



# Nagreeka

EXPORTS LIMITED



**TWENTYTHIRD  
ANNUAL  
REPORT  
2011-2012**

BOARD OF DIRECTORS	:	Shri Sushil Patwari	—	Chairman & Managing Director
		Shri Sunil Patwari	—	Vice Chairman & Managing Director
		Shri Kailash Chandra Purohit	—	Whole-time Director
		Shri Mahendra Patwari	—	Whole-time Director
		Shri Mohan Kishen Ogra	—	Director
		Shri Bibhuti Charan Talukdar	—	Director
		Shri Mahabir Prasad Periwal	—	Director
		Shri Rajendra M. Ruia	—	Director
COMPANY SECRETARY	:	Shri J. Tiwari		
BANKERS	:	Canara Bank, Overseas Branch, Kolkata, Mumbai		
		ING VYSYA Bank Limited, Overseas Branch, Mumbai		
		Oriental Bank of Commere, Overseas Branch, Kolkata		
		State Bank of Patiala, Commercial Branch, Mumbai		
		Allahabad Bank, Industrial Finance Branch, Kolkata		
		ICICI Bank, R. N. Mukherjee Road Branch, Kolkata		
AUDITORS	:	M/s. Das & Prasad		
		Chartered Accountants		
		4, Chowringhee Lane		
		Kolkata - 700 016		
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	:	21-22, Kala Bhavan, 3, Mathew Road		
		Mumbai - 400 004.		
WORKS	:	Village Yavluj, Taluka Panhala,		
		Dist. Kolhapur (Maharashtra)		

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## NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Nagreeka Exports Limited, will be held at Bengal National Chamber of Commerce and Industry, 23, R.N. Mukherjee Road, Kolkata-700 001, on Thursday, the 27th September, 2012 at 10.30 a.m. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, 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 Mr. M. K. Ogra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sushil Patwari, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr. M. P. Periwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

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

"Resolved that in supersession of the earlier Resolution passed at the eighteenth Annual General Meeting held on 21st September, 2007 and pursuant to the provisions of section 293(1)(d) and all other applicable Provisions, if any, of the Companies Act, 1956, the company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time from anyone or more of the Company's Bankers and/or from anyone or more persons, firms, Bodies Corporate, or Financial Institutions by way of Cash, Credit, Advance or Deposits, Loans or Bills discounting or otherwise and whether unsecured by mortgage, charge, hypothecation or lien or pledge of the Company's Assets and Properties whether movable or stock-in-trade and work-in-progress or all or any of the undertakings of the company, notwithstanding the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of Business) will or may exceed the aggregate of the Paid-up capital of the Company and its free reserves, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed an amount of Rs 1500 crores (Rupees One Thousand and Five Hundred Crores only) exclusive of interest and the Board of Directors be and is hereby further authorised to execute such deeds of the debentures and debenture trust deed or mortgage, charge hypothecation, lien, promissory notes, deposits, receipts and other deeds and instruments or writings as they may consider proper and containing such conditions and covenants as the Board may think fit."

- 7) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"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 reappointment and the terms of remuneration of Mr. Sushil Patwari as Managing Director of the Company for a period of 5 years with effect from 1st October, 2011 upon the terms and conditions set out in the Relevant Explanatory Statement and also in the Agreement submitted to this meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (here in after referred to as Board which term shall 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 modification as the Board may deem fit and agreed to Mr. Sushil 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. Sushil Patwari, the remuneration as mentioned in the Relevant Explanatory Statement and the Agreement shall be the minimum remuneration".

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

- 8) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"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 reappointment and the terms of remuneration of Mr. K.C. Purohit as Whole Time Director of the Company for a period of 5 years with effect from 1st October, 2011 upon the terms and conditions set out in the Relevant Explanatory Statement and also in the Agreement submitted to this meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (here in after referred to as Board which term shall 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

## NOTICE (Contd.)

form and manner or with such modification as the Board may deem fit and agreed to Mr. Mr. K.C. Purohit".

"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. K.C. Purohit, the remuneration as mentioned in the Relevant Explanatory Statement and the Agreement shall be the minimum remuneration"

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

- 9) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special 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 and conditions of Mr. Mahendra Patwari as Wholtime Director of the Company for period of five years with effect from 1st July, 2012 upon the terms and conditions set out in the Relevant Explanatory Statement and also in the Agreement, which is hereby specifically sanctioned with Liberty to the Board of Directors (hereinafter 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 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 modification(s) 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 Agreement shall be the minimum remuneration".

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

- 10) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"Resolved that, pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to alternation of its Articles of Association, in as much as, after clause 48, the following new clause be added and numbered as 48 A :

The Company shall have power, subject to and in accordance with all applicable provisions of the Act and the rules made there under, to purchase any of its own fully paid shares or other specified securities whether or not they are redeemable and may make a payment out of its free reserve or securities premium account of the Company or proceeds of any shares or other specified securities provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities or from such other sources as may be permitted by Law on such terms, conditions and in such manner as may be prescribed by the Law from time to time in respect of such purchase.

By order of the Board

**For NAGREEKA EXPORTS LTD.**

**J. TIWARI**

*(Company Secretary)*

Place : Kolkata

Date : 11th August, 2012

### 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 for holding the meeting.
3. 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, Mangoe Lane, 2nd Floor, Kolkata – 700 001.
4. Members are requested to bring their copies of Annual Report at the Meeting and produce attendance slip at the entrance.
5. The Register of Members and Share Transfer Books will remain closed from 20/09/2012 to 27/09/2012 (both days inclusive).
6. 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).
7. Pursuant to Section 205A(5) of the Companies Act, 1956 all unclaimed or unpaid dividends (if any) upto the financial year ended 31st March, 2004 have been transferred to the Investors Education and Protection Fund established by the Central Government.

## NOTICE (Contd.)

8. Details of the Directors retiring by rotation / proposed for re-appointment :

Name of Director	Mr. M. K. Ogra	Mr. Sushil Patwari	Mr. M. P. Periwal	Mr. K. C. Purohit	Mr. Mahendra Patwari
Date of Birth	15.09.1930	20.08.1954	12.08.1944	18.06.1932	15.03.1963
Date of Appointment	30.06.2001	06.03.1989	07.08.2008	30.06.2001	01.07.2004
Qualification	Graduate (Maths & Statistics) & Diploma in Statistics & Quality Control	B. Com (H)	Graduate	B. Tech	B.E. from IIT, Powai, Mumbai
Expertise in specific Functional area	Industrialist having rich business experience	Industrialist having rich business experience	Industrialist having rich business experience	Industrialist having rich business experience	Industrialist having rich business experience
List of other Directorships held excluding foreign companies, Companies under section 25 of the Companies Act, 1956 and Private Companies.	1. Nicco Financial Services Ltd. 2. Nicco Engg. Services Ltd. 3. Nicco Biotech Ltd. 4. Nagreeka Capital & Infrastructure Ltd.	1. Rupa & Co. Ltd. 2. Reliance Processors Ltd. 3. Nagreeka Capital & Infrastructure Ltd. 4. Jaidka Motor Company Ltd.	1. Pioneer Protec Ltd. 2. Pioneer Plastic Industries Ltd. 3. Sarda Housing Development Ltd.	None	Nagreeka Foils Ltd.
Chairman / Member of the Committees of the Board of other Companies in which he/she is a Director	1. Nagreeka Capital & Infrastructure Ltd. 2. Nicco Engg. Services Ltd.	1. Rupa & Co. Ltd. 2. Nagreeka Capital & Infrastructure Ltd.	None	None	None

## 9. Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with Maheshwari Datamatics Private Limited.

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

### ITEM NUMBER 6 :

Considering the expansion programme of the company at hand, it is proposed to authorize the Board of Directors to borrow money provided, however, that the total borrowing at any point of time will not exceed Rs 1500 crores. The resolution being item number 6 in the notice is intended for the purpose.

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

No Director of the Company is concerned or interested in the resolution being item number 6 of the Notice.

### ITEM NUMBER 7 :

Mr. Sushil Patwari has been appointed as Managing Director of the Company, for a period of five years, with effect from 1st October, 2011, in the Board Meeting held on the 29th October, 2011. The Remuneration Committee of the Board of Directors at its Committee Meeting held on 29th October, 2011 unanimously recommended for his reappointment. The brief terms and conditions for his reappointment are as under :-

#### (a) Salary :

Rs. 2,00,000/- per month with effect from 01.10.2011.

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.

## NOTICE (Contd.)

### (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, fixture 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 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 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 Managing Director/ Board, 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

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, traveling, 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 calls of telephone shall be billed to Mr. Sushil Patwari."

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

The Draft Service Agreement between the Company and Mr. Sushil Patwari is available for inspection by the Member 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. Sunil Patwari and Mr. Mahendra Patwari, no Director of the Company is concerned or interested in the special resolution being item number 7 of the Notice.

### ITEM NUMBER 8 :

Mr. K.C. Purohit has been appointed as Wholetime Director of the Company for a period of five years with effect from 1st October, 2011, in the Board meeting held on the 29th October, 2011. The Remuneration Committee of the Board of Directors at its Committee Meeting

## NOTICE (Contd.)

held on 29th October, 2011 unanimously recommended for his reappointment. The brief terms and conditions for his reappointment are as under :-

**(a) Salary :**

Rs. 85,000/- 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) 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.

**ii) Gratuity**

As per Gratuity Act, 1972

**iii) Leave**

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

**iv) Car with Driver**

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

**v) Telephone**

Free telephone and fax facilities at residence.

**vi) Reimbursement of Entertainment/ Travelling Expenses.**

**vii) 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.

**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 calls of telephone shall be billed to Mr. K.C.Purohit."

The above may be treated as extract of the terms of reappointment of Mr. K.C.Purohit as Wholetime Director as per Section 302 of the Companies Act, 1956.

The Draft Service Agreement between the Company and Mr. K.C.Purohit is available for inspection by the Member 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 Director of the Company is concerned or interested in the special resolution being item number 8 of the Notice.

**ITEM NUMBER 9 :**

Mr. Mahendra Patwari was reappointed as Wholetime Director of the Company, with effect from 1st July, 2012, for a period of five years, in the Board Meeting held on 26th May, 2012. The Remuneration Committee also recommended his reappointment at its meeting held on 26th May, 2012. The brief terms and conditions of his reappointment are as under :-

**(a) Salary :**

Rs. 2,00,000/- per month with effect from 1st July, 2012.

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.4,00,000/- 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)

## NOTICE (Contd.)

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 Managing Director / Board, the premium of which shall not exceed Rs. 25,000/- 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**

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, including monthly charges on account of one cellular handset.

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

Reimbursement of all entertainment, traveling, 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 and monthly charges on account of one cellular handset will not be considered in computing value of perquisites. Personal long distance calls of telephone shall be billed to Mr. Mahendra Patwari.

The above may be treated as extract of the terms of reappointment of Mr. Mahendra Patwari as Wholetime 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 special resolution for approval of the Members.

Save and except Mr. Sushil Patwari, Mr. Sunil Patwari and Mr. Mahendra Patwari, no Director of the Company is concerned or interested in the special resolution being item number 9 of the Notice.

**ITEM NUMBER 10 :**

It is proposed to authorise the Company to buy back its own shares, subject to relevant provisions of the Companies Act, 1956, including any amendment thereof and SEBI guidelines in this regard. The special resolution, being item number 11 in the notice, is intended for the purpose.

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

No director of the Company is concerned or interested in the special resolution being item number 10 of the notice.

Place : Kolkata

Date : 11th August, 2012

By order of the Board  
**For NAGREEKA EXPORTS LTD.**  
**J. TIWARI**  
(Company Secretary)



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the 23rd Annual Report on the affairs of your Company together with the Audited Statements of Account for the year ended 31st March, 2012.

### FINANCIAL RESULT

	2011-2012 (Rs. In lacs)	2010-2011 (Rs. In lacs)
Revenue from operation	49567.05	55835.02
Other Income	186.20	96.61
	<b>49753.25</b>	<b>55931.63</b>
PBIDT	2555.37	2989.51
Interest	1743.03	1291.86
Depreciation	692.36	665.35
PROFIT BEFORE TAXATION	119.98	1032.30
Taxation	(97.32)	416.67
PROFIT AFTER TAXATION	217.30	615.63
Profit Brought Forward from Previous Year	799.26	256.51
PROFIT AVAILABLE FOR APPROPRIATIONS	<b>1016.56</b>	<b>872.14</b>
APPROPRIATIONS		
Proposed Dividend	—	62.50
Income Tax on Dividend	—	10.38
Balance carried to Balance Sheet	1016.56	799.26
	<b>1016.56</b>	<b>872.14</b>

### DIVIDEND

Your Directors intend to plough back entire profit after tax for the year ended 31st March, 2012, for meeting working capital requirement and Capital expenditure on plant upgradation and new projects. As such, no dividend is recommended for the year ended 31st March, 2012.

### REVIEW OF OPERATION

During the financial year under review the company has achieved turnover of Rs.49567.05 Lacs against Rs.55835.02 Lacs for the previous year. The profit after tax is also lower at Rs.217.30 Lacs against profit after tax of Rs. 615.63 Lacs in the previous year. The changes in Govt. policy with regard to export of cotton and cotton yarn which occurred between January-March 2011 had tremendous effect on the entire cotton yarn spinning industry. The ban on export of cotton yarn between January-March, 2011, resulted in increase of cotton yarn inventory with spinners. Simultaneously the effect of fluctuating policy for export of raw cotton resulted in prices of raw cotton shooting up between January - March 2011 and thereafter crashing within a very short time in the month of April and May, 2011 by nearly 50% of peak levels. This crash of raw material prices resulted in huge value loss on the inventory on raw material with spinners. This drop in prices together with the rush to liquidate stock of cotton yarn during April - May, 2011 also brought down prices of cotton yarn by approx. 30-40% resulting in huge loss in finished goods inventors. This double whammy on raw material and finished goods significantly eroded the capital of the spinning industry. Your company also suffered on account of these events. Additionally the economic crisis in the euro zone resulted in a recession in demand in Europe for textile products. The Global

event also increased volatility in commodity markets and currency markets which was reflected in wide fluctuations in USD / INR exchange rates.

The cost of power has been continuously increasing during the year. The cost has increased by nearly 15%. Interest rates in the Indian economy have also been going up and during this year there was an increase of approx.1.25% per annum in the base rate. The cost of working capital borrowing also increased significantly. Rising inflation also resulted in increase of other inputs and costs.

Your company has taken on all challenges and after putting in best efforts we have been able to mitigate the effects of these negative developments to achieve results mentioned above.

### FUTURE PROSPECT

The future prospects of the company are closely linked with the fortunes of the cotton textile industry. The consumption of cotton textile within India will still grow, although at a slower rate in view of the reduced growth rate of GDP (6.5%). The depreciation of Indian rupee has also improved India's competitiveness in the export market vis-à-vis China, Bangladesh etc. Further as and when the situation of US & Europe improves there should be also increase in business from these countries.

The fortunes of the cotton textile industry depends lot on the availability of quality cotton at competitive prices. The current state of the monsoon in India has created some uncertainty on this account and the actual effect will be known only when the new cotton season starts during October/November, 2012.

The restructured TUF Scheme has been announced with greater focus on technical textile while maintaining incentives for traditional sector. Additionally, the Maharashtra Govt has announced new textile policy offering interest subsidy and capital subsidy in some location in addition to TUF.

The company is in advanced stage of implementing the cotton yarn dyeing and bleaching project at Kagal, Kolhapur at a project cost of Rs.73.05 crores. The project will be operational during quarter January to March 2013. Further, the company is working on projects to increase spinning capacity and enter into weaving activity.

### 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. Sushil Patwari, Mr. M. P. Periwal and Mr. M. K. Ogra retire by rotation at the ensuing Annual General Meeting and all of them being eligible, have offered themselves for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures.
2. The Directors 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, 31st March, 2012, and the profit for that period.

## DIRECTORS' REPORT (Contd.)

3. Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The Directors have prepared Annual Accounts on 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 report on Corporate Governance is enclosed as part of this 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. Adequate steps to ensure compliance of all the mandatory provisions of 'Corporate Governance' as provided in the Listing Agreements of the Stock Exchanges with which the Company's Shares are listed have been taken and your company has ensured its required compliance.

### AUDITORS

M/s. Das & Prasad, Chartered Accountants, Kolkata, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment for which company has received a requisite certificate to Section 224(1B) of the Companies Act, 1956 from M/s. Das & Prasad, the retiring Auditors of your Company regarding their eligibility for re-appointment as Auditors, and we recommend their re-appointment.

### AUDITORS' REPORT

The observation made by the auditors 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 AND FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to 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 is given in Annexure – "A" to this report.

### PARTICULARS OF EMPLOYEES

None of the employees are drawing remuneration exceeding Rs.5.00 Lacs per month or Rs.60.00 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

The Board of Directors place on record their sincere appreciation for the dedicated efforts, good understanding and support, and valuable contributions made by all our employees in achieving the excellent result for the year. They also wish to sincerely thank shareholders, customers and financial institutions including banks for their support and encouragement.

## 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.

#### Form – A

Form for disclosure of particulars with respect to conservation of energy

	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>1. Power Consumption</b>		
i) Electricity		
a) Purchased units (in lacs)	337.42	328.11
Total amount (Rs. In lacs)	2,062.35	1,751.64
Rate per unit (Rs.)	6.11	5.34
b) Own Generation		
Through Diesel Generator		
Total Unit Generated (In lacs)	4.38	2.95
Units per litre of Diesel Oil	3.45	3.40
Cost per unit (Rs.)	11.16	11.17
ii) Coal	Nil	Nil
iii) Furnace Oil	Nil	Nil
iv) Other Internal General	Nil	Nil
<b>2. Consumption per unit of production</b>		
i) Electricity unit per kgs. of yarn	3.80	3.46
ii) Furnace Oil	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 EARNING AND OUTGO

##### 1. Export activities :

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

- \* The Company is presently exporting yarn and other merchandise;
- \* Steps are being taken to explore new markets in foreign countries;
- \* Product development exercise is being carried out for value addition.

##### 2. Total Foreign Exchange earned and used :

	Year Ended 31.03.2012	Year Ended 31.03.2011
Earning	3872893080	4574744512
Outgo	72428233	112737558

Place : Kolkata  
Date : 26th May, 2012

By order of the Board  
**Sushil Patwari**  
Chairman

Place : Kolkata  
Date : 26th May, 2012

By order of the Board  
**Sushil Patwari**  
Chairman