	27.00%
Indigenously obtained	70%	73.00%
Stores and Spares:		
Imported	10%	12.63%
Indigenously obtained	90%	87.30%

C. Information in regard to Opening and Closing Stocks, Production and Sales of Finished Goods

	DUPLIX BOARD				NEWSPRINT			
	2008-2009		2007-2008		2008-2009		2007-2008	
	Qty (M.T)	Value (Rs.)	Qty (M.T)	Value (Rs.)	Qty (M.T)	Value (Rs.)	Qty (M.T)	Value (Rs.)
Opening Stock	1108.533	23,786,956	1126.832	24,763,787	260.788	5,033,046	107.069	1,820,622
Production	120602.003	-	99070.077	-	32997.157	-	32524.112	-
*Sales	120527.697	303,62,51,183	99038.376	2,399,464,873	32330.175	830,825,122	32370.389	714,081,021
Closing Stock	1206.020	2,64,18,087	1108.533	23,786,956	927.770	18,506,700	260.788	5,033,046

TRADED GOODS

	2008-2009		2007-2008	
	Qty. MT.	Value Rs.	Qty. MT.	Value Rs.
Op. Stock	-	-	-	-
Purchase	857.56	38,21,342	-	-
Sales	857.56	38,44,846	-	-
Closing Stock	-	-	-	-

22. Balance Sheet abstract and Company's general business profile as required in terms of the Part IV of the Schedule VI of the Companies Act, 1956 is attached herewith.

23. Previous year's figures have been regrouped, reworked and reclassified wherever necessary.

Signatures to Schedules 'A' to 'Q'
As per our attached report of even date

For **CHATURVEDI & PARTNERS**
Chartered Accountants

G. VENKATAKRISHNAN
Partner

PRIYANKA AGRAWAL
Company Secretary

For and on behalf of the Board of Directors

N R AGARWAL
Executive Chairman

R N AGARWAL
Managing Director & CEO

S N CHATURVEDI
Director

Mumbai, 20th August 2009

Balance Sheet abstract and Company's General Business Profile

(In terms of Amendment to Schedule VI - Part IV)

I Registration Details

Registration No.	:	11-133365	State Code	:	11
Balance Sheet Date	:	31st March, 2009			

II Capital Raised during the year

Public Issue	:	Nil	Rights Issue	:	Nil
Bonus Issue	:	Nil	Private Placement (Equity Shares)	:	Nil

III Position of Mobilisation and Deployment of funds (Amount in Rs.)

Total Liabilities	:	1496928831	Total Assets	:	1496928831
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Sources of Funds

Paid-up capital	:	170191000
Reserves and Surplus	:	330120832
Secured loans	:	733578762
Unsecured Loans	:	98732173
Deferred Tax Liabilities	:	164306064

Application of Funds

Net Fixed Assets	:	1168517719
Investment	:	1847860
Net Current Assets	:	326563252
Misc. Expenditure	:	0
Accumulated Losses	:	0

IV Performance of Company

Turnover	:	3870921151	Total Expenditure	:	3819992219
Profit/Loss Before Tax	:	118205952	Profit/ Loss after Tax	:	88636586
Earnings per share in Rs	:	5.21	Dividend Rate	:	10

V Generic Names of Three Principle Products/ Services of Company (as per monetary terms)

Item Code no (ITC Code)	:	480523
Product Description	:	Duplex Board
Item Code no (ITC Code)	:	480100
Product Description	:	News Print
Item Code no (ITC Code)	:	480200
Product Description	:	Writing and Printing

For and on behalf of the Board of Directors

For **CHATURVEDI & PARTNERS**
Chartered Accountants**N R AGARWAL**
Executive Chairman**G. VENKATAKRISHNAN**
Partner**PRIYANKA AGRAWAL**
Company Secretary**R N AGARWAL**
Managing Director & CEO

Mumbai, 20th August 2009

S N CHATURVEDI
Director

Team NRAIL

Great companies are the result of the motivated employees who act as leaders in their own spheres of work to drive the company into the future. It is they, who with their passion, initiative and teamwork, anticipate changes and lead their company towards High Goals. Perhaps, that's why, despite being four decades in the business, and a mindset that cherishes human values, we remain young, vibrant and ever alive to the challenges of today.

Clearly, the efforts of our people has fuelled the success of this organization.

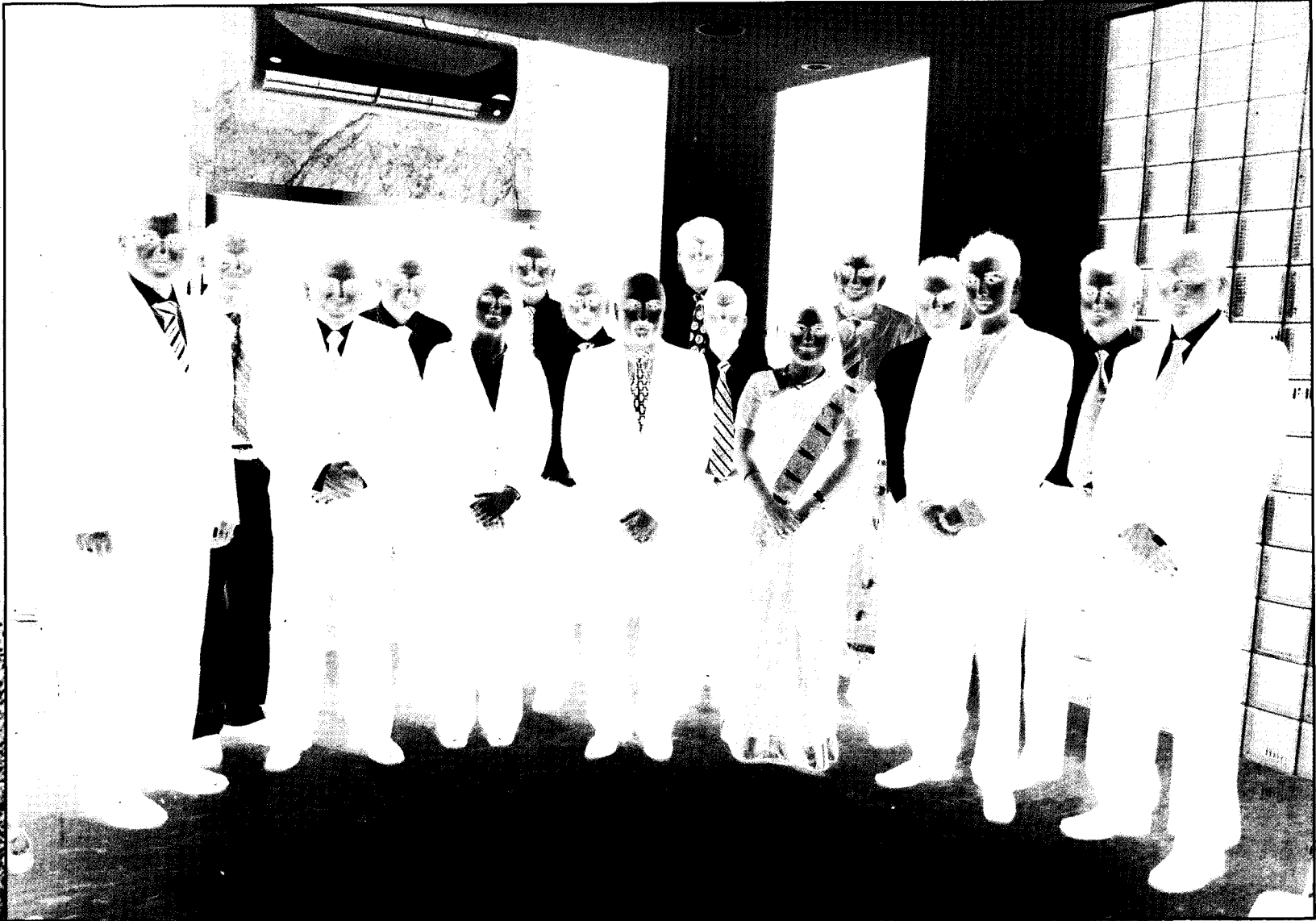
Effective Leadership does not happen automatically. It has to be developed and nurtured by providing a conducive work Environment, opportunities to grow and sufficient resources. This constantly motivates and energizes the Company's employees, generating a never ending passion towards their work.

At NRAIL, we believe professionalism, is an equal measure of competence and commitment.

Growth and wealth are often valued through monetary terms or other intangible means such as our production capacity and infrastructure. We are not only proud of our infrastructure but also of our human resource power. TEAM NRAIL is made of professionals who are diligent and thorough in their work. It is their knowledge and experience which make the optimum use of our infrastructure leading to growth.

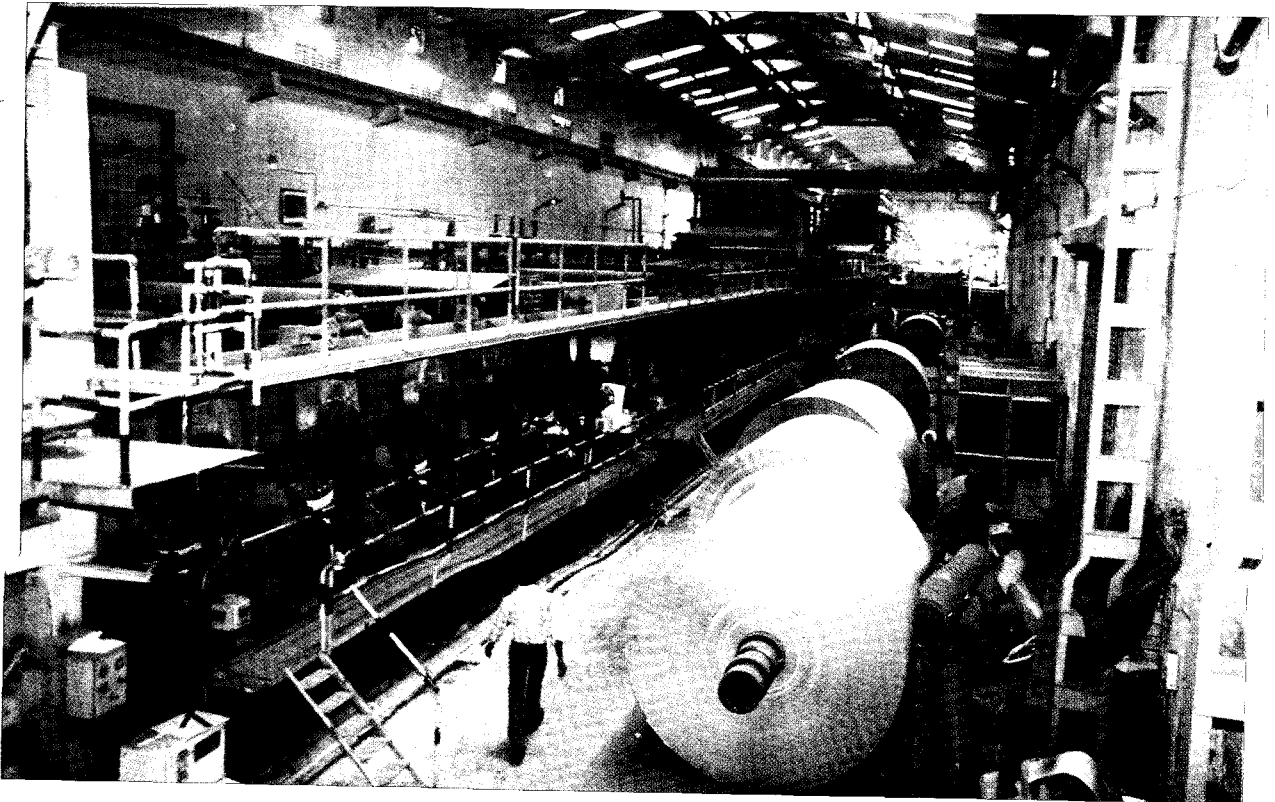
As we march forward to take on the challenges of tomorrow, it is these self-motivated individuals of NRAIL, who are leading the journey of change from the forefront.

Core Management Team at Corporate Office (Mumbai)



Central Technical Institute (Vapi)







N R AGARWAL INDUSTRIES LIMITED

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

FORM OF PROXY

I/We _____
of _____
being members) of the above named company, hereby appoint _____
of _____ or failing him _____ of

_____ as my/our proxy to vote for me/us on my/our behalf at the SIXTEENTH ANNUAL GENERAL MEETING of the Company to be held at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar on Link Road, Andheri (West), Mumbai – 400 053, on Saturday, 26th September, 2009.

Signed this _____ day of _____, 2009.

DP Id*	
Client Id*	
Reg. Folio No.	

Signature

Affix Re. 1/-
Revenue
Stamp

*Applicable if shares are held in Electronic Form.

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

N R AGARWAL INDUSTRIES LIMITED

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

ATTENDANCE SLIP

DP Id*	
Client Id*	
Reg.Folio No.	

Name & Address of the Registered Shareholder

*Applicable if shares are held in Electronic Form.

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Sixteenth Annual General Meeting of the Company at Mumbai, on 26th September, 2009.

.....
Member's/Proxy's Signature

- Notes :
1. Please fill this attendance slip and hand it over at the Entrance of the hall.
 2. Member / proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

TEAR HERE

If undelivered, please return to :

N R AGARWAL INDUSTRIES LIMITED

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

Tel.: (+91 22) 6731 7500