



ntc industries limited

(An ISO 9001-2008 Company)

Annual Report 2013 - 14

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. Nilotpal Deb

Managing Director

Mr. Ravi Prakash Pincha

Non Executive & Independent Director

Mr. Gaurav Somani

Non Executive & Independent Director

Mr. Dilip Chakraborty

Non Executive & Independent Director

CHIEF FINANCIAL OFFICER

Mr. Prem Chand Khator

COMPANY SECRETARY & 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

149 B. T. ROAD, Kamarhati,

Kolkata - 700 058.

Phone : +91-33-3019 0512 / 513 / 506

E-mail : info@ntcind.com

website : www.ntcind.com

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FINANCIAL SECTION

Manufacturer and
supplier of
cigarettes in India
and overseas.



ABOUT US

ntc industries Ltd. is one of the oldest manufacturer of cigarettes and tobacco products in India. On September 1931 the company was incorporated as National Tobacco Company of India Ltd. In 1994,

The company has a solid foundation with visionary Leadership from the Board of Members who are supported by experienced and dedicated professionals, the best talents in their respective fields, who have helped to achieve optimum efficiency in cigarettes Manufacturing, Marketing & Export Promotions.

ntc is prominent among cigarettes manufacturer in India with a wide range of brands. ntc has a presence in various segment of market. ntc's popular portfolio of brands include Regent, Cool (First Mentholated Cigarettes), No. 10, National Gold Flake, Fine Cut, Maypole, Jaipur, General etc. ntc is the market leader of "roll-your-own-tobacco" (Prince Henry) in India. The company pioneered the introduction of 84 mm King Size filter cigarettes, mentholated cigarettes in India. The company is working with single minded focus on continuous value creation for customer, through significant R&D in creating quality blends, maintaining consistent quality, state of the art manufacturing technology & wide marketing and distribution.



ntc has a modern PMD for tobacco processing of any blend type- Virginia or American. **ntc's** secondary manufacturing division (Making & Packing) is well equipped with full range of modern machineries to produce quality cigarettes as well as excellent finished packets in conformation to International Standards. **ntc** exports cigarettes to South America, African Countries and Middle East Countries.

ntc is also a contract manufacturer and undertakes orders to deliver products blended and packaged to very exact specification of the customers.

Products of **National Tobacco Company of India Ltd** now known as **ntc industries Ltd.**, has won recognition for excellence in quality at various forums including The World Tobacco Products Contest in Brussels, Rotterdam, Amsterdam, Paris and Luxemburg.

ntc, in the past, produced brands like Rothmans King Size, Oxford King, under license from Rothmans of Pall Mall.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 23rd Annual Report together with the Audited Statement of Accountst for the financial year ended 31st March 2014.

Performance Highlights

The financial results of the Company during the year are given below:

(₹ In Lacs)

Particulars	Financial Year 2013 - 14	Financial Year 2012 - 13
1.a) Income from operations	2323.17	4476.78
b) Other income	123.36	147.50
2. Expenses	2033.38	4132.89
Profit before interest and depreciation	413.15	491.39
Less: a) Finance Cost	104.53	155.21
b) Depreciation	125.34	109.66
Profit/ (Loss) before Exceptional Items	183.28	226.52
Add: Exceptional Items	-	-
Profit before taxation	183.28	226.52
Less:- Provisions for current tax, deferred tax and tax adjustments for earlier years	58.35	56.19
Profit (Loss) After Tax	124.93	170.33
Add: Balance brought forward from last year	1444.41	1274.08
Less: Amount transferred to Reserves	--	--
Balance carried to the Balance Sheet	1569.34	1444.41

Review of operations

The financial year under review was a challenging year due to sluggish economic scenario resulting into slump in demand. Steep hike in excise duty in the union budget 2013 and increase in the price of raw materials made cigarette consumption more costly which resulted in the volume decline.

During the year under review, leaf tobacco trading business stopped due to low margin & volume and due to this the company's financial performance has been adversely affected both in terms of profitability and revenue. Your company's total turnover declined to ₹ 1982.02 Lacs as compared to ₹ 4,822.30 Lacs in the financial year 2012-13. Your Company's PBT fell at ₹ 183.28 Lacs as compared to ₹ 226.52 Lacs in the financial year 2012-13. Exports sales fell to ₹ 900.84 Lacs from ₹ 1739.37 Lacs and domestic sales fell to ₹ 966.16 Lacs from ₹ 1368.81 Lacs.

Dividend

In order to meet its growing funds requirement, and conserve its resources and to plough back its entire profit into the expansion activities, the directors have decided not to recommend dividend for the financial year 2013-14.

Management Discussion and Analysis

A separate report on Management Discussion and Analysis containing a detailed analysis of the Company's performance as per Clause 49 of the Listing Agreement is annexed hereto.

Corporate Governance

A separate report on Corporate Governance along with the Certificate from the Auditors of the Company for its due compliance is annexed hereto, forming part of this Annual Report. A certificate of the CEO / CFO of the Company in terms of sub-clause (v) of Clause 49 of Listing Agreement, inter alia, confirming the correctness of the financial statement, adequacy of the internal control measures and reporting of the matters to the Audit Committee is also annexed.

Directors

In order to align the term of existing Independent Directors with the provisions of the Companies Act, 2013, the Board of Directors in their meeting held on 29th May, 2014 has proposed the appointment of Mr. Ravi Prakash Pincha, Mr. Dilip Chakraborty and Mr. Gaurav Somani as Independent Directors of the Company for a term upto 31st March, 2019, subject to the approval of the members.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Dilip Chakraborty, Director of the Company, is due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer himself for re-appointment.

The Board of Directors have appointed Mr. Nilotpall Deb as the Managing Director of the Company w.e.f 14.02.2014 for a period of 1(One) year subject to the approval of members in the ensuing Annual General Meeting of the Company.

Your Board of Directors is of opinion that the continued association of the above directors with the Company will be beneficial to the Company and hence recommend their re-appointment for approval of the members.

Mr. Naresh Chandra Chakraborty ceased to be the Managing Director of the Company w.e.f 14th February, 2014. The Board places on record its gratitude for the services rendered by Mr. Naresh Chandra Chakraborty during his tenure as member of the Board.

Human Resources

Your Company believes in best HR practices by providing its employees a world class working environment, giving them equal opportunities to rise and grow. We continue to implement the best of HR policies so as to ensure that talent retention is ensured at all levels. Employee relations continued to be cordial and harmonious at all levels and in all divisions of the Company during the year.

Particulars of Employees :

Presently your Company does not have any employee falling within the scope of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of the Employees) Rules, 1975.

Health, Safety and Environmental Protection

Your Company has complied with all the applicable laws. The Company has been complying with relevant laws and has been taking all necessary measures to protect the environment and maximize worker protection and safety.

Subsidiary Company

The company does not have any subsidiary company as on 31st March 2014.

Directors' responsibility statement

As required under section 217(2AA) of the Companies Act, 1956, your Directors confirm:-

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. that 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 the Company at the end of the financial year and of the profit of the Company for that period;
3. that the Directors have taken proper and sufficient care 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;
4. that the Directors have prepared the annual accounts on a going concern basis.

Auditors

The Board of Directors of the Company, based on the recommendation of the Audit Committee, proposes the re-appointment of M/s S. M. Daga & Co., Chartered Accountants, as statutory auditors of the Company who hold office until the conclusion of the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment. M/s S. M. Daga & Co have signified their consent, in writing, for such appointment along with a certificate stating that their appointment, if made, shall be in accordance with Section 139 read with Section 141 of the Companies Act, 2013.

Auditors' observation

There are no reservations, qualifications or adverse remarks contained in Auditors' Report attached to the Balance Sheet as at 31st March, 2014.

Public deposit

During the year under review, the Company has neither accepted nor renewed any public deposit and has no overdue or unclaimed public deposit, as defined under Section 58 (A) of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo 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 are given in the annexure attached hereto and forms a part of this Report.

Acknowledgments

Your Directors wish to place on record their 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. Your Board is grateful to the Independent Directors for their valuable contributions. All of them despite other business exigencies have shared their rich experience and knowledge with the management to take your Company forward. Your Directors are also wish to place on record their appreciation for the whole-hearted co-operation, dedication, commitment and contribution made by all the employees and look forward to their continued support. Inspired by this vision, driven by values and powered by internal vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

For & on behalf of the Board

Nilotpal Deb
Managing Director

Ravi Prakash Pincha
Director

Place: Kolkata

Date: 29th Day of May, 2014

Annexure to the Director's Report

Disclosure of Particulars 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 related to conservation of energy, technology absorption and foreign exchange earnings and outgo:

A. Conservation of energy

The disclosure of particulars relating to conservation of energy in Form A under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is not applicable to the Company.

a)	Energy Conservation Measures taken	N.A.
b)	Additional Investments and proposals, being implemented for reduction of consumption of energy	N.A.
c)	Impact of the measures at (a) or (b) above for reduction of energy consumption and consequent impact on the cost of production	N.A.
d)	Total Energy consumption and energy consumption per unit of production	N.A.

B. Technology absorption

The Company is a manufacturing organization and is not engaged in research and development activity. The Company has no particulars related to research and development, technology absorption, adaptation and innovation as per Form B under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Research & Development (R & D)		2013-14 (₹)	2012-13 (₹)
a)	Specific areas in which R & D carried out	Nil	Nil
b)	Benefits derived as a result of the above R & D	Nil	Nil
c)	Future plan of action	Nil	Nil
d)	Expenditure on R & D		
i)	Capital Expenditure	Nil	Nil
ii)	Recurring Expenditure	Nil	Nil
	Total	Nil	Nil
s	Total R & D expenditure as a percentage of total turnover	Nil	Nil
Technology Absorption, Adaptation and Innovation			
1.	Efforts in brief, made towards technology absorption, adaptation and innovation	Nil	
2.	Benefits derived as a result of the above efforts	Nil	
3.	In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished:		
i)	Technology imported	N.A.	
ii)	Year of import	N.A.	
iii)	Has technology been fully absorbed?	N.A.	
iv)	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	N.A.	

C. Foreign Exchange Earnings and Outgo

During the year, the Company has exported cigarettes and imported raw materials and spare parts of machines for manufacturing of cigarettes.

a)	Initiatives taken to increase exports, Development of new export markets for products and services and Export Plans: The Company has focused and explored new markets for export of the products manufactured by the Company. The Company has taken various initiatives for increasing exports like strengthening design & development, improving taste and quality of product and increasing manufacturing capacities. The Company has a good network for marketing and export activities and it avails and explores export opportunities based on economic considerations, international market analysis and embarking on new product applications. During the year the Company has exports (FOB value) worth ` 837.94 lacs. (₹ in lacs)		
b)	Total Foreign Exchange earned and used	2013-14	2012-13
i)	Foreign Exchange earned	837.94	1633.18
ii)	Foreign Exchange used		187.40