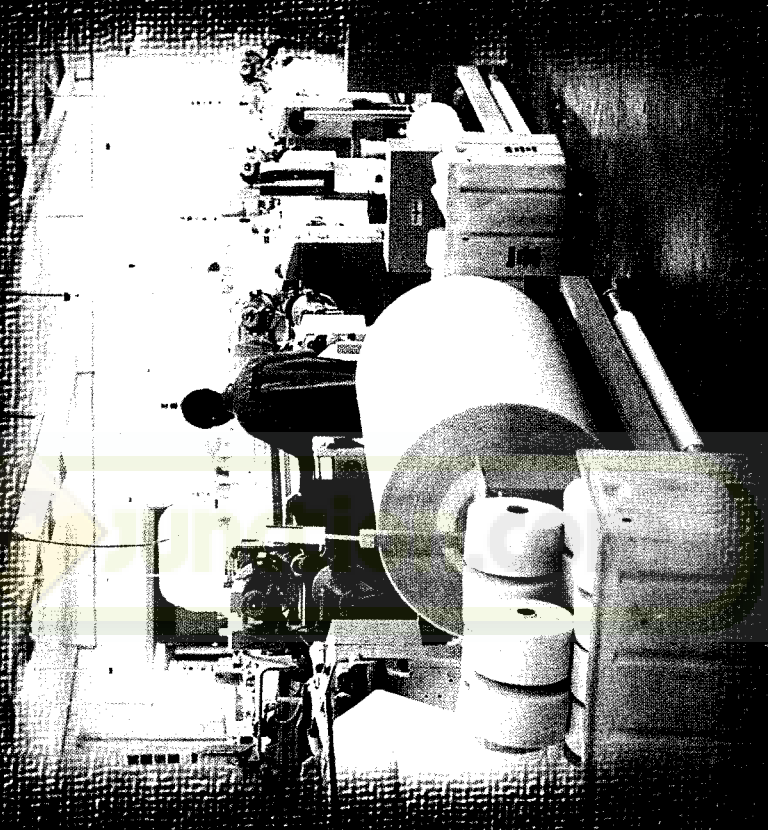


**Young yet
Experienced**



NANDAN EXIM LIMITED

12th Annual Report : 2005 - 06



Company Information

Board of Directors

Shri Vedprakash Chiripal Chairman
 Shri Brijmohan Chiripal Managing Director
 Shri Gautam C. Gandhi
 Dr. D.K. Jain
 Shri Subodh T. Shah

Bankers

State Bank of India
 UCO Bank
 Oriental Bank of Commerce

Corporate Office

"Chiripal House", B/h Arjun Tower,
 132, Ft. Ring Road, Shivranjani Cross Roads,
 Satellite Road, Ahmedabad 380015.
 Tel: 91-079-26734660-2-3,
 Fax: 91-079-26768656

Auditors

M/s J.T. Shah & Co.,
 Chartered Accountants,
 201/202, Lalita Complex,
 Nr. Mithakhali Cross Roads,
 Navrangpura, Ahmedabad 380 009

Registrar & Transfer Agent

Datamatics Financial Services Ltd.
 Plot No. A/16 & 17, MIDC, Part B,
 Crosslane, Marol, Andheri (E),
 Mumbai- 400 093.
 Tel. No.: 022 2821 3383-90
 Fax No.: 022 2832 0382

Registered Office & Plant

Survey No. 198/1, 203/2, Saijpur-Gopalpur,
 Pirana Road, Piplej,
 Ahmedabad 382405

Company Secretary

Mr. Mayur Barvadiya

C O N T E N T S

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Notice

Notice is hereby given that the 12th Annual General Meeting of the Members of the Company will be held on Thursday, the 28th day of September 2006 at 3.30 p.m. at Survey No. 198/1 & 203/2, Saijpur- Gopalpur, Pirana Road, Piplej, Ahmedabad 382 405, to transact the following business:-

[A] ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To confirm the payment of Interim Dividend declared by the Board of Directors and declare a final dividend on Equity Shares
3. To appoint a Director in place of Shri Devinderkumar Jain, who retires by rotation and being eligible offers himself for re appointment.
4. To appoint auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

[B] SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following as SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to section 81 (1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission, and/or sanction of the appropriate authorities , (herein after collectively referred to as “the appropriate authorities”) and subject to such conditions as may be prescribed by any of them while granting any such approval , consent, permission, and/or sanction (herein after referred to as “ The Requisite Approval “) and which may be agreed to by the Board of Directors of the Company (herein after called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue and allot, from time to time Equity shares (hereinafter referred to as the “Securities”) to be subscribed by Promoters / Promoter Groups, individuals/bodies Corporate, selected group or other entities whether or not such investor/person/entities is a members of the Company under a preferential issue and in such manner and on such price, terms and conditions as may be determined by the Board in accordance with SEBI Guidelines or other provisions of the law as may be prevailing at the time, provided that the price of the Equity Shares so issued shall be at Rs. 13.25 (including a premium of Rs. 12.25) per equity share of Re.1/- each being the price with respect to the Relevant Date i.e. 29th August, 2006, as prescribed under the



Guidelines for preferential issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 and the aggregate amount of the securities so issued shall not exceed Rs.17.00 Crores”.

“RESOLVED FURTHER THAT the relevant date for the issuance of equity shares to any of the above as per provisions of SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended upto date is 30 days prior to the date of this Annual General Meeting i.e. August 29, 2006.”

“RESOLVED FURTHER THAT the equity shares allotted in terms of this resolution shall rank pari-passu in all respects with the existing equity shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such deeds, matters, and things as it may, in its absolute discretion deem necessary, desirable or expedient to the issue or allotment of aforesaid Securities and listing thereof with the stock exchange (s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of the said Securities, utilization of the proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any of the Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution”.

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as SPECIAL RESOLUTION.

“RESOLVED THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the company be and is hereby authorised to give loans, to make an investment by way of subscription/purchase or otherwise in shares/securities of other bodies corporate or to give guarantee or provide securities time to time in excess of limit prescribed under above provisions, not exceeding Rs.500/- crores (Rupees Five Hundred Crores only) at any point of time”.

“RESOLVED FURTHER THAT the Board of Directors of the be and is hereby authorised to determine the actual sum of loan to be advanced to other bodies corporate or investment to be made in other bodies corporate or provide guarantee / securities that may be provided by the Company to other bodies corporate within the above ceiling limit and to do all or any of the matters arising out of and incidental to the giving of loan or investment or guarantee/providing of securities by the Company as aforesaid.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as SPECIAL RESOLUTION

“RESOLVED THAT section 31 and such other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) the Articles of Association of the Company be and are hereby amended as follows:

The following new Article No 121A be inserted after the existing Article No 121.

Postal Ballot:

121A. In the case of resolution relating to such business as the Central Government may by notification declare to be conducted only by postal ballot, the company shall get the resolution passed by means of a postal ballot and/or through electronic media instead of transacting the business at a General Meeting of the Company, where the Company is required or decides, as the case may be, to get a resolution passed by means of a postal ballot, the provisions of Section 192 A of the Companies Act, 1956 or incidental rules, regulations framed and modifications thereunder from time to time shall be complied with

By Order of the Board

Mayur C. Barvadiya

Company Secretary

Date :- 30.08.2006

Place:- Ahmedabad

NOTES:

1. A MEMBER IS ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIS/HER SELF AND PROXY NEED NOT BE A MEMBER. IN ORDER THAT THE PROXIES TO BE EFFECTIVE, THE PROXY FORMS SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE ON OR BEFORE 48 HOURS FROM THE DATE OF HOLDING OF THE MEETING.
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 setting out the material facts is annexed hereto and form part of this notice.
3. Members are requested to notify changes in address, if any, immediately to the Company at its registered office quoting their Folio Numbers.
4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Sundays between 11.00 a.m and 1.00 p.m, upto the date of the ensuing Annual General Meeting.
5. Members / Proxies should fill the Attendance Slip for attending the Meeting; Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Number for easy identification for attendance at the Meeting.
6. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
7. The Register of Members and Share Transfer books of the Company will remain closed from Monday, 11th September, 2006 to Friday, 15th September, 2006 (both days inclusive).

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

ITEM NO. 5

The Company aims for the expansion programme by backward integration project for manufacturing of Cotton Yarn and Bottom Weight, increasing in installed capacity for manufacturing of Denim including the installation of Captive Power Plant to pursue growth opportunities in the Denim Industry and to cater the increased demand and to reduce the cost with steady supply of raw material for manufacturing of Denim. The Cost of Project is Rs. 327 Crores which is funded through term loan of Rs. 243 Crores and balance by way of Promoters Contribution including Private Equity and others. Further, pursuant to the expansion program, the Bankers have sanctioned the Term Loans and as a part of the Terms & Conditions of the sanction, the promoters have to bring in their contribution by way of Equity to part the finance of the said project.

The Company in order to achieve the above objectives and to strengthen its financial position, the Company plans to augment long term resources up to Rs.17.00 Crores. For this purpose, and for general purposes, as may be decided by the Board in the best interest of the Company, it is proposed to issue Equity Shares of the Company on a preferential allotment basis in terms of the Guidelines of Preferential issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as the "Preferential issue Guidelines"). Including any statutory modification or re-enactment thereof for the time being in force.

The details of the issue and other particulars as required in terms of the preferential issue Guidelines are given as under:

- (i) **Securities to be issued:** The resolution set out in the accompanying Notice is an enabling resolution, entitling the Board to issue Equity Shares.
- (ii) **Pricing of Equity Shares:** The Equity Share of the face value of Re.1/- shall be issued at a price of Rs. 13.25 (including a premium of Rs. 12.25) per Equity Share. Such price has been arrived at with respect to the Relevant Date i.e. 29th August, 2006, as prescribed under the said preferential issue Guidelines.
- (iii) **Lock-in:** The securities issued under the above preferential issue shall be locked-in for a period of one year from the date of allotment.

(iv) Particular of subscribers:-

Sr. No.	Name of subscribers	Category	Pre issue holding of Shares	% to total Capital	Proposed Allotment of Shares	Post issue holding of Shares	% to total capital
1	Sparrow Exports Private Limited	Promoters Group	930000	0.67	3628679	4558679	3.00
2	Prakash Calendar Private Limited	Bodies Corporate	2500000	1.80	3628679	6128679	4.04
3	Bhushan Processors Private Limited	Bodies Corporate	140000	0.10	3701132	3841132	2.53
4	Tripoli Management Private Limited	Bodies Corporate	0	0.00	1871698	1871698	1.23

- (V) **Shareholding Pattern:-**The Shareholding pattern giving present position as also after allotment of equity shares as above is given below:-

Category		Pre Issue Shareholding		Post Issue Shareholding	
		Shares	%	Shares	%
A.	PROMOTER GROUP				
1.	Promoters	75187500	54.09	78816179	51.91
2.	Persons Acting in concert	0	0.00	0	0.00
	Sub Total (A)	75187500	54.09	78816179	51.91
B.	NON-PROMOTERS HOLDING				
1	FII	0	0.00	0	0.00
2	Bodies Corporate	29691127	21.36	38892636	25.62
3	Indian Public	34009176	24.47	34009176	22.40
4	NRI	112197	0.08	112197	0.08
	Sub Total (B)	63812500	45.91	73014009	48.09
	GRAND TOTAL (A+B)	139000000	100.00	151830188	100.00

- (VI) **Time within which allotment will be completed:-** The allotment of the securities proposed to be issued under resolution No. 5 of the Notice will be completed within 15 days from the date of this meeting or such other time as may be prescribed under the SEBI guidelines on preferential issue.
- (VII) **Intention of the promoters to subscribe to the offer:-** The promoters/promoter group have expressed their intention to subscribe for securities as mentioned above.

The Board recommend the passing of the resolution.

None of the Directors are in any way concerned for interested in the above resolution except Shri Vedprakash Chiripal and Shri Brijmohan Chiripal may be concerned and interested in the resolution to the extent of issue of shares to promoters/promoter group.

Item No. 6:

The Companies (Amendment) Act, 1999 has introduced a new Section 372 A which, inter alia, provides that a Company shall not be permitted to give inter-corporate loans or to make investment or to give guarantees/ provided securities beyond 60% of the aggregate of Company's paid up share capital and free reserves or 100% of the Company's free reserve, whichever is higher, except after obtaining prior approval from the public financial institutions and where the term loan is subsisting and obtaining prior authorization by way of a special resolution passed at the General Meeting of the Shareholders of the Company.



The Company's paid up share capital is Rs.13.90 crores and free reserve is Rs.23.49 crores on the basis of audited annual accounts as on 31st March, 2006. Hence, as a result of the restriction under section 372A the company can give loans, make investments or give guarantee / provide securities for an aggregate amount upto Rs. 23.49 crores without obtaining prior approval of the shareholders and public financial institutions. The Limit prescribed u/s 372A of the Companies Act, 1956 is insufficient considering operations and further expansion of the Company.

The above proposal has been approved by the directors present at their meeting held on 24.08.2006. Your Directors, therefore, recommend the resolution for your approval

None of the Directors is in any way concerned or interested in the proposed resolution.

Item No. 7

The Companies (Amendment) Act, 2000 has introduced the postal ballot system giving shareholders a right to cast their votes by postal ballot including through the electronic media in respect of such business as is notified from time to time by the Central Government to be passed through postal ballot. To facilitate the same, a new Article No. 121A is proposed to be included in the Articles of Association of the Company.

Your Directors, therefore, recommend the resolution for your approval

None of the Directors is in any way concerned or interested in the proposed resolution.

Report Junction

By order of the Board
Mayur C. Barvadiya
Company Secretary

Date :- 30.08.2006

Place:- Ahmedabad

Brief resume and other information in respect of Dr. Devinderkumar Jain Non Executive Director seeking re-appointment at the Annual General Meeting:

Dr. Devinderkumar Jain aged about 50 years. He is a B. Tech and Phd in Textile Chemistry. He has wide experience in various areas connected with textiles exports, imports and marketing. He is an independent director on the Board of the Company

He is the member of the following committee of Board of Directors of the Company:

1. Audit Committee
2. Shareholders Grievance Committee
3. Remuneration Committee

Dr. Devinderkumar Jain holds 82500 Equity Shares of Re.1/- in the Company as on the date of this notice.

Nature of expertise in specific functional area Export, Import and Marketing

Directors' Report

To,
The Members
NANDAN EXIM LIMITED.

Your Directors have pleasure in presenting the 12th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March 2006.

Financial Highlights

FINANCIAL RESULTS	Current Year 2005-06 Amount (Rs.)	Previous Year 2004-05 Amount (Rs.)
Sales	1,28,73,13,757	59,06,99,076
Profit Before Depreciation	23,69,49,243	5,40,26,899
Less Depreciation	4,96,61,155	2,05,68,420
Profit After Depreciation	18,72,88,088	3,34,58,479
Less Provision For Taxation	2,57,10,000	26,00,000
Less Provision For Deferred Tax	3,76,75,043	91,19,231
Profit After Taxation	12,39,03,045	2,17,39,249
Less : Prior Period Items	(2,01,263)	0
Less : Short/(Excess) provision of Income Tax	26,88,969	(376741)
PROFIT FOR THE YEAR	12,14,15,339	2,13,62,508
Appropriations / Adjustments		
Balance of profit / (loss) brought forward	7,22,81,625	10,97,77,395
Interim Dividend	1,04,25,000	0
Proposed Final Dividend	1,04,25,000	69,50,000
Corporate Dividend Tax (including cess and surcharge)	29,90,672	9,08,278
General Reserves	1,20,00,000	5,10,00,000
Profit carried to Balance Sheet	15,78,56,292	7,22,81,625

Performance:-

The Company has shown excellent performance during the year under review by achieving highest turnover of Rs. 128.73 Crores in comparison to the previous years figure of Rs.59.07 Crores, which shows a jump of 118% over the previous years. The gross profit is achieved at Rs. 27.31 Crores, which shows 260% of rise in comparison to the previous years figure of Rs.7.58 Crores. The Net Profit during the year has shoot up at Rs.12.14 Crores for the year under review in comparison to the net profit of Rs.2.14 Crores for the previous year 2004-05, which shows a jump of 467% than the previous year figure. The over-all performance of the Company was remarkable and such excellent performance is mainly attributed to effective utilization of available Resources, Planning and Management. Further, the Company is expecting better performance in the current year looking to the increase of demand in the Denim Industries (both in Domestic and International Market), various new applications of the Denim along with the future expansion project of the Company.



Dividend:-

During the year under review, the Board of Directors of the Company had declared an interim dividend of 7.5% on Share Capital, i.e. Re.0.075 per share on equity shares in their meeting, dated 30.01.2006 which was paid to the Shareholders, whose name were appeared in the Register of Members on the record date i.e. 06.02.2006. Your Directors are now pleased to recommend a final dividend of 7.5% i.e. Rs.0.075 per share on Equity Shares for the year ended 31.03.2006, which will be paid after the approval of the Shareholders in the forthcoming Annual General Meeting thereby your Directors request the shareholders to approve the total dividend of 15% for the year 2005-06 i.e. Rs.0.15 per share on equity shares (including interim dividend of 7.5% i.e. Re.0.075 per share).

Expansion Project:-

The Company has put up an expansion project at a total cost of Rs.327 Crores for the increase in the existing capacity, Backward integration project for continuous supply of raw material at a reduced cost and 15 MW captive power project to reduce the cost of power. The project is financed through a Term Loan of Rs.243 Crores and balance by way of Promoters Contribution including rising of funds through FCCB. The project will be implemented in the different phases and the first phase of Commercial Production will start by September, 2006 onwards. Your Directors are pleased to inform you that the Company has already tie up the term loan of Rs.243 Crores plus from Bankers and the implementation of the project is under full swing. Your Director expects the generation of revenue from the expansion project during the current year; it will increase the profitability of the Company.

Sub Division of Equity Shares:-

During the Year under review, the Company has sub-divided its Equity Shares from Rs.10/- per share to Re.1/- per share to give more liquidity to the Equity Shares of the Company and to attract the small investors across the country.

Public Deposit:-

Your Company has not accepted any deposits u/s 58A of the Companies Act, 1956 during the year under review.

Insurance:-

The Company has taken adequate insurance to cover the risks on the fixed assets of the Company including Plant & Machinery, Stock etc. during the year under review and it is sufficient to take care of the unforeseen situation, if any.

Listing of Equity Shares at National Stock Exchange Ltd (NSE):-

The Equity Shares of your Company has been listed at the National Stock Exchange Ltd (NSE) on 29th December, 2005. The Share holders / Investors can have facility of trading of wide network of the these Exchange.

Corporate Governance:-

A report on corporate governance along with a report from the Auditors of the Company regarding compliance of the conditions of corporate governance pursuant to clause 49 of the listing agreement is annexed.