



ntc industries limited

(An ISO 9001-2008 Company)

Annual Report 2014 - 15

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

Ms. Vembi Krishnamurthy Radha

Non Executive 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.**

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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.

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 manufactures 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 have pleasures in presenting the 24th Annual Report together with the Audited Statements of Accounts for the financial year ended 31st March 2015.

Financial Highlights

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

(₹ In Lacs)

Particulars	Standalone		Consolidated
	Financial Year 2014 - 15	Financial Year 2013 - 14	Financial Year 2014 - 15
1.a) Income from operations	2302.95	2323.17	2510.92
b) Other income	190.88	123.36	191.19
2. Expenses	2252.12	2033.38	2256.10
Profit/(Loss) before interest and depreciation	241.71	413.15	446.01
Less: a) Finance Cost	60.24	104.53	92.10
b) Depreciation	84.30	125.34	110.90
Profit/(Loss) before Exceptional Items	97.17	183.28	243.01
Add: Exceptional Items	-	-	-
Profit/(Loss) before taxation	97.17	183.28	243.01
Less: Provisions for current tax, deferred tax and tax adjustments for earlier years	(25.60)	58.35	10.40
Profit/(Loss) After Tax	122.77	124.93	232.61
Add: Balance brought forward from last year	1569.34	1444.41	1569.34
Less: Amount transferred to Reserves	--	--	--
Balance carried to the Balance Sheet	1692.11	1569.34	1801.95
EPS (in ₹)			
(a) Basic & Diluted EPS before extraordinary items	1.14	1.16	1.16
(b) Basic & Diluted EPS after extraordinary items	1.14	1.16	1.16

Dividend

In order to conserve existing resources of the Company, your directors do not recommend any dividend for the financial year 2014-15.

Reserves

The Company has not proposed any transfer to its Reserves

Review of operations

The fiscal year 2014-15 was a year full of struggle for the cigarette industry and in particular for the Company as it had to face many variable constraints from marketing to the regulatory authority. Despite facing stiff competition in market, hike in the duties on the cigarettes and rise in prices of the raw materials, your company has still managed to maintain the same performance as compared to last year.

During the year under review, the Company has promoted 4 new wholly owned subsidiaries and shifted some of its land bank and buildings into them which resulted reduction in PBT from ₹ 97.17 Lacs as compared to ₹ 183.28 Lacs in the financial year 2013-14. However, Your Company's total turnover from cigarettes business has increased to ₹ 2607.85 Lacs as compared to ₹ 1982.02 Lacs in the financial year 2013-14. Exports sales also increase to ₹ 1549.55 Lacs from ₹ 900.84 Lacs and domestic sales increased to ₹ 1058.29 Lacs from ₹ 966.16 Lacs. The Consolidated PBT stands at ₹ 243.01 Lacs.

Change in nature of business, if any

During the year, there was no change in the nature of business of the Company.

Subsidiaries, Joint Ventures And Associate Companies

During the year under review, your company has incorporated 4 new wholly owned subsidiaries.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a Consolidated Financial Statement of the Company and all its subsidiary and associate companies, which is forming part of the Annual Report.

The Annual accounts of the subsidiary will be kept at the Registered Office of the Company and also at the Registered Office of the subsidiary companies and will be available to the investors seeking information at any time during the working hours of the Company except Saturday. Further as per section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries are available at our website at **www.ntcind.com**.

The Company does not have any Joint Venture or Associate company.

Pursuant to proviso to Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

The Company has also formulated a Policy for determining material subsidiaries as approved which can also be accessed on the Company's website at the link:

<http://www.ntcind.com/pdf/STLD/ntc%20Policy%20on%20Material%20Subsidiary.pdf>

Directors:

A. Details of Directors and Key Managerial Personnel

Appointment of Independent Directors:

At the Annual General Meeting of the Company held on 5th September, 2014, the Members of the Company appointed Mr. Gaurav Somani (DIN: 06368949), Sri Ravi Prakash Pincha (DIN 00094695) and Sri Dilip Chakraborty (DIN : 01839950) as Independent Directors under the Act for a term of up to 31st March, 2019.

Appointment of Non- Independent Directors:

The Board of Directors have re-appointed Mr. Nilotpall Deb as the Managing Director of the Company w.e.f 14.02.2015 for a period of 1(One) year subject to the approval of members in the ensuing Annual General Meeting of the Company.

As per the provisions of Section 149(1) of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement, the Company is required to have atleast one Woman Director on its Board. The Company complies with the aforesaid requirement with the appointment of Miss Vembi Krishnamurthy Radha as a non-executive Non-Independent woman Director who is liable to retire by rotation on the board.

Retirement By Rotation:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Mr. Nilotpall Deb, Director of the Company, is due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer himself for re-appointment.

A brief profile of the above Directors seeking appointment/re-appointment required under Clause 49 of the Listing Agreement is given in the Notice of AGM.

Statement on Declaration Given By Independent Directors Under Sub-

Section (6) of Section 149:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

Key Managerial Personnel:

The Board of Directors of the Company in their meeting held on 29th May, 2014 approved the continuation of office of the existing KMP, Mr. Prem Chand Khator as the Chief Financial Officer of the Company and Mr. Sunil Kumar Varma as Company Secretary cum Compliance Officer 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.

B. Nomination & Remuneration Policy

The Board of Directors have framed a policy which lays down a framework in relation to appointment, remuneration and other matters provided in Section 178(3) of the Act for Directors, Key managerial Personnel and senior Management Personnel of the Company. The same has been enclosed as an annexure “A”.

C. Board evaluation

The Board of Directors have carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (“SEBI”) under Clause 49 of the Listing Agreement (“Clause 49”). The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The Board and the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors held on 31.03.2015, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

D. Familiarisation Programme:

The Company has devised a programme for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters and the same has been put up on the website of the Company at the link:
<http://www.ntcind.com/pdf/STLD/ntc%20Familiarisation%20programme.pdf>

Committees

Audit Committee

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

Nomination and Remuneration Committee

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

Share Transfer cum Stakeholders Relationship Committee

The composition and terms of reference of the Share transfer cum Stakeholders Relationship Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

Auditors and Explanation to Auditor's Remarks

Statutory Auditors

M/s S. M. Daga & Co, Chartered Accountants were appointed as Statutory Auditors of your Company at the last Annual General Meeting held on 5th September, 2014 for a term of three consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting. Accordingly, the Board recommends to the Members of the Company for ratification of the appointment of M/s S. M. Daga & Co, Chartered Accountants as the Statutory Auditors of the Company for the financial year 2015-16. In this regard, M/s S. M. Daga & Co, Chartered Accountants have submitted their written consent that they are eligible and qualified to be continue as Statutory Auditors of the Company in terms of Section 139 of the Companies Act, 2013 and also satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Auditors' Report to the shareholders for the year under review does not contain any qualifications or adverse remarks. The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Secretarial Auditors

The Board has appointed Mr. Ram Mohan Goenka of M/s MR & Associates, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as annexure “B” to this Report.

Explanation to the Observation raised in the Secretarial Audit Report

The Secretarial Audit Report contains an observation as follows:

Observation: Suit had been filed by shareholders of the Company in Sealdah Civil & Criminal Court against Resolution passed in pursuance of Section 180(1)(a) and 180(1)(b) of the Companies Act, 2013 and the matter is subjudice.

Board Reply: On 05.01.2015 some minority shareholders had filed a suit against the Company in the court of Learned Fourth Civil Judge (Junior Division) at Sealdah, West Bengal. Since the matter is subjudice in the court, any disclosures given at this moment would be prejudicial to the interest of the company and that of the stakeholders.

Extract of the Annual Return

The details forming part of the extract of Annual Return in form MGT-9 as required under section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management & Administration) Rules, 2014 is annexed hereto as annexure “C”.

Number of meetings of the Board of Directors

During the financial year 2014-15 Board Meetings were convened and held details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Directors' Responsibility Statement

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) and 134(5) of the Companies Act, 2013.

- (a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) 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 the statement of profit and loss of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Loans, Guarantees and Investments under Section 186

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the notes to standalone financial statement.

Particulars of Contracts or Arrangements with Related Parties

All contracts / arrangements / transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement by the Company during the financial year were in the ordinary course of business and on an arm's length basis.