

NuCent Estates Limited

Annual Report 2006-07

NuCent Estates Limited

BOARD OF DIRECTORS

Mr Navin Suchanti
Mr Ajit Khandelwal
Mr Alok Kumar Jaipuria

AUDITORS

Singhi & Co.,
Chartered Accountants
1B, Old Post Office Street
Kolkata 700 001



REGISTERED OFFICE

A3, Gillander House,
8, Netaji Subhas Road
Kolkata 700 001
Mobile : 9830134381
Fax (033) 22800813,
Email : nucentestates@gmail.com

REGISTRAR & SHARE TRANSFER AGENT

Niche Technologies Private Limited
D-511, Bagree Market,
71, B R B Basu Road,
Kolkata 700 001
Phone : 2234-3576/2235-7270/7271/3070
Fax : 2215-6823
Email nichetechpl@nichetechpl.com

NOTICE

Notice is hereby given that the Twenty-third Annual General Meeting of the company will be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020 on Saturday, 22nd day of September, 2007 at 10.30 a.m. to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2007 and the Balance Sheet as on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr Navin Suchanti who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors for the period commencing from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

Regd. Office :
A-3, Gillander House,
8, Netaji Subhas Road,
Kolkata 700 001
Date : 29th June, 2007

By Order of the Board
Navin Suchanti
Director

NOTES :

1. **A member entitled to attend and vote may appoint a proxy to attend and on poll to vote in his stead. A proxy need not be a member of the company. Proxies to be effective, should be deposited at the registered office not later than 48 hours before the commencement of the meeting.**
2. The Register of Members and the Share Transfer Register will remain closed from Tuesday, 18th September, 2007 to Saturday, 22nd September, 2007 (both days inclusive).
3. Members holding their shares in physical form are requested to convert their shares into dematerialised form. The ISIN No. of the company is INE980A01023.
4. Members are requested to inform of any change in their address immediately, mentioning their folio number.
5. Members desirous of obtaining any information/clarification(s) concerning the accounts and operations or intending to raise any query are requested to forward the same at least 10 days before the date of meeting at the registered office, so that the same may be attended to appropriately.
6. Brief resume of the director to be re-appointed is given in Annual Report.

DIRECTORS' REPORT

Your Directors present their Twenty-third Annual Report together with the audited accounts for the year ended 31st March, 2007.

Financial Results

The financial results are summarised below :

	(Rs. in lacs)	
	Current Year	Previous Year
Income from operations and other income	257.11	193.36
Gross Profit	233.62	175.19
Depreciation	11.49	23.85
Profit before Taxation & Exceptional Items	222.13	151.34
Exceptional Items - Fixed Assets written off	69.21	-
Provision for Taxation	17.06	12.15
Net Profit	135.86	139.19

Dividend

In order to conserve resources, your Directors have not recommended any dividend.

Performance

As reported last year, the company has already diversified into real estate development after exiting finance and financial services business. The company proposes to promote residential projects by way of development agreements with landowners. At the same time, the company is also engaged in arranging real estate deals, which will improve profitability. The company continued to recover NPA dues through pursuance of civil and criminal suits filed against the defaulters.

Corporate Governance

Your company has complied with the Corporate Governance code in terms of mandatory recommendations of Securities and Exchange Board of India and in pursuance of Clause 49 of the Listing Agreement. A report on the Corporate Governance and the Auditors' Certificate thereon are annexed to this Report. The company is in the process of identifying suitable persons for the positions of Chief Executive Officer (CEO) and Chief Finance Officer (CFO). The Stock Exchanges will be duly intimated when these appointments are made.

Directors' Responsibility Statement

As stipulated in Section 217(2AA) of the Companies

Act, 1956, your Directors subscribe to the Directors' Responsibility Statement and confirm as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed ;
- ii) that 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 and of the profit for the period;
- iii) that the Directors have taken proper and sufficient care of maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

Future Prospects

Real estate development is getting a major push as the Indian economy grows at an annual rate of over 8 per cent. The growing demand for housing for all income groups, mall space and offices holds good promise for real estate developers. Your company's decision to enter real estate development business will benefit all stakeholders.

The company's entry into the sector will be either by way of acquisition of existing properties or by preparing building sites on behalf of land/property owners by developing housing estates, apartment blocks, shopping malls, offices and leasing, hiring or selling of the same. The board is confident that the new business will contribute significantly to the profits of the company.

Fixed Deposits

The company has not accepted or renewed any deposits during the year. There are unclaimed deposits of Rs.80,772 lying with a bank in a fixed deposit escrow account as per Reserve Bank letter dated 12.04.99. However, the company has applied to Reserve Bank of India for release of the deposit money to enable the company to transfer the money in Investors' Education and Protection Fund of the Central Government.

Directors

Mr Peter Coelho and Mr Suresh Banka resigned on 26th October, 2006. The Directors wish to place on

record their appreciation for the services rendered during the tenure of their association with the company.

Mr Ajit Khandelwal and Mr Alok Kumar Jaipuria were appointed as Non-Executive independent Directors on 26th October, 2006 in the casual vacancy caused by the resignation of Mr Peter Coelho and Mr Suresh Banka.

Mr Navin Suchanti retires by rotation and being eligible offers himself for re-appointment. The details of the retiring Director are given in the Annual Report elsewhere.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Since the company is not engaged in any manufacturing activities, the information under section 217(1)(c) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not annexed hereto.

The company has not earned or spent any amount in foreign exchange during the year under review.

Listing Requisites

The shares of the company are listed on Calcutta, Mumbai and National Stock Exchanges. Listing fees

for the year 2007-2008 have been paid to National Stock Exchange, The Bombay Stock Exchange Ltd, Mumbai and The Calcutta Stock Exchange Association Ltd.

Auditors

M/s Singhi & Co., the retiring Auditors have expressed their desire to seek re-appointment at the ensuing Annual General Meeting.

Particulars of Employees

There are no employees of the category mentioned in Section 217(2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975 as amended.

Acknowledgement

The Directors thank the shareholders for their continued support.

Regd. Office :
A-3, Gillander House,
8, Netaji Subhas Road,
Kolkata 700 001
Date : 29th June, 2007

By Order of the Board
Navin Suchanti
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

We submit herewith the management discussion and analysis report on the business of the company.

Industry structure, development and future outlook

The company has fully exited from financial services business. The company is now entering into real estate business in view of stable socio-political and economic conditions coupled with improvement in infrastructure facilities.

The trend in the first quarter of the current year shows improved performance and the company expects to perform well in the current year.

Performance for the year ended 31st March, 2007

The company continued its efforts to recover its old dues by constant follow-ups of legal suits filed against the delinquent parties. The company's income has increased by 32.97%.

Financial review and analysis

	(in lacs)
Total Income	Rs.257.11
Total Expenses	Rs. 34.98
Profit before Tax	Rs.222.13
Profit after Tax	Rs.135.86

Opportunities & Threats

Opportunities

Your company is positioned to take advantage of :

- i) **A buoyant Indian economy** : Over the next five years, with a projected GDP growth of 9 per cent, India is expected to be among the fastest growing economies.
- ii) **Infrastructure Development** : The government has planned major investments in infrastructure, which include the development of roads and ports, convention center projects and the modernization of Mumbai, Delhi and other airports. This is likely to further boost the real estate sector.

Threats

Demand for Real Estate especially residential real estate is sensitive to interest rate movement. Interest rates have been rising in the recent past due to Reserve Bank of India's credit tightening policy. This can adversely affect the company's business plan. Further, recent curb by Reserve Bank of India and the Government of India

to reduce credit flow to the retail sector may also affect the company's plans.

Risks and Concerns

In the course of its business, the company is exposed to wide variety of risks.

Real estate business in India is being highly regulated by the Government at various levels, several regulatory approvals, permits, licenses, etc. are required to be obtained from the Government from time to time for the implementation of any project. Any delay in obtaining such approvals can affect the timely execution of the project.

Risk mitigation :

While there remain a number of risks in our business, due to our operations in the low risk area of development of residential projects, we believe that the company will continue to generate healthy shareholders returns in the future. As such, the future outlook of the company remains positive.

Internal control system and adequacy

The internal control system is reviewed from time to time by the management to assess the efficiency of the system and changes and modifications are made as and when necessary.

Financial performance with respect to operational performance

The company has streamlined its operations during the year which is reflected in better financial performance.

Human resources

The human resources of the company are competent and equipped to handle the day-to-day operations of the company.

Cautionary statement

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions, law and order issues, changes in the Government regulations, tax laws, other statutes and other incidental factors.

CORPORATE GOVERNANCE

Compliance Report for the year 2006-2007

1. A brief statement on Company's philosophy on code of governance :

The Company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as :

- Fair and transparent business practices.
- Effective management control by Board.
- Adequate representation of promoter, executive and independent directors on the Board.
- Accountability for performance.
- Monitoring of executive performance by the Board.
- Compliance of laws.
- Timely disclosure of financial and management information.

2. Board of Directors and Board procedure :

- i. The Board comprise of three non-executive directors. Out of three non-executive directors, two are independent.

- ii. During 2006-2007, the Board of Directors met four times viz. on 5th June, 2006, 28th July, 2006, 26th October, 2006 and 20th January, 2007.

- iii. The information as required under annexure IA to clause 49 is made available to the Board in every meeting.

- iv. None of the directors on the Board is a member of more than 10 Committees or chairman of more than 5 Committees across all the companies in which he is a director. The necessary disclosures regarding Committee positions have been made by the directors.

- v. The details of attendance of each of the directors at the Board (BM), Audit Committee (ACM), Investors Grievance Committee (IGCM) meetings and last AGM held during the financial year 2006-2007 and details of number of outside directorships and committee positions held by each of the director, are given in Table 1 :

Table I

Sr. No.	Name of Director	Attendance at Board, Committee Meetings & AGM				Outside Directorships and Committee positions			
		No. of BMs	No. of ACMs	No. of IGCMs	AGM	Outside Directorships		Committee Positions*	
						Member	Chairman	Member	Chairman
1.	Mr Navin Suchanti	4	4	1	Yes	10	Nil	2	Nil
2.	Mr Ajit Khandelwal **	2	1	1	No	11	Nil	3	Nil
3.	Mr Alok Kumar Jaipuria**	2	1	1	No	1	Nil	Nil	Nil
4.	Mr Peter Coelho***	3	3	Nil	Yes	Nil	Nil	Nil	Nil
5.	Mr Suresh Banka***	3	3	Nil	No	Nil	Nil	Nil	Nil

*Chairmanship/membership held on Audit Committee and Investor Grievance Committee in public companies.

** Appointed on 26.10.2006 *** Resigned on 26.10.2006

The non-executive director, Mr Navin Suchanti retire by rotation at the twenty-third annual general meeting of the company and being eligible, offer himself for reappointment.

Brief resume of the director being re-appointed, nature of his expertise in specific functional areas and names of companies in which he holds directorships,

memberships of the committees of the Board and shareholding is furnished hereunder :

Mr Navin Suchanti (54) B.Sc. (Hons.) is a non-executive director of the company since 18th June, 1985. He has vast experience of over 35 years in the areas of finance, tourism, marketing and administration. He is currently on the Board of various companies viz. CEO

and Managing Director of Sinclairs Hotels Ltd (also member of its Audit Committee and Investors' Grievance Committee), Prima Communications Ltd, Pressman Advertising & Marketing Ltd, Pressman Estates & Investments Ltd, NuCent Share & Stock Broking Services Ltd, NuCent Securities Ltd, DPL Agro & Services Ltd, Son-et Lumiere Art Gallery Pvt Ltd, Pressman Advertising Ltd and Paramount Owners Syndicate Pvt Ltd. Mr Navin Suchanti holds 13,990 shares in the company.

3. Code of conduct :

The Board has laid down the code of conduct for the Board and the staff members of the company.

The Board members and staff members have affirmed compliance with the code. The declaration dated 8th April, 2007 received from Mr Navin Suchanti, Director in this regard is given below :

"I hereby declare that all Board members of the Company and staff members have affirmed compliance with the Code of Conduct during the period from 1st April, 2006 to 31st March, 2007."

4. Audit Committee :

Brief description of terms of reference :

1. Overview of company's financial reporting process and the disclosure of its financial information.
2. Recommending the appointment/removal of external auditors and their remuneration and remuneration of wholetime directors.
3. Reviewing financial statements, adequacy of internal control systems and internal audit function, financial and risk management policies.
4. Pre-audit and post-audit discussions with external auditors on nature and scope of audit and areas of concern, if any, respectively.

Composition :

As on 31st March, 2007, Audit Committee comprised of two independent directors viz. Mr Ajit Khandelwal (Chairman), Mr Alok Kumar Jaipuria and Mr Navin Suchanti, non-executive Director.

All members of the audit committee are well versed in finance and accounts and have accounting or related financial management expertise.

Mr R L Sureka acts as Compliance Officer.

A. Non-Executive Directors

The Non-Executive Directors are remunerated by way of fees @ Rs.1000 for attending each Board Meeting on and from 26th October, 2006.

Details of remuneration paid to Non-Executive Directors for the financial year ended 31st March, 2007 :

Name of Director	Sitting Fees (Rs.)	Shares held
Mr Navin Suchanti	2000	13990
Mr Ajit Khandelwal	2000	Nil
Mr Alok K. Jaipuria	2000	Nil
Mr Peter Coelho	-	Nil
Mr Suresh Banka	-	Nil
Total	6000	

5. Investors Grievance Committee :

As on 31st March, 2007, the investors grievance committee comprised of two non-executive independent directors) viz. Mr Ajit Khandelwal (Chairman of the Committee), Mr Alok Kumar Jaipuria and Mr Navin Suchanti. Mr R L Sureka is the compliance officer of the company.

During the year, Company received sixteen shareholders' complaints and they were resolved. No complaint was pending as on 31st March, 2007.

6. General Body Meetings :

Details of last three Annual General Meeting :

Year	Date of AGM	Venue	Time
2003-2004	28.09.2004	Aikatan IA-290, Salt Lake City Sector III, Kolkata 700 097	11.30 a.m.
2004-2005	12.08.2005	Rotary Sadan 94/2, J L Nehru Road, Kolkata 700 020	2.00 p.m.
2005-2006	22.07.2006	Rotary Sadan 94/2, J L Nehru Road, Kolkata 700 020	10.30 a.m.

The details of special resolutions passed during last three years are given below :

1	28.09.2004	Delisting of equity shares from Calcutta Stock Exchange
2	12.08.2005	Commencement of new real estate business
3	22.07.2006	Nil