



100% EOU SPG UNIT

# Nagreeka

## EXPORTS LIMITED



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**FIFTEENTH  
ANNUAL  
REPORT  
2003-2004**

**BOARD OF DIRECTORS**

- : Shri Ishwar Lal Patwari - **Chairman**  
 Shri Sushil Patwari - **Vice Chairman & Managing Director**  
 Shri Dwarka Prasad Agarwal - **Director**  
 Shri Kashmiri Lal Agarwal - **Director**  
 Shri Kailash Chandra Purohit - **Whole - time Director**  
 Shri Mohan Kishen Ogra - **Director**  
 Shri Mahendra Patwari - **Whole - time Director**  
 Shri Sunil Patwari - **Managing Director**

**COMPANY SECRETARY**

- : Shri J. Tiwari

**BANKERS**

- : Canara Bank, Overseas Branch, Kolkata  
 ING Vysya Bank Limited, Overseas Branch, Mumbai  
 Oriental Bank of Commerce, Overseas Branch, Kolkata

**AUDITORS**

- : M/s. Das & Prasad  
 Chartered Accountants  
 9, Jagmohan Mullick Lane,  
 Kolkata - 700 007.

**TRANSFER AGENT**

- : M/s. Maheshwari Datamatics Pvt. Ltd.  
 6, Mangoe Lane, 2nd Floor,  
 Kolkata - 700 001.

**REGISTERED OFFICE**

- : 18, R. N. Mukherjee Road,  
 Kolkata - 700 001.

**CORPORATE OFFICE**

- : 7, Kala Bhavan,  
 3, Mathew Road,  
 Mumbai - 400 004.

**WORKS**

- : Village Yavluj, Taluka Panhala,  
 Dist. Kolhapur (Maharashtra)

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## NOTICE

### NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the **Members of Nagreeka Exports Limited**, will be held at **Bengal National Chambers of Commerce and Industries**, 23, R.N. Mukherjee Road, Kolkata-700 001, on Saturday, the 25<sup>th</sup> September, 2004 at 10.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2004, the Profit and Loss Account for the year ended on that date and reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri K.L. Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri M.K. Ogra who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:-

"Resolved that Mr. Mahendra Patwari be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Director by Rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that pursuant to sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 including Schedule XIII to the said Act, the Company hereby approves the reappointment and the terms of remuneration of Mr. Sunil Patwari as Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> September, 2003 upon the terms and conditions as set out in the Relevant Explanatory Statement and also in the Draft Agreement submitted to this meeting for identification, signed by the Chairman thereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (here in after referred to as Board which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and / or Draft Agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Sunil Patwari"

"Resolved further that where in any financial year, the Company has no profits or its profits are inadequate, during the term of office of Mr. Sunil Patwari, the remuneration as mentioned in the Relevant Explanatory Statement and the Draft Agreement shall be the minimum remuneration."

"Resolved further that the Board be and is hereby authorised to do all acts, deeds and things and execute all such documents, instruments and writings as may be required

to give effect to the aforesaid resolutions."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"In partial modification of the resolution passed by the Members of the Company in the 12<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2001, it is hereby resolved that pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 including Schedule XIII to the said Act, the company hereby approves the payment of increased remuneration to Mr. Sushil Patwari, Managing Director as set out in the Relevant Explanatory Statement and the Draft Supplementary Agreement submitted to this meeting for identification, signed by the Chairman thereof, with effect from 1<sup>st</sup> October, 2004 upto the remaining period of the office of Managing Directorship held by Mr. Sushil Patwari, i.e., up to 30<sup>th</sup> September, 2006, with liberty to the Board of Directors / Remuneration Committee of the Board of Directors to alter and vary the terms and conditions of the said Draft Supplementary Agreement in such manner as may be agreed to between the Board of Directors and Mr. Sushil Patwari."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that pursuant to sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 including Schedule XIII to the said Act, the Company hereby approve the appointment and the terms of remuneration of Mr. Mahendra Patwari as Whole Time Director of the Company for a period of 5 years with effect from 1<sup>st</sup> July, 2004 upon the terms and conditions as set out in the Relevant Explanatory Statement and also in the Draft Agreement submitted to this meeting for identification, signed by the Chairman thereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (here in after referred to as Board which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and / or Draft Agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Mahendra Patwari."

"Resolved further that where in any financial year, the Company has no profits or its profits are inadequate, during the term of office of Mr. Mahendra Patwari, the remuneration as mentioned in the Relevant Explanatory Statement and the Draft Agreement shall be the minimum remuneration."

"Resolved further that the Board be and is hereby authorised to do all acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolutions."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"In partial modification of the resolution passed by the Members of the Company in the 12<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2001, it is hereby resolved that pursuant to Section 198, 269, 309 and other applicable

provisions, if any, of the Companies Act, 1956 including Schedule XIII to the said Act, the company hereby approves the payment of increased remuneration to Mr. K.C. Purohit, Whole Time Director as set out in the Relevant Explanatory Statement and the Draft Supplementary Agreement submitted to this meeting for identification, signed by the Chairman thereof, with effect from 1<sup>st</sup> May, 2004 upto the remaining period of the office of Whole Time Directorship held by Mr. K.C. Purohit, i.e., up to 30<sup>th</sup> September, 2006, with liberty to the Board of Directors / Remuneration Committee of the Board of Directors to alter and vary the

terms and conditions of the said Draft Supplementary Agreement in such manner as may be agreed to between the Board of Directors and Mr. K.C. Purohit."

By order of the Board  
For **NAGREEKA EXPORTS LTD**

Place : Kolkata

(J. TIWARI)

Date : 30<sup>th</sup> June, 2004.

COMPANY SECRETARY

## NOTE :

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE THE TIME OF HOLDING THE MEETING.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed hereto.
4. Members are requested to notify immediately any change in their addresses, if any, to the Registrar and Share Transfer Agent M/s. Maheshwari Datamatics (P) Ltd., 6, Mango Lane, Kolkata - 700 001.
5. Members are requested to bring their copies of Annual Report at the Meeting and produce attendance slip at the entrance.
6. The Register of Members and Share Transfer Books will remain closed from 18.09.2004 to 25.09.2004 (both days inclusive).
7. Members intending to require information, about accounts, to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting (AGM).
8. Those Members who have so far not encashed their dividend warrants for the below mentioned financial year may claim or approach the Company for the payment as the same will be transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956 on the date mentioned there against:-

Financial Year ended	Due for transfer on
31.03.1997	02.11.2004

9. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 31<sup>st</sup> March, 1994 have been transferred to the General Revenue Account of the Central Government. Members, who have not encashed the Dividend warrants for the said period(s) are requested to claim the same from Registrar of Companies, West Bengal.
10. The Shareholders of the Company are informed that pursuant to the Companies (Amendment) Act, 1999, the amount of dividend which remains unclaimed for a period of 7 years would be transferred to the Investor Protection

Fund constituted by the Central Government and the shareholder would not be able to claim any amount of the dividend so transferred to the Fund. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company for the financial year 31<sup>st</sup> March, 1997.

11. Members holding shares in the same name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates.
12. Details of the Directors retiring by rotation and being proposed for re-appointment, and also regarding Director(s) seeking appointment are as under:-

- a) **Mr. K.L. Agarwal**  
Date of Birth : 19.01.1934  
Date of Appointment : 27.09.1993  
Experience : 50 years  
Other Directorship : H.P. Cotton Textile Mills Ltd.
- b) **Mr. M.K. Ogra**  
Date of Birth : 15.09.1930  
Date of Appointment : 30.06.2001  
Qualification : Graduate (Maths & Statistics) & Diploma in Statistic & Quality Control.  
Experience : 50 years  
Other Directorship : 1. Nicco Uco Alliance Credit Ltd.  
2. Nicco Parks & Resorts Ltd.  
3. Nicco Financial Services Ltd.  
4. Alliance Management & Fiscal Services Ltd.  
5. Genemore Tracom Pvt.Ltd.  
6. Akarosi Business & Management Services Pvt.Ltd.
- c) **Mr. Mahendra Patwari**  
Date of Birth : 15.03.1963  
Date of Appointment : 01.07.2004  
Qualification : B.E. from IIT Powai, Mumbai.  
Experience : 15 years  
Other Directorship : 1. Nagreeka Foils Ltd.  
2. Mala Overseas Pvt.Ltd.  
3. Nagreeka Fabrics Pvt.Ltd.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NUMBER 5 :

Mr. Mahendra Patwari was appointed as Additional Director of the Company in its Board Meeting held on 30<sup>th</sup> June, 2004. As per the provisions of Section 260 of the Companies Act, 1956, he would hold office till the conclusion of the forthcoming Annual General Meeting. However, the Company has received a Notice in writing from a Member of the Company Under Section 257 of the Companies Act, 1956 informing that he would propose the name of Mr. Mahendra Patwari for the office of Director in the forthcoming Annual General Meeting. The concerned Member has also deposited with the company requisite money as required under Section 257 of the Companies Act, 1956.

The Board of Directors recommends the resolution for approval of the Members.

Save and except Mr. Mahendra Patwari, Mr. I.L. Patwari, Mr. Sushil Patwari and Mr. Sunil Patwari, no other Director of the Company is concerned or interested in the resolution being item No.5 of the Notice.

### ITEM NUMBER 6 :

It is proposed to re-appoint Mr. Sunil Patwari as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> September, 2003. The Remuneration Committee of the Board of Directors at its Committee Meeting held on 30<sup>th</sup> June, 2004 unanimously recommended for his reappointment. The brief terms and conditions of his reappointment are as under:-

#### (a) Salary:

(a) Rs.50,000/- per month with effect from 01.09.2003 to 31.08.2004.

(b) Rs.1,00,000/- per month with effect from 01.09.2004.

with such increments as may be decided by the Board of Directors / Remuneration Committee of the Board of Directors, from time to time, subject to maximum salary of Rs.2,00,000/- per month.

#### (b) Perquisites:

##### i) Housing

- 1) Residential accommodation or house rent allowance at the rate of 60% of salary.
- 2) Expenses pertaining to electricity will be borne / reimbursed by the Company.
- 3) Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes Remuneration Committee of the Board of Directors) from time to time.

##### ii) Medical Expenses

Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family.

##### iii) Leave/Holiday Travel Expenses

Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement shall not exceed one-month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two years.

##### iv) Club Fees

Reimbursement of membership fee upto maximum of two clubs in India including admission and life membership fee.

##### v) Personal Accident Insurance

Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors, the premium of which shall not exceed Rs.10,000/- per annum.

##### vi) Contribution to Provident Fund, Superannuation Fund and Annuity Fund

Company's contribution to Provident Fund, Superannuation and Annuity Fund not exceeding 30% of salary in aggregate.

##### vii) Gratuity

Gratuity as per Gratuity Act, 1972.

##### viii) Leave

Leave with full pay or encashment thereof as per the Rules of the Company.

##### ix) Car with Driver

The Company will provide Car with Driver for Company's business.

##### x) Telephone

Free telephone and fax facilities at residence.

##### xi) Reimbursement of Entertainment / Travelling Expenses

Reimbursement of all entertainment, travelling, hotel and other expenses incurred by Mr. Sunil Patwari during the course of his employment in connection with the business of the Company.

##### xii) Sitting Fee

No sitting fee shall be paid to Mr. Sunil Patwari for attending the meetings of the Board of Directors of the Company or any Committee thereof.

##### xiii) Minimum Remuneration

In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Sunil Patwari will be entitled to the above remuneration alongwith perquisites / benefits mentioned above as and by way of minimum remuneration.

##### Explanation

Provision of Car for use of the Company's business and telephone at residence will not be considered in computing value of perquisites. Personal long distance telephone calls shall be billed to Mr. Sunil Patwari."

The above may be treated as extract of the terms of reappointment of Mr. Sunil Patwari as Managing Director as per Section 302 of the Companies Act, 1956.

The Draft Service Agreement between the Company and Mr. Sunil Patwari is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

The Board of Directors recommends the resolution for approval of the Members.

Save and except Mr. Sunil Patwari, Mr. I.L. Patwari, Mr. Sushil Patwari and Mr. Mahendra Patwari, no other Director of the Company is concerned or interested in the resolution being item No.6 of the Notice.



**ITEM NUMBER 7:**

It is proposed to revise the Remuneration package of Mr. Sushil Patwari, Managing Director, with effect from 1<sup>st</sup> October, 2004, upto the remaining period of his office of Managing Directorship i.e., up to 30<sup>th</sup> September, 2006. The Remuneration Committee of the Board of Directors at its Committee Meeting held on 30<sup>th</sup> June, 2004 recommended revision of Remuneration package of Mr. Sushil Patwari. The brief terms of revision of remuneration package of Mr. Sushil Patwari are as under:-

**(a) Salary:** Rs.1,00,000/- per month

with such increments as may be decided by Board of Directors / Remuneration Committee of the Board of Directors from time to time, subject to maximum salary of Rs.2,00,000/- per month.

**(b) Perquisites:****i) Housing**

- 1) Residential accommodation or house rent allowance at the rate of 60% of salary.
- 2) Expenses pertaining to electricity will be borne / reimbursed by the Company.
- 3) Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes any Committee thereof) from time to time.

**ii) Medical Expenses**

Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family.

**iii) Leave/Holiday Travel Expenses**

Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement shall not exceed one-month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two years.

**iv) Club Fees**

Reimbursement of membership fee upto maximum of two clubs in India including admission and life membership fee.

**v) Personal accident Insurance**

Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors, the premium of which shall not exceed Rs.10,000/- per annum.

**vi) Contribution to Provident Fund, Superannuation Fund and Annuity Fund**

Company's contribution to Provident Fund, Superannuation and Annuity Fund not exceeding 30% of salary in aggregate.

**vii) Gratuity**

Gratuity as per Gratuity Act, 1972.

**viii) Leave**

Leave with full pay or encashment thereof as per the Rules of the Company.

**ix) Car with Driver**

The Company will provide Car with Driver for Company's business.

**x) Telephone**

Free telephone and fax facilities at residence.

**xi) Reimbursement of Entertainment / Travelling Expenses**

Reimbursement of all entertainment, travelling, hotel and other expenses incurred by Mr. Sushil Patwari during the course of his employment in connection with the business of the Company.

**xii) Sitting Fee**

No sitting fee shall be paid to Mr. Sushil Patwari for attending the meetings of the Board of Directors of the Company or any Committee thereof.

**xiii) Minimum Remuneration**

In the event of inadequacy or absence of profits in any financial year during his tenure Mr. Sushil Patwari will be entitled to the above remuneration alongwith perquisites / benefits mentioned above as and by way of minimum remuneration.

**Explanation**

Provision of Car for use of the Company's business and telephone at residence will not be considered in computing value of perquisites. Personal long distance telephone call shall be billed to Mr. Sushil Patwari."

The above may be treated as extract of the terms of revision of remuneration package of Mr. Sushil Patwari as Managing Director as per Section 302 of the Companies Act, 1956.

The Draft Supplementary Service Agreement between the Company and Mr. Sushil Patwari is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

The Board of Directors recommends the resolution for approval of the Members.

Save and except Mr. Sushil Patwari, Mr I.L. Patwari, Mr. Sunil Patwari and Mr. Mahendra Patwari, no other Director of the Company is concerned or interested in the resolution being item No.7 of the Notice.

**ITEM NUMBER 8:**

It is proposed to appoint Mr. Mahendra Patwari as Whole Time Director of the Company for a period of five years with effect from 1<sup>st</sup> July, 2004. The Remuneration Committee of the Board of Directors at its Committee Meeting held on 30<sup>th</sup> June, 2004 unanimously recommended for his appointment. The brief terms and conditions of his appointment are as under:-

**(a) Salary:** Rs.50,000/- per month

with such increments as may be decided by the Board of Directors / Remuneration Committee of the Board of Directors, from time to time, subject to maximum salary of Rs.1,00,000/- per month.

**(b) Perquisites:****i) Housing**

- 1) Residential accommodation or house rent allowance at the rate of 60% of salary.
- 2) Expenses pertaining to electricity will be borne / reimbursed by the Company.
- 3) Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes Remuneration Committee of the Board of Directors) from time to time.

## ii) Medical Expenses

Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family.

## iii) Leave / Holiday Travel Expenses

Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement shall not exceed one-month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two years.

## iv) Club Fees

Reimbursement of membership fee upto maximum of two clubs in India including admission and life membership fee.

## v) Personal Accident Insurance

Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors, the premium of which shall not exceed Rs.10,000/- per annum.

## vi) Contribution to Provident Fund, Superannuation Fund and Annuity Fund

Company's contribution to Provident Fund, Superannuation and Annuity Fund not exceeding 30% of salary in aggregate.

## vii) Gratuity

Gratuity as per Gratuity Act, 1972.

## viii) Leave

Leave with full pay or encashment thereof as per the Rules of the Company.

## ix) Car with Driver

The Company will provide Car with Driver for Company's business.

## x) Telephone

Free telephone and fax facilities at residence.

## xi) Reimbursement of Entertainment / Travelling Expenses

Reimbursement of all entertainment, travelling, hotel and other expenses incurred by Mr. Mahendra Patwari during the course of his employment in connection with the business of the Company.

## xii) Sitting Fee

No sitting fee shall be paid to Mr. Mahendra Patwari for attending the meetings of the Board of Directors of the Company or any Committee thereof.

## xiii) Minimum Remuneration

In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Mahendra Patwari will be entitled to the above remuneration alongwith perquisites / benefits mentioned above as and by way of minimum remuneration.

## Explanation

Provision of Car for use of the Company's business and telephone at residence will not be considered in computing value of perquisites. Personal long distance telephone calls shall be billed to Mr. Mahendra Patwari."

The above may be treated as extract of the terms of appointment of Mr. Mahendra Patwari as Whole Time Director as per Section 302 of the Companies Act, 1956.

The Draft Service Agreement between the Company and Mr. Mahendra Patwari is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

The Board of Directors recommends the resolution for approval of the Members.

Save and except Mr. Mahendra Patwari, Mr. I.L. Patwari, Mr. Sushil Patwari and Mr. Sunil Patwari, no Director of the Company is concerned or interested in the resolution being item No.8 of the Notice.

## ITEM NUMBER 9:

It is proposed to revise the Remuneration package of Mr. K.C. Purohit, Whole Time Director, with effect from 1<sup>st</sup> May, 2004, upto the remaining period of his office of Whole Time Directorship i.e., up to 30<sup>th</sup> September, 2006. The Remuneration Committee of the Board of Directors at its Committee Meeting held on 30<sup>th</sup> June, 2004 recommended revision of Remuneration package of Mr. K.C. Purohit. The brief terms of revision of remuneration package of Mr. K.C. Purohit are as under:-

(a) **Salary:** Rs.60,000/- per month

with such increments as may be decided by the Board of Directors / Remuneration Committee of the Board of Directors, from time to time, subject to maximum salary of Rs.1,00,000/- per month.

(b) **Minimum Remuneration**

In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. K.C. Purohit will be entitled to the above remuneration alongwith perquisites / benefits mentioned above as and by way of minimum remuneration.

The above may be treated as extract of the terms of revision of remuneration package of Mr. K.C. Purohit as Whole Time Director as per Section 302 of the Companies Act, 1956.

The Draft Supplementary Service Agreement between the Company and Mr. K.C. Purohit is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

The Board of Directors recommends the resolution for approval of the Members.

Save and except Mr. K.C. Purohit, no other Director of the Company is concerned or interested in the resolution being item No.9 of the Notice.

**By order of the Board**

For NAGREEKA EXPORTS LTD

Place : Kolkata

Date : 30<sup>th</sup> June, 2004.

**J. TIWARI**

(COMPANY SECRETARY)

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the **15<sup>th</sup> Annual Report** on the affairs of the Company together with the Audited Statements of Accounts for the year ended **31<sup>st</sup> March, 2004**.

### FINANCIAL RESULT :

	<b>2003-2004</b> (Rs.in lacs)	<b>2000-2003</b> (Rs.in lacs)
<b>GROSS PROFIT</b>	<b>976.44</b>	783.69
Interest	<b>193.05</b>	375.23
Depreciation	<b>283.20</b>	281.28
<b>PROFIT BEFORE TAXATION</b>	<b>500.19</b>	127.18
Provision for taxation	<b>(102.02)</b>	(4.79)
Deferred Taxation Assets (Liability)	<b>21.87</b>	(10.53)
Excess Provision for Income Tax written back.	<b>0.44</b>	-
<b>PROFIT AFTER TAXATION</b>	<b>420.48</b>	111.86
Profit Brought Forward from Previous Year	<b>82.20</b>	170.34
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>	<b>502.68</b>	282.20
<b>APPROPRIATION</b>		
Transfer to General Reserve	<b>201.11</b>	200.00
Balance carried to Balance Sheet	<b>301.57</b>	82.20
	<b>502.68</b>	282.20

### DIVIDEND :

Your Directors do not recommend any dividend in respect of the year ended 31<sup>st</sup> March, 2004 with a view to augmenting the cash flow for modernisation cum expansion of the existing spinning unit.

### REVIEW OF OPERATION :

The Company turnover for the year ended 31<sup>st</sup> March, 2004 has been Rs.12,743 lacs as against Rs.13,646 lacs clocked for the previous year. Profit after tax for the year under review is Rs.420 lacs as against Rs. 112 lacs in the previous year. During the year the Company has shown better performance on account of better efficiency, reduction in interest cost and better sales realisation.

### FUTURE PROSPECT :

The year 2005 will see the dismantling of the quota system leading to removal of quantity restrictions on imports of textiles into USA and EEC. This will open up more avenues for exports of cotton and other yarns in these markets.

Further, the opening up will also boost demand for finished textile articles such as apparels, furnishing, made-ups etc. It is expected that there will be substantial investment within India in the textile sector including weaving and knitting. This will create huge demand for good quality cotton yarn within India for production of value added items for the international market.

Looking to these prospects and to leverage its core competition, the Company has already started implementation of a modernisation scheme to improve on quality and productivity. The Company has also finalised an expansion program to increase capacity by approx. 20,000 Spindles. This will provide greater width in marketing and better economies of scale.

### PUBLIC DEPOSIT :

Your Company has not accepted any deposits during the year under review within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules 1975.

### DIRECTORS :

Mr. K. L. Agarwal and Mr. M. K. Ogra retire by rotation at the ensuing Annual General Meeting and both being eligible, have offered themselves for re-appointment.

Mr. Mahendra Patwari was appointed as Additional Director of the Company in the Board Meeting held on 30<sup>th</sup> June 2004. As

per Section 260 of the Companies Act, 1956, he would hold office of Director till the conclusion of the forthcoming Annual General Meeting. However, the Company has received a Notice in writing under Section 257 of the Companies Act, 1956 from a Member of the Company stating that he would propose the Name of Mr. Mahendra Patwari for the Office of the Director in the forthcoming Annual General Meeting.

Further, Mr. Mahendra Patwari was also appointed as Whole Time Director for a period of 5 years with effect from 1<sup>st</sup> July, 2004.

### DIRECTORS' RESPONSIBILITY STATEMENT :

As per Section 217 (2AA) of the Companies Act, 1956, Your Directors State that :

1. In the Preparation of the Annual Accounts, the applicable Accounting Standards have been followed with the proper explanation to material departure wherever applicable.
2. They have selected such accounting policies and applied them consistently and made judgements 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 on 31<sup>st</sup> March 2004, and of the profit of the Company for that period.
3. They 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 of assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management discussion and analysis are covered in a separate report annexed hereto and marked as Annexure "B"

### CORPORATE GOVERNANCE :

A separate reports on Corporate Governance is enclosed as part of the annual report and marked as Annexure "C" Requisite Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report of Corporate Governance.

### AUDITORS :

M/s Das & Prasad, Chartered Accountants, Kolkata, the Auditor of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### AUDITORS' REPORT:

The observation made by the auditor in their Report together with Notes on Accounts are self explanatory and, therefore, do not call for any further explanation under Section 217 (3) of the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

A statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked as Annexure "A" which forms part of this report.

### PARTICULARS OF EMPLOYEES :

Non of the employees are drawing remuneration exceeding Rs. 2.00 Lacs per month or Rs. 24.00 Lacs per year. Hence, details required to be furnished in accordance with Sub Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable.

### APPRECIATION :

Your Directors wish to place on record their acknowledgement of the contribution made by the employees and workers of the company. Your Directors are also grateful to various State Government, Semi Government Authorities, Banks and Financial Institutions for their Support to your Company.

By order of the Board

Place : Kolkata

Date : 30<sup>th</sup> June, 2004

**I.L.Patwari**  
(Chairman)



## ANNEXURE "A" TO DIRECTORS' REPORT

### PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULE, 1988.

#### A. CONSERVATION OF ENERGY

The plant incorporates the latest technology for the conservation of energy. Particulars with respect to Conservation of Energy are given in Form-A enclosed.

#### FORM - A

Form of disclosure of particulars with respect to conservation of energy

Year ended Year ended  
31.03.2004 31.03.2003

#### 1. Power Consumption

##### (1) Electricity

(a) Purchased units (in lacs)	144.32	103.34
Total Amount (Rs. In lacs)	505.55	346.69
Rate per Unit (Rs.)	3.50	3.35
(b) Own Generation		
Through Diesel generator		
Total Unit generated (in lacs)	33.05	69.33
Unit per litre of Diesel Oil	3.52	3.50
Cost per Unit (Rs.)	3.70	3.79

(2) Coal	Nil	Nil
(3) Furnace Oil	Nil	Nil
(4) Other Internal Generation	Nil	Nil

#### 2. Consumption per unit of production

(1) Electricity unit per kg of yarn	4.18	4.32
(2) Furnace Oil (kg/unit)	Nil	Nil

#### B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption as per Form-B.

Indigenous technology alone is used and Research and Development are carried out by separate Textile Research Association for Textile Units, SITRA and BITRA and the Company is a member of these associations.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

I. Activities relating to Exports, initiatives taken to increase exports, development of new export market for products and services and exports plans.

The Company is presently exporting yarn & other merchandise, Steps are being taken to explore new markets and products developments.

II. Total Foreign Exchange earned and used

	2003-2004 (Rs.)	2002-2003 (Rs.)
EARNINGS	90,57,75,619	1,13,79,70,310
OUTGO	6,02,92,026	11,40,35,143

By order of the Board

Place : Kolkata  
Date : 30<sup>th</sup> June, 2004

I.L.Patwari  
(Chairman)

## ANNEXURE "B" TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

#### INDUSTRY STRUCTURE AND DEVELOPMENT:

India is one of the top manufacturers of Textile Yarns as well as Spun Yarn in the world. The Textile Industry accounts for nearly 30% of India's total exports. Sufficient production of all raw material inputs within the country gives the Domestic Textile Industry a competitive edge.

India's export performance in the textile sector in recent years has been remarkable. The export of textiles has emerged as the largest gross and net foreign exchange earner for the country. In rupee terms, growth has been at an annualized rate of 10.5% during the last 5 years.

#### OPPORTUNITIES AND THREATS:

The year 2005 approaching, export quotas under the multifibre agreement will be phased out, thereby removing restrictions against Indian Textile Manufacturers from exporting to world markets that have been protected so far. This will give India's Textile Exports tremendous opportunity for growth. However, to tap the full potential of this emerging opportunity, the Domestic Textile Industry will need to improve its cost effectiveness, scale of operation and quality in order to compete with other global suppliers, especially China.

In view of pressing requirements for quality and productivity, there have been efforts by your company towards modernization with upgradation of technology and expansion.

The Indian Textile Industry is concerned about the reversal of the trend in foreign currency market where the Indian Rupee has appreciated against the US Dollar. Appreciating Indian Rupee will have a major impact on the bottom lines of exporters.

In spite of all odd, we feel that the Indian Textile Industry is geared to face the challenges and will stand in the market.

#### RISKS & CONCERNS:

Raw material prices have maintained their high volatility, making it difficult to take any long-term view on prices. The appreciation of Rupee against Dollar has further been a cause of concern for exporters.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has in place adequate system of Internal Control and documented procedures covering all financial and operative functions. These have been designed to provide reasonable assurance with regard to maintaining proper accounting controls monitoring economy and efficiency of operations, protecting assets from unauthorized use or losses and ensuring reliability of financial and operational information. The entire process of internal control systems is constantly monitored by the Audit Committee of the Board of Directors.

#### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:

The Company's Human Resources Development Policy is endeavour to maintain peace and harmony at all levels of the organisation. The focus is to encourage human resources to contribute to the progress of the Company to the optimum level by improving on efficiency, productivity etc.

#### CAUTIONARY STATEMENT:

Statements in this Management Discussion and Analysis describing the company's objectives, projectives, estimates and expectations may be a 'forward looking statement' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

## ANNEXURE - C

### CORPORATE GOVERNANCE REPORT

#### 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Your Company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhancing the Share Holders' Value. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important Policy matters.

#### 2. BOARD OF DIRECTORS

##### COMPOSITION

The Company has a combination of executive and non-executive Directors. The Company has a Non-executive Chairman and more than one third of the total Board of Directors are independent Directors. The number of non-executive Directors is more than 50% of total number of Directors.

None of the Directors on the Board is a member of more than 10 committees and chairman of more than 5 committees (as per clause 49(iv)(B) across all the companies in which he is a Director. All the Directors have made requisite disclosures regarding committee positions occupied by them in other companies. The Company's Board at present have seven Directors comprising of two Managing Directors, One full Time Director and four Non-Executive Directors.

The Board met eight times on the following dates during the financial year 2003-2004 and the gap between two meetings did not exceed four months.

30.06.2003	31.07.2003	05.08.2003	27.09.2003	31.10.2003	03.12.2003	26.12.2003	31.01.2004
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The names and categories of Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting as also the number of Directorships and committee positions as held by them in other public Limited Companies as on 31.03.2004 are given below :

Name	Category	No. of Meetings held during the Financial Year	No. of Board Meetings attended during 2003-04	Whether attended AGM held on 27.09.2003	No. of Directorship in other Public Limited Companies	No. of Committee Positions held in other Public Limited Companies	
						Chairman	Member
Mr. I.L. Patwari	Promoter Non Executive	8	7	Yes	1	None	None
Mr. Sushil Patwari	Promoter Executive	8	8	Yes	3	None	None
Mr. Sunil Patwari	Promoter Executive	8	5	No	1	None	None
Mr. K.C. Purohit	Executive	8	4	No	NIL	None	None
Mr. M.K. Ogra	Independent Non Executive	8	8	Yes	4	None	2
Mr. K.L. Agarwal	Independent Non Executive	8	6	No	1	None	None
Mr. D.P. Agarwal	Independent Non Executive	8	NIL	No	8	None	None

#### 3. COMMITTEES OF THE BOARD

##### A) AUDIT COMMITTEE

The Audit Committee of three Directors viz. Mr. M.K. Ogra as Chairman of the Committee, Mr. K.L. Agarwal and Mr. I.L. Patwari as its members. Mr. J. Tiwari, Company Secretary, is the Secretary of the Audit Committee. The terms of reference of the Audit Committee are as contained in the Corporate Governance Clause of the Listing Agreement.

The Audit Committee met on the following dates during the financial Year 2003-2004 :

30.06.2003	31.07.2003	31.10.2003	30.01.2004
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##### ATTENDANCE OF THE AUDIT COMMITTEE MEETING :

Name of the Directors	Number of Meeting Held	Number of Meeting Attended
Mr. M.K. Ogra	4	4
Mr. I.L. Patwari	4	4
Mr. K.L. Agarwal	4	4

Necessary quorum was present at the meeting. Chief Finance Officer (C.F.O) and Representatives of Statutory Auditors are being invited to the Meetings, as and when required.