

ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2011



**Group
Cheviot**

CHEVIOT COMPANY LIMITED

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

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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

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 28th July, 2011 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, 2011 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2011.
3. To appoint a Director in place of Mr. P. K. Khaitan, 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 a Special Resolution :

“RESOLVED THAT pursuant to sub-section (4) and (7) of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, such sum by way of commission in no case exceeding in the aggregate 1% of the net profits of the Company computed in the manner referred to in Section 198 of the said Act, for each of the five financial years of the Company commencing on and from 1st April, 2012, as may be determined by the Board of Directors be paid to and distributed amongst the Non-executive directors of the Company and that the proportion and manner of such payment and distribution be decided by the Board from time to time.”

Registered Office :
24, Park Street,
Magma House (9th Floor)
Kolkata - 700 016
Dated : 12th May, 2011

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

NOTES :

1. **The Register of Members and the Share Transfer Register of the Company will remain closed from Saturday 23rd July, 2011 to Thursday, 28th July, 2011 (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 2nd August, 2011 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, 22nd July, 2011. 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 22nd July, 2011, 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, 2003 have been transferred to the said fund. Unpaid/unclaimed dividend for the financial year ended 31st March, 2004 will become due for transfer during September, 2011. 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.

NOTICE (Contd.)

7. Securities and Exchange Board of India (SEBI) has made it mandatory for all the companies to use the bank account details furnished by the depositories for distributing dividends through National Electronic Clearing Service (NECS) to the investors wherever NECS and bank details are available. 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, NECS 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 DP 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 18th July, 2011, 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.
13. Notes on director seeking appointment/re-appointment at the ensuing Annual General Meeting :

Mr. P.K. Khaitan, aged 58 years, is a Director of the Company since 23.09.2006. Mr. Khaitan, by qualification is an Attorney-at-Law and has been practicing as an Advocate since last 31 years. His areas of expertise include commercial & corporate laws, joint venture, foreign collaboration, foreign investment, litigation, arbitration, real estate property etc. Mr. Khaitan also holds directorships and memberships of the committees of the Board of Directors of the following Companies :

Other Directorships :

1. Ramkrishna Forgings Ltd., 2. Rungamattee Tea & Industries Ltd., 3. Cheviot Agro Industries Ltd., 4. Williamson Magor & Co. Ltd., 5. Manjushree Plantations Ltd., 6. Woodside Parks Ltd., 7. R.V. Investment & Dealers Ltd., 8. SIL Investments Ltd., 9. SCM Investment & Trading Company Ltd., 10. Khaitan Consultants Ltd., 11. Asian Hotels (East) Ltd., 12. McNally Sayaji Engineering Ltd., 13. GJS Hotels Ltd., 14. Time Leverage Instruments Pvt. Ltd., 15. Auro Holdings Pvt. Ltd., 16. Auro Investments Pvt. Ltd., 17. ITSA Warehouse Pvt. Ltd., 18. NOTT Investments Pvt. Ltd.

Foreign Companies :

1. Trans Global Plc, 2. Novener SAS, 3. Uniross SA.

Membership of the Committees of the Board of other Companies :

1. Williamson Magor & Co. Ltd., (Member - Audit Committee, Shareholders' Grievance Committee & Remuneration Committee), 2. Asian Hotels (East) Ltd. (Member - Remuneration Committee), 3. McNally Sayaji Engineering Ltd. (Member - Shareholders' Grievance Committee).

1. Manjushree Plantations Ltd. (Chairman - Shareholders' Grievance Committee), 2. Asian Hotels (East) Ltd. (Chairman - Share Transfer & Shareholders'/Investors' Grievance Committee).

Number of Shares held in the Company : Nil

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 Company passed a special resolution on 7th August, 2008, authorising payment of commission to Non-executive directors under Section 309(4) of the Companies Act, 1956 for a period of 5 years with effect from 1st April, 2007. The special resolution will, therefore, be valid upto 31st March, 2012. Section 309(7) of the Companies Act, 1956 provides that such special resolution may be renewed from time to time for a further period of not more than five years at a time, provided that no renewal shall be effected earlier than one year from the date on which it is to come into force. The Company is accordingly competent now to renew the special resolution to take effect from 1st April, 2012 and recommend to the shareholders to pass the special resolution as set out in the notice.

All the directors who will be entitled to get the commission, as aforesaid, are interested in the proposed special resolution.

Registered Office :
24, Park Street,
Magma House (9th Floor)
Kolkata - 700 016
Dated : 12th May, 2011

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

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

(Amount in ₹ Lakhs)

FINANCIAL RESULTS

| Particulars | Year ended 31st March 2011 | Year ended 31st March 2010 |
|--|-------------------------------|-------------------------------|
| Operating results after charging depreciation show a profit of | 2,999.13 | 1,307.38 |
| Add : Other Income | 825.30 | 745.00 |
| Resulting in profit before tax and exceptional item | 3,824.43 | 2,052.38 |
| Add : Exceptional item : | | |
| Depreciation for earlier years written back | — | 59.02 |
| Profit before tax | 3,824.43 | 2,111.40 |
| From which have been deducted : | | |
| Provision for current tax | 1,015.00 | 505.68 |
| Provision for deferred tax | (81.85) | (38.51) |
| Tax for earlier years (net) | 7.66 | 3.25 |
| Profit after tax | 2,883.62 | 1,640.98 |
| Profit brought forward from last account | 371.84 | 351.70 |
| Making a total of | 3,255.46 | 1,992.68 |
| Which has been appropriated by the directors as under : | | |
| Proposed dividend | 541.35 | 360.90 |
| Corporate dividend tax | 87.82 | 59.94 |
| Transfer to general reserve | 2,200.00 | 1,200.00 |
| Surplus carried to reserves & surplus | 426.29 | 371.84 |
| | 3,255.46 | 1,992.68 |

DIVIDEND

Your Directors are pleased to recommend for your consideration payment of dividend of ₹ 12/- per ordinary share of the face value of ₹ 10/- each for the year ended 31st March, 2011.

OPERATIONS

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

(Amount in ₹ Lakhs)

| Particulars | 2010-11 | 2009-10 |
|---|-----------|-----------|
| Production (in M. Tonnes) | 47,769 | 35,397 |
| Total sales | 30,244.33 | 17,189.02 |
| Export sales (C.I.F. value) | 17,887.07 | 8,288.56 |
| Operating profit | 2,999.13 | 1,307.38 |
| Other income | 825.30 | 745.00 |
| Profit before tax | 3,824.43 | 2,111.40 |
| Profit after tax | 2,883.62 | 1,640.98 |
| Earnings per share of face value of ₹ 10/- (in ₹) | 63.92 | 36.38 |

DIRECTORS' REPORT (Contd.)

Production during the year under review was 47769 M.Tonnes as compared to 35397 M.Tonnes during the previous year when the working was severely affected due to 62 days long industry wide strike.

The increase in profitability is attributed to higher production and sales coupled with better sales realisation mainly on account of steep increase in jute yarn selling prices triggered by bumper overseas demand during first half of the year under review.

The euphoria of aforesaid favourable overseas market conditions started waning during second half of the year and the yarn market condition became tough and competitive resulting in decrease in overall demand and fall in its selling prices. In the wake of overall market scenario, your Company as a conscious policy shifted its focus to manufacture and sale more sacking products, as it was more profitable to operate in domestic market.

It is a matter of satisfaction that your Company has created adequate in-house infrastructure to cater to both domestic and overseas markets with full flexibility.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure and developments

Government of India has continued the reservation norms at 100% for compulsory use of jute bags for packing food grains and sugar under Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA) for the period up to 30.06.2011 in the interest of large workforce engaged in the Jute Industry.

There has been good domestic demand of traditional jute products like sacking from jute procurement agencies. However, industry faced shortage of higher grade of raw jute which was largely responsible for increase in average cost of procurement of raw jute.

On the export front, Industry witnessed favourable market conditions which contributed to increase in export of jute goods from India.

Government of India should endeavour to reduce the dependence of the industry on sacking by promoting and developing markets for non-traditional products, such as geo-textiles, carry bags, furnishings etc.

b) Opportunities and Threats

Opportunities

- Jute, being a valued natural bio-degradable fibre with unique characteristics like high tensile strength, and long standing end use application, should find preference with environment conscious end users which would help in increasing its demand.
- The current scenario of environment consciousness has opened a new potential for the jute goods which can be exploited by entering into new markets and new products.
- By concerted efforts of the Industry and Government, Jute Industry is being rejuvenated by developing the infrastructure and modernising the mills by utilising funds provided under the schemes of Jute Technology Mission.

Threats

- Duty free import of jute goods from Bangladesh is badly hurting the Indian Jute Industry. Moreover, increase in manufacturing capacity in Bangladesh may pose a threat to Indian Jute Industry.
- Use of HDPE/PP bags in violation of JPMA.

c) Risks and concerns

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

- Risk of dilution of JPMA;
- Continuous increase in wage cost due to upward revision in amount of dearness allowance;
- Instability in supply and price of raw jute which depends on the vagaries of nature;
- Increase in cost of major inputs like iron and steel, power, petroleum products;
- Pressure on demand due to comparative high prices of jute goods vis-à-vis alternate packing materials;
- Inability to achieve optimum utilisation of machines due to shortage of workers.

DIRECTORS' REPORT (Contd.)

(Amount in ₹ Lakhs)

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 criteria laid down in paragraph 27 of the Accounting Standard - 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.

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

| Particulars | 2010-11 | | 2009-10 | |
|-----------------------------------|--------------|---------------|--------------|---------------|
| | Within India | Outside India | Within India | Outside India |
| Sales | 12,357.26 | 17,887.07 | 8,900.46 | 8,288.56 |
| Carrying amount of segment assets | 31,451.73 | — | 28,165.25 | — |
| Capital expenditure | 741.87 | — | 366.46 | — |

e) Outlook

Jute industry has to operate in competitive environment. The Company's fortune will follow those of jute industry. However, your Company is striving hard to bring about overall operating efficiency, cut costs and explore the possibilities of manufacturing jute shopping bags, food grade jute products, floor coverings etc. with ultimate aim to improve sales and profitability. Looking to the current market conditions, the outlook for the current year appears to be satisfactory, though there will be substantial decline in profits from the level achieved during the year under review.

f) Internal control systems and their adequacy

The Company has a proper system of internal control comprising procedures, programmes, policies, supervision and internal audit. The observations of internal auditors are reviewed by the audit committee and suitable steps are taken to strengthen the Company's internal control system wherever required.

g) Discussion on financial performance with respect to operational performance

The financial performance of the previous year was affected due to industry wide strike for 62 days and therefore, the accounts for the year under review are not comparable with that of previous year.

The following are significant areas of financial performance :

- Sale of jute goods was ₹ 30,244.33 during the year as compared to ₹ 17,189.02 during previous year;
- Operating profit of the Company have increased by ₹ 1,691.75 during the year under review from ₹ 1,307.38 in previous year to ₹ 2,999.13 during the year under review largely on account of better sales realisation in first six months of the year under review particularly due to shortage of jute yarn in overseas markets and resultant bumper prices;
- Interest expenses were higher at ₹ 86.72 during the year under review as against ₹ 46.42 in previous year. The increase in interest cost is mainly due to more utilisation of working capital limits;
- Inventories have increased by ₹ 166.44, being ₹ 4,731.96 as at 31.03.2011 as against ₹ 4,565.52 as at 31.03.2010, on account of higher average rates of stocks;
- The Company has invested ₹ 741.87 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

There has been no material development on the human resources and industrial relations remained harmonious during the year under review.

As on 31.03.2011, the Company had 4212 employees on its rolls. The Company continues to impart in-house training to workers to enhance their skill and knowledge. Benefits and other facilities provided by the Company under its various staff welfare schemes are upgraded from time to time in the overall interest of the staff.

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

The report on corporate governance as required under clause 49 of the listing agreement with the stock exchange along with a certificate from the statutory auditors certifying compliance with the conditions of corporate governance are attached to 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 for the year ended 31st March, 2011, the applicable accounting standards have been followed and there are no material departures from the same;
- ii. they have made judgement and estimates that are reasonable and prudent and have selected such accounting policies and applied them consistently to give true and fair view of the state of affairs of the Company for the year ended 31st March, 2011 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.

Particulars in terms of sub-section(1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are set out in annexure to this report.

PARTICULARS OF EMPLOYEES

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

DIRECTORS

Under Article 97 of the Articles of Association of the Company, Mr. P. K. Khaitan, a Non-executive director, retires from the Board by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief particulars of Mr. Khaitan 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. The Company has received a certificate from the said Auditors 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 audit committee and the Board recommends the re-appointment of M/s Jain & Co., Chartered Accountants, as auditors of the Company.

Pursuant to provisions of Section 233B of the Companies Act, 1956, 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, 2012, as per directives of the Central Government.

ACKNOWLEDGEMENT

The Directors express their appreciation for assistance and co-operation received from Export Import Bank of India, State Bank of India, Axis Bank Ltd., customers, vendors and shareholders of the Company.

The Directors also wish to place on record their appreciation and acknowledge the commitment and dedication made by the employees at all levels.

Kolkata, 12th May, 2011

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

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

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 is directed towards conducting its affairs in fair and transparent manner in all facets of its operation. Such philosophy is based on the principles of integrity, transparency and is guided by commitment towards values to attain sustained growth in the overall interest of all stakeholders including customers, shareholders and employees.

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 ₹ 5.83 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 [22.07.2010] | 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 | 4 | Yes | 1 | Nil | Nil |
| Mr. P. K. Bhattacharjee | Independent Non-Executive | 4 | Yes | 10 | 1 | 2 |
| Mr. N. Nayar | Independent Non-Executive | 4 | Yes | 7 | Nil | Nil |
| Mr. S. Dhandhanian | Independent Non-Executive | 3 | Yes | 8 | Nil | Nil |
| Mr. P. K. Khaitan | Independent Non-Executive | 2 | No | 21 | 5 | 2 |

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, 2011 viz. on 7th May, 2010, 22nd July, 2010, 30th October, 2010 and 31st January, 2011. The maximum gap between any two meetings was less than four months.

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

The brief details of director 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 7th May, 2010, 19th July, 2010, 30th October, 2010 and 29th January, 2011.

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

Mr. D. K. Mohta, Vice President & Secretary, Chief Financial Officer 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 last Annual General Meeting of your Company held on 22nd July, 2010. 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 functioning and terms of reference of the audit committee including the role, powers and duties, quorum for meetings and frequency of meetings 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 terms of reference of the audit committee includes the following :

- Overseeing 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 the 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.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

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.

b) Details of remuneration of Directors

Details of remuneration of executive directors for the year ended 31st March, 2011 : (Amount in ₹ Lakhs)

| Name of the Directors | Salary | Commission | Contribution to Provident Fund | Allowances and estimated value of other Perquisites | Tenure of appointment |
|-----------------------|--------|------------|--------------------------------|---|-------------------------|
| Mr. H. V. Kanoria | 18.00 | 145.50 | 1.80 | 10.86 | 5 years from 01.08.2010 |
| Mr. N. K. Kejriwal | 12.75 | 15.00 | 1.28 | 10.93 | 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 2011 : (Amount in ₹ Lakhs)

| Non-Executive Directors | Sitting fees | Commission |
|-------------------------|--------------|------------|
| Mr. S. Dhandhanian | 0.15 | 2.00 |
| Mr. P. K. Bhattacharjee | 0.17 | 2.00 |
| Mr. N. Nayar | 0.17 | 2.00 |
| Mr. P. K. Khaitan* | 0.07 | 2.00 |

*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 |

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

b) Meetings and attendance

Four meetings of the Shareholders'/Investors' Grievance Committee were held on 7th May, 2010, 19th July, 2010, 30th October, 2010 and 29th January, 2011.

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

c) Scope of Shareholders'/Investors' Grievance Committee

The committee deals with various matters relating to redressal of Shareholders' and Investors' Grievances such as transfers and transmissions of shares, issue of duplicate share certificates, sub-division and consolidation of certificates, non-receipt of annual reports and dividend warrants etc.

The committee also reviews the status of dematerialisation/re-materialisation of shares and suggests measures for improvement of procedures and systems.

107 queries/complaints received from the shareholders during the year under review have been redressed to the satisfaction of shareholders. 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/emails.

d) Compliance Officer

Mr. D. K. Mohta, Vice President & Secretary, Chief Financial Officer 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 |
|----------------|---|-------------------|------------|----------------------------------|
| 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 |
| 2009-2010 | The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad 36A, Shakespeare Sarani (4th Floor) Kolkata - 700 017 | 22nd July, 2010 | 11.00 a.m. | Nil |

b) 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. 21 of Schedule 19 to the accounts for the year ended 31st March, 2011. The audit committee reviews the related party transactions.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

- During the last three years, no penalties or stricture have been imposed on the Company by the stock exchange 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.
- 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 | 28th July, 2011 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 : Last week of July, 2011 III. Half yearly results : Last week of October, 2011 IV. Third quarter results : Last week of January, 2012 V. Year ending results : Last week of May, 2012 |
| c) Book Closing Period | 23rd July, 2011 to 28th July, 2011 (both days inclusive) |
| d) Dividend payment date | 2nd August, 2011 |
| e) Listing on Stock Exchange (Equity Shares) | Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Listing fees for the year 2011-2012 has been paid. |
| f) Stock Code - Physical | 526817 on Bombay Stock Exchange Limited |
| Demat ISIN Number for NSDL and CDSL | 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, 2010 to March, 2011) | 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, 2011 | Information has been given at the end of clause 9. |
| l) Dematerialisation of shares and liquidity | As on 31st March, 2011, 33.59% of the Company's paid-up share capital representing 15,15,281 shares is held in dematerialised form. |

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

| | |
|---|---|
| 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 |

Information in respect of clause 9(g)

Market Price Data : High, Low during 2010-2011 is given in the table below :

| Month | Bombay Stock Exchange Limited | |
|-----------------|-------------------------------|------------|
| | High (₹) | Low (₹) |
| April, 2010 | 305.70 | 249.90 |
| May, 2010 | 305.95 | 243.90 |
| June, 2010 | 264.80 | 248.35 |
| July, 2010 | 315.60 | 260.10 |
| August, 2010 | 358.70 | 303.30 |
| September, 2010 | 404.40 | 330.05 |
| October, 2010 | 411.65 | 364.10 |
| November, 2010 | 466.65 | 384.40 |
| December, 2010 | 408.50 | 342.65 |
| January, 2011 | 391.40 | 315.75 |
| February, 2011 | 299.50 | 272.20 |
| March, 2011 | 300.90 | 278.30 |

Information in respect of clause 9(h)

Stock performance of the Company in comparison to BSE Sensex (April, 2010 to March, 2011)

| Month | Company's share price (₹) at Bombay Stock Exchange Limited | | BSE Sensex | |
|-----------------|---|--------|------------|----------|
| | High | Low | High | Low |
| April, 2010 | 305.70 | 249.90 | 18047.86 | 17276.80 |
| May, 2010 | 305.95 | 243.90 | 17536.86 | 15960.15 |
| June, 2010 | 264.80 | 248.35 | 17919.62 | 16318.39 |
| July, 2010 | 315.60 | 260.10 | 18237.56 | 17395.58 |
| August, 2010 | 358.70 | 303.30 | 18475.27 | 17819.99 |
| September, 2010 | 404.40 | 330.05 | 20267.98 | 18027.12 |
| October, 2010 | 411.65 | 364.10 | 20854.55 | 19768.96 |
| November, 2010 | 466.65 | 384.40 | 21108.64 | 18954.52 |
| December, 2010 | 408.50 | 342.65 | 20552.03 | 19074.57 |
| January, 2011 | 391.40 | 315.75 | 20664.80 | 18038.48 |
| February, 2011 | 299.50 | 272.20 | 18690.97 | 17295.62 |
| March, 2011 | 300.90 | 278.30 | 19575.16 | 17792.17 |

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

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/dematerialisation 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.

Information in respect of clause 9(k)

a) Distribution of Shareholding as on 31st March, 2011

| Number of Ordinary Shares held | Number of Shares | Percentage of Shareholding | Number of Shareholders/folios | Percentage of Shareholders |
|--------------------------------|------------------|----------------------------|-------------------------------|----------------------------|
| Up to 500 | 5,60,539 | 12.4254 | 5,860 | 94.4095 |
| 501 to 1000 | 1,43,428 | 3.1793 | 198 | 3.1899 |
| 1001 to 2000 | 1,21,374 | 2.6905 | 87 | 1.4017 |
| 2001 to 3000 | 78,391 | 1.7377 | 31 | 0.4994 |
| 3001 to 4000 | 16,825 | 0.3729 | 5 | 0.0806 |
| 4001 to 5000 | 22,755 | 0.5044 | 5 | 0.0806 |
| 5001 to 10000 | 55,500 | 1.2303 | 8 | 0.1289 |
| 10001 and above | 35,12,438 | 77.8595 | 13 | 0.2094 |
| Total | 45,11,250 | 100.0000 | 6,207 | 100.0000 |
| Physical Mode | 29,95,969 | 66.4111 | 1,647 | 26.5346 |
| Demat Mode | 15,15,281 | 33.5889 | 4,560 | 73.4654 |

b) Shareholding Pattern as on 31st March, 2011

| Category Code | Category of Shareholders | 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 | 3,43,840 | 7.6218 |
| | Mrs. Malati Kanoria | 2,85,150 | 6.3209 |
| | Mr. 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 | 900 | 0.0199 |
| | Elite (India) Private Limited | 0 | 0.0000 |
| | Bright & Shine Micro Products Private Limited | 0 | 0.0000 |

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

| Category Code | Category of Shareholder | Total Number of Shares | % of Shares |
|---------------|--|------------------------|------------------|
| (d) | Associates : Jan Priya Trust Shashvat Foundation | 0 0 | 0.0000 0.0000 |
| (e) | Financial Institutions/Banks | 0 | 0.0000 |
| (f) | Any Others (specify) | 0 | 0.0000 |
| | Sub-Total (A) (1) | 33,83,312 | 74.9972 |
| 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) | 33,83,312 | 74.9972 |
| (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 | 15953 | 0.3536 |
| (g) | Foreign Venture Capital Investors | 0 | 0.0000 |
| (h) | Any Other (specify) | 0 | 0.0000 |
| | Sub-Total (B) (1) | 23,653 | 0.5243 |
| 2 | Non-Institutions | | |
| (a) | Bodies Corporate | 1,55,444 | 3.4457 |
| (b) | Individuals | | |
| | I. Individual Shareholders holding nominal share capital upto ₹ 1 Lakh | 8,67,956 | 19.2398 |
| | ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh | 31,046 | 0.6882 |
| (c) | Any Other (specify) | | |
| (c-i) | Non-Resident Individual | 42,140 | 0.9341 |
| (c-ii) | Foreign National | 7,699 | 0.1707 |
| | Sub-Total (B) (2) | 11,04,285 | 24.4785 |
| | Total Public Shareholding B = (B) (1) + (B) (2) | 11,27,938 | 25.0028 |
| | 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 |

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

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**a) 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.

b) 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 31.03.2011 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, 12th May, 2011

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, 2011.

On behalf of the Board

H. V. KANORIA

*Chairman and Managing Director,
Chief Executive Officer*

Kolkata, 12th May, 2011

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

**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, 2011, 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 12th day of May, 2011

For Jain & Co.
Chartered Accountants
Registration No. 302023E
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. Checking and supervising the electric distribution network to ensure effective and efficient energy distribution system;
- iv. Installation of proximity switches and requisite circuitry in spinning frames to stop idle run of motor;
- v. Monitoring of steam, boiler and compressor to minimise losses;
- vi. Old refrigerators were replaced by new energy efficient refrigerators;
- vii. Replacement of old conventional breaker card machines with new high productivity energy efficient breaker card machines and replacement of conventional choke with electronic ballast.

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

Proposals for reduction of consumption of energy like conversion of conventional spinning frames, replacement of conventional chokes by electronic ballast continues. Investments are made in areas as suggested by the 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 :

The energy conservation measures mentioned at (a) and (b) above have yielded savings in energy costs with its consequential impact on the cost of production of goods.

(d) FORM A

| | 2010-11 | 2009-10 |
|---|----------|---------|
| (a) Power & Fuel Consumption | | |
| 1. Electricity | | |
| a) Purchased from Public Utility : | | |
| (i) From CESC Limited | | |
| Units (000 Kwh) | 2,10,66 | 1,49,52 |
| Amount (₹ in Lakhs) | 1,098.48 | 703.28 |
| Rate/unit (₹) | 5.21 | 4.70 |
| (ii) From WBSEB | | |
| Units (000 Kwh) | 14,59 | 11,91 |
| Amount (₹ in Lakhs) | 77.11 | 53.91 |
| Rate/unit (₹) | 5.28 | 4.53 |
| b) Generation through Captive Power Plant (CPP) Generator | | |
| Units (000 Kwh) | 1,28 | 4,13 |
| Units per litre of furnace oil | 4.16 | 3.99 |
| Cost/unit (₹) | 8.23 | 7.69 |
| c) Own generation through Diesel Generator | | |
| Units (000 Kwh) | 1,32 | 3,93 |
| Units per litre of diesel oil | 3.18 | 3.24 |
| Cost/unit (₹) | 25.06 | 12.62 |
| 2. Coal | | |
| (B & C grades used for generation of steam in boiler) | | |
| Quantity (M. Tonnes) | 5 | 4 |
| Total cost (₹ in Lakhs) | 0.23 | 0.20 |
| Average rate per M. Tonne (₹) | 4,401 | 5,624 |
| 3. Furnace Oil | | |
| Used in CPP & oil fired boiler | | |
| Quantity (K. Ltr.) | 528 | 485 |
| Total amount (₹ in Lakhs) | 139.08 | 113.74 |
| Average rate per Ltr. (₹) | 26.32 | 23.44 |
| (b) Consumption per unit of production | | |
| Production of jute goods (M. Tonnes) | 47,769 | 35,397 |
| Electricity per M.Tonne of production (Units) | 477 | 479 |
| Furnace oil per M.Tonne of production (Ltrs.) | 11 | 14 |
| Coal (B&C Grades) per M. Tonne of production (Kg) | 0.11 | 0.10 |

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

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

B. Technology Absorption

FORM B

(a) 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.

(b) Technology absorption, adaptation and innovation

- (i) Efforts in brief, made towards technology absorption, adaptation and innovation : Efforts are made to procure modern machineries and other equipments by keeping track of latest development in the field of technology.
- (ii) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, substitutions etc. : Operational efficiency and quality improvement.
- (iii) Details of imported technology : No technology has been imported.

C. Foreign Exchange Earnings and outgo

- (a) Activities relating to exports initiatives taken to increase exports, development of new export markets for products and services and export plans. : Export demands have come under pressure. There is stiff competition in overseas markets. In order to enhance customers' satisfaction and also to explore new overseas markets, periodical visits are made by the Company's officials.

| | |
|--|--------------------|
| (b) Total foreign exchange used and earned | Amounts in ₹ Lakhs |
| (i) Used | 4,827.44 |
| (ii) Earned | 17,887.07 |

Particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended 31st March, 2011 :

| Name/Age | Remuneration (₹ in Lakhs) | Designation/ Nature of duties | Qualification & Experience (Years) | Date of Commencement of employment | Last Employment |
|-----------------------------|---------------------------|---|------------------------------------|------------------------------------|---|
| Mr. H.V. Kanoria (55 Years) | 176.16 | Chairman and Managing Director, Chief Executive Officer Management, subject to control, direction and superintendence of Board of Directors | B.Com (37 years) | 01.04.1981 | Bengal Tea & Industries Ltd. Wholetime Director (3 years) |

- Notes : 1. Remuneration includes salary, allowances, Company's contribution to provident fund, commission on net profits, insurance premium and value of certain perquisites evaluated on the basis of Income Tax Act & Rules.
2. Appointment is contractual.

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

Kolkata, 12th May, 2011

AUDITORS' REPORT

TO THE MEMBERS OF CHEVIOT COMPANY LIMITED

We have audited the attached Balance Sheet of Cheviot Company Limited as at 31st March, 2011 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, 2011.
 - 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 12th day of May, 2011

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

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. Accordingly the provisions of clauses (iii) (b), (c), (d), (f) and (g) are not applicable to the Company.
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, 2011, 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 (₹ 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 |
| | | 0.64 | 2003-04 | Revision Level |
| | | 76.77 | 2005-06 | Appeal Level |
| | | 219.07 | 2007-08 | Appeal Level |
| Central Excise Act | Excise duty | 110.73 | May, 2006 to August, 2006 | Hon'ble Supreme Court |
| Employees' State Insurance Act | ESI | 0.88 | 2006-07 | ESI Corporation |
| | | 8.30 | 2009-10 | ESI Corporation |
| Income Tax Act | Income tax | 145.82 | 2002-03 | Appeal Level before CIT (Appeals) |
| | | 90.83 | 2003-04 | Appeal Level before CIT (Appeals) |
| | | 6.63 | 2007-08 | Assessing Officer |
| | | Total | <u>665.45</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, 2011.
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 loan was applied for the purpose for which the loan was 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 12th day of May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in ₹ Lakhs)

| | Schedule | As at 31st March, 2011 | As at 31st March, 2010 |
|--|----------|---------------------------|---------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share capital | 1 | 451.48 | 451.48 |
| Reserves & surplus | 2 | 26,543.93 | 24,327.30 |
| | | <u>26,995.41</u> | <u>24,778.78</u> |
| Loan Funds | | | |
| Secured loans | 3 | 1,476.79 | 1,556.22 |
| Total | | <u>28,472.20</u> | <u>26,335.00</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross block | 4 | 24,865.86 | 23,626.53 |
| Less : Depreciation | | <u>14,085.14</u> | <u>13,728.73</u> |
| Net block | | 10,780.72 | 9,897.80 |
| Capital work-in-progress | | <u>375.38</u> | <u>988.68</u> |
| | | <u>11,156.10</u> | <u>10,886.48</u> |
| Investments | | | |
| | 5 | 11,619.11 | 10,237.36 |
| Deferred Tax Assets (net) | | | |
| (Refer note 24 of Schedule 19) | | 178.08 | 96.23 |
| Current Assets, Loans & Advances | | | |
| Inventories | 6 | 4,731.96 | 4,565.52 |
| Sundry debtors | 7 | 1,709.10 | 893.98 |
| Cash & bank balances | 8 | 725.76 | 1,192.01 |
| Other current assets | 9 | 432.69 | 155.07 |
| Loans & advances | 10 | 898.93 | 138.60 |
| | | <u>8,498.44</u> | <u>6,945.18</u> |
| Less : Current Liabilities & Provisions | | | |
| Liabilities | 11 | 1,282.78 | 946.15 |
| Provisions | 12 | 1,696.75 | 884.10 |
| | | <u>2,979.53</u> | <u>1,830.25</u> |
| Net Current Assets | | | |
| | | 5,518.91 | 5,114.93 |
| Total | | <u>28,472.20</u> | <u>26,335.00</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
P-21/22, Radhabazar Street,
Kolkata - 700 001
Dated the 12th day of May, 2011

CS 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

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

(Amount in ₹ Lakhs)

| | Schedule | 2010-11 | 2009-10 |
|---|----------|------------------|------------------|
| INCOME | | | |
| Sales and related income | 13 | 30,861.51 | 17,614.08 |
| Other income | 14 | 825.30 | 745.00 |
| | | <u>31,686.81</u> | <u>18,359.08</u> |
| EXPENDITURE | | | |
| Cost of materials | | 17,577.02 | 9,479.63 |
| (Increase)/decrease in stock | 15 | (613.47) | (317.87) |
| Employees' cost | 16 | 4,677.22 | 3,092.77 |
| Manufacturing, selling & other expenses | 17 | 5,736.83 | 3,572.61 |
| Interest | 18 | 86.72 | 46.42 |
| Depreciation | | 434.88 | 473.07 |
| Less : Transferred from revaluation reserve | | <u>36.82</u> | <u>39.93</u> |
| | | <u>27,862.38</u> | <u>16,306.70</u> |
| Profit before tax and exceptional item | | 3,824.43 | 2,052.38 |
| Exceptional item | | | |
| Depreciation for earlier years written back | | — | 59.02 |
| Profit before tax | | 3,824.43 | 2,111.40 |
| Provision for current tax | | (1,015.00) | (505.68) |
| Provision for deferred tax | | 81.85 | 38.51 |
| Tax for earlier years (net) | | (7.66) | (3.25) |
| Profit after tax | | 2,883.62 | 1,640.98 |
| Profit brought forward from last account | | 371.84 | 351.70 |
| Surplus available for appropriation | | <u>3,255.46</u> | <u>1,992.68</u> |
| APPROPRIATIONS | | | |
| Proposed dividend | | 541.35 | 360.90 |
| Corporate dividend tax | | 87.82 | 59.94 |
| Transferred to General Reserve | | 2,200.00 | 1,200.00 |
| Surplus carried to Reserves & Surplus | | 426.29 | 371.84 |
| | | <u>3,255.46</u> | <u>1,992.68</u> |
| Earnings per share (Face value of ₹ 10 each) | | | |
| Basic and diluted (in ₹) | | 63.92 | 36.38 |
| (Refer note 23 of Schedule 19) | | | |
| 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
P-21/22, Radhabazar Street,
Kolkata - 700 001
Dated the 12th day of May, 2011

CS 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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹ Lakhs)

| | 2010-11 | 2009-10 |
|---|-------------------|-------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and exceptional item | 3,824.43 | 2,052.38 |
| <u>Adjustments for :</u> | | |
| Depreciation | 398.06 | 433.14 |
| Unrealised foreign exchange differences loss | 9.57 | 12.55 |
| Profit on sale of fixed/discarded assets (net) | (33.09) | (5.72) |
| Fixed assets written off | — | 1.47 |
| Profit on sale of non trade investments (net) | (507.50) | (135.44) |
| Interest income | (260.82) | (541.89) |
| Dividend income | (20.66) | (57.45) |
| Interest charged | 86.72 | 46.42 |
| Miscellaneous receipts | (3.23) | (4.50) |
| | <u>(330.95)</u> | <u>(251.42)</u> |
| Operating Profit before working capital changes | 3,493.48 | 1,800.96 |
| <u>Adjustments for :</u> | | |
| Trade and other receivables | (1,036.48) | 404.32 |
| Inventories | (166.44) | (1,681.26) |
| Trade payables & provisions | 943.10 | 112.55 |
| | <u>(259.82)</u> | <u>(1,164.39)</u> |
| Cash generated from operations | 3,233.66 | 636.57 |
| Direct taxes paid (net of refund) | (1,056.62) | (517.61) |
| Net cash from operating activities | <u>2,177.04</u> | <u>118.96</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets and change in capital work-in-progress | (741.87) | (366.46) |
| Capital subsidy received | 29.08 | 31.82 |
| Sale of fixed assets | 42.25 | 8.05 |
| Purchase of investments (net) | (874.25) | (2,572.72) |
| Loan | (700.00) | — |
| Refund of advance against immovable property | — | 2,161.04 |
| Miscellaneous receipts | 3.07 | 4.26 |
| Interest received | 146.80 | 428.96 |
| Dividend received | 20.66 | 57.45 |
| | <u>20.66</u> | <u>57.45</u> |
| Net cash used in investing activities | <u>(2,074.26)</u> | <u>(247.60)</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term borrowings | (5.00) | — |
| Proceeds from long term borrowings | 25.00 | 75.00 |
| (Decrease)/Increase in short term borrowings | (99.43) | 965.30 |
| Dividend paid | (355.10) | (270.02) |
| Corporate dividend tax paid | (59.94) | (46.00) |
| Interest paid | (74.04) | (44.69) |
| | <u>(74.04)</u> | <u>(44.69)</u> |
| Net Cash (used in)/from financing activities | <u>(568.51)</u> | <u>679.59</u> |
| Net (decrease)/increase in cash & cash equivalents (A+B+C) | <u>(465.73)</u> | <u>550.95</u> |
| Cash and cash equivalents (Opening balance) | 1,192.38 | 641.43 |
| Cash and cash equivalents (Closing balance) | 726.65 | 1,192.38 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

(Amount in ₹ Lakhs)

| | 2010-11 | 2009-10 |
|--|---------|----------|
| Notes to the Cash Flow Statement | | |
| 1. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts : | | |
| Cash in hand and balance with banks | 285.76 | 948.10 |
| Term deposits (under lien) | 395.65 | 205.36 |
| Balances in dividend and other similar accounts (not available for use) | 44.35 | 38.55 |
| Cash and cash equivalents | 725.76 | 1,192.01 |
| Effect of exchange rate changes | 0.89 | 0.37 |
| Cash and cash equivalents as restated | 726.65 | 1,192.38 |
| 2. The above cash flow statement has been prepared under "Indirect Method" as set out in the Accounting Standard - 3 on "Cash Flow Statement". | | |
| 3. Figures in brackets represent outflows. | | |
| 4. Previous year's figures have been re-grouped/re-arranged wherever necessary to make them comparable. | | |

Per our report attached
For Jain & Co.
Chartered Accountants
CA P. K. JAIN
Partner - M. No. 52018
P-21/22, Radhabazar Street,
Kolkata - 700 001
Dated the 12th day of May, 2011

CS 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

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in ₹ Lakhs)

| | As at 31st March, 2011 | As at 31st March, 2010 |
|---|---------------------------|---------------------------|
| SCHEDULE 1 | | |
| SHARE CAPITAL | | |
| Authorised 70,00,000 (Previous year 70,00,000) Ordinary Shares of ₹ 10 each | 700.00 | 700.00 |
| Issued, Subscribed and Fully Paid-Up | | |
| Ordinary Shares 45,11,250 (Previous year 45,11,250) Ordinary Shares of ₹ 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 ₹ 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> |

| | Opening Balance | Additions | Withdrawals | Closing Balance |
|----------------------------------|--------------------|-----------------|--------------|--------------------|
| SCHEDULE 2 | | | | |
| RESERVES & SURPLUS | | | | |
| Capital Reserve | 0.24 | — | — | 0.24 |
| Capital Redemption Reserve | 9.92 | — | — | 9.92 |
| Securities Premium Account | 1,242.50 | — | — | 1,242.50 |
| Revaluation Reserve | 6,890.80 | — | 37.82 | 6,852.98 |
| General Reserve | 15,812.00 | 2,200.00 | — | 18,012.00 |
| Surplus in Profit & Loss Account | 371.84 | 54.45 | — | 426.29 |
| | <u>24,327.30</u> | <u>2,254.45</u> | <u>37.82</u> | <u>26,543.93</u> |

| SCHEDULE 3 | | |
|--|-----------------|-----------------|
| SECURED LOANS | | |
| A. From State Bank of India | | |
| On cash credit account | 981.79 | 1,181.22 |
| On export packing credit account | 400.00 | 300.00 |
| B. From Export Import Bank of India {Includes ₹ 20.00 (Previous year ₹ 5.00) repayable within one year} | 95.00 | 75.00 |
| | <u>1,476.79</u> | <u>1,556.22</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 all 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 by mortgage 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.)

(Amount in ₹ Lakhs)

| SCHEDULE 4 | | | | | | | | | | | |
|---|---|---------------------------|---------------------------------------|---|-----------------------|---|---------------|--------------|-----------------------|------------------------|------------------------|
| FIXED ASSETS | | | | | | | | | | | |
| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
| | Estimated Cost / Revaluation and / or Book Value as at 31st March, 2010 | Additions during the year | Deduction/ Adjustment during the year | Estimated Cost/Revaluation and/or Book Value as at 31st March, 2011 | Upto 31st March, 2010 | Adjustment on Change in Depreciation Method | For the year | Deduction | Upto 31st March, 2011 | As at 31st March, 2011 | As at 31st March, 2010 |
| Tangible Assets | | | | | | | | | | | |
| Freehold Land | 6,257.10 | — | — | 6,257.10 | — | — | — | — | — | 6,257.10 | 6,257.10 |
| Leasehold Land | 23.16 | — | — | 23.16 | 2.66 | — | 0.24 | — | 2.90 | 20.26 | 20.50 |
| Buildings | 5,914.95 | 933.96 | — | 6,848.91 | 3,801.37 | — | 103.46 | — | 3,904.83 | 2,944.08 | 2,113.58 |
| Plant & Machinery | 9,821.50 | 278.03 | 105.80 | 9,993.73 | 8,803.23 | — | 235.38 | 72.31 | 8,966.30 | 1,027.43 | 1,018.27 |
| Furniture & Fittings | 356.99 | 67.50 | 1.56 | 422.93 | 177.31 | — | 33.76 | 0.93 | 210.14 | 212.79 | 179.68 |
| Motor Cars & Other Vehicles | 83.05 | 28.92 | 8.48 | 103.49 | 39.86 | — | 15.43 | 5.23 | 50.06 | 53.43 | 43.19 |
| Accounting Machines | 209.00 | 18.49 | — | 227.49 | 175.13 | — | 14.30 | — | 189.43 | 38.06 | 33.87 |
| Electrical Installations | 789.82 | 19.64 | — | 809.46 | 594.95 | — | 27.43 | — | 622.38 | 187.08 | 194.87 |
| Internal Telephone Exchange | 17.21 | — | — | 17.21 | 10.25 | — | 1.00 | — | 11.25 | 5.96 | 6.96 |
| Tube Wells | 5.76 | 2.61 | — | 8.37 | 2.63 | — | 0.22 | — | 2.85 | 5.52 | 3.13 |
| Sprinkler Installations | 108.79 | — | — | 108.79 | 88.19 | — | 2.37 | — | 90.56 | 18.23 | 20.60 |
| Arms | 0.08 | — | — | 0.08 | 0.07 | — | — | — | 0.07 | 0.01 | 0.01 |
| Intangible Assets | | | | | | | | | | | |
| Software - Others (Other than internally generated) | 39.12 | 6.02 | — | 45.14 | 33.08 | — | 1.29 | — | 34.37 | 10.77 | 6.04 |
| Total | 23,626.53 | 1,355.17 | 115.84 | 24,865.86 | 13,728.73 | — | 434.88 | 78.47 | 14,085.14 | 10,780.72 | 9,897.80 |
| Previous year | 23,518.57 | 255.96 | 148.00 | 23,626.53 | 13,411.40 | (59.02) | 473.07 | 96.72 | 13,728.73 | | |
| Capital work-in-progress at cost and advance payments against capital expenditure | | | | | | | | | | 375.38 | 988.68 |
| | | | | | | | | | | 11,156.10 | 10,886.48 |

| | As at 31st March, 2011 | As at 31st March, 2010 |
|---|------------------------|------------------------|
| SCHEDULE 5 | | |
| INVESTMENTS | | |
| A. Long Term Investments (At Cost) | | |
| 1. Other Than Trade (Quoted) | | |
| a) Equity Shares | | |
| (Equity Shares of Face Value of ₹ 10 each, fully paid-up, unless otherwise stated) | | |
| Cheviot International Limited | | |
| 20 Equity Shares (Previous year 20 Equity Shares) | — | — |
| DLF Limited | | |
| 10,000 Equity Shares of Face Value of ₹ 2 each (Previous year 10,000 Equity Shares) | 86.81 | 86.81 |
| Electrosteel Castings Limited | | |
| 2,65,170 Equity Shares of Face Value of ₹ 1 each (Previous year Nil Equity Share) | 98.00 | — |
| Gujarat Alkalies & Chemicals Limited | | |
| 2,88,349 Equity Shares (Previous year Nil Equity Share) | 391.45 | — |
| ICICI Bank Limited | | |
| 30,000 Equity Shares (Previous year 50,000 Equity Shares) | 290.49 | 484.16 |
| Larsen & Toubro Limited | | |
| — Equity Share of Face Value of ₹ 2 each (Previous year 20,000 Equity Shares) | — | 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 | <u>1,167.01</u> | <u>1,218.13</u> |

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

(Amount in ₹ Lakhs)

| | As at 31st March, 2011 | As at 31st March, 2010 |
|---|---------------------------|---------------------------|
| SCHEDULE 5 (Contd.) | | |
| Brought Forward | 1,167.01 | 1,218.13 |
| NIIT Limited | | |
| 50,000 Equity Shares of Face Value of ₹ 2 each (Previous year 50,000 Equity Shares) | 30.82 | 30.82 |
| Reliance Capital Limited | | |
| 23,000 Equity Shares (Previous year 30,000 Equity Shares) (30,000 Equity Shares purchased and 37,000 Equity Shares sold during the year) | 185.88 | 353.21 |
| Reliance Communications Limited | | |
| 1,00,000 Equity Shares of Face Value of ₹ 5 each (Previous year 1,00,000 Equity Shares) | 322.91 | 322.91 |
| Reliance Infrastructure Limited | | |
| 24,000 Equity Shares (Previous year 24,000 Equity Shares) | 372.38 | 372.38 |
| State Bank of India | | |
| — Equity Share (Previous year 26,000 Equity Shares) | — | 471.70 |
| Television Eighteen India Limited | | |
| 25,000 Equity Shares of Face Value of ₹ 5 each (Previous year 25,000 Equity Shares) | 18.82 | 18.82 |
| b) Mutual Funds | | |
| (Units of Face Value of ₹ 10 each, unless otherwise stated) | | |
| Benchmark Mutual Fund | | |
| 12,000.000 Units (Previous year Nil Unit) of Nifty Benchmark Exchange Traded Scheme (Nifty BeES) | 65.66 | — |
| Birla Sun Life Mutual Fund | | |
| 10,00,000.000 Units (Previous year 10,00,000.000 Units) of Birla Sun Life Capital Protection Oriented Fund - Series 1 - Growth | 100.00 | 100.00 |
| 15,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series CE - Growth | 150.00 | — |
| 10,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series CF - Growth | 100.00 | — |
| 20,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series CW - Growth | 200.00 | — |
| 15,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series CX - Growth | 150.00 | — |
| 9,05,406.843 Units (Previous year Nil Unit) of Birla Sun Life Govt. Securities Long Term Plan - Growth | 250.00 | — |
| 2,80,272.200 Units (Previous year Nil Unit) of Birla Sun Life Monthly Income Plan - Growth | 100.00 | — |
| BNP Paribas Mutual Fund (Formerly Fortis Investments) | | |
| — Unit (Previous year 15,00,000.000 Units) of Fortis FTP Series 15 Plan A Regular Growth | — | 150.00 |
| 10,00,000.000 Units (Previous year Nil Unit) of BNP Paribas Fixed Term Fund Series 18D Growth | 100.00 | — |
| 25,00,000.000 Units (Previous year Nil Unit) of BNP Paribas Fixed Term Fund Series 19B Growth | 250.00 | — |
| Franklin Templeton Mutual Fund | | |
| 28,02,101.502 Units (Previous year Nil Unit) of Templeton India Income Opportunities Fund - Growth | 300.00 | — |
| HDFC Mutual Fund | | |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of HDFC FMP 24M February 2010 - Growth - Series XII | 200.00 | 200.00 |
| 4,38,201.975 Units (Previous year Nil Unit) of HDFC MF Monthly Income Plan - Long Term - Growth | 100.00 | — |
| ICICI Prudential Mutual Fund | | |
| 10,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 52 - 1 Year Plan C Cumulative | 100.00 | — |
| 15,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 53 - 1 Year Plan A Cumulative | 150.00 | — |
| 20,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 55 - 1 Year Plan B Cumulative | 200.00 | — |
| IDFC Mutual Fund | | |
| 10,00,000.000 Units (Previous year 10,00,000.000 Units) of IDFC- Fixed Maturity Plan Fourteen Months Series 1 Growth | 100.00 | 100.00 |
| 20,00,000.000 Units (Previous year Nil Unit) of IDFC- Fixed Maturity Yearly Series 38 Growth | 200.00 | — |
| Kotak Mahindra Mutual Fund | | |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of Kotak FMP 24M Series - 1 Growth | 200.00 | 200.00 |
| 10,00,000.000 Units (Previous year Nil Unit) of Kotak FMP 370 Days Series 8 - Growth | 100.00 | — |
| 20,00,000.000 Units (Previous year Nil Unit) of Kotak FMP Series 34 - Growth | 200.00 | — |
| Reliance Mutual Fund | | |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of Reliance Fixed Horizon Fund - XIV - Series 1- Growth Plan | 200.00 | 200.00 |
| Carried Over | 5,613.48 | 3,737.97 |

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

(Amount in ₹ Lakhs)

| | As at 31st March, 2011 | As at 31st March, 2010 |
|--|---------------------------|---------------------------|
| SCHEDULE 5 (Contd.) | | |
| Brought Forward ... | 5,613.48 | 3,737.97 |
| c) Debentures (Debentures of Face Value of ₹ 1,000 each, fully paid-up, unless otherwise stated) | | |
| DSP Merrill Lynch Capital Limited | | |
| 200 Debentures (Previous year 200 debentures) Secured Non-Convertible Debentures Series 2008/DN of Face Value of ₹ 1,00,000 each | 204.00 | 204.00 |
| Kotak Mahindra Prime | | |
| 20 Debentures (Previous year Nil debenture) S&P CNX Nifty Linked Secured Non-Convertible Debentures, Series - N10 - 23 of Face Value of ₹ 5,00,000 each | 101.65 | — |
| L&T Finance Limited | | |
| 4,899 Debentures (Previous year 4,899 debentures) 8.50% Secured Redeemable Non-Convertible Debentures (2010 A Series, Option II) | 48.99 | 48.99 |
| 56,212 Debentures (Previous year 56,212 debentures) 9.95% Secured Redeemable Non-Convertible Debentures (Option III) | 562.12 | 562.12 |
| Shriram Transport Finance Company Limited | | |
| 20,000 Debentures (Previous year 20,000 debentures) 11.03% Secured Redeemable Non-Convertible Debentures (Option III) | 215.63 | 215.63 |
| Trent Limited | | |
| 10 Debentures (Previous year Nil debenture) Zero Coupon Unsecured Redeemable Non-Convertible Debentures, Series B of Face Value of ₹ 10,00,000 each | 100.94 | — |
| d) Bonds (Bonds of Face Value of ₹ 1,00,000 each, fully paid-up, unless otherwise stated) | | |
| India Infrastructure Finance Company Limited | | |
| 1,100 Bonds (Previous year 1,007 bonds) 6.85% Unsecured Redeemable Tax free Non-Convertible Bonds | 1,124.38 | 1,029.16 |
| Indian Railway Finance Corporation Limited | | |
| 100 Bonds (Previous year 100 bonds) 6.30% Secured Non-Convertible Tax free Bonds 68th 'A' Series | 100.00 | 100.00 |
| 300 Bonds (Previous year 100 bonds) 6.70% Secured Non-Convertible Tax free Bonds 68th 'B' Series | 302.80 | 100.00 |
| 200 Bonds (Previous year Nil bond) 6.32% Secured, Tax Free, Non-Cumulative, Non-Convertible Railway Bonds Series 73rd 'A' | 200.00 | — |
| 200 Bonds (Previous year Nil bond) 6.72% Secured, Tax Free, Non-Cumulative, Non-Convertible Railway Bonds Series 73rd 'B' | 200.00 | — |
| National Bank for Agriculture and Rural Development | | |
| 11,000 Bonds (Previous year 5,425 bonds) Zero Coupon Unsecured Non-Convertible Bonds Series BNB JAN 2019 of Face Value of ₹ 20,000 each | 1,104.94 | 512.60 |
| 3,250 Bonds (Previous year 3,250 bonds) Zero Coupon Unsecured Non-Convertible Bonds Series BNB FEB 2019 of Face Value of ₹ 20,000 each | 297.86 | 297.86 |
| State Bank of India | | |
| 420 Bonds (Previous year Nil bond) Reset rate Unsecured Non-Convertible Lower Tier II Bonds (Series II) of Face Value of ₹ 10,000 each | 42.00 | — |
| 2. Other Than Trade (Unquoted) | | |
| a) Mutual Funds (Units of Face Value of ₹ 10 each, unless otherwise stated) | | |
| Birla Sun Life Mutual Fund | | |
| — Unit (Previous year 13,66,347.576 Units) of Birla Sun Life Dynamic Bond Fund-Retail-Growth | — | 201.35 |
| — Unit (Previous year 6,08,398.331 Units) of Birla Sun Life Savings Fund Insti. - Growth | — | 100.00 |
| BNP Paribas Mutual Fund (Formerly Fortis Investments) | | |
| — Unit (Previous year 28,57,537.280 Units) of BNP Paribas Short Term Income Fund - Institutional Growth | — | 300.00 |
| DSP BlackRock Mutual Fund | | |
| 20,00,000.000 Units (Previous year Nil Unit) of DSP BlackRock FMP - 12M Series 18 - Growth | 200.00 | — |
| Carried Over ... | 10,418.79 | 7,409.68 |

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

(Amount in ₹ Lakhs)

| | As at 31st March, 2011 | As at 31st March, 2010 |
|---|---------------------------|---------------------------|
| SCHEDULE 5 (Contd.) | | |
| Brought Forward ... | 10,418.79 | 7,409.68 |
| Franklin Templeton Mutual Fund | | |
| — Unit (Previous year 5,698.654 Units) of Templeton India Short Term Income Retail Plan - Growth of Face Value of ₹ 1,000 each | — | 100.00 |
| HDFC Mutual Fund | | |
| — Unit (Previous year 9,90,957.513 Units) of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth | — | 200.00 |
| — Unit (Previous year 20,00,000.000 Units) of HDFC Long Term Equity Fund - Dividend, Option : Payout | — | 200.00 |
| — Unit (Previous year 17,50,000.000 Units) of HDFC Quarterly Interval Fund - Plan A Wholesale Growth | — | 175.00 |
| ICICI Prudential Mutual Fund | | |
| — Unit (Previous year 8,66,551.127 Units) of EDWRD ICICI Prudential Equity & Derivatives Fund - Wealth Optimiser - Regular Dividend | — | 100.00 |
| JM Financial Mutual Fund | | |
| 10,00,000.000 Units (Previous year 10,00,000.000 Units) of JM Core 11 Fund - Series 1- Dividend Plan (291) | 100.00 | 100.00 |
| Kotak Mahindra Mutual Fund | | |
| — Unit (Previous year 17,84,092.043 Units) of Kotak Flexi Debt Scheme Institutional - Growth | — | 200.00 |
| — Unit (Previous year 13,82,173.499 Units) of Kotak Floater Long Term - Growth | — | 200.00 |
| — Unit (Previous year 5,00,000.000 Units) of Kotak Indo World Infrastructure Fund - Dividend | — | 50.00 |
| — Unit (Previous year 18,24,834.168 Units) of Kotak Quarterly Interval Plan Series 7 - Growth | — | 200.00 |
| 9,92,142.234 Units (Previous year Nil Unit) of Kotak Credit Opportunities Fund - Growth | 100.00 | — |
| Reliance Mutual Fund | | |
| — Unit (Previous year 2,92,407.993 Units) of Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option | — | 52.36 |
| — Unit (Previous year 24,050.388 Units) of Reliance Money Manager Fund - Institutional option - Growth Plan of Face Value of ₹ 1,000 each | — | 300.00 |
| — Unit (Previous year 16,28,784.906 Units) of Reliance Regular Savings Fund - Debt Plan- Institutional Growth Plan | — | 200.00 |
| — Unit (Previous year 15,04,712.358 Units) of Reliance Short Term Fund- Retail Plan - Growth Plan | — | 250.00 |
| 4,70,276.193 Units (Previous year Nil Unit) of Reliance Monthly Income Plan - Growth | 100.00 | — |
| Sundaram BNP Paribas Mutual Fund | | |
| — Unit (Previous year 5,00,000.000 Units) of Sundaram Energy Opportunities Fund - Dividend | — | 50.00 |
| UTI Mutual Fund | | |
| 1,90,359.074 Units (Previous year 1,90,359.074 Units) of UTI - Master Index Fund - Growth Plan | 100.00 | 100.00 |
| 21,28,795.984 Units (Previous year 21,28,795.984 Units) of UTI-NIFTY Index Fund - Dividend Plan - Payout | 350.00 | 350.00 |
| b) Debentures | | |
| Woodlands Medical Centre Limited | | |
| 319 Debentures (Previous year 319 Debentures) 5% Non-Redeemable Registered Debenture Stock, of ₹ 100 each, fully paid up | 0.32 | 0.32 |
| Total Long Term Investments | <u>11,169.11</u> | <u>10,237.36</u> |
| B. Current Investments (At lower of cost and fair value) | | |
| Other Than Trade (Unquoted) | | |
| Mutual Funds | | |
| SBI Mutual Fund | | |
| 28,88,658.324 Units (Previous year Nil Unit) of SBI Premier Liquid Fund - Institutional - Growth of Face Value of ₹ 10 each | 450.00 | — |
| Total Current Investments | 450.00 | — |
| Total Investments (A + B) | <u>11,619.11</u> | <u>10,237.36</u> |
| Aggregate Book value of Unquoted Investments | 1,400.32 | 3,429.03 |
| Aggregate Book value of Quoted Investments | 10,218.79 | 6,808.33 |
| Aggregate Market value of Quoted Investments | 9,697.82 | 6,449.82 |

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Amount in ₹ Lakhs)

| SCHEDULE 5 (Contd.) | | | |
|---|--------------|-----------------|---------------|
| The following Current Investments were purchased and sold during the year : | | | |
| Name of Mutual Fund scheme | Face Value ₹ | Number of Units | Purchase Cost |
| Birla Sun Life Dynamic Bond Fund - Retail - Growth | 10 | 19,20,811.351 | 300.00 |
| Birla Sun Life Savings Fund Insti. - Growth | 10 | 32,77,958.250 | 600.00 |
| HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth | 10 | 13,57,999.771 | 277.47 |
| HDFC FMP 100D July 2010 (1) - Growth Series XIII | 10 | 10,02,380.000 | 100.24 |
| HDFC High Interest Fund - Short Term Plan - Growth | 10 | 26,85,144.117 | 500.00 |
| ICICI Prudential Flexible Income Plan Premium Growth | 100 | 5,02,601.924 | 900.00 |
| ICICI Prudential Flexible Income Plan Regular Growth | 100 | 70,426.437 | 75.00 |
| ICICI Prudential Gilt Fund - Investment Plan Growth | 10 | 7,73,768.387 | 250.00 |
| Kotak Flexi Debt Scheme Institutional - Growth | 10 | 17,78,029.203 | 202.97 |
| Kotak Quarterly Interval Plan Series 5 - Growth | 10 | 6,34,689.594 | 75.00 |
| Templeton India Short Term Income Retail Plan - Growth | 1,000 | 21,400.818 | 400.00 |
| UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Instl. Growth Plan | 10 | 10,00,000.000 | 100.00 |

| | As at 31st March, 2011 | As at 31st March, 2010 |
|----------------------|---------------------------|---------------------------|
| SCHEDULE 6 | | |
| INVENTORIES | | |
| Stores & spare parts | 195.50 | 184.28 |
| Loose tools | 0.73 | 0.65 |
| Finished goods | 1,499.14 | 1,046.43 |
| Raw materials | 2,538.42 | 2,996.75 |
| Work-in-progress | 498.17 | 337.41 |
| | <u>4,731.96</u> | <u>4,565.52</u> |

| | As at 31st March, 2011 | As at 31st March, 2010 |
|------------------------------|---------------------------|---------------------------|
| SCHEDULE 7 | | |
| SUNDRY DEBTORS | | |
| (Unsecured, considered good) | | |
| Debts over six months | 0.22 | 0.10 |
| Other debts | 1,708.88 | 893.88 |
| | <u>1,709.10</u> | <u>893.98</u> |

| | As at 31st March, 2011 | As at 31st March, 2010 |
|--|---------------------------|---------------------------|
| SCHEDULE 8 | | |
| CASH & BANK BALANCES | | |
| Cash in hand | 8.14 | 8.21 |
| Balances with scheduled banks – | | |
| In current accounts | 278.06 | 140.33 |
| In dividend accounts | 43.91 | 38.11 |
| Term deposits | 395.65 | 1,005.36 |
| {under lien ₹ 395.65 (Previous year ₹ 205.36)} | | |
| | <u>725.76</u> | <u>1,192.01</u> |

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Amount in ₹ Lakhs)

| | As at 31st March, 2011 | As at 31st March, 2010 |
|---|---------------------------|---------------------------|
| SCHEDULE 9 | | |
| OTHER CURRENT ASSETS (Unsecured, considered good) | | |
| Security deposits {Include ₹ 0.02 (Previous year ₹ 0.02) in National Savings Certificate and ₹ 0.02 (Previous year ₹ 0.02) in Post Office Savings Bank Accounts} | 34.40 | 33.25 |
| Government grants receivable | 225.32 | 56.16 |
| Interest accrued on term deposits, debentures, bonds etc. | 172.97 | 65.66 |
| | <u>432.69</u> | <u>155.07</u> |
| SCHEDULE 10 | | |
| LOANS & ADVANCES (Unsecured, considered good) | | |
| Loan | 700.00 | — |
| Advances recoverable in cash or in kind or for value to be received | 174.20 | 137.20 |
| Advance payment of tax and refunds due (net of provision) | 21.26 | — |
| Balances with customs, excise, port trusts etc. | 3.47 | 1.40 |
| | <u>898.93</u> | <u>138.60</u> |
| SCHEDULE 11 | | |
| LIABILITIES | | |
| Sundry creditors | | |
| Due to Micro & Small Enterprises | — | — |
| Due to others | 1,238.56 | 907.30 |
| Unpaid dividends* | 43.91 | 38.11 |
| Interest accrued but not due on loan | 0.31 | 0.74 |
| | <u>1,282.78</u> | <u>946.15</u> |
| SCHEDULE 12 | | |
| PROVISIONS | | |
| Gratuity | 497.06 | 131.32 |
| Unencashed leave | 173.58 | 147.73 |
| Income and wealth tax (net of advance tax) | — | 20.73 |
| Contingencies (Refer note 25a of Schedule 19) | 396.94 | 163.48 |
| Proposed dividend | 541.35 | 360.90 |
| Corporate dividend tax | 87.82 | 59.94 |
| | <u>1,696.75</u> | <u>884.10</u> |

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

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Amount in ₹ Lakhs)

| | 2010-11 | 2009-10 |
|--|------------------|------------------|
| SCHEDULE 13 | | |
| SALES AND RELATED INCOME | | |
| Sales | 30,244.33 | 17,189.02 |
| Related income | 617.18 | 425.06 |
| | <u>30,861.51</u> | <u>17,614.08</u> |
| Sales in Quantity - Jute goods (M. Tonnes) | 47,334 | 34,859 |

| | | |
|--|---------------|---------------|
| SCHEDULE 14 | | |
| OTHER INCOME | | |
| Interest received (gross) | | |
| - On term deposits | 47.17 | 48.21 |
| - On debentures/bonds | 197.63 | 69.68 |
| - Others | 16.02 | 424.00 |
| {Tax deducted ₹ 6.71 (Previous year ₹ 47.68)} | | |
| | <u>260.82</u> | <u>541.89</u> |
| Dividend income on non trade investments | | |
| - On long term investments | 20.66 | 57.45 |
| - On current investments | — | — |
| Profit on sale of non trade investments (net) | | |
| - On long term investments | 468.35 | 135.44 |
| - On current investments | 39.15 | — |
| Profit on sale of fixed/discarded assets (net) | 33.09 | 5.72 |
| Miscellaneous receipts | 3.23 | 4.50 |
| {Tax deducted ₹ 0.16 (Previous year ₹ 0.24)} | | |
| | <u>825.30</u> | <u>745.00</u> |

| | | |
|---------------------------------------|-----------------|-----------------|
| SCHEDULE 15 | | |
| (INCREASE) / DECREASE IN STOCK | | |
| Closing stock | | |
| Work-in-progress | 498.17 | 337.41 |
| Finished goods | 1,499.14 | 1,046.43 |
| | <u>1,997.31</u> | <u>1,383.84</u> |
| Opening 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> |
| (Increase)/decrease in stock | <u>(613.47)</u> | <u>(317.87)</u> |

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

(Amount in ₹ Lakhs)

| | 2010-11 | 2009-10 |
|--|-----------------|-----------------|
| SCHEDULE 16 | | |
| EMPLOYEES' COST | | |
| Salary, wages, bonus & commission | 3,552.36 | 2,474.77 |
| Contribution to provident & other funds | 255.75 | 194.74 |
| Medical and welfare expenses | 59.57 | 53.89 |
| Contribution to employees' state insurance scheme | 143.80 | 91.60 |
| Gratuity | 665.74 | 277.77 |
| | <u>4,677.22</u> | <u>3,092.77</u> |
| SCHEDULE 17 | | |
| MANUFACTURING, SELLING & OTHER EXPENSES | | |
| Stores and spare parts consumed | 1,744.41 | 1,149.89 |
| Repairs and maintenance | | |
| - Buildings | 153.11 | 85.68 |
| - Plant & machinery | 107.01 | 107.17 |
| - Others | 46.56 | 39.13 |
| Power & fuel | 1,343.01 | 922.77 |
| Rent | 33.88 | 33.53 |
| Rates & taxes | 244.61 | 17.17 |
| Insurance | 37.55 | 32.02 |
| Delivery charges | 1,092.83 | 485.89 |
| Brokerage & commission | 29.56 | 12.89 |
| Claims & damages | 7.85 | 4.31 |
| Consignment sales expenses (Refer note 6 of Schedule 19) | 68.29 | 26.51 |
| Miscellaneous expenses | 497.01 | 473.95 |
| Donation | 325.00 | 175.02 |
| Auditors' remuneration | | |
| - Audit fees | 2.76 | 2.76 |
| - In any other manner | 3.19 | 2.26 |
| - Out of pocket expenses | 0.20 | 0.19 |
| Fixed assets written off | — | 1.47 |
| | <u>5,736.83</u> | <u>3,572.61</u> |
| SCHEDULE 18 | | |
| INTEREST | | |
| Term loan | 8.59 | 0.12 |
| Others | 78.13 | 46.30 |
| | <u>86.72</u> | <u>46.42</u> |

SCHEDULE TO ACCOUNTS

SCHEDULE 19

(Amount in ₹ 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 capital subsidy, accumulated depreciation and impairment losses, if any.
- ii. Cost comprises purchase price, non refundable taxes, duties, freight and incidental expenses related to the acquisition and installation of the assets as well as finance charges wherever applicable 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. Intangible assets comprise of software, expected to provide future enduring economic benefits are stated at cost less accumulated amortisation. Cost comprises purchase price and directly attributable expenditure on making the asset ready for its intended use.
- iv. 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.

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. 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 ₹ 0.05, depreciation at the rate of 100% is being provided, subject to aggregate actual cost of individual item of plant and machinery costing ₹ 0.05 or less being less than 10% of total cost of plant and machinery.

d. INVESTMENTS

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long term investments are stated at cost less provision, if any, for diminution other than temporary diminution in the value of such investments.

Market value of quoted mutual funds is arrived at by considering Net Asset Value (NAV).

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 & 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 amortised as income or expense in the Profit & Loss account over the life of the contract. Further, exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception/the last reporting date, is recognised as income or expense for the period.

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 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 & Loss account.

h. REVENUE RECOGNITION

- 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. Dividend income is accounted for in the year in which the right to receive the same is established.
- iii. 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 if there is a reasonable certainty that the asset will be realised in future.

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

(Amount in ₹ Lakhs)

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 & 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 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.

2. Based on the valuation report by a Chartered Engineer, an external valuer, the Company's freehold land had been revalued on appraisal method at ₹ 6,257.10 on 31st March, 2008 resulting in increase in the net book value of the assets of ₹ 3,075.24 by a corresponding credit to revaluation reserve account.

3. Certain assets transferred from DTA unit to Falta SEZ unit, in the previous year, of gross block of ₹ 187.07 and accumulated depreciation of ₹ 168.99 had been shown as capital work in progress at Falta SEZ unit but have been installed and put to use by such unit in the current year.

4. Capital commitments not provided for at the date of this Balance Sheet are estimated at ₹ 521.12 (Previous year ₹ 3.45) after netting of advances paid.

5. 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 ₹ Nil (Previous year ₹ Nil).

Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

6. 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 ₹ 9.25 (Previous year ₹ 3.91).

7. Total stores and spare parts consumed during the year are ₹ 1,943.04 (Previous year ₹ 1,317.37) and include ₹ 198.63 (Previous year ₹ 167.48) debited to relevant expense heads.

8. Government grants received by the Company comprise of capital subsidy of ₹ 27.21 (Previous year ₹ 43.62), export incentives of ₹ 499.77 (Previous year ₹ 188.27) and other revenue grants of ₹ 32.30 (Previous year ₹ Nil).

9. Fixed assets amounting to ₹ Nil (Previous year ₹ 1.47) has been written off during the year as no longer usable.

10. Exchange difference (net) amounting to ₹ 196.17 (Previous year ₹ 11.86) have been credited to respective revenue heads in the Profit & Loss account. Such difference includes premium received amounting to ₹ 0.43 (Previous year ₹ Nil) and exchange loss amounting to ₹ 0.16 (Previous year ₹ Nil) in respect of outstanding forward contracts. Premium on outstanding forward exchange rate contracts to be recognised in the subsequent year amounts to ₹ 0.82 (Previous year ₹ Nil).

11. Disclosure pursuant to Accounting Standard - 15 (Revised 2005) 'Employee Benefits':

i. Effective 1st April, 2007, the Company has adopted Accounting Standard - 15 (revised 2005) on "Employee Benefits".

ii. Defined Contribution Plans

The Company has during the year recognised an expense of ₹ 399.55 (Previous year ₹ 286.34) towards defined contribution plans.

Out of the total contribution, made for employees' provident fund, a sum of ₹ 53.24 (Previous year ₹ 47.15) 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.

SCHEDULE TO ACCOUNTS
SCHEDULE 19 (Contd.)

(Amount in ₹ Lakhs)

iii. Defined Benefit Plans

| | 31.03.2011 | 31.03.2010 |
|---|-----------------|-----------------|
| The defined benefit plan in respect of gratuity, being funded by the Company, is as follows : | | |
| a. Change in defined benefit obligation : | | |
| Present value of obligation, at the beginning of the year | 1,625.44 | 1,285.29 |
| Current service cost | 115.11 | 101.19 |
| Interest cost | 154.12 | 116.43 |
| Benefits paid | (161.27) | (33.59) |
| Actuarial (gain)/loss | 494.08 | 156.12 |
| Present value of obligation, at the end of the year | <u>2227.48</u> | <u>1,625.44</u> |
| b. Change in fair value of plan assets : | | |
| Plan assets at the beginning of the year | 1,494.12 | 1,331.74 |
| Expected return on plan assets | 128.98 | 113.03 |
| Contributions by the employer | 300.00 | 100.00 |
| Actuarial gain/(loss) | (31.41) | (17.06) |
| Benefits paid | (161.27) | (33.59) |
| Plan assets at the end of the year | <u>1,730.42</u> | <u>1,494.12</u> |
| c. Amount recognised in Balance Sheet : | | |
| Present value of defined benefit obligation | 2227.48 | 1,625.44 |
| Fair value of plan assets | 1,730.42 | 1,494.12 |
| Net liability recognised in Balance Sheet | <u>(497.06)</u> | <u>(131.32)</u> |
| d. Expenses recognised in the Profit & Loss Account : | | |
| Current service cost | 115.11 | 101.19 |
| Interest cost | 154.12 | 116.43 |
| Expected return on plan assets | (128.98) | (113.03) |
| Net actuarial (gain)/loss | 525.49 | 173.18 |
| Total expenses | <u>665.74</u> | <u>277.77</u> |
| e. Constitution of plan assets as a percentage of total plan assets : | | |
| Government of India/Government of India guaranteed securities and units of Gilt mutual funds | 31.12% | 29.80% |
| State Government/State Government guranteed securites | 23.34% | 26.28% |
| Bonds | 39.71% | 39.73% |
| Units of money market mutual fund | 0.81% | 0.74% |
| Units of equity linked scheme of mutual fund | 1.85% | 0.00% |
| Cash at bank and receivables (net) | 3.17% | 3.45% |
| Total | <u>100.00%</u> | <u>100.00%</u> |
| There are no amount 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.

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

(Amount in ₹ Lakhs)

g. General description of the defined plans :

i. 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.

ii. 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.

12. Directors' Remuneration

| | 2010-11 | | 2009-10 | |
|--|---------|----------|---------|----------|
| Executive directors | | | | |
| Salary | 30.75 | | 30.00 | |
| Commission | 160.50 | | 89.50 | |
| Contribution to provident fund | 3.08 | | 3.00 | |
| Allowances and estimated value of other perquisites | 21.79 | 216.12 | 16.83 | 139.33 |
| Non-executive directors | | | | |
| Fees | 0.56 | | 0.30 | |
| Commission | 8.00 | 8.56 | 4.00 | 4.30 |
| | | 224.68 | | 143.63 |
| Computation of Net Profit under Section 349 of the Companies Act, 1956 for the purpose of calculating directors' remuneration. | | | | |
| Profit as per Profit & Loss Account | | 3,824.43 | | 2,111.40 |
| Add : Directors' remuneration | | 224.68 | | 143.63 |
| | | 4,049.11 | | 2,255.03 |
| Less : Profit on sale of non trade investments (net) | 507.50 | | 135.44 | |
| Capital profit on sale of fixed/discarded assets | 3.24 | 510.74 | 2.80 | 138.24 |
| Profit for the purpose of directors' remuneration | | 3,538.37 | | 2,116.79 |
| Directors' commission within overall remuneration | | | | |
| Executive directors | | 160.50 | | 89.50 |
| Non-executive directors | | 8.00 | | 4.00 |
| | | 168.50 | | 93.50 |

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

(Amount in ₹ Lakhs)

13. Particulars in respect of Goods Manufactured

| | 2010-11 | | 2009-10 | |
|---|---------|-------------|------------|-------------|
| i. Class of goods manufactured | a) | Jute Goods | Jute Goods | |
| | b) | Power | Power | |
| ii. * Licensed capacity | | | | |
| EOU, Falta SEZ (in Meters-per annum) - Jute Fabric | | 2,23,50,000 | | 1,40,90,000 |
| (in M. Tonnes-per annum) - Jute Yarn | | — | | 4,400 |
| iii. ** Installed capacity (As certified by the management) | | | | |
| Jute goods (in M. Tonnes) | | 60,106 | | 59,337 |
| Power (in MW) | | 3.14 | | 3.14 |
| iv. Production | | | | |
| Jute goods (in M. Tonnes) | | 47,769 | | 35,397 |
| *** Power (in Units) | | 1,27,736 | | 4,12,834 |
| Note : Production is net of captive consumption | | | | |
| Jute goods (in M. Tonnes) | | 220 | | 192 |
| Power (in Units) | | 4,960 | | 16,068 |

* 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.

14. Particulars in respect of Finished Stocks

| | 2010-11 | | 2009-10 | |
|---------------|----------------------|----------|----------------------|----------|
| Particulars | Quantity M.Tonnes | Amount | Quantity M.Tonnes | Amount |
| Closing stock | 2,780 | 1,499.14 | 2,345 | 1,046.43 |
| Opening stock | 2,345 | 1,046.43 | 1,807 | 753.49 |

15. a. Consumption of Raw Materials

| | 2010-11 | | 2009-10 | |
|---------------------------|----------------------|------------------|----------------------|-----------------|
| Particulars | Quantity M.Tonnes | Amount | Quantity M.Tonnes | Amount |
| <u>Class of Materials</u> | | | | |
| Raw Jute | 49,214 | 16,128.58 | 33,904 | 8,177.29 |
| Jute Yarn | 2,268 | 1,448.44 | 2,710 | 1,302.34 |
| | <u>51,482</u> | <u>17,577.02</u> | <u>36,614</u> | <u>9,479.63</u> |

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

| | 2010-11 | | 2009-10 | |
|---------------------------------|------------------|---------------|-----------------|---------------|
| Particulars | Value | % | Value | % |
| <u>Raw Materials</u> | | | | |
| Imported | 3,580.57 | 20.37 | 1,780.16 | 18.78 |
| Indigenous | 13,996.45 | 79.63 | 7,699.47 | 81.22 |
| | <u>17,577.02</u> | <u>100.00</u> | <u>9,479.63</u> | <u>100.00</u> |
| <u>Stores & Spare Parts</u> | | | | |
| Imported | 109.22 | 5.62 | 89.91 | 6.82 |
| Indigenous | 1,833.82 | 94.38 | 1,227.46 | 93.18 |
| | <u>1,943.04</u> | <u>100.00</u> | <u>1,317.37</u> | <u>100.00</u> |

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

(Amount in ₹ Lakhs)

16. C.I.F. Value of imports during the year

| | 2010-11 | 2009-10 |
|----------------|-----------------|-----------------|
| Raw materials | 4,403.95 | 1,703.03 |
| General stores | 99.45 | 36.28 |
| Capital goods | 82.13 | 8.67 |
| | <u>4,585.53</u> | <u>1,747.98</u> |

17. Expenditures in foreign currency

| | 2010-11 | 2009-10 |
|------------------|---------------|---------------|
| Travelling | 13.59 | 8.10 |
| Delivery charges | 204.46 | 118.37 |
| Others | 23.89 | 8.30 |
| | <u>241.94</u> | <u>134.77</u> |

18. Earnings in foreign currency

| | 2010-11 | 2009-10 |
|-------------------------|-----------|----------|
| F.O.B. value of exports | 16,927.38 | 7,877.88 |

19. Particulars relating to dividend paid to non-resident shareholders

| | 2010-11 | 2009-10 |
|---|---------|---------|
| Number of non-resident shareholders | 96 | 98 |
| Number of shares held by them | 73,484 | 75,865 |
| Dividend relating to the year | 2009-10 | 2008-09 |
| Amount of dividend (₹) | 5.88 | 4.55 |
| Amount remitted in foreign currency (₹) | — | — |

20. Segment reporting as per Accounting Standard -17 for the year ended 31st March, 2011

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 Accounting Standard -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 Accounting Standard -17 are not applicable in respect of business segment. However, the geographical segments considered for disclosure are as under :

| Particulars | 2010-11 | | 2009-10 | |
|-----------------------------------|--------------|---------------|--------------|---------------|
| | Within India | Outside India | Within India | Outside India |
| Sales | 12,357.26 | 17,887.07 | 8,900.46 | 8,288.56 |
| Carrying amount of segment assets | 31,451.73 | — | 28,165.25 | — |
| Capital expenditure | 741.87 | — | 366.46 | — |

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

(Amount in ₹ Lakhs)

21. Related Party Disclosures

Related party disclosures, as required by Accounting Standard -18 for the year ended 31st March, 2011 are as follows :

A. Relationships

1. Controlling Group
 - i. Holding Company
Harsh Investments Private Limited (HIPL)
 - ii. Others
 - a. Abhyadoot Finance & Investments Private Limited (AFIPL)
 - b. Cheviot Agro Industries Limited (CAIL)
 - c. Cheviot International Limited (CIL)
 - d. Mr. H. V. Kanoria
 - e. Mrs. Malati Kanoria (Wife of Mr. H. V. Kanoria)
 - f. Mr. Utkarsh Kanoria (Son of Mr. H. V. Kanoria)
2. Associates
 - i. Jan Priya Trust
 - ii. Shashvat Foundation
3. Key Management Personnel
 - i. Mr. H. V. Kanoria
 - ii. Mr. N. K. Kejriwal
 - iii. Mr. D. Mazumdar
 - iv. Mr. D. K. Mohta
 - v. Mr. M. K. Patni
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 :

| Transactions/Nature of Relationship | Year ended March 31, 2011 | | | | | Year ended March 31, 2010 | | | | |
|--|---------------------------|------------|--------------------------|--------------------------------------|--------|---------------------------|------------|--------------------------|--------------------------------------|--------|
| | Controlling Group | Associates | Key Management Personnel | Relative of Key Management Personnel | Total | Controlling Group | Associates | Key Management Personnel | Relative of Key Management Personnel | Total |
| Rendering of services | 2.88 | — | — | — | 2.88 | 2.76 | — | — | — | 2.76 |
| CIL | 1.59 | — | — | — | 1.59 | 1.44 | — | — | — | 1.44 |
| CAIL | 1.23 | — | — | — | 1.23 | 1.20 | — | — | — | 1.20 |
| Others | 0.06 | — | — | — | 0.06 | 0.12 | — | — | — | 0.12 |
| Receiving of services | — | — | 284.27 | 2.40 | 286.67 | — | — | 187.72 | 2.40 | 190.12 |
| Mr. H. V. Kanoria | — | — | 176.16 | — | 176.16 | — | — | 106.07 | — | 106.07 |
| Mr. N. K. Kejriwal | — | — | 37.56 | — | 37.56 | — | — | 30.86 | — | 30.86 |
| Mr. D. Mazumdar | — | — | 29.12 | — | 29.12 | — | — | 22.32 | — | 22.32 |
| Others | — | — | 41.43 | 2.40 | 43.83 | — | — | 28.47 | 2.40 | 30.87 |
| Finance including loans | — | — | 0.40 | — | 0.40 | — | — | 0.40 | — | 0.40 |
| Mr. D. K. Mohta | — | — | 0.40 | — | 0.40 | — | — | 0.40 | — | 0.40 |
| Deposit received | — | — | 0.23 | — | 0.23 | — | — | 0.55 | — | 0.55 |
| Mr. M. K. Patni | — | — | 0.23 | — | 0.23 | — | — | 0.55 | — | 0.55 |
| Dividend paid | 266.78 | — | 0.03 | 0.02 | 266.83 | 197.95 | — | 0.02 | 0.02 | 197.99 |
| HIPL | 205.93 | — | — | — | 205.93 | 154.44 | — | — | — | 154.44 |
| Others | 60.85 | — | 0.03 | 0.02 | 60.90 | 43.51 | — | 0.02 | 0.02 | 43.55 |
| Donation paid | — | 325.00 | — | — | 325.00 | — | 175.00 | — | — | 175.00 |
| Shashvat Foundation | — | 150.00 | — | — | 150.00 | — | 175.00 | — | — | 175.00 |
| Jan Priya Trust | — | 175.00 | — | — | 175.00 | — | — | — | — | — |
| Outstanding finance including loans | — | — | 0.80 | — | 0.80 | — | — | 1.60 | — | 1.60 |
| Mr. M. K. Patni | — | — | 0.80 | — | 0.80 | — | — | 1.60 | — | 1.60 |
| Outstanding deposit | — | — | 0.78 | — | 0.78 | — | — | 0.55 | — | 0.55 |
| Mr. M. K. Patni | — | — | 0.78 | — | 0.78 | — | — | 0.55 | — | 0.55 |

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

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

(Amount in ₹ Lakhs)

22. Derivative instruments outstanding :

- a) Forward cover for foreign currency receivables outstanding at year end is ₹ 94.88 (Previous year ₹ Nil).
- b) Foreign currency exposure (net) at year end that are not hedged by derivative instruments or otherwise is ₹ 1,214.09 (Previous year ₹ 783.21).

23. Statement showing calculation of Earnings Per Share (EPS) as per Accounting Standard - 20 :

| | 2010-11 | 2009-10 |
|--|-----------|-----------|
| a. Net Profit after tax as per Profit & Loss Account | 2,883.62 | 1,640.98 |
| b. Weighted average number of ordinary shares | 45,11,250 | 45,11,250 |
| c. Earnings per share (Face value of ₹ 10 each) (Basic & diluted) | ₹ 63.92 | ₹ 36.38 |

24. The break up of major components of Deferred Tax Assets & Liabilities calculated in accordance with Accounting Standard - 22 is as under :

| | 2010-11 | 2009-10 |
|---|---------------|--------------|
| Deferred tax assets being the tax components Expenses allowable against taxable income in future years | 259.39 | 157.63 |
| Deferred tax liabilities being the tax components Timing difference in depreciable assets | 81.31 | 61.40 |
| Net difference of deferred tax assets and liabilities | <u>178.08</u> | <u>96.23</u> |

25. a. In accordance with Accounting Standard - 29 – “Provisions, Contingent Liabilities and Contingent Assets”, the Company as a prudent measure has made following provisions in the books :

| | 1st April, 2010 | Additions | Utilisations | Reversals/ Adjustments | 31st March, 2011 |
|----------------|-----------------|-----------|--------------|---------------------------|------------------|
| Indirect Taxes | 163.48 | 233.46 | — | — | 396.94 |

Provision for Contingencies represents estimates made mainly for probable claims arising out of disputes pending with the authorities under various statutes (i.e. Excise and Sales Tax). The probability and timing of the outflow with regard to these matters depend on the ultimate settlement/conclusion with the relevant authorities.

b. Contingent Liabilities not provided for

- i. Sales tax in dispute ₹ 6.58 (Previous year ₹ 6.58) under appeal and not acknowledged as debt.
- ii. Income tax in dispute ₹ 236.65 (Previous year ₹ 90.83) under appeal and not acknowledged as debt.
- iii. Employees' state insurance in dispute ₹ 14.38 (Previous year ₹ 49.37) and interest thereon (amount not yet quantified) being contested in view of liability foreseen of ₹ 5.26 (Previous year ₹ 2.66) only with interest thereon of ₹ Nil (Previous year ₹ 0.16). Provision has thus been made of ₹ 5.26 (Previous year ₹ 2.82), and against which a sum of ₹ 5.20 (Previous year ₹ 1.50) has been deposited.
- iv. Counter guarantees for bonds executed by State Bank of India - ₹ 306.16 (Previous year ₹ 216.86).

26. 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.

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

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

(Amount in ₹ Thousands)

28. 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. | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="9"/> | State Code | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> |
| Balance Sheet date | <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/> | | |
| II. Capital raised during the year | | | |
| Public Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Right Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Bonus Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Private Placement | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| III. Position of Mobilisation and Deployment of Funds | | | |
| Total Liabilities | <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> | Total Assets | <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> |
| Sources of Funds | | Application of Funds | |
| Paid up capital | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="8"/> | Net fixed assets | <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/> |
| Reserves & surplus | <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="3"/> | Investments | <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/> |
| Secured loans | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="9"/> | Net current assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="1"/> |
| Unsecured loans | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Misc. expenditure | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Deferred tax liability | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Deferred tax assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="8"/> |
| IV. Performance of Company | | | |
| Turnover * | <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="1"/> | Profit before tax | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="3"/> |
| Total expenditure | <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="8"/> | Profit after tax | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/> |
| Earnings per share (in ₹) | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="2"/> | Dividend rate (%) | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/> |
| * Including other income | | | |
| V. Generic Names of three Principal Products/Services of Company (As per Monetary Terms) | | | |
| Item Code No. (ITC Code) | <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> | | |
| Product Description | <input type="text" value="J"/> <input type="text" value="U"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value=""/> <input type="text" value="Y"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="N"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> | | |
| Item Code No. (ITC Code) | <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> | | |
| Product Description | <input type="text" value="S"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="K"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="G"/> <input type="text" value=""/> <input type="text" value="B"/> <input type="text" value="A"/> <input type="text" value="G"/> <input type="text" value=""/> <input type="text" value=""/> | | |
| Item Code No. (ITC Code) | <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> | | |
| Product Description | <input type="text" value="H"/> <input type="text" value="E"/> <input type="text" value="S"/> <input type="text" value="S"/> <input type="text" value="I"/> <input type="text" value="A"/> <input type="text" value="N"/> <input type="text" value=""/> <input type="text" value="C"/> <input type="text" value="L"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="H"/> <input type="text" value=""/> | | |

Signatures to Schedules 1 to 19

Per our report attached
For Jain & Co.
Chartered Accountants
CA P. K. JAIN
Partner - M. No. 52018
P-21/22, Radhabazar Street,
Kolkata - 700 001
Dated the 12th day of May, 2011

CS 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

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 account (Please tick) : Savings Current Cash Credit

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.

CHEVIOT COMPANY LIMITED

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

Dear Members,

As you are aware that the Ministry of Corporate Affairs (MCA) vide their Circular Nos.17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 has taken a "Green Initiative" by allowing paperless compliances by Companies to serve the requisite documents to its Members through electronic mode in compliance with Section 53 of the Companies Act, 1956.

Accordingly, we are updating the database of our members holding shares in physical mode by incorporating their designated e-mail address in our records. You are requested to kindly register your e-mail address by filling up and signing at proper place in the **E-mail Address Update Form** given below and forward the same to our Registrar and Transfer Agent M/s Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 or e-mail the scanned copy at e-mail id : cheviot2011@mdpl.in. The e-mail address shall be updated after verification of your signature.

Please note that in respect of those members who are holding shares in electronic form and have not yet registered their e-mail address or who wish to change their existing e-mail address are requested to submit their e-mail address with their Depository Participants.

----- (Cut from here) -----

E-MAIL ADDRESS UPDATE FORM

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

In view of the circulars no. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 issued by The Ministry of Corporate Affairs, I/We _____ son/daughter/wife of Sri _____ holding _____ Equity Shares of Cheviot Company Ltd. under my/our Registered Folio No(s). _____ do hereby accord my/our consent to receive all future communication/documents from the Company at my/our e-mail address given below :

E-mail address : _____

Signature of the Shareholder(s)

CHEVIOT COMPANY LIMITED

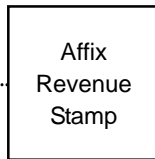
Registered Office :
24, Park Street, Magma House (9th Floor)
Kolkata - 700 016

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 28th July, 2011, at 11 a.m. and at any adjournment
thereof.

Signed this day of 2011

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 28th July, 2011 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.

BOOK POST

If undelivered please return to :

CHEVIOT COMPANY LIMITED

24, PARK STREET, MAGMA HOUSE (9TH FLOOR)

KOLKATA - 700 016