

# NORTH EASTERN CARRYING CORPORATION LIMITED

Registered Off : 9062/47 Ram Bagh Road Azad Market, Delhi-110006

CIN L51909DL1984PLC019485 Tel :- (011)23517616-19, 32357519,

Website: [www.neccgroupp.com](http://www.neccgroupp.com), Email : [cs@neccgroupp.com](mailto:cs@neccgroupp.com)

## DIRECTORS REPORT

### TO THE SHAREHOLDERS

The Directors take pleasure in presenting the Twenty-Ninth Annual Report on the business and operation of the Company and the Audited Statement of Accounts for the year ended March 31st, 2014.

#### 1. FINANCIAL PERFORMANCE

The Financial Result of the Company for the year under report is as under:

(Rs. Rupees)

| Particulars                                       | For the year ended |            |
|---|--------------------|------------|
|   | 31.03.2014         | 31.03.2013 |
| Profit before Depreciation & Income Tax           | 128730327          | 116253289  |
| Less: Depreciation                                | 36619203           | 34911135   |
| Profit after depreciation                         | 92111124           | 81342154   |
| Less: Provision for:                              |                    |            |
| Income Tax  | 26982720           | 29327214   |
| Wealth Tax  | 25000              | 0          |
| Add: Deferred tax Saving                          | 5414665            | 0          |
| Add: Previous year adjustment                     | 2250084            | 0          |
| Profit After Taxation                             | 62768153           | 52014940   |
| Add: Profit brought Forward                       | 52334159           | 224850368  |
| Less : Profits used for distributing Bonus Shares | 0                  | 224531149  |
| Balance Carried over to Balance Sheet             | 115102313          | 52334159   |

#### 2. DIVIDEND

Your Company needs capital for its expansion plans, therefore the board has decided to invest the profit into the operation of the Company. Hence, no dividend is recommended for the year ended 31st March, 2014.

#### 3. SUBSIDIARY COMPANY

Your Company has incorporated a wholly owned Subsidiary Company in the name and style of 'N.E.C.C. Retail Solutions Private Limited' incorporated on 14<sup>th</sup> February, 2013. However the subsidiary has not commenced any operations till 31.03.2014.

#### 4. SHARE CAPITAL & LISTING OF SHARES

During the period under review, your Company had not issued and allotted any equity shares

The Equity Shares of the Company are listed on BSE LIMITED dated AUGUST 10, 2012 & Delhi Stock Exchange Limited. Your Company has paid the Annual Listing fee and Annual Custody fees to the Stock Exchanges and Depositories up-to-date.

#### 5. DIRECTORS

Mr Utkarsh Jain appointed as Additional Director w.e.f. 16<sup>th</sup> Day of December 2013, and hold position up to the 29<sup>th</sup> Annual General Meeting and also liable to retire by rotation. He is being eligible offer himself for re-appointment.



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As per the provisions of Companies Act, 2013, Independent Directors are required to give a declaration that they meet the criteria of Independence in the first Board Meeting in which they participate as Director and thereafter at the first meeting of the Board in each financial year. Accordingly, existing Directors of the Company Mr. Utsav Jain, Mr. Mohak Jain and Mr. Manoj Kumar Jain have declared their status of independence as per the criteria laid down under section 149(6) of the Companies Act, 2013. The Board of Directors on recommendation of Nomination and Remuneration Committee has perused their declarations and has found them to be meeting the criteria of independence. Further, in view of their experience and expertise relevant to the Company's operations, your Directors has deemed it prudent to recommend to the shareholders at the ensuing Annual General Meeting their appointment as Independent Directors, not liable to retirement by rotation pursuant to the provisions of section 149, 152 read with schedule IV and other applicable provisions of the Companies Act, 2013.

In compliance with the Clause 49 IV (G) of the Listing Agreement, brief resume of the Directors, their expertise and other details of Directors proposed to be appointed/ re-appointed are provided in the Notice of Annual General Meeting. Appropriate resolutions for appointment/ re-appointment of the Directors are being placed for approval of the members at the ensuing Annual General Meeting.

## 6. AUDITORS REPORT

Auditors Report on the final accounts of the Company is attached herewith. The Auditor's Report does not contain any adverse remark.

## 7. AUDITORS

M/s Sanghi & Company, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment to hold from the conclusion of this Annual General Meeting till the conclusion of 32<sup>nd</sup> Annual General Meeting.

## 8. PUBLIC DEPOSITS

The Company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under.

## 9. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:

There is nothing to be disclosed in respect of Conservation of Energy, From A of Companies (Disclosure of particulars in the Report of Board of Director) Rules, 1988 does not apply to your Company since the Company is not engaged in any manufacturing activity. No agreement has been entered into for Technology absorption. The foreign exchange outgo is 398089/-.

## 10. INFORMATION PURSUANT TO LISTING AGREEMENT WITH BSE LIMITED & DELHI STOCK EXCHANGE LIMITED:

The name and address of the Stock Exchange where the Company's shares are listed:-

The BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai-4000 01

The Delhi Stock Exchange Limited  
3 & 4/4 B, Asaf Ali Road,  
New Delhi - 110002

The listing fee for 2014-15 has been paid and there being neither de-listing nor suspension of shares from Trading during the year under review.

## 11. PARTICULARS OF EMPLOYEES:



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Particulars as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are NIL since none of the employees during the year has earned a monthly remuneration of Rs, 5,00,000/- or more.

## 12. DIRECTORS QUALIFICATION U/s. 274(1)(g):

The Board of Directors hereby confirm and represent that none of the directors of the Company is disqualified from being appointed as director U/s. 274 (1) (g) of the Companies Act, 1956.

## 13. DIRECTORS RESPONSIBILITY STATEMENT U/s. 217 (2AA):

- (a) The applicable accounting standards along with proper explanations relating to material departures have been followed in the preparation of the annual accounts.
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31st, 2014 and of the Profit/Loss of the Company for the year ended March 31st, 2014.
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and other applicable provisions for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The directors have prepared the annual accounts on a going concern basis.

## 14. CORPORATE GOVERNANCE:

Your Company believes in achieving highest standard of Corporate Governance. A Separate report on the Corporate Governance and Management Discussion and Analysis is enclosed as part of this Director Report.

## 15. ACCOUNTING STANDARDS:


The Institute of Chartered Accountants of India has introduced various Accounting Standards to make the financial statements and disclosures in line with the international accounting practices and disclosures. The main accounting standards implemented by your Company are AS 18 - Related Party Disclosure, AS 20 - Earning per Shares and AS 22 - Accounting for Taxes on Income. There is nothing to be disclosed under AS 17, Segment Reporting since there is no business segment of geographical segments which a reportable segment is based on the definitions, contained in the accounting standard.

## 16. ACKNOWLEDGEMENT

The directors acknowledge the dedicated services of the employees of the Company during the year under review:

On behalf of the Board of Directors of  
North Eastern Carrying Corporation Limited

Place: Delhi  
Date: 30<sup>th</sup> May, 2014

  
Sunil Kumar Jain  
(Chairman)  
DIN 00010695

# NORTH EASTERN CARRYING CORPORATION LIMITED

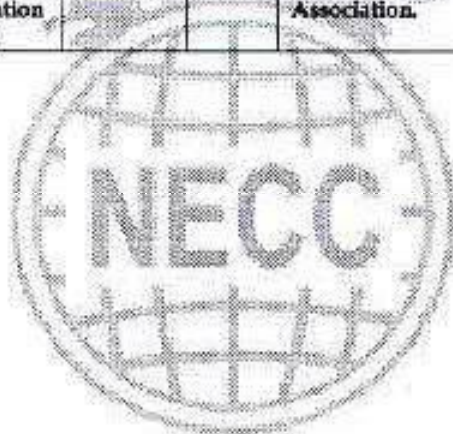
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## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES AS ON AND FOR THE PERIOD ENDED MARCH 31, 2014

| S. No. | Name of the Subsidiary Co.                | F.Y. of the Subs. Co. | Holding Co.                                | Extent of Holding (%) | Face Value of Share | No. of Shares held by the Holding Co.                           | Net Aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the Holding Co. and is not dealt with in account of Holding Co. |
|--------|---|-----------------------|--|-----------------------|---------------------|---|--|
| 1.     | N.E.C.C. Retail Solutions Private Limited | March 31, 2014        | North Eastern Carrying Corporation Limited | 100                   | 10/-                | 10000 (As per Subscription Clause of Memorandum of Association. | 66227  |





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## "ANNEXURE A" TO THE DIRECTORS REPORT REPORT ON CORPORATE GOVERNANCE

### PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The key to good Corporate Governance is a well functioning Board of Directors. The Board should have a core group of excellent Directors who understand their role and honestly discharge their fiduciary responsibilities towards the Company's stakeholders. The implementation of the recommendations in totality is a critical success factor for survival, and an aid to brand building. Therefore, ultimate responsibility for putting into the practice lies directly with the Board of Directors and the Management of the Company. The deriving forces of Corporate Governance at North Eastern Carrying Corporation are its core values-belief in people, entrepreneurship, customer orientation and the pursuit of excellence.

The Company's goal is to find creative and productive ways of informing its stakeholders, that is, Investors, Customers and Associates, while fulfilling the role of a responsible Corporate committed to best practice. A report on the implementation of the code of Corporate Governance introduced by SEBI and incorporated in the Listing Agreement is given below.

### BOARD OF DIRECTORS

Composition & Category as on March 31<sup>st</sup>, 2014

The Board of Directors comprises of Five members. One Director is executive and the other four are non-executive. The Three non- executive Directors are independent i.e. independent of management responsibilities, free from business or any other relationship, which could materially interfere with the exercise of their independent judgment. The Directors bring to the Board a wide range of experience and skills. The Board consists of the following directors:

Composition, Category and attendance of each director as on March 31<sup>st</sup>, 2014 including retired/resigned, at the Board Meetings and the last Annual General Meeting.

| Name                 | Position                     | Category   | Particulars of Change |        | Attendance |          | No. of Directorship in other public company | No. of Committee position held in other public company |        |
|----------------------|------------------------------|------------|-----------------------|--------|------------|----------|---|--|--------|
|                      |                              |            | Appt.                 | Resig. | BM         | Last AGM |   | Chairman   | Member |
| Sh. Sunil Kumar Jain | Chairman & Managing Director | Executive  | 10.10.94              | -      | 19         | Yes      | 1   | -  | 2      |
| Sh. Utkarsh Jain     | Additional Director          | Non- Ex    | 16/12/13              | -      | 7          |          | 0   | 0  | 0      |
| Sh. Manoj Kumar Jain | Director                     | Non-Ex & I | 24.03.09              | -      | 18         | Yes      | 2   | 1  | 1      |
| Sh. Mohak Jain       | Director                     | Non-Ex & I | 15.10.09              | -      | 18         | Yes      | 1   | -  | -      |
| Sh. Utsav Jain       | Director                     | Non-Ex & I | 04.01.11              | -      | 18         | Yes      | 1   | -  | -      |

\*Non-Ex & I = Non-Ex & Independent director

### NOTE:

- Private Limited Companies, Foreign Companies and Companies constituted under section 25 of the Companies Act, 1956 are excluded for the above purpose.
- Only Audit Committee and Share Transfer/Investors Grievance Committee are considered for the purpose of Committee positions as per Listing Agreement.
- None of the Director is a member of more than ten Board level committees or a chairman of five such committees as required under clause 49 of the listing agreement.



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- d) None of the independent directors is related to any other directors. None of the independent directors has any pecuniary business relationship with the Company.

## Board Meeting Held

During the year the Board of Directors of North Eastern Carrying Corporation Limited met 19 times i.e. 08/04/2013, 10/04/2013, 27/04/2013, 30/05/2013, 18/06/2013, 08/07/2013, 12/08/2013, 30/08/2013, 30/09/2013, 08/10/2013, 12/11/2013, 23/11/2013, 16/12/2013, 20/12/2013, 02/01/2014, 03/02/2014, 11/02/2014, 04/03/2014 & 24/03/2014 on the maximum gap between any two meetings was not more than four months.

## BOARD COMMITTEE

### AUDIT COMMITTEE

The terms of reference of the Audit Committee covers the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The composition of the committee as on 31<sup>st</sup> March 2014 is as under:

| Members              | Designation | Category (as Director) | Particulars of Change |             | No. of meeting attended |
|----------------------|-------------|------------------------|-----------------------|-------------|-------------------------|
|                      |             |                        | Appointment           | Resignation |                         |
| Sh. Manoj Kumar Jain | Chairman    | Non-Ex & I             | 24.03.2009            | -           | 6                       |
| Sh. Mohak Jain       | Member      | Non-Ex & I             | 31.08.2010            | -           | 6                       |
| Sh. Utsav Jain       | Member      | Non-Ex & I             | 22.03.2013            | -           | 6                       |

\*Non-Ex & I - Non-Ex & Independent director

During the year the committee has met 6 times on 01.04.2013, 30.05.2013, 12.08.2013, 12.11.2013, 11.02.2014 & 20.03.2014. The minutes of the Audit Committee were placed before the Board.

### REMUNERATION COMMITTEE

In compliance with Schedule XIII of the Companies Act, 1956, relating to appointment of Director, Remuneration Committee was constituted on September 18<sup>th</sup> 2004 by Board of Directors. The composition of the committee as on 31<sup>st</sup> March 2014 is as under:

| Members              | Designation | Category (as Director) | Particulars of Change |             | No. of meeting attended |
|----------------------|-------------|------------------------|-----------------------|-------------|-------------------------|
|                      |             |                        | Appointment           | Resignation |                         |
| Sh. Manoj Kumar Jain | Chairman    | Non-Ex & I             | 24.03.2009            | -           | 5                       |
| Sh. Mohak Jain       | Member      | Non-Ex & I             | 31.08.2010            | -           | 5                       |
| Sh. Utsav Jain       | Member      | Non-Ex & I             | 22.03.2013            | -           | 5                       |

\*Non-Ex & I - Non-Ex & Independent director

Remuneration Committee meeting was held on 01.04.2013, 26.07.2013, 20.11.2013, 16/12/2013 and 25.03.2014. The committee has review the remuneration paid to the director of the Company and not recommended any change.

### Remuneration of Directors

Details of remuneration paid to directors during 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014 & part thereof:

| Name                 | Designation       | Salary      | Commission | Sitting Fees |
|----------------------|-------------------|-------------|------------|--------------|
| Sh. Sunil Kumar Jain | Managing Director | 36,00,000/- | Nil        | Nil          |
| Sh. Manoj Kumar Jain | Director          | Nil         | Nil        | Nil          |
| Sh. Mohak Jain       | Director          | Nil         | Nil        | Nil          |
| Sh. Utsav Jain       | Director          | Nil         | Nil        | Nil          |

No sitting fees have been paid to Non-Executive Independent Directors for attending the Board/Committee meetings.



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## SHAREHOLDERS/INVESTORS GRIEVANCES & SHARE TRANSFER COMMITTEE

The Board of Directors of the Company has constituted Shareholders/Investors Grievances committee.

The composition of the committee as on 31<sup>st</sup> March 2014 is as under:

| Members              | Designation | Category (as Director) | Particulars of Change |             | No. of meeting attended |
|----------------------|-------------|------------------------|-----------------------|-------------|-------------------------|
|                      |             |                        | Appointment           | Resignation |                         |
| Sh. Manoj Kumar Jain | Chairman    | Non-Ex & I             | 24.03.2009            | -           | 4                       |
| Sh. Mohak Jain       | Member      | Non-Ex & I             | 31.08.2010            | -           | 4                       |
| Sh. Utsav Jain       | Member      | Non-Ex & I             | 22.03.2013            | -           | 4                       |

\*Non-Ex & I - Non-Ex & Independent director

During the year the committee has met 4 times on 06.05.2013, 14.12.2013, 15/01/2014 and 20.03.2014. The minutes of the Committee were placed before the Board.

Committee looks into shareholders complaints like transfer, transmission of shares, etc. The Committee also looks after the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services.

### Procedures at Committee Meetings

Company's guidelines relating to Board Meetings are applicable to Committee Meetings as far as may be practicable. Minutes of the proceedings of each of the Committee meeting shall be placed before the Board for its perusal and noting.

## GENERAL BODY MEETING

### Annual General Meetings:

| Year    | Location                                      | Date     | Time     | Details of Special Resolution (s)             |
|---------|---|----------|----------|---|
| 2012-13 | 9062/47, Ram Bagh Road, Azad Market, Delhi-06 | 30/09/13 | 11:00 AM | No Special Resolution                         |
| 2011-12 | 9062/47, Ram Bagh Road, Azad Market, Delhi-06 | 30.08.12 | 11:00 AM | Increase in Remuneration of Managing Director |
| 2010-11 | 9062/47, Ram Bagh Road, Azad Market, Delhi-06 | 02.09.11 | 10:30 AM | No Special Resolution                         |

### Extraordinary General Meeting:

There was no Extraordinary General Meeting held during the year from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014

## DISCLOSURES

- None of the transactions of material nature with any of the related parties was in conflict with the interest of the Company at large.
- The Company has no litigation with SEBI, BSE & DSE for non-compliance of any of regulations wide SEBI (SAST) Regulation 1997, SEBI (Prohibition of insider Trading) Regulation 2002 and Clause 40A of Listing agreement. The Company is, however, complying the provision of Clause 40A of Listing Agreement. No penalties were imposed or strictures passed on the Company by Stock Exchanges, SEBI or by any Statutory Authority related to Capital Market.
- The Company is duly incorporated the changes made Listing Agreement and same has been reflecting in the disclosures made at the end of last quarter i.e. 31<sup>st</sup> March 2014.



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## MEANS OF COMMUNICATION

Half yearly report sent to each household of Shareholder  
Quarterly Results, in which newspaper normally published

-No  
-FinancialExpress/  
Jansatta/Economic Times  
-[www.neccgroupp.com](http://www.neccgroupp.com)

Any Website, where displayed

Whether it also displays official news releases and  
Presentations made to institutional investors/Analysts

-No

-No

Whether MD & A is a part of Annual Report

-Yes

Whether Shareholder Information section forms part of the Annual Report

-Yes

## GENERAL SHAREHOLDER INFORMATION

### 1. Annual General Meeting:

The 29<sup>th</sup> Annual General Meeting of the Company will be held on 30<sup>th</sup> September, 2014 at 11:00 am, at the registered office of the company at 9062/47, Ram Bagh Road, Azad Market, Delhi-06

### 2. Financial Calendar:

Financial Year

1<sup>st</sup> April to 31<sup>st</sup> March

Financial Year (under review)

1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014

Result for quarter ending 30<sup>th</sup> June 13

Latest by 15<sup>th</sup> August 2013

Result for quarter ending 30<sup>th</sup> September 13

Latest by 15<sup>th</sup> November 2013

Result for quarter ending 31<sup>st</sup> December 13

Latest by 15<sup>th</sup> February 2014

Result for quarter ending 31<sup>st</sup> March 14

Latest by 30<sup>th</sup> May 2014

### 3. Book Closure Date:

The register of members and Share transfer register shall remain closed during the 29<sup>th</sup> day of September 2014 to 30<sup>th</sup> day of September 2014 (both days inclusive) for the purpose of Annual General Meeting.

### 4. Listing of Equity shares:

The equity shares of the Company is and shall remain listed at:

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai-4000 01

Delhi Stock Exchange Limited,  
DSE House, 3/1, Asaf Ali Road,  
New Delhi-110002

5. Stock Code: 534615(BSE) & 16093 (DSE)

6. ISIN INE553C01016

### 7. Credit Rating

CRISIL Limited (our credit rating agency) has accredit and assigned BBB- to our various Banking facilities.

### 8. Stock Market Price Data:

During the financial year 2013-14, there was no trading of shares of the Company on Delhi Stock Exchange Limited, however there was trading of shares on the BSE Limited, as the Company was listed on BSE Limited dated Aug. 10, 2012, the open price on this date was Rs. 55.25/-. Therefore, high and low prices for the period from Listing to the year end on BSE Limited on month basis were:

Month High Low



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|        |       |       |        |       |       |        |       |       |        |       |       |
|--------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|-------|
| Apr-13 | 78.95 | 60    | May-13 | 69.9  | 58.45 | Jun-13 | 69.85 | 56.45 | Jul-13 | 73.4  | 66.75 |
| Aug-13 | 75.5  | 66.55 | Sep-13 | 70.85 | 63    | Oct-13 | 76.5  | 59.5  | Nov-13 | 75.1  | 69.6  |
| Dec-13 | 74    | 70    | Jan-14 | 78.75 | 68.8  | Feb-14 | 74.25 | 69    | Mar-14 | 70.75 | 60.25 |

## 9. Registrar & Share Transfer Agents:

MAS Services Limited, having its office at T-34 IInd Floor, Okhla Industrial Area Phase II, New Delhi-20 is appointed Registrar & Share Transfer agent of the Company. Investors' queries/request for transfer, transmission and issue of duplicate share certificates etc. shall be sent to MAS Services Limited.

## 10. Share Transfer System:

Requests for Share Transfer in physical form can be lodged with the Registrar & Share Transfer agents, MAS Services Limited at their address given above. The Share transfers which are received in physical form are registered and the share certificates are returned within 15 days from the date of receipt, subject to the documents being valid and complete in all respects. Shares under objection are, in general, returned within 7 days.

## 11. Nomination facility

Pursuant to Companies (Amendment) Act, 1999, the members are allowed to nominate any person to whom they desirous of making/changing a nomination in respect of their shareholding in the Company, are requested to submit to the MAS Services Limited the prescribed form SH 13 for this purpose, which can be furnished MAS Services Limited on request.

## 12. Distribution & Categories of Shareholding

Distribution of shareholding as on 31st March, 2014:

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | Total no. of Shares held | % of Shareholding |
|---------------------------|---------------------|-------------------|--------------------------|-------------------|
| 1 TO 5000                 | 156                 | 32.911            | 14143                    | 0.028             |
| 5001 TO 10000             | 46                  | 9.705             | 39324                    | 0.078             |
| 10001 TO 20000            | 97                  | 20.464            | 145327                   | 0.29              |
| 20001 TO 30000            | 43                  | 9.072             | 111952                   | 0.223             |
| 30001 TO 40000            | 36                  | 7.595             | 128819                   | 0.257             |
| 40001 TO 50000            | 8                   | 1.688             | 35876                    | 0.071             |
| 50001 TO 100000           | 27                  | 5.696             | 179350                   | 0.357             |
| 100001 AND ABOVE          | 61                  | 12.869            | 49542545                 | 98.696            |
| TOTAL                     | 474                 | 100               | 50197336                 | 100               |

Categories of Shareholding as on 31st March, 2014:

| Sr. No. | Category of Holder   | No. of Shares | % of Equity |
|---------|--|---------------|-------------|
| 1.      | Promoters' Holdings  | 37561100      | 74.83       |
|         | SUB TOTAL (A)  | 37561100      | 74.82       |
| 2.      | Mutual Funds / UTI   | —             | —           |
| 3.      | Banks/Financial Institutions/Insurance Companies (Central/State Govt. Institutions) Non Govt. Institutions | —             | —           |
| 4.      | FII's/ GDR   | —             | —           |
|         | SUB TOTAL (B)  | 37561100      | 74.83       |
| 5.      | Others   | —             | —           |



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|                   |          |        |
|-------------------|----------|--------|
| Corporate Bodies  | 9260459  | 18.45  |
| Indian Public     | 2845807  | 5.67   |
| Any other         | 529970   | 1.06   |
| Sub Total         | 12636236 | 25.18  |
| GRAND TOTAL (A+B) | 50197336 | 100.00 |

**13. Dematerialization:**

The Company had proceeded towards dematerialized of its equity share and in this behalf Company had altered its Articles of Association (AOA) by inserting a new clause 52A and some important definitions in its AOA.

**14. Outstanding GDR/ ADRs/Warrants/Options:**

There are no outstanding GDRs/ ADRs/Warrants/ Options or any convertible instruments.

**15. Details on use of public funds obtained in the last three years:**

No funds have been raised from the public since the last three years.

**16. Transfer of unclaimed amounts to Investor Education and Protection Fund:**

No amount was transferred to Investor Education and Protection Fund during the year 2013-14

**17. Address for Correspondence**

9062/47, Ram Bagh Road  
Azad Market, Delhi - 110006  
Email: [cs@neccgroupp.com](mailto:cs@neccgroupp.com)

For and on behalf of Board of Directors

Place: Delhi

Date: 30<sup>th</sup> May, 2014



Sunil Kumar Jain  
(Chairman)  
DIN 00010695



# NORTH EASTERN CARRYING CORPORATION LIMITED

Registered Off : 9062/47 Ram Bagh Road Azad Market, Delhi-110006

CIN L51909DL1984PLCG19485 Tel :- (011)23517616-19, 32357519,

Website: [www.neccgroupp.com](http://www.neccgroupp.com), Email : [cs@neccgroupp.com](mailto:cs@neccgroupp.com)

## MANAGEMENT DISCUSSION AND ANALYSIS

(As per clause 49 of listing agreement)

### INDIAN ROAD TRANSPORT INDUSTRY

The long-distance road transport industry in India in order to identify inefficiencies that could reduce the benefits to be derived from the large investments now being made by the Government in the nation's highway infrastructure. The road transportation industry has been the most significant constituent of the Indian logistics industry. However, the segment continues to struggle to cater to the country's size and widely spread consumption hubs. The road transport and logistics market is one of the key sectors of growth of the Indian Economy.

India has an extensive road network and provides amenity to millions of people every day, thus road transport is one of the important ingredients for the social and economic development of the country. India has the third largest road network in the world stretching 4.24 million kilometers in length out of which approx 32% is single lane, 56% is double lane and rest is four of more lane standard. The country had approximately 2.00 lacs km of national (state & national) highway. The significance of transportation is relative to the economy and the population of a country; India being the world's second fastest growing economy and being the second largest populated, transportation plays a crucial role in its economic development and sustainable growth.

### OPERATION AND FUTURE OUTLOOK (ABOUT NECC)

North Eastern Carrying Corporation Limited, part of NECC Group, is a leading giant founded in 1984, the Company started the business of core transportation & carriage of goods in FTL and Parchoon segment in 1999-2000. Since then it never looks back and achieved its target turnover for the financial year 2013-14. During the period the Company had not only enhances its turnover but also its client base and its fleet.

The Company currently operates through its 200 (approx) branches and 800 (approx) employee base. The Company provides carriage of both FTL (Full Truck Load) and Parchoon products throughout four corners of India, Nepal and Bhutan. FTL clients include big giants of FMCG, beverage and electrical industries while textile & hosiery, FMCG, Auto & Motor parts Pharma and chemicals sectors is the parchoon client.

The Company's strategy is well thought of and in line with domestic market trend and industry. The Company is growing its traditional parchoon market and simultaneously spreading and picking the FTL market segment. The new clients have been introduced and associated with our services. The Company is broadening and condensing its market through out the Indian subcontinent, Nepal and Bhutan.

### OPPORTUNITIES & THREATS

Historically, road freight in India has increased since its 1950-51 level of 6 billion tonne kilometers (BTKMs) to 1,086 BTKMs in 2009-2010, witnessing a CAGR of 9.21 percent during this period. However, the market scenario is uncertain in future, given the uncertainty in global and domestic economies. Hence, several possible scenarios have been considered to plot market projections for the next few years. While the optimistic scenario assumes GDP growth of 6.1 percent – implying a freight CAGR ~ 7.6 percent – the optimistic scenario assumes a GDP of 9.0 percent, implying a freight CAGR ~ 9.6 percent. The resulting road freight opportunity is estimated to range from about 1,300 BTKMs in 2012-13 to more than 2,000 BTKMs in 2016-17.

As said above, the Indian Road transport industry is on a tremendous growth path which leaves many opportunities and threats which determine the Company's growth:

#### Opportunities



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- Increased demand of 3PL (third party Logistics). The improving infrastructure and rising focus on core business operations will lead the future growth of the Indian 3PL.
- Infrastructural Development Investment policies of Central & State governments shall result in higher growth opportunity for transportation business.
- Expected increase in freight during 2010-2020.
- Successful completion of National Highways Projects shall open up new venues and improved service quality.
- The satellite watch over fleets through GPRS system shall also enhance the timely and prompt delivery of consignments to the prospective clients.
- ERP system under development shall, after its installation, improve the quality of documentation, records, billings etc.
- The increased fleets shall ease the operation.
- Online system will increase the efficiency and effectiveness towards decision making and accountability towards the clients which develops healthy relations with clients.

## Threat

- Competition from local and multinational players.
- Damages, accident and theft are matter of concern during voyage.
- Natural disturbance inform of floods, cyclone, landslides in major parts of India.
- Due to above two conditions, the claims from clients increases and inflow of revenue decreases and finally resulted into long legal litigation.

## INTERNAL CONTROL SYSTEM

The Company has in place adequate internal control systems commensurate with its size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, compliance with applicable statutes and safeguarding of assets of the Company.

These systems ensure that transactions are executed in accordance with specified policies and resources are deployed as per the business plans and policies. The Company has an in-house internal audit division and the head of internal audit function reports directly to the Audit Committee to ensure independence of this function.

The Internal control team, reviews and evaluates the adequacy and effectiveness of internal control, ensuring adherence to operating guidelines and statutory requirements. This system comprises well documented policies, guidelines and authorization and approval procedures.

## RISK MANAGEMENT

The Indian transport industry is a growing avenue and widely opens for new entrepreneurs. The Company takes a very extensive view of business risk. The Company always keeps itself changing with the changed environment of operation, technology and innovative ideas. The Company has risk management team constituting the professionals and functional specialists who critically examines and audit the adequacy, relevancy, efficiency and effectiveness of the control system, compliance with policies. The Company however faces the following risks:

- **Competition Risk:** This risk arises from more players wanting a share in the same pie. Like in most other industries, opportunity brings with itself competition. We face different levels of competition in each segment, from domestic as well as multinational players. However, NECC has established strong brand goodwill in the market and a strong foothold in the entire logistics value spectrum.
- **Regulatory Risk:** If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected. However, the Government has come up with a number of initiatives to boost the logistics sector and has planned massive investments in the infrastructure sector. As all industry predictions suggest that this will be the trend in the future as well and given our own experience in obtaining such permissions, we do not expect this risk to affect us materially in the coming years.



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- **Liability Risk:** This risk refers to our liability arising from any damage to cargo, equipment, life and third parties which may adversely affect our business. The Company attempts to mitigate this risk through contractual obligations and insurance policies.

## **CONTINGENT LIABILITIES**

The details of the Company's contingent liabilities are given in note no 26 attached to and forming part of the Balance Sheet as on 31<sup>st</sup> March 2014.

## **CAUTIONARY STATEMENT**

Statements in the Management Discussion Analysis Report may be forward looking statement with in the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include socio-economic conditions, affection demand/supply and freight rate condition in the market in which Company operates. Changes in govt. regulations, policies and other statutes including tax laws are other incidental factors to the growth of Company.





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## CERTIFICATE BY EXECUTIVE DIRECTOR AND VICE PRESIDENT


(Pursuant to clause 49(V) of the listing Agreement)

We, Sunil Kumar Jain, Chairman & Managing Director and S.L. Yadav, Vice President heading the finance function certify to the Board that

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with 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 violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls and have taken steps to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware, and of the involvement of management or employee having a significant role in the Company's internal control system over financial reporting.



  
Sunil Kumar Jain  
Chairman  
DIN 00010695

  
S.L. Yadav  
Vice President

Place: Delhi  
Date: 30.05.2014



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## DECLARATION


To,

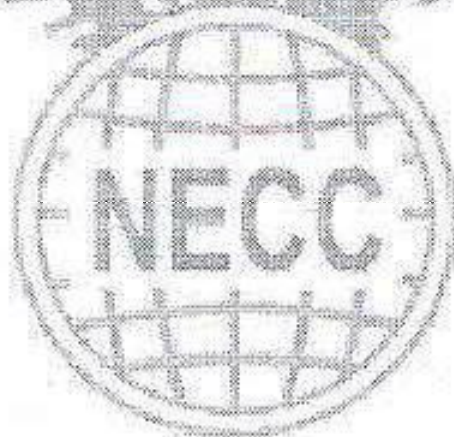
The Members of  
North Eastern Carrying Corporation Limited

I, Sunil Kumar Jain, Chairman & Managing Director of North Eastern Carrying Corporation Limited ("the Company"), hereby declare that all Board Members and senior Management of the Company have individually affirmed compliance with the code of business conduct and ethics adopted by the Company during the year 2013-14. This code of conduct is available at the registered office of the Company.

On Behalf of the Board of Director of  
North Eastern Carrying Corporation Limited

Place: Delhi  
Date: 30.05.2014

  
Sunil Kumar Jain  
Chairman  
DIN 00010695







**Sanghi & Co.**  
Chartered Accountants

F-7, IInd Floor, 203, Main Road,  
Kalkaji, New Delhi-110019  
Ph: 011-41329617, 9811685010  
E-mail: ca\_rksanghi@yahoo.co.in

**"ANNEXURE B" TO THE DIRECTORS REPORT**  
**CERTIFICATE ON CORPORATE GOVERNANCE**  
*(Pursuant to clause 49(VII) of the listing Agreement)*

To  
The Members  
North Eastern Carrying Corporation Limited

We have examined the compliance of conditions of Corporate Governance by North Eastern Carrying Corporation Limited (the company) for the year ended on 31<sup>st</sup> March 2014, as stipulated in Clause 49(VII) of the Listing Agreement of the company with the Stock Exchange.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by company for ensuring the compliance of 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 explanation given to us, and the representation made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that as per the report given by the Registrars of the Company to the Shareholder/investors Grievances Committee, as on 31<sup>st</sup> March, 2014, there was no investor grievance matter against the company remains pending for more than 30 days.

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: New Delhi  
Date: 30.05.2014

For M/s Sanghi & Co.  
Chartered Accountants  
Firm No 012619N

Ram Kishan Sanghi  
Proprietor  
M. No. 091534