



ntc industries limited

Annual Report 2012-13

**thriving on
challenges**



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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Naresh Chandra Chakraborty
Managing Director

Mr. Ravi Prakash Pincha
Non Executive & Independent Director

Mr. Manish Kumar Jain
Non Executive & Independent Director

Mr. Mahendra Pratap Singh
Non Executive & Independent Director

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Sunil Kumar Varma

AUDITORS

Statutory Auditors

M/s S. M. Daga & Co.
Chartered Accountants
11 Clive Row, 2nd Floor,, Kolkata -700 001

Internal Auditors

M/s R. Kothari & Co.
16A, Shakespeare Sarani, Kolkata - 700071

BANKERS

Axis Bank

Oriental Bank of Commerce

Corporation Bank

Kotak Mahindra Bank

State Bank of India

REGISTRAR & SHARE TRANSFER AGENT

M/s Niche Technologies Private Limited

SOLICITORS

Mr. Dipayan Choudhury
Advocates

REGISTERED OFFICE/FACTORY

149, B.T.Road,P.O.-Kamarhati,
Kolkata - 700 058
Ph: 033-30190500/01
Email id: investors@ntcind.com
Website: www.ntcind.com

BETWEEN THE COVERS

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ntc thrives **on challenges**

Because, we focused on finding potential opportunities.

Swift, smart, and strategic.

The year 2012-13 tested our mettle.

We think for the long term.

Amidst challenges, we set up small targets in tranches and achieved our highest ever growth.

We executed our plans and achieved extraordinary breakthrough in our export business.

We performed under pressure and delivered real value to our shareholders.

Our strong determination and focus has inculcated a growth culture within the organisation. Thus, strengthening the foundation for the future.



A SNEAK-PEAK INTO NTC

ntc industries limited is a prospering organisation of cigarette and tobacco products manufacturing and marketing within India and abroad.

15,700
million sticks p.a.
Fifth-largest licensed
cigarette manufacturing
Company in India

2,255
million sticks p.a.
Capacity to produce
64 mm, 69mm and
84 mm filter cigarettes in
hinge-lid packets and in
soft-cup packets

66.26%
Promoter's stake

₹ 1,784.50 Lacs
Market capitalization

Incepted in September 1931 with its office and works in the city of Kolkata, India, National Tobacco Co. of India Limited was a prominent name among cigarettes manufacturers in India. In 1994, RDB Industries Limited acquired the assets of erstwhile National Tobacco Co. of India Limited on lease. In 1995 it further put its foot ahead and purchased assets of it and ever since then the Company has come a long way. Today, the Company has a presence across various segments of the market through its range of brands, popularly known as REGENT, COOL and NO. 10. Besides, it also exports high quality and value-priced cigarettes to USA, Africa and Central & Middle East countries.

ntc's state-of-the-art manufacturing facility at Kolkata is equipped with modern technology and excellent work practices*. A robust supply-chain and distribution network further ensures timely delivery of products across the length & breadth of the country.



Vision

Sustain ntc's position as one of India's most valuable corporations through world-class performance, creating growing value for the Indian economy and achieve the best quality product through commitment and dedication.



Mission

To enhance the wealth generating capability of the enterprise in a globalising environment, generate superior returns, and reduce the harm caused by smoking while operating our business sustainably and with integrity.

*ntc does not employ any child labour in their premises.

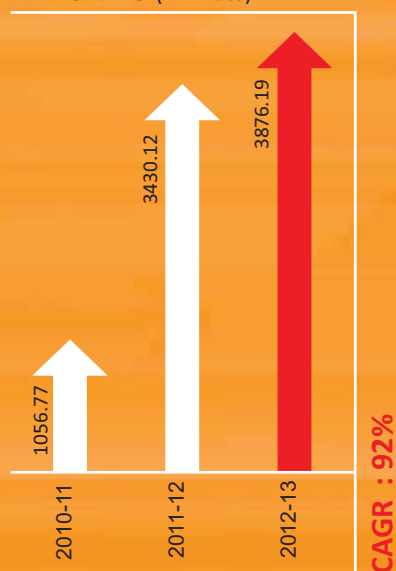
The ntc edge!

- India's first company to manufacture and market **filter** and **menthol** cigarettes
- Possesses modern PMD for tobacco processing of any blend type-**Virginia** or **American**
- Ability to develop **finest customized blends** to suit customer's choice
- Well-equipped cigarette making and packaging divisions with full range of modern machineries to produce **quality cigarettes** as well as **excellent finished packets** in conformation to international standards

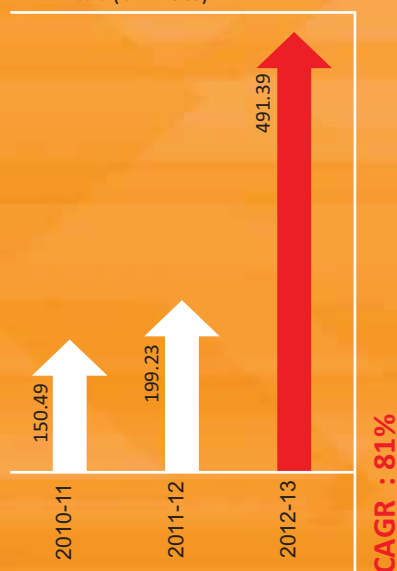


PERFORMANCE HIGHLIGHTS

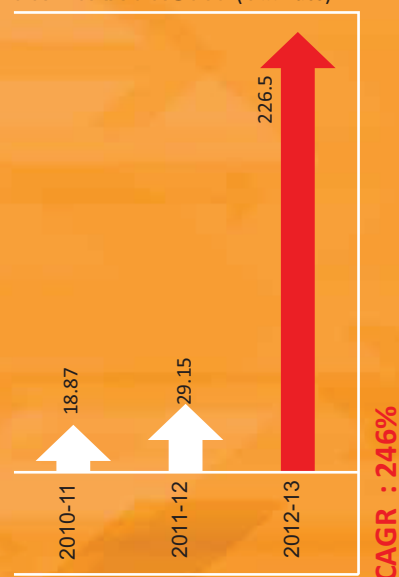
NET SALES (₹ in Lacs)



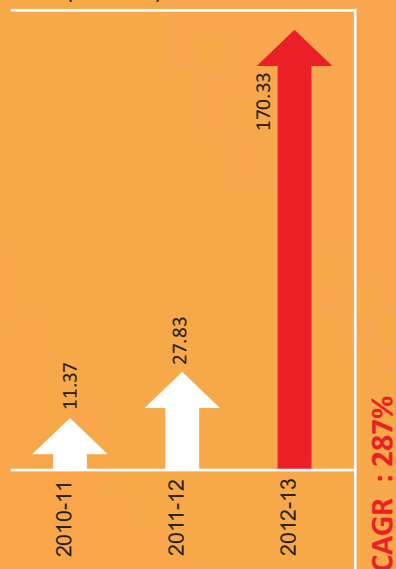
EBIDTA (₹ in Lacs)



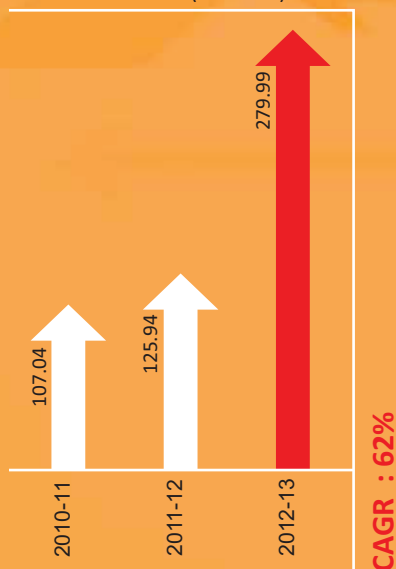
PRE-TAX PROFIT (₹ in Lacs)



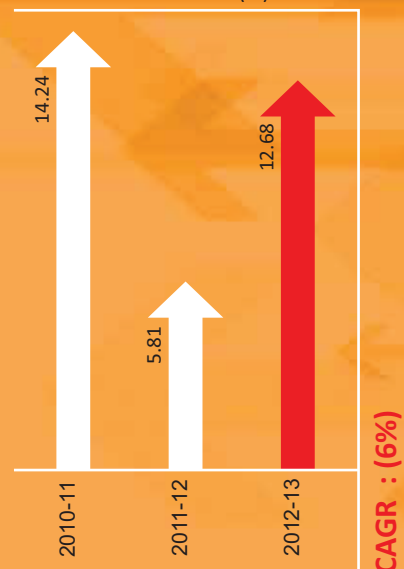
PAT (₹ in Lacs)



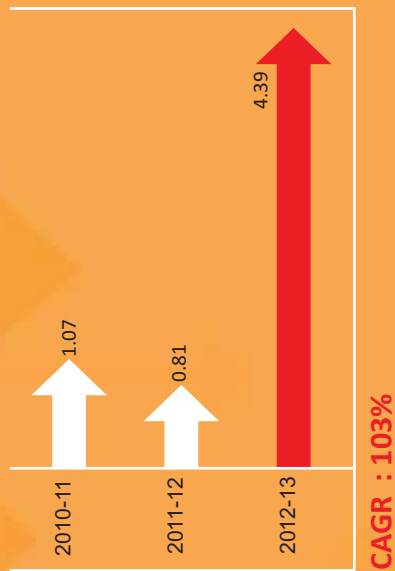
CASH PROFIT (₹ in Lacs)



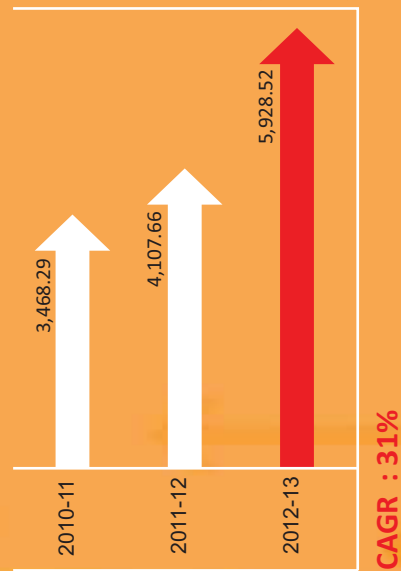
EBIDTA MARGIN (%)



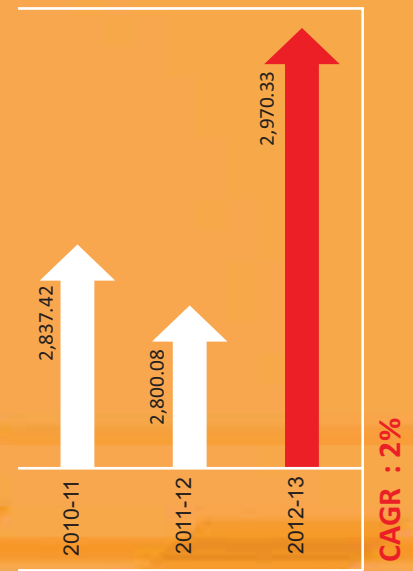
NET PROFIT MARGIN (%)



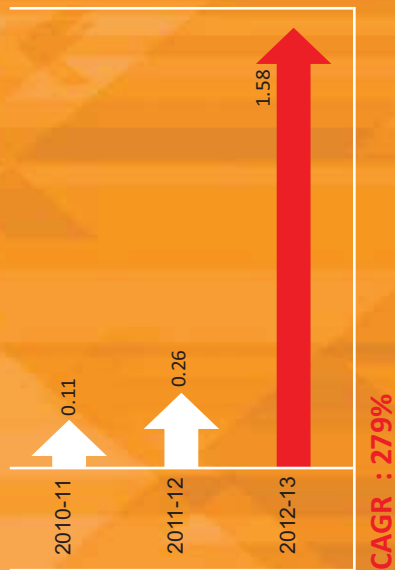
CAPITAL EMPLOYED (₹ in Lacs)



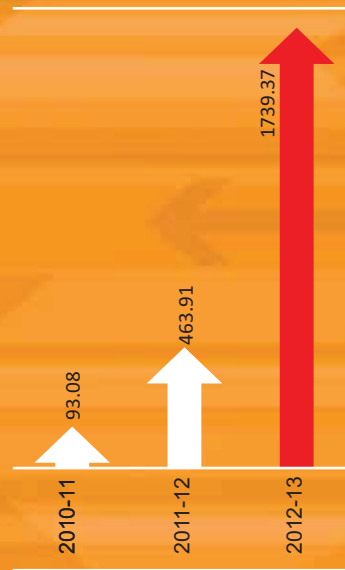
GROSS BLOCK (₹ in Lacs)



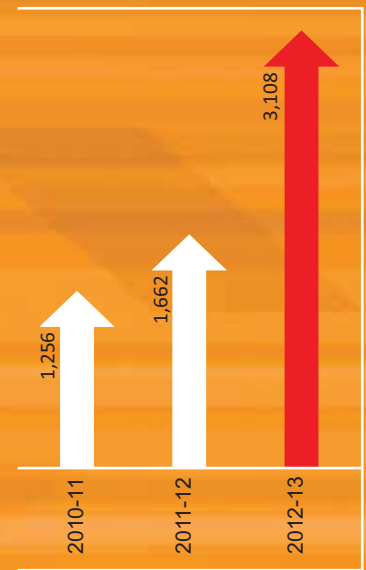
EPS (₹)



EXPORTS (₹ in Lacs)



CIGARETTES (₹ in Lacs)



MANAGING DIRECTOR'S MESSAGE

Mr. Naresh Chandra Chakraborty, Managing Director, speaks about Company's performance and the way ahead.



“In 2012-13, we further enhanced our overseas presence which resulted in our exports increasing by over 275%.”

Dear Friends,

Year 2012-13 was a year that witnessed the highest level of economic challenges. Right from depreciating rupee, inflationary pressures to political instability, there was an eminent slowdown in the overall growth of the economy.

At ntc, we have a different story to say. While several companies across India struggled to fight against the tide, we reported record results. While our revenues increased by over 15%, our post tax profit increased by over 500%.

A number of observers will be tempted to ask how we reported such a successful divergence when the industry is facing the threats of high placement cost, advertisement restrictions, harsh pictorial warning on the product, increasing anti-tobacco drives and a smoking ban in public in few states.

My answer: Our 'opportunity-focused model'. This made it possible for us to maximise profitability despite such challenges and sluggishness.

At ntc, we countered the trough in the market due to a number of initiatives that we commissioned across the past few years.

1. **Increasing focus on exports:** With increasing pressure of anti-tobacco awareness drives in the domestic market, we explored opportunities to penetrate the export markets. Our proactive thinking paid rich dividends. In 2012-13, we further enhanced our overseas presence, particularly in the American nations, which resulted in our export increasing by over 275%.
2. **Technological upgradation:** Our constant endeavours towards installing updated technologies have allowed us to reduce our operational cost on one hand and allowed us to produce quality cigarettes in good finished packets

“We have consistently focussed on value-creation for our customers through constant research and development initiatives.”

at par with international quality standards, on the other. The Company has also invested over ₹ 500 lacs as capex in last three years.

3. **Introduction of new brands:** We introduced new brands in the 64mm segment for eliminating the taxation impact. These brands came in modern packaging in different segments, particularly to attract young generation smokers.
4. **Research and development:** We have consistently focussed on value-creation for our customers through constant research and development initiatives that allow us to create quality brand, deliver quality blends and produce various size variants.

“We have consistently focussed on value-creation for our customers through constant research and development initiatives.”

However, such an extra-ordinary success does not make us complacent. We are aware of the prominent challenges that may affect our operations in the medium to long run. The threat of rising raw material prices owing to supply shortage and volatile exchange rate fluctuations looms high. By virtue of our proactive business thinking, we have started maintaining sufficient inventory to mitigate the threats of rising prices.

We have also initiated aggressive marketing efforts to penetrate deeper into the domestic and export markets.

This will further enhance our revenues and profitability going ahead.

As a responsible citizen, we have taken conservative steps towards our product promotion that complies with all the specified norms, policies and regulatory guidelines. Besides, we continued to enhance the socio-economic quotient of the communities residing around our facilities and regularly initiated various health-related activities, like blood donation camps and eye check-ups, for their healthy and safe livelihood. We also continue to follow sustained business practices to ensure that the environment does not get impacted adversely.

At the end, I would like to show my deep sense of appreciation to the shareholders, bankers, business associates, retailers, suppliers, customers, government and other regulatory agencies for their continued support and faith in the Company. I would also like to thank our employees without whom this success would have never been possible. Your continued trust and support has given us the courage to perform at our potential best and we are now fully confident of taking this success to the next level.

Best wishes,

Naresh Chandra Chakraborty
Managing Director

EXPLORING OPPORTUNITIES AMIDST ADVERSITIES

At ntc, we always kept a firm eye on overseas growth opportunities.

In order to thrive against the adverse industrial challenges in the domestic market, we aggressively explored the possibilities of marking our presence beyond the Country.

Despite being in unfavourable circumstances, your company posted highest ever revenue particularly in exports by earning more than 275% growth.

