

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 Oriental Bank of Commerce, 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	:	1. Village Yavluj, Taluka Panhala, Dist. Kolhapur (Maharashtra) 2. Plot No. T-48, MIDC, Kagal-Hatkanangale Five Star Industrial Area, Village : Talandage Taluka Hatkanangale, Dist. Kolhapur (Maharashtra)		

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NOTICE

Notice is hereby given that the 24th 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 Tuesday, the 24th September, 2013 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, 2013, the Statement of Profit and Loss for the year ended on that date and reports of the Directors and the Auditors thereon.
2. To declare dividend for the financial year 2012-13.
3. To appoint a Director in place of Mr. K. C. Purohit, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sunil Patwari, who retires by rotation and being eligible, offer himself for re-appointment.
5. To appoint a Director in place of Mr. B. C. Talukdar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

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. Sunil Patwari as Managing Director of the Company for a period of 5 years with effect from 1st September, 2013 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. 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 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."

By order of the Board
For NAGREEKA EXPORTS LTD.

J. TIWARI
(Company Secretary)

Place : Kolkata

Date : 29th May, 2013

NOTE :

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is enclosed.
2. 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.
3. 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.
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, Mangoe Lane, 2nd Floor, 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 17/09/2013 to 24/09/2013 (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. Pursuant to Section 205A(5) of the Companies Act, 1956 all unclaimed or unpaid dividends (if any) upto the financial year ended 31st March, 2005 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 and being proposed for re-appointment :

Name of Director	Mr. K. C. Purohit	Mr. Sunil Patwari	Mr. B. C. Talukdar
Date of Birth	18.06.1932	15.11.1960	01.03.1936
Date of Appointment	30.06.2001	02.05.1989	30.06.2005
Qualification	D.T.M.	FCA, MBA(IIM)	B. Com.(H), PGDBM
Expertise in specific Functional area	Having rich experience in Textile manufacturing	Industrialist having rich business experience	Having rich experience in Industrial and Corporate Laws
List of other Directorships held excluding foreign companies, Companies under section 25 of the Companies Act, 1956 and Private Companies.	Nil	1. Nagreeka Capital & Infrastructure Ltd. 2. GPT Infraprojects Ltd.	1. Nagreeka Capital & Infrastructure Ltd. 2. H.P. Cotton Textile Mills Ltd.
Chairman / Member of the Committees of the Board of other Companies in which he/she is a Director	Nil	AUDIT COMMITTEE Nagreeka Capital & Infrastructure Ltd. (Member) REMUNERATION & SELECTION COMMITTEE GPT Infraprojects Ltd. (Member)	AUDIT COMMITTEE Nagreeka Capital & Infrastructure Ltd. (Member) H.P. Cotton Textile Mills Ltd. (Member) REMUNERATION COMMITTEE H.P. Cotton Textile Mills Ltd. (Chairman) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE H.P. Cotton Textile Mills Ltd. (Chairman) Nagreeka Capital & Infrastructure Ltd. (Member)

10. 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 7 :

Mr. Sunil Patwari has been appointed as Managing Director of the Company, for a period of five years, with effect from 1st September, 2013, in the Board Meeting held on 29th May, 2013. The Remuneration Committee of the Board of Directors at its Committee Meeting held on 29th May, 2013 unanimously recommended for his reappointment. The brief terms and conditions for his reappointment are as under :-

(a) Salary :

Rs. 3,00,000/- per month with effect from 01.09.2013.

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. 3,00,000/- 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, fixture and furnishings as approved by the Board of Directors (which includes Remuneration Committee of the Board of Directors) from time to time.

NOTICE (Contd.)

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. 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 calls of telephone 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 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. Sunil Patwari, Mr. Sushil 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.

Place : Kolkata

Date : 29th May, 2013

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 24th Annual Report on the affairs of your Company together with the Audited Statements of Account for the year ended 31st March, 2013.

FINANCIAL RESULT

	2012-2013 (Rs. In lacs)	2011-2012 (Rs. In lacs)
Revenue from operation	64183.91	49567.05
Other Income	302.75	186.20
	<u>64486.66</u>	<u>49753.25</u>
PBIDT	3470.71	2555.37
Interest	2121.33	1743.03
Depreciation	705.29	692.36
PROFIT BEFORE TAXATION	644.10	119.98
Taxation	202.22	(97.32)
PROFIT AFTER TAXATION	441.88	217.30
Profit Brought Forward from Previous Year	1016.56	799.26
PROFIT AVAILABLE FOR APPROPRIATIONS	<u>1458.44</u>	<u>1016.56</u>
APPROPRIATIONS		
Proposed Dividend	62.49	—
Income Tax on Dividend	10.62	—
Balance carried to Balance Sheet	1385.33	1016.56
	<u>1458.44</u>	<u>1016.56</u>

DIVIDEND

Your Directors are pleased to recommend payment of Dividend to the Equity Shareholders @10% i.e. Rs.0.50 per equity share of Rs. 5 each in respect of the Financial Year 2012-13

REVIEW OF OPERATION

During the financial year under review the company has achieved turnover of Rs.64,183.91 Lacs against Rs. Rs.49567.05 Lacs in the previous year an increase of 29.48%. The profit after tax is Rs.441.88 Lacs against profit after tax of Rs.217.30 Lacs in the previous year an increase of more than 100%.

Textile Industry continues to face challenges. The adverse effects of continued slow down in the advanced economics growth slowing rate in the Indian economy and other developing countries continued to be a drag on the industry. Increase in power cost, rising high interest rates and fluctuations in the foreign exchange rates also made things difficult.

The availability in respect of raw cotton was better particularly in the 2nd half of the financial year 2012-13. The prices were also relatively more stable compared to the previous year, though since February 2013 there is constant and big upward movements in the cotton prices. In spite of the above, your company could achieve a significant growth in top line and bottom line through focused thrust on specific products and markets and good controls and practices.

FUTURE PROSPECT

The yarn industry continues to face challenges of rising costs, shortage of manpower and volatility in prices of cotton and foreign exchange.

The emergence of China as a major importer of yarn is a positive development for the company and the textile industry. We are committed to further improvements in performance and growth.

The yarn dyeing and fibre bleaching plant of the company has been commissioned and is progressing well and should contribute to the company's financial performance during the current financial year.

The company is working on projects for new spinning capacity and denim manufacturing.

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. C. Purohit, Mr. Sunil Patwari, and Mr. B. C. Talukdar, 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, 2013, and the profit for that period.
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.

DIRECTORS' REPORT (Contd.)

ANNEXURE "A" TO DIRECTORS' REPORT

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.

COST AUDIT

Pursuant to the Directives of the Ministry of Corporate Affairs, your Company has appointed M/s V.J.Talati & Co. Cost Accountants, as Cost Auditor of the Company for the F.Y 2013-14, under section 233B of the Companies Act, 1956. The Cost Audit Report for the F.Y 2012-13 has been filed within prescribed time limits.

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

We are thankful to various agencies of the Central and State Government(s) for their support and Co-operation. Your Directors are also thankful to all stakeholders including customers, bankers and suppliers for their continued assistance, co-operation and support. Your Directors wish to place on record their sincere appreciation of all employees for their commitment and contribution to the Company. The Directors are also grateful for the confidence, faith and trust reposed by the shareholders of the Company.

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 31.03.2013	Year Ended 31.03.2012
1. Power Consumption		
i) Electricity		
a) Purchased units (in lacs)	354.92	337.42
Total amount (Rs. In lacs)	2,461.73	2,062.35
Rate per unit (Rs.)	6.94	6.11
b) Own Generation		
Through Diesel Generator		
Total Unit Generated (In lacs)	1.67	4.38
Units per litre of Diesel Oil	3.46	3.45
Cost per unit (Rs.)	12.03	11.16
ii) Coal	Nil	Nil
iii) Furnace Oil	Nil	Nil
iv) Other Internal General	Nil	Nil
2. Consumption per unit of production		
i) Electricity unit per kgs. of yarn	3.90	3.80
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 31.03.2013	Year Ended 31.03.2012
Earning	5018436868	3872893080
Outgo	251989766	72428233

Place : Kolkata
Date : 29th May, 2013

By order of the Board
Sushil Patwari
Chairman

Place : Kolkata
Date : 29th May, 2013

By order of the Board
Sushil Patwari
Chairman

ANNEXURE – B TO DIRECTORS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A) INDUSTRY STRUCTURE AND DEVELOPMENT:

Textile Industry continues to play a predominant role in the Indian economy and has a 14% share in GDP and 11% share in exports in addition to the huge employment.

The investment in the textile industry has been fueled by the Technology Upgradation Fund (TUF) Scheme of the Central Government since 1999. The Indian spinning industry is the most modern in the world and is steadily growing in capacity and output.

The announcement for continuation of the TUF scheme during the twelfth plan period 2012-17 is welcome. However, the delay in notification and implementation of TUF scheme is a cause for worry.

B) Opportunities and Threats:

The continuous growth of Indian economy, although at a reduced pace, ensures growing consumption of textiles in domestic market.

The depreciation of the rupee, the increasing costs in competing countries like China and compliance issues in Bangladesh promise a sharp increase in flow of orders for garments and home textiles to India and will result in increased consumption of cotton yarn.

The export of cotton yarn has shown a healthy growth in the last two years helped significantly by increasing imports of cotton yarn by China.

The thrust of the Government policies to encourage exports through expansion of existing export promotion schemes and new schemes such as Incremental Exports Incentivisation Schemes and Liberalized EPGC Scheme will help to increase exports.

Thus, there are tremendous opportunities for the spinning industry. Timely onset of the monsoon has brightened prospects for a good cotton crop. The big and healthy crop increases the prospects of stable pricing. However, uncontrolled exports of raw cotton have been leading to very tight supply situation for the domestic industry resulting in price volatility.

Rising costs of inputs continues to be a worry. Shortage of appropriate manpower is becoming acute. The interest rates in India are higher than our competing countries and prospects of it increasing further are a worry.

C) Outlook:

The scenario for increased demand for cotton yarn in the domestic and export markets provides hope for a bright outlook. The increase in input cost is an area of constant concern.

Raw Cotton:

The major cost i.e. raw cotton for us is an agricultural product and a commodity. As such, the vagaries of the monsoon and the volatility of the forward markets and their effect on cotton are concerns. The actions of the RBI on inflation control increase the risk of higher interest costs.

However the company has systems and is focused to continuously monitor these concerns and take necessary steps to mitigate their effect on the company.

D) Management perception of Risk and Concern:

The increase in input costs is an area of concern. Further, the increased volatility in commodity markets, particularly, cotton via the exchanges and fund houses have increased the challenges for the industry. Similarly, the fluctuations in the currency markets need to be managed.

In view of these factors, systems and focus to monitor these movements and take actions prudently is very necessary and important.

E) Internal Control System:

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal Audit in the organization is an independent appraisal activity and it measures the efficiency, adequacy and effectiveness of other controls in the organization. Regular internal audits and checks are carried out to provide assurance that the responsibilities at various levels are discharged effectively and that adequate systems are in place. The review includes overseeing adherence of the management policies, safeguarding the assets of the Company and ensuring preparation of timely and accurate financial information. All significant issues are brought to the attention of the Audit Committee of the Board.

F) Human Resources/Industrial Relations:

The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. Performance management is the key word for the company. Your Company also conducts in house training programmes at various levels. Industrial relations have been very smooth throughout the year. Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floors of the various plants.

G) Cautionary Statement:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements considering the applicable laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

ANNEXURE 'C' TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

To uphold the spirit of best and transparent business governance the Company actively seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The company conducts business in a manner that is fair and transparent and also perceived to be such by others. In compliance with the requirement of Clause 49 of the Listing Agreement with the stock exchange(s), your company submits the Report on Corporate Governance as under.

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's Board at present has eight directors comprising of two Managing Directors, two Whole Time Directors and four Non-Executive Directors. The Company has Chairman. The number of non-executive Directors are equal to 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 Board met four times, on the following dates, during the financial year 2012-2013 :

26.05.2012	11.08.2012	09.11.2012	07.02.2013
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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 31.03.2013 are given below :

Name	Category	No. of Meetings held during the Financial year	No. of Board Meetings attended during 12-13	Whether Attended AGM held on 27.09.12	No. of Directorship in other Public Limited Companies	No. of Committee Positions held in other Public Ltd. Companies		No. of Shares held in the Company as at 31.03.2013
						Chairman	Member	
Mr. Sushil Patwari	Promoter Executive	4	4	Yes	4	None	2	718500
Mr. Sunil Patwari	Promoter Executive	4	4	No	2	None	2	782000
Mr. Mahendra Patwari	Executive	4	3	Yes	Nil	None	None	447000
Mr. K. C. Purohit	Executive	4	3	No	Nil	None	None	Nil
Mr. M. K. Ogra	Independent	4	3	Yes	3	2	None	Nil
Mr. B. C. Talukdar	Independent	4	4	Yes	2	2	3	Nil
Mr. M. P. Periwal	Independent	4	2	No	2	None	None	Nil
Mr. R. M. Ruia	Independent	4	4	No	1	None	None	19934

3. COMMITTEES OF THE BOARD

A) AUDIT COMMITTEE

The Audit Committee comprises of three Directors viz. Mr. M. K. Ogra as Chairman of the Committee, Mr. Sunil Patwari and Mr. B. C. Talukdar 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 49 of the Listing Agreement.

The Audit Committee met on the following dates during the financial year 2012-2013 :

26.05.2012	11.08.2012	09.11.2012	07.02.2013
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ANNEXURE 'C' (Contd.)

ATTENDANCE OF THE AUDIT COMMITTEE MEETING :

Name of the Directors	Number of Meeting Held	Number of Meeting Attended
Mr. M. K. Ogra	4	3
Mr. B. C. Talukdar	4	4
Mr. Sunil Patwari	4	4

Necessary quorum was present at the meeting. Representatives of Statutory Auditors of the Company were invited to the meetings, as and when required.

B) SHARE HOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Company has an independent Shareholders' Grievance Committee.

The Committee comprises of :

1. Mr. M. K. Ogra	Chairman	Independent Director
2. Mr. Sushil Patwari	Member	Promoter Executive
3. Mr. Sunil Patwari	Member	Promoter Executive

The Committee met twice during the financial year 2012-2013 on 26.05.2012 & 07.02.2013.

The Committee is prompt in attending to requests received for transfer, as well as issue of duplicate certificates. The number of Complaints received during the Financial Year 2012-2013 are as under :

Number of complaints received from Investors comprising of Non-receipt of Dividend and Annual Reports, Share sent for Transfer and Transmission, Complaints received from SEBI Stock Exchanges and direct from Investors, Registrar of Companies etc.	2
Number of Complaints resolved	2
Number of Complaints pending as on 31.03.2013	NIL

The complaints were disposed off within the stipulated redressal time period.

C) REMUNERATION COMMITTEE

The Remuneration Committee comprised of the following three Directors of the Company :

1. Mr. M. K. Ogra	Chairman	Independent Director
2. Mr. B. C. Talukdar	Member	Independent Director
3. Mr. Sunil Patwari	Member	Promoter Executive

The Committee met once during the financial year 2012-2013 on 26.05.2012.

The Company has paid remuneration to Executive Directors according to approval granted by the members of the Company in the concerned Annual General Meetings.

Given below are the details of remuneration to Directors during the financial year 2012-2013 :

Name of Directors	Sitting Fees (Rs.)	Salary (Rs.)	Perquisites (Rs.)	Commission (for 2011-12 paid during the year) (Rs.)
1. Mr. Sushil Patwari	—	24,00,000/-	—	—
2. Mr. Sunil Patwari	—	24,00,000/-	30,000/-	—
3. Mr. Mahendra Patwari	—	22,50,000/-	30,000/-	—
4. Mr. K. C. Purohit	—	10,20,000/-	—	—
5. Mr. M. K. Ogra	25,000/-	—	—	—
6. Mr. B. C. Talukdar	30,000/-	—	—	—
7. Mr. R. M. Ruia	20,000/-	—	—	—
8. Mr. M. P. Periwal	10,000/-	—	—	—

Non-executive Directors are paid remuneration by way of sitting fees. The Company pays remuneration to its Managing / Whole Time Directors by way of salary and perquisites. Remuneration is paid as approved by the Remuneration Committee, Board of Directors and shareholders. The Board, on the recommendations of the Remuneration Committee approves the annual increments. The appointment / reappointment of Managing / Whole Time Directors are contractual and subject to termination by three months' notice in writing on either side.

ANNEXURE 'C' (Contd.)

4. SUBSIDIARY

The Company does not have any subsidiary Company.

5. DISCLOSURE OF ACCOUNTING TREATMENT IN PREPERATION OF FINANCIAL STATEMENTS

The Company has followed the accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

6. DETAILS OF NON- COMPLIANCE BY THE COMPANY IN THE LAST THREE YEARS

Your Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges and SEBI Regulations. No penalties or strictures have been imposed on your Company by the Stock Exchanges or SEBI or any other Statutory Authority in connection with violation of Capital Market norms, rules, regulations, etc. in the last three years.

7. DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN THE ENSURING ANNUAL GENERAL MEETING :

Name of Director	Mr. K. C. Purohit	Mr. Sunil Patwari	Mr. B. C. Talukdar
Date of Birth	18.06.1932	15.11.1960	01.03.1936
Date of Appointment	30.06.2001	02.05.1989	30.06.2005
Qualification	D.T.M.	FCA, MBA(IIM)	B. Com.(H), PGDBM
Expertise in specific Functional area	Having rich experience in Textile manufacturing	Industrialist having rich business experience	Having rich experience in Industrial and Corporate Laws
List of other Directorships held excluding foreign companies, Companies under section 25 of the Companies Act, 1956 and Private Companies.	Nil	1. Nagreeka Capital & Infrastructure Ltd. 2. GPT Infraprojects Ltd.	1. Nagreeka Capital & Infrastructure Ltd. 2. H.P. Cotton Textile Mills Ltd.
Chairman / Member of the Committees of the Board of other Companies in which he/she is a Director	Nil	AUDIT COMMITTEE Nagreeka Capital & Infrastructure Ltd. (Member) REMUNERATION & SELECTION COMMITTEE GPT Infraprojects Ltd. (Member)	AUDIT COMMITTEE Nagreeka Capital & Infrastructure Ltd. (Member) H.P. Cotton Textile Mills Ltd. (Member) REMUNERATION COMMITTEE H.P. Cotton Textile Mills Ltd. (Chairman) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE H.P. Cotton Textile Mills Ltd. (Chairman) Nagreeka Capital & Infrastructure Ltd. (Member)

8. DETAILS OF GENERAL MEETINGS

A. Locations, Date and Time of General Meetings held during the last three years are as under :

Sr. No.	Year	Location	AGM / EGM	Date	Day	Time	No. of Special Resolution Passed
1.	2011-12	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	23rd A.G.M.	27.09.12	Thursday	10.30 am	4
2.	2010-11	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	22nd A.G.M.	28.09.11	Wednesday	10.30 am	Nil
3.	2009-10	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	21st A.G.M.	28.09.10	Tuesday	10.30 am	Nil

No item was passed by any resolution through postal ballot during the financial year 2012-2013.

At the forthcoming Annual General Meeting, there is no item in the Agenda which needs approval by way of Special Resolution through Postal Ballot.

ANNEXURE 'C' (Contd.)

9. DISCLOSURES

- (i) There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management Staffs as defined in Clause 49 of the listing agreement, where they have personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- (ii) The particulars of transactions between the Company and its related parties in accordance with Accounting Standard 18 are set out in Note No. 32 to the Accounts. These transactions are in the ordinary course and are not likely to have any conflict with the interest of the Company.
- (iii) All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- (iv) Risk assessment and its minimization procedures have been laid down by the Company and the same have been informed to Board Members. These procedures are periodically reviewed to ensure that executive management controls risks through means properly defined.
- (v) No penalties or strictures have been imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- (vi) Management Discussion and Analysis forms part of the Annual Report to the members and it includes discussion on matters as required under the provisions of clause 49 of the listing agreement with stock exchange.

10. CODE OF CONDUCT OF DIRECTORS AND SENIOR MANAGEMENT STAFF

The Company adopted a Code of Conduct for its Directors and Senior Management Staff. The Code has also been posted on the company's website.

11. CEO'S CERTIFICATION

A certificate duly signed by the Chairman and Managing Director relating to Financial Statements and Internal Controls and Internal Control Systems for financial reporting as per the format provided in amended Clause 49(V) of the listing agreement was placed before the Board, who took the same on record.

12. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting	:	24th	
Date and Time	:	24th September, 2013 at 10.30 A.M.	
Venue	:	Bengal National Chamber of Commerce & Industry 23, R.N. Mukherjee Road, Kolkata-700 001.	
Financial Calendar (Tentative)	:	Year ending – 31st March, 2014	
		First Quarter Results	Before the end of 2nd week of August' 13
		Second Quarter and Half Yearly Results	Before the end of 2nd week of November' 13
		Third Quarter Results	Before the end of 2nd week of February' 14
		Results for year ending 31st March' 14	Before end of May' 14
		Annual General Meeting for the Year ending 31st March' 14	Before end of September'14
Date of Book Closure	:	17th September, 2013 to 24th September, 2013 (both day inclusive)	
Listing of Stock Exchanges	:	1. Bombay Stock Exchange Limited. 2. National Stock Exchange of India Limited.	

The Company has paid the Annual Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the financial Year 2013-14.

13. STOCK CODE

Bombay Stock Exchange Limited : 521109
National Stock Exchange of India Limited : NAGREEKEXP

14. PLANT LOCATION

Village Yavluj, Taluka Panhala, Dist. Kolhapur, Maharashtra.

15. MEANS FOR COMMUNICATION

The quarterly results are published in the leading English daily Newspaper Financial Express, Business Standard & Economic Times and Bengali Newspapers (Arthik Lipi). Management discussion and analysis form part of the Annual Report.

16. DEMATERIALISATION OF SHARES

An on 31st March, 2013, 95.4570% of the Share Capital comprising 11931846 shares are in dematerialized form. Under the depository system the International Securities Identification Number (ISIN) allotted to the company's shares is INE 123B01028.

17. ADDRESS FOR CORRESPONDENCE

a) Routine matters :

For any assistance regarding Share transfer and transmissions, change of address, non-receipt of dividends, duplicate / missing share certificates, demat and other matters communication may be made to the Share Department of the Company at the address given below :

ANNEXURE 'C' (Contd.)

Nagreeka Exports Limited, 18, R.N. Mukherjee Road, Kolkata -700 001
Phone Nos. 2248-4922, 2248-4943, Fax : (033) 2248-1693, E-mail ID : compsect.nel@nagreeka.com

OR

Registrar & Share Transfer Agent, Maheshwari Datamatics (P) Ltd., 6, Mangoe Lane, Kolkata - 700 001
Phone Nos. 2243-5029, 2243-5809, Fax : (033) 2248-4787, E-mail ID : mdpl@cal.vsnl.net.in Website : www.mdpl.online.com

b) For Redressal of Complaints and Grievances :

The Secretary Telephone Nos. (033) 2248-4922, 2248-4943
Nagreeka Exports Ltd. Fax No. (033) 2248-1693
18, R.N. Mukherjee Road, Kolkata-700 001 E-mail ID : compsect.nel@nagreeka.com

DISTRIBUTION OF SHARE HOLDING AS ON 31.03.2013 :

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
1) 1 to 500	10650	92.54	1385514	11.08
2) 501 to 1000	423	03.67	352280	2.82
3) 1001 to 2000	192	01.67	299778	2.40
4) 2001 to 3000	66	00.57	163442	1.31
5) 3001 to 4000	48	00.42	169034	1.35
6) 4001 to 5000	23	00.20	105854	0.85
7) 5001 to 10000	37	00.32	264706	2.12
8) 10001 and Above	70	00.61	9759092	78.07
TOTAL	11509	100.00	12499700	100.00

CATEGORY OF SHAREHOLDERS AS ON 31.03.2013 :

Category	No. of Shares Held	Percentage of shareholding
A. PROMOTER'S HOLDING		
(a) Individual / HUF	4472300	35.78
(b) Bodies Corporate	2105186	16.84
Sub-Total (A)	6577486	52.62
B. PUBLIC HOLDING		
1. INSTITUTIONS		
(a) Mutual Funds and UTI	3300	0.026
(b) Banks/ Financial Institutions	300	0.003
(c) FIIs	300	0.002
(d) Qualified Foreign Investor	500	0.004
Sub-Total (B)(1)	4400	0.036
2. NON-INSTITUTIONS		
(a) Bodies Corporate	2293113	18.34
(b) Individuals		
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	2584090	20.67
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	822400	6.58
(c) Any Other		
(i) Non-Resident Individuals	216429	1.7315
(ii) Trusts	800	0.0064
(iii) Clearing Member	982	0.0079
Sub-Total (B) (2)	5917814	47.34
Grand Total (A) + (B) + (C)	12499700	100.00

ANNEXURE 'C' (Contd.)

18. MARKET PRICE DATA (Rs.) :

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'2012	18.05	15.30	18.40	14.70
May'2012	18.00	14.05	20.85	14.30
Jun'2012	17.95	15.35	18.00	15.15
Jul'2012	17.95	15.65	18.70	14.20
Aug'2012	17.85	15.65	18.15	13.65
Sep'2012	17.20	14.55	17.45	14.75
Oct'2012	17.85	15.20	18.70	15.35
Nov'2012	20.95	15.95	21.00	15.60
Dec'2012	18.35	16.25	18.85	15.60
Jan'2013	25.20	16.25	24.85	17.30
Feb'2013	24.00	17.60	26.45	17.65
Mar'2013	22.80	15.20	22.55	16.00

Place : Kolkata
Date : 29th May, 2013

By order of the Board
Sushil Patwari
Chairman

AUDITORS' CERTIFICATE

TO THE MEMBERS
NAGREEKA EXPORTS LIMITED

We have examined the compliance of conditions of corporate governance by **Nagreeka Exports Limited**, for the year ended on 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Date : 29th May, 2013

For **DAS & PRASAD**
Chartered Accountants
(CA. B. N. AGARWALA)
Partner
M. No. 011709
Firm Regn. No. 303054E

AUDITORS' REPORT

TO THE MEMBERS OF NAGREEKA EXPORTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Nagreeka Exports Limited**, which comprise the Balance Sheet as at 31st March, 2013, the statement of Profit and Loss and the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - e. On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **DAS & PRASAD**
Chartered Accountants
FRN - 303054E
(CA. B. N. AGARWALA)
Partner
M. No. 011709

Place : Kolkata
Date : 29th day of May, 2013

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date to the members of Nagreeka Exports Limited on the Financial Statements for the year ended 31st March, 2013)

- 1) In respect of fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The company has a regular programme of physical verification of fixed assets in a phased manner to cover all the items over a period of 3 years which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
 - c) In our opinion, during the year the Company has not discarded or disposed off any substantial part of its fixed assets and therefore the going concern status of the Company is not affected.
- 2) In respect of its inventories :
 - a) The inventory of the Company has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
 - b) In our opinion and according to information and explanations given to us, the Procedures of physical of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
 - c) In our opinion and according to information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification were not material.
- 3) As informed to us, the Company has neither taken nor granted any secured or unsecured loan from/to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clauses 4(iii) of the order are not applicable to the Company.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of inventories and fixed assets and sale of goods. During the course of audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 5) In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956
 - a) To the best of our knowledge and belief and according to the information and explanation given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at the prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to information and explanation given to us, the Company has not accepted any deposit from public during the year and as such provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under are not applicable.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However there are some further scopes of improvement by coverage of more areas.
- 8) We have reviewed the books of accounts and records maintained by the Company relating to its manufacturing activity pursuant to the order made by the Central government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that the prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether they accurate or complete.
- 9) In respect of statutory due :
 - a) According to the information and explanation given to us and the records of the Company examined by us, the Company is regular in depositing during the year, all undisputed statutory dues including Investor Education and Protection Fund, Provident Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Employees State Insurance and any other statutory dues as applicable, with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as on 31st March, 2013 for a period more than six months from the date they become payable.

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- b) The disputed statutory dues aggregating to **Rs. 321.89 lacs** that have not been deposited on account of disputed matters pending before appropriate authorities are as under :

Sl. No.	Name of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax	1.99	1999-2000	High Court
			5.67	2004-2005	High Court
			25.93	2005-2006	CIT (Appeals)
			132.15	2007-2008	CIT (Appeals)
			103.87	2008-2009	CIT (Appeals)
2.	Central Excise Act, 1944	Excise Duty	27.13	2005-2006	CCE (Appeals)
3.	Finance Act, 1994	Service Tax	25.15	2004-2005 & 2005-2006	CCE (Appeals)

- 10) The Company does not have any accumulated losses as at 31st March 2013. It has not incurred cash losses in the current financial as well as in the immediately preceding financial year.
- 11) Based on our audit procedures and according to the records of the Company examined by us and the information and explanations given to us, in our opinion the Company has not defaulted in repayment of dues to a financial institution or bank. No Debentures are issued by the company.
- 12) Based on our audit procedures and according to the records of the Company examined by us and the information and explanations given to us, in our opinion the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the Company.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or other financial institutions.
- 16) According to the records of the company examined by us and information and explanations given to us, the term loans outstanding at the beginning of the year have been applied for the purpose for which they were obtained.
- 17) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, we report that no funds raised on short term basis have been used for long term investment.
- 18) According to the records of the company examined by us and information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- 19) The Company has not issued any debentures and hence no securities or charge have been created.
- 20) The Company has not raised any money by public issue during the year.
- 21) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the management.

Place : Kolkata
Date : 29th day of May, 2013

For **DAS & PRASAD**
Chartered Accountants
FRN - 303054E
(CA. B. N. AGARWALA)
Partner
M. No. 011709

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	31st March, 2013 Rs.	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	3	62,550,000	62,550,000	
Reserves & Surplus	4	834,999,018	798,123,470	
			897,549,018	860,673,470
Non Current Liabilities				
Long-term Borrowings	5	867,708,114	453,040,544	
Deferred Tax Liability (net)	6	160,949,874	149,776,446	
			1,028,657,988	602,816,990
Current Liabilities				
Short term Borrowings	7	1,131,966,690	1,048,788,269	
Trade Payables	8	224,459,686	126,598,961	
Other Current Liabilities	9	114,821,966	115,586,317	
Short term Provisions	10	26,155,139	9,937,650	
			1,497,403,482	1,300,911,197
Total			3,423,610,488	2,764,401,657
ASSETS				
Non Current Assets				
Fixed Assets				
Tangible Assets	11	1,362,274,704	833,631,959	
Capital Work-in-Progress	11	—	129,445,100	
		1,362,274,704	963,077,059	
Non Current Investments	12	142,434,235	142,344,035	
Long Term Loans & Advances	13	38,579,992	26,296,221	
			1,543,288,931	1,131,717,315
Current Assets				
Inventories	14	826,455,421	913,332,157	
Trade Receivables	15	133,511,445	150,117,430	
Cash & Bank Balances	16	23,353,694	54,124,180	
Short-term Loans & Advances	17	897,000,997	515,110,575	
			1,880,321,557	1,632,684,342
Total			3,423,610,488	2,764,401,657

Significant Accounting Policies and Notes on Accounts

1 to 33

The notes referred to above forms an integral part of the Financial Statements

As per our report of even date.

For **DAS & PRASAD**
Chartered Accountants
(**CA. B. N. AGARWALA**)
Partner
M. No. 011709
Firm Regn. No. 303054E

Place : Kolkata
Date : 29th May, 2013

For and on behalf of the Board of Directors

SUSHIL PATWARI Chairman & Managing Director
SUNIL PATWARI Vice Chairman & Managing Director
M. K. OGRA Director
J. TIWARI Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	For the Year ended 31st March, 2013 Rs.	For the Year ended 31st March, 2012 Rs.
INCOME			
Revenue from Operation	18	6,418,390,891	4,956,705,179
Other Income	19	30,275,049	18,620,344
Total Revenue		6,448,665,941	4,975,325,523
EXPENDITURE			
Cost of Material Consumed	20	1,324,122,530	1,489,645,187
Purchase of Traded Goods	21	3,828,515,617	2,856,136,194
Change in inventories of Finished Goods, Stock in Process and Stock in Trade	22	124,002,649	(279,052,740)
Employees Benefit Expenses	23	125,660,027	109,900,669
Finance Costs	24	212,132,613	174,302,802
Depreciation	11	70,528,798	69,236,242
Other Expenses	25	699,294,000	543,158,758
Total Expenses		6,384,256,234	4,963,327,112
Profit Before Tax		64,409,707	11,998,412
Tax Expenses			
Current Tax		(12,600,000)	(9,500,000)
Deferred Tax		(11,173,428)	3,236,401
MAT Credit Entitlement		3,454,614	17,519,686
Taxes for earlier years		96,668	(1,523,916)
Profit / (Loss) for the year		44,187,561	21,730,583
Basic / Diluted Earnings Per Share (of Rs. 5 each)		3.54	1.74

Significant Accounting Policies and
Notes on Accounts

1 to 33

The notes referred to above forms an integral part of the Financial Statements

As per our report of even date.

For **DAS & PRASAD**
Chartered Accountants
(**CA. B. N. AGARWALA**)
Partner
M. No. 011709
Firm Regn. No. 303054E
Place : Kolkata
Date : 29th May, 2013

For and on behalf of the Board of Directors

SUSHIL PATWARI Chairman & Managing Director
SUNIL PATWARI Vice Chairman & Managing Director
M. K. OGRA Director
J. TIWARI Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	<u>As at 31st March, 2013</u>	<u>As at 31st March, 2012</u>
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before extra ordinary items and tax	64,409,707	11,998,412
Additions :		
Depreciation and amortisation	70,528,798	69,236,242
Loss on sale / write off of assets	(35,000)	166,808
Finance Cost	182,628,075	150,137,875
Interest Income	(26,364,275)	(13,893,532)
Dividend Income	(1,671,600)	(1,671,600)
Net (gain) on sale of Investments	—	(117,333)
Operating Profit Before Working Capital	289,495,705	215,856,872
Adjusted for :		
(Increase) / Decrease in Trade and other Receivables	(366,338,654)	273,879,195
(Increase) / Decrease in Inventories	86,876,736	47,775
(Increase) / Decrease in Trade and other Payables	108,267,671	(45,488,380)
Cash Generated from Operation	118,301,458	444,295,462
Direct Taxes Paid / Refund received	(11,636,308)	(17,776,398)
Net Cash Flow from / (used in) Operating Activities	106,665,150	426,519,064
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital Expenditure on Fixed Assets, including Capital Advances	(469,512,987)	(150,966,739)
Sale of Fixed Assets	35,000	439,890
Purchase of Current Investments	(90,200)	(500,000)
Sale of Current Investments	—	617,333
Interest received on Loans & Deposit	26,364,275	13,893,532
Dividend received	1,671,600	1,671,600
Net Cash Flow from / (used in) Investing Activities	(441,532,312)	(134,844,384)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Net Increase in Long-term Borrowings	414,667,570	(69,065,072)
Net increase / (decrease) in working capital borrowings	72,057,181	(49,038,003)
Finance Cost	(182,628,075)	(150,137,875)
Dividends Paid	—	(6,249,850)
Tax on Dividend	—	(1,038,100)
Net Cash Flow from / (used in) Financing Activities	304,096,676	(275,528,900)
Net Increase / (Decrease) in cash & cash Equivalents (A+B+C)	(30,770,486)	16,145,780
Cash & Cash equivalents at the beginning of the year	54,124,180	37,978,400
Cash & Cash equivalents at the end of the year	23,353,694	54,124,180

The accompanying notes are forming part of the Financial Statements

As per our report of even date.

For **DAS & PRASAD**
Chartered Accountants
(**CA. B. N. AGARWALA**)
Partner
M. No. 011709
Firm Regn. No. 303054E

Place : Kolkata
Date : 29th May, 2013

For and on behalf of the Board of Directors

SUSHIL PATWARI Chairman & Managing Director
SUNIL PATWARI Vice Chairman & Managing Director
M. K. OGRA Director
J. TIWARI Company Secretary

NOTES forming part of the Financial Statements for the year ended 31st March, 2013

1. COMPANY OVERVIEW :

The company was incorporated on 6th March, 1989 under the laws of republic of india and has its registered office at kolkata, West bengal. The company is engaged in manufacturing and export of cotton yarn and other various merchandise. The shares of the company are listed in National stock exchange and Bombay stock exchange. Company has set up 100% export oriented unit with the state of art, Plant with export capacity of 55440 spindles at Kolhapur in Maharashtra. The Company was also awarded International standard organization certificate for export performance. The Company's marketing network is spread over in various countries. The Company also doing trading of cotton yarn and various commodities. The Company is merchant exporter also. The Company has taken up for setting of yarn deying and cotton bleaching plant at Kolhapur.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

a) BASIS OF PREPERATION OF FINANCIAL STATEMENT :

The financial statements are prepared as a going concern under historical cost convention on accrual basis, except those with significant uncertainty and in accordance with the Companies Act, 1956 Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles.

All assets and liabilities have been classified as current or non current as per the company's normal operating cycle and other criteria set out in the schedule VI (Revised) to the companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

b) FIXED ASSETS :

Fixed assets are stated at cost less accumulated depreciation. Cost of fixed assets is inclusive of pre-operative expenses (Net of revenue) incurred up to the date of Commissioning of project/plant, exchange losses or gains arising on specific foreign currency loan taken for acquiring the assets.

c) CAPITAL WORK IN PROGRESS :

All pre-operative expenses incurred on Capital Work in Progress allocated to related Fixed Assets on Pro-rata Basis.

d) CASH FLOW STATEMENT:

Cash flows are reported using indirect method, where by profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company is segregated based on the available information.

e) DEPRECIATION AND AMORTISATION :

i) Depreciation has been provided as per Straight Line Method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 and the relevant Accounting Standard issued by the Institute of Chartered Accountants of India. Plant & Machinery have been considered to be continuous Process Plants as defined in the said schedule on technical assessment and depreciation has been provided accordingly.

ii) Lease Hold Land is being amortised over the lease period.

f) INVESTMENTS :

i. Quoted Investments are stated at Cost. Provision for diminution in long term investment is made only, if such a decline is other than temporary.

ii. Unquoted investments are stated at Cost.

g) VALUATIONS OF INVENTORIES :

Raw Materials	:	Valued at Cost or Net Realisable Value whichever is lower (Cost is computed using "Weighted Average Cost Method").
Work-in-Progress	:	Valued at Cost or Net Realisable Value whichever is lower (Cost includes material Cost plus appropriate share of overhead)(Cost is computed Using "Weighted Average Cost Method").
Finished goods :		
i) Manufacturing goods	:	At Cost or Net Realisable Value whichever is lower (Cost includes Cost of Purchase, Conversion Cost, and other Cost i.e. overhead) (Cost is computed using "Weighted Average Cost Method").
ii) Trading goods	:	At Cost or Net Realisable Value whichever is lower (Cost is computed using " Specific Identification Method").
Packing Materials, Stores & Spare Parts	:	At Cost or Net Realisable Value whichever is lower (Cost is Computed Using "FIFO Method")
Waste	:	At Realisable Value

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

- h) **RECOGNITION OF INCOME AND EXPENDITURE :**
- i. Items of Income & Expenditure are recognised on accrual basis.
 - ii. Sales & Purchases are accounted for as and when deliveries are effected.
- i) **PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS :**
Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statement.
- j) **RETIREMENT BENEFITS TO EMPLOYEES :**
Leave Encashment : Accrued liability for leave encashment has been provided for as per actuarial valuation.
Gratuity : Accruing liability for gratuity to employees is covered by the Group Gratuity-Cash-Accumulation Scheme of LIC of India and annual contribution due there under are paid /provided in accordance therewith.
- k) **FOREIGN CURRENCY TRANSACTIONS :**
- i. **Export Sales :** At the rates as on the date of transactions.
 - ii. **Expenditures :** At the rates as on the date of transaction. Outstanding amounts in respect of current assets/current liabilities are translated at the rate as at the close of the year, at the forward contract rates or at the rate at which liabilities/assets are likely to be disbursed/realised, wherever applicable, and the exchange difference thereon is adjusted in the Profit & Loss Account.
 - iii. **Foreign Exchange Forward Contract :** Exchange differences in respect of foreign exchange contract (other than for acquisition of fixed assets) are recognised as income or expense over the life of the contract.
 - iv. Bank Balance in Foreign Currency Bank Account as at close of the year is translated at exchange rate as on that date.
 - v. Loans in foreign currency for financing the fixed assets are converted at the prevailing exchange rate on the transaction dates. Liabilities payable in foreign currencies on the date of Balance Sheet are restated and all exchange rate differences arising from such restatement are adjusted with the fixed asset.
- l) **FINANCIAL DERIVATIVES AND COMMODITY HEDGING TRANSACTION :**
The company uses foreign currency forward contracts and currency options to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The company designate these hedging instruments as cash flow hedges applying the recognition and measurement principles setout in the "Accounting Standard 30 "financial Instruments: Regulation and measurement" (AS-30).
In respect of derivative contracts, premium paid, gain/losses on settlement and provision for losses for cash flow hedges are recognized in the Profit & Loss Account, except in case, where they relate to borrowing costs that are attributable to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.
- m) **BORROWING COSTS :**
Borrowing Costs in respect of fixed Assets charged to the respective fixed assets till the date of commercial use and in respect of others, is charged to Profit & Loss Account in the year, the same has been incurred.
- n) **PROVISION FOR CURRENT AND DEFERRED TAX :**
Provision for Current Tax is made on the basis of taxable income for the current accounting period and in accordance with the provisions as per Income Tax Act, 1961.
Deferred Tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future.
Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, deferred MAT credit entitlement is separately recognized under the head "Long-Term loans and Advances".
Deferred MAT credit entitlement is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.
- o) **IMPAIRMENT OF ASSETS :**
The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.
- p) **GOVERNMENT GRANTS / SUBSIDIES :**
Government grants / subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants are recognized in the Profit & Loss Account either as income or deducted from related expenses. Capital grants / subsidies are credited to respective fixed assets where it relates to specific fixed assets. Other grants / subsidies are credited to the Capital Reserve.

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013		As at 31st March, 2012	
	Rs.	Rs.	Rs.	Rs.
3. SHARE CAPITAL :				
Authorised Share Capital				
3,00,00,000 Equity Shares of Rs. 5/- each (3,00,00,000)		150,000,000		150,000,000
		<u>150,000,000</u>		<u>150,000,000</u>
Issued				
1,25,10,000 Equity Shares of Rs. 5/- each (1,25,10,000)		62,550,000		62,550,000
		<u>62,550,000</u>		<u>62,550,000</u>
Subscribed and Paid up				
1,24,99,700 Equity Shares of Rs. 5/- Each (1,24,99,700)		62,498,500		62,498,500
Add : 10,300 Equity Forfeited Shares (Amount originally paid up)		51,500		51,500
		<u>62,550,000</u>		<u>62,550,000</u>
i) Reconciliation of number of Equity Shares and amount outstanding				
	2012-13		2011-12	
	Number	Rs.	Number	Rs.
Shares Outstanding at April 1, 2012	12,499,700	62,498,500	12,499,700	62,498,500
Shares Outstanding at March 31, 2013	12,499,700	62,498,500	12,499,700	62,498,500
ii) The details of Shareholders holding more than 5% shares :-				
	As at 31st March, 2013		As at 31st March, 2012	
Name of the Share Holder	Nos.	%	Nos.	%
Agarwal Galvanising Pvt. Ltd.	—	0.00%	675,600	5.40%
Mala Patwari	891,700	7.13%	891,700	7.13%
Sunil Patwari	712,000	5.70%	712,000	5.70%
Nagreeka Synthetics Pvt. Ltd.	940,270	7.52%	940,270	7.52%
iii) The Company has one class of equity share having a par value of Rs. 5 per share. Each shareholder is eligible for one vote per share held.				
4. RESERVES AND SURPLUS :				
	As at 31st March, 2013		As at 31st March, 2012	
	Rs.	Rs.	Rs.	Rs.
Capital Reserve :				
As per last Account		3,000,000		3,000,000
Share Premium Reserve :				
As per last Account		143,363,589		143,363,589
General Reserve :				
As per last Account		550,000,000		550,000,000
Share forfeiture Reserve :				
As per Last Account		103,000		103,000
Profit & Loss Account :				
As per Last Account		101,656,880		79,926,298
Add : Profit / (Loss) for the Year		44,187,561		21,730,583
		145,844,441		101,656,880
Less : Proposed Dividend		6,249,850		—
Less : Tax on Dividend		1,062,162		—
		<u>138,532,429</u>		<u>101,656,881</u>
Total		<u>834,999,018</u>		<u>798,123,470</u>

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013		As at 31st March, 2012	
	Rs. Non Current	Rs. Current	Rs. Non Current	Rs. Current
5. LONG TERM BORROWINGS :				
Secured				
Term Loan from Bank	715,100,114	152,608,000	373,632,544	79,408,000
Total	715,100,114	152,608,000	373,632,544	79,408,000
i) MATURITY PROFILE				
Term Loans from Bank	Within 1-2 Yr.	Within 2-3 Yr.	Within 3-4 Yr.	Beyond 4 Yr.
	152,608,000	147,144,809	143,272,000	272,075,305
ii) Rupee Term loan from Canara Bank - Kolkata, Oriental Bank of Commerce – Kolkata and State Bank of Patiala – Mumbai is secured by				
(a) an equitable mortgage ranking pari passu inter-se by deposit of title deeds of all the immovable properties of the company both present and future, relating to its spinning unit premises at Village : Yavluj, District : Kolhapur, Maharashtra and				
(b) by way of hypothecation ranking pari passu inter-se of all movable properties of the company both present and future including movable machineries, spares, tools & accessories (save & except book debts) subject to prior charges created or to be created in favour of the Company's Bankers, on its stock of Raw Materials, finished goods, consumable stores, book debts & such other movables as may be specifically permitted by the institutions in writing, to secure borrowings for working capital requirements and				
(c) Personal guarantee of some of the Directors of the Company.				
iii) Working Capital Term Loan from Canara Bank, Overseas Branch, Kolkata is secured by way of :				
(a) hypothecation of stock of Raw materials, Work-in-process, finished goods and book debts relating to spinning unit at Village : Yavluj, District : Kolhapur, Maharashtra and stock-in-trade at trading unit Kolkata,				
(b) Second charge on immovable properties of the company relating to above mentioned spinning unit, and				
(c) Personal guarantee of some of the Directors of the Company.				
iv) For the above loan a securitisation agreement entered in between the Company, AXIS Bank Limited and the above lenders.				
6. DEFERRED TAX LIABILITY (NET)				
	As at 31st March, 2013		As at 31st March, 2012	
	Rs.		Rs.	
Deferred Tax Liability Fixed Assets - Depreciation	161,952,598		150,974,385	
Deferred Tax Assets				
Disallowance under Income Tax Act, 1961	1,002,724		1,197,939	
Total	160,949,874		149,776,446	
7. SHORT TERM BORROWING :				
Secured Loans				
Working Capital Loans from Bank	1,131,966,690		1,048,788,269	
Total	1,131,966,690		1,048,788,269	
i) Working Capital Loan from Canara Bank, Overseas Branch, Kolkata & Mumbai , Oriental Bank of Commerce, Overseas Branch, Kolkata, Allahabad Bank, Industrial Finance Branch, Kolkata, State Bank of Patiala - Commercial Branch, Mumbai and ICICI Bank Limited, Kolkata are secured by way of :				
(a) First charge by way of hypothecation of stock of Raw materials, Work-in-process, finished goods and book debts relating to spinning unit at Village : Yavluj, District : Kolhapur, Maharashtra and stock-in-trade at trading unit Kolkata, both present and future in a form and manner satisfactory to the bank, ranking pari passu with each other participating working capital banks.				

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

- (b) Second charge on all the fixed assets of the company, both present and future ranking pari pasu with each other participating working capital banks.
- (c) Personal guarantee of some of the Directors of the Company.
- ii) Previous Year working Capital Loan includes working capital loan from ING Vysya Bank Limited, Overseas Branch, Mumbai was secured by way of :
- (a) hypothecation of stock of raw materials, work in process, Finished goods, book debts relating to spinning unit at Village : Yavluj, District : Kolhapur, Maharashtra and
- (b) second charge on immovable Properties of the Company relating to above mentioned spinning unit and
- (c) Personal guarantee of some of the Directors of the Company.

	<u>As at</u> <u>31st March, 2013</u> Rs.	<u>As at</u> <u>31st March, 2012</u> Rs.
8. TRADE PAYABLES :		
Small Scale Industries	—	119,371
Others	224,459,686	126,479,590
Total	<u><u>224,459,686</u></u>	<u><u>126,598,961</u></u>

- i) The Company has not received any information its suppliers regarding registration under "The Micro, Small and Medium Enterprises Development Act, 2006." Hence, the information required to be given in accordance section 22 of the said Act, is not ascertainable. Hence, not disclosed.

9. OTHER CURRENT LIABILITIES :

Interest accrued and due on borrowings	—	2,167,654
Unpaid Dividends	1,129,042	1,515,913
Statutory Remittances	2,739,349	4,388,087
Payables on Purchase of Fixed Assets	25,712,635	27,673,972
Advances from Customers	53,047,790	36,526,302
Book Overdraft on Reconciliation	32,193,150	43,314,390
Total	<u><u>114,821,966</u></u>	<u><u>115,586,317</u></u>

- i) Based on the information / documents available with the Company, there was an unpaid dividend amounting to Rs. 3,79,394/- due relating to (2004-2005) and outstanding as on 31st March, 2013 which has been transferred to Investors Education and Protection Fund under Section 205C of the Companies Act, 1956.

10. SHORT TERM PROVISIONS :

Provision for Employee Benefits	7,334,580	7,132,007
Provision for Gratuity	1,844,795	1,997,311
	<u><u>9,179,375</u></u>	<u><u>9,129,318</u></u>
Provision - Others		
Provision for Tax (net of advance tax Rs. 9663752/- net of advance tax Rs. 2936248/-) (As at 31 March, 2012 Rs. 808332/- net of advance Tax Rs. 1274844/- & MAT Credit of Rs. 7397113/-)	9,663,752	808,332
Provision for Proposed Equity Dividend	6,249,850	—
Provision for Tax on Proposed Dividend	1,062,162	—
	<u><u>16,975,764</u></u>	<u><u>808,332</u></u>
Total	<u><u>26,155,139</u></u>	<u><u>9,937,650</u></u>

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

NOTE NO. : 11

FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 31st March 2012	Addition during the year	Adjustment/ Disposed/ Sales	As at 31st March 2013	Upto 31st March 2012	For the year	Adjustment For Deduction	Upto 31st March 2013	As at 31st March 2013	As at 31st March 2012
Land & Site Develop.	2635829	—	—	2635829	—	—	—	—	2635829	2635829
Land (Lease Hold)	41304120	26751862	—	68055982	921759	11130	—	932889	67123093	40382361
Office Premises	14268713	—	—	14268713	3855611	232580	—	4088191	10180522	10413102
Factory Building	178567612	130156177	—	308723789	61552723	6047618	—	67600341	241123448	117014889
Godown	7275714	—	—	7275714	734649	243009	—	977658	6298056	6541065
Plant & Machinery	1146570854	433745581	—	1580316435	511897712	61100537	—	572998249	1007318186	634673142
Furniture & Fixtures	7412597	5767276	—	13179873	5392905	814125	—	6207030	6972843	2019692
Air Conditioner	1829232	290953	—	2120185	596105	91803	—	687908	1432277	1233127
Vehicles	14906033	720000	35000	15591033	4267183	1406044	142937	5530290	10060743	10638850
Computer	2815406	464913	161100	3119219	1948082	338777	266619	2020240	1098979	867324
Office Equipments	2977703	434507	—	3412210	1299378	146536	—	1445914	1966296	1678325
Non Factory Building	5578719	626818	—	6205537	512969	91683	—	604652	5600885	5065750
Refrigerator	104322	—	—	104322	28125	4956	—	33081	71241	76197
Old Machine in Hand	392306	—	—	392306	—	—	—	—	392306	392306
Grand Total	1426639160	598958087	196100	2025401147	593007201	70528798	409556	663126443	1362274704	833631959
Previous Year	1397918622	32549239	3828700	1426639160	526726571	69502632	3222002	593007201	833631959	871192051
Capital Work in Progress										129445100

Notes :

- Office Premises includes Rs. 1,500/- towards cost of shares of co-operative society.
- Amortisation of Lease Hold Land of Rs. 5,81,171/- has been transferred to Pre-operative Expenses under the Capital Work-in-progress at Dying Bleaching Plant.
- Lease Hold Land includes Rs. 5,000/- towards cost of shares of West Bengal Hosiery Park Infrastructure Ltd.

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
11. FIXED ASSETS		
Tangible Assets	1,362,274,704	833,631,959
Annexure Attached		
12. NON CURRENT INVESTMENTS		
Unquoted :		
47,975 Sundaram BNP Paribas Equity Multiplier Fund	479,753	479,753
500,000 Sundaram BNP Paribas Select Small Cap	500,000	500,000
50,000 SBI Gold Fund	500,000	500,000
62,500 Tirumala Mart P. Ltd.	5,000,000	5,000,000
Quoted :		
115,600 Nagreeka Capital & Infrastructure Ltd. of Rs. 5/- each	578,000	578,000
82 Bajaj Finance Ltd. of Rs. 10/- each	90,200	—
796,000 Sterlite Ind (I) Ltd. of Rs. 1/- each	135,286,282	135,286,282
	142,434,235	142,344,035
Aggregate Book value of :		
a) Quoted Investments	135,954,482	135,864,282
b) Unquoted Investments	6,479,753	6,479,753
Aggregate market value of quoted investments :	76,170,584	90,423,920
13. LONG TERM LOANS & ADVANCES		
Unsecured, considered good		
Security Deposit	2,677,664	1,273,364
Security Deposit to Related Parties	17,600,000	17,600,000
MAT Credit Entitlement	18,302,328	7,423,857
	38,579,992	26,297,221
14. INVENTORIES		
Raw Material	263,822,751	228,955,299
Work-in-Progress	22,264,352	24,259,757
Finished Goods	140,689,440	207,038,618
Stock-in-Trade	366,078,116	422,581,398
Stores, Spares, Packing Material & Fuel	19,748,605	17,490,144
Waste Cotton	13,852,158	13,006,941
	826,455,421	913,332,157
15. TRADE RECEIVABLES		
(Unsecured, considered good)		
Over Six Months	7,557,205	579,060
Others	125,954,240	149,538,370
Total	133,511,445	150,117,430

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
16. CASH AND CASH EQUIVALENTS		
Cash in Hand	5,316,689	3,822,099
Balances with Banks :		
i) in Current Accounts	8,529,952	2,037,339
ii) in Deposit Accounts	8,378,010	5,338,828
iii) in Earmarked Accounts		
Unpaid Dividend Accounts	1,129,042	1,515,913
Balances held as margin money or security against borrowings, guarantees and other commitments	—	41,410,000
Total	<u>23,353,694</u>	<u>54,124,180</u>
17. SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)		
Security Deposits	9,510,702	17,297,491
Advance Income (Net of Provision of Taxation)	20,078,186	19,727,103
Prepaid Expenses	8,114,596	6,805,544
Loans & Advances to Employees	3,749,256	3,470,110
Balance with Statutory / Government Authority	150,321,501	102,715,278
Other Loans & Advances	705,226,756	365,095,043
Total	<u>897,000,997</u>	<u>515,110,568</u>
i) Other Loans & Advances include a sum of Rs. 35,62,036/- receivable from "Punjab Agro Industries Corporation Ltd.", which is under litigation.	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
18. REVENUE FROM OPERATION		
Sales of Products		
Finished Goods	1,993,369,342	1,931,960,847
Traded Goods	4,091,185,878	2,664,620,295
Waste	161,843,802	175,712,932
	<u>6,246,399,022</u>	<u>4,772,294,073</u>
Other Operating Revenues		
Scrap	922,049	1,371,571
Duty Drawback and other Export Incentives	171,069,820	183,039,535
	<u>171,991,869</u>	<u>184,411,106</u>
Total	<u>6,418,390,891</u>	<u>4,956,705,179</u>
i) Sale of products comprises		
Manufactured Goods		
Bleached & Dyed Cotton & Yarn	327,916	—
Cotton Yarn	1,879,951,208	1,829,756,240
Knitted Fabrics	32,833,424	37,200,866
Waste	161,729,737	175,712,932
Cloth	80,370,860	65,003,742
Total - Sale of Manufactured Goods	<u>2,155,213,144</u>	<u>2,107,673,779</u>

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
Traded Goods		
Cotton Yarn	3,947,079,107	2,236,094,495
Knitted Fabrics	7,113,508	134,709,482
Readymade Garment	486,385	—
Sugar	—	195,490,714
Raw Cotton	136,506,878	98,325,604
Total - Sale of Traded Goods	4,091,185,878	2,664,620,295
Total - Sale of Products	6,246,399,022	4,772,294,074
Other Operating Revenues		
Sale of Scrap	922,049	1,371,571
Duty drawback and other Export Incentives	171,069,820	183,039,535
Total - Other Operating Revenues	6,418,390,891	4,956,705,179
19. OTHER INCOME :		
Interest Income		
Bank Deposits (T.D.S. Rs. 1,85,840/- Previous Year Rs. 1,53,564/-)	1,644,923	2,386,657
Others (T.D.S. Rs. 23,10,717/- Previous Year Rs. 11,21,320/-)	24,719,352	11,506,875
Dividend Income		
From Long-term Investments	1,671,600	1,671,600
Net Gain on Sale of Fixed Assets	35,000	—
Investments	—	117,333
Other Non-Operating Income	2,204,174	2,937,879
Total	30,275,049	18,620,344
20. COST OF MATERIAL CONSUMED :		
Opening Stock	228,955,299	281,872,867
Add : Purchases	1,358,989,982	1,211,622,298
Add : Transfer from Stock-in-Trade	—	225,105,322
	1,587,945,281	1,718,600,486
Less : Closing Stock	263,822,751	228,955,299
Cost of Material Consumed	1,324,122,530	1,489,645,187
i) Material consumed comprises		
Raw Cotton	1,094,927,486	1,382,730,410
Cotton Yarn	149,578,422	35,216,944
Cloth	79,616,623	71,697,833
Total	1,324,122,530	1,489,645,187
21. PURCHASE OF TRADED GOODS :		
Cotton Yarn	3,699,216,482	2,419,885,860
Knitted Fabrics	1,775,700	97,411,869
Readymade Garment	158,820	—
Sugar	—	192,900,000
Raw Cotton	127,364,615	145,938,465
Total	3,828,515,617	2,856,136,194

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	For the year ended 31st March, 2013 Rs.	For the year ended 31st March, 2012 Rs.
22. CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE		
Inventories at the end of the year		
Finished Goods	140,689,440	207,038,618
Stock-in-Trade	366,078,116	422,581,398
Work-in-Progress	22,264,352	24,259,757
Waste	13,852,158	13,006,941
	542,884,065	666,886,714
Inventories at the beginning of the year		
Finished Goods	207,038,618	274,345,959
Stock-in-Trade	422,581,398	304,546,412
Less : Transfer to Raw Material	—	(225,105,322)
Work-in-Progress	24,259,757	23,334,084
Waste	13,006,941	10,712,841
	666,886,714	387,833,974
Net (increase) / decrease	124,002,649	(279,052,740)
23. EMPLOYEES BENEFIT EXPENSES		
Salaries and Wages	113,418,373	102,335,394
Contributions to provident and other funds	6,189,103	5,501,657
Staff Welfare Expenses	6,052,551	2,063,618
Total	125,660,027	109,900,669
	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
i) Disclosure pursuant to Accounting Standard - 15 : Employee Benefit		
(a) Reconciliation of Opening & Closing balance of Defined Benefit Obligation		
Defined Benefit Obligation at the beginning of the year	17,644,794	13,763,232
Current Service Cost	1,631,669	1,316,178
Interest Cost	1,411,584	1,101,059
Actuarial (Gain) / Loss	1,991,942	2,263,695
Benefit Paid	(929,071)	(799,370)
Present Value of obligations as at end of year	21,750,918	17,644,794
(b) Reconciliation of Opening & Closing balance of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	15,680,582	12,295,091
Expected return of Plan Assets	1,576,864	1,248,068
Actuarial Gain / (Loss) on Plan Assets	—	—
Contribution by Employer	3,613,290	2,936,793
Benefit Paid	(929,071)	(799,370)
	19,941,665	15,680,582
(c) Reconciliation of Fair Value of Assets & Obligation		
Fair Value of Plan Assets	19,941,665	15,680,582
Present Value of Obligation	21,750,918	17,644,794
Amount Recognised in Balance Sheet	1,809,253	1,964,212

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
(d) Actuarial (Gain) / Loss Recognised		
Actuarial (Gain) / Loss on Obligation	(1,991,942)	(2,263,695)
Actuarial (Gain) / Loss on Plan Assets	—	—
Actuarial (Gain) / Loss Recognised during the year	(1,991,942)	(2,263,695)
(e) Expenses Charged to Profit & Loss Account		
Current Service Cost	1,631,669	1,316,178
Interest Cost	1,411,584	1,101,059
Expected Return on Plan Assets	(1,576,864)	(1,248,068)
Actuarial (Gain) / Loss	1,991,942	2,263,695
	3,458,331	3,432,864

(f) March'2013 & March'2012 - 100% with Life Insurance of India Ltd.

(g) Principal Actuarial Assumption as at 31st March 2013.

A. Discount Rate (per annum)	8%	8%
B. Expected Rate of Return of Plan Assets (per annum)	8%	8%
C. Salary Escalation	5%	5%
D. Inflation Rate	5%	5%

ii) The Company has also computed and made necessary provisions on account of leave encashment benefits based on actuarial valuation as per accounting standard - 15 (Revised) "Employee Benefits". The total service eligibility as per the company's leave rules are estimated and provided in the books as a revenue expenditure after making adjustment towards the benefit paid on this benefit obligation were carried out at 31st March 2013.

	For the year ended 31st March, 2013 Rs.	For the year ended 31st March, 2012 Rs.
24. FINANCE COST		
Interest	182,628,075	150,137,875
Bank Charges	29,504,538	24,164,927
Total	212,132,613	174,302,802

25. OTHER EXPENSES

Manufacturing Expenses

Consumption of Stores, Spares & Packing Material	54,353,785	51,439,048
Power and Fuel	248,642,239	211,124,559
Processing Charges	1,959,644	1,705,133
Repairs and Maintenance - Building	1,262,505	885,930
Repairs and Maintenance - Machinery	4,561,575	6,530,362
	310,779,748	271,685,032

Selling & Distribution Expenses

Outward Freight	122,080,443	89,685,028
Other Export Expenses	46,705,033	35,241,281
Commission on Sale	167,024,692	80,540,517
Claims & Discounts	2,896,883	9,388,462
	338,707,051	214,855,288

Establishment & Other Expenses

Rent	366,000	1,112,466
Rates and Taxes	2,004,287	2,007,439
Communication Charges	4,809,815	4,727,837
Travelling and Conveyance	16,892,337	15,300,658

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	<u>For the year ended</u> <u>31st March, 2013</u>	<u>For the year ended</u> <u>31st March, 2012</u>
	Rs.	Rs.
Insurance	1,853,232	1,399,811
Loss on Sale of Fixed Assets	—	166,808
Miscellaneous Expenses	23,881,531	31,903,419
	<u>49,807,202</u>	<u>56,618,438</u>
Total	<u>699,294,000</u>	<u>543,158,758</u>
i) Miscellaneous Expenses includes payment to Statutory Auditor as :		
Statutory Audit Fees	202,248	187,510
Tax Audit Fees	22,472	33,090
Other Services	78,943	74,011
Total	<u>303,663</u>	<u>294,611</u>

26. CAPITAL COMMITMENTS :

Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs. 6.09 Lacs** (Net of advances) (Previous Year Rs. 2948.91 Lacs).

27. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

- i. Bills discounted with Banks **Rs. 5403.55 Lacs** (Previous Year Rs. 4199.76 lacs).
- ii. Bank Guarantees of **Rs. 426.47 Lacs** (Previous Year Rs. 371.37 lacs) issued in favour of Custom, Central Excise & Other Government Authorities.
- iii. **Disputed Statutory Dues :-**
 - a) The Income Tax Assessment of the Company have been completed up to Assessment Year 2010-2011. Disputed Income Tax Liabilities for which appeal is pending before different appellate authorities for Assessment Year **2000-2001, 2005-2006, 2006-2007, 2008-2009 & 2010-2011** are **Rs. 269.61**.
 - b) Disputed Central Excise liability for which appeal is pending before different excise authorities relating to financial year from **2005-2006** is **Rs. 27.13 Lacs**.
 - c) Disputed Central Service Tax liability for which appeal is pending before different Service Tax authorities relating to financial year from **2004-2005, 2005-2006 & 2009-2010** is **Rs. 25.15 Lacs**.

Based on the decision of the Appellate authorities and the interpretations of the other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

28. As per Accounting Standard 28 issued by the institute of Chartered Accountants of India, the company has assessed recoverable value of generating unit based on value in used method which has worked out to be much higher than corresponding book value of net assets thereby not warranting further exercise of arriving at their net selling price. This further confirms absence of exigency of making any provision for impairment of asset(s).

29. The Company has only one business segment i.e. Textiles and thus no further disclosure are required in accordance with Accounting Standard 17 notified by companies (Accounting Standards) Rules, 2006 (As amended) of the Companies Act,1956.

	<u>For the year ended</u> <u>31st March, 2013</u>	<u>For the year ended</u> <u>31st March, 2012</u>
	Rs.	Rs.
Geographical Segments		
Export Revenues (Including Export Benefits)	5,225,426,575	4,172,507,543
Domestic Revenues (Net of Excise Duty)	1,192,964,316	784,197,636
Total	<u>6,418,390,891</u>	<u>4,956,705,179</u>

NOTES forming part of the Financial Statements for the year ended 31st March, 2013 (Contd.)

	For the year ended 31st March, 2013 Rs.	For the year ended 31st March, 2012 Rs.
30. Basic and diluted earning per share (EPS) of the face value of Rs. 5/- each is calculated as under :-		
Net profit as per Profit and Loss Account available for Equity Share Holder (in Rs.)	44,187,561	21,730,583
Weighted average number of Equity Shares for Basic Earning Per Share	12,499,700	12,499,700
Basic / Diluted Earning Per Share (Weighted Average) (in Rs.)	3.54	1.74
31. DIRECTORS REMUNERATIONS		
Salary	8,070,000	7,545,000
Other Perquisites	60,000	60,000
Directors Sitting fees	85,000	81,000
32. Related parties with whom transactions have taken place during the year		
Key Management Personnels		
Sri Sushil Patwari : Chairman and Managing Director		
Sri Sunil Patwari : Vice Chairman and Managing Director		
Sri K. C. Purohit : Whole Time Director		
Sri Mahendra Patwari : Whole Time Director		
Associate Company :		
Nagreeka Capital & Infrastructure Ltd.		
Nagreeka Foils Limited		
Nagreeka Synthetics Private Limited.		
Relatives of Key Management Personnels & Others :		
Patwari Properties		
Smt. Minakshi Patwari		
Smt. Anita Patwari		
	(Rs. In lacs)	(Rs. In lacs)
	2012-2013	2011-2012
Nature of Transactions & with Whom		
Rent to Relatives of Key Management Personnels & Others	1.74	1.74
Rent to Key Management Personnel	0.60	0.60
Loans & Advances from Associates	339.80	1,050.86
Repayment of Loans & Advances from Associates	339.80	1,050.86
Purchase of goods from Associates	—	—
Remuneration to Key Management Personnels	80.70	75.45
Outstanding Balances as on 31.03.2013		
Deposits/Loans & Advances :		
Key Management Personnels	176.00	176.00

33. The Previous Year figures has been re-grouped / re-arranged wherever necessary to conform to the current year presentation.

As per our report of even date.

For **DAS & PRASAD**
Chartered Accountants
(**CA. B. N. AGARWALA**)
Partner
M. No. 011709
Firm Regn. No. 303054E

Place : Kolkata
Date : 29th May, 2013

For and on behalf of the Board of Directors

SUSHIL PATWARI Chairman & Managing Director
SUNIL PATWARI Vice Chairman & Managing Director
M. K. OGRA Director
J. TIWARI Company Secretary

NAGREEKA EXPORTS LIMITED

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

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Name of the Shareholder (in Block Letters).....

Members' Folio / ID Number.....

Name of the Proxy (in Block Letters) To be filled if the Proxy attends instead of the Member.....

No. of Share held.....

I hereby record my presence at the 24th Annual General Meeting to be held on Tuesday, 24th September, 2013 at 10:30 A.M. at BENGAL NATIONAL CHAMBERS OF COMMERCE AND INDUSTRY, 23, R. N. Mukherjee Road, Kolkata - 700 001.

Member's Proxy's Signature

NOTES :

1. To be signed at the time of handing over this slip.
2. Shareholders are requested to advice, indicating their folio numbers, the change in their address if any, to the Company.

-----TEAR HERE-----

NAGREEKA EXPORTS LIMITED

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

PROXY FORM

Folio / ID No.

I/We.....

of.....

being a member/members of the above named Company, hereby appoint.....

of.....

or failing him.....

of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the 24th Annual General Meeting to be held on Tuesday, 24th September, 2013 at 10:30 A.M. at BENGAL NATIONAL CHAMBERS OF COMMERCE AND INDUSTRY, 23, R. N. MUKHERJEE ROAD, KOLKATA - 700 001

Signed.....

Date.....

Affix Re. 1
Revenue
Stamp

NOTES :

1. The instrument of proxy form shall be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
2. The Form should be signed across the stamp as per specimen signature registered with the Company.
3. A proxy need not be a member.