

N R AGARWAL INDUSTRIES LIMITED

17th Annual Report
2009-2010





Founder Chairman

If one personality is to be signaled out for earning NRAIL, the place that it enjoys today, its indisputably our Founder Chairman, Shri N R Agarwal. It is his vision and charismatic approach, that has taken the Company to such great heights. An iconic figure, whose success story is a source of inspiration to a number of budding entrepreneurs.

Shri N.R. Agarwal initially established a 10 TPD Kraft Paper unit in 1975 and followed with setting up of a second unit in 1979. With his expertise in the field of manufacturing duplex boards, and a vision to be a market leader in this field, he went on establishing 3 more units of this value added product and later diversified into the field of manufacturing Newsprint. It may be not an exaggeration to mention here that "N R Group" is the pioneer in manufacturing of paper products by recycling of waste paper as a major raw material input.

He is praised for his wisdom, clarity of thoughts, and Leadership Qualities which has helped in building a strong team and take one and all together on the path of

continuous growth. Not only is he a good judge of potential in his men, but also a great inspirer and motivator, who could extract great performance out of everybody. It is for this reason, that most of our employees are associated with the organization since last four decades.

He takes heart from the fact that NRAIL has always been in the forefront when it comes to applying the state of art of technology. His perception is that the massive investment that the Company is now making in its ambitious project will stand the Company in good stead and go a long way in achieving its goal of emerging as an unrivalled market force. The man who has guided the affairs and destiny of the Company, he is optimistic that the Company's new project set to take off imminently; would be able to register remarkable growth at a blistering pace.

The Company regards itself extremely fortunate for having got a leader of his stature.



A Glimpse of our new project site at Sarigam, Gujarat

Board of Directors

Shri N R Agarwal
(Resigned wef January 29, 2010)

Executive Chairman

Shri R N Agarwal
(Appointed wef January 29, 2010)

Chairman Managing Director & CEO

Shri Raunak Agarwal

Whole Time Director

Shri S N Chaturvedi

Director

Shri P Kumar

Director

Shri C R Radhakrishnan

Director

Chief Financial Officer

Shri Ramesh S Iyer

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

Registered Office

415-418, Janki Centre, 4th floor, 29,
Shah Industrial Estate,
Off Veera Desai Road
Andheri (W), Mumbai-400053

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

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever

possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even

inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Letter to Shareholders

Dear Shareholders,

It's always a pleasure to talk to you- Our valued shareholder. At NAIL, we have grown through the years, by questioning existing paradigms and by challenging assumptions. We believe in setting and working towards ambitions, long term goals. Our objective is to aggressively grow profitable revenues and maintain high growth potential, while ensuring prosperity to all our stakeholders. Our strong foundation has enabled us to maintain a revenue generating business and high growth potential.

FY 09-10 was a good year for the paper industry especially, the Duplex Board segment which witnessed a significant demand. There was an increase in the cost of the raw material and other products towards the end of FY 2009-10, but due to the constant demand, the increase could be passed on to the customers through increase in price of our products and hence the Company in terms of performance has faired extremely well. ***Coupled with the demand and our increased efficiency, the bottom line in terms of Net profit more than doubled.*** We have not only achieved the peak production of Duplex Boards and Newsprint, but, are running all our units with maximum efficiency in terms of the lowest power, steam and water consumption per tonne of Boards due to which our production costs are amongst the lowest in the Industry. Your company is self sufficient in terms of power generation, as a result of which we do not need to purchase expensive power from local electricity board. Power is generated with efficient boilers wherein the coal consumption is economically managed. During the entire paper making process, and power generation, we are continuously adhering to pollution standards to give our contribution in maintaining a healthy environment.

Our products being entirely based on 100% recycled paper, makes us contribute towards preserving our environment.

As regards, the company's expansion drive, its on a fast pace. The Company's new project of 300 TPD of Writing and Printing cum Copier Paper work is going on as per the schedule. The World's leader in machine manufacture, VOITH PAPER FIBER & ENVIRONMENTAL SOLUTIONS GMBH CO. KG. GERMANY, has been affianced for the supply of 330 TPD of De-inked Pulp Line and the technology of Drum Pulper and LEF injected flotation cells supplied by them, would give the project a competitive edge over its competitors in India.

The company already owns 95 acres of NA Land at Sarigam, Gujarat, on which the construction of the building foundation of machinery is in progress. We have been registered under the "Vibrant Gujarat Scheme" which would be very advantageous for this 300 TPD Writing Printing cum Copier paper project to be set up at Sarigam, Gujarat.

The target for the commencement of the commercial production is around March 2011.

As regards, the demand for writing printing paper, the Indian printing industry is expected to grow at a CAGR (Compounded Annual Growth Rate) of 15-18% till 2012. Recent trends show India has emerged as the outsourcing hub for printing and publishing business. Besides, the increased budgetary allocation under schemes like Sarvasiksha Abhiyaan and Secondary Education also provides necessary boost to the demand for printing and writing paper. We expect that Financial year 2010-11 would witness a substantial increase in demand of not only Duplex Boards but also Writing Printing paper varieties.

“Successful people in this world are those who get up and look for the opportunities they want. If they can't find them, they make them”

-George Bernard Shaw



R N Agarwal
Chairman Managing Director & CEO

In the year marked with the challenges, your Company has achieved credible financial results.

The current year has been extremely good for your Company.

The Company has posted a Sales & Revenue of Rs. 39244 lacs as against Rs 39009 lacs for the previous financial year. Net profit rose steeply from Rs. 886 lacs to Rs. 2159 lacs. 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.

Much as we pride ourselves on the increasing demand of our products, our increased production, process efficiencies, quality output, increased turnover, operational improvement, we pride ourselves on our human wealth, which the pillar to our success.

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



“Coupled with the demand and our increased efficiency, the bottom line in terms of Net profit more than doubled.”

R N Agarwal
Chairman Managing Director & CEO

Building Today, For a Better Tomorrow

Ever since our inception, we at NRAIL, have believed in pushing our boundaries to achieve what we have envisioned. And we have done so through taking not the obvious step but the next one. NRAIL has been in the paper business since last four decades. All its manufacturing facilities at Vapi are at optimum capacity utilization after undergoing various process engineering and increasing capacities without incurring any major capital expenditure. To avoid saturation, it now time that NRAIL ventures into expansion.

Taking advantage of the 95 acres of Non- agricultural land, that NRAIL owns at Sarigam, Gujarat, which falls under the Vibrant Gujarat Scheme, NRAIL has decided to commission a 300 TPD Writing & Printing cum Copier Paper project thereby utilizing an area of around 50 acres, leaving the balance land for further expansion at a future date.



The said project is a “GREEN FIELD PROJECT” based on 100% recycled fiber which helps to conserve the Indian forests.

Main Highlights of the project are

1. Procurement of High Quality De-Inking machine from Voith –Germany, equipped with an advanced technology having drum Pulper and LED Injected Flotation Cells, the first of its kind in Asia.
2. Increase in the capacity by additional 90000 tonnes p.a.
3. Diversification into a Value added Copier paper segment and Manufacture best Quality Copier Paper from recycled waste.

continued next page

It is better to be prepared for an opportunity, and not have one, than to have an opportunity and not to be prepared for it -Whitney Young.



4. Produce "A" grade Quality of Newsprint and Writing Printing (Maphlito & Cream wove paper grade)
5. Installation of 15 MW Captive Power Plant, thereby becoming self sufficient on Power requirement.

Status of the project implementation

The implementation of the project is progressing in full swing at Sarigam and the status of completion of the project work is as below:

- 80% of the Second hand paper machine being imported from France has already arrived at the site and refurbishment is in process.
- The construction of the building foundation of machinery has already started and the final target of completion of construction work is October end.
- Civil work for installation of the Power Plant has already commenced.
- All orders for de-inking, boiler and turbine which are the major equipments of this project have also been placed.

Based on the progress as on date, the installation is likely to be completed as per the targeted date of 31.03.2011 and commercial production is likely to commence by April 2011.

This project is likely to improve the top line by Rs 300 crores to Rs 350 Crores, thereby improve the bottom line.



CSR is a Commitment



A still of sapling plantation drive conducted by NRAIL

NRAIL has been consistently working towards integration of Corporate Sustainability into the values, culture, operations and business decisions at all levels of the organization. The Company adopts a business approach that creates a long term shareholder value by embracing opportunities. At NRAIL we tend to grow without damaging prospects of future generation.

Environment sustainability

The Company endeavors to improve stakeholder value through improved eco-efficiency of operations. The Company ensures safer, healthier and pleasant environment in working area as well as in community it operates into.

The Company has undertaken various initiatives in above direction which include:

1. Practicing 3R (Reduce, Reuse and Recycle) and waste management in Industrial plants.
2. Energy conservation drives by installing power saving technology on the machines in the industrial plants and procurement of energy efficient machines.

3. Water efficient treatment recovers paper fibre by reducing suspended solids in the effluent water which are reused in paper making process, thereby increasing the yield.
4. Reuse of treated water for manufacturing, gardening and other maintenance purposes.
5. Continuous up-gradation of technology

We continuously improve our environmental programs and explore inventive solutions to save our precious environment for future generations.

Social sustainability

CSR is a commitment and an obligation to pay back to society for the support the Company has received. The Company has taken this responsibility earnestly and in many ways has served the cause of the people which has ensured Company's continued success.

The Company encourages plantation of trees within campus and surrounding areas and the current year's target is to plant around 10,000 trees during the year.

Quality is not an Act, It is a Habit



Duplex Rolls



Newsprint Machine

End use of our Duplex Boards



NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of N R AGARWAL INDUSTRIES LIMITED will be held at GMS Community Centre Hall, Sitaladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar on Link Road, Andheri (West), Mumbai – 400 053 on Thursday, September 16, 2010 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 2010 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. P Kumar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. 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 Rajendra Nagin Agarwal as the Managing Director of the Company for a period of five years with effect from August 1, 2010 upon the terms and conditions including the terms as to remuneration as set out in the Agreement dated July 29, 2010 entered into between the company and Shri Rajendra Nagin Agarwal and approved by the remuneration committee, which agreement as placed before this meeting be and is hereby specifically approved with liberty to the Board of Directors of the company to alter or vary and modify the terms and conditions of the said appointment and/or the agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board and Shri Rajendra Nagin 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 Rajendra Nagin Agarwal as Managing 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 Rajendra Nagin Agarwal's term of office as Managing Director the remuneration including all other benefits and perquisites set out in the said agreement shall be payable to him as minimum remuneration subject to the limits prescribed in Schedule 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 may be as expedient or desirable to give effect to this Resolution".

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY 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 nos 5 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 9, 2010 to Thursday, September 16, 2010 (both days inclusive).
5. The dividend on equity shares, if declared at the meeting, will be paid on or after September 16, 2010 to those members whose names appear on Register of Members on September 16, 2010. In respect of equity shares held in electronic form, the dividend will be payable

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to the Beneficial Owners of shares as at the end of business hours on September 8, 2010 as per the details furnished by the Depositories for this purpose.

6. Members are requested to immediately notify the Company in case of any change in address and should specify their full address in capital letters clearly indicating the pincode of the post office.
7. **Shareholders holding shares in physical form are requested to get their shares dematerialised.**
8. Members are requested to avail the facility of remittance of dividend through the National Electronic Clearing Systems (NECS). The NECS facility is available at locations identified by Reserve Bank of India from time to time. Members holding shares in physical form and desirous of availing this facility are requested to immediately write to the Company's Registrars and Transfer Agents with changes in their bank account/ accounts numbers, if any, along with a photocopy of a blank cheque pertaining to the concerned account. Members holding shares electronically are requested to intimate all changes pertaining to their bank account, etc. to their depository participants only and not to the Company's Registrars and Transfer Agents.

By order of the Board of Directors

Priyanka Agrawal
Company Secretary

Registered Office:

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

Dated: July 29, 2010

ANNEXURE TO NOTICE

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

Item Nos. 5

The Board of Directors of the company at its meeting held on July 29, 2010 had appointed Shri Rajendra Nagin Agarwal as the Managing Director of the Company for a period of five years with effect from August 1, 2010 on the remuneration and terms and conditions as contained in the Agreement dated 29.07.2010 entered into between the company and Shri Rajendra Nagin Agarwal. The terms of his appointment as contained in the said Agreement dated July 29, 2010 for his appointment as Managing Director are as under:

- 1) Appointment of Shri Rajendra Nagin Agarwal as Managing Director for a period of five years with effect from August 1, 2010.
- 2) Remuneration:
 - a) Salary: Rs. 5,00,000/- per month with the power to the Board of Directors to increase from time to time upto Rs 10 Lacs
 - 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.
 - c) Perquisites: In addition to the aforesaid Salary and commission the Managing 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 Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing 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.

- d) The Managing 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 Managing Director shall be entitled to encash leave at the end of his tenure as Managing Director.
 - iv) Provision for Car for Company's business and Telephone at the residence of the Managing Director shall not be treated as perquisites.

Other terms:

- 1) The Managing 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.

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2) The Managing Director shall be entitled at any time to resign office as Managing 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.

Shri Rajendra Nagin Agarwal is concerned or interested in the Resolution at item no. 5 of the accompanying notice as it relates to his own appointment. Shri Raunak Agarwal is also interested or concerned in the said resolution as the relative of Shri Rajendra Nagin Agarwal.

The above should be considered as an abstract of the terms of appointment of the Managing 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 July 29, 2010 for the appointment of Shri Rajendra Nagin 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.

By order of the Board of Directors

Priyanka Agrawal
Company Secretary

Registered Office:

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

Dated: July 29, 2010

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their Seventeenth Annual Report along with the Audited Annual Accounts for the year ended on 31st March, 2010.

FINANCIAL RESULTS:

Particulars	Year ended 31.03.2010	Year ended 31.03.2009	(Rs. in Lakhs)
Net Sales / Income from Operations and other income	39244.02	39009.96	
Interest	861.38	1008.05	
Gross Profit after Interest but	2857.17	1741.76	
Before Depreciation and Taxation			
Depreciation	808.53	809.70	
Profit before Tax and exceptional items	2048.63	932.06	
Exceptional Item	761.80	250.00	
Profit before Tax and after exceptional items	2048.64	1182.06	
Provisions for Taxation	715.00	246.33	
M Vat Entitlement	-	-	
Deferred Tax	-	40.16	
Fringe Benefit Tax	-	5.00	
Prior year Adjustments	63.37	(4.20)	
Net Profit for the year	2158.81	886.37	
Balance in Profit & Loss Account	2858.68	2196.43	
Surplus available for appropriation	5017.49	3082.79	
Transferred to General Reserve	158.00	25.00	
Capital Redemption Reserve	-	-	
Proposed Dividend	306.34	170.19	
Proposed Dividend on Preference Shares	-	-	
Tax on Dividend	52.06	28.92	

DIVIDEND:

The Board of Directors of the Company recommend for declaration by the Shareholders at the Annual General Meeting payment of a dividend of 18% (Rs 1.80 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 126059 MT of Duplex Board and 31972 MT of Newsprint and Writing Printing Paper as against 120602 tones and 32997 tones for the previous year. The Duplex Board production & Newsprint and Writing printing paper production has grown by around 6%.

The Turnover for the financial year under review were Rs 38855 Lacs as against Rs 38670 lacs for the previous financial year. As compared to the previous year, there has been a substantial increase in the Net Profit, mainly due to reduction in input costs and improved Sales realization.

During the year, the Company exported Duplex Board and realized Rs 511 Lacs, as compared to Rs 1306 lacs, during the year.

N R AGARWAL INDUSTRIES LIMITED

CURRENT YEAR'S PROSPECTS:

The production of Duplex Board and Newsprints during the first quarter was 32015 MT and 8018 MT respectively as against 30698 MT of Duplex Board and 7272 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. 117 Crores as against Rs 88 Crores in the corresponding Quarter of the previous year and the net profit of around Rs 6.94 crores as against Rs 4.20 crores of the corresponding quarter of the previous year.

The company exported 1505 MT, thereby fetching revenue of Rs 452 Lacs during the first quarter of the current year as against 95 MT fetching revenue of mere Rs 24.35 Lacs in the corresponding quarter of the previous year.

FIXED DEPOSITS:

As on 31st March, 2010 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, 2010 are being audited by the Cost Auditor M/s. N Ritesh & Associates, Cost Accountants, who were appointed by the Board with the approval of the Central Government.

DIRECTORS:

Shri P Kumar would retire by rotation at the ensuing Annual General Meeting of the Company and is eligible for reappointment.

Shri Rajendra Nagin Agarwal has been appointed as Managing Director by the Board with effect from 1st August, 2010. Necessary resolutions for approval of the Appointment and remuneration payable to Shri Rajendra Nagin 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	50	*Chairman MD & CEO	44,50,000	28,28,631	BE- Electrical, MBA	21	Since Incorporation	-
2.	**Shri N R Agarwal	78	Executive Chairman	25,50,000	18,12,390	Chemical Engineer	41	Since Incorporation	-

* Appointed as Chairman w.e.f January 29, 2010

** Resigned w.e.f. 29th January, 2010

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;

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.

As regards the observations made by the Auditors in point no. 4 of their report, the excess provision written back pertaining to gratuity and leave encashment is mainly due to change in the actuarial assumptions.

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 2010-11.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion & Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is presented in a separate section forming a part of the Annual 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.

For and on behalf of the Board of Directors

R. N. Agarwal

Chairman Managing Director & CEO

Mumbai

Dated: 29.07.2010

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, 2010.

I) CONSERVATION OF ENERGY:

ENERGY CONSERVATION MEASURE TAKEN IN NEWSPRINT UNIT AND DUPLEX COATED PAPER BOARD UNITS

A) Newsprint manufacturing Unit.

1. The installation of ceramic tops at our vacuum boxes in wire part has helped in reduction of friction, which has resulted in improving efficiency of the machine thereby achieving substantial power saving per metric ton of finished product.

- 2) The replacement of de-canters with sludge press has resulted in significant savings in power. By installing two back water street, one for Paper Machine and another for Pulp Mill, we have been able to achieve considerable savings of fresh water consumption. Further, it has also resulted in improving the efficiency of the machine and thereby resulting in consumption of lower power. It has also contributed to the improvement in quality of the paper. We are now saving fresh water upto 3.0KL per ton of machine production by re-circulating the more used water in close cycle.
- 3) We have replaced energy efficient squirrel induction motors in place of old re-winding motors.
- 4) In our DIP Street, wherever variable speed is desirable, we have installed 5 nos of AC VFDs and we are getting satisfactory power saving in this street. Further we have installed wind driven turbo air ventilator in place of electrical exhauster fans in our Machine hall, Turbine house and Waste paper godowns and thereby achieving saving in electricity.

The Power consumption has considerably improved as compared to the previous norms or as compared to the previous consumption and the present norms is better. This improvement will continue in future by adopting newly introduced technology in this field. Today, we have the capability of producing two types of paper product, one writing printing and the other newsprint that too of various grades at a lower steam and lower power consumption and consistent improvement year after year.

B) Duplex coated paperboard Units.

- 1) We have installed a new street in our ETP section and recycling of used water which helps not only in reducing the usage of water but also to maintain the statutory norms of the drainage water for a healthy environmental condition.
- 2) We have re-arranged all paper machine drives for uniform power distribution to all sections of the paper machine by putting the helper drives for slashing the power loss at the time of power transmission and we are getting good results.
- 3) We have installed one additional Former of BLACK CLAWSON (UK), in the wet section of our paper machine and thereby improving the production of all GSMS, which has resulted in increase in production.
- 4) We have installed a Sheet Cutter of make 'PASABAN' Spain, for sheet cutting. This world class technology has helped in lowering our power consumption with high quality of cutting and reduce wastage, thereby improving realization.
- 5) We have modified our steam and condensate lines thereby reducing the steam loss.
- 6) We are continuing to harvest water thereby saving water.

1) Power & fuel consumption:

a) Electricity:	Unit	Current Year	Previous Year
i) Purchased Units	Lakh/KWH	15,579,515	12,002,760
Total amount	Rs. in lakhs	982.13	778.15
Rate / Unit	Rs.	6.30	6.48
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	62,970,141	64,221960
Units per tonne of coal	KWH	1067	1053
Average Cost/Unit	Rs./KWH	2.16	2.51
b) Coal and Lignite			
Quantity	Tonnes	130654	135542
Total amount	Rs.in lakhs	3982.73	4676.56
Average Rate/Ton	Rs.	3048	3450

(The Company uses 'B' & 'C' grade coal in it's Boiler and Steam Turbine)

2) Consumption per tonne of production:

Electricity	KWH	99	78
Coal	Kgs.	827	882
Furnace Oil	Ltr.	NA	NA
L.D.O.	Ltr.	NA	NA

II) TECHNOLOGY ABSORPTION:

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

III) FOREIGN EXCHANGE EARNINGS & OUTGO:

Foreign Exchange Outgo : Rs.8269.90 Lacs
Foreign Exchange Earnings : Rs. 438.85 Lacs

For and on behalf of the Board of Directors

R. N. Agarwal

Chairman Managing Director & CEO

Mumbai

Dated: 29.07.2010

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:

The Board of Directors of the Company consists of persons with considerable 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 Five 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 Non-Independent	0	Not Attended	4	–	–
**Shri. R N Agarwal	Chairman & Managing Director & CEO Non-Independent	5	Attended	–	–	–
Shri. S N Chaturvedi	Non-Executive Independent	5	Attended	6	2	–
Shri P Kumar	Non-Executive Independent	5	Attended	1	1	3
Shri C R Radhakrishnan	Non-Executive Independent	5	Not Attended	–	–	–
***Shri Raunak Agarwal	Wholetime Director Non-Independent	4	Attended	–	–	–

*Resigned w.e.f January 29, 2010

** Effective from January 29, 2010

*** Appointed as Wholetime Director w.e.f September 1, 2009

None of the Non-Executive Directors of the Company hold any Equity Shares in the Company. 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.

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.

The independent directors are not related to promoters or management at the board level. They review at every board meeting legal compliance reports prepared by the company.

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

Five Board Meetings were held during the year 2009-10. The dates on which the said meetings were held are as follows:

29.04.2009, 28.07.2009, 20.08.2009, 26.10.2009 and 29.01.2010.

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.

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 of the Director	Shri Rajendra Nagin Agarwal	Shri P Kumar
Qualification	B E Electrical, MBA (USA)	MA, CAIIB
Expertise	Industrialist	Management Consultant
Name of other companies in which holds directorship	Nil	Banswara Syntex Limited
Name of other companies in which holds membership of the committees of the Board	Nil	Membership in three committees
No of shares held in the Company	7922030	Nil

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. A certificate to this effect given by Shri R. N. Agarwal, Chairman Managing Director & CEO of the company is attached to this report.

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, Internal Auditors and finance personnel 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.

Five Meetings of the Committee were held during the year 2009-10. The dates on which the meetings were held are as follows:

29.04.2009, 28.07.2009, 20.08.2009, 26.10.2009 and 29.01.2010.

N R AGARWAL INDUSTRIES LIMITED

Composition and category of Members is as follows:

Name of Director	Category	No. of Meetings Attended
Shri P. Kumar	Chairman-Independent	5
Shri S.N.Chaturvedi	Independent	5
Shri. C. R. Radhakrishnan	Independent	5

The Chairman of the Audit committee was present at the 16th AGM held on September 26, 2009

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

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.

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

A meeting of the Committee was held on 20.08.2009.

The details of remuneration to all the Directors for the year ended March 31, 2010 are as under:

Name of Director	Salary (Rs.)	Benefits (Rs.)	Commission (Rs.)	Sitting fees (Rs.)	Total
Shri N R Agarwal (Upto 29.01.2010)	25,00,000	50000	-	-	25,50,000
Shri R N Agarwal	42,50,000	700000	-	-	49,50,000
Shri S N Chaturvedi	--	--	--	65,000	65,000
Shri P Kumar	--	--	--	65,000	65,000
Shri C R Radhakrishnan	--	--	--	53,000	53,000
Shri Raunak Agarwal	**3,50,000	-	-	*10000	3,60,000

* Upto 31.08.2009

** Effective from 01.09.2009

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
**Shri R N Agarwal	Member

* Resigned as a Director w.e.f January 29, 2010

** Effective from January 29, 2010

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 2009-10. The dates on which the meetings were held are as follows:

28.07.2009 and 29.01.2010.

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
**Shri R N Agarwal	Non Independent	1

* Resigned as a Director w.e.f January 29, 2010

** Effective from January 29, 2010

The Company Secretary has been designated as the Compliance Officer.

The Shareholders / Investor grievance committee has delegated the power of approving transfer / transmission of shares to share transfer committee which met on fortnightly basis during the year 2009-10. (also see para 11.8)

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, 2010 were Nil. No requests for transfers were pending for approval as on 31st March, 2010.

8. GENERAL BODY MEETINGS:

Location and time of last three Annual General Meetings:

Year	Venue	Day, Date	Time	Special resolution, if any
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.	—
2008-09	GMS Community centre, Hall,Sitladevi Complex, D.N.Nagar, Andheri (w), Mumbai-400053	September 26, 2009	11.00 a.m.	Approval of the appointment of Shri Raunak Agarwal as Wholetime Director and payment of remuneration thereof and Approval for further issue of shares upto Rs 200 Crores.

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 management discussion and analysis report forms part of this annual report.

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.

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 July 29, 2010 to approve the audited annual accounts for the year ended 31st March 2010.

10. 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 The Financial Express and Lakhshdeep. These are not sent individually to the shareholders.

The Corporate Filing and Dissemination System (CFDS) portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by Listed Companies. All disclosures and communications to BSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the Stock Exchange.

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

There were no presentations made to the institutional investors or analysts

11. GENERAL SHAREHOLDER INFORMATION :

11.1	Company Registration details:	The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L22210MH1993PLC133365	
11.2	Annual General Meeting	Date and Time	Venue
		September 16, 2010 At 11.00 A.M.	GMS Community Centre Hall, Sitaladevi Complex, D. N. Nagar, Opp. Indian oil Nagar, On Link Road, Andheri (W), Mumbai- 400053
11.3	Financial Year	:	April to March
	Financial Calendar	:	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
11.4	Date of Book Closure Annual General Meeting	:	Friday, September 9, 2010 to Thursday, September 16, 2010 (both days inclusive)
11.5	Dividend Payment Date	:	within 30 days from date of Annual general meeting
11.6	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

11.7 Market Price Data

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

Months	High		Low	
	N R Agarwal Industries Limited Price (Rs.)	BSE Sensex	N R Agarwal Industries Limited Price (Rs.)	BSE Sensex
April 2009	12.94	11,492.10	9.6	9,546.29
May 2009	19	14,930.54	11.4	11,621.30
June 2009	22.5	15,600.30	16.5	14,016.95
July 2009	21.5	15,732.81	15.5	13,219.99
August 2009	23.4	16,002.46	18.6	14,684.45
September 2009	25.25	17,142.52	20	15,356.72
October 2009	30.75	17,493.17	22.75	15,805.20
November 2009	30	17,290.48	25.1	15,330.56
December 2009	39	17,530.94	27.3	16,577.78
January 2010	52	17,790.33	33.75	15,982.08
February 2010	47	16,669.25	30.15	15,651.99
March 2010	38.5	17,793.01	32	16,438.45

Registrar & Transfer Agents:

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

11.8 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)

11.9 Distribution of shareholding as on 31st March, 2010:

Sr. No.	Range	No. of shareholders	% to total holders	No. of Shares held	% of Capital
1	1 to 500	6264	88.54	952894	5.6
2	501 to 1,000	379	5.36	317738	1.87
3	1,001 to 2,000	182	2.57	281065	1.65
4	2,001 to 3,000	66	0.93	174332	1.02
5	3,001 to 4,000	18	0.25	63323	0.37
6	4,001 to 5,000	69	0.98	332397	1.95
7	5,001 to 10,000	41	0.58	294944	1.73
8	10,001 & above	56	0.79	14602407	85.80
	Total	7075	100.00	17019100	100.00

N R AGARWAL INDUSTRIES LIMITED

11.10 Categories of Shareholders as on 31st March, 2010:

Category	No. of shares held	Percentage to total share capital
Foreign holding (FIIs, OCBs and NRIs)	28655	0.169
Financial Institutions/ Banks/ Insurance Companies	2500	0.014
Mutual Funds and UTI	0	0
Corporate Bodies	1089872	6.404
Directors and their relatives	12460923	73.217
Public	3437150	20.196
Total	17019100	100

11.11 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, 2010, 95.51 % 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

11.12 Plant Locations:

Unit – I	Unit – II	Unit – III	Unit - IV	Unit - V
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	Sarigam Taluka, Umbergaon District Valsad Gujarat

11.13 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

NON-MANDATORY REQUIREMENTS:

Remuneration Committee:

As stated earlier, the Board has already constituted a remuneration committee, the details of which are given in point 6 above.

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 2010.

For **N R AGARWAL INDUSTRIES LIMITED**

Mumbai
Dated : 29.07.2010

R N AGARWAL
Chairman & 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, 2010 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, 2010 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
Firm's Registration No.307068E

Mumbai,
Date: 29.07.2010

G. Venkatakrishnan
Partner
Membership no.: 11255

Certification by

CHAIRMAN MANAGING DIRECTOR & CEO & CFO OF THE COMPANY

We, Rajendra N. Agarwal, Chairman 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, 2010 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.

R N AGARWAL

Chairman Managing Director & CEO

S. RAMESH

Chief Financial Officer

Mumbai

Dated : 29.07.2010

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Indian Paper Industry accounts for about 1.6% of the world's production of paper and paperboard. The estimated turnover of the industry is Rs 25,000 crore (USD 5.95 billion) approximately and its contribution to the exchequer is around Rs. 2918 crore (USD 0.69 billion). The industry provides employment to more than 0.12 million people directly and 0.34 million people indirectly. The industry was de-licenced effective from July, 1997 by the Government of India; foreign participation is permissible.

Indian paper industry is poised to grow and touch 11.5 million tonnes from 9.18 million tonnes to 2011-12 from 2009-10 at the rate of 8% per annum, according to The Associated Chambers of Commerce and Industry of India (ASSOCHAM). The ASSOCHAM paper on "Growth of Paper Industry in India", indicated that per capita paper consumption increased to 9.18 kg on 2009-10 as compared to 8.3 kg during 2008-09. Still, the figure is low (9.2 kg) compared to 42 kg in China and 350 kg in developed countries. India has emerged as the fastest growing market when it comes to consumption, posting 10.6% growth in per capita consumption of paper in 2009-10.

India produces many varieties of papers, namely, printing and writing paper, packaging paper, coated paper and some speciality paper. Varieties under printing and writing paper are creame wove paper, super printing paper, maplitho paper (non-surface and surface size), copier paper, bond paper and coating base paper and others. The varieties under packaging paper are kraft paper, boards, poster paper and others. The other varieties under coated paper are art paper/board, chromo paper/board and others.

Paper in India is made from 40 per cent of hardwood and bamboo fibre, 30 per cent from agro waste and 30 per cent from recycled fibre. Newsprint and publication paper account for 2 million tonnes, of which 1.2 million tonnes of newsprint paper is manufactured in India and the remaining 0.8 million tonne is imported. India imports about two million tonnes of pulp (soft wood and hardwood) and waste paper (sack waste for unbleached grades, envelopes waste, cup stock for white grades and magazine waste) for newsprint.

OPPORTUNITIES AND THREATS:

The global demand/capacity ratio in the industry is expected to increase. The economic slowdown caused this ratio to be low in FY09 but with economic recovery, the demand is expected to grow at a faster rate than capacity, especially in the paperboard segment. This will increase the demand, putting pressure on the existing manufacturers to increase production or capacity, giving them pricing power and will attract new entrants in the industry. The demand for paper is fairly inelastic due to its wide use, lack of low cost substitutes and short life cycle of paper (making it more like a consumable than a durable). This permits the manufacturers to pass on most input cost increases to the consumer.

Indian paper industry can be more competitive by adding improvements of key ports, roads and railways and communication facilities, revision of forest policy is required for wood based paper industry so that plantation can be raised by industry, cooperatives of farmers, and state government. Degraded forest land should be made available to the industry for raising plantations. Import duty on waste paper should be reduced, Duty free imports of new & second hand machinery/equipment should be allowed for technology up gradation. The Indian paper industry is expected to attract Rs 10,000 crore investments in three to five years for setting up greenfield projects as well as capacity expansion of the existing plants. With the country's economy growing robustly, the paper consumption in India is bound to expand, and the existing gap is a good indicator of the industry's growth potential.

The Indian paper industry is fragmented with hundreds of mills with low production capacities. The top 10 producer covers 20-30% of the Indian total paper production capacity.

The paper industry in India looks extremely positive as the demand for upstream market of paper products, like, tissue paper, tea bags, filter paper, light weight online coated paper, medical grade coated paper, etc., is growing up.

India has surplus to export some grades. It exports following grades of papers to Middle East, South Eastern countries, Eastern Europe and USA: A4 copiers, wood-free (mostly from bamboo and agro waste by several small mills), MG varieties (from small agro based mills), coated duplex (mostly recycled fibre) and large quantity of converted products like stationery items, calendars, books, magazines, children's play books and comics.

Major issues confronting India's pulp and paper industry are high cost of production caused by inadequate availability and high cost of raw materials, power cost and concentration of mills in one particular area, non-availability of good-quality fibre, uneconomical plant size, technological obsolescence and environmental challenges. The cost of wood to Indian players is \$50 per metric tonne compared to around \$30 internationally. While issues related to technology, capacity and environment come directly under the purview of companies, raw material shortage is a disadvantage affecting all domestic companies. The Indian paper industry is fragmented with hundreds of mills with low production capacities.

SEGMENTWISE PERFORMANCE:

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

EXPANSION

This has been a year of expansion, growth and looking ahead into a future which promises to yield results and would take the company to a new dimension of success. The Company has set up a 300 TPD Writing/Printing cum Copier paper project. This would enable the company to produce "A" grade quality of newsprint/ Writing & Printing and thus fruitful results are expected out of this segment.

RISKS & CONCERNS

Global raw material prices have risen sharply in March 2010, promoting paper manufacturers to pass on the cost to the consumers. Indian raw material prices too, have risen, but not to the extent of global increase in the raw material prices. Indian manufacturers however, were able to increase paper prices following global cues and earn better margins.

In India, mills depending upon waste paper for recycling are facing a shortage of raw material while the demand is growing as the mills are expanding. This is driving up the cost of waste paper which has gone up to around Rs 10 a kg, almost double of what it used to cost a year ago.

The government has imposed the Elementally Chlorine Free (ECF) compliance requirement (to be effective by 2012) that requires the manufacturers to produce paper from pulp that is bleached with a Chlorine derivative, hence prohibiting the use of elemental Chlorine. This requirement requires a large capital expense that could lead to certain small players leaving the industry.

The constant requirement of up gradation and expansion is a capital- intensive process, which is reflected by the high gearing ratios of the firms in the industry. The high D/E could cause restrictions on liquidity in the future. The recurring requirement of debt could put significant pressure on smaller firms that lack the leverage to obtain capital at competitive interest rates compelling them to leave the industry.

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 126059 tonnes of Duplex Board and 31972 tonnes of Newsprint / W & P, compared to previous year of 120602 tonnes and 32997 tonnes respectively. The Company sold 125991 tonnes of Duplex Board and 32329 tonnes of Newsprint, during the year, as against 120528 tonnes of Duplex Board and 32330 tonnes of Newsprint / W & P, in the previous year. There has been an increase of around 6% in Production as well as Sales of Duplex Boards.

The Company has posted a total sales revenue of Rs 38855 Lacs as against Rs 38670 lacs for the previous financial year. As compared to the previous year, there has been a substantial increase in the Net Profit, mainly due to reduction in input costs and improved Sales realization.

During the year, the Company exported Duplex Board and realized Rs 511 lacs, as compared to Rs 1306 lacs, during the previous year.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Relations between the Management and 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, 2010, 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) Attention is invited to Note No. 4(B) of Schedule "Q" annexed to and forming part of Accounts, regarding write back of excess provision for Gratuity & Leave Encashment. Had the assumptions followed in the previous year continued, the provision for Gratuity & Leave encashment (included in Schedule "K") would have been higher by Rs. 12,33,796/- and Rs.86,09,424/- respectively and the net profit before tax would have been lower by Rs.35,48,539/-.
- 5) 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 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 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 subject to para 4 above 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, 2010
 - 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
Firm's Registration No. 307068 E

Mumbai
Dated : 29.07.2010

G. VENKATAKRISHNAN
(Partner)
Membership No. 11255

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 2010, 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	16,03,148	Appellate Authority up to Commissioner level	2003-04 to 2008-09
Central Excise Act, 1944	Excise duty	1,01,923	Appellate Authority – Up to Commissioners' level	2009 -10

- 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
Firm's Registration No. 307068 E

Mumbai
Dated : 29.07.2010

G. VENKATAKRISHNAN
(Partner)
Membership No.11255

N R AGARWAL INDUSTRIES LIMITED

BALANCE SHEET

as at 31st March 2010

	Schedule	As at 31st March 2010 Rupees	As at 31st March 2009 Rupees
SOURCES OF FUNDS			
(1) SHARE HOLDERS' FUND			
(a) Share Capital	A	170,191,000	170,191,000
(2) RESERVES AND SURPLUS	B	510,161,016	330,120,832
		680,352,016	500,311,832
(3) LOAN FUNDS			
(a) Secured Loans	C	882,284,068	733,578,763
(b) Unsecured Loans	D	45,778,154	98,732,173
		928,062,222	832,310,936
(4) DEFERRED TAX LIABILITY			
	TOTAL	1,772,720,302	1,496,928,831
APPLICATION OF FUNDS			
(1) FIXED ASSETS	E		
(a) Gross Block		1,723,635,743	1,652,996,296
(b) Less : Depreciation		597,042,667	516,953,602
(c) Net Block		1,126,593,076	1,136,042,694
(d) Add : Capital Work in Progress		534,748,844	32,475,025
		1,661,341,920	1,168,517,719
(2) INVESTMENTS	F	1,847,860	1,847,860
(3) CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	G	262,470,958	257,780,920
(b) Sundry Debtors	H	410,214,258	511,462,883
(c) Cash and Bank Balances	I	89,874,308	25,287,315
(d) Loans and Advances	J	233,935,907	148,468,965
		996,495,430	943,000,083
Less : CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	K	839,908,563	579,012,668
(b) Provisions		47,056,346	37,424,164
		886,964,909	616,436,832
NET CURRENT ASSETS		109,530,522	326,563,251
	TOTAL	1,772,720,302	1,496,928,831
NOTES TO ACCOUNTS	Q		

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

For and on behalf of the Board of Directors

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No. 307068 E

G. VENKATAKRISHNAN

Partner

Membership No.11255

Mumbai

29th July 2010

R N AGARWAL

Chairman Managing Director & CEO

S N CHATURVEDI

Director

PRIYANKA AGRAWAL

Company Secretary

PROFIT AND LOSS ACCOUNT

for the year ended 31st March 2010

	Schedule	As at 31st March 2010 Rupees	As at 31st March 2009 Rupees
INCOME			
Sales		3,885,522,187	3,867,076,305
Sales-Traded Goods		8,619,041	3,844,846
Other Income	L	30,260,974	30,074,579
Increase / Decrease in stock + / (-)	M	(417,608)	12,202,440
		3,923,984,594	3,913,198,170
EXPENDITURE			
Raw Materials Consumed	N	2,208,617,122	2,244,328,969
Purchases of Traded Goods		-	3,821,342
Manufacturing and Other Expenses	O	1,343,511,613	1,390,066,675
Interest	P	86,138,642	100,805,456
Depreciation	E	80,853,356	80,969,777
		3,719,120,733	3,819,992,219
PROFIT BEFORE TAXATION & EXCEPTIONAL ITEMS			
EXCEPTIONAL ITEMS	Q-10	76,180,000	25,000,000
PROFIT BEFORE TAXATION & AFTER EXCEPTIONAL ITEMS			
Provision for Taxation		71,500,000	24,633,930
Provision for Deferred Tax		-	4,015,627
Fringe Benefit Tax		-	500,000
PROFIT AFTER TAXATION			
Excess provision written back		6,337,015	-
Previous year taxation Adjustment + / (-)			1,329,693
Prior year Adjustments + / (-)			(1,749,502)
Balance brought forward		285,867,889	219,642,799
PROFIT AVAILABLE FOR APPROPRIATION			
APPROPRIATIONS			
Proposed final dividend - equity shares		30,634,380	17,019,100
Tax on proposed equity dividend		5,206,313	2,892,396
Transfer to General Reserve		15,800,000	2,500,000
BALANCE CARRIED TO BALANCE SHEET			
Basic and diluted earning per share (in Rs.)		450,108,073	285,867,888
NOTES TO ACCOUNTS	Q	12.68	5.21

The Schedules referred to above form an integral part of the Profit & Loss Account.
As per our attached report of even date

For and on behalf of the Board of Directors

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No. 307068 E

G. VENKATAKRISHNAN

Partner

Membership No.11255

Mumbai

29th July 2010

R N AGARWAL

Chairman Managing Director & CEO

S N CHATURVEDI

Director

PRIYANKA AGRAWAL

Company Secretary

**CASH FLOW STATEMENT AS PER THE CLAUSE 32 OF THE
LISTING AGREEMENT CASH FLOW STATEMENT**

for the Year Ended 31st March, 2010

		Year ended 31.03.2010 Rs.		Year ended 31.03.2009 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary Items		281043862		118205952
ADJUSTMENTS FOR				
Depreciation	80853356		80969777	
Interest	86138642		100805456	
Loss/(Profit) on Sale of Assets (net)	543701		(577748)	
Profit on sale of Investments	(5165)		0	
Dividend received	(96133)		(86800)	
Interest received	(19866752)		(7666564)	
Bad Debts written off	691155		724319	
Misc. Expenses W/off	0	148258803	0	174168439
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		429302665		292374391
CHANGES IN				
Trade and Other Receivables	100557470		(117553852)	
Inventories	(4690038)		(3810091)	
Trade Payables	199971233		7042429	
Loans & Advances	(20966942)	274871723	63216831	(51104683)
CASH GENERATED FROM OPERATIONS		704174389		241269708
Direct Taxes Paid	(64500000)	(64500000)	(18600000)	(18600000)
Cash Flow Before Extra Ordinary Items		639674389		222669708
Excess provision written back	6337015		0	
Miscellaneous Expenditure				
Previous Year Adjustments	-	6337015	(419809)	(419809)
Net Cash from Operating Activities		646011404		222249899
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of Fixed Assets	(575073092)		(53191605)	
Sale of Fixed Assets	857000		2592000	
Purchase of Investments	0		0	
Dividend received	96133		86800	
Interest received	19866752		7666564	
Sale of Investments	0	(554253207)	0	(42846241)
Net Cash used in Investing Activities		(554253207)		(42846241)

CASH FLOW STATEMENT AS PER THE CLAUSE 32 OF THE LISTING AGREEMENT CASH FLOW STATEMENT

for the Year Ended 31st March, 2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0	0
Interest Paid	(87081798)	(102215665)
Proceeds from Long Term Borrowings	312216176	36681542
Repayment of Long Term Borrowings	(163510870)	(152724915)
Unsecured Loans	(52954019)	(7920591)
Preference Dividend including tax thereon	0	0
Equity share Dividend including tax thereon	(35840693)	(23208744)
	_____	(249388373)
Net Cash used in Financing Activities	(27171204)	(249388373)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>64586993</u>	<u>(69984715)</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	25287315	95272029
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	89874308	25287315
	<u>64586993</u>	<u>(69984715)</u>

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No. 307068 E

G. VENKATAKRISHNAN

Partner

Membership No.11255

Mumbai

29th July 2010

For and on behalf of the Board of Directors

R N AGARWAL

Chairman Managing Director & CEO

S N CHATURVEDI

Director

PRIYANKA AGRAWAL

Company Secretary

SCHEDULES

Forming part of the Balance Sheet

	As at 31st March 2010 Rupees	As at 31st March 2009 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.	0	0
TOTAL	<u>170,191,000</u>	<u>170,191,000</u>
 SCHEDULE : B		
RESERVES AND SURPLUS		
General Reserve		
Balance as per Last Account	35,752,943	33,252,943
Add: Transfer from profit and loss account	<u>15,800,000</u>	<u>2,500,000</u>
	<u>51,552,943</u>	<u>35,752,943</u>
Capital Redemption Reserve		
Balance as per Last Account	8,500,000	8,500,000
Add: Transfer from Profit and Loss Account	0	<u>8,500,000</u>
	0	0
Profit and Loss Account		
Balance as per profit and loss account	<u>450,108,073</u>	<u>285,867,889</u>
	<u>450,108,073</u>	<u>285,867,889</u>
	<u>510,161,016</u>	<u>330,120,832</u>

SCHEDULES

Forming part of the Balance Sheet

	As at 31st March 2010 Rupees	As at 31st March 2009 Rupees
SCHEDULE : C		
SECURED LOANS		
i) Term Loans		
Bank of India	12,043,697	43,083,697
Bank of India-Office Loan	44,792,040	0
The Bombay Mercantile Co-operative Bank Ltd.	13,634,939	26,966,000
Oriental Bank of Commerce	4,061,239	20,015,000
Bank of Baroda	10,063,464	41,115,081
Bank of Baroda-New	217,035,845	0
IDBI Bank	68,750,000	93,750,000
ii) Corporate Loans		
IDBI Bank	18,750,000	43,750,000
Bank of India	1,644,000	21,652,000
iii) Vehicle Loans		
Centurian Bank	351,869	881,108
ICICI Bank	4,470,653	0
HDFC Bank	3,529,454	0
iv) Indus Ind Bank Loan-Short Term Loan		
	60,000,000	60,000,000
v) Working Capital Loan from Banks		
	423,156,868	382,365,877
	882,284,068	733,578,763

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 situated at Vapi Plants on pari passu basis with other term lenders.
- 2) The Term Loans/ 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 situated at Vapi Plants on pari passu basis 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 situated at Vapi Plants on pari passu basis 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 Company's movable and immovable fixed assets and further secured 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.
- 9) New Term loan from Bank of Baroda is secured by way of first pari passu charge on immovable properties (Unit I ,II,III and IV) situated at Vapi, together with buildings and other structures thereon excluding all plant and machinery and second pari passu charge on current assets of the Company and exclusive first charge on Company's Land, admeasuring 57.03 acres alongwith immovable properties attached to this land located at Sarigam Gujarat and are further secured by the personal guarantee of Shri R. N. Agarwal.
- 10) New office Loan of Bank of India is secured by equitable mortgage on the said property & further secured by the personal guarantee of Shri R. N. Agarwal.

SCHEDULES

Forming part of the Balance Sheet

	As at 31st March 2010 Rupees	As at 31st March 2009 Rupees
SCHEDULE : D		
UNSECURED LOANS		
Fixed Deposits	6,300,000	3,300,000
Trade Deposits	5,642,808	57,692,982
Other deposits-From Directors	33,835,346	37,739,191
	45,778,154	98,732,173

SCHEDULE : E

FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions during the year	Deductions/ Adjustments	As at 31.03.2010	As at 01.04.2009	For the year	On Deductions/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1. Land	36371476	6356950	0	42728426	0	0	0	0	42728426	36371476
2. Leasehold Land	35402448	0	0	35402448	820727	0	0	820727	34581721	34581721
3. Factory Building	196366871	0	0	196366871	49216168	6558654	0	55774822	140592049	147150703
4. Plant and Machinery	1317731954	52422318	0	1370154272	438657423	69614792	0	508272215	861882057	879074531
5. Furniture and Fixtures	18185718	596100	0	18781818	7861623	1036872	0	8898495	9883323	10324095
6. Motor Cars	14560259	12911466	2123126	25348599	4597246	1986920	729425	5854741	19493858	9963013
7. Others - Building	17015400	0	0	17015400	3352121	277351	0	3629472	13385928	13663279
8. Computer	11683961	417438	36700	12064699	6770089	1362934	34865	8098158	3966541	4913872
9. Intangible Asset-SAP Software	5678209	95000	0	5773209	5678205	15833		5694038	79171	4
TOTAL	1652996296	72799273	2159826	1723635743	516953602	80853356	764290	597042668	1126593075	1136042694
Previous Year	1589705017	67085190	3793911	1652996296	437763484	80969777	1779659	516953602		
Capital Work in Progress									534748844	32475025
									1661341920	1168517719

SCHEDULES

Forming part of the Balance Sheet

	As at 31st March 2010 Rupees	As at 31st March 2009 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	<u>201,000</u>	201,000
(8040 Equity Shares of @ Rs. 25/- each fully paid up)		
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	<u>1,017,360</u>	1,017,360
(33912 Equity Shares of @ Rs. 30/- each fully paid up)		
(Previous year 33912 Equity Shares @30/-)		
Shares - Moogaveera Co-op. Bank Ltd, 10 Shares of Rs.100/- each	1,000	1,000
(Previous year 10 Shares of Rs.100/-)		
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 1238860)		
Aggregate market value of Quoted Investment Rs. 4585150 (Previous Year Rs.1891080)	<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	72,188,656	107,225,209
Packing Materials	5,306,045	3,812,609
Raw Materials	132,349,078	93,698,315
Work-in-process	7,678,364	8,120,000
Finished Goods	<u>44,948,815</u>	<u>44,924,787</u>
	<u>262,470,958</u>	<u>257,780,920</u>
SCHEDULE : H		
SUNDRY DEBTORS		
Debts - exceeding 6 months		
- considered good	<u>4,046,473</u>	<u>10,995,071</u>
	<u>4,046,473</u>	<u>10,995,071</u>
Other Debts	<u>406,167,785</u>	<u>500,467,812</u>
	<u>410,214,258</u>	<u>511,462,883</u>

SCHEDULES

Forming part of the Balance Sheet

	As at 31st March 2010 Rupees	As at 31st March 2009 Rupees
SCHEDULE : I		
CASH AND BANK BALANCES		
Cash on Hand	200,018	681,544
Balances with Scheduled Banks - In Current Accounts	27,475,785	802,801
In Margin Money Accounts	62,198,505	23,802,970
	89,874,308	25,287,315
SCHEDULE : J		
LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances Recoverable in cash or in kind or for value to be received.*	123,496,719	93,670,741
Deposits	34,396,328	33,037,477
Intercorporate Deposits	4,500,000	12,000,000
Balances with Customs	3,031,030	1,653,679
Advance Payment of Income Tax (Net of Provisions)	68,511,829	8,107,068
	233,935,907	148,468,965
SCHEDULE : K		
CURRENT LIABILITIES AND PROVISIONS		
(a) Current Liabilities		
Sundry Creditors (due to small scale industrial undertaking)	7,073,798	13,157,898
Sundry Creditors (due to others)	730,238,789	504,907,754
Investor education and protection fund shall be credited by the following amounts when due:-		
a) Unclaimed Dividends	1,753,780	1,340,349
Other Liabilities	100,842,196	58,663,511
Interest accrued but not due	0	943,156
	839,908,563	579,012,668
(b) Provisions		
For Leave Encashment	4,394,104	10,688,785
For Proposed Dividend on Equity Shares	30,634,380	17,019,100
For Provision for Fringe Benefit Tax	1,549,615	1,549,615
For Provision for Wealth Tax	331,030	291,030
For Provision for Gratuity	4,940,904	4,983,238
For Tax on Dividend	5,206,313	2,892,396
	47,056,346	37,424,164
	886,964,909	616,436,832

SCHEDULES

Forming part of the Profit and Loss Account

	As at 31st March 2010 Rupees	As at 31st March 2009 Rupees
SCHEDULE : L		
OTHER INCOME		
Interest on Fixed Deposits (TDS Rs. 243648/-) (Previous Year Rs. 279275/-)	1,721,067	1,228,223
Miscellaneous Income	28,539,907	28,846,356
	<u>30,260,974</u>	<u>30,074,579</u>
SCHEDULE : M		
INCREASE (+) / DECREASE (-) IN STOCK		
Opening Stock		
Finished Goods	44,924,787	28,820,002
Work-In-Process	8,120,000	12,022,345
	(A)	<u>53,044,787</u>
Closing Stock		
Finished goods	44,948,815	44,924,787
Work-in-Process	7,678,364	8,120,000
	(B)	<u>52,627,179</u>
	(B-A)	<u>(417,608)</u>
SCHEDULE : N		
RAW MATERIALS CONSUMED		
Opening Stock	93,698,315	132,556,644
Add : Purchases	2,247,267,885	2,205,470,640
	2,340,966,200	2,338,027,284
Less : Closing Stock	132,349,078	93,698,315
	<u>2,208,617,122</u>	<u>2,244,328,969</u>

SCHEDULES

Forming part of the Profit and Loss Account

	As at 31st March 2010 Rupees	As at 31st March 2009 Rupees
SCHEDULE : O		
MANUFACTURING AND OTHER EXPENSES		
Manufacturing Expenses		
Consumption of Stores, Spares and Tools	140,211,136	100,312,412
Power, Fuel and Water Charges	576,125,421	608,113,119
Material Handling Charges	18,324,341	16,262,022
Excise Duty	<u>129,997,565</u>	<u>724,447,327</u>
Employees Remuneration and Benefits		
Salaries, Wages, Bonus etc.	117,547,263	102,041,102
Contribution to ESIC and Other Funds	9,009,436	7,533,410
Staff Welfare Expenses	<u>1,832,505</u>	<u>128,389,204</u>
Administrative Expenses		
Insurance	2,003,983	4,080,398
Rent	6,909,334	2,907,880
Rates and Taxes	1,153,900	937,355
General Expenses	<u>54,643,052</u>	<u>64,710,269</u>
Selling and Distribution Expenses		
	232,872,265	244,293,412
Repairs and Maintenance		
Machinery	34,271,803	39,018,542
Building	10,665,853	3,279,603
Others	<u>4,859,779</u>	<u>4,446,774</u>
Other Expenses		
Directors Sitting Fees	193,000	152,000
Remuneration to Auditors	650,000	650,000
Advertisement	204,904	227,028
Donation	801,218	158,113
Loss/(Profit) on Sales of Assets	543,701	-577,748
Bad debts written off	<u>691,155</u>	<u>724,319</u>
	3,083,978	1,333,712
	<u>1,343,511,613</u>	<u>1,390,066,674</u>
SCHEDULE : P		
INTEREST		
Interest on		
(a) Term Loans	24,950,121	42,568,008
(b) Bank	43,373,848	48,657,148
(c) Others	<u>17,814,672</u>	<u>9,580,300</u>
	<u>86,138,642</u>	<u>100,805,456</u>

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 Three 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. NIL Lacs (Previous year Rs. 140 Lacs).
- (b) Excise duty demands and penalties – Rs.17,05,071 (Previous Year Rs.16,82,460) (Against old cases to the tune of Rs.16.82 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 – Rs333807/- (Previous year - Rs. NIL).
- (d) Letter of Credit outstanding Rs.2,962.11 lacs (Previous year Rs. 2,237.59 lacs).
- (e) Customs penalties on Imports – Rs. NIL (Previous year Rs.NIL).

3. Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances) Rs.4767.96 lacs (Previous Year Rs.797.77 lacs).

4. Defined benefits plans – As per actuarial valuation as on 31st March, 2010.

Sr. No.	Particulars	Gratuity Benefits		Compensated absences	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
1 Components of employer expenses					
	Current service cost	2,043,855	1,541,249	639,767	2,216,449
	Interest cost	934,515	840,602	855,103	793,497
	Expected return on plan assets	(617,218)	(562,427)	NA	NA
	Actuarial losses / (gains)	(1,726,378)	736,812	(7,490,445)	302,617
	Total expenses / (income) recognized in the Profit and Loss Account	634,775	2,556,236	(5,995,575)	3,312,563
2 Actual contribution and benefits paid during the year					
	Actual benefits paid	712,624	806,988	299,106	652,078
	Actual contribution	677,109	741,288	NA	NA
3 Net asset / (liability) recognized in Balance Sheet as at 31st March, 2010					
	Present Value of Defined Benefit Obligation	(12,220,812)	(11,681,443)	(4,394,104)	(10,688,785)
	Fair value of plan assets	7,279,908	6,698,205	Nil	Nil
	Net asset/(liability) recognized in Balance Sheet	(4,940,904)	(4,983,238)	(4,394,104)	(10,688,785)
4 Change in Defined Benefit Obligations (DBO)					
	during the year ended 31st March, 2010.				
	Present value of DBO at beginning of year	11,681,443	9,369,768	10,688,785	8,028,300
	Current Service cost	2,043,855	1,541,249	639,767	2,216,449
	Interest cost	934,515	840,602	855,103	793,497
	Actuarial (gain)/ losses	(1,726,378)	736,812	(7,490,445)	302,617
	Benefits paid	(712,624)	(806,988)	(299,106)	(652,078)
	Present Value of DBO at the end of year	12,220,812	11,681,443	4,394,104	10,688,785
5 Change in Fair Value of Assets during the year ended 31st March, 2010					
	Plan Assets at beginning of year	6,698,205	6,201,478	NA	NA
	Expected return on plan assets	617,218	562,427	NA	NA
	Actual Company contributions	677,109	741,288	NA	NA
	Benefits paid	(712,624)	(806,988)	NA	NA
	Plan assets at the end of year	7,279,908	6,698,205	NA	NA
6 Actuarial Assumptions					
	Discount Rate	8%	8%	8%	8%
	Expected Return on plan assets	9%	9%	NA	NA
	Salary escalation	7.25%	8%	7.25%	8%

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

B Notes To Accounts

- During the year, consequent upon a change in the actuarial assumptions, there is a reversal of the provision required to be made in the valuation of Gratuity and Leave Encashment benefits to the tune of Rs. 63,37,015. This has been disclosed in the Profit & Loss Account under the head-Excess Provision Written Back.

N R AGARWAL INDUSTRIES LIMITED

5. The deferred tax liability as at 31st March 2010 comprise of the following:

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
Deferred Tax Liability		
Fixed Assets excess net block over written down value as per the provisions of the Income Tax Act 1961	48,61,45,723	48,84,59,497
	<u>48,61,45,723</u>	<u>48,84,59,497</u>
Deferred Tax Assets		
Disallowance under Income Tax Act 1961	27,50,402	50,64,192
Difference of opening liability as per revised AS-15	0	0
	27,50,402	50,64,192
	48,33,95,321	48,33,95,305
Provision for deferred tax (net)	16,43,06,064	16,43,06,064

Note: leave four line spaces here.

6. **Earnings Per Share:**

	31st March, 2010	31st March, 2009
(a) (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.)	21,58,80,877	8,86,36,586
(c) Profit attributable to equity share holders (Rs.)	<u>21,58,80,877</u>	8,86,36,586
Basic and diluted earnings per share (in Rupees)	<u>12.68</u>	5.21

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. 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 2010 are: Prakash Steelage Ltd, Bhavik Enterprises. 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.

9. Advances recoverable in cash or kind or value to be received includes an amount of Rs.55.00 lacs short term advances made not bearing any interest.

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. However in terms of search and seizure operations u/s 132 of Income Tax Act, 1961 conducted during July, 2009, revised returns have been filed in response to notices received u/s 153A of the Income Tax Act, 1961 in respect of six Assessment years from 2004-05 to 2009-10. The company has admitted additional income of Rs. 761.80 lacs for the current year (previous year Rs. 250 lacs). The said amounts have been shown under exceptional Items in the profit & Loss account. Pending further proceedings, additional provision for income tax of Rs. 258.94 lacs has been made in the accounts in respect of the said additional income.

11. Sundry Debtors, Sundry Creditors, Unsecured Loans and Loans and Advances balances are subject to confirmation and reconciliation.
12. Sundry Creditors include a sum of Rs.5,34,92,952 (Previous Year Rs.27,81,836) payable for Capital Goods.
13. 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.

14. The Company has imported Capital Goods under 'Export Promotion Capital Goods' Scheme for which the Company has an export obligation of Rs.46,02,25,488 (previous year Rs.5,91,57,326).
15. 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
Shri Raunak Agarwal

Relatives of Directors

Smt. R. R. Agarwal

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

	31st March, 2010 (Rs. In lacs)	31st March, 2009 (Rs. In lacs)
(i) Purchase of Fixed Assets		
Associates	0.00	0.00
(ii) Unsecured Advances given		
Associates	0.00	0.00
(iii) Unsecured Deposits received		
Key Management Personnel & Relatives	346.00	323.52
(iv) Remuneration paid		
Key Management Personnel	85.09	66.60
(v) Sitting Fees Paid		
Key Management Personnel	0.10	0.10
(vi) Car Lease Rent	18.00	0.00
(vii) Unsecured Deposits Outstanding Credit Balance		
Key Management Personnel & Relatives	338.35	377.39
(viii) Guarantees provided for Associates	0.00	140.00

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

Loans and Advances in the nature of Loans

Maximum balance

Nil

N R AGARWAL INDUSTRIES LIMITED

Notes:

1. Loans to Employees as per Company's policy are not considered.
2. Related party relationship is as identified by the Company and relied upon by the auditors.

16. Auditor's Remuneration

	31st March, 2010 (Rupees)	31st March, 2009 (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*	66,950	67,362
Total	7,16,950	7,17,362

*Eligible for CENVAT Credit

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

	31st March, 2010 (Rs. In lacs)	31st March, 2009 (Rs. In lacs)
To the Executive Chairman and the Managing Director & CEO		
(a) Remuneration and contribution to funds	71,22,620	61,18,720
(b) Perquisites	8,29,200	2,50,000
Total	79,51,820	63,68,720

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

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
Profit Before Tax and after prior period adjustment as per Profit and Loss Account	28,73,80,877	11,77,86,143
Add: Depreciation Charged in the Accounts	8,08,53,356	8,09,69,777
Loss on sale of assets as per Section 349 of the Companies Act, 1956	543,701	3,74,912
Directors' remuneration (including Sitting Fees)	81,44,820	65,20,720
Commission payable to Directors	30,00,000	-
	37,99,22,754	20,56,51,552
Less: Depreciation under Section 350	8,08,53,356	8,09,69,777
Gain on Sale of Assets	5165	9,52,660
	8,08,58,521	8,19,22,437
Net Profit	29,90,64,233	12,37,29,115
Overall ceiling on Managerial remuneration under Section 198 of the Companies Act, 1956	29,906,423	1,23,72,912

18. Capital Work-in-progress includes advance:

Paid towards

	31st March,2010 (Rupees)	31st March,2009 (Rupees)
Building	19,52,00,221	5,32,273
Expenses	0.00	0.00
Plant & Machinery	32,73,86,582	2,75,74,045
Advance for Land	1,15,07,440	43,68,708
Others	6,54,602	0.00
Total	<u>53,47,48,844</u>	<u>3,24,75,026</u>

19. 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.

20. 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	113,032.016	111,91,09,866	(-)	40,10,64,885
	(122,570.838)	(126,41,03,018)	(-)	(30,95,75,279)
Imported (including High Seas)	61,017.205	63,28,57,789	(-)	5,55,84,583
	(43,816.662)	(54,77,89,876)	(-)	(12,28,60,796)
Total	174,049.221	175,19,67,655	(-)	45,66,49,468
	(166,387.500)	(181,18,92,894)	(-)	(43,24,36,075)

N R AGARWAL INDUSTRIES LIMITED

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	2008-2009	2007-2008
Number of non resident shareholders	56	24
Number of shares held by them	24,960	21,269
Amount of dividend (Rupees)	24,960	25,523
	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)

2. Earnings in Foreign Exchange

F.O.B. Value of Goods Exported	4,38,85,202	12,26,82,976

3. C.I.F. Value of imports

(i) Raw Materials	69,56,36,712	36,87,02,220
(ii) Stores, Components & parts	1,25,08,105	1,69,23,752
(iii) Capital Goods	11,72,91,566	0

4. Expenditure in Foreign Currency

Travelling	15,53,752	14,00,685

5. Value of Imported and Indigenous Raw Materials, Stores and Spares consumed:

Raw Materials:

Imported	68,84,42,371	67,06,50,672
Indigenously obtained	1,52,01,74,751	157,36,78,297
	2,20,86,17,122	<u>224,43,28,969</u>

Stores and Spares:

Imported	1,42,43,464	1,01,43,602
Indigenously obtained	12,59,67,672	9,01,68,810
	14,02,11,136	<u>10,03,12,412</u>

6. Percentage of Total Consumption

Raw Materials:

Imported	31%	30%
Indigenously obtained	69%	70%

Stores and Spares:

Imported	10%	10%
Indigenously obtained	90%	90%

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

	DUPLEX BOARD				NEWSPRINT			
	2009-2010		2008-2009		2009-2010		2008-2009	
	Qty (M.T)	Value (Rs.)	Qty (M.T)	Value (Rs.)	Qty (M.T)	Value (Rs.)	Qty (M.T)	Value (Rs.)
Opening Stock	1206	26,418,087	1109	23786956	928	18,506,700	261	5033046
Production	126059	-	120602	-	31972	-	32997	-
*Sales	125991	3,171,134,965	120528	3036251183	32330	714,387,222	32330	830825122
Closing Stock	1274	33,640,765	1206	26418087	570	11,308,050	928	18506700

*excludes sales of traded goods

TRADED GOODS

	2009-2010		2008-2009	
	Qty. MT.	Value Rs.	Qty. MT.	Value Rs.
Opening Stock	0	0	0	0
Purchase	0	0	858	38,21,342
Sales	0	86,19,041	858	38,44,846
Closing Stock	0	0	0	0

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.

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No. 307068 E

G. VENKATAKRISHNAN

Partner

Membership No.11255

Mumbai

29th July 2010

For and on behalf of the Board of Directors

R N AGARWAL

Chairman Managing Director & CEO

S N CHATURVEDI

Director

PRIYANKA AGRAWAL

Company Secretary

N R AGARWAL INDUSTRIES LIMITED

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	:
Balance Sheet Date	:	31st March, 2010		11
II Capital Raised during the year				
Public Issue	:	Nil	Rights Issue	:
Bonus Issue	:	Nil	Private Placement (Equity Shares)	:
III Position of Mobilisation and Deployment of funds (Amount in Rs.)				
Total Liabilities	:	1772720302	Total Assets	:
Sources of Funds			Application of Funds	
Paid-up capital	:	170191000	Net Fixed Assets	:
Reserves and Surplus	:	510,161,016	Investment	:
Secured loans	:	882,284,068	Net Current Assets	:
Unsecured Loans	:	45,778,154	Misc. Expenditure	:
Deferred Tax Liabilities	:	164,306,064	Accumulated Losses	:
IV Performance of Company				
Turnover	:	3894141228	Total Expenditure	:
Profit Before Tax	:	281043862	Profit after Tax	:
Earnings per share in Rs	:	12.68	Dividend Rate %	:
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		

As per our attached report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm's Registration No. 307068 E

G. VENKATAKRISHNAN

Partner

Membership No.11255

Mumbai

29th July 2010

For and on behalf of the Board of Directors

R N AGARWAL

Chairman Managing Director & CEO

S N CHATURVEDI

Director

PRIYANKA AGRAWAL

Company Secretary

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
SEVENTEENTH 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 Thursday, September 16, 2010.

Signed this _____ day of _____, 2010.

DP Id*	
Client Id*	
Reg. Folio No.	

Signature

Affix Re. 1/-
Revenue
Stamp

TEAR HERE

*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*		Name & Address of the Registered Shareholder
Client Id*		
Reg. Folio No.		

Name of the Member _____ Signature _____

Name of the Proxy Holder _____ Signature _____

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

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.



WASTE. REDEFINED.

At **NRAIL**, we work towards conserving our Environment. Our principal source of Raw material is not forest but waste paper. We remain mindful of the huge losses suffered by the environment through deforestation.

We believe in maintaining the equilibrium of the environment and so we strive to give back to it all that we can. We plant trees, maintain strict adherence to the pollution norms, recycle water and residue.

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

Hence we rightly claim, "**Waste. Redefined**"

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Tel.: (+91 22) 6731 7500