

NATCO ECONOMICALS  
LIMITED  
2012-13

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19th Annual  
Report



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**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

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The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in 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, members who have not registered their e-mail addresses, so far, are requested to intimate their e-mail ID to the Company or send it through email at [natcoecolimited@gmail.com](mailto:natcoecolimited@gmail.com) mentioning their name(s) and folio number or send the details at Company's Registered Office.

**NOTICE**

**NOTICE is hereby given that the 19<sup>th</sup> Annual General Meeting of the Members of NATCO ECONOMICALS LIMITED will be held on Monday, the 30<sup>th</sup> September, 2013 at 11A.M., at registered office of the company at 404/405, KALYAN CHAMBER, KHADIA CHAR RASTA, AHMEDABAD – 380001. to transact the following businesses:**

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Rupesh Upadhyay, who retires by rotation and being eligible offers himself for re-appointment.
3. To Appoint M/s. Jayesh Patel & Co., Chartered Accountants, the retiring Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**Regd. Office:**  
404/405, Kalyan Chamber  
Khadia, Char Rasta,  
Ahmedabad 380001  
Date: 31<sup>st</sup> July, 2013

By Order of the Board

Haresh Patel  
(Director)

**NOTES:**

1. Member entitled to attend and vote at the meeting and is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. Proxy form duly completed must be deposited at the registered office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting. Blank proxy form is enclosed. Proxy so appointed shall not have any right to speak at the meeting.
2. As required by clause 49 of Listing Agreement, a brief profile of Shri Rupesh Upadhyay, a Director retiring by rotation and seeking re-appointment under item nos. 2 aforesaid in accordance with applicable provisions of the Companies Act, 1956 as well as those Directors who have been appointed since last Annual General Meeting are annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 26<sup>th</sup> September, 2013 to 30<sup>th</sup> September, 2013 (both days inclusive).
4. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.

5. Members are requested to:-
- (a) Note that copies of Annual Report will not be distributed at the Annual General Meeting.
  - (b) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Auditorium will be strictly on the basis of the Entry Slip available at the counters at the venue to be exchanged with the Attendance Slip.
  - (c) Quote their Folio in all correspondence.
  - (d) Note that no gifts/coupons will be distributed at the Annual General Meeting.
6. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Share Transfer Agent along with relevant Share Certificates.
7. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and/or change in address and bank account, to company's Registered Office
8. Members are requested to notify immediately any change in their addresses to the company.
9. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Compliance Officer of the Company at the registered office of the Company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
10. All documents referred to in the accompanying notice and Statutory Registers are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11 a.m. to 2 p.m. prior to the Annual General Meeting.
11. The entire Annual Report is also available on the Company's website [www.natecoltd.com](http://www.natecoltd.com)

**DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT / APPOINTMENT IN THE ENUSING ANNUAL GENERAL MEETING**

Name of Director	<i>Rupesh Upadhyay</i>
Date of Birth	<i>03/09/1986</i>
Nationality	<i>Indian</i>
Date of Appointment	<i>29/09/2011</i>
Expertise & Qualification	<i>Post Graduate in Investment and Finance Sector and having Experience in Investment and Finance sector. Also having an Expertise in handing a financial transaction on securities basis.</i>
Shareholding in NATCO	<i>NIL</i>
List of outside directorship	<i>NIL</i>

**Regd. Office:**

404/405, Kalyan Chamber  
KhadiaChar Rasta,  
Ahmedabad –380001.  
Date: 31<sup>ST</sup> July, 2013

By Order of the Board

Haresh Patel  
(Director)

**DIRECTORS' REPORT...****To The Members,**

Your Directors present this 19<sup>th</sup> Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2013.

**Financial Results**

Particulars	(in Rupees)	
	Current Year 2012-13	Previous Year 2011-12
Total Income	834200	791600
Profit before Finance Cost and Depreciation	136285	190019
Less : Finance Cost	-	-
Profit before Depreciation	136285	190019
Less : Depreciation	87902	180163
Profit/(Loss) before Tax	48383	9856
Provision for Tax		
Current Tax	14515	0
Deferred Tax	2999	1070
Tax For earlier Years	0	0
Balance of Profit/(Loss) for the year	30869	8786
Balance Brought forward from the Previous year	77293	68507
Amount available for appropriation	-	-
Proposed Dividend	-	-
Tax on proposed Dividend	-	-
Balance Profit/(Loss) carried to Balance Sheet	108162	77293

## **OPERATIONS**

The financial sector remains subdued during the financial year 2012-13 and therefore your company instead of taking risk for a small gain continued with existing operation without much changes. The annual GDP growth rates revised from 9% to 8% and now 5.6% where the last quarter shows growth rate of just 4.8%. The loss of growth momentum continued throughout the year 2012-13. The other important factor, inflation measured by the Wholesale Price Index which remained sticky at above 7.5% through first half of 2012-13, fell to 5.9% in March, 2013.

During the year company has earned net profit of Rs.30869/- as compared to Rs.8786/- in previous year. Your directors are taking various initiatives for overall better performance and optimistic for the years to come. . The details of financial performance of the Company are appearing in the Balance Sheet and Profit & Loss Account for the year.

## **FUTURE OUTLOOK**

Any major steps or initiatives on the part of operations of the company is based on factors like overall economic growth, interest rates and liquidity, stock market performance and volatility, growth of infrastructure and auto industries etc. The approach of the company till the date is cautious and traditional which is based on risk-management. However, your Board is now focusing on various options as all courses of action are risky, so prudence is not in avoiding danger but calculating risk and acting decisively.

## **DIVIDEND**

No dividend recommended by the Board of directors in view of limited profit.

## **DIRECTORATE**

Mr. Rupesh Upadhyay, Director of the Company, retires by rotation at this Annual General Meeting and being eligible offer himself for re-election.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Your directors' confirm:

- I. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- II. That the directors have selected such accounting policies & applied them consistently & made judgment & estimates that are reasonable & prudent so as to give a true & fair view of the state of affairs of the company at the end of the financial year & of the Profit of the company for the year.
- III. That the directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company & for preventing & detecting fraud & other irregularities.
- IV. That the directors have prepared the annual accounts on a going concern basis.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A detailed discussion on the Company's operations is presented in the chapter on Management Discussion and Analysis, which forms part of this Annual Report.

#### **CORPORATE GOVERNANCE REPORT**

The Company has implemented all the provisions of the Corporate Governance as stipulated by Clause 49 of the listing agreements with all the stock exchanges where the Company's securities are listed. It has always been a constant Endeavour of the Company to adopt good corporate governance code through independent Board, transparent disclosures and shareholders empowerment for creating and sustaining shareholder value. A separate section on Corporate Governance along with a certificate from the auditors of the Company certifying compliance of stipulations of Clause 49 of listing agreements with the stock exchanges with regards to the Corporate Governance code is present elsewhere.

#### **DEPOSITS**

The Company has not invited or accepted any fixed deposit from the public during the year under review.

#### **AUDITORS**

M/s Jayesh Patel & Co., Chartered Accountants retire at the ensuing Annual General Meeting. They offer for re-appointment. Company has received their eligibility certificate in pursuant to section 224(1B) of the Companies Act, 1956. The explanation given in Auditor's report and notes on accounts are self-explanatory and do not call for any comments.

#### **NEW GUIDELINE FOR DIRECT LISTING AT BSE**

The Bombay Stock Exchange has come out with liberalized guideline for direct listing at exchange for those Regional Stock Exchange Listed Company having certain competency. Many times shareholders are approaching company with problem of ill-liquidity. With a view to avoid this major problem your company will take all necessary action to get company listed on a Bombay Stock Exchange. The necessary measures have taken by your company to comply all mandatory requirements for direct listing.

#### **PARTICULARS OF EMPLOYEES**

None of the Employees of the company was in receipt of the remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 as amended, during the year under review.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO**

The particulars' regarding foreign exchange earnings and expenditure is NIL.

Since your company does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

#### **ACKNOWLEDGMENT**

The Board of Directors wishes to place on record its appreciation for the cooperation extended by Banks, Government Authorities, Customers, Shareholders and Employees of the Company and looks forward to a continued mutual support and co-operation.

**By Order of the Board**

**Place: Ahmedabad**  
**Date: 31st July, 2013**

**Haresh Patel      Ripul Kotecha**  
**(Director)                      (Director)**

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENTS

India registered its worst gross domestic product (GDP) growth in a decade with the economy registering a paltry growth rate of five percent during the 2012-13 financial year due to poor performance of farm, manufacturing and mining sectors. The growth rate during the last quarter of January-March period is just 4.8 percent compared to 5.1 percent in the same period in 2011-12. After achieving double digit growth for five straight years between 2005-06 and 2009-10, services sector growth declined to a twelve year low of 6.6% in 2012-13. Sectors that particularly slowed were Trade & Commerce, and Financing & Insurance related businesses.

The moderation in WPI inflation, deceleration in GDP growth momentum, and government's move towards fiscal consolidation enabled RBI to gradually ease monetary policy in 2012-13. After cutting the repo rate by 50 basis points in April 2012, the RBI administered further cuts of 25 basis points magnitude in January 2013 and March 2013 respectively, taking the repo rate down to 7.50% by end March 2013 from 8.50% in March 2012.

The consumer credit market in India has undergone tremendous transformation in last decade. The credit growth in personal loan sector for the financial year 2011-12 stands to below 15% which is lower as compare to previous years. NBFCs today account for over 11% of the assets of the total financial system. NBFCs have emerged as an important financial intermediary especially in the small scale, retail sector and sectors where Banks are constrained to meet requirements of sectors like realty developers/promoters

Deteriorating Assets quality on the other hand is major concern. The Company with its long years of experience respond to this market development by adopting safe credit policies and procedures and prudent asset and liability management instead of attempting to force growth.

### OUTLOOK ON OPPORTUNITIES

While financial year 2012-13 is set a decade lower GDP growth with major issues like liquidity tightness, pressure on exchange rate fiscal and current account deficit financial year 2013-14 is expected to be better. The series of steps taken by government improvement in performance of agriculture and manufacturing sectors is expected to push the economic growth rate to 6.4% in 2013-14 from 5% in the previous fiscal.

There has been huge demand for short term/long term financing in respect of consumer goods and infrastructure sectors as compared to other markets. Leasing may be a useful source of financing, since access to capital markets or bank loans is difficult for small and medium size companies with unproven track records.,

The Company is confident about its prospects in the forthcoming year, and is looking forward to garner a larger share in the credit requirements, and expects to earn increasingly stable returns for its stakeholders.

### OUTLOOK ON THREATS, RISKS AND CONCERNS

Stake holder is aware that financial services business has its own typical risks. The Company through its risk management system has clearly identified the external and internal risk affecting its business

operations. These risks can have a serious impact on the operations of the Company as well as its profitability.

Some of the common risks for finance sector - in the current environment are as under:

- Risk of Bad Debts (Non-Performing Assets)

The risk of NPA is always a pertinent part of the lending business. There is always a chance that accounts become bad due to fall or collapse in the value of the asset against which funds have been advanced due to a variety of reasons. However, in our case, the Company has put in place strong asset verification and valuation processes.

- Interest Rates

The RBI had resorted to increasing the interest rates many times over the last eighteen months in order to control Inflation. The volatility in interest rate and high interest rate leads to default in re-payment and thus increase of interest rates would certainly affect the business of the Company.

- Risk of Competition

With globalization and continuous flow of private as well as international institution in the finance market the risk of competition in any business, and the finance business is no different. We believe that competition spurs our team to innovate without losing sight of the customer needs, the need for safety of funds deployed and the need to ensure commensurate returns.

- Global Economic Uncertainties

The international events affect all financial markets of the world, and India is also affected. The affect was clearly felt in the previous year as the Indian Rupee continued to remain weak due to the crisis in Eurozone. This may result into stay-away attitude by foreign investors, volatility in crude price, inflation which may turn into further stress on finance market. Company therefore focusing on investing its funds in assets that are fully secured and that will have least impact of global uncertainty.

The Company has put in place a Risk Management Committee as per the Guidelines on Corporate Governance issued by the Reserve Bank of India to monitor Risk Management Systems so as to ensure that the risk parameters are within the defined limits.

#### SEGMENT WISE FINANCIAL PERFORMANCE

The Company presently operate only in one business segment. The investment in shares and stocks is limited with consideration of risk management system. The focus is stand on secured advances having highest liquidity. The company's total income has increased from Rs.7,91,600 to Rs.8,34,200 and consequently Net Profit/ (Loss) stood at Rs.30,869 for the year ended 31<sup>st</sup> March, 2013 after depreciation of Rs.87,902.

The current approach of the company is highly cautious, there is no un-secured or secured loan and company is debt free. The Board is now felt that time has come that company should start thinking beyond and must take small risk to identify other business opportunities. The leasing business having tough competition from banks and other private sector players was well examined. The Leasing Industry grew despite several constraints. The tough competition, tailor-made product and professional

management is necessary to sustain in current leasing market. Your company has started working very hard on the said business and may give positive results in the years to come.

#### INTERNAL CONTROL SYSTEM

The Company has established its internal control system commensurate with the requirement of its size. The Company has proper and adequate system of internal controls to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition of assets and that the transactions are recorded and reported. The Finance Department of the company is well staffed with experienced and qualified personnel who will play an important role in implementing and monitoring the internal control environment and compliance with statutory requirements.

The Internal Control Systems and the procedures have been repeatedly fine-tuned and improved upon in line with business changes. The Company has also established Standard Operating Procedures for all its functional areas. The internal controls and audit systems are being reviewed periodically by the management and Audit Committee and steps are taken as part of continuous improvement.

#### HUMAN RESOURCE MANAGEMENT

Human resources are a valuable asset for any organization. The company is constantly endeavouring to source and develop skilled manpower at all levels. This is in keeping with its policy of enhancing the individual's growth potential within the framework of corporate goals. Total number of employees as on 31st March, 2013 stood at 8.

The Company is managed by a professional team under the guidance of the Whole time Director. Frequent meetings are arranged to upgrade the knowledge of the employees and to strengthen their managerial capabilities. There are no material financial and commercial transactions in which the management have personal interest that may represent a potential conflict of interest.

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#### CAUTIONARY STATEMENT

Certain statements described in the Management Discussion and Analysis are describing company's objectives, predictions and forward-looking. Therefore, actual results may vary from the forward looking statement in the Management Discussion and Analysis. The unpredicted opportunities and risks depend on Indian economic and political conditions, volatility in interest rate, Global impact on Indian economy, Government policies and regulations.

**By Order of the Board**

**Place: Ahmedabad  
Date: 31<sup>st</sup> July, 2013**

**Ripul Kotecha  
(Director)**

**Haresh Patel  
(Director)**

**CORPORATE GOVERNANCE**

Your company is furnishing the report on Corporate Governance for Financial years in succession. The Board of Directors are happy to state that your Company has been conforming to all applicable mandatory requirements stipulated in the listing agreement from time to time. Your Company has always endeavoured to implement and maintain high standards of Corporate Governance norms and has been practicing the principles of good Corporate Governance.

A report in line with the requirements of the Listing Agreement and Guidelines on the Corporate Governance is given below as a part of the Director’s Report.

**1. COMPANY’S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company’s Philosophy on Corporate Governance envisages working towards high levels of transparency, accountability and responsibility, fairness, consistent value systems, delegation, across all facts of its operations leading to sharply focused and operationally efficient growth.

The Company tries to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers and statutory authorities. The Company is committed to learn and adopt the best practices of corporate governance.

**2. BOARD OF DIRECTORS**

**(A) COMPOSITION**

The composition of Board of Directors of the company is in conformity with the requirements of clause 49 of the Listing Agreement. The Board of Directors of the company has an optimum combination of Executive and Non-Executive Independent Directors to maintain the independence of the Board. The Board further consist of learned and experienced members. The composition of the Board Consist of 4 Members out of which One is Director and other three are Non-Executive Independent Directors.

**(B) Directors’ attendance at the Board Meetings during the year and also at the last Annual General Meeting, number of directorships in other companies and Membership/ Chairmanship in other committees etc. are as follows:**

Name and Designation	Board Meeting Held during the tenure	Board Meeting Attended	No. of other Directorship 31.03.13	No. of other Membership In Committee As Member	No. of other Membership In Committee As Chairman	Attendance at the Last AGM held on 28.09.2012
Ripul Kotecha (Director)	4	4	Nil	Nil	Nil	Present
Haresh G Patel (Independent Director)	4	4	Nil	Nil	Nil	Present
Sarju Parikh (Independent Director)	4	4	Nil	Nil	Nil	Present
Rupesh Upadhyay (Independent Director)	4	4	Nil	Nil	Nil	Present

**(C) Number of Board Meetings held with dates :**

During the year ended March 31, 2013, 4 Board Meetings were held:

- 23<sup>rd</sup> July, 2012;
- 25<sup>th</sup> October, 2012;
- 22<sup>nd</sup> January, 2013;
- 27<sup>th</sup> May, 2013;

The time gap between any two meetings did not exceed fourmonths. The compliance report in respect of laws applicable to theCompany has been periodically reviewed by the Board ofDirectors of the Company.

**(D) Board Functions & Procedure**

Detailed Agenda Notes with necessary information were circulated in advance to the Board during the year, all the relevant information as mentioned in Clause 49 of the Listing Agreement was placed before the Board for its consideration. The Board plays pivotal role in insuring good governance, therefore it is always policy of the company that Board Members are free to give any suggestion to enhance capability of the company and effective good governance. The major information regularly supplied to Board includes:

- ✓ Annual plans, budgets and any updates therein.
- ✓ Capital budgets and any updates therein.
- ✓ Quarterly results for the Company
- ✓ Minutes of meetings of Audit Committee and otherCommittees of the board.
- ✓ Material show cause, demand, prosecution notices andpenalty notices, if any.
- ✓ Fatal or serious accidents, dangerous occurrences, any.
- ✓ Any material default in financial obligations
- ✓ Any significant development in human resources.
- ✓ Sale of material nature, of investments, subsidiaries, assetswhich is not in the normal course of business.

**COAD OF CONDUCT**

In accordance with the amended clause 49 of the Listing Agreement, the company has adopted a code of conduct for his directors and senior executives. The details code of conduct is available at company's websiteat:[www.natecoltd.com](http://www.natecoltd.com)

**Declaration as required under clause 49 of listing agreement:**

All Board members and senior management personnel affirm compliance with the code of conduct for the year 2012-13.

**Haresh Patel**  
Director

**COMMITTEES OF THE BOARD**

In accordance with the Listing Agreement of the stock exchanges on Corporate Governance, the following committees, comprising highly experienced and professional board members, were in operation:

1. Audit Committee
2. Share Transfer / Investor Grievances Committee

### **3. AUDIT COMMITTEE**

The role and terms of reference of Audit Committee is in line with the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement

#### **Preliminary responsibility of audit committee:**

- Oversight of the Company's financial reporting process.
- Auditing and accounting matters, including recommending the appointment of our independent auditors to the shareholders.
- Compliance with legal and statutory requirements
- Integrity of Company's financial statements, discussing with the independent auditors the scope of the annual audits, and fees to be paid to the independent auditors.
- Performance of Company's Internal Audit function, Independent Auditors and accounting practices.
- Review of related party transactions, functioning of Whistle Blower Mechanism
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and / or other Committee(s) of Directors of the company.

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#### **The terms of reference of the Audit Committee includes the following:**

- To seek information from any employee.
- To obtain legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it is considered necessary.
- Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and creditable.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statement before submission to the Board, focusing primarily on: - Any change in accounting policy and practices, Qualification in draft audit report.
- Significant adjustment arising out of audit.
- Compliance with accounting standard.
- Compliance with Stock Exchange and Legal requirement concerning financial statement.
- Any related party transaction i.e. transaction of the Company of material nature, with promoters or the management, their subsidiary or relatives etc.
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
- Reviewing with management, external and internal auditor, the adequacy of internal control system and suggestion for implementation for the same.
- Reviewing the adequacy of internal audit function including the structure of internal audit department,

- Staffing and seniority of the officials heading the departments, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditor and significant finding and follow up thereon.

**As on March 31, 2013, the Audit Committee comprised of the following members:**

- |                          |                 |
|--------------------------|-----------------|
| <b>1. Rupesh Upadyay</b> | <b>Chairman</b> |
| <b>2. Sarju Parikh</b>   | <b>Member</b>   |
| <b>3. Ripul Kotecha</b>  | <b>Member</b>   |

**During the financial year 2012-13 four meetings of the Audit Committee were held:**

**(1)** 23<sup>rd</sup> July, 2012      **(2)** 25<sup>th</sup> October, 2012 **(3)** 22<sup>nd</sup> January, 2013 **(4)** 27<sup>th</sup> May, 2013

**The details of the meetings attended by members during the year 2012-13 are as follows:**

<u>Name of Member</u>	<u>Designation</u>	<u>No. of Meeting held during tenure</u>	<u>No. of meeting attended</u>
1. Rupesh Upadyay	Chairman	4	4
2. Sarju Parikh	Member	4	4
3. Haresh G Patel	Member	4	4

Senior functional executives are also invited as and when required to provide necessary inputs to the committee. The Minutes of the Audit committee Meetings were noted by the Board of Directors of the Company at the subsequent Board Meetings. The Chairman of the Audit Committee was present at the Annual General Meeting held on September 30, 2013.

#### **4. SHARE HOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

The Shareholders'/Investors' Grievance Committee, inter alia, oversees and reviews all matters connected with the investor services in connection with applications received and shares allotted in the Initial Public Offer, status of refund account, conversion of partly paid shares into fully paid shares, Issue of Split/ Consolidated shares and transfer of shares of the Company.

The Committee recommends measures for overall improvement in the quality of investor services. The Board has delegated the power of approving transfer of securities to the officers of the Company.

**During the financial year 2012-13 four (4) meetings of the Shareholders'/ Investors' Grievance Committee were held:**

**(1)** 23<sup>rd</sup> July, 2012      **(2)** 25<sup>th</sup> October, 2012 **(3)** 22<sup>nd</sup> January, 2013 **(4)** 27<sup>th</sup> May, 2013

**As on March 31, 2013, the Shareholders'/ Investors' Grievance Committee comprised of the following members:**

- |                          |                 |
|--------------------------|-----------------|
| <b>1. Haresh G Patel</b> | <b>Chairman</b> |
| <b>2. Sarju Parikh</b>   | <b>Member</b>   |
| <b>3. Rupesh Upadyay</b> | <b>Member</b>   |

**The details of the meetings attended by members during the year 2012-13 are as follows:**

<u>Name of Member</u>	<u>Designation</u>	<u>No. of Meeting held during tenure</u>	<u>No. of meeting attended</u>
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1. <b>Haresh G Patel</b>	<b>Chairman</b>	4	4
2. <b>Sarju Parikh</b>	<b>Member</b>	4	4
3. <b>Rupesh Upadyay</b>	<b>Member</b>	4	4

**Complaints from Investors**

No. of complaints pending at the beginning of the year:	Nil
No. of complaints received during the year ended 31.03.2013	Nil
No. of complaints received for Refund during the year	Nil
No. of complaints received from Stock Exchanges during the year	Nil
No. of complaints received from SEBI during the year	Nil
No. of complaints resolved / replied during the year	Nil
No. of Investors complaints pending at the ending of the year 31.03.2013:	Nil

We confirm that No complaints remained unattended / pending for more than 30 days.  
There were no share transfers pending for registration for more than 15 days as on the said date.

**5. REMUNERATION COMMITTEE**

The Board did not constitute Remuneration Committee as there is no any Executive Director on the Board.

**6. GENERAL BODY MEETINGS**

Annual General Meeting for the year 2012-13 is scheduled on Monday, the 30<sup>th</sup> September, 2013, 11A.M. The meeting will be conducted at the Registered Office of the company at 404/405, Kalyan Chamber, Khadia Char Rasta, Ahmedabad – 380001.

For those of you, who cannot make it to the meeting, please remember that you can appoint a proxy to represent you in a meeting. For this you need to fill in a proxy form enclosed with the notice for the meeting and send it to us. The last date for receipt of proxy forms by us is September 28, 2013 before 11 A.M.

**Annual General Meeting for Last Three Years:**

<b>16th Annual General Meeting</b>	<b>30th September, 2010 At 11 a.m.</b>	<b>404/405, Kalyan Chamber Khadia, Char Rasta, Ahmedabad 380001.</b>
<b>17th Annual General Meeting</b>	<b>29th September, 2011 At 11 a.m.</b>	<b>404/405, Kalyan Chamber Khadia, Char Rasta, Ahmedabad 380001.</b>
<b>18th Annual General Meeting</b>	<b>28th September, 2012 At 11 a.m.</b>	<b>404/405, Kalyan Chamber Khadia, Char Rasta, Ahmedabad 380001.</b>

- No special resolution was proposed at the aforesaid annual general meetings.
- No Extra ordinary General Meeting of the Members was held during the year under review.
- No Postal Ballot was conducted during the year 2012-13.

**Subsidiary Companies :** Company does not have any subsidiary company.

**7. DISCLOSURES**

The Company has fully complied with all the mandatory requirements prescribed under Clause 49 of the Listing Agreement and has adopted all suggested items to be included in the Report on Corporate Governance.

#### Related Party Transaction

There are no materially significant transactions with related parties i.e., promoters, Directors or the Management, their subsidiaries or relatives conflicting with the Company's interest. There are no transactions that took place with related parties which are considered to be not in the normal course of Business.

#### Management Discussion and Analysis

The detailed report on Management Discussion & Analysis is given separately in the Annual Report.

#### Details of Penalties & Compliance

During the last three years, there were no strictures or penalties imposed on the company either by SEBI, Stock Exchanges or any other authorities related to capital market.

#### Whistle Blower Policy

The Company at present does not have a Whistle Blower Policy. However, all the employees of the Company have free access to meet senior level Management personnel and report on any points of concern. The Company is in the process of evaluating ways and means for implementation of the other non-mandatory requirements as per Annexure I D of the Clause 49 of the Listing Agreement over a period of time.

#### Risk Management

The company has laid down the procedures to inform the Board about the risk assessment and minimization. The Board of Directors of the company periodically reviews these procedures to ensure that risks are managed through a properly defined framework.

#### Disclosure of accounting treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and Companies (Accounting Standards) Rules, 2006 to the extent applicable.

#### CEO/CFO Certificate

Certificate from CEO/CFO for the financial year ended 31<sup>st</sup> March, 2013, has been provided in this Annual Report.

### **8. MEANS OF COMMUNICATION**

In compliance with the requirements of Listing Agreement, the Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges. Company also displayed quarterly results on the website of the Company.

### **9. GENERAL SHAREHOLDERS INFORMATION**

#### **i. Annual General Meeting**

- Date & Time: Monday, 30th September, 2013 at 11 a.m.
- Venue: 404/405, Kalyan Chamber Khadia, Char Rasta, Ahmedabad – 380001.
- Financial Year : 1st April 2012 to 31st March 2013.

#### **ii. Financial Calendar (Tentative)**

- Result for the qtr. ending June 30, 2013: Within 45 days from the end of Quarter
- Result for the qtr. ending Sept 30, 2013: Within 45 days from the end of Quarter
- Result for the qtr. ending Dec 31, 2013: Within 45 days from the end of Quarter
- Result for the qtr. ending Mar 31, 2014: Within 60 days from the end of Quarter

iii. **Book Closure date :**

26<sup>th</sup> September, 2013 to 30<sup>th</sup> September, 2013(both days inclusive)

iv. **Dividend :**

No dividend being recommended by the Board during the year.

v. **Listing of Equity Shares in Stock Exchanges :**

The Ahmedabad Stock Exchange Ltd

vi. **Stock Code**

The Stock Exchange Ahmedabad –39403

vii. **Market Price Data: High, Low during each month in last financial year.**

There were no trading took place in both the stock exchanges during the year under review.

viii. **Performance in comparison to broad-based**

As there is no trading no comparison with exchange Vis a Vis stock is possible.

ix. **Registrar and Transfer Agents**

Company has IN HOUSE as share transfer agent. The details of the same are as under:

x. **Share Transfer System**

All the valid transfers are registered and duly transferred and share certificates duly dispatch within 15 days from the date of receipt of transfer.

xi. **Distribution of shareholding**

	Folios		Shares	
	Numbers	% of Total No.	in Rs.	% to Total amount
UPTO 5000	394	75.19	2440000	8.14
5001 TO 10000	45	8.59	4256500	14.17
10001 TO 20000	32	6.11	5440000	18.13
20001 TO 30000	52	9.92	14562500	48.54
100001 AND ABOVE	1	0.19	3305000	11.02
TOTAL	524	100	30004000	100

**Shareholding Pattern (as at March 31, 2013)**

Category	No. of Shares	Percentage
Promoter's	336045	11.2%
Indian Public	2664355	88.8%
Total	3000400	100

**xii. Dematerialization of shares and liquidity**

Company has appointed IN HOUSE as registrar and transfer agent. Company is now looking for tripartite agreement with CDSL and NSDL shortly.

**xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

There is no outstanding GDRs/ADRs/Warrants or any convertible instruments, which likely impact on equity.

**xiv. Plant Locations**

Company is engaged in Finance sector and does not have any plant.

**xv. Address for correspondence**

NATCO ECONOMICALS LIMITED  
404/405, Kalyan Chamber,  
Khadia Char Rasta,  
Ahmedabad – 380001.

**Exclusive E-mail Id for redressal of investor's complaints in terms of Clause 47(f) of the Listing Agreement please uses the following email for redressal of Investors Complaints.**

E-mail ID: [natcoecolimited@gmail.com](mailto:natcoecolimited@gmail.com)

Website: [www.natecoltd.com](http://www.natecoltd.com)

**On behalf of the Board of Directors**

**Place: Ahmedabad  
Date: 31st July, 2013**

**Ripul Kotecha  
(Director)**

**Haresh Patel  
(Director)**

**CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO)**

I Haresh Patel Director of Natco Economicals Limited to the best of our knowledge and belief hereby certify that:

- (a) I have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief;
- ✓ These statements do not contain any materially untrue statement or omit any material fact nor contain statements that might be misleading, and
  - ✓ These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violate the company's code of conduct;
- (c) I accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and audit committee, deficiencies in the design or operation on internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
- (d) I have informed the auditors and the audit committee that :
- a. There has not been any significant changes in internal control over financial reporting during the year under reference;
  - b. There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - c. There has not been any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Place: Ahmedabad.**  
**Date: 31<sup>st</sup> July, 2013.**

**Haresh Patel**  
**(Director)**

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49  
OF THE LISTING AGREEMENT

To,  
The Members,  
Natco Economicals Limited,  
Ahmedabad,

We have examined the compliance of conditions of corporate governance by Natco Economicals Limited for the year ended on 31st March, 2013, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that:

- ✓ The company has generally complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.
- ✓ We state that no investor grievances are pending for a period exceeding one month against the company as per records maintained by the Share transfer /Investor 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: Ahmedabad  
Date: 31<sup>st</sup> July, 2013.

For Jayesh B. Patel & Co.  
Chartered Accountants  
CA Jayesh Patel  
Proprietor  
Membership No: 34745

**AUDITORS' REPORT**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of Natco Economicals Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Natco Economicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

**Opinion**

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order to the extent applicable to the Company.

2. As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us]

(c) The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us]

(d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**Annexure to Auditor's Report**

The Annexure referred to in the Auditor's Report to the Member of Natco Economicals Limited on the accounts for the year ended 31st March, 2013, we report that:

(a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) We have been informed that the fixed assets of the Company are physically verified by the Management according to a phased program designed to cover all the items over a period of two years, which in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the program, physical verification was carried out during the year and no material discrepancies were noticed.

(c) During the year, the Company has not disposed off substantial part of fixed assets.

(ii) (a) The Inventory has been physically verified by management during the current year. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (d) The company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
- (iii) (a) According to the information and explanations given to us, the Company has not Granted any loans, secured or unsecured to Companies, firms or other parties Covered in the register maintained under section 301 of the Companies Act 1956.
- (b) According to the information and explanations given to us, The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 have been so entered.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regards to the purchases of inventory, fixed assets and for the sale of goods & services and trading activity . In our opinion, and according to the information and explanations given to us, there is no major weakness has been noticed in internal control system.
- (v) (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 such transaction have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time..
- (vi) According to the information and explanations given to us, the company has not accepted deposits from the public within meaning of section 58A and 58AA of the Act and the rules framed there under and accordingly company has passed the Board resolution.
- (vii) In our opinion, the company has internal audit system. However, there is scope of increasing the coverage, so as to be commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (i) (d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records for determining whether they are accurate or complete.
- (ix) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, VAT, Wealth Tax, service tax, Custom Duty, Excise Duty, Cess and any other dues during the year with the appropriate authorities. There are no undisputed dues payable for a period of more than six months from the date they became payable on 31-03-2013.
- According to the information and explanations given to us, the company has no disputed dues of Sales Tax, Income Tax, Custom duty, Wealth Tax, Service Tax, VAT, Excise duty, Cess as on the balance sheet date.
- (x) The Company does not have any accumulated losses at the end of the financial year. he Company has not incurred Cash losses in the financial year and immediately preceding such financial year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or Debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / societies. Hence, the provisions of sub clauses (a), (b), (c) and (d) are not applicable.
- (xiv) According to the information and explanations given, the company deals/trades in shares, bonds, debentures, securities, and other investments and proper records have been maintained of the transactions and contracts wherein timely entries have been made, and the shares, bonds, debentures securities and other investments are held by the company in its name. Further the company has been holding certificate of registration issued by the Reserve Bank of India relating to NBFC.
- (xv) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- (xvi) The Company has not obtained any term loan, accordingly, Para 4 (xvi) of the Order is not applicable.
- (xvii) According to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) During the year the company has not made any preferential allotment of shares to parties & companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have outstanding debentures during the year. Accordingly, no securities or charge have been created.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place: Ahmedabad  
Date: 31<sup>st</sup> July, 2013.

For Jayesh B. Patel & Co.  
Chartered Accountants  
CA Jayesh Patel  
Proprietor  
Membership No: 34745

**Balance Sheet**

in Rs.

Particulars	Note No	As at 31st March, 2013	As at 31st March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	<b>A</b>	30004000	30004000
(b) Reserves and Surplus	<b>B</b>	108162	77293
<b>(2) Non-Current Liabilities</b>			
(a) Deferred tax liabilities (Net)		9819	6820
(b) Other Long term liabilities			
<b>(3) Current Liabilities</b>			
(a) Other current liabilities	<b>C</b>		
(b) Short-term provisions	<b>D</b>	41681	18180
<b>Total</b>		<b>30163662</b>	<b>30106293</b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	<b>E</b>	499199	587101
(ii) Intangible assets			
(b) Non-current investments	<b>F</b>	2458700	2458700
(c) Deferred tax assets (net)			
(d) Long term loans and advances	<b>G</b>	0	0
<b>(2) Current assets</b>			
(a) Cash and Cash Equivalents	<b>H</b>	983564	323520
(b) Short-term loans and advances	<b>I</b>	15188960	14537323
(c) Other current assets	<b>J</b>	11033239	12199649
<b>Total</b>		<b>30163662</b>	<b>30106293</b>

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**Significant Accounting Policies and other explanatory notes and information**

**O**

<i>Ripul Kotecha</i> Director	<i>Haresh Patel</i> Director	<i>Rupesh Upadyay</i> Director
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Place: Ahmedabad  
Date: 31st July, 2013

For Jayesh Patel & Co.  
Chartered Accountants  
Jayesh Patel  
Proprietor  
Membership No: 34745

**Statement of Profit and Loss for the year ended 31st March, 2013**

in Rs.

Particulars	Note No	31st March, 2013	31st March, 2012
<b>I. Revenue from operations</b>	<b>K</b>	818000	776200
<b>II. Other Income</b>	<b>L</b>	16200	15400
<b>III. Total Revenue (I + II)</b>		<b>834200</b>	<b>791600</b>
<b>IV. Expenses:</b>			
Employee benefit exp	<b>M</b>	210500	261200
Other expenses	<b>N</b>	487415	340381
<b>Total Expenses</b>		<b>697915</b>	<b>601581</b>
<b>V. Profit before Interest, Depreciation and tax</b>			
Depreciation		87902	180163
<b>VI. Profit before tax</b>		<b>48383</b>	<b>9856</b>
<b>VII. Tax expense:</b>			
Current tax		14515	0
Deferred tax		2999	1070
<b>VIII. Profit/(Loss) for the year</b>		<b>30869</b>	<b>8786</b>
<b>IX. Earning per equity share:</b>			
Basic & Diluted		0.010	0.002

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**Significant Accounting Policies and other explanatory notes and information**

**O**

<i>Ripul Kotecha</i> Director	<i>Haresh Patel</i> Director	<i>Rupesh Upadyay</i> Director

Place: Ahmedabad  
Date: 31st July, 2013

For Jayesh Patel & Co.  
Chartered Accountants  
Jayesh Patel  
Proprietor  
Membership No: 34745

**Notes to Balance Sheet As at 31st March**

**2013**

**2012**

**A. Share Capital:**

**(a) Shares authorized**

32,00,000

(31st March 2012: 32,00,000 equity shares of Rs.10/- each)

32,000,000

32,000,000

**32,000,000**

**32,000,000**

**(b) Shares issued, subscribed and fully paid :**

30,00,400

(31st March 2012: 30,00,400 Equity Shares of Rs.10/- each)

30,004,000

30,004,000

**30,004,000**

**30,004,000**

**(c) Reconciliation of Shares outstanding at the beginning and at the end of the reporting period :**

At the Beginning of the period  
Issued during the period

**30,004,000**  
**0**

**30,004,000**

Outstanding at the end of the period

**30,004,000**

**30,004,000**

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**(d) The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital;**

**Equity Shares**

The company is having only one class of shares i.e. Equity carrying a nominal value of Rs.10/- per share. Every holder of the equity share of the Company is entitled to one vote per share held.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

The Company has not declared and paid dividend on the equity shares.

# Natco Economicals Limited

(e) Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held:

Name	No. of Shares	Percentage	No. of Shares	Percentage
NIL				

in Rs.

**Notes to Balance Sheet As at 31st March**

**2013**

**2012**

**B. Reserves and Surplus :**

(a) Statutory Reserve

Balance as per the last financial statements

**77293**

68505

Add : Transferred from Statement of Profit and Loss

**30869**

8786

**108162**

77293

**C. Other current liabilities:**

(a) Other current liabilities

-

-

-

-

**D. Short-term provisions:**

Provision for Employee Benefits

**41681**

**18180**

**41681**

**18180**

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**E Tangible Fixed assets**

Description of Assets	Gross Block			Depreciation & Amortization			Net Block		
	As on 01.04.2012	Add	Del	As on 31.03.2013	Dep as on 01.04.2012	Add	Dep as on 31.03.2013	WDV as on 31.03.2013	WDV as on 31.03.2012
Building	<b>347463</b>			<b>347463</b>	<b>37538</b>	<b>17373</b>	<b>54911</b>	<b>330089</b>	<b>347463</b>
Computer	<b>120912</b>			<b>120912</b>	<b>230608</b>	<b>48365</b>	<b>278973</b>	<b>72547</b>	<b>120912</b>
Furniture & Fixture	<b>83238</b>			<b>83238</b>	<b>68284</b>	<b>15066</b>	<b>83350</b>	<b>68172</b>	<b>83238</b>
Electric Installation	<b>35488</b>			<b>35488</b>	<b>19962</b>	<b>7098</b>	<b>27060</b>	<b>28390</b>	<b>35488</b>
Grand Total	<b>587101</b>			<b>587101</b>	<b>356392</b>	<b>87902</b>	<b>444294</b>	<b>499198</b>	<b>587101</b>

Notes to Balance Sheet As at 31st March

2013

2012

**F Non-current Investment**

<i>Quoted Shares</i>	<b>2011523</b>	<b>2011523</b>
<i>Non Quoted Shares</i>	<b>447177</b>	<b>447177</b>

**G. Long-term loans and advances :**

(a) Long-term loans and advances	0	0
	<u>0</u>	<u>0</u>

**H. Cash and Cash Equivalents:**

(a) Cash & Bank balance	983564	323520
	<u>983564</u>	<u>323520</u>

**I. Short-term loans and advances (Unsecured, considered good)**

(a) Short term loans to customers	15188960	14537323
	<u>15188960</u>	<u>14537323</u>

**J. Other current assets:**

(a) Other	11033239	12199649
	<u>11033239</u>	<u>12199649</u>

**Total Loans & Advances**

(a) Short term loans & advances	15188960	14537323
(b) Long term loans & advances	-	-
	<u>15188960</u>	<u>14537323</u>

**Notes to Financial Statement for the year ended 31st March**

**2013**

**2012**

**K. Revenue from :**

**A** Interest

818000

776200

**818000**

**776200**

**L. Other Income :**

Other Income

16200

15400

**16200**

**15400**

**M. Employee's Benefit Expenses:**

Salaries and Benefits

210500

261200

**210500**

**261200**

**N. Other Expenses**

Legal expenses

4703

4966

Administration expenses

475210

342894

Liasoningexpenses

5367

8491

Bank Charges

2135

2030

**487415**

**340381**

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**Notes: O - Significant Accounting Policies and other explanatory notes and information.**

**A. SIGNIFICANT ACCOUNTING POLICIES :**

**(a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and on accrual basis of accounting and in accordance with applicable Accounting Standards and relevant presentational requirement of the Companies Act, 1956.

**(i) Sales of Shares & Securities**

Sale of Shares are recognized as per contract note.

**(ii) Other income**

(a) Other income is recognised on accrual basis except when realisation of such income is uncertain

(b) The prudential norms for income recognition and provisioning in respect of Loans and Advances. have been made as per RBI norms for Non-Banking Financial Companies.

**(c) Fixed Assets**

(i) Fixed Assets are stated at cost of acquisition or construction. These costs exclude Modvat/Cenvet/ Service tax credit if availed, but include the borrowing cost up to the date commercial production, wherever applicable.

(ii) As required by AS 28 on impairment of Assets issued by ICAI, the Company has Carried out as exercise of identifying the assets that may have been impaired. There were no impaired assets during the year mainly on account of economic performance and alternative viability of such assets.

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**(d) Depreciation**

(i) Depreciation has been provided on Written Down Value Method basis on all assets at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**(e) Investments**

Investments are long-term investments and are stated at the cost of their acquisition. Long term investments are stated at cost less provisions, if any, for decline other than temporary in their value.

**(f) Inventories :**

Inventories are valued at lower of cost and net realisable value.

**(g) Retirement Benefits**

**(i) Gratuity**

Gratuity is provided on the basis of actual valuation.

**(ii) Leave Encashment**

The benefit of encashment of leave is given to the employees of the company during their service and on retirement. The accumulated leave liability as at the end of the year is provided for on actual valuation.

(h) **Taxes on Income**

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are recognized only if there is a reasonable or virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(l) **Provisions and Contingent Liability:**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**B. NOTES TO ACCOUNTS**

- 1 Capital commitment not provided for amount Rs. Nil (Rs. Nil)
- 2 Contingent liabilities not provided for : Rs. Nil
- 3 There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March' 2013. This information as required to be disclosed under the Micro , small and medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**4 Notes on Accounts:**

- i) In view of the depreciation deferred tax Liability as at the year end is recognized as under.

Deferred tax liability on account of depreciation	6820
Less : Deferred tax assets on account of items u/s 43b & others	_____
Less : Deferred tax assets on losses to the extent of Deferred tax liability.	_____
	6820

**5 Segment Reporting :**

The company engaged in investment activity and there for ,there is only one reportable segment in accordance with Accounting Standards 17 are given as per Annexure A.

Accounting Standards 17.

**6 There are no Related Parties pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India :**

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**7 Earning Per Share**

a Net Profit / ( Loss ) available for equity shareholders	108162	77293
b Number of equity shares used as denominator for calculating EPS	3000400	3000400
c Earning / ( Loss ) per share (Basic and diluted ) Face value per share Rs.1 each	-	-
(a) Expenditure in foreign currency during the year on account of		
(I) Royalty, Know-how, professional fees	NIL	NIL
(II) Interest	NIL	NIL
(III) Others		
(a) Foreign Tour	NIL	NIL
(b) Membership fees,Subscription etc.	NIL	NIL
(K) Earning in foreign exchange	NIL	NIL

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Figures shown in brackets are of corresponding figures of previous year.

**Cash Flow Statement**

Statement of Cash Flow :	2012-2013	2011-2012
	Rs.	
<b>(A) : CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit after taxation and extraordinary items	30869	8786
Adjustment for :		
Depreciation	87902	180163
Interest Expenses	-	
Profit on sale of Fixed Assets	-	
Preliminary Expenses Written off	-	
Provision for Taxation Written back	-	
Interest Income	(818000)	(776200)
Operating Profit before Working Capital changes	<b>(699229)</b>	<b>(587251)</b>
Adjustment for working capital changes :		
Movement in Working Capital		
(Increase) / Decrease in Assets & Loans & Advances	(651637)	358975
(Increase) / Decrease in Other Current Assets	1166410	1231448
(Increase) / Decrease in Trade Receivable	-	-
Increase / (Decrease) in Trade Payables	-	-
Increase / (Decrease) in Current Liabilities & Provisions	26500	25000
(Increase) / Decrease in Inventories	-	-
Deferred tax liability		
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(157956)</b>	<b>1028172</b>
<b>(B) : CASH FLOW FROM INVESTING ACTIVITIES :</b>		
(Increase) / Decrease in Investments		(1301892)
Interest Income	818000	776200
Addition / Purchase of Fixed Assets		(201520)
Sale proceeds of Fixed Assets	-	-
	-	
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>818000</b>	<b>(727212)</b>
<b>(C) : CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Interest Expenses	-	-
Proposed Dividend	-	-
Issue of Share capital	-	-
Increase / (Decrease) in borrowings	-	-
<b>NET CASH INVESTED IN FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>660044</b>	<b>300960</b>
<b>Opening Cash and cash equivalent</b>	<b>323520</b>	<b>22560</b>
<b>Closing Cash and cash equivalent</b>	<b>983564</b>	<b>323520</b>

Natco Economicals Limited  
404/405, Kalyan Chamber Khadia, Char Rasta,  
Ahmedabad - 380001. Tel/fax: 079-22165956

**ATTENDANCE SLIP**

**19<sup>th</sup> Annual General Meeting on 30th September, 2013**

Folio No: \_\_\_\_\_

I hereby record my presence at the 19<sup>th</sup> Annual General Meeting of the Company held on Monday, the 30th September, 2013 at 11 A.M. at the registered office of the company at 404/405, Kalyan Chamber, Khadia Char Rasta, Ahmedabad – 380001.

\_\_\_\_\_

\_\_\_\_\_

Member's/Proxy's name in block letter

Member's proxy's signature

NOTE : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING PLACE.

**FORM OF PROXY**

Folio No: \_\_\_\_\_

I/We.....residentof.....  
.....being a member/members of the above named Company hereby  
appoint.....as my /our proxy to vote for me/us on my/our behalf at the Monday, the  
30th September,2013 at 11 A.M. and at any adjournment thereof.

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Signed this \_\_\_\_\_ day \_\_\_\_\_ 2013.

**Signature**

**Revenue stamp**

\_\_\_\_\_

\_\_\_\_\_

**Note:**

A Proxy need not be a member of the Company. This form in order to be effective should be duly stamped and signed and must be deposited at the Registered Office of the Company not less than 48hours before the meeting.