ntc industries limited

Annual Report 2011-12

CORPORATE INFORMATION

Registered office / factory
149, B.T. Road, P.O. Kamarhati
Kolkata – 700058
Ph no. 033 30190513
Email id: ntc@ntcind.com
Website: www.ntcind.com

Auditors
Statutory Auditors
S.M. Daga & Co.
Chartered Accountants
11, Clive Row, 2nd Floor
Kolkata-700001

Internal Auditors
R Kothari & Co.
16A, Shakespeare Sarani
Kolkata – 700071

Bankers
Axis Bank
Oriental Bank of Commerce
Corporation Bank
Kotak Mahindra Bank
State Bank of India

Registrar and Share Transfer Agent
Niche Technologies Private Limited

Solicitors
Dipayan Choudhury, Advocates

WHAT'S INSIDE

IN 2011-12, WHEN THE GLOBAL ECONOMY WENT THROUGH A TAILSPIN,

ntc industries limited carried on its pre-set trend of reporting a positive performance.

The Company is modernising equipment, investing in brand building and seeking new opportunities to enhance revenues and profits.

CORPORATE IDENTITY

Lineage

- ntc industries limited acquired plant and facilities of erstwhile New Tobacco Company Limited (established in 1935) which was one of the oldest cigarette manufacturers in India
- The Company's products are principally marketed under three brands, namely COOL, REGENT and NO.10
- The Company launched India's first filter and menthol cigarette brands
- The Company is the fifth-largest licensed cigarette manufacturing company in India (15,700 million sticks per annum); the Company possesses an installed capacity of 1,905 million sticks per annum as on 31st March 2012
- The Company is headed by Mr. Lawrence Baptist Fernandes (Managing Director), assisted by a professional management team
- The promoters hold 61.57% of the Company's equity (as on 31st March 2012)

Presence

- The Company is headquartered in Kolkata, India
- The Company's shares are listed on BSE and Calcutta Stock Exchange
- The Company's market capitalisation was ₹2043 lacs as on 31st March 2012
- The Company's brands have a pan-India acceptance

Research achievements

- Research & Development department is on a constant endeavour to cater to the new market segment of lighter varieties of cigarettes with less TAR and Nicotine content
- Developed a number of new concept blends creating new customer base in both domestic and export market
- Developed some premium new blends for new cigarettes and smoking mixtures based on which the Company would be launching some premium cigarette brands in king size (84 mm) category to explore new opportunities

Over the years

1991

The Company was incorporated as R D Builders and Developers Limited

1994

Took over the assets of New Tobacco Company Limited on lease for three years and changed its name to RDB Industries Limited

1994

Went public and got itself listed in BSE Limited. The Company also started commercial production of cigarettes in May 1994 in Calcutta

Segment	Brand name	Nature	Available size	Geographical area
Domestic	Cool	Menthol filter	84 mm and 69 mm	Western India, Southern India
	Regent Miniking	Virginia filter	69 mm	Southern India, Eastern India
	Regent Luxury Filter	Virginia filter	84 mm	Eastern India
	Regent Special	Virginia filter	69 mm	Eastern India
	Regent Royale	Virginia filter	69 mm	Northern India, Eastern India
	Regent Standard	Virginia filter	64 mm	Eastern India
	NO.10	Virginia filter	69 mm	Northern India
	Deluxe Tenor	Virginia non-filter	69 mm	Northern India
	Prince Henry smoking mixture	Flavoured American type	50 gms pouch	Eastern India
Export	Maypole and others	American blend	84 mm	UAE, Central and South America and North Africa

2003

Entered into an agreement with Sampoorna Asia Pte Limited to import and distribute 'EXCLUSIVE' brand cigarettes in India

2010

The change in ownership happened and the Company fully acquired its plants and facilities

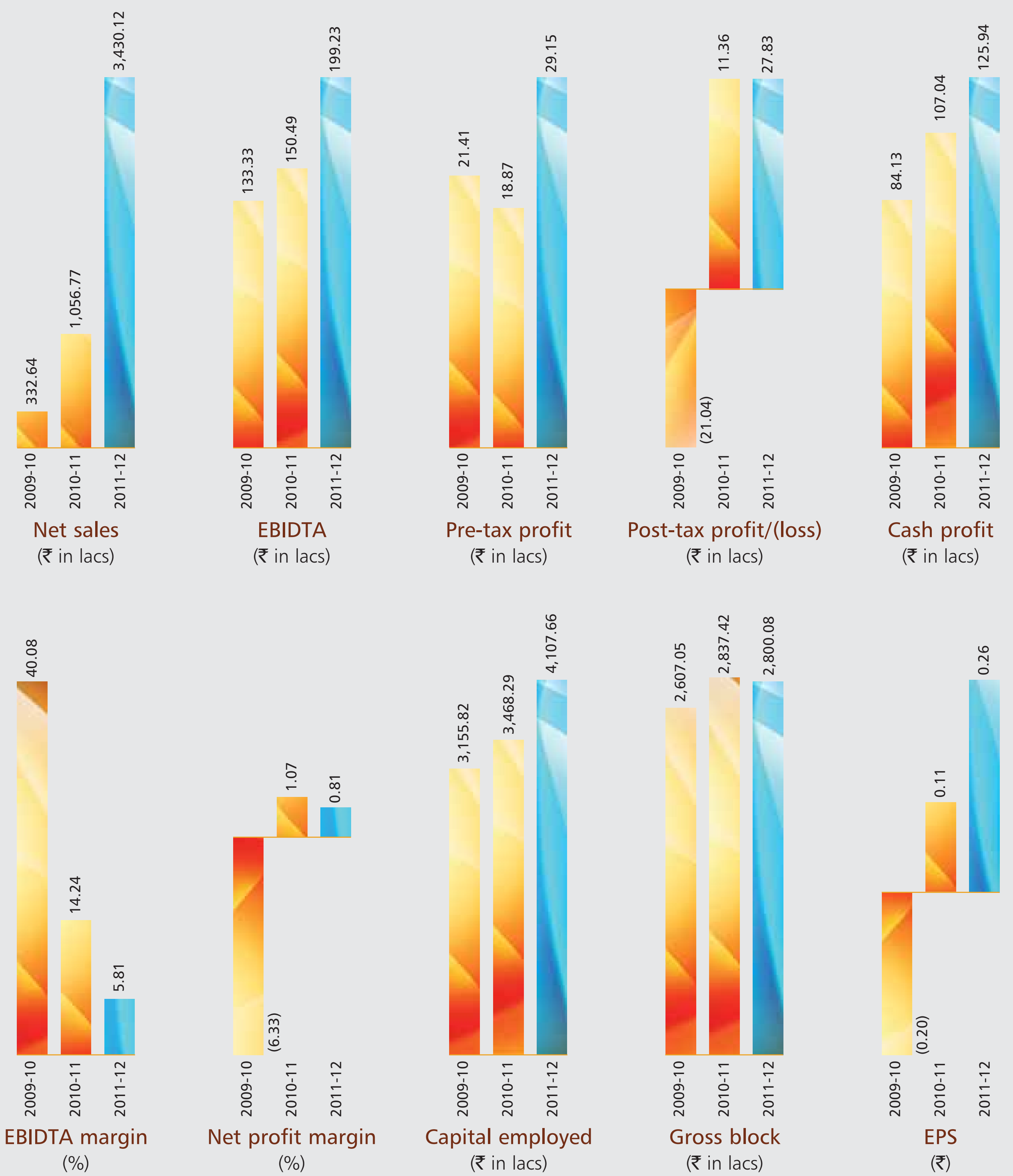
2011

Took a foot ahead for modernisation of its manufacturing and packaging technologies by investing ₹335 lacs till 2012

OUR BRANDS

NOT FOR SALE TO MINORS
Menthol Mist
Cool
Filter Tipped
India's first mentholated cigarette
BRAND OWNED & MFD BY
NTC INDUSTRIES LTD
B.T. ROAD, KOLKATA-58
PREMIUM FILTER CIGARETTES
20
MayPole
AMERICAN BLEND
No10
FILTER PREMIUM
Original
REGENT
MINI KINGS
10
de Luxe
TENOR
VIRGINIA
SMOKING KILLS
moments for
REGENT
ROYALE

THE TURNAROUND



"ENCOURAGING PERFORMANCE IN 2011-12."

Mr. Lawrence Baptist Fernandes, Managing Director, provides an overview of where the Company is headed.

Q How would you assess the Company's performance in 2011-12?

A There were a number of challenges in our business in 2011-12. Despite adverse market situations, stiff competition and an adverse social and economical environment, our Company was able to explore different avenues of relevant business during the financial year under review. Revenues from the Company's core business increased 121% from ₹1,889.30 lacs in 2010-11 to ₹4,178.43 lacs in 2011-12. Profit after tax increased 144.77% from ₹11.37 lacs in 2010-11 to ₹27.83 lacs in 2011-12.

Q For a company intending to grow its industry presence, what were some of the challenges that you faced during the year under review?

A The high placement cost, advertisement restrictions, harsh pictorial warning on the product and a smoking ban in public are some of the challenges we faced, making it difficult to enhance our products sale.

Q How does the Company intend to grow its revenues in this challenging environment?

A At **ntc**, we possess the advantage of integration. Our primary division blends various tobacco varieties on the basis of aroma and taste, creating a rich and compelling mixture. In 2011-12, the Company amended its strategy: rather than focus only on domestic cigarette sales, the Company embarked on exports from its primary and secondary division. The benefit of exports is two-way: this liberates us from a dependence on branded revenues to be derived from a large consumer spread, making it possible for us to achieve a relatively larger quantum of revenues from a fewer customers and to transform what was largely intended to be for captive consumption into a standalone revenue driver. On the other hand, the export of our products from the primary division and secondary division liberates our buyers from a sizable investment in plant, machinery and people. As a result, a focus on exports represents value for the Company and customers. Exports accounted for ₹464 lacs in

2011-12 and the Company expects to increase this significantly during the current financial year.

Q You indicated challenges in branded sales. How does the Company expect to counter them?

A There are few realities that we intend to capitalise on. One, there are a number of old timers (among retailers and consumers) who have been buyers or consumers of the **ntc** brands. There is still some brand goodwill within them that we intend to leverage. Two, ntc is known for its natural tobacco flavour blends, marked by the judicious absence of flavours, a segment that we intend to address. Three, we possess a diversified portfolio with popular brands like NO.10, REGENT, COOL and DELUXE TENOR. Four, our Primary Manufacturing Division (tobacco processing) possesses an insight into creating diverse blends. Five, nearly 82% of the tobacco consumed in India is for the beedi segment, indicating a huge market in rural and semi-urban India waiting to be transitioned to the consumption of safer form segment – cigarettes.

Q What is the basis of your optimism that this is the right segment to address?

A In rural India, the standard of living is rising following the implementation of projects like NREGA, rise in crop procurement prices and agriculture sector growth. This is reflected in the per capita rural income levels of the last decade: 56% of India's income comes from the rural sector and the annual rural household income increased from ₹75,000 to ₹88,000 in 2011-12. As a result, we are optimistic that the right growth strategy will comprise a growing presence in rural and semi-urban India.

Q What can shareholders expect in 2012-13?

A There are a number of strategies that we expect to implement during the current financial year.

One, we expect to introduce premium new blends in the king size (84 mm) category; the Company will launch its second smoking mixture brand for the domestic market in the extra-premium category.

Two, we expect to enhance our export of processed tobacco and cigarettes and transform this into a profit centre.

Three, we expect to leverage our large land bank and generate more rental income starting 2012-13. We expect that this annuity non-fund income will provide us with the resources required to invest in brand building and distribution.

Q How does the Company expect to enhance value for shareholders across the medium-term?

A The one thing that we intend to assure our shareholders is that the tobacco business is intrinsically profitable on account of a huge consumer pull, strengthening demographics and growing aspirations. Besides, the industry is licensed and regulated, as a result of which no large greenfield capacity is likely to be commissioned.

For a number of years, the management could not invest sufficiently in new cost-effective plant machinery and brand-building, following clearance of all legal hiccups in ownership transfer in 2010, the Company began to invest in people, competencies and equipment; the Company invested around ₹335 lacs in modernisation in the last two years and expects to invest another ₹1500 lacs in the coming years. The result is already evident: we doubled our revenues in 2011-12 and we see this trend accelerate as our focus is on doubling the revenues every year for the next few years. Our objective will be to capture 1% of the market share in India and 5-7% of the market share in East India over the next three years, strengthening our presence, visibility and profitability.

ntc is known for its natural tobacco flavour blends, marked by the judicious absence of flavours, a segment that we intend to address.

CHANGE IN OWNERSHIP. IMPROVEMENT IN NUMBERS. TRANSFORMATION IN MINDSET.

The Company embarked on quadrupling its retail distribution network and on increasing exports from the primary division and secondary division.

In 1994, the assets and properties of New Tobacco Co Ltd was acquired on lease. In the capacity of a lessee, the management was not in a position to invest much in modernisation of operations. As a result, even as production and packaging standards improved across the rest of the industry, **ntc** lost ground owing to growing technological obsolescence.

This changed in 2010. The lessee fully acquired the Company's plants and facilities. The result is that the Company intends to recover much of the ground it lost across the decades at the earliest.

Following this reality, the Company made its first direct sizable investment of ₹335 lacs in packaging and manufacturing technologies in 2010-11 and 2011-12. The Company embarked on quadrupling its retail distribution network and on increasing exports from the primary division and secondary division. The Company generated rental income from allocating surplus warehousing space on its premises with the objective to enhance revenues.

ntc industries limited POSSESSES DEEP COMPETENCIES THAT ARE NOT PRESENTLY REFLECTED IN ITS BALANCE SHEET.

The Company's core manufacturing facility covers only 20% of its total area.

The Company holds a special license to manufacture cigarettes, one of only five companies in India.

The government has not issued any fresh licenses to manufacture cigarettes in the last 30 years, making acquisition the only probable route for international cigarette brands keen to enter India if the sector opens for foreign direct investment.

The Company possesses a manufacturing facility in Kolkata. The Company's core manufacturing facility covers only 20% of its total area. The remaining area is suitably monetised to generate an attractive annuity income for the Company.

The Company employs around 188 workers; nearly 80% of the Company's workforce comprises of workers and executives with more than 30 years of working experience with the Company.

The Company possesses an enduring relationship with around 5,000 retailers and expects to increase this to 200,000 over the foreseeable future.

HOW WE EXPECT TO TAKE OUR TURNAROUND AHEAD THROUGH COMPETITIVE ADVANTAGES

Pioneer
ntc pioneered the introduction of 84mm king size filter cigarettes, mentholated cigarettes and 100mm luxury Duncans in India

Special license
ntc possesses a special license to manufacture 15,700 million sticks per annum in a controlled industry, among only five such companies to possess special licenses in India.

Integrated
The Company's primary division [capacity: around 2500 tons] which creates a rich tobacco blend represents a parallel income stream.

Flexibility
ntc possesses products ranging from 59mm to 100 mm in varieties (soft cup and hard cup). The Company focuses on maximising volumes from the 69 mm product variety on account of its value for the Company and consumer.

Experience
Nearly 80% of the Company's employees are associated with it for more than 30 years, indicating a rich industry experience.

Capacity
ntc is the fifth-largest cigarette manufacturer in India (present installed capacity of 1,905 million sticks per annum).

Presence
ntc's products are marketed all over India.

Brands
ntc possesses 20 brands across the 59mm, 69mm and 84mm varieties. These brands are owned by the Company.

Land bank
The **ntc** area on the outskirts of Kolkata covers 34 acres; 20% of the area is covered by the core manufacturing area, leaving the rest to be developed by the Company.

Distribution
ntc brands are marketed through 5,000 retailers in Eastern India.

TOBACCO INDUSTRY OVERVIEW

Strict regulation on the tobacco industry along with increasing taxation continues to put pressure on volume sales of tobacco products in more developed markets like the US, Western Europe and Japan. Although China plays lip service to tobacco control, population growth forecasts mitigate any fall in smoking prevalence, even in the long term.

Ranking of major tobacco markets by volume 2010 vs 2050

Country	2010	2050
China	1	1
Russia	2	2
USA	3	9
Japan	4	24
Indonesia	5	3
India	6	6
Vietnam	7	4
Turkey	8	10
South Korea	9	16
Italy	10	12

(Source: Euromonitor International)

In overall equivalent volumes, the world tobacco products market is forecast to contract by about 7% between 2015 and 2050, because of a 9% fall in cigarette volume sales. Other combustible categories are forecast to record volume rises, due to the niche appeal of products and the perception that they are less dangerous than cigarettes *(Source: Euromonitor International report dated 15th May 2012)*.

Indian overview

India produces around 735 million kgs of tobacco annually, of which 375 million kgs is utilised for making cigarettes, while 360 million kgs is meant for non-cigarette products like beedis and chewing tobacco *(Source: Indian Tobacco Board)*. Of the different types of tobacco grown in India, Flue-cured tobacco, Burley tobacco, Natu tobacco, Rustica and Chewing tobacco are the major ones. India, as an exporter of tobacco, ranks sixth in the world next to Brazil, China, USA, Malawi and Italy.

Tobacco production

- A new Tobacco Atlas by the World Lung Foundation says that over 390,000 hectares are being used to grow tobacco in India. Tobacco is grown in 124 countries, occupying 3.8 million hectares of agricultural land. The Planning Commission says that revenue collected from tobacco products annually in India is USD 1.62 billion (largely coming from taxation of cigarettes).

- World tobacco production peaked in 1997 at over 9 million tons, and has since declined by almost a quarter to 7.1 million tons in 2009.

- Andhra Pradesh, Gujarat, Karnataka and Uttar Pradesh account for over 90% of the total tobacco production in India.

Consumption

India is also the second-largest consumer and second-largest producer of tobacco in the world, second only to China. In 2011-12, national cigarette consumption rose 4.19% to 116,166 million sticks from 111,487 million sticks in 2010-11 *(Source: Ministry of commerce and industry)*. The cigarette industry size, apart from the gutka and pan masala industry, accounts for ₹220 billion annually. *(Source: business & economy magazine)*. Nearly two in five adults (38%) in rural areas and one in four adults (25%) in urban areas use tobacco in some form. More than one-third of adults (35%) use tobacco in India, or 274.9 million. Some 163.7 million people use only smokeless tobacco; 68.9 million are only smokers and 42.3 million users use both smoking and smokeless tobacco. Beedis, along with smokeless tobacco, account for 82% of the Indian tobacco market *(Source: TOI, 29th March 2012)*. During FY12, India saw tobacco production of 670 million kgs, and consumption of 475 million kgs. The total area under tobacco cultivation during 2011-12 as 2.17 lac hectare *(Source: Ministry of commerce and industry)*. India is the world's third-largest exporter of tobacco. During the period April-

According to the World Health Organisation, nearly 80% of all adult smokers begin before 18 years of age.

November 2012, the country exported 154,171 tons of tobacco as against 167,319 tons exported in the year-ago period *(Source: Business Standard)*.

India is the second-largest country and the youngest in the world. With more than 50% of India's current population below the age of 25 and over 65% below the age of 35, the average age of an Indian after 10 years is likely to be 29 years, whereas the average age of a Chinese and Japanese, will be 37 and 48 respectively. According to the World Health Organisation, nearly 80% of all adult smokers begin before 18 years of age. In India, 5500 youth initiate smoking every day. Estimates from the Global Tobacco Youth Survey (GYTS) show the growing concern of tobacco use by youth in both developed and developing countries. Nearly 15% of the Indian youth use tobacco in one form or the other – smoking or smokeless forms.

Per capita consumption (in sticks)

Country	Per capita consumption
China	1,791
Japan	3,023
Indonesia	1,742
India	129
Turkey	2,394
Italy	1,901

Demand drivers

- **India gets younger** – In India, the working age declined sharply, providing high disposable incomes. Close to 65% of Indians between 20-60 years are working, leading to higher disposable incomes and lifestyle aspirations. Among BRIC nations, India is expected to remain the youngest with its working-age population estimated to rise to 70% of the total demography by 2030 – the largest in the world. Some estimates suggest that India will see 70 million new entrants into its workforce over five years

- **Increasing earnings and disposable income** – The salary of the average Indian grew 12% in 2012, higher than most other global nations. India's per capita income stood at ₹60,972 in 2011-12 *(Source: Deccan Herald)*. In line with economic growth, estimates suggest that PFCE is expected to scale from USD 790 billion in 2010 to USD 3.6 trillion by 2020 *(Source: ENAM)*

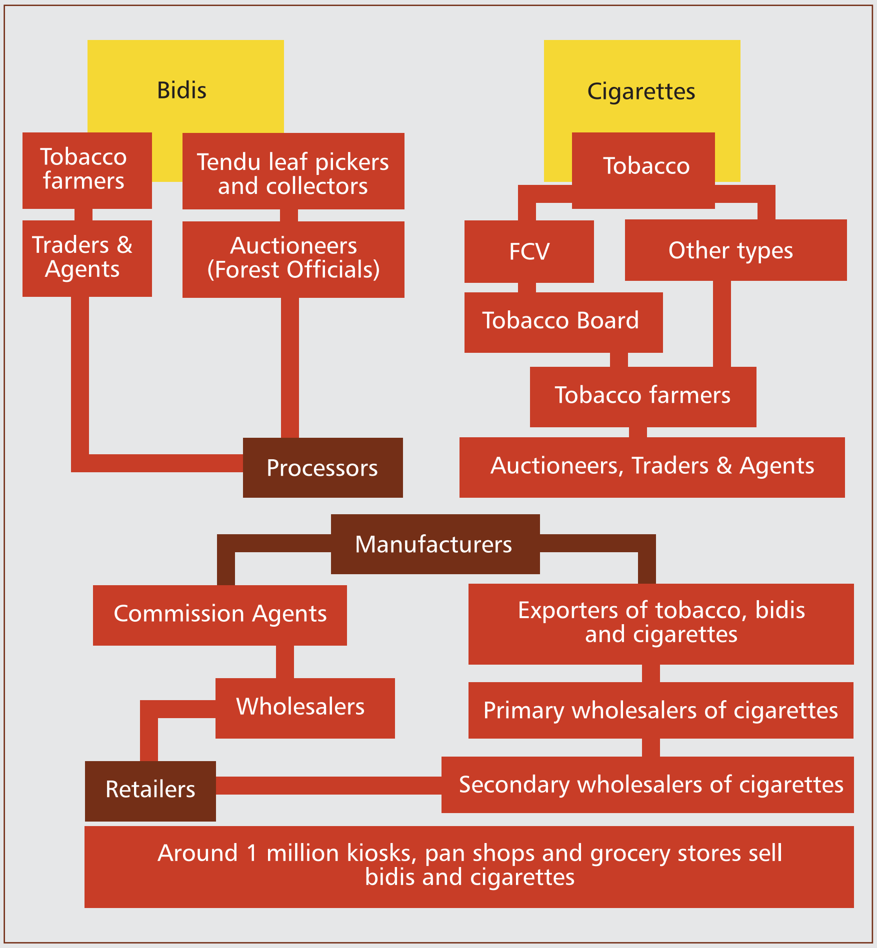
- **Urbanisation:** India is the fastest urbanising country; UN estimates that 40% of India's population will be living in urban areas by 2030 *(Source: Forbes India)*. Rising disposable income (FY08-11 CAGR of ~15%), growing middle-class and increasing urbanisation (currently ~30% of the population) will boost the demand for improved flooring solutions and value-added products.

- **Nuclear families:** The average increase in the number of middle-class nuclear families is estimated to be over 300 million. The average household size declined from 4.6 to 4.1 in the past decade; average dwelling sizes increased from 41 sq. m per unit to 48 sq. m and this is expected to sustain *(Source: ENAM)*.

- **Semi-urban demand:** Real estate demand in Tier-II and III towns and cities accelerated in line with the need for a better lifestyle. Cities like Bhopal, Bhubaneswar, Coimbatore, Indore, Jaipur, Lucknow, Surat, Vadodara and Visakhapatnam are expected to add over 354 million sq. ft of residential space in three years with sales are expected to generate ₹180 billion.

Taxation

The Union Budget presented in March, 2012 effected the increase in the basic excise duty on cigarettes of more than 65 mm length by more than 20%. The increased duty is negative for the cigarette industry since it limits the industry's ability to boost profitability.



India's emerging rural story

Since 1999-00, per capita GDP in rural areas has grown at 150 basis points faster than in urban India, contrary to the trend seen in other emerging economies where urban productivity growth is higher than in rural areas. 69% of the Indian population is still 'rural'.

Agriculture is now only about one-fourth of rural GDP – from being close to half a decade back. Interestingly, in rural India, manufacture is booming as almost 75% of the new factories during the last decade started in rural India, contributing to 70% of all new manufacturing jobs created. As a result, manufacturing GDP in rural India witnessed an 18% CAGR during 1999-2009, and is now 55% of India's manufacturing GDP.

Indian villages are growing larger, merging and moving away from agriculture, thus being classified as towns. The number of census towns increased three-fold in a decade.

The 'new urban' consumption categories like two-wheelers, building materials/paints, media, tobacco, footwear, healthcare, personal products with low price points (like toothpaste) are likely to witness sustained growth.

Rural India is marked by the following:

- 56% of India's income; 64% of India's spending; 33% of India's savings
- Largest consumer market for FMCG and durables
- NREGA and Bharat Nirman accounts for 37% of total rural spending *(Source: Union Budget 2011)*
- Annual rural household income grew from ₹75,000 to ₹88,000 in 2011-12
- By 2017, rural per capita consumption of FMCG's to equal current urban levels
- Non-farm sector to contribute 70% of rural incomes by 2020

Source: Economic Times, 24th April 2012

According to McKinsey Global Institute's Report, currently, India is the 12th-largest consumer market in the world and is expected to become the fifth-largest by 2025. India's income growth is expected to accelerate from 6% (1995-05) to 6.4% (2005-15) and further to 7.4% (2015-25), thereby making Indian households considerably richer in the next two decades. This increase in income is expected to be driven by the increasing constitution of the Indian working age group population (15-64 years) to ~69% of the total population by 2035 from 63% in 2008. Consequently, rising household incomes and a greater working population is expected to quadruple the aggregate consumption expenditure from ₹17 trillion in 2005 to ₹70 trillion in 2025. This increase in consumption will make India leap ahead in the rankings among the world's consumption markets.

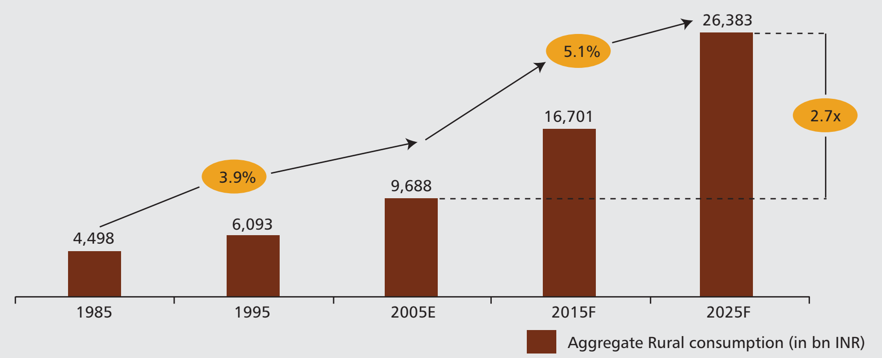
Despite increasing urbanisation, McKinsey Global Institute estimates that 63% of the population will continue to live in rural areas in 2025 and the rate of consumption growth there will accelerate from 3.9% CAGR (1985-05) to 5.1% CAGR (2005-25). Hence, the rural market consumption is expected to almost triple by 2025 to ~₹26 trillion, creating a huge growth opportunity.

Today, India is dominated by aspirers and the deprived classes with only 50 million people (5% of the population) constituting the middle class. By 2015, it is expected that a large chunk of aspirers and seekers will move up the income ladder. Also, by 2025, India will largely be a nation of strivers and seekers with ~41% of the population in the middle class. We believe this change in income distribution will further fuel the demand for branded consumer goods.

Going ahead, India's urbanisation rate is expected to be higher than the rest of the world, increasing from ~30% currently to ~40% by 2030, nuclearising families and increasing the proportion of working women, further increasing the demand for branded consumer goods.

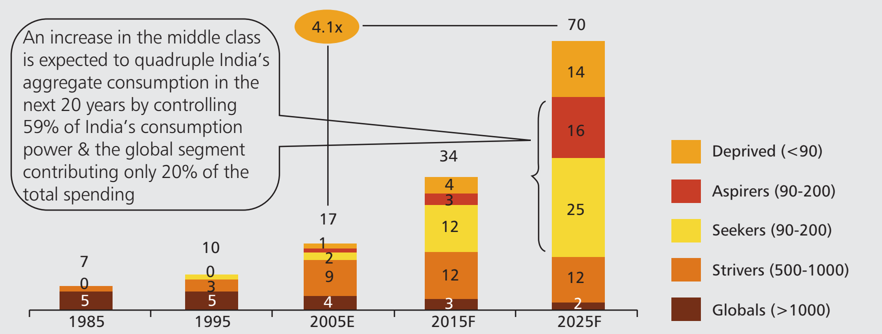
Also, with more than 50% of the Indian population under 25 years of age, much higher than developed countries like the US (~34%), Japan (~23%) and Brazil (~42%), almost ~62% of our population will remain as working class by 2020. This, along with higher urbanisation will pave the way for a higher rate of consumption growth.

Rural consumption growth expected to accelerate over next 20 years



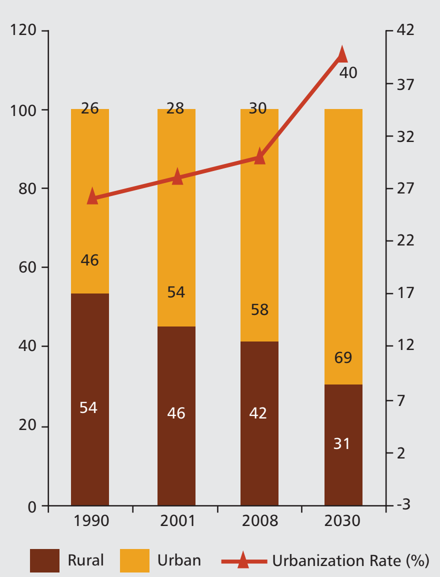
Source: McKinsey Global Research Institute, ICICIdirect.com Research

India's aggregate consumption across income brackets in trillion ₹ (2000)



Source: McKinsey Global Research Institute, ICICIdirect.com Research
The figures 7, 10, 17, 34 and 70 refer to total aggregate consumption spending of the country

Urban and rural distribution and urban rate (%)



Source: Company, ICICIdirect.com Research

OUR COMMUNITY INITIATIVES

The Company endeavours to improve socio-economic conditions in the location of its presence. By diversifying and expanding its various activities, the Company is creating employment opportunities. The Company is also focussed on efficient and optimum utilisation of energy and resources available with it, apart from contributing to the government's exchequer.

Some of the community-building initiatives undertaken by the Company comprises of the following:

- The Company, apart from securing employment, ensures respectable and balanced livelihood of the employees and family members
- The charitable trust managed by the Company's promoters runs **The Aryans School** in its premises, providing education to the children of employees and underprivileged local children
- The Company organises a periodic blood donation camp, eye check-up camp, among others to benefit employees and their families
- The Company is progressively switching to bio-degradable packing material

The charitable trust managed by the Company's promoters runs **The Aryans School** in its premises

RISK MANAGEMENT

At ntc, each department is required to formally review its principal areas of risk and uncertainty so that major risks can be averted at all levels. Following the identification, assessment and risk evaluation, adequate mitigation measures are taken.

Risk management is carried out through a comprehensive risk management structure with prudent norms and reporting framework. Continuous monitoring is done through audits and reviews, resulting in an accurate understanding of the Company's competitive position. In doing so, the Company balances risks and rewards.

1 Industry risk

Any decline in cigarette consumption can affect the Company's growth.

Risk mitigation

India is the second-largest consumer in the world. In 2011-12, national cigarette consumption rose 4.19% from 111,487 million sticks in 2010-11 to 116,166 million sticks in 2011-12 *(Source: Ministry of commerce and industry)*.

2 Regulatory risk

India's tobacco industry is regulated, marked by restrictions on advertising and promotion, statutory warning on product packaging and discreminatory taxation policy and regulations.

Risk mitigation

These risks affect the entire industry. The industry attempted to address these by building word-of-mouth recall, on shop advertising and wider distribution. The Company has also taken steps to comply with all the specified norms, policies and regulatory guidelines.

3 Competition risk

An increase in counterfeits, smuggling and tax evasion can threaten legitimate cigarette sales.

Risk mitigation

The Company is also committed to working with government authorities and international organisations around the world and contribute considerable resources in working to countering counterfeits. After four years of negotiation, the intergovernmental negotiating body (INB), with the participation of over 135 countries, agreed on a text protocol to eliminate illicit trade in tobacco products. The protocol sets the rules to combat illicit trade in tobacco products through supply chain control. The protocol proposes to establish a global tracking and tracing system for tobacco products *(Source: WHO)*. The Company is investing in superior and sophisticated packaging to counter illegal replication.

4 Tax risk

Increase in taxes could increase the price of cigarettes, affecting offtake and margins.

Risk mitigation

Cigarettes represent one of the highest-taxed products in India. This comprises around 60% excise and 20% sales tax. The result is that taxes account for an average 80% of a cigarette stick's realisation. The Company instituted formal pricing, excise and contingency plans to address excise changes.

BOARD OF DIRECTORS

Mr. Lawrence Baptist Fernandes:

Mr. Lawrence Baptist Fernandes, a Mechanical Engineer by profession, has been associated with the Company since 1981. He was designated as the Managing Director of the Company with effect from 1st August 2010. He has a rich experience of more than 30 years in the tobacco industry. Under his guidance the Company has achieved tremendous growth in the Financial Year 2011-12.

Mr. Naresh Chandra Chakraborty:

Mr. Naresh Chandra Chakraborty, having a diploma in Marketing & Distribution, has been associated with the Company since its incorporation. He was appointed to the Board of ntc industries limited with effect from 1st August 2010. He possesses over 40 years of experience in the cigarette industry. Being a visionary team leader, he adorns the Board with his distinctive marketing managerial qualities.

Mr. Ravi Prakash Pincha:

Mr. Ravi Prakash Pincha was inducted on the Board of ntc industries limited on 2nd January 2001. He has a considerable experience in the industry and is valued for his innovative ideas which inculcate a creative culture in the Company.

Mr. Mahendra Pratap Singh:

Mr. Mahendra Pratap Singh got his master's degree in Geophysics from Banaras Hindu University. He was selected as Deputy Superintendent of Police in CRPF in 1970. He resigned in 1974 to pursue Master in Business Management Programme at Asian Institute of Management. Thereafter, he worked with many organisations at different managerial positions. He joined the Board of ntc industries limited on 18th March 2008. His varied experience is of immense help to the Board in taking appropriate strategic decisions in the competitive business era.

Mr. Manish Jain:

Mr. Manish Jain was appointed on the Board of ntc industries limited on 28th June 2004. He is a Chartered Accountant. His experience in the areas of finance is of immense help to the Board to take appropriate decision in the Company's financial matters.

OUR PROMOTERS AND MANAGEMENT TEAM

Our Promoter Group

Mr. Sunder Lal Dugar, Chairman Emeritus, possesses more than three decades of experience in real estate, and other industries comprising tobacco, power, packaging, automobile marketing and financial services, among others. Besides business pursuits, he is actively involved with a number of social, charitable and religious organisations. Through the RDB Group, he lends a helping hand to over two dozen organisations engaged in the welfare of the society.

Sri S. L. Dugar Charitable Trust is a personal initiative, playing a constructive role in propagating literacy and healthcare and several other forms of charitable activities across India, of which **The Aryans School** on BT Road (Agarpara) and **Bodhna**, a school for the disabled at Rajarhat (near Kolkata), are key examples.

Our Management Team

- **Mr. Lawrence Baptist Fernandes**
  Managing Director
- **Mr. Naresh Chandra Chakraborty**
  Executive Director
- **Mr. Prem Chand Khator**
  Chief Financial Officer
- **Mr. Suresh Kumar Singh**
  VP, P & A
- **Mr. Sushanta Bhattacharyya**
  Manager Research & Development
- **Mr. Surendra Kumar Sipani**
  Manager Accounts and Taxation
- **Mr. Manoj Mukherjee**
  Manager Production
- **Mr. Arun Kumar Pal**
  Manager Engineering
- **Mr. Pannalal Banerjee**
  Manager Taxation
- **Mr. Sumit Banthia**
  Manager Marketing
- **Mr. Lawrence Chako**
  Manager Marketing
- **Mr. Upmanyu Pathak**
  Associate Production Manager
- **Miss Satabdi Sen Gupta**
  Company Secretary cum Compliance Officer

DIRECTOR'S REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 21st Annual Report and audited accounts for the year ended 31st March 2012.

Performance Highlights

(₹ In Lacs)

Particulars	Financial Year 2011-2012	Financial Year 2010-2011
1. a) Income from operations	3,976.05	1,516.01
b) Other income	40.37	79.44
2. Expenses	3,817.19	1,447.24
Profit before interest and depreciation	**199.23**	**148.21**
Less: a) Finance cost	71.97	35.94
b) Depreciation	98.11	95.67
Profit/(Loss) before Exceptional items	29.15	16.60
Add: Exceptional items	–	2.28
Profit before taxation	**29.15**	**18.88**
Less: Provisions for current tax, deferred tax and tax adjustments for earlier years	1.32	7.51
Profit (Loss) After Tax	**27.83**	**11.37**
Add: Balance brought forward from last year	1,246.25	1,234.88
Balance carried to the Balance Sheet	**1,274.08**	**1,246.25**

Review of operations

During the year under review, the Company has shown an outstanding performance in sales. Sales from tobacco undertaking increased by 121.24% to ₹4,177.09 Lacs as compared to ₹1,888.04 Lacs during the preceding year.

During the year under review, the Company has not brought about any changes in its accounting policies.

More details about the business and operations of your Company are provided in the Management Discussion and Analysis Report, forming part of the Annual Report.

Dividend

Due to inadequate profit after tax and fund requirement for modernisation of Plant and Machinery, your directors are unable to recommend any dividend for the financial year 2011-2012.

Management Discussion and Analysis

A separate report on Management Discussion and Analysis as per Clause 49 of the Listing Agreement is annexed hereto.

Corporate Governance

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance, as provided under the amended Clause 49 of the Listing Agreement with the stock exchanges, are complied with.

A separate report on Corporate Governance along with the Auditors' Certificate for its due compliance is annexed hereto, forming part of this Annual Report. A certificate of the CEO and CFO of the Company in terms of sub-clause (v) of Clause 49 of Listing Agreement, inter alia, confirming the correctness of the financial statement, adequacy of the internal control measures and reporting of the matters to the Audit Committee is also annexed.

Directors

There are no changes in the Board of Directors of the Company during the year.

Mr. Manish Jain and Mr. Naresh Chandra Chakraborty, Directors of the Company, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

Your Directors recommend their reappointment.

None of the Directors of your Company is disqualified as per the provisions of Section 274(1) (g) of the Companies Act, 1956.

Particulars of employees

The Company does not have any employee falling within the scope of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of the Employees) Rules, 1975.

Subsidiary Company

The Company does not have any subsidiary company as on 31st March 2012.

Directors' responsibility statement

As required under section 217(2AA) of the Companies Act, 1956, your Directors confirm:-

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed;

2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. that the Directors have prepared the annual accounts on a going concern basis;

Auditors

M/s S. M. Daga & Co., Chartered Accountants, as statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment and have further confirmed that the said reappointment will be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956. The Audit Committee has recommended their reappointment.

Auditors' observation

There are no reservations, qualifications or adverse remarks contained in Auditors' Report attached to the Balance Sheet as at 31st March 2012.

Public deposit

During the year under review, the Company has neither accepted nor renewed any public deposit and has no overdue or unclaimed public deposit, as defined under Section 58 (A) of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo as required under 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 are given in the annexure attached hereto and forms a part of this Report.

Acknowledgements

Your Directors would like to place on record their sincere gratitude to the shareholders, bankers, business associates, retailers, suppliers, customers, government and other regulatory agencies for their continued support and faith in the Company. Your Directors are also happy to place on record their appreciation for the wholehearted co-operation, commitment and contribution made by all the employees and look forward to their continued support.

For & on behalf of the Board

Lawrence Baptist Fernandes
Managing Director

Naresh Chandra Chakraborty
Director

Place: Kolkata
Date: 28th May 2012

Annexure to the Director's Report

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo

Information under 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, forms a part of the Director's Report.

A. Conservation of energy

The disclosure of particulars relating to conservation of energy in Form A under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is not applicable to the Company.

B. Technology absorption

The Company has no particulars related to research and development, technology absorption, adaptation and innovation as per Form B under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

C. Foreign Exchange Earnings and Outgo

During the year, the Company has exported cigarettes and cut tobacco and imported raw materials and machine for manufacture of cigarettes.

Foreign exchange earning:	₹ 43,489,430.00
CIF Value of Imports:	₹ 12,960,018.00
Expenditure:	₹ 130,108.00

MANAGEMENT DISCUSSION AND ANALYSIS

As part of the Director's Report or as an addition thereto, a Management Discussion and Analysis Report forming part of the annual report to the shareholders includes discussion on the following matters within the limits set by the Company's competitive position:

Industry Structure

India's tobacco industry has seen significant upheavals over the last two years as prices have shot up and exporters have found themselves competing with domestic manufacturers for tobacco at the best possible prices. The continuing decline in Zimbabwe's tobacco crop and the scrapping of EU subsidies for tobacco farmers are still seen as positive developments for Indian tobacco exports, putting them in good stead for the future.

But steep increases in process costs unsettled international buyers, and there is common agreement from the Tobacco Board and traders that stability is needed. Exactly how this could be achieved, what direct approaches might be undertaken to better control pricing, is debatable. Tobacco traders and the government cannot actively control prices because of possible claims of collusion. India has more 'buyers' on its auction floors than anywhere else. Some of these 'buyers' are simply agents who have been tasked to buy green tobacco on behalf of undisclosed parties, and who are without the means, facilities or intentions to store, process or trade the product they are buying. This leads to cross-bidding that increases prices artificially.

Material Developments

In the last report, it was mentioned that in view of a steep increase in duties leading to increase in prices, volumes would get impacted. However, you will be pleased to know that your Company was able to beat the general industry trend and grow volumes in cigarettes sales by 209% in the international market when compared with the same period in the previous year. Tobacco prices were stable with a normal increase.

Financial year 2011-12 was one of the better years in terms of volume growth. Filter cigarettes volumes now cover virtually 98% of your Company's volume. The increase in VAT rates across the states continues with more states increasing VAT rates during the current financial year. This continues to impact margins and thereby profitability.

Industry Issue

The Union Budget presented in March, 2012 effected the increase in the basic excise duty on cigarettes of more than 65 mm length by more than 20%. This hike in the duty was expected by the market. There is also a hope that an increase in excise on chewing tobacco and beedis will tempt users to shift to lower-priced filtered cigarettes. Due to this new slab of less than 65 mm with lesser duty impact than 69 mm, a new segment of this class opened up and your Company has also launched filter cigarettes below the 65mm category.

Opportunities

India is the third-largest producer and sixth-largest exporter of tobacco and tobacco products in the world, reflecting the tremendous success Indian tobacco companies achieved. While India's share in the world's area under tobacco crop has risen from 9% to 11% in the last three decades, its share in production inched up from

> Tobacco traders and the government cannot actively control prices because of possible claims of collusion. India has more 'buyers' on its auction floors than anywhere else.

8% to 9% in the tobacco industry. This shows that India has significant opportunity for its cigarette industry to extend and consolidate its position in the intentional market due to some recent trends like withdrawal/reduction of agricultural subsidy and escalating costs in the traditional cigarette exporting countries.

Threats

Campaigning by various government forums and non-government organisations against the use and consumption of tobacco remains the biggest threat to the industry. The passing of various bans on smoking is also supplementing these threats.

Segment-wise/Product-wise Performance

Your Company considers "Tobacco and Related Products" as the primary business segment. Therefore, a segment-wise/product-wise performance reporting is not applicable to your Company.

Risks and Concerns

Increase in prices of cigarettes due to increase in duties imposed on the cigarettes of more than 65mm in the Union Budget may cause a decline in the consumption of domestic cigarettes.

After implementing pictorial warnings on all tobacco packaging in India during 2009, the current crop of pictorial warnings, which depict X-rays of cancerous lungs, is perceived not to constitute a sufficiently strong warning by many government agencies. Thus, the Ministry of Health and Family Welfare issued a notification during May 2010 that the new proposed pictorial warnings of a cancer-stricken mouth must be implemented on all tobacco packaging. Somewhat predictably, this notification was met with a negative response from industry players which resulted in implementation of little less stronger pictorial warnings of cancer stricken lungs.

Moreover, in the current market situation there is a stiff competition from big players with regard to marketing of new brands.

Internal Control Systems and their Adequacy

The Company has a sound and well-defined internal control system commensurate with the size and nature of its business activities, which records transactions and operations; ensures protection against misuse or loss of the Company's assets; ensures efficiency in plant operations and facilities transparency and accuracy of financial reporting. The internal control system is supplemented by well documented policies, guidelines and procedures. An extensive programme of internal audit by a firm of chartered accountants is conducted to review the existing financial and operating controls, working and the feedback generated is used in improvements. These reports are placed before the Audit Committee for their review at regular intervals.

Discussion on Financial Performance with respect to Operational Performance

During the year under review, the Company's sales (including trading and other income) increased by 96.24% to ₹4764.73 Lacs as compared with ₹2427.98 Lacs during the preceding year. Costs of materials consumed increased by 115.34% over the previous year to ₹493.78 Lacs as compared with ₹229.30 Lacs. The profit after tax increased by 144.77% to ₹27.83 Lacs as compared with ₹11.37 Lacs during the preceding year.

Company's Financial Performance during last three years

(₹ In Lacs)

Particulars	2011-12	2010-11	2009-10
Revenue			
Net sales	4,724.36	2,348.54	911.74
Other income	40.37	79.44	453.77
Total income	4,764.73	2,427.98	1,365.51
Expenditure			
(Increase)/Decrease in stock	(283.13)	(0.07)	(23.07)
Central excise duty	748.31	829.64	605.36
Other expenditure	4,100.32	1,450.20	650.49
Income before interest and depreciation	199.23	148.21	132.73
Finance cost	71.97	35.94	6.14
Depreciation	98.11	95.67	105.17
Profit/(Loss) before exceptional items	29.15	16.60	21.42
Add: Exceptional items	0	2.28	0
Profit before tax (PBT)	**29.15**	**18.88**	**21.42**
Provision for taxation	1.32	7.51	42.45
Profit After Tax (PAT)	**27.83**	**11.37**	**-21.03**

Material Developments in Human Resources/Industrial Relations Front

Your Company has followed a culture that facilitates continuous learning and development to meet the challenges posed by ever-changing market realities. Employees are your Company's most valuable assets and your Company's processes are designed to empower employees and support creative approaches to create enduring value.

Your Company's human resource management aims to enhance organisational capability and vitality to seize emerging market opportunities. The strategy of the organisation and its ongoing emphasis on developing and nurturing distributed leadership ensures that your Company's business is managed by a team of competent, passionate and inspiring leaders.

Your Company's belief in the mutuality of interests of key stakeholders binds all employees to a shared vision and purpose. During the year under review, your Company successfully concluded long-term agreements at the factory, strengthening the collaborative spirit across all the sections of employees. Continuous investment in contemporary management practices and manufacturing systems significantly enhanced quality and productivity.

Social Reporting

Your Company is aware of the needs for improving the socio-economic conditions of the society. The Company is creating employment opportunities for eligible persons by way of expanding and diversifying its various activities; ensuring appropriate energy conservation and optimum utilisation of available resources in all its activities and ensuring timely contribution to the government exchequer.

Cautionary Statement: *Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be considered to be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied, depending upon the economic conditions, government policies, tax regimes and other incidental/unforeseeable factors.*

REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement entered into with stock exchanges, the Directors present the Company's Report on Corporate Governance for the year ended 31st March 2012.

1. Company's philosophy on Corporate Governance

The Company firmly believes that Corporate Governance is about commitment to values and ethical business conduct. Your Company has a strong legacy of fair, transparent and ethical governance practices and endeavours to improve upon these aspects on an ongoing basis and adopts innovative approaches. The Board of Directors of your Company is responsible for and committed to sound principles of Corporate Governance in the Company. It believes in discharging its Corporate Social Responsibility and has been enduring in its philosophy to enhance stakeholders' value and customer satisfaction by consistently endeavouring to follow the best Corporate Governance practices. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. The Board updates its policies and guidelines from time to time to address the changing need of the environment in which it operates and to effectively achieve the stated objective of the Company.

2. Board of Directors

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees to the shareholders. The Board of Directors ('the Board') is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

Composition

The composition of the Board of Directors of the Company is in conformity with the code of Corporate Governance as per the Listing Agreement with the stock exchanges. The Company has an optimum combination of Executive and Non-Executive Directors. There is one Managing Director, one Executive Director and three Non-Executive Independent Directors on the Board. The Board believes that the current size is appropriate, based on the Company's present circumstances.

The following is the composition of the Board as on 31st March 2012:

Name of the Director	Category	Number of other Directorship(s)*	Membership(s)/ Chairmanship(s) of Board Committees of other companies*
Mr. Ravi Prakash Pincha	Non-Executive & Independent Director	12	3 (including 1 as Chairman)
Mr. Manish Jain	Non-Executive & Independent Director	1	2
Mr. Mahendra Pratap Singh	Non-Executive & Independent Director	2	5 (including 1 as Chairman)
Mr. Naresh Chandra Chakraborty	Executive Director	–	–
Mr. Lawrence Baptist Fernandes	Executive Director	–	–

** Directorships and positions held in committees of Indian Public Limited companies and its subsidiaries are considered.*

Board meetings:

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board business. The Board/Committee meetings are pre-scheduled and a tentative date of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedules and to ensure meaningful participation in the meetings. The Chairman of the Board and the Company Secretary, draft the agenda for each meeting, along with the agenda notes and explanatory statements, are distributed in advance to the Directors. Every Board member is free to suggest items for inclusion on the agenda. The Board meets at least once in a quarter to review the quarterly results and other agendas.

During the financial year ended 31st March 2012, eight meetings of the Board were held, i.e., on 12/04/2011, 30/05/2011, 12/08/2011, 27/10/2011, 11/11/2011, 14/11/2011, 06/01/2012 and 13/02/2012. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

Attendance of Directors at Board Meetings and Annual General Meeting

Director	Number of Board Meetings		Attendance at last AGM (19th September 2011)
	Held	Attended	
Mr. Ravi Prakash Pincha	8	8	Yes
Mr. Manish Jain	8	6	No
Mr. Mahendra Pratap Singh	8	3	Yes
Mr. Naresh Chandra Chakraborty	8	8	Yes
Mr. Lawrence Baptist Fernandes	8	8	Yes

Board Support

The Company Secretary of the Company attends all the meetings of Board and advises/assures the Board on Compliance and Governance principles.

3. Appointment/Reappointment of Directors

Mr. Manish Jain

Mr. Manish Jain was appointed on the Board of ntc industries limited on 28th June 2004. He is a young, visionary Chartered Accountant and a great team leader. His experience in the area of finance is of immense help to the Board to take appropriate decision in the Company's financial matters.

He is also holding directorships in the following companies:

1. Khatod Investments & Finance Company Limited

Mr. Naresh Chandra Chakraborty

Mr. Naresh Chandra Chakraborty, having diploma in Marketing & Distribution, has been associated with the Company since its incorporation. He was appointed on the Board of ntc industries limited with effect from 1st August 2010. He possesses over 40 years of experience in the cigarette industry. Being a foresighted team leader, he provides the Board his distinctive marketing managerial qualities.

He is not holding any other directorship in any company.

Committees of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board, to carry out clearly defined roles. The Board supervises the execution of its responsibilities by the Committee and is responsible for their action. The Minutes of the meetings of all the Committees are placed before the Board for review.

The Board had established the following Committees.

4. Audit Committee

The Audit Committee of the Company acts as a link between the management, the statutory and internal auditors and the Board of Directors. The Audit Committee, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- investigate any activity within its terms of reference and to seek any information it requires from any employee;
- obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Audit Committee includes the following:

(a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(b) Recommending the appointment/reappointment and removal of statutory auditors, internal auditors and fixation of their remuneration;

(c) Approval of payment to statutory auditors for any other services rendered by them;

(d) Reviewing, with the management, the financial statements before submission to the Board, focussing primarily on:

- Matters required to be included in the Directors' Responsibility Statement, which is to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- Any changes in accounting policies and practices.
- Major accounting entries involving estimates based on exercise of judgment by the management.
- Qualifications in the draft audit report.
- Significant adjustments arising out of audit.
- The 'going concern' assumption.
- Compliance with accounting standards.
- Compliance with stock exchanges and legal requirements concerning financial statements.
- Any related party transactions.

(e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

(f) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same, prior to endorsement by the Board;

(g) Reviewing the adequacy of the internal audit function, reporting structure, coverage and frequency of the internal audit;

(h) Reviewing reports of internal audit and discussion with internal auditors on any significant finding and follow-up thereon;

(i) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity of failure of internal control systems of a material nature and reporting the matter to the Board;

(j) Discussion with the statutory auditors, before the audit commences on the nature and scope of audit, as well as post-audit discussions, to ascertain any areas of concern and review the comments contained in their draft report;

(k) To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors;

(l) To review the functioning of the Whistle Blower mechanism, in case the same is existing;

(m) Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualification, experience and background, etc. of the candidate;

(n) Reviewing the Company's financial and risk management policies;

(o) Considering such other matters as may be required by the Board.

Composition of the Audit Committee

The Audit Committee comprises of two Non-Executive Independent Directors and one Executive Director. The Company Secretary is the Secretary to the Committee. All the members of the Committee are financially literate and the Chairman of the Committee has accounting and financial management expertise. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement.

The Audit Committee met six times during the financial year ended 31st March 2012 on 06/04/2011, 30/05/2011, 12/08/2011, 11/11/2011, 14/11/2011 and 13/02/2012.

Details of members and their attendance at the meetings:

Sl. No.	Name	Position	Number of Committee Meetings	
			Held	Attended
1	Mr. Manish Jain	Chairman	6	6
2	Mr. Mahendra Pratap Singh	Member	6	5
3	Mr. Lawrence Baptist Fernandes	Member	6	6

5. Remuneration Committee

The Remuneration Committee of the Company, inter alia, recommends to the Board the compensation terms of the Executive Directors and other senior management personnel.

Composition of the Remuneration Committee

The Remuneration Committee comprises of three Non-Executive Directors and the Chairman of the Remuneration Committee is Independent Director. The Committee determines the remuneration paid/payable to the Managing Director and other Executive Directors subject to the approval of the members.

During the financial year ended 31st March 2012, one meeting of the Remuneration Committee was held on 24/03/2012.

Details of members and their attendance at the meetings are as follows:

Sl. No.	Name	Position	Number of Committee Meetings	
			Held	Attended
1	Mr. Mahendra Pratap Singh	Chairman	1	1
2	Mr. Manish Jain	Member	1	1
3	Mr. Ravi Prakash Pincha	Member	1	1

Remuneration Policy

The Company's remuneration strategy aims at attracting and retaining high-calibre talent. The remuneration policy, therefore, is market-led and takes into account respective job profile vis-à-vis the responsibility profile of individuals to attract and retain quality talent and leverage performance significantly.

Details of Remuneration of the Directors for the financial year ended 31st March 2012 (Figures in ₹)

Director	Consolidated Salary	Perquisites and other Benefits	Performance bonus/ Commission	Sitting Fees	Total
Mr. Lawrence Baptist Fernandes	8,32,802/-	28,351/-	Nil	Nil	8,61,153/-
Mr. Naresh Chandra Chakraborty	4,45,000/-	Nil	Nil	Nil	4,45,000/-

No remuneration (including sitting fee) has been paid to the Non-Executive Directors in the financial year 2011-12. The Non-Executive Directors do not hold any shares and/or convertible instruments in the Company and also they do not have any pecuniary relationship or transaction with the Company except Mr. Ravi Prakash Pincha, who holds 5600 shares in the Company. The Company has not granted any stock options to its Directors.

6. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee of the Company oversees the redressal of shareholders and investor grievances, and approves the sub-division, transfer/transmission of shares, issue of duplicate share certificates etc. The committee also meets as and when required for approving share transfers. The processing activities with respect to requests received for share transfer are normally completed within 30 working days from the date of receipt of request. The Committee met 9 times during the financial year under review.

Composition of Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises of three members, two of them being Non-Executive and Independent Directors. Details of members and their attendance at the meetings are as follows:

Sl. No.	Name	Position	Number of Committee Meetings	
			Held	Attended
1	Mr. Mahendra Pratap Singh	Chairman	9	9
2	Mr. Manish Jain	Member	9	9
3	Mr. Naresh Chandra Chakraborty	Member	9	9

Ms. Satabdi Sen Gupta, Company Secretary, is the Compliance Officer of the Company. The shareholders may send their complaints at investors@ntcind.com.

Details of shareholders' complaints

(a) Number of shareholders' complaints received during the year	: 1 (one)
(b) Number of shareholders' complaints resolved during the year	: 1 (one)
(c) Number of complaints not solved to the satisfaction of shareholders	: Nil
(d) Number of complaints pending	: Nil

7. Code of Conduct

The Company is consistently endeavouring to conduct its business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Company believes that a good Corporate Governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

The Board of Directors have adopted the Code of Conduct for the Directors and Senior Management (hereinafter referred to as 'the Code'). A copy of the Code has been put on the Company's website www.ntcind.com.

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given below.

"I hereby confirm that the Company has obtained, from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of financial year 2011-12."

Lawrence Baptist Fernandes
Managing Director

8. Details of General Body Meetings

a) The date, time and venue of the last 3 Annual General Meetings are as under:-

Financial Year ended	Meeting	Date	Time	Location	Number of Special Resolution, if any, passed
2010-11	20th A.G.M.	Monday 19th September 2011	9.00 a.m.	Bharatiya Bhasha Parishad, Sitaram Seksaria Auditorium, 4th Floor, 36A, Shakespeare Sarani, Kolkata- 700017	–
2009-10	19th A.G.M.	Wednesday 8th September 2010	9.00 a.m.	Bharatiya Bhasha Parishad, Sitaram Seksaria Auditorium, 4th Floor, 36A, Shakespeare Sarani, Kolkata- 700017	1*
2008-09	18th A.G.M	Wednesday 23th September 2009	9.00 a.m.	Bharatiya Bhasha Parishad, Sitaram Seksaria Auditorium, 4th Floor, 36A, Shakespeare Sarani, Kolkata- 700017	2**

** Special Resolution for Alteration of Articles of Association of the Company*

*** Special Resolution for Reappointment of Mr. Sunder Lal Dugar as Managing Director and Mr. Ravi Prakash Pincha as Whole Time Director*

b) No extra ordinary general meeting of shareholders was held during the year.

c) No special resolution was passed during the year through postal ballet.

d) None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing a resolution through postal ballet.

Disclosures

a) Disclosures on materially significant related party transaction – There are no materially significant related party transactions i.e. any transaction of material nature, with its promoters, directors or the management or relatives, etc. that may have potential conflict with the interest of the Company at large, other than in the normal course of business. The transactions with related parties have been disclosed in Note No. 2.29 of Notes to the Accounts forming part of the accounts for the year ended 31st March 2012.

b) The Company regularly complies with the requirements of the regulatory authorities on the matters relating to the capital market and no penalties/restrictions have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, during the last three years.

c) The Company does not have a Whistle Blower policy. However, no personnel of the Company have been denied access to the Audit committee.

d) The Company duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

9. Adoption of Non-mandatory requirements of Clause 49

The Company has complied with the non-mandatory requirement of Clause 49 with regard to the constitution of Remuneration Committee.

10. Means of communication

(a) The quarterly financial results and annual audited financial results are normally published in *Business Standard* and/or *The Financial Express* in English, and *Kalantar, Dainik Lipi, Duranta Barta* and/or *Arthik Lipi* in Bengali.

(b) The quarterly financial results and annual audited financial results of the Company are sent to The Calcutta Stock Exchange Limited and BSE Limited.

(c) The Company also files its quarterly and yearly compliances through Corporate Filing & Dissemination System at www.corpfiling.co.in.

(d) The Company's financial results are also displayed on its website, www.ntcind.com.

(e) The Company's website does not display any official news releases.

(f) No presentation was made to the institutional investors or to the analysts during the year under review.

(g) Annual Report, containing inter alia, Director's Report, Auditors' Report, Audited Annual Accounts and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.

11. Compliance certificate of the auditors

The statutory auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed.

12. General Shareholders' Information

Details of Annual General Meeting for Financial Year 2011-12

Date	:	Wednesday, 8th August 2012
Venue	:	**Gyan Manch, 11, Pretoria Street, Kolkata-700071**
Time	:	12.30 p.m.
Book closure date	:	From Wednesday, 1st August 2012 to Wednesday, 8th August 2012 (both days inclusive)

Financial Calendar

Financial year: 1st April to 31st March

For the year ended 31st March 2012, results were adopted on:

- 12th August 2011: First quarter (Un-audited)
- 14th November 2011: Half yearly (Un-audited)
- 13th February 2012: Third quarter (Un-audited)
- 28th May 2012: Annual (Audited)

For the year ending 31st March 2013, the results are likely to be adopted:

- on or before 14th August 2012 : First quarter (Un-audited)
- on or before 14th November 2012: Half yearly (Un-audited)
- on or before 14th February 2013: Third quarter (Un-audited)
- on or before 30th May 2013: Annual (Audited)

Listing on Stock Exchanges

The shares of the Company are listed on the following Stock Exchanges, namely

1. **BSE Limited**
   Phiroz Jeejabhoy Towers
   Dalal Street, Mumbai – 400 001
   Website: www.bseindia.com

2. **The Calcutta Stock Exchange Limited**
   7, Lyons Range, Kolkata – 700 001
   Website: www.cse-india.com

The listing fees for the financial year 2012-13 have been paid to the above Stock Exchanges.

Stock Code

(a) BSE Limited : 526723

(b) The Calcutta Stock Exchange Limited : 28044

Depositories

(a) **National Securities Depositories Limited**
Trade World, Kamala Mills Compound, Lower Parel, Mumbai - 400003

(b) **Central Depositories Services Limited**
P J Towers, 17th Floor, Dalal Street, Mumbai – 400001

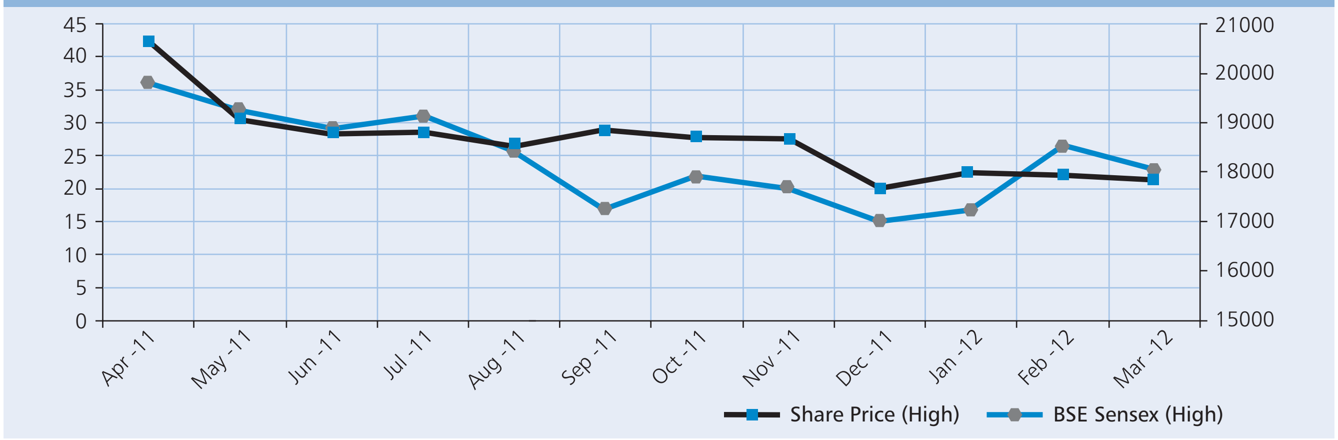
The fees to the depositories for the financial year 2012-13 have been paid.

Market price data

The monthly high and low share price data at the BSE Limited for the financial year 2011-12:

Month	Share Price (High)	Share Price (Low)	BSE Sensex (High)	BSE Sensex (Low)
Apr 2011	42.45	27.80	19,811.14	18,976.19
May 2011	30.50	25.00	19,253.87	17,786.13
Jun 2011	28.50	24.35	18,873.39	17,314.38
Jul 2011	28.70	23.10	19,131.70	18,131.86
Aug 2011	26.45	18.00	18,440.07	15,765.53
Sep 2011	29.00	21.45	17,211.80	15,801.01
Oct 2011	27.75	19.95	17,908.13	15,745.43
Nov 2011	27.60	18.70	17,702.26	15,478.69
Dec 2011	20.10	16.00	17,003.71	15,135.86
Jan 2012	22.60	15.15	17,258.97	15,358.02
Feb 2012	22.20	19.00	18,523.78	17,061.55
Mar 2012	21.45	16.55	18,040.69	16,920.61

Performance of Company's Scripts on BSE vs BSE Sensex



Registrar & Share Transfer Agents

M/s Niche Technologies Private Limited
D-511, Bagree Market, 71, B.R.B. Basu Road,
5th Floor, Kolkata – 700 001
Phone No. 033-2234-3576, 2235-7270, 2235-7271,
and 2235-3070
Fax No. 033-2215-6823,
e-mail: nichetechpl@nichetechpl.com
Contact Person – Mr. S. Abbas (Sr. Manager – Systems)

Share Transfer System

The RTA performs all share transfer activities, which is a Category-I Registrar and Share Transfer Agent. Therefore, all correspondences should be made to the address mentioned above. Shareholders holding shares in the electronic form should address their correspondence to their respective depository participants.

Distribution of Shareholding

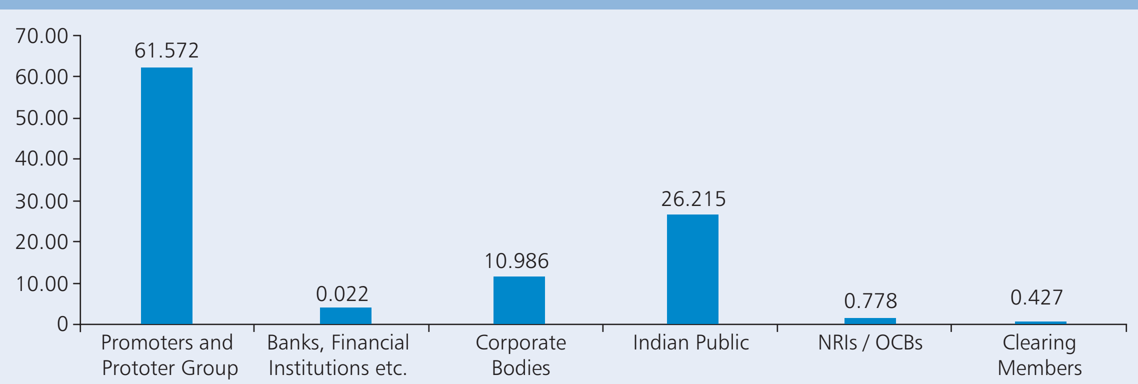
Distribution of shareholding by size as on 31st March 2012

Range of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Up to 500	5967	87.25	8,32,794	7.75
501 – 1000	451	6.59	3,68,685	3.43
1001 – 5000	326	4.77	7,02,671	6.54
5001 – 10000	39	0.57	2,78,642	2.59
10001 – 50000	38	0.56	7,34,942	6.84
50001 – 100000	4	0.06	2,49,345	2.32
100001 and above	14	0.20	75,82,921	70.54
Total	**6839**	**100**	**1,07,50,000**	**100**

Distribution of share holding by category as on 31st March 2012

Category	Number of Shares	% to Total
Promoters and Promoter Group	6,618,949	61.572
Banks, Financial Institutions among others	2,400	0.022
Corporate Bodies	1,181,005	10.986
Indian Public	2,818,122	26.215
NRIs/ OCBs	83,589	0.778
Clearing Members	45,935	0.427
Total	**1,07,50,000**	**100.00**

Distribution of share holding by category as on 31st March 2012



List of Top Ten Shareholders as on 31st March 2012

Sl. No.	Name of the Shareholder	No. of Shares held	% of Shareholding
1	Vinod Dugar	2,114,423*	19.67
2	Sheetal Dugar	1,299,174	12.09
3	Khatod Investments & Finance Company Limited	921,225	8.57
4	Pyramid Sales Private Limited	716,122	6.66
5	Sunder Lal Dugar	687,900**	6.40
6	Loka Properties Private Limited	377,100	3.51
7	Ankur Constructions Private Limited	375,000	3.49
8	Teck Consultancy & Services Private Limited	290,601	2.70
9	Maheswari Plaza Resorts Limited	234,931	2.19
10	Babita Kishangopal Bang	212,000	1.98

** includes 46400 shares held as Trustee of Rekha Benefit Trust*

*** includes 67200 shares held as Karta of Moti Lal Dugar (HUF)*

Details of shares held by Directors as on 31st March 2012

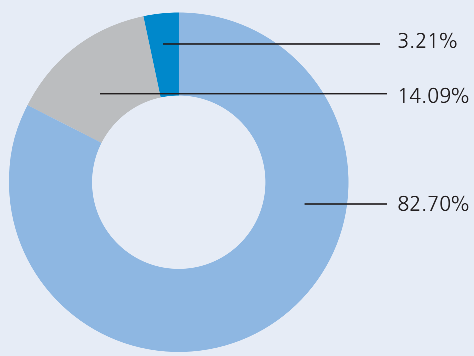
Name of Director	Number of Equity Shares	% of Total holding
Mr. Ravi Prakash Pincha	5600	0.05
Mr. Mahendra Pratap Singh	Nil	Nil
Mr. Manish Jain	Nil	Nil
Mr. Naresh Chandra Chakraborty	Nil	Nil
Mr. Lawrence Baptist Fernandes	Nil	Nil
Total	**5600**	**0.05**

Dematerialisation of shares and liquidity

Shares held in dematerialised and physical form as on 31st March 2012

Status of Dematerialisation	Number of Shares	% of Total Share
Shares held in NSDL	8890611	82.70
Shares held in CDSL	1514818	14.09
Shares held in physical form	344571	3.21

Demat status on 31st March 2012



Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

The Company has not issued any GDRs/ADRs/Warrants/Stock Options or any other Convertible Instruments.

Plant Location:
ntc industries limited
149, B. T. Road, P.O. Kamarhati
Kolkata – 700058

Address for correspondence:
ntc industries limited
149, B. T. Road, P.O. Kamarhati
Kolkata – 700058
Website: www.ntcind.com

Certificate of Corporate Governance

To,
The Members,
ntc industries limited

We have reviewed the compliance of conditions of Corporate Governance by ntc industries limited (the Company) for the year ended 31st March 2012, as stipulated in revised Clause 49 of the Listing Agreement of the said Company with the 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 conditions of 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 Clause 49 of the above-mentioned Listing Agreement.

On the basis of records maintained by the Company, we state that as on 31st March 2012, there were no investor grievances remaining pending for a period exceeding one month against the Company.

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

For **S. M. DAGA & CO.**
Chartered Accountants
Firm Registration No. 303119E

(Megh Raj Daga)
Partner
Membership No. 013625

Place: Kolkata
Date: 28th May 2012

CEO/CFO Certification

To,
The Board of Directors,
ntc industries limited

We, Lawrence Baptist Fernandes, Managing Director & CEO, appointed in terms of the Companies Act, 1956 and Prem Chand Khator, Chief Financial Officer, hereby certify to the Board that:

a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2012 and that to the best of our knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2012 which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee that:
   i. there have been no significant changes in internal control over financial reporting during the year;
   ii. there have been no significant changes in accounting policies during the period;
   iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **ntc industries limited**

Place: Kolkata
Date: 28th May 2012

L B Fernandes
Managing Director & CEO

P C Khator
Chief Financial Officer

FINANCIAL SECTION

AUDITORS' REPORT

To the Members
ntc industries limited

We have audited the attached balance sheet of ntc industries limited as at 31st March 2012, the related statement of profit and loss and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that –

1. 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.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of these books.
3. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and based on the information and according to the explanations given to us, the said account read with notes forming part of the financial statements give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:
   (a) in the case of balance sheet, of the state of affairs of the Company as at 31st March 2012;
   (b) in the case of statement of profit and loss, of the profit of the Company 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.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records as we considered appropriate and according to information and explanations given to us, the matters specified in the said order are given hereunder to the extent to which they are applicable.

i) a) The Company is maintaining proper records showing, full particulars including quantitative details and situation of fixed assets.

   b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.

   c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.

ii) a) The inventory (excluding stock lying with third parties) has been physically verified by the management at regular intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequencies of verifications are reasonable.

   b) In our opinion, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.

iii) a) The Company has not granted any loan during the year to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of sub clauses (a), (b), (c) and (d) of clause (iii) of paragraph 4 of the order are not applicable.

   b) The Company has not taken any loan during the year from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of sub clauses (e), (f) and (g) of clause (iii) of paragraph 4 of the order are not applicable.

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 the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

v) a) In our opinion and according to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of contract 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 the prevailing market prices at the relevant time.

vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore the provisions of clause (vi) are not applicable to the Company.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix) a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the record examined by us, there are no dues (except as stated below) in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty and interest, penalty thereon	8721.83	Assistant/Additional/ Deputy commissioner, Commissioner, Commissioner (Appeals), Appellate Tribunal & Supreme Court

x) The Company does not have accumulated losses as at 31st March 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders during the year.

xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

xiv) In our opinion and according to information and explanations given to us, Company is not dealing in or trading in shares, securities, debentures and other investments.

xv) The Company has not given any guarantees for loans taken by others from banks or financial institution.

xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

xvii) According to the information and explanation 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 investment by the Company.

xviii) The Company has not made preferential allotment of shares to parties and companies covered in register maintained under section 301 of the Companies Act, 1956 during the year.

xix) The Company has no debentures outstanding at any time during the year and hence question of creating security in respect thereof does not arise.

xx) As informed to us, the Company has not raised any money by way of a public issue during the period covered by our audit report.

xxi) 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, noticed or reported during the year, nor have we been informed of such case by the management.

For **S. M. Daga & Co.**
Chartered Accountants
Firm Registration No. 303119E

11, Clive Row,
Kolkata – 700 001
28th May 2012

MEGH RAJ DAGA
(Partner)
Membership No. 013625

BALANCE SHEET as at 31st March 2012

(Amount in ₹)

Particulars	Notes No.	As at 31st March 2012		As at 31st March 2011	
I. EQUITY AND LIABILITIES					
1. Shareholders' funds					
a) Share capital	2.1	107,500,000		107,500,000	
b) Reserves and surplus	2.2	169,098,166	276,598,166	166,314,762	273,814,762
2. Non-current liabilities					
a) Long - term borrowings	2.3	87,362,998		25,973,095	
b) Deferred tax liabilities (net)	2.4	536,225		1,305,523	
c) Long - term provisions	2.5	23,413,861	111,313,084	22,109,373	49,387,991
3. Current liabilities					
a) Short - term borrowings	2.6	23,390,827		24,932,326	
b) Trade payables		20,727,986		6,780,905	
c) Other current liabilities	2.7	102,317,289		63,315,721	
d) Short - term provisions	2.8	7,512,569	153,948,671	363,826	95,392,778
Total			541,859,921		418,595,531
II. ASSETS					
1. Non-current assets					
a) Fixed assets	2.9				
i) Tangible assets		169,263,146		175,354,543	
ii) Capital work-in-progress		80,603,645		69,533,029	
		249,866,791		244,887,572	
b) Non current investments	2.10	6,014,997		501,247	
c) Long-term loans and advances	2.11	51,809,280	307,691,068	40,493,280	285,882,099
2. Current assets					
a) Inventories	2.12	57,317,082		26,578,134	
b) Trade receivables	2.13	34,160,882		39,682,765	
c) Cash and bank balances	2.14	7,357,886		24,388,849	
d) Short - term loans and advances	2.15	135,333,003	234,168,853	42,063,684	132,713,432
Total			541,859,921		418,595,531
Significant accounting policies and notes to accounts	1 & 2				

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

For S. M. DAGA & CO.
Chartered Accountants
Firm Registration No. 303119E

MEGH RAJ DAGA
Partner
Membership No.013625

L B Fernandes
Managing Director

N C Chakraborty
Director

Satabdi Sen Gupta
Company Secretary

Place : Kolkata
Date : 28th May 2012

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2012

(Amount in ₹)

Particulars	Notes No.	Year ended 31st March 2012		Year ended 31st March 2011	
REVENUE					
Revenue from operations :					
Sales and services	2.16	472,436,132		234,853,860	
Less : Excise duty		74,830,921	397,605,211	83,252,870	151,600,990
Other income	2.17		4,036,643		7,944,423
Total revenue			**401,641,854**		**159,545,413**
EXPENSES					
Cost of materials consumed	2.18		49,377,535		22,930,243
Purchase of stock in trade			266,720,835		56,752,693
Changes in inventories of finished goods and stock in trade	2.19		(28,313,429)		(7,019)
Employee benefits expense	2.20		41,979,811		32,582,724
Finance costs	2.21		7,197,195		3,593,982
Depreciation	2.9		9,810,581		9,567,357
Other expenses	2.22		51,911,706		31,816,857
Prior period expenses (net)			42,853		648,798
Total expenses			**398,727,087**		**157,885,635**
Profit/(Loss) before exceptional items			**2,914,767**		**1,659,778**
Add/(Less): Exceptional items			–		227,857
Profit/(Loss) before Tax (PBT)			**2,914,767**		**1,887,635**
Tax expenses:					
a) Current tax		900,662		–	
b) Tax adjustments for earlier year		–		60,522	
c) Deferred tax		(769,299)	131,363	690,385	750,907
Profit/ (Loss) for the period after Tax (PAT)			**2,783,404**		**1,136,728**
Earnings per share: (refer note no. 2.26)			0.26		0.11
Significant accounting policies and notes to accounts	1 & 2				

This is the Statement of Profit and Loss referred to in our report of even date

For and on behalf of the Board

For S. M. DAGA & CO.
Chartered Accountants
Firm Registration No. 303119E

MEGH RAJ DAGA
Partner
Membership No.013625

L B Fernandes
Managing Director

N C Chakraborty
Director

Satabdi Sen Gupta
Company Secretary

Place : Kolkata
Date : 28th May 2012

CASH FLOW STATEMENT for the year ended 31st March 2012

(Amount in ₹)

Particulars	As at 31st March 2012		As at 31st March 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax as per Statement of Profit & Loss		2,914,767		1,887,635
Adjustments for :				
Depreciation	9,810,581		9,567,357	
Bad Debts expenses written off	–		40,026	
(Profit) / Loss on sale of fixed assets	632,065		(227,857)	
Foreign Exchange (gain) / loss on trade receivable	(262,549)		–	
Interest paid	5,817,744		3,593,982	
Sundry balances / (liabilities) written back	(275,007)		(389,821)	
Interest received	(1,568,344)		(2,167,068)	
Provision for rental income AS-19	(975,238)		(1,199,558)	
Provision of Employees' retirement & current benefits	13,471,267	26,650,519	5,710,595	14,927,656
Operating profit before working capital changes		**29,565,286**		**16,815,291**
(Increase) / Decrease in inventories	(30,738,948)		35,131,370	
(Increase) / Decrease in trade and other receivables	(4,027,289)		(14,500,240)	
Increase / (Decrease) in trade payables	26,707,482	(8,058,755)	2,315,570	22,946,700
Cash generated from operations		21,506,531		39,761,991
Less: Direct taxes paid/ (refunds) including interest (net)		5,017,870		(11,668,264)
Cash Flow before exceptional items		16,488,661		51,430,255
Exceptional items		–		227,857
Net cash generated/(used) from operating activities		**16,488,661**		**51,658,112**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	(17,069,420)		(51,576,586)	
Proceeds from sale of fixed assets	1,647,560		862,600	
(Payment) / refund for long-term advance	(88,780,490)		–	
(Deposit) / Refund in Fixed Deposits	3,070,160		(591,962)	
(Purchase)/Sale of Investment	(5,513,750)		–	
Interest received	1,568,344		450,208	
Net cash from investing activities		**(105,077,596)**		**(50,855,740)**
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds / (repayment) of long term borrowings	81,670,051		17,102,443	
Proceeds / (repayment) of short term borrowings	(1,541,499)		–	
Interest paid	(5,500,420)		(3,381,348)	
Net cash generated/(used) in financing activities		**74,628,132**		**13,721,095**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(13,960,803)**		**14,523,467**
Cash and cash equivalents -Opening balance		17,193,343		2,669,876
		3,232,540		**17,193,343**
Cash and cash equivalents -Closing balance		**3,232,540**		**17,193,343**
CASH AND CASH EQUIVALENTS COMPRISE:				
Cash on hand		1,581,923		7,982,149
Balances with bank		1,650,617		9,211,194
		3,232,540		**17,193,343**

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

For S. M. DAGA & CO.
Chartered Accountants
Firm Registration No. 303119E

MEGH RAJ DAGA
Partner
Membership No.013625

L B Fernandes
Managing Director

N C Chakraborty
Director

Satabdi Sen Gupta
Company Secretary

Place : Kolkata
Date : 28th May 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL STATEMENTS

The financial statements are prepared under historical cost convention on accrual basis as a going concern and in accordance with the generally accepted accounting principles (GAAP), the Companies Act, 1956 and in compliance with Companies (Accounting Standard) Rules, 2006, (as amended) as notified u/s 211(3C) of Companies Act, 1956 except those with significant uncertainty. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the balance sheet date and amounts of income and expenses during the year. Examples of such estimates include income taxes and future obligation under employee retirement benefit plans. Actual results could differ from those estimated. The effects of adjustment arising from revisions made to the estimates are included in the statement of profit and loss of the year in which such revisions are made.

C. CURRENT AND NON CURRENT

All the assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

D. REVENUE RECOGNITION

a) Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer.

b) Revenue from services are recognised on rendering of services to customers except otherwise stated.

OTHER INCOME :

c) Rental income (exclusive of Service Tax) from assets given on operating lease is recognised using straight line method. Contingent rent is recognised as income to reflect systematic allocation of earnings over the lease period. This policy is not applicable for variable rental income based on turnover of the tenant.

d) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

e) Dividend income is recognised when the right to receive is established.

E. FIXED ASSETS

i) Tangible assets, including those given on operating lease, are stated at cost of acquisition inclusive of freight incurred, duties and taxes (net of CENVAT/ sales tax) and incidental expenses less accumulated depreciation.

ii) Capital work in progress, cost incurred on construction of fixed assets consists of all directly attributable expenditure.

F. DEPRECIATION

Depreciation is provided on fixed assets including those given on operating lease on written down value method at the rates and in the manner specified in Schedule - XIV of the Companies Act, 1956.

Depreciation on reduced amount of fixed assets is net of depreciation on that compensation amount excess charged in earlier years.

G. INVESTMENTS

All investments are bifurcated into non current investments and current investments. Investments that are readily realisable and intended to be held for not more than a year from the date of balance sheet are classified as current investments. All other investments are classified as non current. Current investments are carried at lower of cost or fair market value, determined on an individual investment basis. Non current investments are carried at cost. Provision for diminution in the value of non current investments is made, only if such a diminution is other than temporary.

H. INVENTORIES

a) Raw materials: At lower of weighted average cost or net realisable value.

b) Work in progress: At lower of cost or net realisable value.

c) Finished goods and Stock in trade: At lower of cost or net realisable value.

d) Stores and spares, packing and printing materials: At lower of weighted average cost or net realisable value.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less as per the AS – 3 "CASH FLOW STATEMENT".

J. FOREIGN CURRENCY TRANSACTION

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transactions or that approximates the actual rate at the date of transactions.

Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss for the year.

Transactions which remains unsettled at the reporting date are reported at the rates prevailing as on reporting date and any exchange gain / loss is recognised in statement of profit and loss.

K. SALES

Sales represents invoice value of finished goods sold inclusive of excise duty and value added tax but excludes sales returns, claims, rate difference etc.

L. EXCISE DUTY

Excise duty has been accounted for at the time of manufacture of goods, accordingly excise duty on finished goods lying as stock in factory has been considered for valuation.

M. CLAIMS/REFUNDS

Excise, insurance and other claims/refunds are accounted for on acceptance/actual receipt/ payment basis.

N. EMPLOYEE BENEFITS

a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and short term compensated absences, the expected cost of ex-gratia, etc are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

i) Defined Contribution Plan: Employee benefits in the form of Employees State Insurance Corporation and provident fund are considered as defined contribution plan and the contributions are charged to the statement of profit and loss for the year when the contributions to the respective funds are due.

ii) Defined Benefit Plan: Employee benefits in the form of gratuity and leave encashment are considered as defined benefit plan and are provided for on the basis of an independent actuarial valuation, using the projected unit credit method, as at the balance sheet date as per requirements of Accounting Standard- 15 (Revised 2005) on "Employee Benefits". Actuarial gains/losses, if any, are immediately recognised in the statement of profit and loss.

O. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use or sale. Other borrowing costs are recognised as an expense in the year in which they are incurred.

P. TAXATION

a) Current Tax: Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternative Tax credit available under section 115JB of the Income Tax Act, 1961 are accounted in the year in which the benefits are claimed.

b) Deferred Tax: Deferred tax is recognised subject to consideration of prudence on the basis of timing differences being the differences between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent there is reasonable certainty that the asset will be realised in future.

Q. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. Impairment is charged to statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

R. PROVISIONS/CONTINGENCIES

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation as at the balance sheet date. Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent liability and are disclosed by way of notes to accounts.

2. Amounts in the financial statements are presented in Rupees and rounded off to the nearest decimals thereoff. The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

(Amount in ₹)

Particulars	As at 31st March 2012	As at 31st March 2011
a. Authorised share capital :		
16,500,000 (Previous year 16,500,000) equity shares	165,000,000	165,000,000
3,500,000 (Previous year 3,500,000) preference shares	35,000,000	35,000,000
	200,000,000	**200,000,000**
b. Issued, subscribed and paid-up share capital :		
10,750,000 (Previous year 10,750,000) equity shares each fully paid-up	107,500,000	107,500,000
Total	**107,500,000**	**107,500,000**
c. Par value per share		
Class of share		
Equity shares	10	10
Preference Shares	10	10

d) Reconciliation of number of Equity shares outstanding as at the beginning and as at the end of the year :

Particulars	31st March 2012 Nos.	31st March 2011 Nos.
Equity Shares		
Number of shares outstanding as at the beginning of the year	10,750,000	10,750,000
Add: Number of Shares Issued during the year	–	–
Less: Number of Shares bought Back during the year	–	–
Number of shares outstanding as at the end of the year	10,750,000	10,750,000

e. The rights, preferences and restrictions attaching to shares and restrictions on distribution of dividend and repayment of capital

The Company has only class of equity shares having a par value of ₹10 per share. Each Shareholder is eligible for one vote. Dividend proposed (if any) by the Board of Directors, is subject to the approval of Shareholders, except in case of interim dividend.

f. Details of shareholders holding more than 5% shares

Name of shareholders	31st March 2012 % holding/ No. of Shares	31st March 2011 % holding/ No. of Shares
1. Vinod Dugar (As individual = 2068023 shares + Guardian of Yashashwi Dugar = 120055	20.79%	20.79%
shares + Trustee of Rekha Benefit Trust = 46400 shares)	2,234,478	2,234,478
2. Sheetal Dugar	12.09%	8.41%
	1,299,174	903,811
3. Pyramid Sales Private Limited	6.66%	6.66%
	716,122	716,122
4. Khatod Investments and Finance Company Limited	8.57%	8.57%
	921,225	921,225
5. Sunder Lal Dugar	6.40%	6.40%
(As individual = 620700 shares + Karta of Sundar Lal Dugar (HUF) = 67200 shares)	687,900	687,900
6. Teck Consultancy and Services Pvt Ltd.	–	6.98%
	–	750,000
Total	54.50%	57.81%
	5,858,899	6,213,536
g. Share reserved for issue under options and contracts	–	–
h. Commitments for sale of shares / disinvestment	–	–

2.2 Reserves and surplus *(Amount in ₹)*

Particulars	As at 31st March 2012	As at 31st March 2011
a. Capital reserve	15,250,000	15,250,000
b. Capital redemption reserve	26,440,000	26,440,000
c. Surplus, i.e., balance of statement of profit and loss		
As at the beginning of the year	124,624,762	123,488,034
Add : Profit for the year	2,783,404	1,136,728
Surplus - As at the end of the year	127,408,166	124,624,762
Total (a+b+c)	**169,098,166**	**166,314,762**

2.3 Long-term borrowings

Term loan from bank (Secured)	67,362,998	5,825,951
i) Secured by way of assignment of lease rentals charge and by personal guarantee of promoters.		
ii) The Loan is repayable in 36 monthly instalments of ₹ 34,05,633 starting from 20.03.2012 and last instalment falling due on 20.03.2015.		
iii) The applicable rate of interest is base rate plus 3.75%.		
From related parties (Unsecured)	–	117,144
From other parties (Unsecured) (refer note no:2.32)	20,000,000	20,030,000
Total	**87,362,998**	**25,973,095**

2.4 Deferred tax liability (net)

a. Deferred tax assets		
Provision for bonus	216,300	231,750
Provision for leave salary	109,956	78,377
Provision for gratuity	7,263,303	5,788,254
	7,589,559	6,098,381
b. Deferred tax liability		
Opening Balance	1,305,523	–
Depreciation allowance on fixed assets	6,518,912	6,522,441
Rental Income	301,349	881,463
	8,125,784	7,403,904
Total (b-a)	**536,225**	**1,305,523**

2.5 Long-term provisions

Gratuity	22,346,492	21,025,974
Leave encashment	1,067,369	1,083,399
Total	**23,413,861**	**22,109,373**

2.6 Short-term borrowings

Working capital loan from bank (Secured, repayable on demand)	23,390,827	24,932,326
i) Secured by corporate guarantee of group company and by personal guarantee of promoter.		
ii) The applicable rate of interest being base rate plus 4%.		
Total	**23,390,827**	**24,932,326**

2.7 Other current liabilities

(Amount in ₹)

Particulars	As at 31st March 2012	As at 31st March 2011
Current maturity of long term debt	29,381,642	9,101,493
Interest accrued but not due on borrowings	399,798	82,474
Excise duty payable (BDR) (refer note 2.31)	21,548,160	21,548,160
Statutory liabilities	854,246	1,604,500
Other payables	37,674,352	30,419,403
Advance from related party	11,900,000	–
Unclaimed dividend *	559,091	559,691
Total	102,317,289	63,315,721

* There is no amount due and outstanding as on 31st March 2012 to be credited to Investor Education and Protection Fund.

2.8 Short-term provisions

Income tax	1,264,488	363,826
Gratuity	6,127,124	–
Leave encashment	120,957	–
Total	7,512,569	363,826

2.9 Fixed assets- Tangible assets and capital work-in-progress

i) Tangible assets

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sl No.	Description of assets	As at 01.04.2011	Additions during the period	Deductions during the period	As at 31.3.2012	Up to 31.03.2011	For the Period	Deductions during the period	Up to 31.3.2012	As at 31.3.2012	As at 31.3.2011
1	Land	70,446,307	–	–	70,446,307	–	–	–	–	70,446,307	70,446,307
2	Factory Building	39,302,635	–	–	39,302,635	27,583,912	1,161,652	–	28,745,564	10,557,071	11,718,723
3	Other Building	78,960,164	–	–	78,960,164	28,990,246	2,503,562	–	31,493,808	47,466,356	49,969,918
4	Plant & Machinery	93,535,196	5,128,581	9,286,677	89,377,100	50,589,375	5,959,685	7,064,468	49,484,592	39,892,508	42,945,821
5	Furniture & fixture	156,220	–	–	156,220	122,466	6,719	–	129,184	27,036	33,754
6	Vehicles	–	487,678	–	487,678	–	104,781	–	104,781	382,897	–
7	Office Equipments	153,631	47,400	–	201,031	95,834	15,600	–	111,434	89,597	57,795
8	Computers	1,187,961	335,145	446,716	1,076,390	1,005,735	58,582	389,300	675,017	401,374	182,225
	Total	283,742,114	5,998,804	9,733,393	280,007,525	108,387,568	9,810,581	7,453,768	110,744,381	169,263,146	175,354,543
	Previous Year	260,704,784	27,450,578	4,413,251	283,742,111	101,217,317	9,567,357	2,397,107	108,387,567		159,487,467

ii) Capital work-in-progress

Sl No.	Particular	As on 01.04.2011	Addition	Transfer	As on 31.03.2012	As on 31.03.2011
1	NTC-RESIDENCY	36,948,172	–	–	36,948,172	36,948,172
2	REGENT MART	1,122,679	–	–	1,122,679	1,122,679
3	HYUNDAI SITE	5,490,716	10,974,616	–	16,465,332	5,490,716
4	R CENTER	10,547,946	–	–	10,547,946	10,547,946
5	R CASTLE	–	96,000	–	96,000	–
6	BUILDING	15,423,516	–	–	15,423,516	15,423,516
	Total	69,533,029	11,070,616	–	80,603,645	69,533,029

2.10 Non Current Investments

(Amount in ₹)

Particulars	As at 31st March 2012	As at 31st March 2011
Trade Investments (at Cost) fully paid up		
Investment in Equity Instruments		
Quoted		
RDB Reality & Infrastructure Ltd. (50000 Equity Shares of ₹10/- each)	501,247	501,247
Unquoted		
Pincha Home builders (P) Ltd (550000 Equity Shares of ₹10/- each)	5,513,750	–
Total	6,014,997	501,247
Aggregate Book Value of Quoted Investment	501,247	501,247
Aggregate Book Value of Unquoted Investment	5,513,750	–
Aggregate Market Value of Quoted Investment	1,200,000	3,100,000

2.11 Long - term loans and advances

Particulars	As at 31st March 2012	As at 31st March 2011
(Unsecured, considered good)		
Deposit with Excise Authority	11,316,000	–
Refund receivable from Excise Authority (BDR) (refer note no. 2.31)	40,493,280	40,493,280
Total	**51,809,280**	**40,493,280**

2.12 Inventories

Particulars	As at 31st March 2012	As at 31st March 2011
(As taken, valued & certified by the Management)		
{for valuation refer note no.1(H)}		
Raw materials	14,741,582	11,890,337
Finished goods	12,036,057	11,660,221
Stock-in-trade	27,937,593	–
Packing and printing materials	413,128	106,814
Stores and spares	2,188,722	2,920,762
Total	**57,317,082**	**26,578,134**

2.13 Trade Receivables

Particulars	As at 31st March 2012	As at 31st March 2011
(Unsecured, considered good)		
Outstanding for more than six months	8,117,809	6,084,652
Others	26,043,073	33,598,113
Total	**34,160,882**	**39,682,765**

2.14 Cash and bank balances

Particulars	As at 31st March 2012	As at 31st March 2011
a. Cash and cash equivalents :		
Balances with bank	1,581,923	9,211,194
Cash on hand (As certified by the management)	1,650,617	7,982,149
	3,232,540	17,193,343
b. Other bank balances :		
Unpaid Dividend	559,091	559,691
Fixed Deposits :		
- For lien against guarantees and letter of credit	3,166,255	6,250,000
- For Joint special Officer	400,000	385,815
	4,125,346	7,195,506
Total (a+b)	**7,357,886**	**24,388,849**

2.15 Short-term loans and advances

Particulars	As at 31st March 2012	As at 31st March 2011
(Unsecured, considered good)		
Loan to related party	92,637,361	3,856,871
Other advances	42,695,642	38,206,813
Total	**135,333,003**	**42,063,684**

2.16 Revenue from operations *(Amount in ₹)*

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
a. Sale of Goods and Services		
Sales of manufactured goods :		
- Domestic	119,765,236	117,810,516
- Export	46,391,353	9,308,271
	166,156,589	127,118,787
Sales of Stock-in-trade	251,552,147	61,685,178
Sale of Service	134,145	126,158
	417,842,881	**188,930,123**
b. Other operating income		
Rental Income	54,498,580	45,868,708
Income from Scrap sales	94,671	55,029
	54,593,251	**45,923,737**
Total (a+b)	**472,436,132**	**234,853,860**

2.17 Other income

Interest received	1,568,343	2,167,068
Dividend received	30,000	–
Sundry balances / liabilities written back (net)	275,007	389,821
Foreign currency fluctuation gain	251,646	(100,190)
Other receipts	1,911,647	5,487,724
Total	**4,036,643**	**7,944,423**

2.18 a) Cost of material consumed

Raw Tobacco	27,499,311	9,385,241
Filter Rods	5,787,578	3,430,074
Blank	6,382,665	4,329,458
Others	9,707,981	5,785,470
Total	**49,377,535**	**22,930,243**

2.18 b) Particulars of material consumed (% and value)

	31st March 2012 % consumption/ value-consumption	31st March 2011 % consumption/ value-consumption
Imported	16.36%	21.25%
	8,080,365	4,609,958
Indigenous	83.64%	78.75%
	41,297,171	17,081,330

2.19 Change in inventories of finished goods and stock-in-trade *(Amount in ₹)*

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
a. Opening Stock :		
- Finished goods	11,660,221	11,653,202
- Stock - in - trade	–	–
	11,660,221	11,653,202
b. Closing Stock :		
- Finished goods	12,036,057	11,660,221
- Stock-in-trade	27,937,593	–
	39,973,650	11,660,221
(Increase) / Decrease in inventories (a-b)	**(28,313,429)**	**(7,019)**

2.20 Employee benefits expenses *(Amount in ₹)*

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Salaries, wages, bonus, allowances, etc	25,371,808	23,567,544
Contribution to provident fund and other benefits	3,528,187	3,422,544
Staff welfare expenses	664,393	632,041
Gratuity	12,415,423	4,960,595
Total	**41,979,811**	**32,582,724**

2.21 Finance costs

a. Interest paid :		
To bank :		
- on term loan	2,130,937	2,646,343
- on working capital loan	3,068,772	817,479
To others	618,035	130,160
	5,817,744	3,593,982
b. Finance charges	1,379,451	–
Total (a+b)	**7,197,195**	**3,593,982**

2.22 Other expenses

a. Manufacturing expenses :		
Stores and spares	6,005,759	3,339,718
Power and fuel	7,240,076	5,269,020
Machine repairs	359,460	424,104
Inward freight, coolie, cartage and other expenses	763,592	481,777
Other manufacturing expenses	1,488,608	244,457
	15,857,495	9,759,076
b. Administration expenses :		
Rent	307,970	247,284
Rates and taxes	146,707	123,813
Repair and maintenance	153,935	73,740
Vehicle maintenance expenses	523,524	191,467
Insurance	242,644	112,502
Travelling and conveyance	1,085,319	514,362
Postage, telegraph and telephones	415,163	417,522
Printing and stationery	1,436,488	358,128
Legal and consultancy charges	7,387,638	4,767,313
Bad debts	–	40,026
Electricity charges	20,901	16,214
Bank charges	–	932,433
Land revenue and municipal taxes (net)	2,411,236	–
Loss on sale of fixed assets	632,065	–
Miscellaneous expenses	979,048	430,545
Auditors' remuneration :		
- Audit fee	50,000	55,150
- Tax audit fee	25,000	27,575
	15,817,638	8,308,074
c. Selling and distribution expenses :		
Advertisement and publicity expenses	894,423	162,042
Sales tax and value added tax	10,414,242	9,396,752
Outward freight and forwarding charges	5,837,387	1,422,971
Brokerage, commission and discounts	929,369	793,275
Distribution expenses	2,161,152	1,974,667
	20,236,573	13,749,707
Total (a+b+c)	**51,911,706**	**31,816,857**

2.23 The Company is in communication with its suppliers to ascertain the applicability of "The Micro, Small and Medium Enterprises Development Act, 2006". As at the date of this balance sheet the Company has not received any communications from any of its suppliers regarding the applicability of the Act to them. This has been relied upon by the auditors.

2.24 In the opinion of the Board the current assets, loans and advances are not less than the stated value if realised in ordinary course of business. The provisions for all known liabilities are adequate. There are no contingent liabilities except stated, as informed by the management.

2.25 The Business of the Company falls under a single segment i.e. Manufacturing of Cigarette and Smoking Mixture. In view of the general classification notified by Central Government in exercise of powers conferred u/s 211(3C) of Companies Act, 1956 for companies operating in single segment, the disclosure requirement as per Accounting Standard - 17 on "Segment Reporting" are not applicable to the Company. The Company's business is mainly concentrated in similar geographical, political and economical conditions; hence disclosure for geographical segment is also not required.

2.26 Earnings Per Share in accordance with AS-20:-

Particulars			2011-12	2010-11
Earnings per share is computed as under:-				
Profit after taxation available for Equity shareholders	(A)	(₹)	2,783,404	1,136,728
Weighted average number of Equity shares outstanding	(B)		10,750,000	10,750,000
Face value per share		(₹)	10	10
Earnings per share - Basic & Diluted (A/B)		(₹)	0.26	0.11

2.27 In terms of AS - 19 on "Leases", disclosures for operating lease arrangements are as under: *(Amount in ₹)*

Sr. No.	Particulars	2011-12	2010-11
I	Asset under leasing arrangement - Building *		
	a) Gross Block	20,475,591	20,475,591
	b) Less: Accumulated Depreciation	4,204,543	3,348,172
	c) Net Block	16,271,048	17,127,419
II	Depreciation for the year	856,371	901,443
III	Total contingent rents recognised as income in the statement of profit and loss for the year	975,238	1,199,558
IV	General Description: The Company has entered into cancellable operating lease arrangements which vary from 11 months to 21 years considering renewals at regular intervals.		

* Detail of assets does not include value of part of a building given on lease since its separate value could not be ascertained from whole block.

2.28 Post Employment Benefits

a) **Defined Contribution Plans:** The Company has recognised an expense of ₹3,528,187/- (Previous Year ₹3,422,544/-) towards the defined contribution plans.

b) **Defined Benefit Plans:** As per actuarial valuation as on 31st March 2012 and recognised in the financial statements in respect of employee benefit schemes: *(₹ in Lacs)*

Particulars	2011-12		2010-11	
	Gratuity	Leave	Gratuity	Leave
I Components of employer expense				
1 Current service cost	9.72	0.29	7.17	0.19
2 Interest cost	19.80	0.91	18.32	0.93
3 Expected return on plan assets	–	–	–	–
4 Curtailment cost/ (credit)	–	–	–	–
5 Settlement cost/ (credit)	–	–	–	–
6 Past service cost	–	–	–	–
7 Actuarial losses/ (gains)	94.63	2.36	24.12	1.41
8 Total employer expense recognised in the statement of profit & loss	124.15	3.56	49.61	2.54

Gratuity expense is recognised in "Gratuity" and "Leave Encashment" in "Salary, Wages and Bonus" under Note – 2.20.

(₹ in Lacs)

Particulars	2011-12		2010-11	
	Gratuity	Leave	Gratuity	Leave
II Net Asset/ (Liability) recognised in balance sheet				
1 Present value of defined benefit obligation	284.74	11.88	210.26	10.83
2 Fair value of plan assets	–	–	–	–
3 Funded status [Surplus/ (Deficit)]	(284.74)	(11.88)	(210.26)	(10.83)
4 Unrecognised past service costs	–	–	–	–
5 Net Asset/ (Liability) recognised in Balance Sheet	(284.74)	(11.88)	(210.26)	(10.83)
III Change in Defined Benefit Obligation (DBO)				
1 Present value of DBO at the beginning of period	210.25	10.83	195.96	9.47
2 Current service cost	9.72	0.28	7.17	0.19
3 Interest cost	19.80	0.91	18.32	0.93
4 Curtailment cost/ (credit)	–	–	–	–
5 Settlement cost/ (credit)	–	–	–	–
6 Plan amendments	–	–	–	–
7 Acquisitions	–	–	–	–
8 Actuarial Losses/ (Gains)	94.63	2.36	24.12	1.41
9 Benefit payments	(49.68)	(2.51)	(35.31)	(1.17)
10 Present value of DBO at the end of period	284.74	11.88	210.26	10.83
IV Change in fair value of assets				
1 Plan assets at the beginning of period	–	–	–	–
2 Acquisition adjustment	–	–	–	–
3 Expected return on plan assets	–	–	–	–
4 Actual Company contributions	49.68	2.51	35.31	1.17
5 Actuarial Gain/ (Loss)	–	–	–	–
6 Benefit payments	(49.68)	(2.51)	(35.31)	(1.17)
7 Plan assets at the end of period	–	–	–	–
V Actuarial Assumptions				
1 Discount rate	8.00%	8.00%	8.00%	8.00%
2 Expected return on assets	N.A	N.A	N.A	N.A
3 Salary escalations:- Tobacco	5.00%	5.00%	5.00%	5.00%
4 Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
5 The Estimates of future salary increases, considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.				
6 Discount rate is based upon the market yields available on Government Bonds at the accounting date with a term that matches with that of liabilities				

2.29 Related party disclosures:-

In terms of Accounting Standard-18 on "Related Party Disclosures", related party disclosures are as under:

(i) Other related parties with whom the Company had transactions:-

(A) Key Management Personnel & their relatives:-

S.No.	Name	Designation /Relationship
1	Lawrence Baptist Fernandes	Managing Director
2	Naresh Chandra Chakraborty	Executive Director

(B) Enterprises over which Key Management Personnel/Major Shareholders/Their Relatives have Significant Influence: -

S.No.	Name of Enterprise	S.No.	Name of Enterprise
1	Veekay Appartments (P) Ltd	6	RD Motors Private Ltd.
2	Electrical Manufacturing Co.Ltd.	7	RDB Rasayans Ltd.
3	Pyramid Sales Private Ltd.	8	Sri S.L. Dugar Charitable Trust
4	Pincha Home Builders (P) Ltd	9	RDB Regent Retail Ltd.
5	RDB Reality & Infrastructure Ltd.		

ii) Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 31.3.2012

(Amount in ₹)

Nature of Transaction	Key Management Personnel & their relatives	Enterprises over which KMP & their relatives have significant influence
Rental Income	–	37,426,662
	(–)	(29,753,593)
Interest Income	–	878,417
	(–)	(7,634)
Remuneration Paid	1,306,153	–
	(741,316)	(–)
Rent Paid	–	158,028
	(–)	(158,100)
Interest Paid	–	618,035
	(–)	(130,160)
Investment in Equity Shares	–	5,500,000
	(–)	(–)
Unsecured Loan Received	–	75,800,000
	(–)	(39,100,000)
Unsecured Loan Repaid	–	75,800,000
	(–)	(39,070,000)
Advance Received	–	18,150,000
	(–)	(–)
Refund of Advance Received	–	6,250,000
	(–)	(–)
Loan Given	–	187,606,546
	(–)	(3,850,000)
Refund of Loan with interest	–	98,826,056
	(–)	(–)
Purchases	–	1,013,775
	(–)	(–)
Closing Balance		
Trade Receivables	–	4,093,446
	(–)	(2,736,189)
Advance Received	–	11,900,000
	(–)	(–)
Creditors	–	751,252
	(–)	(39,147)
Loan Given	–	92,637,361
	(–)	(3,856,871)
Unsecured Loan taken	–	–
	(–)	(117,144)

Note: -

i) Previous year figures have been given in brackets.

ii) As the liability of gratuity and compensated absence are provided on actuarial basis for the Company as a whole, the amount pertaining to the directors are not ascertainable and therefore not included in the above

iii) Related party relationships are identified by the Company on the basis of available information.

2.30 The Hon'ble High Court, Kolkata has confirmed sale of assets of New Tobacco Co. Ltd. (In Liquidation) in favour of the Company vide its order dated 19th April 2006 and directed the Joint Special Officers to execute the deed and / or deeds of conveyance in respect of immovable properties and to issue necessary sale certificates for plant & machineries and all assets and properties in favour of the Company. Conveyance deed of some properties is yet to be executed for transfer of title in favour of the Company since connected proceedings are pending before the Hon'ble High Court, Kolkata.

2.31 In view of the amendment made in the Union Budget 2003 with retrospective effect, the Company is liable to refund excise duty amounting to ₹ 49,238,160/- received/ receivable in terms of notification no.32/99 dated 8th July 1999 issued by the Central Government, on account of Badarpur unit in Assam and interest thereon amounting to ₹ 97,274,593/- upto 31st March 2012. The Company had challenged the amendment in Hon'ble High Court, Guwahati and subsequently the matter was transferred to Hon'ble

Supreme Court of India. The Hon'ble Supreme Court vide its order dated 19th September 2005 has confirmed such retrospective amendment made by the Central Government through its Budget Notification. However, the Company was of the view that the amendment was not applicable to it and a clarification / modification petition to that effect was filed and admitted by the Hon'ble Supreme Court. On 31st October 2007, the Central Excise Department had passed a fresh adjudication order confirming the demand and the Company has appealed before the Appellate Tribunal which was brought to the notice of the Hon'ble Supreme Court. The Hon'ble Supreme Court disposed off the petition on 25th March 2008 with a direction that appeal shall be decided by appellate authority on merits and in accordance with law. The appeal filed before the Tribunal was disposed off without relief. The Company moved to Hon'ble Guwahati High court and failed to get any relief. Now company has filled the appeal before the Hon'ble Supreme Court of India. The Company is confident to get the full relief as the entire benefit was passed on to the consumer and as such the Company does not accept any further liability and no provision is considered necessary based on the expert legal advice. Further to this the Company has accounted for during financial year 2000-01 a sum of ₹40,493,280/- as excise duty refund receivable (Badarpur) and ₹21,548,160/- towards excise duty payable (Badarpur) in terms of the above mentioned notification.

2.32 A suit has been filed against the Company in the year 1999 for recovery of ₹20,000,000/- along with interest which is still pending before the Hon'ble High Court, Kolkata. The Company disputes the claim of the party and as the matter is subjudice no provision for interest has been made.

2.33 Contingent liabilities: *(Amount in ₹)*

Particulars	As at 31st March 2012	As at 31st March 2011
a) Claims against the Company not acknowledged as debt	14,453,701	14,453,701
b) Disputed Liabilities relating to Central Excise Demand	872,183,000	862,710,000

2.34 Foreign exchange earnings and outgo :

Description	Year ended 31st March 2012	Year ended 31st March 2011
a) Earnings in foreign exchange :		
F.O.B Value of Export	43,355,285	9,308,271
Processing Charge Received	134,145	126,158
Total	43,489,430	9,434,429
b) Outgo in foreign exchange :		
i) Value of imports calculated on CIF basis :		
C.I.F Value of Imports		
- Raw materials	8,616,167	4,841,363
- Capital goods	4,298,918	–
- Spares {refer note no. 2.34 (iii)}	44,933	–
Total	12,960,018	4,841,363
ii) Expenditure in foreign currency :		
Designing Charges	130,108	–
iii) Stores & spares consumed during the year are indigenous.		
Imported spares are lying in stock at the year end.		

2.35 The figures of previous year have been reclassified and regrouped wherever considered necessary.

Signatories to Note No. 1 & 2 forms part of the financial statement

For and on behalf of the Board

For S. M. DAGA & CO.
Chartered Accountants
Firm Registration No. 303119E

MEGH RAJ DAGA
Partner
Membership No.013625

L B Fernandes
Managing Director

N C Chakraborty
Director

Satabdi Sen Gupta
Company Secretary

Place : Kolkata
Date : 28th May 2012

ntc industries limited

Regd. Office: 149, B.T. Road, P.O. Kamarhati, Kolkata – 700058

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of M/s ntc industries limited will be held on Wednesday, 8th August 2012 at 12.30 p.m. at Gyan Manch, 11, Pretoria Street, Kolkata-700071, to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2012 and the Profit and Loss account for the year ended as on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Manish Jain who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Mr. Naresh Chandra Chakraborty who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s S. M. Daga & Co., Chartered Accountants as statutory auditors, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

In this connection, to consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

"RESOLVED THAT M/s. S.M. Daga & Co., Chartered Accountants (Registration No. 303119E) be and are hereby appointed as the statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors of the Company."

By order of the Board

Place: Kolkata
Date: 28th May 2012

Satabdi Sen Gupta
(Company Secretary)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE COMPANY'S REGISTRAR AND SHARE TRANSFER AGENT NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 1st August 2012 to Wednesday, 8th August 2012 (both days inclusive).
4. The information that are required to be given for appointment and/or reappointment of Directors under the Corporate Governance Code of the Listing Agreement is given in the Corporate Governance section of this Annual Report.
5. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the Annual General Meeting.

6. Members seeking any information or clarification on accounts are requested to send written queries to the Company, at least 10 days before the date of the meeting to enable the management to keep the required information available at the Meeting.

7. For convenience of members and for proper conduct of the Meeting, entry to the Meeting venue will be regulated by attendance slip, which is enclosed with the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.

8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent (RTA).

9. Members who hold shares in the physical form and wish to make/change a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956, may submit such information in the prescribed form 2B to the Company's Registrar & Share Transfer Agent.

10. As a measure of economy, copies of the Annual Report will not be distributed at the Meeting. Members are requested to bring their copies of the Annual Report to the meeting.

11. No compliment or gift of any nature will be distributed at the Annual General Meeting.

12. The Company has designated an exclusive e-mail ID investors@ntcind.com which would enable the Members to communicate their grievances. The Members may send their grievances, if any, to this e-mail ID for its quick redressal.

13. Members are hereby informed that Dividends which remain unclaimed / unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

14. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies enabling the Members to receive various notices and documents including Annual Report through electronic mode by registering their e-mail addresses with the RTA or with the Company. The Company had supported the said initiative by requesting Members to register their e-mail addresses. To continue with this effort the Company appeals to the Members who have not yet registered their e-mail address with the Company, to register their e-mail address, in respect of electronic holdings with the Depository through their Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with the Company's Registrar & Share Transfer Agent, M/s. Niche Technologies Private Limited at ntc@nichetechpl.com mentioning their Name and Folio No. The Members can also register their e-mail address with the Company by sending an email at investors@ntcind.com mentioning their Name and Folio No.

Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

A TRISYS PRODUCT
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