



Nagreeka

EXPORTS LIMITED



**TWENTYSECOND
ANNUAL
REPORT
2010-2011**

BOARD OF DIRECTORS	:	Shri Sushil Patwari	—	Chairman & Managing Director
		Shri Sunil Patwari	—	Vice Chairman & Managing Director
		Shri Kailash Chandra Purohit	—	Whole-time Director
		Shri Mahendra Patwari	—	Whole-time Director
		Shri Mohan Kishen Ogra	—	Director
		Shri Bibhuti Charan Talukdar	—	Director
		Shri Mahabir Prasad Periwal	—	Director
		Shri Rajendra M. Ruia	—	Director
COMPANY SECRETARY	:	Shri J. Tiwari		
BANKERS	:	Canara bank, Overseas Branch, Kolkata, Mumbai		
		ING VVSYA Bank Limited, Overseas Branch, Mumbai		
		Oriental Bank of Commerce, Overseas Branch, Kolkata		
		State Bank of Patiala, Commercial Branch, Mumbai		
		Allahabad Bank, Industrial Finance Branch, Kolkata		
AUDITORS	:	M/s. Das & Prasad		
		Chartered Accountants		
		4, Chowringhee Lane		
		Kolkata - 700 016		
TRANSFER AGENT	:	M/s. Maheshwari Datamatics Pvt. Ltd.		
		6, Mangoe Lane, 2nd Floor,		
		Kolkata - 700 001		
REGISTERED OFFICE	:	18, R. N. Mukherjee Road,		
		Kolkata - 700 001		
CORPORATE OFFICE	:	21-22, Kala Bhavan, 3, Mathew Road		
		Mumbai - 400 004.		
WORKS	:	Village Yavluj, Taluka Panhala,		
		Dist. Kolhapur (Maharashtra)		

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NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of **Nagreeka Exports Limited**, will be held at **Bengal National Chamber of Commerce and Industry**, 23, R. N. Mukherjee Road, Kolkata - 700 001, on Wednesday, the 28th September, 2011 at 10.30 a.m. to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and reports of the Directors and the Auditors thereon.
- 2) To declare dividend for the financial year 2010-2011.
- 3) To appoint a Director in place of Mr. B. C. Talukdar, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Sunil Patwari, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint a Director in place of Mr. R.M. Ruia, who retires by rotation and being eligible, offers himself for re-appointment.
- 6) To appoint Auditors of the Company and to fix their remuneration.

Place : Kolkata

Date : 30th May, 2011

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

J. TIWARI
(Company Secretary)

NOTE :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
2. The Instrument appointing Proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting.
3. Members are requested to notify immediately any change in their addresses, if any, to the Registrar and Share Transfer Agent M/s. Maheshwari Datamatics (P) Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
4. Members are requested to bring their copies of Annual Report at the Meeting and produce attendance slip at the entrance.
5. The Register of Members and Share Transfer Books will remain closed from 21/09/2011 to 28/09/2011 (both days inclusive).
6. Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched between 1st October 2011 to 15th October, 2011:
 - (a) To all those beneficial owners holding shares in electronic form, as per the ownership data made available to the company by National Securities Depository Ltd(NSDL) and Central Depository Services(India) Ltd (CDSL) as on 20th September, 2011 and
 - (b) To all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the company/share transfer agent on or before 20th September, 2011.
7. Members intending to require information, about accounts, to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting (AGM).
8. Pursuant to Section 205A(5) of the Companies Act, 1956 all unclaimed or unpaid dividends (if any) upto the financial year ended 31st March, 2003 have been transferred to the Investors Education and Protection Fund established by the Central Government.

NOTICE (Contd.)

9. Details of the Directors retiring by rotation and being proposed for re-appointment as Director(s) are as under :-

Name of Director	Mr. B. C. Talukdar	Mr. Sunil Patwari	Mr. R. M. Ruia
Date of Birth	01.03.1936	15.11.1960	09.01.1957
Date of Appointment	30.06.2005	02.05.1989	31.07.2008
Qualification	B. Com, PGDBN	FCA, MBA (IIM)	B. Sc., MBA
Expertise in specific Functional area	Industrialist having rich business experience	Industrialist having rich business experience	Industrialist having rich business experience
List of other Directorships held excluding foreign companies, Companies under section 25 of the Companies Act, 1956 and Private Companies.	Nagreeka Capital & Infrastructure Ltd. H. P. Cotton Mills Ltd.	Nagreeka Capital & Infrastructure Ltd. GPT Infraprojects Ltd.	Arco Leasing Ltd.
Chairman / Member of the Committees of the Board of other Companies in which he/she is a Director	Nagreeka Capital & Infrastructure Ltd. H. P. Cotton Mills Ltd.	Nagreeka Capital & Infrastructure Ltd.	None

10. Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with Maheshwari Datamatics Private Limited.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 22nd Annual Report on the affairs of your Company together with the Audited Statements of Account for the year ended 31st March, 2011.

FINANCIAL RESULT

	2010-2011 (Rs. In lacs)	2009-2010 (Rs. In lacs)
Sales & Export Revenue	55817.47	41455.43
Other Income	27.07	48.33
	55844.54	41503.76
PBIDT	2919.97	1979.16
Interest	1222.32	1113.42
Depreciation	665.35	656.37
PROFIT BEFORE TAXATION	1032.30	209.37
Taxation	416.67	15.42
PROFIT AFTER TAXATION	615.63	193.95
Profit Brought Forward from Previous Year	256.51	62.55
PROFIT AVAILABLE FOR APPROPRIATIONS	872.14	256.50
APPROPRIATIONS		
Transfer to General Reserve	—	—
Proposed Dividend	62.50	—
Income Tax on Dividend	10.38	—
Balance carried to Balance Sheet	799.26	256.50
	872.14	256.50

DIVIDEND

The Board of Directors recommended dividend @ 10% i.e. Rs 0.50 per equity share of Rs. 5 each for the financial year 2010-11.

REVIEW OF OPERATION

The revival in global markets post the events of 2008 continued and as such your company's performance improved further and the turnover increased from Rs. 41455.43 lacs for the year ended 31.03.2010 to Rs.55817.47 lacs for the period under review.

The Profit after Tax for the Year under review is **Rs 615.63** lacs as against Profit of **Rs. 193.95** lacs in the previous year.

The year under review witnessed very high volatility in cotton prices which have seen all time high levels due to a projected shortfall in production of raw cotton globally. The increase in prices of cotton could be passed on and as such there was a healthy effect on the bottom line.

The effect **would have been even more** but for the abrupt changes in government policies including stoppage of yarn exports during Dec/Jan 2010-11 and withdrawal of Duty Drawback and DEPB on exports of yarn.

FUTURE PROSPECT

Although the GDP for 2011-12 will not exceed 8.5%, the income level and spending power and propensity of population has been consistently rising. This will consequently increase consumption level of the masses. Further, the changing life style, in urban and rural areas, will increase the demand for

garments. This will increase the top line and bottom line of yarn producing companies also. The additional allocation for Textile Upgradation Fund Scheme (TUFS) indicates strong desire of the Central Government to promote further investment and capacity growth in the industry. This is very positive sign for yarn industry.

However, the increase in wages, fuel prices and interest cost and the increase in power cuts in recent period definitely pose a challenge. This would affect the performance of the company in the current year. Your company, however, has maintained high standards of quality cost effective production and stringent waste control measures. It is hoped that these measures will strengthen the company to face the challenges in the current scenario.

The Company has also taken up implementation of projects for capacity expansion and manufacturing of value added products.

PUBLIC DEPOSIT

Your Company has not accepted any deposits during the year under review within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975.

DIRECTORS

Mr.K.L.Agarwal has resigned from the directorship of the Company with effect from 28-May-10. The Board places on record its appreciation for the contribution made by Mr.K.L.Agarwal during his tenure as Director.

Mr. Sunil Patwari, Mr. B.C.Talukdar and Mr. R.M.Ruia retire by rotation at the ensuing Annual General Meeting and all of them being eligible, have offered themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures.
2. The selected accounting policies were applied consistently and judgements and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year, 31st March, 2011, and of the profit of the company for that period.
3. Proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 had been taken for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The Annual Accounts were prepared on going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as part of this annual report and marked as **Annexure "C"**. Requisite

DIRECTORS' REPORT (Contd.)

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

AUDITORS

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

AUDITORS' REPORT

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

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

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

MODERNISATION AND RATIONALISATION PROGRAMME

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

PARTICULARS OF EMPLOYEES

None of the employees are drawing remuneration exceeding Rs.5.00 Lacs per month or Rs. 60.00 Lacs per year. Hence, details required to be furnished in accordance with Sub Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable.

APPRECIATION

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

By order of the Board
Sushil Patwari
Chairman &
Managing Director

Place : Kolkata
Date : 30th May, 2011

ANNEXURE “A” TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

Form – A

Form for disclosure of particulars with respect to conservation of energy

	Year Ended 31.03.2011	Year Ended 31.03.2010
1. Power Consumption		
i) Electricity		
a) Purchased units (in lacs)	328.11	324.42
Total amount (Rs. In lacs)	1,751.64	1,606.30
Rate per unit (Rs.)	5.34	4.95
b) Own Generation		
Through Diesel Generator		
Total Unit Generated (In lacs)	2.95	3.06
Units per litre of Diesel Oil	3.40	3.22
Cost per unit (Rs.)	11.17	9.32
ii) Coal	Nil	Nil
iii) Furnace Oil	Nil	Nil
iv) Other Internal General	Nil	Nil
2. Consumption per unit of production		
i) Electricity unit per kgs. of yarn	3.46	3.41
ii) Furnace Oil	Nil	Nil

B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption as per Form-B :

- * The Company uses Indigenous technology for manufacturing.
- * Research and Development are carried out in association with Textile Research Association, SITRA and BITRA. The Company is a member of these associations.

C. FOREIGN EXCHANGE EARNING AND OUTGO

1. Export activities :

Activities relating to Exports, initiatives taken to increase exports, development of new market for products and services and export plans.

- * The Company is presently exporting yarn and other merchandise;
- * Steps are being taken to explore new markets in foreign countries;
- * Product development exercise is being carried out for value addition.

2. Total Foreign Exchange earned and used :

	Year Ended 31.03.2011	Year Ended 31.03.2010
Earning	4574744512	3196351838
Outgo	112737558	68878975

Place : Kolkata
Date : 30th May, 2011

By order of the Board
Sushil Patwari
Chairman &
Managing Director

ANNEXURE – B TO DIRECTORS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A) INDUSTRY STRUCTURE AND DEVELOPMENT:

The textile industry is the major employer in India and is an important segment of the economy. Cotton is a big crop and India is 2nd largest producer of raw cotton and nearly 80% of it is processed within the country to produce various item such as clothing, home textiles, furnishing etc., spinning is the first step in this process.

The sentiment in the industry is dependant on the demand for the finished products. The export demand from US and Europe continues to be steady, though recent events has caused a reduction in demand and this should revive our the next few months. The growing economy and the percolation of the benefits of the growth have caused a jump in the consumption of textile products within the country. This is great hope for the industry. Impetus through TUFS is helping capacity creation and growth.

Raw material prices have been excessively volatile this year but in view of the bigger crop all around, we should see a non-orderly market in the coming year.

B) Opportunities and Threats :

The Government of India has been consistently encouraging modernization of Indian Textile industry through several policies such as TUFS. It is hoped that industry continues to improve its competitiveness and increased automation.

The inflationary trend in India is showing unabated rise. This has resulted in increase in input cost. As such the margins are under pressure.

The Yarn Industry is labour intensive. The growing short supply of workers since they are either shifting to other fast growing sectors or moving to their native land in rural areas is causing a capacity cut in affected units.

C) Outlook :

A resilient Indian economy with inclusive growth, encompassing all round rural development, will ensure higher GDP growth rate. Overall rising incomes and changing life style will definitely increase demand for textiles and open up avenues for textile yarns.

The world economic scenario may turn positive in the next Financial Year. In that case, the Indian Textile Sector, including the yarn industry, may get leg up.

D) Management perception of Risk and Concern :

The GDP of USA is not expected to grow more than 3% in current Financial Year. It is, therefore, expected that US\$ will depreciate against Indian Rupee. This may have serious implication on exports from India. Availability of quality power, at reasonable prices, is critical for financial health of yarn industry. The Government of India must come forward and ensure that power supply is uninterrupted and is made available at reasonable rate.

Further, there has been steep volatility in raw material cost, particularly that of cotton. The Yarn industry may not be able to

entirely pass on such costs to consumers and this may impact profit margins. In fact, cotton prices have gone up by more than 100%, as compared to the previous cotton season. Moreover, the Government of India has allowed export of more than 15% of cotton produced in India and the good quality of cotton was shipped out of India. This has resulted in mismatch between demand and supply of cotton and the domestic spinning mills were forced to pay higher prices for good quality cotton. In the current season a bigger cotton crop is expected globally and one can hope for stability.

E) Internal Control System :

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

F) Human Resources/Industrial Relations :

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

G) Cautionary Statement :

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

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

ANNEXURE 'C' TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Your Company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhancing the Share Holders' Value. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important Policy matters.

2. BOARD OF DIRECTORS

COMPOSITION

- The Company's Board at present has eight directors comprising of two Managing Directors, two Whole Time Directors and four Non-Executive Directors. The Company has Chairman. The number of non-executive Directors are equal to 50% of total number of Directors.
- None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees (as per clause 49(iv)B) across all the companies in which he is a Director. All the Directors have made requisite disclosures regarding committee positions occupied by them in other companies.

The Board met Six times, on the following dates, during the financial year 2010-2011 :

09.04.10	28.05.10	11.08.10	11.10.10	12.11.10	09.02.11
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The names and categories of Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting as also the number of Directorships and committee positions as held by them in other Public Limited Companies as on 31.03.2011 are given below :

Name	Category	No. of Board Meetings held during the Financial year	No. of Board Meetings attended during 10-11	Whether Attended AGM held on 28.09.10	No. of Directorship in other Public Limited Companies	No. of Committee Positions held in other Public Ltd. Companies		No. of Shares held in the Company as at 31.03.2011
						Chairman	Member	
Mr. Sushil Patwari	Promoter Executive	6	6	Yes	4	None	4	568500
Mr. Sunil Patwari	Promoter Executive	6	5	No	2	None	2	712000
Mr. Mahendra Patwari	Executive	6	2	No	1	None	None	312000
Mr. K. C. Purohit	Executive	6	0	No	Nil	None	None	Nil
Mr. M. K. Ogra	Independent	6	4	Yes	4	2	None	Nil
Mr. B. C. Talukdar	Independent	6	4	Yes	2	1	3	Nil
Mr. M. P. Periwal	Independent	6	3	No	3	None	None	Nil
Mr. R. M. Ruia	Independent	6	0	No	1	None	None	1900
*Mr. K. L. Agarwal	Independent	6	0	No	Nil	None	None	Nil

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

3. COMMITTEES OF THE BOARD

A) AUDIT COMMITTEE

The Audit Committee comprises of three Directors viz. Mr. M. K. Ogra as Chairman of the Committee, Mr. Sunil Patwari and Mr. B. C. Talukdar as its members. Mr. J. Tiwari, Company Secretary, is the Secretary of the Audit Committee. The terms of reference of the Audit Committee are as contained in the Corporate Governance Clause 49 of the Listing Agreement.

The Audit Committee met on the following dates during the financial Year 2010-2011 :

28.05.10	11.08.10	12.11.10	09.02.11
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ANNEXURE 'C' (Contd.)

ATTENDANCE OF THE AUDIT COMMITTEE MEETING :

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

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

B) SHARE HOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Company has an independent Shareholders' Grievance Committee.

The Committee comprises of :

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

The Committee met two times during the financial year 2010-2011 on 11.08.10.

The Committee is prompt in attending to requests received for transfer, as well as issue of duplicate certificates. The number of Complaints received during the Financial Year 2010-2011 are as under :

Number of complaints received from Investors comprising of Non-receipt of Dividend and Annual Reports, Share sent for Transfer and Transmission, Complaints received from SEBI Stock Exchanges and direct from Investors, Registrar of Companies etc.	10
Number of Complaints resolved	10
Number of Complaints pending as on 31.03.2011	NIL

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

C) REMUNERATION COMMITTEE

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

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

The meeting of the Remuneration Committee was not held during the financial year 2010-2011.

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

Given below are the details of remuneration to Directors during the financial year 2010-2011 :

Name of Directors	Sitting Fees (Rs.)	Salary (Rs.)	Perquisites (Rs.)	Commission (for 2010-2011 paid during the year) (Rs.)
1. Mr. Sushil Patwari	—	24,00,000/-	—	—
2. Mr. Sunil Patwari	—	24,00,000/-	30,000/-	—
3. Mr. Mahendra Patwari	—	18,00,000/-	30,000/-	—
4. Mr. K. C. Purohit	—	7,20,000/-	—	—
5. Mr. M. K. Ogra	30,000/-	—	—	—
6. Mr. B. C. Talukdar	28,000/-	—	—	—
7. Mr. Rajendra Mahavir Prasad Ruia	—	—	—	—
8. Mr. Mahavir Prasad Periwal	15,000/-	—	—	—

ANNEXURE 'C' (Contd.)

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

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

Name of Director	Mr. B. C. Talukdar	Mr. Sunil Patwari	Mr. R. M. Ruia
Date of Birth	01.03.1936	15.11.1960	09.01.1957
Date of Appointment	30.06.2005	02.05.1989	31.07.2008
Qualification	B. Com, PGDBN	FCA, MBA (IIM)	B. Sc., MBA
Expertise in specific Functional area	Industrialist having rich business experience	Industrialist having rich business experience	Industrialist having rich business experience
List of other Directorships held excluding foreign companies, Companies under section 25 of the Companies Act, 1956 and Private Companies.	Nagreeka Capital & Infrastructure Ltd. H. P. Cotton Mills Ltd.	Nagreeka Capital & Infrastructure Ltd. GPT Infraprojects Ltd.	Arco Leasing Ltd.
Chairman / Member of the Committees of the Board of other Companies in which he/she is a Director	Nagreeka Capital & Infrastructure Ltd. H. P. Cotton Mills Ltd.	Nagreeka Capital & Infrastructure Ltd.	None

5. DETAILS OF GENERAL MEETINGS

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

Sr. No.	Year	Location	AGM / EGM	Date	Day	Time	No. of Special Resolution Passed
1.	2009-10	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	21st A.G.M.	28.09.10	Tuesday	10.30 am	Nil
2.	2008-09	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	20th A.G.M.	22.09.09	Tuesday	10.30 am	One
2.	2007-08	Bengal National Chambers of Commerce and Industry, 23, R. N. Mukherjee Road, Kolkata - 700 001	19th A.G.M.	16.09.08	Tuesday	10.30 am	Nil

No item was passed by any resolution through postal ballot during the financial year 2010-2011.

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

6. DISCLOSURES

- There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management Staffs as defined in Clause 49 of the listing agreement, where they have personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- Transactions with related parties as per requirements of the Accounting Standard 18 are disclosed in Note No. 16 of Schedule "O" of the Accounts in the Annual Report.
- All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- Risk assessment and its minimization procedures have been laid down by the Company and the same have been

ANNEXURE 'C' (Contd.)

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

- (v) No penalties or strictures have been imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- (vi) Management Discussion and Analysis forms part of the Annual Report to the members and it includes discussion on matters as required under the provisions of clause 49 of the listing agreement with stock exchange.

7. CODE OF CONDUCT OF DIRECTORS AND SENIOR MANAGEMENT STAFF

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

8. CEO'S CERTIFICATION

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

9. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting	:	22nd
Date and Time	:	28th September, 2011 at 10.30 A.M.
Venue	:	Bengal National Chamber of Commerce & Industry 23, R.N. Mukherjee Road, Kolkata-700 001.
Financial Calendar (Tentative)	:	Year ending – 31st March, 2012
		First Quarter Results Before the end of 2nd week of August' 11
		Second Quarter and Half Yearly Results Before the end of 2nd week of November' 11
		Third Quarter Results Before the end of 2nd week of February' 12
		Results for year ending 31st March'10 Before end of May' 12
		Annual General Meeting for the Year ending 31st March' 12 Before end of September' 12
Date of Book Closure	:	21st September, 2011 to 28th September, 2011 (both day inclusive)
Listing of Stock Exchanges	:	1. Bombay Stock Exchange Limited. 2. National Stock Exchange of India Limited.

The Company has paid the Annual Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the financial Year 2011-12.

10. STOCK CODE

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

11. PLANT LOCATION

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

12. MEANS FOR COMMUNICATION

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

13. DEMATERIALISATION OF SHARES

On an 31st March, 2011, 94.0194% of the Share Capital comprising 11752146 shares are in dematerialized form. Under the depository system the International Securities Identification Number (ISIN) allotted to the company's shares is INE 123B01028.

14. ADDRESS FOR CORRESPONDENCE

a) Routine matters :

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

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

OR

ANNEXURE 'C' (Contd.)

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

b) For Redressal of Complaints and Grievances :

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

DISTRIBUTION OF SHARE HOLDING AS ON 31.03.2011 :

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
1) 1 to 500	11226	92.6314	1475182	11.8017
2) 501 to 1000	438	3.6141	367219	2.9378
3) 1001 to 2000	200	1.6503	306810	2.4545
4) 2001 to 3000	73	.6024	187164	1.4973
5) 3001 to 4000	42	.3466	147622	1.1810
6) 4001 to 5000	30	.2475	140598	1.1248
7) 5001 to 10000	41	.3383	303706	2.4297
8) 10001 and Above	69	.5694	9571399	76.5730
TOTAL	12119	100	12499700	100

CATEGORY OF SHAREHOLDERS AS ON 31.03.2011 :

Category	No. of Shares Held	Percentage of shareholding
A. PROMOTER'S HOLDING		
(a) Individual / HUF	4472300	35.7793
(b) Bodies Corporate	2105186	16.8419
Sub-Total (A)	6577486	52.6212
B. PUBLIC HOLDING		
1. INSTITUTIONS		
(a) Mutual Funds and UTI	3300	0.0264
(b) Banks/ Financial Institutions	400	0.0032
(c) FIIs	300	0.0024
Sub-Total (B)(1)	4000	0.0320
2. NON-INSTITUTIONS		
(a) Bodies Corporate	2675127	21.4015
(b) Individuals		
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	2685434	21.484
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	323372	2.587
(c) Any Other		
(i) Non-Resident Individuals	224217	1.7938
(ii) Trusts	800	0.0064
(iii) Clearing Member	9264	0.0741
Sub-Total (B) (2)	5918214	47.3468
Sub-Total (B) (1) + (B) (2)	5922214	47.3788
C. Shares held by Custodians and against which Depository Receipts have been issued		
Grand Total (A) + (B) + (C)	12499700	100.00

ANNEXURE 'C' (Contd.)

15. MARKET PRICE DATA (Rs.) :

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'2010	21.00	16.15	21.50	17.35
May'2010	25.40	17.70	26.00	15.50
June'2010	24.45	18.45	24.50	17.60
July'2010	35.60	22.75	35.20	20.10
Aug'2010	34.20	27.65	34.50	27.65
Sep'2010	40.05	25.50	40.15	27.60
Oct'2010	46.35	31.70	45.95	31.60
Nov'2010	64.95	42.05	65.10	41.70
Dec'2010	54.85	34.00	55.00	33.80
Jan'2011	42.95	30.00	43.50	29.55
Feb'2011	33.00	25.35	33.80	23.05
Mar'2011	32.00	24.90	32.00	23.55

Place : Kolkata
Date : 30th May, 2011

By order of the Board
Sushil Patwari
Chairman & Managing Director

AUDITORS' CERTIFICATE

TO THE MEMBERS NAGREEKA EXPORTS LIMITED

We have examined the compliance of conditions of corporate governance by **Nagreeka Exports Limited**, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Place : Kolkata
Date : 30th May, 2011

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

AUDITORS' REPORT

TO THE MEMBERS OF M/S. NAGREEKA EXPORTS LIMITED

1. We have audited the attached Balance Sheet of **NAGREEKA EXPORTS LIMITED** as at **March 31, 2011**, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto of which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by laws have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read together with significant accounting policies and notes on accounts in Schedule "O" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (b) in the case of the Profit and Loss Account, of the **Profit** 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.

Place : Kolkata
Date : 30th May, 2011

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

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

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

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- (b) In our opinion, and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore the provision of clause 4 (vi) of the Companies (Auditors' Report Order, 2003) are not applicable to the company.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have reviewed the books of account and records maintained by the Company relating to its manufacturing activity pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that the prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix. In respect of statutory dues:
- (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sale tax, customs duty, excise duty and cess were in arrears, as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating to Rs. 446.06 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under :

Particulars	Financial Year to which the matter pertains	Forum where dispute is pending	Amount (Rs.in lacs)
Income Tax	1999-2000	High Court	1.99
	2004-2005	High Court	5.67
	2005-2006	CIT (Appeal)	35.93
	2007-2008	CIT (Appeal)	350.19
Central Excise	2005-2006	Commissioner (Appeals) Central Excise	27.13
Service Tax	2004-2005 & 2005-2006	Commissioner (Appeals) Central Excise	25.15
			446.06

- x. The Company has neither accumulated losses as at 31st March 2011 nor has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given to us by the management, in our opinion, the Company has not defaulted in repayment of dues to a financial institution or bank as at the balance sheet date.
- xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debenture and other investments.
- xv. According to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. According to the information and explanations given to us, the term loans outstanding at the beginning of the year have been applied for the purpose for which they were obtained.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. During the period covered by our audit report, the Company has not raised any money by public issues.
- xxi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Place : Kolkata
Date : 30th May, 2011

STATEMENT OF ACCOUNTS

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
SOURCES OF FUNDS :			
Shareholders' Fund			
Share Capital	A	62,550,000	62,550,000
Reserves & Surplus	B	<u>776,392,887</u>	<u>722,117,342</u>
		838,942,887	784,667,342
Loan Fund :			
Secured Loans	C	1,606,637,738	1,258,379,415
Deferred Tax Liability		153,012,847	132,096,083
		<u>2,598,593,472</u>	<u>2,175,142,840</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	D	1,397,918,624	1,329,416,731
Less: Depreciation		<u>526,726,573</u>	<u>460,754,811</u>
		871,192,051	868,661,920
Capital Work-in-Progress		<u>10,761,210</u>	<u>16,192,267</u>
		881,953,261	884,854,187
Investments			
	E	142,344,035	202,344,035
Current Assets, Loans & Advances			
Inventories	F	913,379,932	680,770,226
Sundry Debtors		419,329,692	233,740,582
Cash & Bank Balances		37,978,400	7,991,960
Loans, Advances & Other Current Assets		<u>541,418,228</u>	<u>431,169,501</u>
		1,912,106,252	1,353,672,269
Less :			
Current Liabilities & Provisions	G	<u>337,810,076</u>	<u>265,727,651</u>
		<u>1,574,296,176</u>	<u>1,087,944,618</u>
		<u>2,598,593,472</u>	<u>2,175,142,840</u>
Significant Accounting Policies and Notes on Accounts	O		

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

As per our separate report attached.

For **DAS & PRASAD**
Chartered Accountants
(**CA. B. N. AGARWALA**)
Partner
M. No. 011709
Firm Regn. No. 303054E
Place : Kolkata
Date : 30th May, 2011

For and on behalf of the Board of Directors

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	For the Year ended 31st March, 2011 Rs.	Rs.	For the Year ended 31st March, 2010 Rs.	Rs.
INCOME :					
Sales & Export Revenue		5,581,746,737		4,145,542,894	
Other Income	H	2,706,995		4,833,417	
Increase (Decrease) in Stock	I	214,480,371		219,514,118	
		<u>5,798,934,103</u>		<u>4,369,890,429</u>	
EXPENDITURE :					
Purchases	J	3,401,409,630		2,740,750,859	
Manufacturing Expenses	K	1,639,465,433		1,036,599,862	
Selling & Distribution Expenses	L	308,320,127		226,792,435	
Establishment & Other Expenses	M	157,742,174		167,831,281	
Interest	N	122,231,554		111,341,680	
Depreciation	D	66,535,076		65,637,366	
		<u>5,695,703,994</u>		<u>4,348,953,483</u>	
Profit/(Loss) for the year		103,230,109		20,936,946	
Provision for Taxation		(20,425,000)		(3,200,000)	
MAT Credit Entitlement		—		4,744,812	
Deferred Tax Assets/(Liability)		(20,916,764)		(3,138,589)	
(Short)/Excess Provision for Taxation for earlier year		(324,850)		52,119	
Profit after Tax		61,563,495		19,395,288	
Balance brought forward from Previous Year		25,650,753		6,255,465	
Profit/(Loss) available for appropriations		<u>87,214,248</u>		<u>25,650,753</u>	
APPROPRIATIONS :					
Proposed Dividend		6,249,850		—	
Distribution Tax thereon		1,038,100		—	
Balance Carried to Balance Sheet		79,926,298		25,650,753	
		<u>87,214,248</u>		<u>25,650,753</u>	
Basic / Diluted Earning Per share (Rs.)		4.93		1.55	
Significant Accounting Policies and Notes on Accounts	O				

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

As per our separate report attached.

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

Place : Kolkata
Date : 30th May, 2011

For and on behalf of the Board of Directors

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (PURSUANT TO CLAUSE-32 OF THE LISTING AGREEMENT)

	2010-2011 (Rs.)	2009-2010 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Tax and extra ordinary items	103,230,109	20,936,946
Adjustment for :		
Depreciation	66,535,076	65,637,366
Interest Charged (net)	122,231,554	111,341,680
Investment Income	(757,190)	(4,536,934)
Loss/(Profit) on sale of Fixed Assets (net)	233,794	5,166,888
Operating Profit Before Working Capital Changes & extra ordinary items	291,473,343	198,545,946
Adjustment for :		
Trade and other Receivables	(289,636,176)	(241,089,054)
Inventories	(232,609,706)	(347,388,040)
Trade payable	100,335,921	47,842,172
Cash Generated from Operation	(130,436,618)	(342,088,976)
Direct Taxes paid	(10,647,935)	(710,147)
Net Cash (Outflow) / Inflow from Operating Activity	(141,084,553)	(342,799,123)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Addition to Fixed Assets (Inclusive of Capital Work in Progress)	(64,210,137)	(20,947,156)
Purchase of Investments	—	(5,000,000)
Sale of Investments	60,000,000	11,803,399
Interest received on Loans & deposit	6,954,279	859,423
Dividend received	757,190	2,251,575
Sale of Fixed Assets	342,194	3,311,000
Net cash (Outflow) from Investing Capital Activities	3,843,525	(7,721,760)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	(128,491,126)	(111,435,577)
Long term Borrowings	(22,221,803)	(29,079,544)
Short term Borrowings	317,940,397	482,935,077
Dividend & Dividend Tax	—	(14,396)
Net cash Inflow/(Outflow) from financing Activities	167,227,468	342,405,560
Net increase/(decrease) in cash & cash Equivalents (A+B+C)	29,986,440	(8,115,323)
Cash & Cash equivalents As At 01.04.2010 (Opening Balance)	7,991,960	20,878,035
Cash & Cash equivalents As At 31.03.2011 (Closing Balance)	37,978,400	7,991,960

Significant Accounting Policies and Notes on Accounts - O

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

As per our separate report attached.

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

Place : Kolkata
Date : 30th May, 2011

For and on behalf of the Board of Directors

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rs.	As at 31st March, 2011 Rs.	Rs.	As at 31st March, 2010 Rs.
SCHEDULE 'A'				
SHARE CAPITAL :				
Authorised				
3,00,00,000 Equity Shares of Rs. 5/- each		<u>150,000,000</u>		<u>150,000,000</u>
Issued				
1,25,10,000 Equity Shares of Rs. 5/- each		<u>62,550,000</u>		<u>62,550,000</u>
Subscribed & Paid up:				
1,24,99,700 Equity Shares of Rs. 5/- Each (15,00,000 Equity Shares of Rs. 5/- each were allotted as fully paid up Bonus shares by way of capitalisation of General Reserve)		62,498,500	62,498,500	
Add: 10,300 Equity Forfeited Shares (Amount originally paid up)		51,500	51,500	
		<u>62,550,000</u>		<u>62,550,000</u>
		<u>62,550,000</u>		<u>62,550,000</u>
SCHEDULE 'B'				
RESERVES & SURPLUS :				
Capital Reserve :				
As per last Account		3,000,000		3,000,000
General Reserve :				
As per last Account		550,000,000		550,000,000
Share Premium Reserve :				
As per last Account		143,363,589		143,363,589
Share forfeiture Reserve				
		103,000		103,000
Profit & Loss Account :				
Balance as per Profit & Loss Account		79,926,298		25,650,753
		<u>776,392,887</u>		<u>722,117,342</u>
SCHEDULE 'C'				
SECURED LOANS :				
Term Loans :				
Rupee Loan		454,215,622		476,437,425
Working Capital Term Loan :				
Rupee Loan		67,889,994		75,000,000
Working Capital Loans				
(Refer Note no. B-3 of Schedule - O)		1,084,532,122		706,941,990
		<u>1,606,637,738</u>		<u>1,258,379,415</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "D"

FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 31st March 2010	Addition during the year	Adjustment/ Disposed/ Sales	As at 31st March 2011	Upto 31st March 2010	For the year	Adjustment For Deduction	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010
Land & Site Development	2635829	—	—	2635829	—	—	—	—	2635829	2635829
Land (Lease Hold)	19180515	—	—	19180515	453469	201900	—	655369	18525146	18727046
Office Premises	14268713	—	—	14268713	3390451	232580	—	3623031	10645682	10878262
Factory Building	170554770	8012842	—	178567612	49913532	5707527	—	55621059	122946553	120641238
Godown	7275714	—	—	7275714	248631	243009	—	491640	6784074	7027083
Plant & Machinery	1084457668	59617545	—	1144075213	393221491	58122732	—	451344223	692730990	691236177
Furniture & Fixtures	7353098	31500	—	7384598	4458827	465774	—	4924601	2459997	2894271
Air Conditioner	1424403	65644	—	1490047	449912	70025	—	519937	970110	974491
Vehicles	10747936	—	1139301	9608635	3901416	942438	563316	4280538	5328097	6846520
Computer	4486479	236166	—	4722645	3302326	347094	—	3649420	1073225	1184153
Office Equipments	2517719	170260	—	2687979	1052676	118260	—	1170936	1517043	1465043
Non Factory Building	4071481	1507237	—	5578718	340677	81359	—	422036	5156682	3730804
Refrigerator	50100	—	—	50100	21403	2380	—	23783	26317	28697
Old Machine in Hand	392306	—	—	392306	—	—	—	—	392306	392306
Grand Total	1329416731	69641194	1139301	1397918624	460754811	66535078	563316	526726573	871192051	868661920
Previous Year	1332349435	5889017	8821721	1329416731	395461273	65637366	343828	460754811	868661920	936888162

Notes :

- Office Premises includes Rs. 1,500/- towards cost of shares of co-operative society.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rs.	As at 31st March, 2011 Rs.	Rs.	As at 31st March, 2010 Rs.
SCHEDULE 'E'				
INVESTMENTS : LONG TERM				
Non - Trade (At Cost)				
(Equity Share/Units - fully paid of Rs.10/- each unless otherwise stated)				
Unquoted :				
5,420 Sundaram BNP Paribas (Midcap Appreciation)		500,000		500,000
47,975 Sundaram BNP Paribas Equity Multiplier Fund		479,753		479,753
50,000 Sundaram BNP Paribas Select Small Cap		500,000		500,000
62,500 Tirumala Mart P. Ltd.		5,000,000		5,000,000
Quoted :				
115,600 Nagreeka Capital & Infrastructure Ltd. of Rs. 5/- each		578,000		578,000
— Rupa & Co. Ltd. (Previous year 3,00,000)		—		60,000,000
796,000 Sterlite Ind (I) Ltd. of Rs. 1/- each		135,286,282		135,286,282
(Prev. year 199,000 of Rs. 2/- each)				
		142,344,035		202,344,035
Aggregate Book value of :				
a) Quoted Investments		135,864,282		195,864,282
b) Unquoted Investments		6,479,753		6,479,753
Aggregate market value of quoted investments :		141,374,840		233,856,530
SCHEDULE "F"				
CURRENT ASSETS, LOANS & ADVANCES :				
Inventories (As taken valued & certified by the management)				
Stores, Spare parts & packing material	18,567,769		17,299,166	
Raw materials	281,872,867		265,012,136	
Finished goods	578,892,371		375,522,527	
Work in Progress	23,334,084		17,071,500	
Waste	10,712,841		5,864,897	
		913,379,932		680,770,226
Sundry Debtors :				
(unsecured, considered good)				
over six months	535,431		753,464	
others	418,794,261		232,987,118	
		419,329,692		233,740,582
Cash & Bank Balances :				
Cash in Hand	2,599,157		3,599,885	
With Scheduled Banks :				
In Current Accounts	24,253,316		699,690	
In Unpaid Dividend Account	1,333,339		1,340,914	
In Fixed Deposits (Fixed deposit of Rs. 23.10 Lacs are in lien with Bank, Previous Year Rs. 10.00 Lacs)	9,792,588		2,351,471	
		37,978,400		7,991,960
Loans & Advances :				
(Unsecured Considered good)				
Advances (Recoverable in cash or in kind or for value to be received)*	373,921,596		171,614,391	
(Refer Note 5c to notes to the accounts)				
Deposits	34,001,474		22,283,564	
Advance Income Tax and TDS Receivable	22,495,450		11,387,684	
Other Government Receivables	110,999,708		225,883,862	
		541,418,228		431,169,501
		1,912,106,252		1,353,672,269

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rs.	As at 31st March, 2011 Rs.	Rs.	As at 31st March, 2010 Rs.
SCHEDULE "G"				
CURRENT LIABILITIES & PROVISIONS :				
A. CURRENT LIABILITIES :				
Sundry Creditors for Goods, Services & Expenses (Refer Note 5a to notes to the accounts)	170,917,722		93,608,347	
Unclaimed Dividend	1,333,339		1,340,914	
Book Overdraft on reconciliation	56,608,540		109,148,269	
Interest Accrued but not due	694,707		765,526	
Advance against sales	77,738,123		56,389,669	
		307,292,431		261,252,725
B. PROVISION :				
Provision for Taxation	20,425,000		3,200,000	
Provision for Gratuity	2,804,695		1,274,926	
Proposed Dividend	6,249,850		—	
Tax on Proposed Dividend	1,038,100		—	
		337,810,076		265,727,651

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rs.	for the Year ended 31st March, 2011 Rs.	Rs.	for the Year ended 31st March, 2010 Rs.
SCHEDULE "H"				
OTHER INCOME				
Dividend		757,190		2,251,575
Sundry Balance written Back		434,790		114,734
Insurance & Other Claim		1,423,157		181,749
Rent Received		60,000		—
Misc. Income		31,858		—
Profit on Sale of Long Term Investments		—		2,285,359
		2,706,995		4,833,417
SCHEDULE "I"				
INCREASE/(DECREASE) IN STOCK				
Closing Stock :				
Finished goods	578,892,371		375,522,527	
Work-in-progress	23,334,084		17,071,500	
Waste	10,712,841		5,864,897	
		612,939,296		398,458,924
Less : Opening Stock :				
Finished goods	375,522,528		160,927,137	
Work-in-progress	17,071,500		16,098,051	
Waste	5,864,897		1,919,618	
		398,458,925		178,944,806
		214,480,371		219,514,118
SCHEDULE "J"				
PURCHASES :				
Trading goods		3,401,409,630		2,740,750,859
		3,401,409,630		2,740,750,859

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	for the Year ended 31st March, 2011		for the Year ended 31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "K"				
MANUFACTURING EXPENSES :				
Consumption of Raw Materials :				
Opening Stock	265,012,136		140,202,401	
Purchases	1,423,110,280		966,682,116	
	<u>1,688,122,416</u>		<u>1,106,884,517</u>	
Less: Closing Stock	<u>281,872,867</u>		<u>265,012,136</u>	
	1,406,249,549			
Consumption of Stores, Spares and Packing Materials	49,550,190		841,872,381	
Power & Fuel	178,463,404		38,578,119	
Processing Charges	1,125,283		152,378,404	
Repairs & Maintenance (Plant & Machinery)	3,206,188		238,949	
Repairs & Maintenance (Building)	870,819		2,882,924	
	<u>1,639,465,433</u>		<u>649,085</u>	
			<u>1,036,599,862</u>	
SCHEDULE "L"				
SELLING & DISTRIBUTION EXPENSES				
Outward Freight	126,444,683		139,296,063	
Other export expenses	32,303,032		24,328,568	
Commission on sales	142,989,862		57,671,958	
Claims & Discounts	6,582,550		5,495,846	
	<u>308,320,127</u>		<u>226,792,435</u>	
SCHEDULE "M"				
ESTABLISHMENT & OTHER EXPENSES				
Payment to & Provision for Employees				
Salary, Wages, Bonus & Gratuity	80,568,242		70,878,745	
Contribution to Provident Fund & Others	4,848,753		4,364,106	
Staff Welfare Expenses	1,486,463		1,468,051	
	<u>86,903,458</u>		<u>76,710,902</u>	
Rent	949,620		1,061,633	
Rates & Taxes	1,833,119		2,737,167	
Communication Charges	4,278,108		4,417,317	
Travelling & Conveyance Expenses	12,086,411		9,939,958	
Miscellaneous Expenses	42,421,238		60,463,330	
Insurance Premium	1,716,426		1,214,086	
Loss on sale of Fixed Assets	233,794		5,166,888	
Directors' Remuneration	7,320,000		6,120,000	
	<u>157,742,174</u>		<u>167,831,281</u>	
SCHEDULE "N"				
INTEREST				
On Term Loans*	33,602,587		31,374,587	
On Others	71,257,179		60,290,483	
Bank Charges	24,326,067		20,536,033	
	<u>129,185,833</u>		<u>112,201,103</u>	
Less: Received				
from Banks & others (T.D.S Rs.6,42,033/-				
Previous Year Rs. 12,270/-)				
	<u>6,954,279</u>		<u>859,423</u>	
	<u>122,231,554</u>		<u>111,341,680</u>	

*Interest on Term Loan is net of Interest Subsidy of Rs. 2,23,61,826/- (Previous year 2,42,58,291/-)

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE "O"

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT :

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

2. FIXED ASSETS :

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

3. CAPITAL WORK IN PROGRESS :

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

4. CASH FLOW :

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

5. DEPRECIATION AND AMORTISATION :

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

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

6. INVESTMENTS :

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

ii. Unquoted investments are stated at Cost.

7. VALUATIONS OF INVENTORIES :

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

8. RECOGNITION OF INCOME AND EXPENDITURE :

i. Items of Income & Expenditure are recognised on accrual basis.

ii. Sales & Purchases are accounted for as and when deliveries are effected.

9. PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS :

Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statement.

10. RETIREMENT BENEFITS TO EMPLOYEES :

Leave Encashment : Accrued liability for leave encashment has been provided for as per actuarial valuation.

Gratuity : Accruing liability for gratuity to employees is covered by the Group Gratuity-Cash-Accumulation Scheme of LIC of India and annual contribution due thereunder are paid/provided in accordance therewith.

11. FOREIGN CURRENCY TRANSACTIONS :

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

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE "O" (Contd.)

- ii. **Expenditures** : At the rates as on the date of transaction. Outstanding amounts in respect of current assets/current liabilities are translated at the rate as at the close of the year, at the forward contract rates or at the rate at which liabilities/assets are likely to be disbursed/realised, wherever applicable, and the exchange difference thereon is adjusted in the Profit & Loss Account.
 - iii. **Foreign Exchange Forward Contract** : Exchange differences in respect of foreign exchange contract (other than for acquisition of fixed assets) are recognised as income or expense over the life of the contract.
 - iv. Bank Balance in Foreign Currency Bank Account as at close of the year is translated at exchange rate as on that date.
 - v. Loans in foreign currency for financing the fixed assets are converted at the prevailing exchange rate on the transaction dates. Liabilities payable in foreign currencies on the date of Balance Sheet are restated and all exchange rate differences arising from such restatement are adjusted with the fixed asset.
- 12. FINANCIAL DERIVATIVES AND COMMODITY HEDGING TRANSACTION :**
- The company uses foreign currency forward contracts and currency options to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The company designate these hedging instruments as cash flow hedges applying the recognition and measurement principles setout in the "Accounting Standard 30" "financial Instruments : Regulation and measurement" (AS-30).
- In respect of derivative contracts, premium paid, gain/losses on settlement and provision for losses for cash flow hedges are recognized in the Profit and Loss Account, except in case, where they relate to borrowing costs that are attributable to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.
- 13. BORROWING COSTS :**
- Borrowing Costs in respect of fixed Assets charged to the respective fixed assets till the date of commercial use and in respect of others, is charged to Profit & Loss Account in the year, the same has been incurred.
- 14. PROVISION FOR CURRENT AND DEFERRED TAX :**
- Provision for Current Tax is made on the basis of taxable income for the current accounting period and in accordance with the provisions as per Income Tax Act, 1961.
- Deferred Tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future.
- 15. IMPAIRMENT OF ASSETS :**
- The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.
- 16. GOVERNMENT GRANTS / SUBSIDIES :**
- Government grants/subsidies are recognised when there is reasonable certainty that the same will be received. Revenue grants are recognised in the Profit & Loss Account either as income or deducted from related expenses. Capital grants/subsidies are credited to respective fixed assets where it relates to specific fixed assets. Other grants/subsidies are credited to the Capital Reserve.
- B. NOTES ON ACCOUNTS :**
- 1. CAPITAL COMMITMENTS** : Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs. Nil** (Net of advances) (Previous Year Rs. Nil).
- 2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :**
- i. Bills discounted with Banks **Rs. 5918.49 Lacs** (Previous Year Rs. 5484.31 lacs).
 - ii. Bank Guarantees of **Rs. 341.70 lacs** (Previous year Rs. 144.70 lacs) issued in favour of Custom, Central Excise & Other Government Authorities.
 - iii. **Disputed Statutory Dues :-**
 - a) The Income Tax Assessment of the Company have been completed up to Assessment Year **2008-2009**. Disputed Income Tax Liabilities for which appeal is pending before different appellate authorities for Assessment Year **2000-2001, 2005-2006, 2006-2007 & 2008-2009** is **Rs. 393.78 lacs**.
 - b) Disputed Central Excise liability for which appeal is pending before different excise authorities relating to financial year from **2005-2006** is **Rs. 27.13 Lacs**.

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE "O" (Contd.)

- c) Disputed Central Service Tax liability for which appeal is pending before different Service Tax authorities relating to Financial Year from **2004-2005 & 2005-2006** is **Rs. 25.15 Lacs**.

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

3. SECURED LOAN :

- i. Rupee Term loan from Canara Bank - Kolkata, Oriental Bank of Commerce – Kolkata and State Bank of Patiala – Mumbai is secured by
 - (a) an equitable mortgage ranking pari passu inter-se by deposit of title deeds of all the immovable properties of the company both present and future, relating to its spinning unit premises at Village : Yavluj, District : Kolhapur, Maharastra and
 - (b) by way of hypothecation ranking pari passu inter-se of all movable properties of the company both present and future including movable machineries, spares, tools & accessories (save & except book debts) subject to prior charges created or to be created in favour of the Company's Bankers, on its stock of Raw Materials, finished goods, consumable stores, book debts & such other movables as may be specifically permitted by the institutions in writing, to secure borrowings for working capital requirements and
 - (c) personal guarantee of some of the Directors of the Company.
- ii. Working Capital Term Loan from Canara Bank, Overseas Branch, Kolkata is secured by way of :
 - (a) hypothecation of stock of Raw materials, Work-in-process, finished goods and book debts relating to spinning unit at Village : Yavluj, District : Kolhapur, Maharastra and stock-in-trade and book debts relating to trading unit,
 - (b) Second charge on immovable properties of the company relating to above mentioned spinning unit, and
 - (c) personal guarantee of some of the Directors of the Company.
- iii. Working Capital Loan from Canara Bank, Overseas Branch, Kolkata and Mumbai, Oriental Bank of Commerce, Overseas Branch, Kolkata and Allahabad Bank, Industrial Finance Branch, Kolkata are secured by way of :
 - (a) hypothecation of stock of Raw materials, Work-in-process, finished goods and book debts relating to spinning unit at Village : Yavluj, District : Kolhapur, Maharastra and stock-in-trade and book debts relating to trading unit,
 - (b) Second charge on immovable properties of the company relating to above mentioned spinning unit, and
 - (c) personal guarantee of some of the Directors of the Company.
- iv. Working Capital Loan from ING Vysya Bank Limited, Overseas Branch, Mumbai is secured by way of :
 - (a) hypothecation of stock of raw materials, work in process, Finished goods, book debts relating to spinning unit at Village : Yavluj, District : Kolhapur, Maharastra and
 - (b) Second charge on immovable Properties of the Company relating to above mentioned spinning unit, and
 - (c) personal guarantee of some of the Directors of the Company.
- v. For the above loan a securitisation agreement entered in between the Company, AXIS Bank Limited and the above lenders.
- vi. Term Loans repayable within one year **Rs. 700.32 lacs** (previous year Rs. 606.96 lacs).
- vii. Working Capital Term Loan repayable within one year **Rs. 93.76 lacs** (Previous year NIL)
4. Sales is net of Foreign Exchange difference Debit (Net) **Rs. 17.56 lacs** (Previous year Debit Rs 7.88 lacs.)
5.
 - a) Sundry creditors includes outstanding dues to SSI undertakings amounting to **Rs. 45,083/-** (Previous year Rs. 4,74,153/-) and no dues are outstanding for more than 30 days.
 - b) The Company has not received any information from its suppliers regarding registration under "The Micro, Small and Medium Enterprises Development Act, 2006." Hence the information required to be given in accordance with section 22 of the said Act, is not ascertainable. Hence, not disclosed.
 - c) Loans and Advances includes a sum of **Rs. 35,62,036/-** receivable from "Punjab Agro Industries Corporation Ltd.", which is under litigation.
6. Based on the information/documents available with the Company, there was no amount due and outstanding as on **31st March, 2011** which is to be transferred to Investors Education and Protection Fund under Section 205C of the Companies Act, 1956.
7. As per Accounting Standard 28 issued by the Institute of Chartered Accountants of India, the company has assessed recoverable value of generating unit based on value in used method which has worked out to be much higher than corresponding book value of net assets thereby not warranting further exercise of arriving at their net selling price. This further confirms absence of exigency of making any provision for impairment of asset(s).

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE "O" (Contd.)

	for the Year ended 31st March, 2011		for the Year ended 31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
8. A) DIRECTORS' REMUNERATIONS :				
Salary		7,320,000		6,120,000
Other Perquisites		60,000		60,000
B) MISCELLANEOUS EXPENSES INCLUDES :				
i) Directors' sitting fees		73,000		86,000
ii) Payment to Statutory Auditors :				
Statutory Audit fees	165,450		165,450	
Tax Audit fees	22,060		22,060	
Other Services	46,436		104,785	
		233,946		292,295
9. Disclosure pursuant to Accounting Standard - 15 : Employee Benefit				
	As at 31st March, 2011		As at 31st March, 2010	
		Rs.		Rs.
1. Reconciliation of opening & closing balance of Defined Benefit Obligation				
Defined Benefit obligation at the beginning of the year		10,603,840		9,055,692
Current Service Cost		1,170,011		990,702
Interest cost		848,307		645,199
Actuarial (Gain) / Loss		819,517		351,477
Benefit paid		321,557		(479,230)
Present value of obligations as at end of year		13,763,232		10,603,840
2. Reconciliation of opening & closing balance of Plan Assets				
Fair value of Plan Assets at the beginning of the year		9,342,003		7,201,383
Expected return of Plan Assets		843,765		726,030
Actuarial (Gain) / Loss on Plan Assets		—		—
Contribution by Employer		2,430,880		1,853,820
Benefit Paid		(321,557)		(439,230)
		12,295,091		9,342,003
3. Reconciliation of Fair Value of Assets & Obligation				
Fair value of Plan Assets		12,295,091		9,342,003
Present Value of Obligation		13,763,232		10,603,840
Amount Recognized in Balance Sheet		1,468,141		1,261,837
4. Actuarial (Gain) / Loss Recognised				
Actuarial (Gain) / Loss on Obligation		(1,462,631)		(1,342,179)
Actuarial (Gain) / Loss on Plan Assets		—		—
Actuarial (Gain) / Loss Recognised during the year		(1,462,631)		(1,342,179)
5. Expenses charged to Profit & Loss Account				
Current service cost		1,170,011		990,702
Interest Cost		848,307		645,199
Expected Return on Plan Assets		(843,765)		(726,030)
Actuarial (Gain) / Loss		293,588		351,966
		1,468,141		1,261,837
6. March'2010 & March'2011 - 100% with Life Insurance of India Ltd.		7%		7%
7. Principal Actuarial Assumption as at 31st March, 2011.				
A. Discount Rate (per annum)		8%		8%
B. Expected Rate of Return of Plan Assets (per annum)		8%		8%
C. Salary Escalation		5%		5%
D. Inflation Rate		5%		5%

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE "O" (Contd.)

The Company has also computed and made necessary provisions on account of leave encashment benefits based on actuarial valuation as per Accounting Standard - 15 (Revised) "Employee Benefits". The total service eligibility as per the Company's leave rules are estimated and provided in the books as a revenue expenditure after making adjustment towards the benefit paid on this benefit obligation were carried out at 31st March, 2011.

10. Deferred Tax Liability/(Assets) as on 31st March, 2011 comprises the following :

	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
a) Deferred Tax Liability Fixed Assets - Depreciation	153,983,083	179,248,922
Total	153,983,083	179,248,922
b) Deferred Tax Assets		
Disallowance under Income Tax Act, 1961	970,236	47,152,839
Total	970,236	47,152,839
Deferred Tax Liability (Net)	153,012,847	132,096,083

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

b) Geographical segments :

Particulars	2010-2011	2009-2010
Export Revenues (Including Export Benefits)	4,780,340,928	3,571,681,168
Domestic Revenues (Net of Excise Duty)	801,405,809	573,861,726
Total	5,581,746,737	4,145,542,894

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

	2010-2011	2009-2010
a) Net profit as per Profit and Loss Account available for Equity Share Holders (in Rs.)	61,563,495	19,395,288
b) Weighted average number of Equity Shares for Basic Earning Per Share	12,499,700	12,499,700
c) Earning Per Share (Weighted Average) in Rs. Basic / Diluted	4.93	1.55

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

Description	Unit	for the Year ended 31st March, 2011		for the Year ended 31st March, 2010	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
A. Capacity & Production :					
Licensed Capacity/ Registered Capacity					
Yarn	Spindle	56,784		56,784	
Installed Capacity					
Yarn	Spindle	55,440		55,440	
Cloth Weaving	Mtr.	733,000		—	
Cloth Processing	Mtr.	792,000		—	
Actual Production :					
Cotton Yarn	Kg	9,435,626		9,525,143	
Knitted Fabrics	Kg	126,658		68,277	
Cloth Weaving	Mtr.	877,345		—	
Cloth Processing	Mtr.	846,887		—	

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE "O" (Contd.)

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

Opening Stock :

Cotton Yarn	Kg	2,495,897	318,137,555	1,350,719	147,327,110
Knitted Fabrics	Kg	51,985	8,584,049	39,803	5,142,408
Raw Cotton	M.T.	602	46,740,762	134	8,457,619
Cloth Processing	Mtr.	12,515	2,060,161	—	—

375,522,527 160,927,137

Purchases :

Cotton Yarn	Kg	17,370,542	2,903,273,765	19,417,223	2,424,171,961
Knitted Fabrics	Kg	1,035,530	241,270,678	447,400	63,390,609
Cloth Processing	Mtr.	—	—	202,304	27,679,125
Machinery	No.	—	—	4	89,000
Raw Cotton	M.T.	1,621	256,865,189	3,320	225,420,164

3,401,409,632 2,740,750,859

Sales :

Cotton Yarn	Kg	27,220,188	4,982,320,485	24,477,501	3,714,477,847
Knitted Fabrics	Kg	1,018,473	246,694,962	503,495	77,246,137
Cloth Processing	Mtr.	846,284	97,746,321	189,789	26,711,333
Machinery	No.	—	—	4	118,066
Raw Cotton	M.T.	858	99,773,769	2,852	210,149,520
Waste			155,211,200		116,839,991

5,581,746,737 4,145,542,894

Closing Stock :

Cotton Yarn	Kg	1,803,808	304,392,203	2,495,897	318,137,555
Knitted Fabrics	Kg	195,700	45,928,126	51,985	8,584,049
Cloth Processing	Mtr.	13,118	1,191,113	12,515	2,060,161
Raw Cotton	M.T.	1,366	227,380,929	602	46,740,762

578,892,371 375,522,527

Note : 1) Cotton Yarn production includes 2,78,069 Kgs. (Previous Year 3,19,687 Kgs.) inter departmental transfer.

C. CONSUMPTION OF RAW MATERIALS :

for the Year ended
31st March, 2011

for the Year ended
31st March, 2010

	Unit	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Raw Cotton:					
Indigenous	Kg	12,537,035	1,253,209,264	12,472,584	816,524,582
Cotton Yarn:					
Indigenous	Kg	321,324	61,454,906	197,374	25,347,799
Yarn					
Indigenous	Kg	378,655	91,585,379	—	—
		<u>13,237,014</u>	<u>1,406,249,549</u>	<u>12,669,958</u>	<u>841,872,381</u>

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

(i) Capital Goods	40,046,312	7,872,137
(ii) Stores, Spare Parts	1,963,641	5,987,657

E. VALUE OF CONSUMPTION :

	Percentage	Value (Rs.)	Percentage	Value (Rs.)
(i) Raw Materials				
Imported	—	—	—	—
Indigenous	100.00	1,406,249,549	100.00	841,872,381
	<u>100.00</u>	<u>1,406,249,549</u>	<u>100.00</u>	<u>841,872,381</u>

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE "O" (Contd.)

(ii) Stores, Spare Parts & Packing Materials				
Imported	3.96	1,963,641	16.00	5,987,657
Indigenous	96.04	47,586,549	84.00	32,590,462
	<u>100.00</u>	<u>49,550,190</u>	<u>100.00</u>	<u>38,578,119</u>
14. EXPENDITURE IN FOREIGN CURRENCY :				
	2010-2011		2009-2010	
	Rs.		Rs.	
a) Interest in rupees on foreign currency loans	6,876,917		7,311,335	
b) Travelling	1,486,886		873,615	
c) Commission	56,239,753		41,646,853	
d) Other expenses	6,124,049		5,187,378	
	<u>70,727,605</u>		<u>55,019,181</u>	
15. EARNING IN FOREIGN CURRENCY :				
Export of goods on FOB basis	4,574,744,512		3,196,351,838	
16. Related parties with whom transactions have taken place during the year.				
Key Management Personnels				
Sri Sushil Patwri	: Chairman and Managing Director			
Sri Sunil Patwari	: Vice Chairman and Managing Director			
Sri K. C.Purohit	: Whole Time Director			
Sri Mahendra Patwari	: Whole Time Director			
Associate Company :				
Nagreeka Capital & Infrastructure Ltd.				
Nagreeka Foils Limited.				
Nagreeka Synthetics Private Limited.				
Relatives of Key Management Personnels & Others :				
Patwari Properties	Smt. Minakshi Patwari			
Smt. Anita Patwari				
	(Rs. In lacs)		(Rs. In lacs)	
	<u>2010-2011</u>		<u>2009-2010</u>	
Nature of Transactions & with Whom				
Rent to Relatives of Key Management Personnels & Others	1.74		1.74	
Rent to Key Management Personnel	0.60		0.60	
Loans & Advances from Associates	1,044.46		—	
Repayment of Loans & Advances from Associates	1,044.46		—	
Purchase of goods from Associates	1,877.67		—	
Remuneration to Key Management Personnels	73.20		61.20	
Outstanding Balances as on 31.03.2011				
Deposits/Loans & Advances :				
Key Management Personnels	176.00		176.00	
Associates	—		—	

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE "O" (Contd.)

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

			4	6	3	8	7
--	--	--	---	---	---	---	---

 State Code

2	1
---	---

Balance Sheet date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

date - month - year

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

Public Issue	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Right Issue	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L											
				N	I	L											
Bonus Issue	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Private Placement	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L											
				N	I	L											
Equity share warrants	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L									
				N	I	L											

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

Total Liabilities	<table border="1" style="display: inline-table;"><tr><td>2</td><td>9</td><td>3</td><td>6</td><td>4</td><td>0</td><td>4</td></tr></table>	2	9	3	6	4	0	4	Total Assets	<table border="1" style="display: inline-table;"><tr><td>2</td><td>9</td><td>3</td><td>6</td><td>4</td><td>0</td><td>4</td></tr></table>	2	9	3	6	4	0	4
2	9	3	6	4	0	4											
2	9	3	6	4	0	4											
Sources of Funds:																	
Paid Up Capital	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>6</td><td>2</td><td>5</td><td>5</td><td>0</td></tr></table>			6	2	5	5	0	Reserve & Surplus	<table border="1" style="display: inline-table;"><tr><td></td><td>7</td><td>7</td><td>6</td><td>3</td><td>9</td><td>3</td></tr></table>		7	7	6	3	9	3
		6	2	5	5	0											
	7	7	6	3	9	3											
Secured Loan	<table border="1" style="display: inline-table;"><tr><td>1</td><td>6</td><td>0</td><td>6</td><td>6</td><td>3</td><td>8</td></tr></table>	1	6	0	6	6	3	8	Unsecured Loan	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
1	6	0	6	6	3	8											
				N	I	L											
Deferred Tax	<table border="1" style="display: inline-table;"><tr><td></td><td>1</td><td>5</td><td>3</td><td>0</td><td>1</td><td>3</td></tr></table>		1	5	3	0	1	3									
	1	5	3	0	1	3											
Application of Funds :																	
Net Fixed Assets	<table border="1" style="display: inline-table;"><tr><td></td><td>8</td><td>8</td><td>1</td><td>9</td><td>5</td><td>3</td></tr></table>		8	8	1	9	5	3	Investments	<table border="1" style="display: inline-table;"><tr><td></td><td>1</td><td>4</td><td>2</td><td>3</td><td>4</td><td>4</td></tr></table>		1	4	2	3	4	4
	8	8	1	9	5	3											
	1	4	2	3	4	4											
Net Current Assets	<table border="1" style="display: inline-table;"><tr><td>1</td><td>5</td><td>7</td><td>4</td><td>2</td><td>9</td><td>6</td></tr></table>	1	5	7	4	2	9	6	Misc. Expenditure	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
1	5	7	4	2	9	6											
				N	I	L											
Accumulated Loss	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L									
				N	I	L											

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

Turnover (Including Stock Adjustment and other Income)	<table border="1" style="display: inline-table;"><tr><td>5</td><td>7</td><td>9</td><td>8</td><td>9</td><td>3</td><td>4</td></tr></table>	5	7	9	8	9	3	4	Total Expenditure	<table border="1" style="display: inline-table;"><tr><td>5</td><td>6</td><td>9</td><td>5</td><td>7</td><td>0</td><td>4</td></tr></table>	5	6	9	5	7	0	4
5	7	9	8	9	3	4											
5	6	9	5	7	0	4											
Profit/(Loss) before Tax	<table border="1" style="display: inline-table;"><tr><td></td><td>1</td><td>0</td><td>3</td><td>2</td><td>3</td><td>0</td></tr></table>		1	0	3	2	3	0	Profit/(Loss) after Tax	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>6</td><td>1</td><td>5</td><td>6</td><td>3</td></tr></table>			6	1	5	6	3
	1	0	3	2	3	0											
		6	1	5	6	3											
Earning per Share	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>4</td><td>.</td><td>9</td><td>3</td></tr></table>				4	.	9	3	Dividend rate %	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td></td><td>1</td><td>0</td></tr></table>						1	0
			4	.	9	3											
					1	0											

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

Item Code No. (ITC Code)

		5	2	.	0	5
		6	0	.	2	0

Product Description

Cotton Yarn
Knitted Fabric

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

As per our separate report attached.

For **DAS & PRASAD**
Chartered Accountants
(**CA. B. N. AGARWALA**)
Partner
M. No. 011709
Firm Regn. No. 303054E
Place : Kolkata
Date : 30th May, 2011

For and on behalf of the Board of Directors

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

NAGREEKA EXPORTS LIMITED

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

ATTENDANCE SLIP

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

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

Members' Folio / ID Number.....

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

No. of Share held.....

I hereby record my presence at the 22nd Annual General Meeting to be held on Wednesday, 28th September, 2011 at 10:30 A.M. at BENGAL NATIONAL CHAMBERS OF COMMERCE AND INDUSTRY, 23, R. N. Mukherjee Road, Kolkata -700 001.

Member's Proxy's Signature

NOTES :

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

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

NAGREEKA EXPORTS LIMITED

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

PROXY FORM

Folio / ID No.

I / We.....

of.....

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

of.....

or failing him.....

of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the 22nd Annual General Meeting to be held on Wednesday, 28th September, 2010 at 10:30 A.M. at BENGAL NATIONAL CHAMBERS OF COMMERCE AND INDUSTRY, 23, R. N. MUKHERJEE ROAD, KOLKATA - 700 001

Signed.....

Date.....

Affix Re. 1/-
Revenue
Stamp

NOTES :

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

BOOK POST

If undelivered please return to :

M/s. Maheshwari Datamatics Pvt. Ltd.

(Unit : Nagreeka Exports Ltd.)

6, Mangoe Lane, 2nd Floor,

Kolkata - 700 001.

CREATIVE - 2554 5949