

CHEVIOT COMPANY LIMITED

CHAIRMAN (EMERITUS)

B. D. KANORIA

BOARD OF DIRECTORS

H. V. KANORIA - *Chairman and Managing Director, Chief Executive Officer*

N. K. KEJRIWAL - *Wholetime Director*

P. K. BHATTACHARJEE

N. NAYAR

S. DHANDHANIA

P. K. KHAITAN

VICE PRESIDENT & SECRETARY, CHIEF FINANCIAL OFFICER

D. K. MOHTA

AUDITORS

JAIN & CO.

Chartered Accountants

BANKERS

STATE BANK OF INDIA

AXIS BANK LTD.

REGISTERED OFFICE

24, PARK STREET

MAGMA HOUSE (9TH FLOOR)

KOLKATA - 700 016

WORKS

19, MEHTA ROAD, BADEKALINAGAR

BUDGE-BUDGE

24-PARGANAS (SOUTH) - 700 137

WEST BENGAL

SECTOR II

FALTA SPECIAL ECONOMIC ZONE

FALTA, 24-PARGANAS (SOUTH) - 743 504

WEST BENGAL

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CHEVIOT COMPANY LIMITED

NOTICE

TO THE MEMBERS

Notice is hereby given that the Annual General Meeting of the Members of Cheviot Company Limited will be held at The Sitaram Seksaria Auditorium of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata – 700 017 on Thursday, the 22nd July, 2010 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2010 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2010.
3. To appoint a Director in place of Mr. S. Dhandhanian, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s Jain & Co., Chartered Accountants, as the Auditors of the Company on a remuneration to be mutually agreed upon with the Board of Directors.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII thereto, approval of the Company be and is hereby accorded to the re-appointment of Mr. Harsh Vardhan Kanoria (Mr. Kanoria), as the Chairman and Managing Director of the Company for a period of five years with effect from 1st August, 2010 upon the terms and conditions as to remuneration and otherwise as set out in an agreement (a draft of which signed by the Chairman for identification was laid on the table) to be entered into between the Company and Mr. Kanoria.”

“FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during the aforesaid period of five years, the Company will pay to Mr. Kanoria remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required.”

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT pursuant to Section 293(1) (e) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to contribute, donate and/or grant interest free loans from time to time in any financial year to any charitable and other funds, not directly related to the business of the Company or welfare of its employees, upto a total amount of Rs.50 crores, notwithstanding that such contributions, donations and/or interest free loans may exceed Rs.50000/- or 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the Company and/or to giving the power to take over the management of the business and concern of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise) to or in favour of Export Import Bank of India (EXIM Bank) to secure rupee term loan not exceeding Rs.1 crore (Rupees One crore only) sanctioned by EXIM Bank to the Company for general corporate purposes including capital expenditure under EXIM Bank's Long Term Working Capital (LTWC) Program together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to EXIM Bank under its Letter of Sanction in respect of the said term loan.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with EXIM Bank the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.”

Registered Office :
24, Park Street,
Magma House, (9th Floor)
Kolkata - 700 016
Dated : 7th May, 2010

By Order of the Board,
CHEVIOT COMPANY LIMITED
D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

NOTICE (Contd.)

NOTES :

1. **The Register of Members and the Share Transfer Register of the Company will remain closed from Saturday 17th July, 2010 to Thursday 22nd July, 2010 (both days inclusive).**
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The Proxy in order to be effective, must be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
3. Members are requested to bring the attendance slip along with their copy of Annual Report with them at the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Dividend, as recommended by the Board of Directors, if declared at the meeting will be paid on or before 21st August, 2010 to those members, whose names shall appear in the Company's Register of Members at the close of working hours of the Company on Friday, 16th July, 2010. In respect of the shares held in electronic form, the dividend will be paid to the persons whose names shall appear as beneficial owners as at the end of the business hours on 16th July, 2010 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
6. Dividend which remain unpaid/unclaimed over a period of seven years will have to be transferred by the Company to "Investor Education and Protection Fund" of the Central Government under Sections 205A & 205C of the Companies Act, 1956. Accordingly, all unpaid/unclaimed amounts in respect of dividends paid by the Company for the financial year ended 31st March, 2002 have been transferred to the said fund. Unpaid/unclaimed dividend for the financial year ended 31st March, 2003 will become due for transfer during September, 2010. Shareholders are advised to encash the unpaid dividend warrants before transfer to the above referred fund. Members shall not be able to claim in respect of their unpaid/unclaimed dividend from the said fund.
7. Securities and Exchange Board of India (SEBI) has made it mandatory for all the Companies to use the bank accounts details furnished by the Depositories for distributing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and bank details are available.
With effect from 1st October, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS). The advantages of NECS over ECS include faster credit of remittance to beneficiary's account, coverage of more branches and ease of operations for remitting agencies.
NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instructions and efficiency in handling bulk transactions.
Members are advised to avail NECS facility whereby the dividend will be directly credited electronically to their respective Bank Accounts.
Members holding the Company's shares in dematerialised mode are requested to provide NECS particulars i.e. new Bank Account Number allotted after implementation of CBS along-with a photocopy of a cheque pertaining to the concerned account to their respective Depository Participants (DP), if they have not done so already. In case of failure to provide new account number allotted under CBS to your DP, ECS to old account may either be rejected or returned.
Members holding the Company's shares in physical form who have not opted for NECS are requested to provide their NECS particulars in the enclosed '**NECS Mandate Form**' and forward the same duly filled in and signed to the Company's Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Pvt. Ltd., at the earliest to avail this facility.
8. Members holding shares in physical form are requested to intimate change in their registered address and bank particulars to the Company's Registrar and Share Transfer Agent and the members holding their shares in electronic form are requested to provide this information to their Depository Participants immediately.
9. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at least 10 (Ten) days in advance of the meeting i.e. by 12th July, 2010, so that proper information can be made available at the meeting.
10. Members who hold shares in dematerialised form are requested to bring their Client ID and DP numbers for quick identification while recording attendance at the meeting.
11. Pursuant to the provisions of Section 109A of the Companies Act, 1956, members are entitled to make a nomination and are requested to send their request in Form-2B to the Company's Registrar and Share Transfer Agent.
12. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company's Registrar and Share Transfer Agent for consolidation into a single folio.

CHEVIOT COMPANY LIMITED

NOTICE (Contd.)

13. Notes on Directors seeking appointment/re-appointment at the ensuing Annual General Meeting :
- a) Mr. S. Dhandhanian, aged 55 years, is a Director of the Company since 05.06.2003. Mr. Dhandhanian is an industrialist with vast experience and has been associated with several Companies. Mr. Dhandhanian also holds directorship and membership of the committee of the Board of Directors of the following Companies :
- Other Directorships : 1. R.D. Tea Ltd. 2. R.D. Fan Ltd. 3. Dhandhanian Electronics Ltd. 4. R.D. Estates & Resources Ltd. 5. Rubber Reclaim Co. of India Ltd. 6. Dynaflo Pvt. Ltd. 7. Dhandhanian Brothers Pvt. Ltd. 8. R.D. Plantations Pvt. Ltd.
- Membership of the Committee of the Board of other Companies : Nil
- Number of Shares held in the Company : Nil
- b) Mr. Harsh Vardhan Kanoria (Mr. Kanoria), aged 54 years, is a Director of the Company from 01.04.1981. Mr. Kanoria is a Commerce Graduate and holding the position of Chairman and Managing Director of the Company since 01.08.2000. He is an Industrialist having vast experience of 36 years of Management and Administration. Mr. Kanoria also holds directorship and membership of the Committee of the Board of Directors of the following Companies :
1. Cheviot Agro Industries Ltd., 2. Cheviot International Ltd., 3. Harsh Investments Pvt. Ltd., 4. Powertone Trading Co. Pvt. Ltd., 5. Elite (India) Pvt. Ltd.
- Membership of the Committee of the Board of other Companies : Nil
- Number of Shares held in the Company : 295214
14. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.

ANNEXURE TO NOTICE

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956

ITEM No. 5

The present term of office of Mr. Harsh Vardhan Kanoria (Mr. Kanoria), Chairman and Managing Director of the Company will expire on 31st July, 2010.

Mr. Kanoria has been associated with the Company for the last several years in his capacity as Chairman and Managing Director. In view of his vast experience and significant contributions to the Company's overall growth and profitability, the Board of Directors by a resolution passed on 7th May, 2010 re-appointed Mr. Kanoria as Chairman and Managing Director for a period of five years with effect from 1st August, 2010 on the terms and conditions mentioned in the draft agreement to be entered between the Company and Mr. Kanoria.

The principal terms and conditions including the remuneration governing the re-appointment of Mr. Kanoria are set out below :

1. Salary : Rs.1,50,000/- per month in the range of Rs.1,50,000/- to Rs. 2,25,000/- per month as may be determined by the Board from time to time.
2. Commission : Commission may be payable at the absolute discretion of the Board, of such amount as may be approved by the Board for each year.
3. Perquisites : Mr. Kanoria will also be entitled to furnished residential accommodation or house rent allowance, gas, electricity, reimbursement of medical expenses incurred in India or abroad including hospitalisation, surgical charges, for self and family and travel relating thereto, leave travel concession for self and family, fees of clubs, personal accident insurance, surrender value of Keyman Insurance Policy, company maintained car, telephone at residence as perquisites in addition to salary and commission restricted to an amount equal to the annual salary or such other sum as may be determined by the Board from time to time. Provision for use of Company car for official purpose and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculation of the said limit. Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable.
The remuneration mentioned above including the value of the perquisites will be subject to the overall ceilings laid down under Sections 198 and 309 of the Companies Act, 1956.
4. Mr. Kanoria will also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above :
 - (a) The Company's contribution towards Provident Fund as per the Rules of the Company but restricted to the extent this is not taxable under the Income Tax Act, 1961.
 - (b) Gratuity not exceeding one-half month's salary for each completed year of service.
5. Leave on full pay and allowance as per the Rules of the Company but not exceeding one month's leave for every eleven months of service.
6. Mr. Kanoria will not be paid any sitting fee for attending the meeting of the Board or any Committee thereof.

ANNEXURE TO NOTICE (Contd.)

7. In the event that the Company in any financial year during the aforesaid period, has no profits or its profits are inadequate, the remuneration payable to Mr. Kanoria shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required.
8. Mr. Kanoria will be reimbursed by the Company of all entertainment and other expenses actually incurred by him in connection with the business of the Company subject, however to such limits as may be fixed by the Board from time to time.
9. Mr. Kanoria will not, so long as he functions as a Chairman and Managing Director, become interested or otherwise concerned directly or through his wife and/or dependent children and/or dependent parents in any selling agency of the Company in future. His appointment shall cease and determine on any contravention of this condition.
10. Mr. Kanoria and the Company shall have right to terminate the appointment by giving three months prior notice in writing to the other.

The copy of the draft Agreement referred to in the proposed Ordinary Resolution may be inspected by any Member at the Registered Office of the Company on any working day prior to the date of the meeting between 11.00 a.m. and 1.00 p.m. and will also be available for inspection at the Annual General Meeting.

The Board recommends that the proposed Ordinary Resolution be accepted by the Company.

Except Mr. H.V. Kanoria, no other director of the Company is interested or concerned in the proposed Ordinary Resolution. The above should be considered as an abstract of the terms of the re-appointment of Mr. Kanoria and a memorandum as to the nature of the concern and interest of the Directors in the said re-appointment in terms of Section 302(7) of the Companies Act, 1956.

Item No. 6

At the Annual General Meeting held on 7th July, 2005, the shareholders had accorded their consent to the Board of Directors of the Company to contribute and/or subscribe upto a total amount of Rs. 500 lakhs for charitable or other funds in any financial year.

The Board of Directors considers that keeping in view the Company's obligations to the society at large and participation in various social welfare services, the limits passed in the above mentioned Annual General Meeting require upward revision. It is, therefore, desirable to increase the aforesaid amount of contribution, donations and/or interest free loans to the charitable and other funds from Rs. 5 crores to Rs. 50 crores, as mentioned in the resolution.

Since contribution, donations and/or interest free loans in excess of the limits prescribed under Section 293(1) (e) of the Companies Act, 1956 in any financial year require the approval of the shareholders, it is recommended that the Board should be empowered to make such contributions, donations and/or interest free loans upto the limits as specified in the resolution.

The Board accordingly recommends passing of the said resolution.

None of the Directors is concerned or interested in the proposed Ordinary Resolution.

Item No. 7

Export Import Bank of India (EXIM Bank) has sanctioned a Rupee Term Loan of Rs.1 crore (Rupees One crore only) to the Company under its Long Term Working Capital (LTWC) Programme for general corporate purposes including capital expenditure.

The said term loan has to be secured by a first pari-passu charge on the entire fixed assets including immovable properties, both present and future, excluding assets exclusively charged.

Before creation of the mortgage/charge over the immovable and movable properties of the Company as aforesaid in favour of EXIM Bank, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of the letter bearing reference no. KRO/CBG:LTWC-311:472 dated 18.01.2010 received from EXIM Bank and copies of relevant documents/correspondence between the said institution and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is concerned or interested in the proposed Ordinary Resolution.

Registered Office :
24, Park Street,
Magma House, (9th Floor)
Kolkata - 700 016
Dated : 7th May, 2010

By Order of the Board,
CHEVIOT COMPANY LIMITED
D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

CHEVIOT COMPANY LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present their Annual Report and Audited Accounts of the Company for the year ended 31st March, 2010.

Amount in Rs. Lakhs

FINANCIAL RESULTS

Year ended March 31	2010	2009
Operating results after charging depreciation show a profit of	1307.38	2259.50
Add : Other Income/(Loss)	745.00	(374.19)
Resulting in profit before tax and exceptional Item	2052.38	1885.31
Add : Exceptional item :		
Depreciation for earlier years written back	59.02	—
Profit before taxation	2111.40	1885.31
From which have been deducted :		
Provision for taxation	505.68	608.10
Provision for deferred taxation	(38.51)	(13.30)
Provision for Fringe benefit tax	—	8.50
Taxation for earlier years (net)	3.25	84.45
Profit after taxation	1640.98	1197.56
Balance brought forward from previous year	351.70	370.82
Making a total of	1992.68	1568.38
Which has been appropriated by the Directors as under :		
Proposed dividend	360.90	270.68
Tax on distributed profits	59.94	46.00
Transfer to General Reserve	1200.00	900.00
Balance to be carried forward	371.84	351.70
	1992.68	1568.38

DIVIDEND

The Directors are pleased to recommend for your consideration payment of dividend of Rs. 8/- per ordinary share of the face value of Rs. 10/- each for the year ended 31st March, 2010.

OPERATIONS

Production, sales, profitability and earnings per share show under noted position during the year under review as compared to previous year:

(Rs. in Lakhs)

	Current year	Previous year
Production (in M. Tonnes)	35397	42874
Total Sales	17189.02	18669.18
Export Sales (C.I.F. Value)	8288.56	11306.60
Operating Profit	1307.38	2259.50
Other Income/(Loss)	745.00	(374.19)
Profit before Taxation	2111.40	1885.31
Profit after Taxation	1640.98	1197.56
Earnings per share of face value of Rs.10/- (Rs.)	36.38	26.55

DIRECTORS' REPORT (Contd.)

Slump in export on account of severe recession as reported last year continued for most part of the year under review. The Company, due to inadequate inhouse infrastructure to manufacture traditional jute products like sacking to cater to domestic demands, was forced to manufacture exportable goods which were sold in the overseas markets at unremunerative prices. Besides, the Jute Industry witnessed 62 days long strike from 14.12.2009 to 13.02.2010 which not only resulted in loss of production but also led to steep increase in labour cost following Tripartite Settlement. Moreover, the unprecedented high price of raw jute further pushed the cost of production.

Consequent to adverse impact of above factors, the operating profit during the year under review was severely affected, being Rs. 1307.38 lakhs for the year as against Rs. 2259.50 lakhs during previous year.

Profit under the head of other income is attributable to sale of investments in better capital market scenario as compared to last year and interest income.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure and developments

Government of India continued the compulsory packing at 100% for both food grains and sugar under Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA) which is presently valid up to 30.06.2010 with exemptions that in case of any shortage or disruption in supply of jute packing material, the Government may relax this provision upto a maximum of 20% of the production of food grains and sugar respectively. In the wake of such provision, there remains uncertainty in continuation of JPMA at 100% which is subject to dilution from time to time.

Jute Industry has welcomed the decision of Government of India to step up grants to the Industry for modernisation of mills and infrastructure development under the schemes of Jute Technology Mission. Accordingly, the cap on capital subsidy has been recently raised from Rs. 75 lakhs to Rs. 3.50 crores per mill in respect of existing mills in general and Rs. 4 crores per mill in respect of new mills and mills in North Eastern States.

b) Opportunities and Threats

Opportunities

- Growing awareness amongst people in the use of natural fibre should lead to greater demand for Jute goods as raw Jute, being a natural bio-degradable and re-usable fibre will help in protecting environment.
- Utilisation of Government grants for modernisation of mills and infrastructure development under the schemes of Jute Technology Mission may create a platform for the Indian Jute Goods to leap forward.

Threats

- Bangladesh poses serious threat to the Indian Jute Industry as they enjoy benefit of lower cost of wages and power making them more competitive in international market and pushing Indian Jute Industry to the position of residual supplier. Moreover, in the wake of SAARC benefits, Bangladesh enjoy various concessions and exemptions leading to increasing flow of Jute goods in India and creating unhealthy market conditions.
- Government of India's short term view in the matter of continuation of JPMA.

c) Risk and concerns

Following are the major areas of risks and concerns for the Jute Industry :

- Increase in wage cost and cascading effect due to continuous increase in amount of dearness allowance at very high neutralisation factor;
- Shortage of raw jute and its high prices;
- Appreciation of Rupee against major foreign currencies causing adverse impact on export earnings;
- High prices of Jute goods forcing many consumers to shift to alternative packaging materials.

d) Segment-wise or product-wise performance

The Company continues to operate through two business segments namely, a) Jute Goods and b) Captive Power Generation. However, captive power generation is not a reportable segment in terms of the criterion laid down in paragraph 27 of the AS-17 as the revenue/results/assets of this segment are not more than the threshold limit of 10% of the total segment revenue/results/assets.

CHEVIOT COMPANY LIMITED

DIRECTORS' REPORT (Contd.)

The following disclosure under Geographical segment has, however, been considered :

	Current Year [Rs. in lakhs]		Previous Year [Rs. in lakhs]	
	Within India	Outside India	Within India	Outside India
☐ Sales	8900.46	8288.56	7362.58	11306.60
☐ Carrying amount of Segment assets	28165.25	—	25785.83	—
☐ Capital expenditure	366.46	—	813.35	—

e) Outlook

The adverse impact of recession due to global meltdown experienced in last year is gradually getting subsided and market conditions are showing signs of improvement resulting in revival of export demands. We feel that robust domestic market is key to long term growth and development but exports is also an essential feature of any balanced economy. It is heartening to report that in the wake of difficult market scenario during last year arising due to recession, your Company as a conscious policy created required inhouse infrastructure to manufacture non-traditional jute products like Sacking with increased flexibility to cater to domestic as well as international market.

The increasing labour cost on the other hand does not augur well for the Industry which has been subjected to bear a further burden by increase in labour cost arising out of Industry wide settlement.

The cost of raw jute being the biggest single element in cost of production, the prospects for the current year largely depend on its easy availability at remunerative prices. We look forward to the current year with cautious optimism.

f) Internal control systems and their adequacy

The Company has an adequate system of internal controls to ensure that all transactions are properly recorded and authenticated. The internal control system is supplemented by well defined programmes and policies of internal audits. Audit observations and action taken thereon are reviewed by the Audit Committee. Audit Committee monitors adequacy and effectiveness of the internal control systems and suitable corrective actions are taken to strengthen the Company's risk management policies.

g) Discussion on financial performance with respect to operational performance

Financial performance during the year under review having been affected due to industry wide strike, the same is not comparable with that of previous year. The following are significant areas of financial performance :

- Sale of jute goods was Rs. 17189.02 lakhs during the year as compared to Rs. 18669.18 lakhs during previous year;
- Operating profit of the Company during the year was Rs.1307.38 lakhs against Rs. 2259.50 lakhs during previous year. Decline in profitability was due to reasons as explained above under the head operations;
- Interest expenses were lower at Rs. 46.42 lakhs during the year as against Rs. 84.37 lakhs in previous year. The reduction in interest cost was mainly due to availability of better liquidity;
- Inventories have increased by Rs. 1681.26 lakhs, being Rs. 4565.52 lakhs as at 31.03.2010 as against Rs. 2884.26 lakhs as at 31.03.2009. The increase in inventory is partly due to higher quantity of stocks and partly due to higher average rates of stocks;
- The Company has invested Rs. 366.46 lakhs in fixed assets inclusive of capital advances given during the year.

h) Material developments in Human Resources/Industrial Relations front, including number of people employed

The industry wide 62 days long strike was finally settled after several conciliation meetings by way of execution of Tripartite Settlement dated 12.02.2010. The said settlement inter-alia provides to make payment of all the arrears of dearness allowance to the eligible workmen in phased manner with a provision for payment of future dearness allowance as also the provision for entry level minimum payment to new workmen who will be employed after the said settlement. As a result of the said settlement, the labour cost for the Jute industry has increased substantially.

Industrial relations were affected during the period of strike.

As on 31.03.2010, the Company had 4177 employees on its rolls. The Company continues its programmes and policies in providing training to workers to make them competent to operate efficiently. Financial assistance and other benefits are also provided by the Company to the deserving staffs under its various staff welfare schemes.

i) Cautionary statement

Statement made in this section of the report is based on the prevailing position in the jute industry and market conditions. Actual results might differ from what we perceive with regard to company's outlook and performance.

DIRECTORS' REPORT *(Contd.)*

CORPORATE GOVERNANCE DISCLOSURE

In compliance with the requirement of clause 49 of the Listing Agreement with the Stock Exchange, a separate report on the Corporate Governance along with a certificate from the statutory auditors on its compliance is set out in the Annexure, which forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors make the following statement to the best of their knowledge and belief that :

- i. in the preparation of annual accounts, the Company has followed all the applicable accounting standards for the year under review;
- ii. they have made judgement and estimates that are reasonable and prudent and have selected such accounting policies and applied them consistently, unless specifically stated to be otherwise, to give true and fair view of the state of affairs of the Company for the year ended 31st March, 2010 and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis.

PARTICULARS OF CONSERVATION OF ENERGY ETC.

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure which forms part of this report.

PARTICULARS OF EMPLOYEES

The particulars as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure forming part of this report.

DIRECTORS

In accordance with Article 97 of the Articles of Association of the Company, Mr. S. Dhandhanian, a Non Executive Director, retires from the Board by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. H.V. Kanoria has been re-appointed as Chairman and Managing Director of the Company by the Board on the terms and conditions as mentioned in the resolution which is being placed before you at the ensuing Annual General Meeting and your Directors recommend passing of the same.

Brief particulars of the said directors have been given in the Notice convening Annual General Meeting.

AUDITORS

The statutory auditors, Messers Jain & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and offer themselves for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. The Board recommends that Messers Jain & Co., Chartered Accountants be appointed as Auditors of the Company and Board be authorised to fix their remuneration.

Messers D. Radhakrishnan & Co., Cost Accountants, have been appointed, subject to requisite approval of the Central Government, to conduct an audit of the Cost Accounts maintained by the Company for the year ending 31st March, 2011, as per directives of the Central Government.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank State Bank of India, Axis Bank Ltd., Export Import Bank of India, the customers and the shareholders for their continued co-operation and support to the Company.

The Directors also express their deep sense of appreciation to employees at all levels for their dedicated service.

On behalf of the Board

H. V. KANORIA

*Chairman and Managing Director,
Chief Executive Officer*

Kolkata, 7th May, 2010

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange]

1. Company's philosophy on Code of Governance

The Company's philosophy on corporate governance continues in the direction of achieving sustained growth and conducting its affairs in an ethical and transparent manner in its relationship with employees, shareholders, creditors and consumers. Such philosophy is focused on improving product and service quality and to enhance customer's satisfaction.

2. Board of Directors

a) Composition

The Board of Directors consist of six directors of whom one is promoter director (Chairman and Managing Director), one is Wholetime Director and four are independent non-executive directors.

Mr. P. K. Khaitan, a non-executive director of the Company is a partner of M/s Khaitan & Co., who have a professional relationship with the Company. The legal & professional charges of Rs. 4.05 lakhs that was paid to them during the year is not considered to be of material nature so as to affect the independence of judgement of Mr. Khaitan as a director of the Company.

No Director is related to any other Director on the Board.

b) Details of attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) with particulars of their other Directorships and Chairmanships/Memberships of Board/Committees.

Name of the Directors	Position	Attendance Particulars		No. of other directorships and other committee memberships/chairmanships held		
		Board Meetings	Last AGM held on [23.07.2009]	Directorships #	Committee Memberships	Committee Chairmanships
Mr. H. V. Kanoria	Chairman and Managing Director, Chief Executive Officer (Promoter Director)	4	Yes	5	Nil	Nil
Mr. N. K. Kejriwal	Wholetime Director	3	No	1	Nil	Nil
Mr. P. K. Bhattacharjee	Independent Non-Executive	4	Yes	9	2	2
Mr. N. Nayar	Independent Non-Executive	4	Yes	6	Nil	Nil
Mr. S. Dhandhanian	Independent Non-Executive	4	Yes	8	Nil	Nil
Mr. P. K. Khaitan	Independent Non-Executive	3	Yes	14	3	1

Includes Alternate Directorship and Directorship in Private Limited Companies and Foreign Companies.

c) Number of Board Meetings held and dates on which held

Four Board Meetings were held during the year ended 31st March, 2010 viz. on 9th May, 2009, 23rd July, 2009, 16th October, 2009, and 28th January, 2010. The maximum gap between any two meetings was less than four months.

d) Brief Details of Directors seeking appointment/re-appointment

The brief details of directors seeking re-appointment are appended to the Notice convening the ensuing Annual General Meeting.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**REPORT ON CORPORATE GOVERNANCE (Contd.)****3. Audit Committee****a) Composition**

The present composition of the Audit Committee is as follows :

Name of the Directors	Designation	Category
Mr. N. Nayar	Chairman	Non-Executive & Independent
Mr. P. K. Bhattacharjee	Member	Non-Executive & Independent
Mr. S. Dhandhanian	Member	Non-Executive & Independent

All the members of the Committee have rich experience and knowledge of financial and accounting area.

b) Meetings and attendance

Four meetings of the Audit Committee were held on 9th May, 2009, 22nd July, 2009, 16th October, 2009 and 28th January, 2010.

Name of the Directors	Number of Meetings attended
Mr. N. Nayar	4
Mr. P. K. Bhattacharjee	4
Mr. S. Dhandhanian	4

Mr. D. K. Mohta, Vice President & Secretary acts as the Secretary to the Committee.

The Statutory Auditors, Internal Auditors and Cost Auditors are invitees to meetings of the Audit Committee. The Chairman of the Audit Committee was present at the Annual General Meeting held on 23rd July, 2009. Minutes of each Audit Committee are placed before the Board for noting.

The maximum gap between any two meetings was less than four months.

c) Terms of Reference

The role and terms of reference of the Audit Committee are in accordance with the provisions as specified under sub-clause (D) of Clause 49 II of the listing agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The role of the audit committee includes the following :

- Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing, with the management, the quarterly and annual financial statements before submission to the Board for approval.
- Reviewing the adequacy of the internal control systems with the management.
- Discussion with internal auditors of any significant finding and follow up thereon.
- Reviewing the findings of the Internal Auditors and to discuss these periodically with the Company's officials relating to internal control procedures.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the compliances with listing agreement and other legal requirements relating to financial statements.
- Recommending the appointment of statutory auditors and fixation of their remuneration.
- Reviewing the Company's Financial and Risk Management Policies.
- Disclosure of any related party transactions.
- Reviewing the accounting policies and adoption of applicable Accounting Standards.

4. Remuneration Committee**a) Remuneration Policy**

The Board of Directors fixes the remuneration of the executive directors. The terms of remuneration of executive directors are approved by the shareholders. Therefore, the Remuneration Committee, being a non-mandatory requirement, has not been formed.

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

b) Details of remuneration of Directors

Details of remuneration of executive directors for the year ended 31st March, 2010 : (Rs. in Lakhs)

Name of the Directors	Salary	Commission	Contribution to Provident Fund	Estimated value of other Perquisites	Tenure of appointment
Mr. H. V. Kanoria	18.00	74.50	1.80	11.09	5 years from 01.08.2005
Mr. N. K. Kejriwal	12.00	15.00	1.20	4.92	3 years from 01.06.2009

The appointment of the executive directors is governed by the Articles of Association of the Company and the Resolutions passed by the Board of Directors and the Members of the Company. As per terms of appointment, the Company and the executive directors have the right to terminate the appointment by giving three months' prior notice in writing to the other. There is no provision for payment of severance fees under the resolutions governing the appointment of executive directors.

Details of remuneration of non-executive directors for the year ended 31st March 2010 : (Rs. in Lakhs)

Non-Executive Directors	Sitting fees	Commission
Mr. S. Dhandhanian	0.08	1.00
Mr. P. K. Bhattacharjee	0.08	1.00
Mr. N. Nayar	0.08	1.00
Mr. P. K. Khaitan*	0.06	1.00

* Paid to the firm in which Director is a partner.

The remuneration to non-executive directors is decided by the Board of Directors of the Company within the limits stipulated by the Special Resolution passed by the members at the Annual General Meeting. The payment of remuneration to non-executive directors is made on ad-hoc basis.

The Company has not issued any stock options to its Directors.

None of the non-executive directors hold any share in the Company.

The Company has not entered into any material pecuniary relationship or transactions with the non-executive directors.

5. Shareholders'/Investors' Grievance Committee

a) Composition

The present composition of Shareholders'/Investors' Grievance Committee is as follows :

Name of the Directors	Designation	Category
Mr. S. Dhandhanian	Chairman	Non-Executive & Independent
Mr. P. K. Bhattacharjee	Member	Non-Executive & Independent
Mr. N. K. Kejriwal	Member	Wholetime Director

b) Meetings and attendance

Four meetings of the Shareholders'/Investors' Grievance Committee were held on 9th May, 2009, 22nd July, 2009, 16th October, 2009 and 28th January, 2010.

Name of the Directors	Number of Meetings attended
Mr. S. Dhandhanian	4
Mr. P. K. Bhattacharjee	4
Mr. N. K. Kejriwal	3

c) Scope of Shareholders'/Investors' Grievance Committee

The Committee deals with matter relating to approval of transfers and transmissions, issue of duplicate share certificates, sub-division and consolidation of certificates, dematerialisation and re-materialisation requests, monitoring of shareholders complaints with respect to non-receipt of annual reports, dividend warrants etc.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**REPORT ON CORPORATE GOVERNANCE (Contd.)**

The Committee also reviews redressal of Shareholders' and Investors' grievances and reviews the performance of the Registrar and Share Transfer Agent of the Company.

During the year under review, 122 queries/complaints were received from the shareholders, all of which have been redressed to the satisfaction of shareholders except 1 query received on 30.03.2010 which has since been redressed on 03.04.2010. The Company had no request pending for share transfer/transmission at the close of financial year. Queries received from the investors are replied generally within 15 days of the receipt of the letters/ mails.

d) Compliance Officer

Mr. D. K. Mohta, Vice President & Secretary acts as a Secretary to the Committee and is the Compliance Officer of the Company.

6. General Body Meetings**a) Location and date / time where last three Annual General Meetings (AGM) were held and No. of Special Resolution passed :**

Financial Year	Location	Date	Time	No. of Special Resolution Passed
2006-2007	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani (4th Floor) Kolkata - 700 017	26th June, 2007	11.00 a.m.	One
2007-2008	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani (4th Floor) Kolkata - 700 017	07th August, 2008	11.00 a.m.	One
2008-2009	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad 36A, Shakespeare Sarani (4th Floor) Kolkata - 700 017	23rd July, 2009	11.00 a.m.	Nil

Postal Ballot

No special resolution was passed last year through postal ballot. There is no item on the agenda of ensuing Annual General Meeting which requires passing a special resolution through postal ballot.

7. Disclosures

- There are no related party transactions of material nature made by Company with its Promoters, Directors or their relatives etc. that may have potential conflict with the interests of Company at large. The Register of Contracts containing the transactions in which the directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed in Note No. 25 of Schedule 19 to the accounts for the year ended 31st March, 2010. The Audit Committee reviews the related party transactions.
- During the last three years, no penalty or stricture have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority for non-compliance of any matter related to the capital market.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

8. Means of Communication

- The financial results of the Company are sent to the Stock Exchange and published in newspapers as required under Clause 41 of the Listing Agreement. Half-yearly report is not sent to each household of shareholders.
- Quarterly financial results are normally published in Business Standard in its all India editions (in English) and Aajkal (in Bengali).
- Unaudited quarterly and audited annual financial results, shareholding pattern, etc. are displayed on the website of the Company "www.groupcheviot.net" at the end of each quarter.

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

- The Company has not made any presentation to institutional investors or to the analysts during the year under review.
- The Management Discussion & Analysis Report forms part of the Directors' Report.

9. General Shareholder Information

a) AGM : Date, Time and Venue	22nd July, 2010 at 11.00 a.m. at The Sitaram Seksaria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017
b) Financial Calendar (Tentative)	I. Financial Year : April to March II. First quarter results : 3rd week of July, 2010 III. Half yearly results : Last week of October, 2010 IV. Third quarter results : Last week of January, 2011 V. Year ending results : Last week of May, 2011
c) Book Closing Period	17th July, 2010 to 22nd July, 2010 (both days inclusive)
d) Dividend payment due date	21st August, 2010.
e) Listing on Stock Exchange (Equity Shares)	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Listing Fees for the year 2010-2011 has been paid.
f) Stock Code-Physical Demat ISIN Number for NSDL and CDSL	526817 on Bombay Stock Exchange Limited INE974B01016
g) Market Price data: High, Low during each month in last financial year	Information has been given at the end of Clause 9.
h) Stock performance of the Company in comparison to BSE Sensex (April, 2009 to March, 2010)	Information has been given at the end of Clause 9.
i) Registrar and Share Transfer Agent	Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 Phone : 033-2243 5029/5809, Fax : 033-2248 4787 E-mail : mdpl@cal.vsnl.net.in
j) Share Transfer System	Information has been given at the end of Clause 9.
k) Distribution of Shareholding as on 31st March, 2010	Information has been given at the end of Clause 9.
l) Dematerialisation of shares and liquidity	As on 31st March, 2010, 33.39% of the Company's paid-up share capital representing 15,06,328 shares is held in dematerialised form.
m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	Not issued.
n) Plant Locations	The Company's plants are located at following places : i) 19, Mehta Road, Badekalinagar, Budge Budge, 24, Parganas (South) - 700 137 (West Bengal) ; ii) Sector II, Falta Special Economic Zone, Falta, 24 Parganas (South) - 743 504 (West Bengal)
o) Address for Correspondence	Cheviot Company Limited 24, Park Street, Magma House, (9th Floor), Kolkata - 700 016 Phone : 033-3291 9624/25/28 Fax : 033-2249 7269 E-mail : cheviot@chevjute.com Investor service e-mail id : investorservices@chevjute.com Website : www.groupcheviot.net

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

Information in respect of Clause 9 (g)

Market Price data: High, Low during 2009-2010 is given in the table below :

Month	Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)
April, 2009	143.05	111.70
May, 2009	179.30	139.10
June, 2009	204.20	164.40
July, 2009	173.10	148.35
August, 2009	185.10	155.55
September, 2009	193.80	171.55
October, 2009	258.10	185.05
November, 2009	233.75	200.50
December, 2009	262.25	221.65
January, 2010	270.05	240.55
February, 2010	262.55	249.05
March, 2010	251.55	243.20

Information in respect of Clause 9 (h)

Stock performance of the Company in comparison to BSE Sensex (April, 2009 to March, 2010)

Month	Company' share price (Rs.) at Bombay Stock Exchange Limited		BSE Sensex	
	High	Low	High	Low
April, 2009	143.05	111.70	11403.25	9901.99
May, 2009	179.30	139.10	14625.25	11682.99
June, 2009	204.20	164.40	15466.81	14265.53
July, 2009	173.10	148.35	15670.31	13400.32
August, 2009	185.10	155.55	15924.23	14784.92
September, 2009	193.80	171.55	17126.84	15398.33
October, 2009	258.10	185.05	17326.01	15896.28
November, 2009	233.75	200.50	17198.95	15404.94
December, 2009	262.25	221.65	17464.81	16601.20
January, 2010	270.05	240.55	17701.13	16289.82
February, 2010	262.55	249.05	16496.05	15790.93
March, 2010	251.55	243.20	17711.35	16772.56

Information in respect of Clause 9 (j)

Share Transfer System

Share transfers in physical and demat form are being processed by the Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Pvt. Ltd. on regular basis. The transfer/transmission of shares are approved in accordance with the powers delegated by the Board of Directors to the Chairman and Managing Director, Wholetime Director and Vice President & Secretary.

The shares lodged for transfers/dematization are processed within 15 days from the date of their lodgement, if transfer instruments are found valid and complete in all respects.

As stipulated by SEBI, Mr. S. D. Basu, a Qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted Capital in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form and to confirm that the total Listed and Paid-Up Capital are in agreement with the aggregate number of shares. This audit is carried out in every quarter and the report is submitted to the Bombay Stock Exchange Limited.

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

Information in respect of Clause 9 (k)

a) Distribution of Shareholding as on 31st March, 2010

Number of Ordinary Shares held	Number of Shares	Percentage of Shareholding	Number of Shareholders/ folios	Percentage of Shareholders
Up to 500	553209	12.2629	5742	94.4874
501 to 1000	129014	2.8598	177	2.9126
1001 to 2000	131977	2.9255	94	1.5468
2001 to 3000	70697	1.5671	27	0.4443
3001 to 4000	17270	0.3828	5	0.0823
4001 to 5000	28039	0.6216	6	0.0988
5001 to 10000	74978	1.6620	11	0.1810
10001 and above	3506066	77.7183	15	0.2468
Total	4511250	100.0000	6077	100.0000
Physical Mode	3004922	66.6095	1702	28.0072
Demat Mode	1506328	33.3905	4375	71.9928

b) Shareholding Pattern as on 31st March, 2010

Category Code	Category of Shareholder	Total Number of Shares	% of Shares
(A)	Shareholding of Promoter and Promoter Group (As per MRTP Act, 1969)		
1	Indian		
(a)	Individuals/Hindu Undivided family :		
	Mr. Harsh Vardhan Kanoria	2,95,214	6.5439
	Mrs. Malati Kanoria	2,85,150	6.3209
	Master Utkarsh Kanoria	1,70,191	3.7726
	Mrs. Madhavi Agrawal	0	0.0000
	Mrs. Ishita Mohatta	0	0.0000
(b)	Central Govt./State Govt.(s)	0	0.0000
(c)	Bodies Corporate :		
	Harsh Investments Private Limited (Holding Company)	25,74,081	57.0592
	Abhyadoot Finance & Investments Private Limited	9,000	0.1995
	Cheviot International Limited	150	0.0033
	Cheviot Agro Industries Limited	300	0.0066
	Powertone Trading Company Private Limited	600	0.0133
	Elite (India) Private Limited	0	0.0000
	Bright & Shine Micro Products Private Limited	0	0.0000
(d)	Associates :		
	Jan Priya Trust	0	0.0000
	Shashvat Foundation	0	0.0000
(e)	Financial Institutions/Banks	0	0.0000
(f)	Any Others (specify)	0	0.0000
	Sub-Total (A) (1)	33,34,686	73.9193

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

Category Code	Category of Shareholder	Total Number of Shares	% of Shares
2	Foreign		
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0.0000
(b)	Bodies Corporate	0	0.0000
(c)	Institutions	0	0.0000
(d)	Any other (specify)	0	0.0000
	Sub-Total (A) (2)	0	0.0000
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	33,34,686	73.9193
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds/UTI	200	0.0044
(b)	Financial Institutions/Banks	7,500	0.1663
(c)	Central Govt./State Govt.(s)	0	0.0000
(d)	Venture Capital Funds	0	0.0000
(e)	Insurance Companies	0	0.0000
(f)	Foreign Institutional Investors	15,153	0.3359
(g)	Foreign Venture Capital Investors	0	0.0000
(h)	Any Other (specify)	0	0.0000
	Sub-Total (B) (1)	22,853	0.5066
2	Non-Institutions		
(a)	Bodies Corporate	1,97,554	4.3792
(b)	Individuals		
	i. Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	8,64,464	19.1624
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	31,737	0.7035
(c)	Any Other (specify)		
(c-i)	Non-Resident Individual	52,700	1.1682
(c-ii)	Foreign National	7,256	0.1608
	Sub-Total (B) (2)	11,53,711	25.5741
	Total Public Shareholding (B) = (B) (1) + (B) (2)	11,76,564	26.0807
	TOTAL (A) + (B)	45,11,250	100.0000
(C)	Shares held by Custodians and against which Depository Receipt have been issued	0	0.0000
	GRAND TOTAL (A)+(B)+(C)	45,11,250	100.0000

10. Declaration on Compliance with Code of Conduct

The Board has formulated a Code of Conduct applicable to all its members and Senior Management Personnel of the Company which has been posted on the website of the Company. A declaration by Chairman & Managing Director and Chief Executive Officer affirming the compliance of the Code of Conduct by the Board Members and Senior Management Personnel is appended to this report.

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

11. CEO and CFO Certification:

Mr. H.V. Kanoria, Chairman and Managing Director, Chief Executive Officer and Mr. D.K. Mohta, Vice President & Secretary, Chief Financial Officer of the Company give annual certification on the financial statements and the cash flow statement to the Board in terms of Clause 49.

12. Status of Compliance with Mandatory and non-mandatory requirements:

Mandatory requirements:

The Company has complied with all mandatory requirements prescribed under Clause 49 of the listing agreement. The auditors' certificate regarding Compliance of conditions of Corporate Governance by the Company is annexed to the Directors' Report.

Non-mandatory requirements:

Non-mandatory suggestions for having chairman's office for a non-executive Chairman is not applicable as the Chairman of the Company is an executive director. The Company has unqualified financial statements during the year ended 31.03.2010 from the auditors. The Company has not adopted non-mandatory suggestions for sending six-monthly information to each household of shareholders, to have a Remuneration Committee, training of Board Members, tenure of independent directors on the Board of the Company, mechanism for evaluating the performance of non-executive Board Members and Whistle Blower Policy.

On behalf of the Board

H. V. KANORIA

*Chairman and Managing Director,
Chief Executive Officer*

Kolkata, 7th May, 2010

Declaration regarding Code of Conduct as required under Clause 49 of the Listing Agreement

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2010.

H. V. KANORIA

*Chairman and Managing Director,
Chief Executive Officer*

Kolkata, 7th May, 2010

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of Cheviot Company Limited

We have examined the compliance of conditions of Corporate Governance by Cheviot Company Limited (the Company) for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange.

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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

P-21/22, Radhabazar Street
Kolkata - 700 001

Dated the 7th day of May, 2010

For Jain & Co.
Chartered Accountants
CA P. K. JAIN
Partner
Membership No. 52018

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Information pursuant to Section 217(1)(e) of the Companies Act, 1956

A. Conservation of Energy

(a) Energy conservation measures taken :

The Company has taken following measures for conservation of energy :

- i) Conversion of bailing press from water hydraulic to oil hydraulic power pack;
- ii) Modification of conventional spinning frames ;
- iii) Installation of proximity switches and requisite circuitry in spinning frames;
- iv) Regular monitoring of steam, boiler and compressor to minimize losses;
- v) Continuous replacement of conventional choke with electronic ballast ;
- vi) Replacement of old AC Machines with new energy efficient AC Machines;
- vii) Replacement of old conventional breaker card machines with new high productivity energy efficient breaker card machines.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy :

The investment proposal in following areas for reduction of consumption of energy continues :

- i) Conversion of conventional spinning frames;
- ii) Replacement of conventional chokes by electronic ballast.

Other required investments are being made in consultation with experts for reduction in power consumption.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

By adopting the measures mentioned at (a) and (b) above, the Company has achieved savings in energy costs with its consequential effect on the cost of production of goods.

(d) **FORM A**

(a) Power & Fuel Consumption

	Current Year	Previous Year
1. Electricity		
a) Purchased from Public Utility :		
i) From CESC :		
Units (000Kwh)	1,49,52	1,93,74
Amount (Rs. in Lakhs)	703.28	816.74
Rate/Unit (Rs.)	4.70	4.22
ii) From WBSEB		
Units (000Kwh)	11,91	10,39
Amount (Rs. in Lakhs)	53,91	41,99
Rate/unit (Rs.)	4.53	4.04
b) Generation Through CPP Generator		
Units (000 Kwh)	4,13	2,64
Units per litre of Furnace Oil	3.99	4.27
Cost/Unit (Rs.)	7.69	9.30
c) Own Generation Through Diesel Generator		
Units (000 Kwh)	3,93	5,45
Units per litre of Diesel Oil	3.24	3.26
Cost/Unit (Rs.)	12.62	11.94
2. Coal		
(B & C grades used for generation of steam in boiler)		
Quantity (M.Tonnes)	4	20
Total Cost (Rs. in Lakhs)	0.20	0.85
Average Rate (Rs.)	5,624	4,285
3. Furnace Oil		
Used in CPP & Oil Fired Boiler		
Quantity (K. Ltrs.)	485	413
Total Amount (Rs. in Lakhs)	113.74	104.70
Average Rate (Rs.)	23.44	25.37
(b) Consumption per Unit of production		
Production of Jute Goods (M. Tonnes)	35,397	42,874
Electricity per M.Tonne of Production (Units)	479	495
Furnace Oil per M.Tonne of Production (Ltrs.)	14	10
Coal (B&C Grades) per M. Tonne of production (Kg)	0.10	0.47

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 (Contd.)

B. Technology Absorption

(e) FORM B

Research & Development (R & D)

Specific areas in which R&D carried out by the Company, benefits derived as a results of R&D and future plan of action:

There is no specific area where R&D has been carried out by the Company.

Technology absorption, adaptation and innovation

- (i) Efforts in brief, made towards technology absorption, adaptation and innovation : By keeping track of latest technology available in the World Market, the Company upgrades processes and products.
- (ii) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, substitutions etc. : Product improvement.
- (iii) Details of imported technology : No technology has been imported.

C. Foreign Exchange Earnings and outgo

- (f) Activities relating to exports initiatives taken to increase exports, development of new export markets for products and services and export plans. : The adverse impact of global meltdown and worldwide recessionary conditions prevailing during last year is gradually getting subsided and market conditions are showing signs of improvements resulting in revival of export demand. The Company is making all efforts to meet requirement of overseas customers.

(g) Total foreign exchange used and earned

Amounts in Rs. Lakhs

(i) Used	Rs. 1,882.75
(ii) Earned	Rs. 8,288.56

Particulars of employees under Section 217(2A) of the Companies Act, 1956 for the year ended 31st March, 2010

Name/Age	Remuneration (Rs. in Lakhs)	Designation/ Nature of duties	Qualification & Experience (Years)	Date of commencement of employment	Last employment
Mr. H.V. Kanoria (54 years)	105.39	Chairman and Managing Director, Chief Executive Officer Management, subject to control, direction and superintendence of Board of Directors	B.Com (36 years)	01.04.1981	Bengal Tea & Industries Ltd. Wholetime Director (3 years)
Mr. N.K. Kejriwal (68 Years)	33.12	Wholetime Director Incharge of Company's manufacturing activities	B.Com L.L.B. (43 years)	15.03.1980	Shalimar Wires & Industries Ltd. Sales Manager (4 years)

Notes : 1. Remuneration includes salary, allowances, Company's contribution to provident fund, leave travel concession, re-imbusement of medical expenses, commission on net profits and value of certain perquisites evaluated on the basis of Income Tax Act & Rules.

2. Appointments of the Chairman and Managing Director & Wholetime Director are contractual.

On behalf of the Board

H. V. KANORIA

Chairman and Managing Director,
Chief Executive Officer

Kolkata, 7th May, 2010

AUDITORS' REPORT

TO THE MEMBERS OF CHEVIOT COMPANY LIMITED

We have audited the attached Balance Sheet of Cheviot Company Limited as at 31st March, 2010 and the related Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we state that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 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 such books;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement of the Company comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of representations received from the directors of the Company, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 19 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - ii. In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

P-21/22, Radhabazar Street
Kolkata - 700 001
Dated the 7th day of May, 2010

For Jain & Co.
Chartered Accountants
Registration No. 302023E
CA P. K. JAIN
Partner
Membership No. 52018

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE AUDITORS' REPORT

1. a. The Company has maintained proper records showing full particulars including quantitative details and location of the Fixed Assets.
b. There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
c. The Company has not disposed off substantial part of fixed assets during the year.
2. a. Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b. The procedures of physical verification of stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.
c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
3. The Company has not accepted/granted any loans during the year from/to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness was noticed in the internal control system.
5. a. According to the information and explanations given to us, contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
b. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. On the basis of records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 have been maintained by the Company. However, we are not required to carry out and have not carried out any detailed examination of such accounts and records.
9. a. According to the information and explanations given to us and the records examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess and other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March, 2010, for a period of more than six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

b. According to the records of the Company, the following dues are not deposited on account of disputes pending at various forums :

Name of the Statute	Nature of dues	Amount (Rs. in Lakhs)	Year/Period to which amount relates	Forum where dispute is pending
Sales Tax Act	Sales tax	1.05	1984-85	Reference Level
		0.22	1993-94	Revision Level
		1.12	1997-98	Revision Level
		3.39	1998-99	Revision Level
		0.98	2003-04	Revision Level
		76.77	2005-06	Appeal Level
Central Excise Act	Excise duty	110.73	May, 2006 to August, 2006	Appeal being filed with Hon'ble Supreme Court
Employees State Insurance Act	ESI	47.87	2002-03	ESI Corporation
Income Tax Act	Income tax	90.83	2003-04	Appeal Level before CIT (Appeals)
		Total	<u>332.96</u>	

10. The Company has not incurred cash loss in the current year and in the immediately preceding financial year and there are no accumulated losses in the Balance Sheet as on 31st March, 2010.
11. Based on the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to any financial institutions or banks.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or society the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations received, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
16. According to the information and explanations received, the term loans were applied for the purpose for which the loans were obtained.
17. Based on our examination of the records and according to the information and explanations received, the Company has not applied short term borrowings for long term use.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. As per the information and explanations given to us, no fraud on or by the Company has been noticed during the year.

For Jain & Co.
Chartered Accountants
Registration No. 302023E
CA P. K. JAIN
Partner
Membership No. 52018

P-21/22, Radhabazar Street
Kolkata - 700 001
Dated the 7th day of May, 2010

CHEVIOT COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	As at 31st March, 2010	Amount in Rs. Lakhs As at 31st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	451.48	451.48
Reserves & surplus	2	24,327.30	23,150.95
		<u>24,778.78</u>	<u>23,602.43</u>
Loan Funds			
Secured loans	3	1,556.22	515.92
Total		<u>26,335.00</u>	<u>24,118.35</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	23,626.53	23,518.57
Less : Depreciation		13,728.73	13,411.40
Net block		9,897.80	10,107.17
Capital work-in-progress		988.68	878.18
		<u>10,886.48</u>	<u>10,985.35</u>
Investments	5	10,237.36	7,529.20
Deferred Tax Assets (net) (Refer note 27 of Schedule 19)		96.23	57.72
Current Assets, Loans & Advances			
Inventories	6	4,565.52	2,884.26
Sundry debtors	7	893.98	1,262.02
Cash & bank balances	8	1,192.01	641.58
Other current assets	9	155.07	115.42
Loans & advances	10	138.60	2,310.28
		<u>6,945.18</u>	<u>7,213.56</u>
Less : Current Liabilities & Provisions			
Liabilities	11	1,109.63	1,128.54
Provisions	12	720.62	538.94
		<u>1,830.25</u>	<u>1,667.48</u>
Net Current Assets		5,114.93	5,546.08
Total		<u>26,335.00</u>	<u>24,118.35</u>
Notes on the Accounts	19		

Schedules 1 to 12 and Schedule 19 referred to above form an integral part of the Balance Sheet.

Per our report attached
For Jain & Co.
Chartered Accountants
CA P. K. JAIN
Partner - M. No. 52018
Kolkata the 7th day of May, 2010

D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

On behalf of the Board
H. V. KANORIA
Chairman & Managing Director,
Chief Executive Officer
N. K. KEJRIWAL
Wholetime Director
N. NAYAR
Director

CHEVIOT COMPANY LIMITED

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

	Schedule	Amount in Rs. Lakhs	
		<u>2009-10</u>	<u>2008-09</u>
INCOME			
Sales and related income	13	17,614.08	18,988.39
Other income	14	745.00	(374.19)
		<u>18,359.08</u>	<u>18,614.20</u>
EXPENDITURE			
Cost of materials		9,479.63	8,204.57
(Increase)/decrease in stock	15	(317.87)	117.43
Employees' cost	16	3,092.77	3,087.50
Manufacturing, selling & other expenses	17	3,572.61	4,792.33
Interest	18	46.42	84.37
Depreciation		473.07	486.03
Less : Transferred from revaluation reserve		<u>39.93</u>	<u>43.34</u>
		<u>16,306.70</u>	<u>16,728.89</u>
Profit before tax and exceptional item		2,052.38	1,885.31
Exceptional item (Refer Note 5 of Schedule 19)			
Depreciation for earlier years written back		59.02	—
Profit before taxation		2,111.40	1,885.31
Provision for taxation		(505.68)	(608.10)
Provision for deferred tax		38.51	13.30
Provision for fringe benefit tax		—	(8.50)
Taxation for earlier years (net)		(3.25)	(84.45)
Profit after taxation		1,640.98	1,197.56
Profit brought forward from last account		351.70	370.82
Surplus available for appropriation		<u>1,992.68</u>	<u>1,568.38</u>
APPROPRIATIONS			
Proposed dividend		360.90	270.68
Corporate dividend tax		59.94	46.00
Transferred to General Reserve		1,200.00	900.00
Surplus carried to Reserves & Surplus		371.84	351.70
		<u>1,992.68</u>	<u>1,568.38</u>
Earnings per share (Face value of Rs. 10 each)			
Basic and diluted (in Rupees) (Refer note 26 of Schedule 19)		36.38	26.55

Notes on the Accounts

19

Schedules 13 to 19 referred to above form an integral part of the Profit & Loss Account.

Per our report attached
For Jain & Co.
Chartered Accountants
CA P. K. JAIN
Partner - M. No. 52018
Kolkata the 7th day of May, 2010

D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

On behalf of the Board
H. V. KANORIA
Chairman & Managing Director,
Chief Executive Officer

N. K. KEJRIWAL
Wholetime Director

N. NAYAR
Director

CHEVIOT COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Amount in Rs. Lakhs	
	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional items	2,052.38	1,885.31
<u>Adjustments for</u>		
Depreciation	433.14	442.69
Unrealised foreign exchange differences loss/(gain)	12.55	(0.32)
Profit on sale of fixed/discarded assets (net)	(5.72)	(2.26)
Fixed assets written off	1.47	6.49
(Profit)/Loss on sale of investments (net)	(135.44)	451.89
Interest income	(541.89)	(33.50)
Dividend income	(57.45)	(38.89)
Interest charged	46.42	84.37
Miscellaneous receipts	(4.50)	(3.05)
Operating Profit before working capital changes	<u>1,800.96</u>	<u>2,792.73</u>
<u>Adjustments for</u>		
Trade and other receivables	404.32	(18.31)
Inventories	(1,681.26)	85.98
Trade payables & provisions	<u>112.55</u>	<u>(272.00)</u>
Cash generated from operations	636.57	2,588.40
Direct taxes paid (including tax on distributed profit & net of refund)	(563.61)	(634.15)
Net cash from operating activities	<u>72.96</u>	<u>1,954.25</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(366.46)	(813.35)
Capital subsidy received	31.82	42.92
Sale of fixed assets	8.05	10.47
(Purchase)/Sale of investments (net)	(2,572.72)	1,634.69
Refund/(Advance) against immovable property	2,161.04	(2,026.04)
Miscellaneous receipts	4.26	2.70
Interest received	428.96	23.03
Dividend received	57.45	38.92
Net cash used in investing activities	<u>(247.60)</u>	<u>(1,086.66)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	—	(25.00)
Proceeds from long term borrowings	75.00	—
Increase/(Decrease) in short term borrowings	965.30	(236.36)
Dividend paid	(270.02)	(444.13)
Interest paid	(44.69)	(37.40)
Interest subsidy received	—	32.04
Net cash from/used in financing activities	<u>725.59</u>	<u>(710.85)</u>
Net increase in cash & cash equivalents (A+B+C)	<u>550.95</u>	<u>156.74</u>
Cash and cash equivalents (Opening balance)	641.43	484.69
Cash and cash equivalents (Closing balance)	1,192.38	641.43

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)

Notes to the Cash Flow Statement	Amount in Rs. Lakhs	
	<u>2009-10</u>	<u>2008-09</u>
1. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :		
Cash in hand and balance with banks	948.10	397.29
Term Deposits (under lien)	205.36	205.36
Balances in Dividend and other similar accounts (not available for use)	38.55	38.93
Cash and cash equivalents	<u>1,192.01</u>	<u>641.58</u>
Effect of exchange rate changes	0.37	(0.15)
Cash and cash equivalents as restated	<u>1,192.38</u>	<u>641.43</u>

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

3. Figures in brackets represent outflows.

Per our report attached
For Jain & Co.
Chartered Accountants
CA P. K. JAIN
Partner - M. No. 52018
Kolkata the 7th day of May, 2010

D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

On behalf of the Board

H. V. KANORIA
Chairman & Managing Director,
Chief Executive Officer

N. K. KEJRIWAL
Wholetime Director

N. NAYAR
Director

CHEVIOT COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1

	Amount in Rs. Lakhs	
	As at 31st March, 2010	As at 31st March, 2009
SHARE CAPITAL		
Authorised		
70,00,000 (Previous year 70,00,000) Ordinary Shares of Rs. 10 each	<u>700.00</u>	<u>700.00</u>
Issued, Subscribed and Fully Paid-Up		
Ordinary Shares		
45,11,250 (Previous year 45,11,250) Ordinary Shares of Rs. 10 each	451.13	451.13
Of the above :		
42,000 shares were allotted as fully paid up by way of bonus shares on capitalisation of reserve created by writing up fixed assets of the Company's erstwhile 'Delta Unit' on 31st May,1948		
Shares worth Rs. 41.03 had been allotted pursuant to a contract without payment being received in cash		
15,03,750 shares were allotted as fully paid up bonus shares by capitalisation of general reserve		
25,74,081 shares are held by the Holding Company, Harsh Investments Private Limited.		
Add : Forfeited Shares (Amount originally paid up)	0.35	0.35
	<u>451.48</u>	<u>451.48</u>

SCHEDULE 2

RESERVES & SURPLUS	Opening Balance	Additions	Withdrawals	Closing Balance
Capital Reserve	0.24	—	—	0.24
Capital Redemption Reserve	9.92	—	—	9.92
Securities Premium Account	1,242.50	—	—	1,242.50
Revaluation Reserve	6,934.59	—	43.79	6,890.80
General Reserve	14,612.00	1,200.00	—	15,812.00
Surplus in Profit & Loss Account	351.70	20.14	—	371.84
	<u>23,150.95</u>	<u>1,220.14</u>	<u>43.79</u>	<u>24,327.30</u>

SCHEDULE 3

SECURED LOANS

A. From State Bank of India		
On cash credit account	1,181.22	159.07
On export packing credit account	300.00	356.85
B. From Export Import Bank of India	75.00	—
	<u>1,556.22</u>	<u>515.92</u>

Security in respect of each of the above is given in seriatim.

- A. Secured by hypothecation of stocks, book debts and certain other assets on first charge basis and by mortgage of immovable properties both present & future by deposit of title deeds (excluding specific land & dwelling units constructed thereon both present & future), subject to prior charge created in favour of Export Import Bank of India.
- B. Secured by hypothecation of all movable fixed assets on first charge basis and all current assets on second charge basis and subject to mortgage (formalities pending) of all immovable properties both present and future by deposit of title deeds (excluding specific land and dwelling units constructed thereon both present and future) on first charge basis.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 4

Amount in Rs. Lakhs

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Estimated Cost / Revaluation and / or Book Value as at 31 st March, 2009	Additions during the year	Deduction/ Adjustment during the year	Estimated Cost / Revaluation and/or Book Value as at 31 st March, 2010	Upto 31 st March, 2009	Adjust ment on Change in Deprecia- tion For the year	Upto 31st March, 2010	Upto 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009	
Freehold Land	6,257.10	—	—	6,257.10	—	—	—	—	6,257.10	6,257.10	
Leasehold Land	23.16	—	—	23.16	2.42	—	0.24	—	20.50	20.74	
Buildings	5,908.21	49.63	42.89	5,914.95	3,781.99	(49.83)	107.45	38.24	3,801.37	2,113.58	
Plant & Machinery	9,717.36	188.06	83.92	9,821.50	8,589.60	(4.70)	257.95	39.62	8,803.23	1,018.27	
Furniture & Fittings	357.51	0.65	1.17	356.99	140.94	—	37.16	0.79	177.31	179.68	
Motor Cars & Other Vehicles	80.64	12.10	9.69	83.05	34.15	—	13.48	7.77	39.86	43.19	
Accounting Machines	208.58	0.67	0.25	209.00	156.05	—	19.32	0.24	175.13	33.87	
Electrical Installations	795.69	4.21	10.08	789.82	576.87	(2.03)	30.17	10.06	594.95	194.87	
Specialised Software (Other than internally generated)	38.58	0.54	—	39.12	29.63	—	3.45	—	33.08	6.04	
Internal Telephone Exchange	17.11	0.10	—	17.21	9.05	—	1.20	—	10.25	6.96	
Tube Wells	5.76	—	—	5.76	2.50	—	0.13	—	2.63	3.13	
Sprinkler Installations	108.79	—	—	108.79	88.13	(2.46)	2.52	—	88.19	20.60	
Arms	0.08	—	—	0.08	0.07	—	—	—	0.07	0.01	
Total	23,518.57	255.96	148.00	23,626.53	13,411.40	(59.02)	473.07	96.72	13,728.73	9,897.80	10,107.17
Previous year	23,275.59	608.68	365.70	23,518.57	13,248.34	—	486.03	322.97	13,411.40	988.68	878.18
Capital work-in-progress at cost and advance payments against capital expenditure										988.68	878.18
										10,886.48	10,985.35

SCHEDULE 5

As at 31st March, 2010 As at 31st March, 2009

INVESTMENTS

A. Long Term Investments (At Cost)

1. Other Than Trade (Quoted)

a. Equity Shares

(Equity Shares of Face Value of Rs. 10 each, fully paid up unless otherwise stated)

Bharat Heavy Electricals Limited

NIL Equity Shares (Previous year 16,000 Equity Shares)

— 307.51

Cheviot International Limited

20 Equity Shares (Previous year 20 Equity Shares)

— —

DLF Limited

10,000 Equity Shares of Face Value of Rs.2 each (Previous year 10,000 Equity Shares)

86.81 86.81

Grasim Industries Limited

NIL Equity Shares (Previous year 10,000 Equity Shares)

— 147.39

ICICI Bank Limited

50,000 Equity Shares (Previous year 50,000 Equity Shares)

484.16 484.16

KPIT Cummins Infosystems Limited

NIL Equity Shares of Face Value of Rs. 2 each (Previous year 21,250 Equity Shares)

— 24.79

Larsen & Toubro Limited

20,000 Equity Shares of Face Value of Rs. 2 each (Previous year 20,000 Equity Shares)

346.90 346.90

National Thermal Power Corporation Limited

1,25,000 Equity Shares (Previous year 1,25,000 Equity Shares)

300.26 300.26

Carried over

1,218.13

1,697.82

CHEVIOT COMPANY LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 5 (Contd.)

		Amount in Rs. Lakhs	
		As at 31st March, 2010	As at 31st March, 2009
Brought Forward		1,218.13	1,697.82
NIIT Limited			
50,000	Equity Shares of Face Value of Rs. 2 each (Previous year 50,000 Equity Shares) (50,000 Equity Shares purchased and sold during the year)	30.82	72.21
Reliance Capital Limited			
30,000	Equity Shares (Previous year 30,000 Equity Shares)	353.21	353.21
Reliance Communication Limited			
1,00,000	Equity Shares of Face Value of Rs.5 each (Previous year 50,000 Equity Shares) (75,000 Equity Shares purchased and 25,000 Equity Shares sold during the year)	322.91	392.05
Reliance Infrastructure Limited			
24,000	Equity Shares (Previous year 24,000 Equity Shares)	372.38	372.38
Sesa Goa Limited			
NIL	Equity Shares of Face Value of Re.1 each (Previous year 2,40,000 Equity Shares)	—	364.87
State Bank of India			
26,000	Equity Shares (Previous year 26,000 Equity Shares)	471.70	471.70
Television Eighteen India Limited			
25,000	Equity Shares of Face Value of Rs.5 each (Previous year 25,000 Equity Shares) (25,000 Equity Shares purchased and sold during the year)	18.82	115.88
b. Mutual Funds			
(Units of the Face Value of Rs.10 each, unless otherwise stated)			
Birla Sun Life Mutual Fund			
1,000,000.000	Units (Previous year NIL Units) of Birla Sun Life Capital Protection Oriented Fund - Series 1 - Growth	100.00	—
Fortis Investments			
1,500,000.000	Units (Previous year NIL Units) of Fortis FTP Series 15 Plan A Regular Growth	150.00	—
HDFC Mutual Fund			
2,000,000.000	Units (Previous year NIL Units) of HDFC FMP 24M February 2010 - Growth - Series XII	200.00	—
Reliance Mutual Fund			
2,000,000.000	Units (Previous year NIL Units) of Reliance Fixed Horizon Fund - XIV - Series 1- Growth Plan	200.00	—
c. Debentures			
Citicorp Finance (India) Limited			
NIL	Debentures (Previous year 3 debentures) Series - 155 of Face Value of Rs.50,00,000 each, fully paid-up	—	154.50
Deutsche Investments India Private Limited			
NIL	Debentures (Previous year 10 debentures) Secured Redeemable Non-Convertible Debentures of Face Value of Rs.10,00,000 each, fully paid-up	—	101.97
DSP Merrill Lynch Capital Limited			
NIL	Debentures (Previous year 5 debentures) Redeemable Non-Convertible Debentures Series 2006/AP of Face Value of Rs.10,00,000 each, fully paid-up	—	51.50
200	Debentures (Previous year 200 debentures) Secured Non-Convertible Debentures Series 2008/DN of Face Value of Rs.1,00,000 each, fully paid-up	204.00	204.00
L&T Finance Limited			
4,899	Debentures (Previous year NIL debentures) 8.50% Secured Redeemable Non-Convertible Debentures (2010 A Series, Option II) of Face Value of Rs.1,000 each, fully paid-up	48.99	—
56,212	Debentures (Previous year NIL debentures) 9.95% Secured Redeemable Non-Convertible Debentures (Option III) of Face Value of Rs.1,000 each, fully paid-up	562.12	—
Shriram Transport Finance Company Limited			
20,000	Debentures (Previous year NIL debentures) 11.03% Secured Redeemable Non-Convertible Debentures (Option III) of Face Value of Rs.1,000 each, fully paid-up	215.63	—
Carried over		<u>4,468.71</u>	<u>4,352.09</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 5 (Contd.)

		Amount in Rs. Lakhs	
		As at 31st March, 2010	As at 31st March, 2009
	Brought Forward	4,468.71	4,352.09
d. Bonds			
	India Infrastructure Finance Company Limited		
	1,007 Bonds (Previous year NIL bonds) 6.85% Unsecured Redeemable Tax free Non-Convertible Bonds of Face Value of Rs.1,00,000 each, fully paid-up	1,029.16	—
	Indian Railway Finance Corporation Limited		
	100 Bonds (Previous year NIL bonds) 6.30% Secured Non-Convertible Tax free Bonds 68th 'A' Series of Face Value of Rs.1,00,000 each, fully paid-up	100.00	—
	100 Bonds (Previous year NIL bonds) 6.70% Secured Non-Convertible Tax free Bonds 68th 'B' Series of Face Value of Rs.1,00,000 each, fully paid-up	100.00	—
	National Bank for Agriculture and Rural Development		
	5,425 Bonds (Previous year NIL bonds) Zero Coupon Unsecured Non-Convertible Bonds Series BNB JAN 2019 of Face Value of Rs.20,000 each, fully paid-up	512.60	—
	3,250 Bonds (Previous year NIL bonds) Zero Coupon Unsecured Non-Convertible Bonds Series BNB FEB 2019 of Face Value of Rs.20,000 each, fully paid-up	297.86	—
2. Other Than Trade (Unquoted)			
a. Mutual Funds			
	(Units of the Face Value of Rs.10 each, unless otherwise stated)		
	Birla Sun Life Mutual Fund		
	1,366,347.576 Units (Previous year NIL Units) of Birla Sun Life Dynamic Bond Fund - Retail - Growth	201.35	—
	NIL Units (Previous year 875,303.229 Units) of Birla Sun Life Income Fund - Growth	—	301.79
	608,398.331 Units (Previous year 608,398.331 Units) of Birla Sun Life Savings Fund Instl. - Growth	100.00	100.00
	(1,149,379.048 Units Purchased and Sold during the year)		
	NIL Units (Previous year 630,409.703 Units) of Birla Sun Life Short Term Fund - Retail - Growth	—	100.00
	(Purchased 1,547,707.949 Units and Sold 2,178,117.652 Units during the year)		
	Fidelity International Mutual Fund		
	NIL Units (Previous year 1,149,774.184 Units) of Fidelity Ultra Short Term Debt Fund Institutional - Growth Option	—	125.00
	Fortis Investments		
	2,857,537.280 Units (Previous year NIL Units) of Fortis Short Term Income Fund - Institutional Growth	300.00	—
	Franklin Templeton Mutual Fund		
	5,698.654 Units (Previous year NIL Units) of Templeton India Short Term Income Retail Plan - Growth of Face Value of Rs.1000 each	100.00	—
	HDFC Mutual Fund		
	990,957.513 Units (Previous year 919,677.955 Units) of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	200.00	175.00
	(Purchased 1,986,130.922 Units and Sold 1,914,851.364 Units during the year)		
	2,000,000.000 Units (Previous year 2,000,000.000 Units) of HDFC Long Term Equity Fund - Dividend , Option : Payout	200.00	200.00
	1,750,000.000 Units (Previous year NIL Units) of HDFC Quarterly Interval Fund - Plan A Wholesale Growth	175.00	—
	ICICI Prudential Mutual Fund		
	866,551.127 Units (Previous year 866,551.127 Units) of EDWRD ICICI Prudential Equity & Derivatives Fund - Wealth Optimiser - Regular Dividend	100.00	100.00
	NIL Units (Previous year 828,117.942 Units) of ICICI Prudential Institutional Income Plan Growth	—	250.00
	NIL Units (Previous year NIL Units) of ICICI Prudential Institutional Short Term Plan - Cumulative Option (534,822.279 Units Purchased and Sold during the year)	—	—
	IDFC Mutual Fund		
	NIL Units (Previous year NIL Units) of IDFC - SSIF - ST - Plan B - Growth (1,459,513.106 Units Purchased and Sold during the year)	—	—
	1,000,000.000 Units (Previous year NIL Units) of IDFC- Fixed Maturity Plan Fourteen Months Series 1 Growth	100.00	—
	Carried over	<u>7,984.68</u>	<u>5,703.88</u>

CHEVIOT COMPANY LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 5 (Contd.)

		Amount in Rs. Lakhs	
		As at 31st March, 2010	As at 31st March, 2009
	Brought Forward	7,984.68	5,703.88
JM Financial Mutual Fund			
1,000,000.000	Units (Previous year 1,000,000.000 Units) of JM Core 11 Fund - Series 1- Dividend Plan (291)	100.00	100.00
Kotak Mutual Fund			
NIL	Units (Previous year 2,000,000.000 Units) of Kotak Dynamic Asset Allocation - Growth	—	200.00
1,784,092.043	Units (Previous year NIL Units) of Kotak Flexi Debt Scheme Institutional - Growth	200.00	—
NIL	Units (Previous year 2,000,000.000 Units) of Kotak Flexi Fund of Funds - Series II (Dividend)	—	200.00
1,382,173.499	Units (Previous year 1,083,306.251 Units) of Kotak Floater Long Term - Growth (Purchased 2,756,866.771 Units and Sold 2,457,999.523 Units during the year)	200.00	150.00
2,000,000.000	Units (Previous year NIL Units) of Kotak FMP 24M Series - 1 Growth	200.00	—
500,000.000	Units (Previous year 500,000.000 Units) of Kotak Indo World Infrastructure Fund - Dividend	50.00	50.00
1,824,834.168	Units (Previous year NIL Units) of Kotak Quarterly Interval Plan Series 7 - Growth	200.00	—
Reliance Mutual Fund			
NIL	Units (Previous year 1,025,574.896 Units) of Reliance Income Fund - Retail Plan - Growth Plan - Growth Option	—	300.00
292,407.993	Units (Previous year 837,693.996 Units) of Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option (Purchased 756,066.080 Units and Sold 1,301,352.083 Units during the year)	52.36	150.00
24,050.388	Units (Previous year NIL Units) of Reliance Money Manager Fund- Institutional option - Growth Plan of Face Value of Rs.1,000 each	300.00	—
1,628,784.906	Units (Previous year NIL Units) of Reliance Regular Savings Fund - Debt Plan- Institutional Growth Plan	200.00	—
1,504,712.358	Units (Previous year NIL Units) of Reliance Short Term Fund - Retail Plan - Growth Plan	250.00	—
Sundaram BNP Paribas Mutual Fund			
500,000.000	Units (Previous year 500,000.000 Units) of SBNPP Energy Opportunities Fund - Dividend	50.00	50.00
Tata Mutual Fund			
NIL	Units (Previous year 1,147,719.100 Units) of TATA Floater Fund - Growth	—	150.00
NIL	Units (Previous year 1,832,203.524 Units) of TATA Short Term Bond Fund - Growth	—	300.00
UTI Mutual Fund			
190,359.074	Units (Previous year NIL Units) of UTI - Master Index Fund - Growth Plan	100.00	—
2,128,795.984	Units (Previous year NIL Units) of UTI - NIFTY Index Fund - Dividend Plan - Payout	350.00	—
NIL	Units (Previous year 7,817.913 Units) of UTI Treasury Advantage Fund - Growth Plan of Face Value of Rs.1000 each	—	175.00
b. Debentures			
Woodlands Medical Centre Limited			
319	Debentures (Previous year 319 Debentures) 5% Non-Redeemable Registered Debenture Stock, of Rs. 100 each, fully paid up	0.32	0.32
Total Long Term Investments		<u>10,237.36</u>	<u>7,529.20</u>
B. Current Investments (At lower of cost or fair value)		—	—
Total Current Investments		—	—
Total Investments (A + B)		<u>10,237.36</u>	<u>7,529.20</u>
Aggregate Book value of Unquoted Investments		<u>3,729.03</u>	<u>3,177.11</u>
Aggregate Book value of Quoted Investments		6,508.33	4,352.09
Aggregate Market value of Quoted Investments		6,149.33	2,291.73

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 6

	Amount in Rs. Lakhs	
	As at 31st March, 2010	As at 31st March, 2009
INVENTORIES		
Stores & spare parts	184.28	239.74
Loose tools	0.65	0.62
Finished goods	1,046.43	753.49
Raw materials	2,996.75	1,577.93
Work-in-progress	337.41	312.48
	<u>4,565.52</u>	<u>2,884.26</u>

SCHEDULE 7

SUNDRY DEBTORS

(Unsecured, considered good)

Debts over six months	0.10	16.98
Other debts	893.88	1,245.04
	<u>893.98</u>	<u>1,262.02</u>

SCHEDULE 8

CASH & BANK BALANCES

Cash in hand	8.21	7.85
Balances with scheduled banks –		
In current accounts	139.89	289.44
In dividend accounts	38.11	37.45
Redemption of preference shares account	—	1.01
Fractional share proceeds accounts	0.44	0.47
Term deposits	1,005.36	305.36
{under lien Rs. 205.36 (Previous year Rs. 205.36)}		
	<u>1,192.01</u>	<u>641.58</u>

SCHEDULE 9

OTHER CURRENT ASSETS

(Unsecured, considered good)

Security deposits	33.25	9.98
{Include Rs. 0.02 (Previous year Rs. 0.02) in National Savings Certificate and Rs. 0.02 (Previous year Rs. 0.02) in Post Office Savings Bank Accounts}		
Accrued related income	28.97	89.64
Subsidy receivable	27.19	15.39
Accrued interest on term deposits, debentures, bonds etc.	65.66	0.41
	<u>155.07</u>	<u>115.42</u>

CHEVIOT COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 10

	Amount in Rs. Lakhs	
	As at 31st March, 2010	As at 31st March, 2009
LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	137.20	2,309.38
Balances with customs, excise, port trusts etc.	1.40	0.90
	<u>138.60</u>	<u>2,310.28</u>

SCHEDULE 11

LIABILITIES

Sundry creditors		
Due to Micro & Small Enterprises	—	—
Due to others	1,070.34	1,089.61
Unpaid dividends*	38.11	37.45
Preference shares redemption proceeds unclaimed	—	1.01
Fractional share proceeds unclaimed	0.44	0.47
Interest accrued but not due on loan	0.74	—
	<u>1,109.63</u>	<u>1,128.54</u>

* No amounts are due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE 12

PROVISIONS

Gratuity	131.32	—
Unencashed leave	147.73	143.05
Taxation (net of advance tax)	20.73	79.21
Dividend	360.90	270.68
Tax on proposed dividend	59.94	46.00
	<u>720.62</u>	<u>538.94</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 13

	Amount in Rs. Lakhs	
	<u>2009-10</u>	<u>2008-09</u>
SALES AND RELATED INCOME		
Sales	17,189.02	18,669.18
Related income (Refer Note 3 of Schedule 19)	425.06	319.21
	<u>17,614.08</u>	<u>18,988.39</u>
Sales in Quantity - Jute goods (M. Tonnes)	34,859	44,140

SCHEDULE 14

OTHER INCOME

Interest received (gross)		
On term deposits	48.21	28.22
On debentures/bonds	69.68	—
Others	424.00	5.28
{Tax deducted Rs. 47.68 (Previous year Rs. 6.06)}		
	541.89	33.50
Dividend income		
- On long term investments	57.45	38.89
- On current investments	—	—
Profit on sale of fixed/discarded assets (net)	5.72	2.26
Profit/(Loss) on sale of investments (net)		
- On long term investments	135.44	(451.89)
- On current investments	—	—
Miscellaneous receipts	4.50	3.05
{Tax deducted Rs. 0.24 (Previous year Rs. 0.35)}		
	<u>745.00</u>	<u>(374.19)</u>

SCHEDULE 15

(INCREASE) / DECREASE IN STOCK

Closing stock		
Work-in-progress	337.41	312.48
Finished goods	1,046.43	753.49
	<u>1,383.84</u>	<u>1,065.97</u>
Opening stock		
Work-in-progress	312.48	187.22
Finished goods	753.49	996.18
	<u>1,065.97</u>	<u>1,183.40</u>
(Increase)/decrease in stock	<u>(317.87)</u>	<u>117.43</u>

CHEVIOT COMPANY LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (Contd.)

SCHEDULE 16

	Amount in Rs. Lakhs	
	<u>2009-10</u>	<u>2008-09</u>
EMPLOYEES' COST		
Salary, wages, bonus & commission	2,474.77	2,693.83
Contribution to provident & other funds	194.74	219.32
Medical and welfare expenses	53.89	66.67
Contribution to employees' state insurance scheme	91.60	98.28
Gratuity	277.77	9.40
	<u>3,092.77</u>	<u>3,087.50</u>

SCHEDULE 17

MANUFACTURING, SELLING & OTHER EXPENSES

Stores and spare parts consumed		1,149.89	1,388.10
Repairs and maintenance			
Buildings	85.68		90.86
Plant & machinery	107.17		64.90
Others	<u>39.13</u>	231.98	<u>59.33</u> 215.09
Power & fuel		922.77	1,047.25
Rent		33.53	28.86
Rates & taxes		17.17	135.92
Insurance		32.02	28.35
Delivery charges		485.89	1,028.51
Brokerage & commission		12.89	11.46
Claims & damages		4.31	9.74
Consignment sales expenses (Refer Note 9 of Schedule 19)		26.51	138.58
Miscellaneous expenses		473.95	449.25
Donation		175.02	300.10
Auditors' remuneration			
Audit fees	2.76		2.21
In any other manner	2.26		2.14
Out of pocket expenses	<u>0.19</u>	5.21	<u>0.28</u> 4.63
Fixed assets written off		1.47	6.49
		<u>3,572.61</u>	<u>4,792.33</u>

SCHEDULE 18

INTEREST

Term loan		0.12	1.17
Others		46.30	83.20
		<u>46.42</u>	<u>84.37</u>

SCHEDULE TO ACCOUNTS**SCHEDULE 19****Amount in Rs. Lakhs****NOTES ON THE ACCOUNTS**

1. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention, except for certain fixed assets which have been revalued, on an accrual basis, in accordance with the applicable mandatory Accounting Standards and as per the applicable provisions of the Companies Act, 1956. The accounting policies, unless specifically stated to be otherwise, have been consistently applied by the Company.

b. FIXED ASSETS

- i. Fixed Assets, other than those revalued, are stated at cost/book value less depreciation and capital subsidy.
- ii. Cost includes incidental expenses of acquisition/installation and financial cost relating to borrowed funds attributable to construction/acquisition of fixed assets for the period up to commencement of commercial production/assets put into use.
- iii. In respect of revalued assets, the difference between written down values of the assets as on the date of revaluation and the then replacement value is transferred to revaluation reserve.
- iv. Intangible assets comprising of specialised software is stated at cost less accumulated amortisation.

c. DEPRECIATION

Depreciation on the company's fixed assets has been charged on the following basis :

- i. On assets added up to 30th November, 1975, on assets pertaining to Falta, Special Economic Zone (SEZ) Unit and on assets added on and after 1st April, 1999 except Land & Building - written down value method at the applicable rates specified in Schedule XIV of the Companies Act, 1956.
- ii. On assets added from 1st December, 1975 to 31st March, 1999 and on Land & Building excluding Leasehold Land & assets pertaining to Falta, SEZ Unit - Straight Line Method under Section 205 (2) (b) of the Companies Act, 1956 at the applicable rates specified in Schedule XIV of the Companies Act, 1956.
- iii. Cost of Leasehold Land is being amortised over the period of lease.
- iv. In respect of revalued assets, the difference of depreciation on revalued amount and on written down value, is withdrawn from revaluation reserve.
- v. Specialised software is being amortised over a period of ten years under Straight Line Method.
- vi. Depreciation on amounts capitalised on account of foreign exchange fluctuation is provided prospectively over the residual life of the assets.
- vii. On assets individually costing less than Rs. 0.05, depreciation at the rate of 100% is being provided, subject to aggregate actual cost of individual item of plant and machinery costing Rs. 0.05 or less being less than 10% of total cost of plant and machinery.

d. INVESTMENTS

Long term investments are valued at cost less permanent diminution in value, if any. Current investments are valued at lower of cost and fair value.

e. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency, other than those relating to fixed assets, are recorded in equivalent rupee value at rates existing at the time at which transactions take place. Year end balances in current assets and liabilities are restated at the year end exchange rate and the resultant translation gains/losses, if any, arising thereon are credited/charged to the profit and loss account. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the rate on the date of the transaction is recognised as income or expense in the profit and loss account over the life of the contract.

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

f. INVENTORIES

- i. Raw materials, stores and spare parts and loose tools are valued at lower of cost and net realisable value. However, items held for use in the production of inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is computed on a weighted average basis.
- ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Finished goods and work-in-progress include cost of conversion, cess and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on weighted average basis.

Adequate provision is made for obsolete and slow-moving stocks, wherever necessary.

g. RETIREMENT BENEFITS

i. Defined Contribution Plans

Contributions to Provident Fund, Pension Scheme and Employees' State Insurance Scheme are defined contribution schemes and are charged to the Profit & Loss account of the year. The Company makes specified monthly contributions towards employees provident fund to a Trust administered by the Company as well as to provident fund plan operated by the Regional Provident Fund Commissioner. The interest which is payable every year by the Trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

ii. Defined Benefit Plans

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of each financial year using projected unit credit method.

Short term compensated absences are recognised on an undiscounted, accrual basis during the period when the employee renders service. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains / losses are recognised immediately in the statement of profit and loss account.

h. SALES AND RELATED INCOME

- i. Sales include exchange gain or loss arising thereon, and are net of cess, sales tax and vat invoiced to customers. Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.
- ii. Income generated out of and related to Company's normal operations is considered as related income.

i. GOVERNMENT GRANTS

Grants from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Capital subsidies are shown as deduction from the gross value of the specific fixed assets. Revenue grants related to export incentives are shown under the head of related income and other grants are deducted from the related expense.

j. PROVISIONS FOR CURRENT TAX & DEFERRED TAX

Provision for current tax is computed after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between book profits and taxable profits is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred tax asset is recognised and carried forward to the extent that there is a reasonable certainty that the asset will be realised in future.

k. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is to be charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss, if recognised in any accounting period, is reversible if there is any change in the estimate of recoverable amount.

l. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

2. CONTINGENT LIABILITIES NOT PROVIDED FOR
 - i. Sales tax in dispute - Rs. 6.58 (Previous year Rs. 14.90) under appeal and not acknowledged as debt.
 - ii. Excise duty including penalty in dispute – Rs. Nil (Previous year Rs. 1,078.35) and interest thereon Rs. Nil (Previous year amount not quantified) under appeal before CESTAT, of which Rs. Nil (Previous year Rs. 847.12) being barred by limitation as per legal opinion was not acknowledged as debt. (Refer note no.3 of this Schedule).
 - iii. Income tax in dispute - Rs. 90.83 (Previous year Rs. Nil) under appeal and not acknowledged as debt.
 - iv. Employees' state insurance in dispute Rs. 49.37 (Previous year Rs. Nil) and interest thereon (amount not yet quantified) being contested in view of liability foreseen of Rs. 2.66 only with interest thereon of Rs. 0.16. Provision has thus been made of Rs. 2.82, against which a sum of Rs. 1.50 has been deposited.
 - v. Counter guarantees for bonds executed by State Bank of India - Rs. 216.86 (Previous year Rs. 226.39).
3. Provision in respect of excise duty including penalty in dispute of Rs. 231.23 along with interest thereon of Rs. 50.04 was made in the year ended 31.03.2008 against which an appeal was preferred before CESTAT. Such appeal has since been disposed off vide Hon'ble CESTAT order dated 16.03.2010 and as per terms of the Order, provision of penalty on excise duty amounting to Rs. 115.61 and interest thereon of Rs. 25.02, being no longer payable has been written back in the accounts and included under the head related income for the current year and demand of Rs. 847.12, considered as contingent liability, being barred by limitation has been set aside. As a result, balance provision of Rs. 110.73 [net of cenvat credit allowed as per CESTAT order amounting to Rs. 4.88] and interest thereon of Rs. 52.75 [including Rs. 27.73 provided in the current year] upto 31.03.2010, remains fully provided in these accounts, representing the amount payable in terms of said CESTAT Order, against which an appeal is being filed before the Hon'ble Supreme Court.
4. Based on the valuation report by a Chartered Engineer, an external valuer, the Company's Freehold land had been revalued on appraisal method at Rs. 6,257.10 on 31st March, 2008 resulting in increase in the net book value of the assets of Rs. 3,075.24 by a corresponding credit to revaluation reserve account.
5.
 - i. Consequent to debonding of Export Oriented Unit (EOU), Budge Budge, all its assets have been transferred to Domestic Tariff Area (DTA) unit effective 1st April, 2009. Depreciation on fixed assets of such EOU was being provided on written down value method at applicable rates specified in Schedule XIV to the Companies Act, 1956. In view of depreciation on fixed assets of corresponding period at DTA unit being provided on straight line method, the basis of charging depreciation on the assets of EOU has been changed in the current year, with retrospective effect, from written down value method to straight line method in respect of assets added upto 31st March, 1999, at applicable rates, to be in conformity with the policy followed in DTA unit;
 - ii. In view of the change mentioned in (i) above, the quantum of depreciation provided in the books in respect of such assets pertaining to EOU upto 31st March, 2009 is found to be provided in excess by Rs. 59.02 which has been written back in these accounts;
 - iii. Had the previous practice been followed, the depreciation charge in respect of such assets would have amounted to Rs. 6.50 as against actual charge of Rs. 6.97 in these accounts, and consequently the profits for the year would have been higher by Rs. 0.47.
6. Certain assets transferred from DTA unit to Falta SEZ unit, during the year, of gross block of Rs. 187.07 and accumulated depreciation of Rs. 168.99 have been shown as capital work in progress at Falta SEZ unit, as yet to be installed there.
7. Capital commitments not provided for at the date of this Balance Sheet are estimated at Rs. 3.45 (Previous year Rs. 1,873.85) after netting of advances paid.
8. Based on the information available with the company, the principal amount due to Micro and Small Enterprises, as defined under the Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) is Rs. Nil (Previous year Rs. Nil).
Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.
9. Consignment sales expenses, disclosed in Schedule-17, comprise of cess, rent, rates and taxes, insurance, delivery charges, brokerage & commission and miscellaneous expenses, the amount of brokerage and commission being Rs. 3.91 (Previous year Rs. 15.43).

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

10. Total stores and spare parts consumed during the year are Rs. 1,317.37 (Previous year Rs. 1,596.61) and include Rs. 167.48 (Previous year Rs. 208.51) debited to relevant expense heads.
11. Government grants received by the company comprise of capital subsidy of Rs. 43.62 (Previous year Rs. 19.50) and export incentives of Rs. 188.27 (Previous year Rs. 218.14).
12. Fixed Assets amounting to Rs. 1.47 (Previous year Rs. 6.49) has been written off during the year as no longer usable.
13. Remaining amortisation period of specialised software comprising of Oracle ERP software, considered material, is Nil (Previous year one year) of which the carrying amount is Rs. Nil (Previous year Rs. 2.38) as on 31.03.2010.
14. Exchange difference (net) amounting to Rs. 11.86 (Previous year Rs. 168.96) have been credited to respective revenue heads in the profit and loss account.
15. Disclosure pursuant to Accounting Standard (AS) – 15 (Revised 2005) "Employee Benefits"

i. Effective 1st April, 2007, the company has adopted Accounting Standard 15 (revised 2005) on "Employee Benefits" issued by Institute of Chartered Accountants of India (ICAI).

ii. Defined Contribution Plans

The Company has during the year recognised an expense of Rs. 286.34 (Previous year Rs. 317.60) towards defined contribution plans.

Out of the total contribution, made for employees' provident fund, a sum of Rs. 47.15 (Previous year Rs. 59.73) has been made to Cheviot Company Limited Employees' Provident Fund while the remaining contribution has been made to the provident fund plan operated by the Regional Provident Fund Commissioner. Further, considering the past track and fair value of the plan assets of the Trust, the Company does not envisage any shortfall in liability towards the interest payable by the Trust at the notified interest rate.

iii. Defined Benefit Plans

The defined benefit plan in respect of gratuity, being funded by the company, is as follows :

	31.03.2010	31.03.2009
a. Change in defined benefit obligation :		
Present value of obligation, at the beginning of the year	1,285.29	1,287.92
Current service cost	101.19	81.27
Interest cost	116.43	102.93
Benefits paid	(33.59)	(89.85)
Actuarial (gain)/loss	156.12	(96.98)
Present value of obligation, at the end of the year	<u>1,625.44</u>	<u>1,285.29</u>
b. Change in fair value of plan assets :		
Plan assets at the beginning of the year	1,331.74	1,318.77
Expected return on plan assets	113.03	106.02
Contributions by the employer	100.00	25.00
Actuarial gain/(loss)	(17.06)	(28.20)
Benefits paid	(33.59)	(89.85)
Plan assets at the end of the year	<u>1,494.12</u>	<u>1,331.74</u>
c. Amount recognised in Balance Sheet :		
Present value of defined benefit obligation	1,625.44	1,285.29
Fair value of plan assets	1,494.12	1,331.74
Net assets/(liability) recognised in Balance Sheet	<u>(131.32)</u>	<u>46.45</u>

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

	31.03.2010	Amount in Rs. Lakhs 31.03.2009
d. Expenses recognised in the Profit & Loss Account :		
Current service cost	101.19	81.27
Interest cost	116.43	102.93
Expected return on plan assets	(113.03)	(106.02)
Net actuarial (gain) / loss	173.18	(68.78)
Total expenses	<u>277.77</u>	<u>9.40</u>
e. Constitution of plan assets as a percentage of total plan assets :		
Government of India / Government of India guaranteed Securities	29.80%	35.88%
State Government / State Government guaranteed Securities	26.28%	20.81%
Bonds / Units of money market mutual fund	40.47%	40.11%
Cash at bank and receivables (net)	3.45%	3.20%
Total	<u>100.00%</u>	<u>100.00%</u>
There are no amounts included in the fair value of plan assets for		
i. Company's own financial instruments;		
ii. Any property occupied by, or other assets used by, the Company.		
f. Principal actuarial assumptions at the Balance Sheet date :		
Discount rate	8.00%	8.00%
Estimated Rate of Return on Plan Assets	8.00%	8.00%
Salary escalation	5.00%	5.00%
Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the funds during the estimated term of the obligations.		
The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.		
g. General description of the defined plans :		
a. Gratuity plan		
This is a funded defined benefit plan for qualifying employees. The Company makes contributions to the Cheviot Company Limited Employees' Gratuity Trust Fund. Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and on resignation / termination of employment in terms of the Provisions of the Payment of Gratuity Act or as per the Company's rule, whichever is more beneficial to the employee.		
b. Leave plan		
Eligible employees can carry forward and encash leave on superannuation, death, permanent disablement and on resignation/termination of employment in accordance with the Company's scheme subject to a maximum of 45 days depending on the grade/category of employee.		

16. Directors' Remuneration

	<u>2009-10</u>		<u>2008-09</u>	
Executive Directors				
Salary	30.00		30.00	
Commission	89.50		109.50	
Contribution to provident fund	3.00		3.00	
Estimated value of other perquisites	16.01	138.51	15.05	157.55
Non Executive Directors				
Fees	0.30		0.34	
Commission	4.00	4.30	4.00	4.34
		<u>142.81</u>		<u>161.89</u>

Computation of Net Profit under Section 198 read with Section 309 (5) of the Companies Act, 1956 for the purpose of calculating Directors' Remuneration.

Profit as per Profit & Loss Account	2,111.40
Add : Directors' Remuneration	<u>142.81</u>
	2,254.21
Less : Profit on sale of Investments (net)	135.44
Profit on sale of Fixed Assets under Section 349	<u>2.80</u>
Profit for the purpose of Directors' Remuneration	<u>2,115.97</u>
Directors' Commission within overall Remuneration	
Executive Directors	89.50
Non-Executive Directors	<u>4.00</u>
	<u>93.50</u>

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

		Amount in Rs. Lakhs	
17. Particulars in respect of Goods Manufactured		2009-10	2008-09
i.	Class of goods manufactured	a) Jute Goods	Jute Goods
		b) Power	Power
ii. *	<u>Licensed capacity</u>		
	EOU, Falta SEZ (in Meters-per annum) - Jute Fabric	1,40,90,000	1,40,90,000
	(in M. Tonnes-per annum) - Jute Yarn	4,400	4,400
iii. **	<u>Installed capacity (As certified by the management)</u>		
	Jute goods (in M. Tonnes)	59,337	59,885
	Power (in MW)	3.14	3.14
iv.	<u>Production</u>		
	Jute goods (in M. Tonnes)	35,397	42,874
	*** Power (in Units)	412,834	2,63,704
Note : Production is net of captive consumption			
	Jute goods (in M. Tonnes)	192	219
	Power (in Units)	16,068	9,892
*	The licensed capacity has been given only for EOU at Falta, SEZ in accordance with letter of permission issued. Such particulars are not applicable in respect of other units.		
**	Includes figures pertaining to EOU at Falta, SEZ.		
***	Used in Inter-unit captive consumption.		

18. Particulars in respect of Finished Stocks

Particulars	2009-10		2008-09	
	Quantity M.Tonnes	Amount	Quantity M.Tonnes	Amount
Closing stock	2,345	1,046.43	1,807	753.49
Opening stock	1,807	753.49	3,073	996.18

19. a. Consumption of Raw Materials

<u>Class of Materials</u>		2009-10		2008-09	
		Quantity	Amount	Quantity	Amount
Raw Jute		33,904	8,177.29	44,149	7,494.60
Jute Yarn		2,710	1,302.34	1,610	709.97
		<u>36,614</u>	<u>9,479.63</u>	<u>45,759</u>	<u>8,204.57</u>

b. Value of Raw Materials and Stores (including spare parts and components) consumed

Raw Materials	2009-10		2008-09	
	Value	Percentage	Value	Percentage
Imported	1,780.16	18.78	1,438.67	17.54
Indigenous	7,699.47	81.22	6,765.90	82.46
	<u>9,479.63</u>	<u>100.00</u>	<u>8,204.57</u>	<u>100.00</u>
<u>Stores & Spare Parts</u>				
Imported	89.91	6.82	98.59	6.18
Indigenous	1,227.46	93.18	1,498.02	93.82
	<u>1,317.37</u>	<u>100.00</u>	<u>1,596.61</u>	<u>100.00</u>

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

20. C.I.F. Value of Imports during the year		
	2009-10	2008-09
Raw materials	1,703.03	1,277.63
General stores	36.28	153.41
Capital goods	8.67	271.03
	<u>1,747.98</u>	<u>1,702.07</u>
21. Expenditures in Foreign Currency		
Travelling	8.10	11.88
Delivery charges	118.37	197.27
Others	8.30	14.08
	<u>134.77</u>	<u>223.23</u>
22. Earnings in Foreign Currency		
F.O.B. Value of Exports	7,877.88	10,387.88
23. Particulars relating to Dividend paid to Non-Resident Shareholders		
Number of non-resident Shareholders	98	103
Number of shares held by them	75,865	77,929
Dividend relating to the year	2008-09	2007-08
Amount of dividend (Rs.)	4.55	7.79
Amount remitted in foreign currency (Rs.)	—	—

24. Segment reporting as per Accounting Standard (AS) - 17 issued by the ICAI for the year ended 31st March, 2010

The Company operates through two business segments namely Jute Goods and Captive Power Generation. However, Captive Power Generation is not a reportable segment in terms of the criteria laid down in paragraph 27 of the aforesaid AS-17, as the revenue / results / assets of this segment are not more than the threshold limit of 10% of the total segment revenue / results / assets and as such the disclosure requirements as required by AS-17 are not applicable in respect of business segment. However, the geographical segments considered for disclosure are as under :

	2009-10		2008-09	
	Within India	Outside India	Within India	Outside India
a. Sales	8,900.46	8,288.56	7,362.58	11,306.60
b. Carrying amount of segment assets	28,165.25	—	25,785.83	—
c. Capital expenditure	366.46	—	813.35	—

25. Related Party Disclosures

Related party disclosures, as required by AS -18 as issued by the ICAI for the year ended 31st March, 2010 are as follows:

A. Relationships

1. Controlling Group

i. Holding Company

Harsh Investments Private Limited

ii. Others

- a. Abhyadoot Finance & Investments Private Limited
- b. Cheviot Agro Industries Limited
- c. Cheviot International Limited
- d. Powertone Trading Co. Private Limited
- e. Mr. H. V. Kanoria
- f. Mrs. Malati Kanoria (Wife of Mr. H. V. Kanoria)
- g. Master Utkarsh Kanoria (Son of Mr. H. V. Kanoria)

2. Associates

- a. Jan Priya Trust
- b. Shashvat Fondation

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

3. Key Management Personnel
- | | |
|-------------------------|-----------------------|
| a. Mr. H. V. Kanoria | b. Mr. N. K. Kejriwal |
| c. Mr. D. Majumdar | d. Mr. D. K. Mohta |
| e. Mr. P. K. Chatterjee | f. Mr. P. C. Kothari |
| g. Mr. M. K. Patni | h. Mr. S. Datta |
| i. Mr. A. K. Das | j. Mr. D. K. Bera |

4. Relative of Key Management Personnel
Mrs. Bimla Kejriwal (Wife of Mr. N. K. Kejriwal)

- B. The following transactions were carried out with the related parties in the ordinary course of business :

	Controlling Group	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
Rendering of services	2.76 (2.76)	—	—	—	2.76 (2.76)
Receiving of services	—	—	226.42 *	2.40	228.82
Finance including loans	—	—	(246.99)	(2.40)	(249.39)
Advance received	—	—	0.04	—	0.04
	—	—	(8.80)	—	(8.80)
Dividend paid	197.95 (329.93)	—	0.05 (0.08)	0.02 (0.03)	198.02 (330.04)
Donation paid	—	175.00 (300.00)	—	—	175.00 (300.00)
Sale of fixed assets	—	—	—	—	—
	—	—	(0.02)	—	(0.02)
Outstanding finance including loans	—	—	1.60	—	1.60
	—	—	(3.46)	—	(3.46)
Advance outstanding	—	—	1.13	—	1.13
	—	—	—	—	—

* Includes remuneration paid to Mr. H. V. Kanoria.

Figures in brackets reflects previous year amount.

In view of no doubtful debts, no provision has been made and that no amount has been written off or written back during the year in respect of related party transactions.

26. Statement showing calculation of earnings per share as per Accounting Standard 20 issued by ICAI

	2009-10	2008-09
a. Net Profit after taxation as per Profit & Loss Account	1,640.98	1,197.56
b. Weighted average number of Ordinary Shares	45,11,250	45,11,250
c. Earnings per share (Face value of Rs. 10 each) (Basic & diluted)	Rs. 36.38	Rs. 26.55

27. The break up of major components of Deferred Tax Assets & Liabilities calculated in accordance with Accounting Standard 22 issued by the ICAI is as under :

Deferred tax assets being the tax components		
Expenses allowable against taxable income in future years	157.63	107.14
Deferred tax liabilities being the tax components		
Timing difference in depreciable assets	61.40	49.42
Net difference of deferred tax assets and liabilities	<u>96.23</u>	<u>57.72</u>

28. The Company is maintaining separate books of account for its different undertakings viz., DTA, Captive Power Plant at Budge Budge and EOU at Falta SEZ.

29. Previous year's figures have been re-grouped/re-arranged wherever necessary to make them comparable.

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Thousands

30. Additional Information Under Part IV of Schedule VI of the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile

I. Registration details

Registration No.	1409	State Code	21
Balance Sheet date	31.03.2010		

II. Capital raised during the year

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	28,165,25	Total Assets	28,165,25
Sources of Funds		Application of Funds	
Paid up Capital	451,48	Net Fixed Assets	10,886,48
Reserves & Surplus	24,327,30	Investments	10,237,36
Secured Loans	1,556,22	Net Current Assets	5,114,93
Unsecured Loans	Nil	Misc. Expenditure	Nil
Deferred Tax Liability	Nil	Deferred Tax Asset	96,23

IV. Performance of Company

Turnover *	18,418,10	Profit before Tax	2,111,40
Total Expenditure	16,306,70	Profit after Tax	1,640,98
Earnings per Share (Rs.)	36.38	Dividend Rate (%)	80

* Including other income and exceptional item

V. Generic Names of three Principal Products / Services of Company (As per Monetary Terms)

Item Code No. (ITC Code)	6 3 0 5 1 0 . 4 0
Product Description	S A C K I N G B A G
Item Code No. (ITC Code)	5 3 1 0 1 0 . 1 3
Product Description	H E S S I A N C L O T H
Item Code No. (ITC Code)	5 3 0 7 2 0 . 0 0
Product Description	J U T E Y A R N

Signatures to Schedules 1 to 19

Per our report attached
For Jain & Co.
Chartered Accountants
CA P. K. JAIN
Partner - M. No. 52018
Kolkata the 7th day of May, 2010

D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

On behalf of the Board
H. V. KANORIA
Chairman & Managing Director,
Chief Executive Officer
N. K. KEJRIWAL
Wholtime Director
N. NAYAR
Director

CHEVIOT COMPANY LIMITED

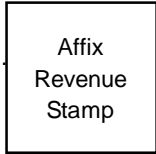
Registered Office :
24, Park Street, Magma House, (9th Floor)
Kolkata - 700 016

FORM OF PROXY

I/We
of
..... being a Member(s) of the above named Company,
hereby appoint
of
or failing him
of as my/our proxy to vote for me/us on
my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the 22nd July, 2010, at 11 a.m. and at any
adjournment thereof.

Signed this day of 2010

Signature.....



Folio No.

DP ID No.....

Client ID No.....

Note : This Form of Proxy must be deposited at the Registered Office of the Company, 24 Park Street, Magma House, (9th Floor), Kolkata - 700 016, not later than 48 hours before the time for holding the meeting.

CHEVIOT COMPANY LIMITED

KOLKATA

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the Annual General Meeting of the above named Company held at The Sitaram Seksaria Auditorium of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017 on Thursday, the 22nd July, 2010 at 11 a.m.

Full Name of Member/Proxy
attending the meeting

Full Name of First Holder
(if Joint Holder/Proxy attending)

FOLIO No.

DP ID No.

Client ID No.

Signature of the Member/Proxy
(To be signed at the time of handing over this slip)

Members, who come to attend the meeting are requested to bring their copies of the Annual Report with them.

Maheshwari Datamatics Pvt. Ltd.
Unit : **Cheviot Company Limited**
6, Mangoe Lane, (2nd Floor)
Kolkata - 700 001

Re : Payment of Dividend Through NECS

I wish to participate in the National Electronic Clearing Service (NECS) introduced by the Reserve Bank of India.

I do not wish to participate in the NECS. However, kindly print the bank particulars given below on the Dividend Warrant being issued to me.

1. Name of the Shareholder(s) : _____

2. Reg. Folio No. : _____

3. Particulars of Bank Account

a. Name of the Bank : _____

b. Name of the branch : _____

Address : _____

Telephone No. : _____

*c. 9 digit Code Number of the Bank
and Branch as appearing on the
MICR Cheque issued by the bank :

--	--	--	--	--	--	--	--	--

d. Type of the account : Savings Current Cash Credit
(Please tick)

e. Ledger and Ledger folio number : _____
(if any) of your bank account

f. Account number : _____
(as appearing on the cheque book)

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank passbook issued by your bank for verification of the above particulars)

I hereby declare that the particulars given above are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

Date : _____

Signature of the first holder

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

Date :

Signature of the authorised
official of the Bank

Delete whichever is not applicable.

* The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.

ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2010



**Group
Cheviot**

CHEVIOT COMPANY LIMITED

BOOK POST

If undelivered please return to :
CHEVIOT COMPANY LIMITED
24, PARK STREET, MAGMA HOUSE, 9TH FLOOR
KOLKATA - 700 016