



# Nagreeka

EXPORTS LIMITED



**TWENTYFIRST  
ANNUAL  
REPORT  
2009-2010**

<b>BOARD OF DIRECTORS</b>	:	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
<b>COMPANY SECRETARY</b>	:	Shri J. Tiwari		
<b>BANKERS</b>	:	Canara bank, Overseas Branch, Kolkata, Mumbai ING VVSYA Bank Limited, Overseas Branch, Mumbai Oriental Bank of Commerc, Overseas Branch, Kolkata State Bank of Patiala, Commercial Branch, Mumbai Allahabad Bank, Industrial Finance Branch, Kolkata		
<b>AUDITORS</b>	:	M/s. Das & Prasad Chartered Accountants 4, Chowringhee Lane Kolkata - 700 016		
<b>TRANSFER AGENT</b>	:	M/s. Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001		
<b>REGISTERED OFFICE</b>	:	18, R. N. Mukherjee Road, Kolkata - 700 001		
<b>CORPORATE OFFICE</b>	:	21-22, Kala Bhavan, 3, Mathew Road Mumbai - 400 004.		
<b>WORKS</b>	:	Village Yavluj, Taluka Panhala, Dist. Kolhapur (Maharashtra)		

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## NOTICE

Notice is hereby given that the 21st 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 28th September, 2010 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, 2010, the Profit and Loss Account for the year ended on that date and reports of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Sushil Patwari, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Mahendra Patwari, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. K.C. Purohit, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint Auditors of the Company and to fix their remuneration.

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

Place : Kolkata  
Date : 28th May, 2010

**J. TIWARI**  
(Company Secretary)

### NOTE :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
2. The Instrument appointing Proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting.
3. Members are requested to notify immediately any change in their addresses, if any, to the Registrar and Share Transfer Agent M/s. Maheshwari Datamatics (P) Ltd., 6, Mangos Lane, 2nd Floor, Kolkata - 700 001.
4. Members are requested to bring their copies of Annual Report at the meeting and produce attendance slip at the entrance.
5. The Register of Members and Share Transfer Books will remain closed from 21/09/2010 to 28/09/2010 (both days inclusive).
6. Members intending to require information, about accounts, to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting (AGM).
7. Pursuant to Section 205A(5) of the Companies Act, 1956 all unclaimed dividends (if any) upto the financial year ended 31st March, 2002 have been transferred to the Investors Education and Protection Fund established by the Central Government.
8. Details of the Directors retiring by rotation and being proposed for re-appointment as Director(s) are as under :-

Name of Director	Mr. K. C. Purohit	Mr. Sushil Patwari	Mr. Mahendra Patwari
Date of Birth	18.06.1932	20.08.1954	15.03.1963
Date of Appointment	30.06.2001	06.03.1989	01.07.2004
Qualification	B. Tech	B.Com(H)	B.E. from IIT , Mumbai
Expertise in specific Functional area	Industrialist having rich business experience	Industrialist having rich business experience	Industrialist having rich business experience
List of other Directorships held excluding foreign companies, Companies under section 25 of the Companies Act, 1956 and Private Companies.	Nil	Rupa & Co. Ltd. Reliance Processors Ltd. Nagreeka Capital & Infrastructure Ltd.	Nagreeka Foils Ltd.
Chairman / Member of the Committees of the Board of other Companies in which he/she is a Director	None	Nagreeka Capital & Infrastructure Ltd. Rupa & Co. Ltd.	None

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the 21st Annual Report on the affairs of your Company together with the Audited Statements of Account for the year ended 31st March, 2010.

### FINANCIAL RESULT

	2009-2010 (Rs. In lacs)	2008-2009 (Rs. In lacs)
Sales & Export Revenue	41455.43	26652.69
Other Income	48.33	62.50
	<b>41503.76</b>	<b>26715.19</b>
PBIDT	1979.16	972.43
Interest	1113.42	798.04
Depreciation	656.37	635.71
<b>PROFIT BEFORE TAXATION</b>	<b>209.37</b>	<b>(-) 461.32</b>
Taxation	15.42	(-) 285.05
<b>PROFIT AFTER TAXATION</b>	<b>193.95</b>	<b>(-) 176.27</b>
Profit Brought Forward from Previous Year	62.55	
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>	<b>256.50</b>	
<b>APPROPRIATIONS</b>		
Transfer to General Reserve		
Proposed Dividend		
Income Tax on Dividend		
Balance carried to Balance Sheet	256.50	
	<b>256.50</b>	

### DIVIDEND

Your Directors intend to plough back entire profit after tax for the year ended 31st March, 2010 for meeting working capital requirement and Capital expenditure on planned upgradation. As such, no dividend is recommended for the year ended 31st March, 2010.

### REVIEW OF OPERATION

The Company's turnover has increased from Rs. 26652.69 lacs for the year ended 31st March, 2009 to Rs. 41455.43 lacs for the year under review thus recording an increase of 55.54%. Profit after Tax for the Year under review is Rs.193.96 lacs as against loss of Rs.176.27 lacs in the previous year.

The adverse effect of the Global crisis which started in mid 2008 continued during the first half of the period under review. The Company utilised the situation to introspect and fine tune its operations and to utilise resources to improve its competitiveness. Beginning from the 3rd quarter of the period under review, a revival in demand for textile products and the company's products, in particular, began to be seen and this trend has since continued. The retailers in the west had reduced inventories to very low levels and hence, now started purchasing to meet their sales and also to rebuild inventory. Additionally, the strong growth in the Indian economy together with better percolation of benefits to the bottom of the pyramid also brought increased demand for textiles. Your company was well positioned to exploit these developments and could achieve the growth in turnover.

The developments on the cost front, however, were not favourable. India's cotton crop in 2009-10 was quite satisfactory and total size was similar to the previous season. Globally however, the cotton crop size reduced. As a result, there was strong demand for Indian cotton in international markets and a huge quantity of cotton was exported from India. Thus, despite a

good crop, the prices of cotton in the domestic market moved up and are approx. 15-20% higher than the previous year.

Other input costs such as power, transportation etc., also went up due to increase in fuel prices and inflation thus taking costs up. Interest cost also increased as the RBI tightened monetary policy and the Government withdrew most of the stimulus measures.

### FUTURE PROSPECT

Your Directors are happy to report that though, with a time lag, the process of passing on the costs in prices of finished goods could be done starting from February - March 2010.

During April 2010, the Government of India has temporarily stopped export of raw cotton and waste. This was subsequently permitted for registered contracts and an export duty imposed. New exports would be permitted after October 2010. These measures promise an effort to ensure better availability of cotton for domestic industry.

Simultaneously, the Government has implemented a process of registration to monitor the export of cotton yarn. Further, Duty Entitlement Pass Book (DEPB) and Drawback, meant to reimburse the taxes/duties paid on inputs during the manufacture of cotton yarn have been withdrawn. This has reduced competitiveness of export of cotton yarn.

Export of cotton yarn for season 2010-11 is expected to be big on account of increase in area under cotton and expectations of price rise both in India and globally. The Government of India is expected to declare a policy for export of raw cotton which will ensure adequate availability for domestic industry. Further, The Ministry of Textiles has sought additional allocation of Textile Corporation Fund Scheme (TUFS), indicating its desire for investment and capacity growth in the industry.

Strong economic growth in our economy will ensure a healthy domestic consumption of textile products in the domestic market. The growth in our cotton crop vis-à-vis other major competing countries will ensure good export demand for Indian textile industry. Thus, your Directors are hopeful of a bright future of the textile industry in India. The Company is working on plans to be a part of the future.

### 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. D.P. Agarwal and Mr. K.L. Agarwal have resigned from the directorship of the Company with effect from 30-Sep-09 and 28-May-10 respectively. The Board places on record its appreciation for the contribution made by Mr. D.P. Agarwal and Mr. K.L. Agarwal during their tenure as Directors.

Mr. Sushil Patwari, Mr. Mahendra Patwari and Mr. K.C. Purohit 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

## DIRECTORS' REPORT (Contd.)

- end of the financial year, 31st March, 2010, and the profit for that period.
- The 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.
  - The Directors have prepared Annual Accounts on going concern basis.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as part of this annual report and marked as Annexure "C". Requisite Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report of Corporate Governance. Adequate steps to ensure compliance of all the mandatory provisions of 'Corporate Governance' as provided in the Listing Agreements of the Stock Exchanges with which the Company's Shares are listed have been taken and your company has ensured its required compliance.

### AUDITORS

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

### AUDITORS' REPORT

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

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure - "A" to this report.

### MODERNISATION AND RATIONALISATION PROGRAMME

Modernisation and rationalisation programme is a continuous process in your company. During the year under review, the storage capacity has been increased. New plant and machinery have been installed to improve efficiency and quality and increase production of value added products.

### PARTICULARS OF EMPLOYEES

None of the employees are drawing remuneration exceeding Rs.2.00 Lacs per month or Rs.24.00 Lacs per year. Hence, details required to be furnished in accordance with Sub Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable.

### APPRECIATION

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

Place : Kolkata  
Date : 28th May, 2010

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

## ANNEXURE "A" TO DIRECTORS' REPORT

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

#### A. CONSERVATION OF ENERGY

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

#### Form - A

Form for disclosure of particulars with respect to conservation of energy

	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>1. Power Consumption</b>		
i) Electricity		
a) Purchased units (in lacs)	324.42	328.11
Total amount (Rs. in lacs)	1,606.30	1,489.13
Rate per unit (Rs.)	4.95	4.54
b) Own Generation		
Through Diesel Generator		
Total Unit Generated (In lacs)	3.06	3.15
Units per litre of Diesel Oil	3.22	3.31
Cost per unit (Rs.)	9.32	8.03
ii) Coal	Nil	Nil
iii) Furnace Oil	Nil	Nil
iv) Other Internal General	Nil	Nil
<b>2. Consumption per unit of production</b>		
Electricity unit per kgs. of yarn	3.41	3.23
Diesel Oil	Nil	Nil

#### B. TECHNOLOGY ABSORPTION

##### Steps made in Technology Absorption as per Form-B :

The Company uses Indigenous technology for manufacturing.

Research and Development are carried out in association with Textile Research Association, SITRA and BITRA. 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 31.03.2010	Year Ended 31.03.2009
Earning	3196351838	1878799618
Outgo	68878975	66219729

Place : Kolkata  
Date : 28th May, 2010

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

## ANNEXURE – B TO DIRECTORS REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

#### A) INDUSTRY STRUCTURE AND DEVELOPMENT:

World economy has shown initial indications of recovery after a severe spell of recession. The world economy is expected to grow by 4.2 percent in 2010 and projected to maintain the growth momentum in the next five years. However, the consumer confidence in major importing countries like USA and EU has been lagging behind the economic projections and may take some more time before showing any convincing revival. The partial explanation of increase in textile and clothing imports in USA and Western Countries may be attributed to the pressure on retailers caused by very low inventory levels. It has resulted into creation of demand for textile and clothing products in international market. The domestic market is also showing some signs of improvement leading to overall increase in textile manufacturing in the country. The domestic deliveries of yarn have also been consequently growing consistently showing increased activities in the entire textile value chain.

#### B) Opportunities and Threats:

The growing Indian economy and growth of organized retail promises greater consumption of textiles. The Government of India has been encouraging modernization of Indian textile industries through several policies such as TUFs. Such measures shall lend support to Indian Textile Industry in becoming competitive and to avail the opportunities in global textile trade. These developments offer opportunities to cotton spinning companies, in particular, and cotton textile manufacturing and exporters in general for growth and development.

There are some areas of concern also, which need to be taken care of here. Along-with recovery, the textile industry is also facing increase in input prices in sync with the global trends. In addition to appreciating rupee, free export of cotton followed by withdrawal of export incentives on cotton yarn are also causing concern for the sustained recovery in the textile industry. In our view, if any segment suffers from some systemic disadvantages affecting its global competitiveness, it should be overcome through suitable incentive mechanism without affecting any other segment of the industry. We have a firm faith in the bright future of textile industry in India.

#### C) Outlook:

The general economic outlook globally is getting positive. There is an increasing return of confidence though many experts opine that the recovery is still fragile. Generally speaking, the economic outlook lends optimism, though with caution. With global economic outlook looking positive, the global textile trade is likely to witness an increase of around 10% in the F/Y 2010-2011 over the previous year and this growth trend is likely to fetch positive results to the Indian Textile Sector.

#### D) Management perception of Risk and Concern:

One of the major challenges for the textile industry is the continued appreciation in the Indian rupee against US dollar, which has serious implication on textile exports. Being highly competitive industry, increase in the external value of rupee would cripple the competitiveness of the industry. Another important issue is

availability, quality and the price of power. The availability of good quality power at reasonable prices is critical for financial sustainability of the industry. However, the cost of power has been continuously increasing, adding to the input cost pressure in the industry. We hope that power situation will improve in the coming years. The differentiated treatment for different sectors of textile industry, in government policy, is also a serious development. An integral approach is required for the growth of the industry in the country. We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements and improved customer services to minimise the growing cost pressure.

#### 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, effectiveness and effectiveness of other controls in the organization. Internal audits and checks are carried out to provide assurance that the responsibilities at various levels are discharged 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 maintaining an excellent organization climate based on human performance. Performance management is the key word for the company. Your Company also conducts in house training at various levels. Industrial relations has been very smooth throughout the year. Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shopfloors 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 Eight times, on the following dates, during the financial year 2009-2010 :

22.04.09	05.06.09	31.07.09	08.10.09	28.10.09	08.12.09	30.01.10	18.02.10
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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 31.03.2010 are given below :

Name	Category	No. of Meetings held during the Financial year	No. of Board Meetings Attended during the year	Whether Attended AGM held on 27.09.09	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 31.03.2010
						Chairman	Member	
Mr. Sushil Patwari	Promoter Executive	8	8	Yes	3	None	4	568500
Mr. Sunil Patwari	Promoter Executive	8	8	Yes	1	None	2	712000
Mr. Mahendra Patwari	Executive	8	5	No	1	None	None	312000
Mr. K. C. Purohit	Executive	8	2	No	Nil	None	None	Nil
Mr. M. K. Ogra	Independent	8	4	Yes	4	2	None	Nil
*Mr. K. L. Agarwal	Independent	8	1	No	Nil	None	None	Nil
Mr. B. C. Talukdar	Independent	8	4	No	2	1	3	Nil
Mr. M. P. Periwal	Independent	8	1	No	3	None	None	Nil
Mr. R. M. Ruia	Independent	8	2	No	1	None	None	1900
*Mr. D. P. Agarwal	Promoter	8	Nil	No	10	None	None	Nil

\*Mr. D. P. Agarwal resigned from the Board w.e.f. 30th September, 2009.

\*Mr. K. L. Agarwal resigned from the Board w.e.f. 28th May, 2010

#### 3. COMMITTEES OF THE BOARD

##### A) AUDIT COMMITTEE

The Audit Committee comprises of four Directors viz. Mr. M. K. Ogra as Chairman of the Committee, Mr. Sunil Patwari, Mr. K. L. Agarwal 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 2009-2010 :

22.04.09	05.06.09	31.07.09	28.10.09	30.01.10
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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	5	4
Mr. B. C. Talukdar	5	4
Mr. K. L. Agarwal	5	1
Mr. Sunil Patwari	5	5

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	Executive
3. Mr. Sunil Patwari	Member	Executive

The Committee met two times during the financial year 2009 & 31.07.09.

The Committee is prompt in attending to requests for issue of duplicate certificates. The number of Complaints received during the Financial Year 2009-10 are as follows:

Number of complaints received from Investors comprising of Non-receipt of Dividend and Annual Reports, Share sent to Transfer and Transfers, Complaints received from SEBI Stock Exchanges and direct from Investors, Registrar of Companies etc.	14
Number of Complaints resolved	14
Number of Complaints pending as on 31.07.2010	NIL

The complaints were disposed off within the stipulated 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. K. L. Agarwal	Member	Independent Director
3. Mr. Sunil Patwari	Member	Executive

The meeting of the Remuneration Committee was held once on 05.06.2009 during the financial year 2009-2010.

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 2009-2010 :

Name of Directors	Sitting Fees (Rs.)	Salary (Rs.)	Perquisites (Rs.)	Commission (for 2008-09 paid during the year) (Rs.)
1. Mr. Sushil Patwari	—	12,00,000/-	—	—
2. Mr. Sunil Patwari	—	24,00,000/-	30,000/-	—
3. Mr. Mahendra Patwari	—	18,00,000/-	30,000/-	—
4. Mr. K. C. Purohit	—	7,20,000/-	—	—
5. Mr. K. L. Agarwal	9,000/-	—	—	—
6. Mr. M. K. Ogra	34,000/-	—	—	—
7. Mr. B. C. Talukdar	28,000/-	—	—	—
8. Mr. R. M. Ruia	10,000/-	—	—	—
9. Mr. M. P. Periwal	5,000/-	—	—	—



## ANNEXURE 'C' (Contd.)

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.

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

Name of Director	Mr. K. C. Purohit	Mr. Sushil Patwari	Mr. Mahendra Patwari
Date of Birth	18.06.1932	20.08.1954	15.03.1963
Date of Appointment	30.06.2001	06.03.1989	01.07.2004
Qualification	B. Tech	B. Com(H)	B.E. from IIT , Mumbai
Expertise in specific Functional area	Industrialist having rich business experience	Industrialist having rich business experience	Industrialist having rich business experience
List of other Directorships held excluding foreign companies, Companies under section 25 of the Companies Act, 1956 and Private Companies.	Nil	Rupa & Co. Ltd. Reliance Processors Ltd. Capital & Infrastructure Ltd.	Nagreeka Foils Ltd.
Chairman / Member of the Committees of the Board of other Companies in which he/she is a Director	None	Capital & Infrastructure Ltd. Rupa & Co. Ltd.	None

### 5. DETAILS OF GENERAL MEETINGS

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

Sr. No.	Year	Location	Date	Day	Time	No. of Special Resolution Passed
1.	2008-09	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	20th A.G.M. 22.09.09	Tuesday	10.30 am	One
2.	2007-08	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	19th A.G.M. 16.09.08	Tuesday	10.30 am	Nil
3.	2006-07	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	18th A.G.M. 21.09.07	Friday	10.30 am	Nil

No item was passed by any resolution through postal ballot during the financial year 2009-2010.

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

### 6. DISCLOSURES

- 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.
- Transactions with related parties as per requirements of the Accounting Standard 18 are disclosed in Note No. 16 of Schedule "O" of the Accounts in the Annual Report.
- All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- Risk assessment and its minimization procedures have been laid down by the Company and the same have been

## ANNEXURE 'C' (Contd.)

informed to Board Members. These procedures are periodically reviewed to ensure that executive management controls risks through means properly defined.

- (iv) 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.

### 7. 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.

### 8. 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 of the listing agreement was placed before the Board, who took the same on record.

### 9. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting	:	21st
Date and Time	:	28th September, 2010 at 10:00 A.M.
Venue	:	Bengal National Chamber of Commerce & Industry 23, R.N. Mukherjee Road, Kolkata - 700 001
Financial Calendar (Tentative)	:	Year ending 31st March 2011
		First Quarter Results Before the end of 2nd week of August' 10
		Second Quarter and Half Yearly Results Before the end of 2nd week of November' 10
		Third Quarter Results Before the end of 2nd week of February' 11
		Results for year ending 31st March 10 Before end of May' 11
		Annual General Meeting ending 31st March' 11 Before end of September' 11
Date of Book Closure	:	21st September, 2010 to 28th September, 2010 (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 2010-11.

### 10. STOCK CODE

Bombay Stock Exchange Limited : 521109

National Stock Exchange of India Limited : NAGREEKEXP

### 11. PLANT LOCATION

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

### 12. 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.

### 13. DEMATERIALISATION OF SHARES

An on 31st March, 2010, 93.8041% of the Share Capital comprising 11725236 shares are in dematerialized form. Under the depository system the International Securities Identification Number (ISIN) allotted to the company's shares is INE 123B01028.

### 14. 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 :

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

## ANNEXURE 'C' (Contd.)

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 31.03.2010 :

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
1) 1 to 500	11655	92.8981	1549895	12.3995
2) 501 to 1000	448	3.5709	378229	3.0259
3) 1001 to 2000	213	1.6979	336702	2.6937
4) 2001 to 3000	60	0.4782	150588	1.2047
5) 3001 to 4000	37	0.2949	131514	1.0521
6) 4001 to 5000	29	0.2311	134620	1.0770
7) 5001 to 10000	39	0.3085	251839	2.2508
8) 10001 and above	66	0.5201	923663	76.2963
<b>TOTAL</b>	<b>12546</b>	<b>100</b>	<b>12499700</b>	<b>100</b>

### CATEGORY OF SHAREHOLDERS AS ON 31.03.2010

Category	No. of Shares Held	Percentage of shareholding
<b>A. PROMOTER'S HOLDING</b>		
(a) Individual / HUF	4472300	35.7793
(b) Bodies Corporate	2105186	16.8419
<b>Sub-Total (A)</b>	<b>6577486</b>	<b>52.6212</b>
<b>B. PUBLIC HOLDING</b>		
<b>1. INSTITUTIONS</b>		
(a) Mutual Funds and UTI	3300	0.0264
(b) Banks/ Financial Institutions	400	0.0032
(c) FIs	300	0.0024
<b>Sub-Total (B)(1)</b>	<b>4000</b>	<b>0.0320</b>
<b>2. NON-INSTITUTIONS</b>		
(a) Bodies Corporate	2638787	21.1108
(b) Individuals		
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	2661306	21.2910
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	349749	2.7980
(c) Non-Resident Individuals	268372	2.1470
<b>Sub-Total (B) (2)</b>	<b>5918214</b>	<b>47.3468</b>
<b>Sub-Total (B) (1) + (B) (2)</b>	<b>5922214</b>	<b>47.3788</b>
<b>C. Shares held by Custodians and against which Depository Receipts have been issued</b>		
<b>Grand Total (A) + (B) + (C)</b>	<b>12499700</b>	<b>100.00</b>

## ANNEXURE 'C' (Contd.)

### 15. MARKET PRICE DATA (Rs.) :

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'2009	12.58	10.10	13.00	10.30
May'2009	17.11	11.15	16.25	11.15
June'2009	22.70	15.40	21.90	16.00
July'2009	17.40	13.40	16.75	14.20
Aug'2009	20.00	15.05	20.85	15.25
Sep'2009	21.80	17.50	21.45	18.25
Oct'2009	20.95	16.00	21.05	16.10
Nov'2009	18.45	15.10	18.45	14.90
Dec'2009	25.10	16.25	25.20	16.10
Jan'2010	23.25	19.85	23.40	20.45
Feb'2010	22.05	17.35	22.00	17.25
Mar'2010	19.00	16.25	18.95	16.50

Place : Kolkata  
Date : 28th May, 2010

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, 2010, 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 : 28th May, 2010

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

## AUDITORS' REPORT

### TO THE MEMBERS OF

1. We have audited the attached Balance Sheet of **NAGREEKA EXPORTS LIMITED** as at **March 31, 2010**, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto of which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by laws have been kept by the Company so far as appears from our examination of those books;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3) of Section 211 of the Companies Act, 1956;
  - (v) on the basis of written representations received from the directors of the Company on **March 31, 2010**, and taken on record by the Board of Directors, we report that none of the directors has been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 249 of the Companies Act, 1956; and
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read together with significant accounting policies and notes on accounts in Schedule "O" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **March 31, 2010**;
    - (b) in the case of the Profit and Loss Account, of the profit or loss for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Kolkata  
Date : 28th May, 2010

### ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 above)

- i. In respect of its 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 phase manner to cover all the items over a period of three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
  - (c) In our opinion, the company has not disposed of a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- ii. 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 the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence, clause 4 (iii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and on the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls. We have not observed any failure on the part of the company to correct major weakness in the internal control system.
- v. 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 explanations 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.

## ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- (b) In our opinion, and according to information and explanations 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 prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, The Company has not accepted any deposits from the public. Therefore the provision of clause 4 (vi) of the Companies (Auditors' Report Order 2003) are not applicable to the company.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have reviewed the books of account 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 are accurate or complete.
- ix. In respect of statutory dues:
- (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sale tax, customs duty, excise duty and cess were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating to Rs. 151.80 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under :

Particulars	Financial Year to which the matter pertains	Forum where dispute is pending	Amount (Rs.in lacs)
Sales Tax	1998-1999	Appellate Tribunal	7.01
Income Tax	1999-2000	High Court	1.99
	2004-2005	High Court	5.67
	2005-2006	CIT (Appeal)	35.93
Central Excise	2005-2006	Commissioner (Appeals)	75.61
	& 2008-2009	Central Excise	
Custom	1994	High Court	25.59
			<b>151.80</b>

- x. The Company has neither accumulated losses as at 31st March 2010 nor has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given to us by the management, in our opinion, the Company has not defaulted in repayment of dues to a financial institution or bank as at the balance sheet date.
- xii. In our opinion and according to the explanations given to us and the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debenture and other investments.
- xv. According to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. According to the 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.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. During the period covered by our audit report, the Company has not raised any money by public issues.
- xxi. During the course of our examination of the books of account 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, noticed or reported during the year, nor have we been informed of such case by the management.

Place : Kolkata  
Date : 28th May, 2010

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

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at		As at	
		31st March, 2010	31st March, 2009	31st March, 2009	31st March, 2009
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS :</b>					
<b>Shareholders' Fund</b>					
Share Capital,	A	62,550,000		62,550,000	
Reserves & Surplus	B	<u>722,117,342</u>		<u>702,722,054</u>	
			<b>784,667,342</b>		<b>765,272,054</b>
<b>Loan Fund :</b>					
Secured Loans	C		1,258,379,415		890,835,337
Deferred Tax Liability			<u>132,096,083</u>		<u>128,957,494</u>
			<b>2,175,142,840</b>		<b>1,785,064,885</b>
<b>APPLICATION OF FUNDS :</b>					
<b>Fixed Assets</b>					
Gross Block	D		1,332,349,435		
Less: Depreciation			<u>395,461,273</u>		
			936,888,162		
Capital Work-in-Progress			<u>1,134,126</u>		
			<b>884,854,187</b>		<b>938,022,288</b>
Investments	E		202,344,035		206,862,075
<b>Current Assets, Loans &amp; Advances</b>					
Inventories			333,382,186		
Sundry Debtors			61,372,558		
Cash & Bank Balances			20,878,035		
Loans, Advances & Other Current Assets		<u>431,169,501</u>	<u>352,772,314</u>		
			<b>768,405,093</b>		
Less :					
Current Liabilities & Provisions	G	<u>265,727,651</u>	<u>128,224,571</u>		<u>640,180,522</u>
			<b>1,087,944,618</b>		<b>640,180,522</b>
			<u><b>2,175,142,840</b></u>		<u><b>1,785,064,885</b></u>
Significant Accounting Policies and Notes on Accounts	O				

The schedules referred to above forms an integral part of the Financial Statement.

As per our separate report attached.

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

Place : Kolkata  
Date : 28th May, 2010

For and on behalf of the Board of Directors

**SUSHIL PATWARI** CHAIRMAN & MANAGING DIRECTOR  
**M. K. OGRA** DIRECTOR  
**J. TIWARI** COMPANY SECRETARY

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	For the Year ended 31st March, 2010		For the Year ended 31st March, 2009	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME :</b>					
Sales & Export Revenue			4,145,542,894		2,665,269,205
Other Income	H		4,833,417		6,249,692
Increase (Decrease) in Stock	I		219,514,118		(9,086,985)
			<u>4,369,890,429</u>		<u>2,662,431,913</u>
<b>EXPENDITURE :</b>					
Purchases	J		2,740,750,859		1,135,136,504
Manufacturing Expenses	K		1,036,599,862		1,080,122,648
Selling & Distribution Expenses	L		226,792,435		170,397,854
Establishment & Other Expenses	M		167,831,281		179,532,058
Interest	N		111,341,680		79,804,237
Depreciation	D		65,637,366		63,571,131
			<u>4,895,953,483</u>		<u>2,708,564,432</u>
Profit/(Loss) for the year			936,946		(46,132,520)
Provision for Taxation			(3,200,000)		—
MAT Credit Entitlement			1,744,812		8,292,277
Provision for Fringe Benefit Tax			—		(750,000)
Deferred Tax Assets/(Liability)			(138,589)		19,987,572
(Short)/Excess Provision for Taxation for earlier year			52,119		1,267,903
(Short)/Excess Provision for Fringe Benefit Tax for earlier year			—		(292,289)
Balance brought forward from Previous Year			6,255,465		23,882,522
Profit/(Loss) available for appropriations			<u>25,650,753</u>		<u>6,255,465</u>
<b>APPROPRIATIONS :</b>					
General Reserve			—		—
Balance Carried to Balance Sheet			25,650,753		6,255,465
			<u>25,650,753</u>		<u>6,255,465</u>
Basic / Diluted Earning Per share (Rs.)			1.55		(1.41)
Significant Accounting Policies and Notes on Accounts	O				

The schedules referred to above forms an integral part of the Financial Statement.

As per our separate report attached.

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

Place : Kolkata  
Date : 28th May, 2010

For and on behalf of the Board of Directors

**SUSHIL PATWARI** CHAIRMAN & MANAGING DIRECTOR  
**M. K. OGRA** DIRECTOR  
**J. TIWARI** COMPANY SECRETARY



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010  
(PURSUANT TO CLAUSE-32 OF THE LISTING AGREEMENT)**

	2009-2010 (Rs.)	2008-2009 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) Before Tax and extra ordinary items	20,936,946	(46,132,520)
Adjustment for :		
Depreciation	65,637,366	63,571,131
Interest Charged (net)	111,341,680	79,804,237
Investment Income	(4,536,934)	(852,575)
Loss/(Profit) on sale of Fixed Assets (net)	5,166,888	(2,606,669)
<b>Operating Profit Before Working Capital Changes &amp; extra ordinary items</b>	<b>198,545,946</b>	<b>93,783,604</b>
Adjustment for :		
Trade and other Receivables	(241,089,054)	297,066,798
Inventories	(347,388,040)	21,775,419
Trade payable	47,842,172	(31,761,199)
<b>Cash Generated from Operation</b>	<b>(342,088,976)</b>	<b>380,864,622</b>
Direct Taxes paid	(710,147)	(1,186,859)
<b>Net Cash (Outflow) / Inflow from Operating Activities</b>	<b>(342,799,123)</b>	<b>379,677,763</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets (Inclusive of Capital Work)	(20,947,156)	(80,845,668)
Purchase of Investments	(5,000,000)	(60,000,000)
Sale of Investments	11,803,399	—
Difference on Derivatives & Future Transactions	—	—
Interest received on Loans & deposit	859,423	1,838,856
Dividend received	2,251,575	852,575
Sale of Fixed Assets	3,311,000	6,792,665
<b>Net cash (Outflow) from Investing Activities</b>	<b>(7,721,760)</b>	<b>(131,361,572)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(111,435,577)	(81,643,093)
Long term Borrowings	(29,079,544)	(46,916,217)
Short term Borrowings	482,935,077	(124,225,177)
Dividend & Dividend Tax	(14,396)	(10,703,025)
<b>Net cash Inflow/(Outflow) from financing Activities</b>	<b>342,405,560</b>	<b>(263,487,512)</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents (A+B+C)</b>	<b>(8,115,323)</b>	<b>(15,171,321)</b>
Cash & Cash equivalents As At 01.04.2009 (Opening Balance)	20,878,035	36,049,356
Cash & Cash equivalents As At 31.03.2010 (Closing Balance)	7,991,960	20,878,035

Significant Accounting Policies and Notes on Accounts - O

The schedule referred to above forms an integral part of the Cash Flow Statement.

As per our separate report attached.

For **DAS & PRASAD**  
Chartered Accountants  
**(CA. B. N. AGARWALA)**  
Partner  
M. No. 011709  
Firm Regn. No. 303054E  
Place : Kolkata  
Date : 28th May, 2010

For and on behalf of the Board of Directors

**SUSHIL PATWARI** CHAIRMAN & MANAGING DIRECTOR  
**M. K. OGRA** DIRECTOR  
**J. TIWARI** COMPANY SECRETARY

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised</b>		
3,00,00,000 Equity Shares of Rs. 5/- each	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued</b>		
1,25,10,000 Equity Shares of Rs. 5/- each	<u>62,550,000</u>	<u>62,550,000</u>
<b>Subscribed &amp; Paid up:</b>		
1,24,99,700 Equity Shares of Rs. 5/- Each (15,00,000 Equity Shares of Rs. 5/- each were allotted as fully paid up Bonus shares by way of capitalisation of General Reserve)	62,498,500	
<b>Add:</b> 10,300 Equity Forfeited Shares during the year (Amount originally paid up)	<u>51,500</u>	
	<u>62,550,000</u>	<u>62,550,000</u>
	<u>150,000,000</u>	<u>150,000,000</u>
<b>SCHEDULE 'B'</b>		
<b>RESERVES &amp; SURPLUS :</b>		
<b>Capital Reserve :</b>		
As per last Account	3,000,000	3,000,000
<b>General Reserve :</b>		
As per last Account	550,000,000	550,000,000
<b>Share Premium Reserve :</b>		
As per last Account	143,363,589	143,363,589
<b>Share forfeiture Reserve</b>		
	103,000	103,000
<b>Profit &amp; Loss Account :</b>		
Balance as per Profit & Loss Account	<u>25,650,753</u>	<u>6,255,465</u>
	<u>722,117,342</u>	<u>702,722,054</u>
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS :</b>		
<b>Term Loans :</b>		
Rupee Loan	476,437,425	505,516,969
<b>Working Capital Term Loan :</b>		
Rupee Loan	75,000,000	—
<b>Working Capital Loans</b>		
(Refer Note no. B-3 of Schedule - O)	<u>706,941,990</u>	<u>385,318,368</u>
	<u>1,258,379,415</u>	<u>890,835,337</u>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**  
**SCHEDULE "D"**  
**FIXED ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION			NET BLOCK		
	As at 31st March 2009	Addition during the year	Adjustment/ Disposed/ Sales	As at 31st March 2010	Upto 31st March 2009	For the year	For Adjustment For Deduction	Upto 31st March 2010	As at 31st March 2010	As at 31st March 2009
Land & Site Development	2635829	—	—	2635829	—	—	—	—	2635829	2635829
Land (Lease Hold)	19180515	—	—	19180515	251559	81900	—	453469	18727046	18928946
Office Premises	14268713	—	—	14268713	8157871	22250	—	3390451	10878262	11110842
Factory Building	170554770	—	—	170554770	4211590	297945	—	49913532	120641238	126343179
Godown	7275714	—	—	7275714	5622	31000	—	248631	7027083	7270092
Plant & Machinery	1082348886	2108882	—	1084457768	336019315	5232176	—	383221491	691236177	746329671
Furniture & Fixtures	7258356	94742	—	7353098	399241	23500	—	4458827	2894271	3259115
Air Conditioner	1310905	113498	—	1424403	382283	17356	—	446912	974491	928652
Vehicles	9173913	2467434	89341	11714788	3223778	102468	343828	3901416	6846520	5950135
Computer	4075704	409775	—	4485479	2971888	30658	—	3302326	1184153	1105036
Office Equipments	2227740	289979	—	2517719	941002	111674	—	1052676	1465043	1286739
Non Factory Building	3666574	404907	—	4071481	278341	62336	—	340677	3730804	3388233
Refrigerator	50100	—	—	50100	19023	2380	—	21403	28697	31077
Old Machine in Hand	8320616	—	7928310	392306	—	—	—	—	392306	8320616
<b>Grand Total</b>	<b>1332349435</b>	<b>5899017</b>	<b>8821721</b>	<b>1329416731</b>	<b>385461273</b>	<b>65637366</b>	<b>343828</b>	<b>460754811</b>	<b>868661920</b>	<b>936888162</b>
Previous Year	1265788302	79933598	13372465	1332349435	341076609	63571131	9186469	395461273	936888162	924711893

**Notes :**

- Office Premises includes Rs. 1,500/- towards cost of shares of co-operative society.
- Addition to Plant & Machinery and Factory Building being exchange rate difference of Rs. Nil adjusted (previous year addition of Rs. 1,22,21,286/-).

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 'E'</b>		
<b>INVESTMENTS : LONG TERM</b>		
<b>Trade (At Cost)</b>		
(Equity Share/Units - fully paid of Rs.10/- each unless otherwise stated)		
<b>Unquoted :</b>		
5,420 Sundaram BNP Paribas (Midcap Appreciation)	500,000	500,000
47,975 Sundaram BNP Paribas Equity Multiplier Fund	479,753	479,753
50,000 Sundaram BNP Paribas Select Small Cap	500,000	500,000
62,500 Tirumala Mart P. Ltd.	5,000,000	—
<b>Quoted :</b>		
115,600 Nagreeka Capital & Infrastructure Ltd. of Rs. 5/- each	578,000	578,000
300,000 Rupa & Co. Ltd.	60,000,000	60,000,000
199,000 Sterlite Ind (I) Ltd. of Rs. 2/- each (Prev. year 213000)	135,286,282	144,804,322
	<u>202,344,035</u>	<u>206,862,075</u>
Aggregate Book value of :		
a) Quoted Investments	202,344,035	205,382,322
b) Unquoted Investments	179,753	1,479,753
Aggregate market value of quoted investments	233,856,530	1,379,498,500
<b>SCHEDULE "F"</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
Inventories (As taken valued & certified by the manager)		
Stores, Spare parts & packing material		14,234,980
Raw materials		140,202,401
Finished goods		160,927,136
Work in Progress		16,098,051
Waste	5,864,897	1,919,618
	<u>680,770,226</u>	333,382,186
<b>Sundry Debtors :</b>		
(unsecured, considered good)		
over six months	753,464	705,299
others	232,987,118	60,667,259
	<u>233,740,582</u>	61,372,558
<b>Cash &amp; Bank Balances :</b>		
Cash in Hand	3,599,885	3,393,125
With Scheduled Banks :		
In Current Accounts	699,690	15,273,029
In Unpaid Dividend Account	1,340,914	1,355,310
In Fixed Deposits (Fixed deposit of Rs.10.00 Lacs are in lien with Bank, Previous Year Nil)	2,351,471	856,571
	<u>7,991,960</u>	20,878,035
<b>Loans &amp; Advances :</b>		
(Unsecured Considered good)		
Advances (Recoverable in cash or in kind or for value to be received)*	171,614,391	204,752,536
Deposits	22,283,564	18,665,454
Advance Income Tax and TDS Receivable	11,387,684	6,617,632
Other Government Receivables	225,883,862	122,736,692
	<u>431,169,501</u>	352,772,314
	<u>1,353,672,269</u>	<u>768,405,093</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE "G"</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
<b>A. CURRENT LIABILITIES :</b>		
Sundry Creditors for Goods, Services & Expenses (Refer Note 5a to notes to the accounts)	93,608,347	89,648,237
Unclaimed Dividend	1,340,914	1,355,310
Bank Overdraft on reconciliation	109,148,269	22,836,814
Interest Accrued but not due	765,526	—
Advance against sales	56,389,669	11,766,427
	<u>261,252,725</u>	<u>125,606,788</u>
<b>B. PROVISION :</b>		
Provision for Taxation	3,200,000	750,000
Provision for Gratuity	1,274,926	1,867,783
	<u>265,727,651</u>	<u>128,224,571</u>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	for the Year ended 31st March, 2010 Rs.	for the Year ended 31st March, 2009 Rs.
<b>SCHEDULE "H"</b>		
<b>OTHER INCOME</b>		
Dividend	2,251,575	852,575
Sundry Balance written Back	114,734	1,891,478
Insurance & Other Claim	181,749	898,970
Profit on Sale of Fixed Assets	—	2,606,669
Profit on Sale of Long Term Investments	2,285,359	—
	<u>4,833,417</u>	<u>6,249,692</u>
<b>SCHEDULE "I"</b>		
<b>INCREASE/(DECREASE) IN STOCK</b>		
<b>Closing Stock :</b>		
Finished goods	375,522,527 ↑	160,927,137
Work-in-progress	17,071,500 ↓	16,098,051
Waste	5,864,897 ↓	1,919,618
	<u>398,458,924</u>	<u>178,944,806</u>
<b>Less: Opening Stock :</b>		
Finished goods	160,927,137	171,778,024
Work-in-progress	16,098,051	13,717,741
Waste	1,919,618	2,536,025
	<u>178,944,806</u>	<u>188,031,790</u>
	<u>219,514,118</u>	<u>(9,086,985)</u>
<b>SCHEDULE "J"</b>		
<b>PURCHASES :</b>		
Trading goods	2,740,750,859	1,135,136,504
	<u>2,740,750,859</u>	<u>1,135,136,504</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	for the Year ended 31st March, 2010		for the Year ended 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE "K"</b>				
<b>MANUFACTURING EXPENSES :</b>				
Consumption of Raw Materials :				
Opening Stock		140,202,401		153,890,730
Purchases		966,682,116		893,653,331
		<u>1,106,884,517</u>		<u>1,047,544,061</u>
<b>Less: Closing Stock</b>		<u>265,012,136</u>		<u>140,202,401</u>
		<b>841,872,381</b>		<b>907,341,660</b>
Consumption of Stores, Spares and Packing Materials		38,578,119		42,978,534
Power & Fuel		152,378,404		125,245,775
Processing Charges		238,949		325,553
Repairs & Maintenance (Plant & Machinery)		2,882,924		2,917,179
Repairs & Maintenance (Building)		649,085		1,313,947
		<u>1,036,599,862</u>		<u>1,080,122,648</u>
<b>SCHEDULE "L"</b>				
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>				
Outward Freight		296,063		106,873,278
Other export expenses		2,328,568		39,812,972
Commission on sales		57,671,958		14,866,593
Claims & Discounts		5,495,846		8,845,011
		<u>226,792,435</u>		<u>170,397,854</u>
<b>SCHEDULE "M"</b>				
<b>ESTABLISHMENT &amp; OTHER EXPENSES</b>				
<b>Payment to &amp; Provision for Employees</b>				
Salary, Wages, Bonus & Gratuity		1,468,051		64,290,093
Contribution to Provident Fund & Others				4,139,999
Staff Welfare Expenses				1,081,291
		<u>76,710,902</u>		<u>69,511,383</u>
Rent		1,061,633		400,299
Rates & Taxes		2,737,167		819,580
Communication Charges		4,417,317		3,747,750
Travelling & Conveyance Expenses		9,939,958		9,565,756
Miscellaneous Expenses		12,978,661		14,914,487
Insurance Premium		1,214,086		1,988,929
Forex Loss		47,484,669		73,213,874
Loss on sale of Fixed Assets		5,166,888		—
Directors' Remuneration		6,120,000		5,370,000
		<u>167,831,281</u>		<u>179,532,058</u>
<b>SCHEDULE "N"</b>				
<b>INTEREST</b>				
On Term Loans*		31,374,587		27,851,238
On Others		60,290,483		36,325,232
Bank Charges		20,536,033		17,466,623
		<u>112,201,103</u>		<u>81,643,093</u>
<b>Less: Received</b>				
from Banks & others (T.D.S Rs.12,270/- Previous Year Rs. 2,99,733/-)				
		<u>859,423</u>		<u>1,838,856</u>
		<u>111,341,680</u>		<u>79,804,237</u>

\*Interest on Term Loan is net of Interest Subsidy of Rs. 2,42,58,291/- (Previous year 2,57,61,564/-)

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

### SCHEDULE "O"

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

1. **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.

2. **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.

3. **CAPITAL WORK IN PROGRESS :**

Pre-operative expenses incurred on Capital Work in Progress allocated to related Fixed assets on Pro-rata Basis.

4. **CASH FLOW :**

The Cash Flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

5. **DEPRECIATION AND AMORTISATION :**

a) 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.

b) Leasehold Land is being amortised over the useful period.

6. **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.

7. **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").
<b>Finished goods :</b>		
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

8. **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.

9. **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.

10. **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 thereunder are paid/provided in accordance therewith.

11. **FOREIGN CURRENCY TRANSACTIONS :**

i. **Export Sales :** At the rates as on the date of transactions.

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

### SCHEDULE "O" (Contd.)

- 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.
- 12. 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 or loss on settlement and provision for losses for cash flow hedges are recognized in the Profit and Loss Account, except those that relate to borrowing costs that are attributable to the acquisition or construction of fixed assets.
- 13. BORROWING COSTS :**  
Borrowing Costs in respect of 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.
- 14. 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.  
Deferred Tax resulting from "timing difference" in respect of income tax liability for the year is accounted for using the tax rates and laws that have been enacted in force on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent of reasonable certainty that the assets will be adjusted in future.
- 15. 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.
- 16. GOVERNMENT GRANTS / SUBSIDIES :**  
Government grants/subsidies are recognised when there is reasonable certainty that the same will be received. Revenue grants are recognised 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.
- B. NOTES ON ACCOUNTS :**
1. **CAPITAL COMMITMENTS** : Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. Nil (Net of advances) (Previous Year Rs. 185.00 Lacs).
  2. **CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :**
    - i. Bills discounted with Banks Rs. 5484.31 Lacs (Previous Year Rs. 2060.47 lacs).
    - ii. Bank Guarantees of Rs. 144.70 lacs (Previous year Rs. 138.50 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 2007-2008. Disputed Income Tax Liabilities for which appeal is pending before different appellate authorities for Assessment Year 2000-2001 & 2006-2007 is Rs. 43.59 lacs.
      - b) Disputed Sales Tax Liability for which appeal is pending before Maharashtra Sales Tax Appellate Tribunal for Financial Year 1998-1999 is Rs. 7.01 lacs.



## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

### SCHEDULE "O" (Contd.)

- c) Disputed Central Excise liability for which appeal is pending before different excise authorities relating to financial year from 2005-2006 to 2008-2009 is **Rs. 75.61 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.
- d) Disputed liability on account of custom duty, current fees and interest thereon **Rs. 25.59 Lacs** has not been provided for as the Company has not acknowledged the debts.
3. **SECURED LOAN :**
- i. Rupee Term loan from Canara Bank - Kolkata, Oriental Bank of Commerce - Kolkata and State Bank of Patiala - Mumbai is secured by
- 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
  - 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 and other assets as may be specifically permitted by the institutions in writing, to secure borrowings from the institutions and
  - personal guarantee of some of the Directors of the Company.
- ii. Working Capital Term Loan from Canara Bank - Kolkata is secured 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,
  - Second charge on immovable properties of the company relating to above mentioned spinning unit, and
  - personal guarantee of some of the Directors of the Company.
- iii. Working Capital Loan from Canara Bank - Mumbai and Oriental Bank of Commerce, Overseas Branch, Kolkata are secured 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,
  - Second charge on immovable properties of the company relating to above mentioned spinning unit, and
  - personal guarantee of some of the Directors of the Company.
- iv. Working Capital Loan from ING Vysya Bank - Mumbai is secured by way of :
- hypothecation of stock of raw materials, work in process, Finished goods, book debts relating to spinning unit at Village : Yavluj, District : Kolhapur, Maharashtra and
  - Second charge on immovable Properties of the Company relating to above mentioned spinning unit, and
  - personal guarantee of some of the Directors of the Company.
- v. For the above loan a securitisation agreement entered in between the Company, AXIS Bank Limited and the above lenders.
- vi. Term Loans repayable within one year **Rs. 606.96 lacs** (previous year Rs. 160.00 lacs).
- vii. Working Capital Term Loan repayable withing one year Rs. Nil.
4. Sales is net of Foreign Exchange difference Debit (Net) **Rs. 7.88 lacs** (Previous year Debit Rs 0.13 lacs.)
5. a) Sundry creditors includes outstanding dues to SSI undertakings amounting to **Rs. 4,74,153/-** (Previous year Rs. 4,34,645/-) and no dues are outstanding for more than 30 days.
- b) The Company has not received any information from its suppliers regarding registration under "The Micro, Small and Medium Enterprises Development Act, 2006." Hence the information required to be given in accordance with section 22 of the said Act, is not ascertainable. Hence, not disclosed.
6. Based on the information/documents available with the Company, there was no amount due and outstanding as on 31st March, 2010 which is to be transferred to Investors Education and Protection Fund under Section 205C of the Companies Act, 1956.
7. 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).

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

### SCHEDULE "O" (Contd.)

	for the Year ended 31st March, 2010		for the Year ended 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
8. A) DIRECTORS' REMUNERATIONS :				
Salary		6,120,000		5,370,000
Other Perquisites		60,000		60,000
B) MISCELLANEOUS EXPENSES INCLUDES :				
i) Directors' sitting fees		86,000		105,000
ii) Payment to Statutory Auditors :				
Statutory Audit fees	165,450		132,360	
Tax Audit fees	22,060		22,060	
Other Services	104,785		62,922	
		292,295		217,342
9. Derivative Instruments				
In view of notification Number G.S.R 225 (E) dated 31st March, 2010 issued by Ministry of Company Affairs, the Company opted to adjust the exchange differences arising on reporting of long term foreign exchange monetary items. Pursuant to exercise of aforesaid option the Company has debited Rs. 1,34,14 Lacs to "Foreign currency monetary item Transaction difference Account" that will amortised over the period of 31st March, 2010 to 31st March, 2011 but not beyond 31st March, 2011.				
10. Disclosure pursuant to Accounting Standard 19 on Employee Benefit				
		As at 31st March, 2010		As at 31st March, 2009
		Rs.		Rs.
1. Reconciliation of opening & closing balance of Defined Benefit Obligation				
Defined Benefit obligation at the beginning of the year		9,055,692		7,195,324
Current Service Cost		990,702		990,702
Interest cost		645,199		513,735
Actuarial (Gain) / Loss		351,477		834,984
Benefit paid		(489,230)		(479,053)
Present value of obligations as at end of year		10,603,840		9,055,692
2. Reconciliation of opening & closing balance of Plan Assets				
Fair value of Plan Assets at the beginning of the year		7,201,383		5,647,267
Expected return of Plan Assets		726,030		571,015
Actuarial (Gain) / Loss on Plan Assets		—		(85,903)
Contribution by Employer		1,853,820		1,548,057
Benefit Paid		(439,230)		(479,053)
		9,342,003		7,201,383
3. Reconciliation of Fair Value of Assets & Obligation				
Fair value of Plan Assets		9,342,003		7,201,383
Present Value of Obligation		10,603,840		9,055,692
Amount Recognized in Balance Sheet		1,261,837		1,854,309
4. Actuarial (Gain) / Loss Recognised				
Actuarial (Gain) / Loss on Obligation		(1,342,179)		834,984
Actuarial (Gain) / Loss on Plan Assets		—		85,903
Actuarial (Gain) / Loss Recognised during the year		(1,342,179)		920,887
5. Expenses charged to Profit & Loss Account				
Current service cost		990,702		990,702
Interest Cost		645,199		513,735
Expected Return on Plan Assets		(726,030)		(571,015)
Actuarial (Gain) / Loss		351,966		920,887
		1,261,837		1,854,309

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

### SCHEDULE "O" (Contd.)

6. March'2009 & March'2010 - 100% with Life Insurance of India Ltd.	7%	7%
7. Principal Actuarial Assumption as at 31st March, 2010.		
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%

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, 2010.

11. Deferred Tax Liability/(Assets) as on 31st March, 2010 comprises the following :

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
a) Deferred Tax Liability Fixed Assets - Depreciation	179,248,922	160,606,764
Total	179,248,922	160,606,764
b) Deferred Tax Assets		
Disallowance under Income Tax Act, 1961	17,152,839	31,649,270
Total	17,152,839	31,649,270
Deferred Tax Liability (Net)	132,096,083	128,957,494

12. a) 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.

b) Geographical segments :

<u>Particulars</u>	<u>2009-2010</u>	<u>2008-2009</u>
Export Revenues (Including Export Benefits)	3,571,681,168	2,112,047,557
Domestic Revenues (Net of Excise Duty)	578,861,726	553,221,648
<b>Total</b>	<b>4,145,542,894</b>	<b>2,665,269,205</b>

13. Basic and diluted earning per share (EPS) of the face value of Rs. 5/- each is calculated as under :-

	<u>2009-2010</u>	<u>2008-2009</u>
a) Net profit as per Profit and Loss Account available for Equity Share Holders (in Rs.)	19,395,288	(17,627,057)
b) Weighted average number of Equity Shares for Basic Earning Per Share	12,499,700	12,499,700
c) Earning Per Share (Weighted Average) (in Rs.) Basic / Diluted	1.55	(1.41)

14. Additional information under part II of Schedule VI of the Companies Act, 1956 :

Description	Unit	for the Year ended 31st March, 2010		for the Year ended 31st March, 2009	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
<b>A. Capacity &amp; Production :</b>					
Licensed Capacity/ Registered Capacity	Spindle	56,784		56,784	
Installed Capacity	Spindle	55,440		55,440	
<b>Actual Production :</b>					
Cotton Yarn	Kg	9,525,143		10,150,878	
Knitted Fabrics	Kg	68,277		111,453	

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

### SCHEDULE "O" (Contd.)

#### B. Opening Stock/Purchase/Sales and Closing Stock :

##### Opening Stock :

Cotton Yarn	Kg	1,350,719	147,327,110	890,963	96,143,708
Knitted Fabrics	Kg	39,803	5,142,408	70,924	6,355,215
Raw Cotton	M.T.	134	8,457,619	1,064	60,810,466
Iron Ore	M.T.	—	—	5,867	8,468,634

##### Purchases :

Cotton Yarn	Kg	19,417,223	2,424,171,961	9,569,582	1,034,610,306
Knitted Fabrics	Kg	447,400	63,390,609	356,726	46,578,030
Cloth	Mtr.	202,304	27,679,125	—	—
Machinery	No.	4	89,000	—	—
Raw Cotton	M.T.	3,320	225,420,164	835	53,948,168

##### Sales :

Cotton Yarn	Kg	27,497,501	3,714,477,847	18,717,428	2,318,393,779
Knitted Fabrics	Kg	503,495	77,246,137	499,224	62,686,993
Cloth	Mtr.	18,700	26,711,333	—	—
Machinery	No.	1	18,066	—	—
Iron Ore	M.T.	—	—	5,867	8,829,000
Raw Cotton	M.T.	2,352	210,149,520	1,759	135,040,695
Waste		—	116,839,991	—	140,318,738

##### Closing Stock :

Cotton Yarn	Kg	1,350,719	147,327,110	1,350,719	147,327,110
Knitted Fabrics	Kg	39,803	5,142,408	39,803	5,142,408
Cloth	Mtr.	—	—	—	—
Iron ore fines	M.T.	—	—	—	—
Raw Cotton	M.T.	134	8,457,619	134	8,457,619
			375,522,527		160,927,137

Note : 1) Cotton Yarn production includes 3,19,687 Kgs (Previous Year 5,42,973 Kgs) and Knitted Fabrics Production includes Nil Kgs (Previous year 76 kgs) inter department transfer.

2) Shortage of Raw Cotton during the year Nil MT (Previous year 6 MT) and Cotton Yarn Nil Kgs (Previous Year 103 kgs).

#### C. CONSUMPTION OF RAW MATERIALS :

Unit	for the Year ended 31st March, 2010		for the Year ended 31st March, 2009		
	Quantity	Value (Rs.)	Quantity	Value (Rs.)	
<b>Raw Cotton:</b>					
Indigenous	Kg	12,472,584	816,524,582	13,382,307	886,321,238
<b>Cotton Yarn:</b>					
Indigenous	Kg	197,374	25,347,799	206,183	21,020,421
		<u>12,669,958</u>	<u>841,872,381</u>	<u>13,588,490</u>	<u>907,341,660</u>

#### D. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF :

(i) Capital Goods	7,872,137	12,102,630
(ii) Stores, Spare Parts	5,987,657	6,016,998

#### E. VALUE OF CONSUMPTION :

(i) Raw Materials	Percentage	Value (Rs.)	Percentage	Value (Rs.)
Imported	—	—	—	—
Indigenous	100.00	841,872,381	100.00	907,341,660
	<u>100.00</u>	<u>841,872,381</u>	<u>100.00</u>	<u>907,341,660</u>

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

### SCHEDULE "O" (Contd.)

#### (ii) Stores, Spare Parts & Packing Materials

Imported	16.00	5,987,657	11.85	5,092,952
Indigenous	84.00	32,590,462	88.15	37,885,582
	<u>100.00</u>	<u>38,578,119</u>	<u>100.00</u>	<u>42,978,534</u>

#### 15. EXPENDITURE IN FOREIGN CURRENCY :

	2009-2010 Rs.	2008-2009 Rs.
a) Interest in rupees on foreign currency loans	7,311,335	9,954,119
b) Travelling	873,615	1,324,789
c) Commission	41,646,853	8,624,487
d) Other expenses	5,187,378	28,196,707
	<u>55,019,181</u>	<u>48,100,102</u>

#### 16. EARNING IN FOREIGN CURRENCY :

Export of goods on FOB basis	3,196,351,838	1,878,799,618
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#### 17. 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.

##### Relatives of Key Management Personnels & Others :

Patwari Properties	Smt. Minakshi Patwari
Smt. Anita Patwari	Sri Ishwarlal Patwari

	(Rs. In lacs) 2009-2010	(Rs. In lacs) 2008-2009
<b>Nature of Transactions &amp; with Whom</b>		
Rent to Relatives of Key Management Personnels & Others	1.74	1.40
Rent to Key Management Personnel	0.60	0.60
<b>Nature of Transactions &amp; with Whom</b>		
Remuneration to Key Management Personnels	61.20	53.70
Sitting fees to relative of Key Management Personnels	—	0.09
<b>Outstanding Balances as on 31.03.2010</b>		
<b>Deposits/Loans &amp; Advances :</b>		
Key Management Personnels	176.00	176.00

**Note :** a) There is no doubtful debts as on 31.03.2010 hence no provision is made.

b) There is no amounts written off or written back during the year in respect of debts due from or to related parties.

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

### SCHEDULE "O" (Contd.)

#### 18. Additional information as per Part IV of Schedule VI to the Companies Act, 1956

#### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

##### I. Registration Details

Registration No.

4 6 3 8 7

State Code

2 1

Balance Sheet date

3 1 0 3 2 0 1 0  
date - month - year

##### II. Capital Raised during the year (Amount in Rs.Thousands)

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

Equity share warrants

N I L

##### III. Position of mobilisation and deployment of funds (Amount in Rs.Thousands)

Total Liabilities

2 4 4 0 8 7 0

Total Assets

2 4 4 0 8 7 0

##### Sources of Funds:

Paid Up Capital

7 2 2 1 1 7

Reserve & Surplus

7 2 2 1 1 7

Secured Loan

1 2 5 8 3 7 9

Unsecured Loan

N I L

Deferred Tax

1 3 2 0 9 6

##### Application of Funds :

Net Fixed Assets

2 0 2 3 4 4

Investments

2 0 2 3 4 4

Net Current Assets

1 0 8 3 4 3

Misc. Expenditure

N I L

Accumulated Loss

N I L

##### IV. Performance of the Company (Amount in Rs.Thousands)

Turnover (Including Stock Adjustment and other Income)

4 3 6 9 8 9 0

Total Expenditure

4 3 4 8 9 5 3

Profit/(Loss) before Tax

2 0 9 3 7

Profit/(Loss) after Tax

1 9 3 9 5

Earning per Share

1 . 5 5

Dividend rate %

0

##### V. Generic Names of Three Principal Products/Services of Company (as per monetary terms) :

Item Code No. ( ITC Code)

5 2 . 0 5

Product Description

Cotton Yarn

6 0 . 2 0

Knitted Fabric

19. Previous year figures have been regrouped and/or rearranged wherever necessary.

As per our separate report attached.

For **DAS & PRASAD**  
Chartered Accountants  
(**CA. B. N. AGARWALA**)  
Partner  
M. No. 011709  
Firm Regn. No. 303054E  
Place : Kolkata  
Date : 28th May, 2010

For and on behalf of the Board of Directors

**SUSHIL PATWARI** CHAIRMAN & MANAGING DIRECTOR  
**M. K. OGRA** DIRECTOR  
**J. TIWARI** COMPANY SECRETARY