



# ECONO TRADE (INDIA) LIMITED

Regd. Office : 46, Strand Road, 3rd Floor, Kolkata - 700 007, Phone No 033-22583208

Email :- etil2011@gmail.com, support@econo.in, Website : www.econo.in

( CIN NO. - L51109WB1982PLC035466 )

## DIRECTORS REPORT TO THE SHARE HOLDERS

To  
The Members of  
M/S Econo Trade (India) Limited

The Directors have pleasure in presenting the Annual report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2014.

### **1. FINANCIAL RESULTS:**

The financial results of the company for the year ended 31<sup>st</sup> March, 2014 are summarized below:-

	As On <u>31.03.2014</u>	As on <u>31.03.2013</u>
Profit Before Taxation Taxation and Provision for Standard Assets	18,04,192.45	12, 70,354.60
LESS:- Provision for Standard Assets	2,250.00	1,46,085.00
	-----	-----
Profit Before Taxation	18,01,942.45	11, 24,269.60
LESS: Provision for Income Tax	6,30,000.00	5,81,431.00
:- Deferred Tax	7,196.00	1,340.00
	-----	-----
Profit/Loss after Taxation	11,64,746.45	5,44,178.60
LESS: Statutory Reserve	2,33,000.00	1,08,850.00
	-----	-----
	9,31,746.45	4,35,328.60
ADD: Profit/ Loss Brought Forward	45,04,460.37	40,69,131.77
	-----	-----
Balance Carried forward to Balance Sheet	54,36,206.82	45,04,460.37
	=====	=====

### **2. Dividend**

Your Directors have not recommended dividend in respect of Equity Shares.

### **3. Directors**

The articles of Association of the company provide that at least two-thirds of our Directors shall be subject to retirement by rotation and one third of these retiring directors must retire from office at each Annual General Meeting of the shareholders. A retiring director is eligible for re-election. Mr Murari Agarwal , Director of the company, shall retire at ensuing Annual General Meeting, and have offered himself for re-appointment. Mr. Suresh Kumar Jain and Mr. Bhawani Shankar Darak are appointed as additional director with effect from 24/02/2014.

### **4. Auditors**

M/s. ASHOK KUMAR NATWARLAL & CO., Chartered Accountants, retires and is eligible for re-appointment.

### **5. Directors' Responsibility Statement**

As stipulated, your Directors affirm their commitment to the Directors' Responsibility Statement as below :

The directors state that in preparation of the Annual Accounts, your Company has followed the applicable accounting standards with proper explanations relating to material departures. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year ended 31<sup>st</sup> March, 2014 and of the profit or loss for the year. The Directors have taken proper and sufficient care for the maintenance of adequate



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accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities. The annual accounts of your Company have been prepared on a going concern basis.

## **6. Corporate Governance**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several body Corporate governance practices as prevalent globally.

The report on Corporate governance as stipulated under clause 49 of the listing agreement forms part of the Annual Report.

The requisite certificate from the Auditors of the company confirming compliance with the conditions of Corporate governance as stipulated under the aforesaid clause 49, is attached to the report on corporate governance.

## **7. Conservation of Energy**

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988, regarding conservation of energy, this is to stated that the Company not being a manufacturing Company, has not consume energy of any significant level and accordingly no measures are required to be taken for energy conservation.

## **8. Particulars of Employees**

Provision of Section 217(2A) of the Companies Act, 1956 is not applicable as no employees were in receipt of remuneration to the extent laid down therein.

## **9. Absorption of Technology**

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988, regarding technology, it is to state that there has been no transaction relating to technology during the year.

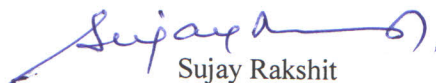
## **10. Acknowledgement**

Directors deeply acknowledge the trust and confidence you have placed in the company. Directors would also like to thank all its bankers, customers, vendors and shareholders for their continued support to the Company. In specific, the Board would also record its sincere appreciation of the commitment and contribution made by all employees of the Company.

PLACE-Kolkata

DATED - The 31<sup>st</sup> Day of May 2014

BY ORDER OF THE BOARD

  
Sujay Rakshit  
Director



## CORPORATE GOVERNANCE REPORT

### **Introduction:**

Corporate Governance is about commitment to values and ethical business conduct. It is also about how an organization is managed viz.; its corporate and business structure, its culture, policies and 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 effective corporate governance. Corporate Governance ensures long term relations with the investors and customers of the Company.

Clause 49 of the Listing Agreement executed with the Stock Exchange (s), inter alia, lays out several corporate governance related practices and requirement, which listed companies are required to adopt and follow. This report sets out to define the governance practices followed by the Company in compliance with the said requirements of the Listing Agreement.

### **Company's philosophy on Corporate Governance**

Econo Trade (India) Limited is committed to the adoption of best governance practices and its adherence in true spirit at all times. The Company believes that transparency in the business operations is the key to Corporate Governance and is driven by the following fundamentals principles:

- Conduct the affairs of the Company in an ethical manner.
- Ensure transparency in all dealings.
- Ensure highest level of responsibility and accountability.
- Ensure compliance with all laws and regulations.
- Ensure timely dissemination of all price sensitive information and matters of interest to stakeholders.

Through the Corporate Governance mechanism in the Company, the Board, along with its committees endeavours to strike the right balance with various stakeholders.

### **Board of Directors**

As at 31<sup>st</sup> March, 2014, the Company's Board consists of 5 number of Directors i.e

- |    |                          |                                      |
|----|--------------------------|--------------------------------------|
| 1. | Mr.Sujay Rakshit         | Non-executive & Promoter director    |
| 2. | Mr.Pradip Kumar Agarwal  | Non-executive & promoter director    |
| 3. | Mr.Murari Agarwal        | Whole-time director                  |
| 4. | Mr.Suresh Kumar Jain     | Non-executive & Independent Director |
| 5. | Mr.Bhawani Shankar Darak | Non-executive & Independent Director |

### **Board Meetings**

During the Financial Year 2013-14, fourteen meetings of the Board of Directors were held on 17.04.2013, 18.05.2013, 31.05.2013, 05.06.2013, 28.06.2013, 01.07.2013, 16.07.2013, 20.09.2013, 30.09.2013, 17.10.2013, 13.01.2014, 16.01.2014, 24.02.2014, 20.03.2014 with the time gap between any two consecutive meetings not being more than 3 months.

### **Attendance, Directorship & Committee Memberships**

Sr. No.	Name of Director	No. of Board Meetings attended during 2013-14	Attendance at the last AGM held on 28.06.2013
1.	Sujay Rakshit	14	Yes
2.	Pradeep Agarwal	14	Yes



3.	Mr.Murari Agarwal	14	Yes
4.	Suresh Kumar Jain*	1	N.A
5.	Bhawani Shankar Darak*	1	N.A

\* Appointed w.e.f 04.03.2014

None of the Directors hold other Directorships held (excluding Private limited, foreign companies & section 25 companies).

None of the Directors is a member of any other Board Committees.

None of the Directors is a member of more than ten Committees or Chairman of more than five Committees across all Companies.

Necessary information as mentioned in Annexure IA to Clause 49 of the Listing Agreement as applicable to the Company, has been placed before the Board for their consideration.

Necessary information as mentioned in Clause 49 IV (E) (v) and Clause 49 IV (G) (i) of the Listing Agreement are provided in the Notice of Annual General Meeting.

No fees / compensation is paid to non executive directors, including independent directors.

### **Audit Committee**

#### **Terms of reference:**

The terms of reference of the Audit Committee inter alia, includes following

- a. Overseeing the Company's Financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b. Recommending to the Board the appointment, re-appointment and replacement of the statutory auditor and the fixation of audit fees.
- c. Approval of payments to the statutory auditors for any other services rendered by them.
- d. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to;
  - i. Matters required to be included in the Director's Responsibility Statements to be included in the Board's report in terms of sub-section(2AA) of Section 217 of the Companies Act, 1956.
  - ii. Changes if any in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgement by management.
  - iv. Significant adjustments made in the financial statements arising out of audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Qualification in draft audit report.
- e. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.





- f. Reviewing with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems.
- g. Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
- h. Discussion with internal auditors any significant findings and follow up thereon.
- i. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- j. Discussion with the statutory auditors about the nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- k. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- l. Reviewing the Company's financial and risk management policies.
- m. To work under the control and supervision of the Board of Directors.

### Composition

The Committee presently comprises of three Directors – two of them are Independent and Non - Executive and one is Promoter and non-executive Director.

All of them are experts in corporate finance, accounts and corporate law. The Chairman of the Committee is an Independent and Non - Executive Director. The Committee comprises of the following members:

Sr. No.	Name of the Director	Nature of Directorship
1.	Suresh Kumar Jain	Independent , Non-executive
2.	Bhawani Shankar Darak	Independent, Non-executive
3.	Pradip Kumar Agarwal	Non-Independent, Non-executive

Mr. Suresh Kumar Jain is the Chairman of the Committee.

The Company Secretary acts as Secretary to the Audit Committee.

### Shareholders/ Investors Grievance Committee

#### Terms of Reference

The Investors Grievance Committee was constituted to specifically look into redressing of the shareholders' and investors' complaints. The Committee also advises on matters which can facilitate better investor services and relations.

#### Composition

The Composition of the Committee is in conformity with Clause 49 IV (G) (iii) of the Listing Agreement. The Committee comprises of following members:

Sr. No.	Name of the Director	Nature of Directorship
1.	Suresh Kumar Jain	Independent , Non-executive
2.	Bhawani Shankar Darak	Independent, Non-executive
3.	Sujay Rakshit	Non-Independent, Non-executive



Mr.Suresh Kumar Jain is the Chairman of the Committee.

### Remuneration Committee

Our Company has constituted a Remuneration Committee to determine the Company's policy on specific remuneration packages for executive directors including pension rights & compensation payment.

### Composition

The Composition of the Committee is in conformity the Listing Agreement and comprises of all non-executive directors.

The Committee comprises of following members:

Sr. No.	Name of the Director	Nature of Directorship
1.	Suresh Kumar Jain	Independent , Non-executive
2.	Bhawani Shankar Darak	Independent, Non-executive
3.	Sujay Rakshit	Non-Independent, Non-executive

Mr. Suresh Kumar Jain is the Chairman of the Committee.

### General Body Meetings

Financial Year	Date of General Meetings	Location	Time
2012-13	30 <sup>th</sup> Annual General Meeting held on 28 <sup>th</sup> June 2013	51, Bhupen Bose Avenue, Kolkata 700004	11.00 A.M
2011-12	29 <sup>th</sup> Annual General Meeting held on 29 <sup>th</sup> September 2012	51, Bhupen Bose Avenue, Kolkata 700004	11.00 A.M
2010-11	28 <sup>th</sup> Annual General Meeting held on 1 <sup>st</sup> September 2011	51, Bhupen Bose Avenue, Kolkata 700004	11.00 A.M.

No special resolutions were passed in the last 3 AGMs.

No special resolution was passed last year through postal ballot.

### Disclosures:

- I. There are no materially significant related party transactions that may have potential conflict with the interests of Company at large.
- II. There are no instances of non-compliance by the Company or strictures imposed by stock Exchanges, SEBI or any other regulatory authority on any matter related to capital markets during the last three years.
- III. There is no documented whistle blower policy, however, the Company has not denied access to any personnel to approach the Management or the Audit Committee on any issue.
- IV. The Company is regular in complying with all the mandatory requirements of Clause 49 of the Listing Agreement regarding composition of the Board, Code of Conduct, Audit Committee, quarterly and annual disclosures, etc. However, the Company has not adopted the non-mandatory clauses.





- V. All mandatory required Accounting Standards have been followed in preparation of financial statements and no deviation has been made in following the same.
- VI. Management Discussion and Analysis forms part of the Annual Report and it includes decision on matters as required under the provisions of clause 49 of the Listing Agreement with stock exchanges.

#### **Means of Communication**

The Company has been disclosing the corporate financial results i.e. quarterly, half yearly and the annual audited financial results well within the stipulated period to the Stock Exchange after the Board approves them.

The quarterly and annual results are posted on the website of the Company at [www.econo.in](http://www.econo.in). The investors can view the results at the aforesaid website.

#### **Code of Conduct**

The Company has laid down a Code of Conduct for all its employees including the Board Members and senior management personnel of the Company. All the Board Members and senior management personnel have affirmed compliance with the Code of Conduct. The Code of Conduct of the Company has been posted on the website at [www.econo.in](http://www.econo.in).

#### **General Shareholder Information**

**i. Annual General Meeting to be held:**

Date: 29<sup>th</sup> September, 2014

Time: 11.30 A.M

Venue: 46, Strand Road, 3<sup>rd</sup> Floor, Kolkata 700007

**ii. Financial year:** April to March

**iii. Date of book closure:** 26.09.2014 to 29.09.2014

**iv. Listing on Stock Exchanges:**

The Company's shares are listed on Calcutta Stock Exchange Limited and U. P Stock Exchange Limited.

**v. Stock Code:**

At Calcutta Stock Exchange Ltd: 10015111

At U.P Stock Exchange Ltd.: E00008

**vi. Market Price Data:**

At CSE last traded price is Rs.198.70 on 3<sup>rd</sup> July 2012.

**viii. Registrar and Transfer Agents**

Niche Technologies Private Limited

D-511, Bagree Market, 5<sup>th</sup> Floor

71, B.R.B.Basu Road,

Kolkata 700001

Tel: (+91 33) 2235 7271 / 7270/ 3070

Fax: (+91 33) 2215 6823

E-mail: [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com)



Shareholders are requested to correspond with the Registrar and Share Transfer Agent for transfer/ transmission of shares, demat, remat, change of address, all queries pertaining to their shareholding, dividend etc. at the address given above.

#### **ix. Share Transfer System**

The transfer of shares is approved within the stipulated time subject to the receipt of all the documents required for transfer. The Board of Directors has given the authority to Shareholders' Grievance Committee to approve the registration of transfer of shares so as to expedite the transfer process.

#### **x. Distribution of shareholding**

##### **Shareholding pattern as on March 31, 2014**

<b>Sl. No.</b>	<b>Category</b>	<b>No. of shares held</b>	<b>%</b>
1.	Promoter & Promoter's group	2795475	14.97
2.	Financial Institutions / Mutual Funds / Banks	--	--
3.	Foreign holdings (FII, OCBs, NRIs)	--	--
4.	Other corporate bodies	13272558	71.09
5.	Insurance Companies	--	--
6.	Individuals	2595295	13.90
7.	Others	6250	0.033
	<b>Total</b>	18669575	100

#### **xi. Dematerialization of shares and liquidity**

As on 31<sup>st</sup> March 2014, 82.90% of the Company's total equity shares representing 1,54,77,475 equity shares were held in dematerialized form.

#### **xii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments: NIL**

#### **xiii. Address for correspondence**

Econo Trade (India) Limited

**Registered Office:** 46, Strand Road, 3<sup>rd</sup> Floor, Kolkata 700007

**Tel:** 033-22583208

**Email:** [etil2011@gmail.com](mailto:etil2011@gmail.com)

For ECONO TRADE INDIA LIMITED

*Magaswal*  
Authorised Signatory / Director



## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

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### **Industry structure and developments:**

Econo Trade (India) Limited is a non deposit taking Non-Banking Financial Company (NBFC) registered with Reserve Bank of India since 1998.

NBFCs are an integral part of the country's financial system complementing the services of commercial banks. The main reason attributed to the growth of NBFCs is the comprehensive regulation of the banking system. Other factors include higher level of customer orientation, lesser pre/post sanction requirements and higher rates of interest on deposits being offered by NBFCs. The activities of NBFCs in India have undergone qualitative changes over the years through functional specialization. The role of NBFCs as effective financial intermediaries has been well recognized as they have inherent ability to take quicker decisions, assume greater risks, and customize their services and charges more according to the needs of the clients. While these features, as compared to the banks, have contributed to the proliferation of NBFCs, their flexible structures allow them to unbundle services provided by banks and market the components on a competitive basis.

### **Opportunities and Threats**

We, in the NBFC sector still have a lot of scope to cover larger markets and tap the rural markets. There is an increased desire in the individuals to increase their standard of living, giving us opportunities to cater to a new category of clientele apart from the corporate clients.

The performance of the Company is related the economic growth of the country. If the economic downturn is prolonged it can reduce the financing need of people due to shrinking business opportunities and adversely affect our business. Further, the stringent norms governing the functioning of NBFC, certain Government restrictions and changes in the policy by the Government may act as a hindrance in smooth functioning.

### **Segment wise or product wise performance**

Your Company is engaged in Money lending & borrowing and trading & investment in shares in securities.

### **Outlook**

The outlook of the Company is bright in future. Barring unforeseen circumstances, the company expects to perform satisfactorily during the next year.

### **Risks and concerns**

NBFCs in India are subject to supervision and regulation by the RBI. Any changes in the regulatory framework affecting NBFCs could adversely affect the profitability of our business and our future financial performance. Our performance is also influenced by the macro economic factors determining the growth of the Indian economy in general. Any slow down in the Indian economy or any changes in government policy could adversely impact our financial performance. The Company's operation involves inbuilt risk due to uncertain economic conditions and unforeseen events beyond the Company's control.

### **Internal control systems and their adequacy**

Your Company has adequate system of strong internal control for business processes, with regard to operations, financial reporting, compliance with applicable





laws and regulations, etc. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the existing control system in view of changing business needs from time to time.

**Discussion on financial performance with respect to operational performance**

The financial year under review was moderate for the Company from the financial and operational performance point of view. Barring unforeseen events, the management expects to achieve good results in the coming years.

**Material developments in human resource**

The Company looks upon its manpower as the most important tool in its growth and future progress and therefore attaches paramount importance to its employees. The Company seeks to inculcate the sense of belonging with the Company among the employees. The Company regularly takes necessary steps for the development of its human resources.

The above statements are to be viewed with caution and judicious understanding as the Company's operations involve inbuilt risk due to uncertain economic conditions and unforeseen events beyond the Company's control.

For ECONO TRADE INDIA LIMITED  
*Pandey Agrawal*  
Authorised Signatory / Director