

ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2012



**Group
Cheviot**

CHEVIOT COMPANY LIMITED

BOARD OF DIRECTORS

HARSH VARDHAN KANORIA - *Chairman and Managing Director, Chief Executive Officer*

NAWAL KISHORE KEJRIWAL - *Wholetime Director*

NAVIN NAYAR

PARAG KESHAR BHATTACHARJEE

SUSHIL DHANDHANIA

PADAM KUMAR KHAITAN

**VICE PRESIDENT AND SECRETARY,
CHIEF FINANCIAL OFFICER**

DEO KISHAN MOHTA

AUDITORS

JAIN & COMPANY

Chartered Accountants

BANKERS

STATE BANK OF INDIA

CITI BANK N.A.

AXIS BANK LTD.

REGISTRAR AND SHARE TRANSFER AGENT

MAHESHWARI DATAMATICS PRIVATE LIMITED

6, MANGOE LANE, 2ND FLOOR, KOLKATA - 700 001

PHONE : 033- 2243 5029 / 5809, FAX : 033-2248 4787

E-MAIL : mdpl@cal.vsnl.net.in

REGISTERED OFFICE

24, PARK STREET

MAGMA HOUSE, (9TH FLOOR)

KOLKATA - 700 016

PHONE : 033-3291 9624 / 25 / 28

FAX : 033-2249 7269 / 2217 2488

E-MAIL : cheviot@chevjute.com

WEBSITE : www.groupcheviot.net

PLANTS LOCATIONS

19, MEHTA ROAD, BADEKALINAGAR

BUDGE-BUDGE

24-PARGANAS (SOUTH) - 700 137

WEST BENGAL

SECTOR II

FALTA SPECIAL ECONOMIC ZONE

FALTA, 24-PARGANAS (SOUTH) - 743 504

WEST BENGAL

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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 Friday, the 27th July, 2012 at 11.00 a.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2012 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Mr. Navin Nayar, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s Jain & Co., Chartered Accountants (ICAI Registration No. 302023E), as the Auditors of the Company on a remuneration to be mutually agreed upon with the Board of Directors.

Special Business :

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII thereto, consent of the Company be and is hereby granted to the re-appointment of Mr. Nawal Kishore Kejriwal (Mr. Kejriwal), as Wholetime Director of the Company for a period of two years with effect from 1st June, 2012 upon the terms and conditions as to remuneration and otherwise as set out in the letter of re-appointment (a draft of which signed by the Chairman and Managing Director for identification was laid on the table) to be issued to Mr. Kejriwal and also given in the explanatory statement to this resolution."
"FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during the aforesaid period of two years, the Company will pay Mr. Kejriwal remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required."

Registered Office :
24, Park Street,
'Magma House', (9th Floor),
Kolkata - 700 016
Dated : 30th May, 2012

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

NOTES :

1. **The Register of Members and the Share Transfer Register of the Company will remain closed from Saturday 21st July, 2012 to Friday, 27th July, 2012 (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 1st August, 2012 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, 20th July, 2012. 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 20th July, 2012 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

NOTICE (Contd.)

31st March, 2004 have been transferred to the said fund. Unpaid/unclaimed dividend for the financial year ended 31st March, 2005 will become due for transfer during August, 2012. Shareholders are advised to encash the unpaid dividend warrants before transfer to the above referred Fund. Members shall not be able to claim in respect of their unpaid/unclaimed dividend from the said fund.

7. Securities and Exchange Board of India (SEBI) has made it mandatory for all the Companies to use the bank account details furnished by the Depositories for distributing dividends through National Electronic Clearing Service (NECS) to the investors wherever NECS and bank account 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 Depository Participants immediately.
9. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at least 10 (Ten) days in advance of the meeting i.e. by 17th July, 2012, 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. Information regarding the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting :
- a. Mr. Navin Nayar (Mr. Nayar), aged 49 years, is a Director of the Company since 30.07.2001. Mr. Nayar is a fellow member of the Institute of Chartered Accountants of India. He is a senior partner in M/s Navin Nayar & Co., Chartered Accountants. He has vast experience in the field of accountancy and finance and has been associated with several renowned Companies. Mr. Nayar also holds directorship of the Board of Directors of the following Companies :
- Other Directorships : 1.OCL Investment and Leasing Ltd., 2. Cosmopolitan Investments Ltd., 3. Crest Holdings Pvt. Ltd., 4. Skyview Investments Pvt. Ltd., 5. Amar Vanijya Ltd., 6. Nidhi Ltd., 7. Kanco Tea and Industries Ltd.
- Membership of the Committee of the Board of other Companies : Nil
- Number of Shares held in the Company : Nil
- b. Mr. Nawal Kishore Kejriwal (Mr. Kejriwal), aged 69 years, is holding position of the Wholetime Director of the Company from 01.06.1988. Mr. Kejriwal is a Commerce Graduate and has a bachelor's degree in law. He is having vast experience of 45 years of Management and Administration.
- Other Directorship: Ginia Traders Pvt. Ltd.
- Membership of the Committee of the Board of other Companies : Nil
- Number of Shares held in the Company : 300
14. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.

ANNEXURE TO THE NOTICE

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

ITEM No. 5

Mr. Nawal Kishore Kejriwal (Mr. Kejriwal), aged 69 years, is a B.Com., L.L.B. He has been associated with the Company for the last several years in his capacity as Wholetime Director.

The present term of office of Mr. Kejriwal will expire on 31st May, 2012. In view of his experience and useful contribution made to the Company's growth, the Board of Directors renewed his appointment as Wholetime Director for a further period of two years with effect from 1st June, 2012 on the terms and conditions mentioned in the draft letter of re-appointment to be issued to Mr. Kejriwal.

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

1. **Salary** : ₹ 1,25,000 per month or such other sum not exceeding ₹ 2,00,000 per month as determined by the Chairman and Managing Director from time to time.
2. **Commission** : Commission may be payable at the absolute discretion of the Board of such amount as may be approved by the Board for each year.
3. **Perquisites** : The Wholetime Director shall also be entitled to unfurnished residential accommodation, furnishing allowance, payment of medical expenses, leave travel concession for self and family, personal accident insurance, provision of car, surrender value of keyman insurance policy, telephone at residence and such other perquisites as may be decided by the Chairman and Managing Director from time to time subject to an amount equal to the annual salary. Provision for use of Company car for official purpose and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculation of the said ceiling. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable.

The remuneration mentioned above including the value of the perquisites will be subject to the overall ceiling laid down under Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII thereto.

4. Mr. Kejriwal will also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above :
 - (a) The Company's contribution towards Provident Fund as per the Rules of the Company but restricted to the extent this is not taxable under the Income Tax Act, 1961.
 - (b) Gratuity not exceeding one - half month's salary for each completed year of service.
 - (c) Leave on full pay and allowances as per Rules of the Company but not exceeding one month's leave for every eleven months of service.
5. Mr. Kejriwal shall not be paid any sitting fee for attending the meeting of the Board or any Committee thereof.
6. In the event that the Company in any financial year during the aforesaid period, has no profits or its profits are inadequate, the remuneration payable to Mr. Kejriwal shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required.
7. Mr. Kejriwal will be reimbursed by the Company of all entertainment and other expenses actually incurred by him in connection with the business of the Company subject, however to such limits as may be fixed by the Chairman and Managing Director from time to time.

ANNEXURE TO THE NOTICE *(Contd.)*

8. Mr. Kejriwal will not, so long as he functions as a Wholetime Director, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future. His appointment shall cease and determine on any contravention of this condition.
9. Mr. Kejriwal and the Company shall have right to terminate the appointment by giving three months' prior notice in writing to the other.

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

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

Except Mr. Kejriwal, no other director of the Company is interested or concerned in the Resolution.

The above should also be considered as an abstract of the terms of the re-appointment of Mr. Kejriwal and a Memorandum as to the nature of the concern and interest of the Directors in the said re-appointment in terms of Section 302(7) of the Companies Act, 1956.

Registered Office :
24, Park Street,
'Magma House', (9th Floor),
Kolkata - 700 016
Dated : 30th May, 2012

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

DIRECTORS' REPORT

Dear Members,

(₹ in Lakhs)

The Directors have great pleasure in presenting the Annual Report and Audited Accounts of your Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Operating results after charging depreciation and amortisation show a profit of	3,129.94	2,959.74
Add : Other income	741.77	862.31
Profit before tax	3,871.71	3,822.05
From which have been deducted :		
Current tax	845.00	1,013.30
Tax for earlier years (net)	30.78	6.98
Deferred tax	109.02	(81.85)
Profit after tax	2,886.91	2,883.62
Surplus as per last balance sheet	426.29	371.84
Making a total of	3,313.20	3,255.46
Which has been appropriated by the Directors as under :		
Proposed dividend	586.46	541.35
Tax on proposed dividend	95.14	87.82
Transferred to general reserve	2,200.00	2,200.00
Balance surplus carried to balance sheet	431.60	426.29
	3,313.20	3,255.46

DIVIDEND

Your Directors are pleased to recommend for your consideration payment of dividend of ₹ 13/- per ordinary share of the face value of ₹ 10/- each for the year ended 31st March, 2012.

OPERATIONS

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

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Production (in M.Tonnes)	48,518	47,769
Total sales	29,144.50	30,244.33
Export sales (C.I.F. Value)	12,575.30	17,887.07
Operating profit	3,129.94	2,959.74
Other income	741.77	862.31
Profit before tax	3,871.71	3,822.05
Profit after tax	2,886.91	2,883.62
Earnings per share of face value of ₹ 10 (in ₹)	63.99	63.92

DIRECTORS' REPORT *(Contd.)*

Slump in export of jute yarn as reported last year continued throughout the year under review. It is heartening to report that by having adequate in-house infrastructure and full flexibility to cater to both domestic and overseas markets, your Company shifted its focus from manufacturing jute yarn to traditional jute products like sacking. It was precisely due to this flexibility in operational facilities that your Company, by operating in the domestic market was able to achieve satisfactory results during the year under review, despite declining exports and increase in costs of other inputs. Moreover, total sales for the year under review was higher in terms of quantity, albeit the same was decreased value wise mainly due to lower rate of sales realisation per M. Tonne of goods, triggered due to decrease in prices of raw jute as compared to previous year.

The operating profit was better in comparison to previous year due to operational efficiency and better margins. However, the bottom line was affected due to lower other income largely attributable to sale of investments. Accordingly, profit after tax was maintained almost around same level as that of last year.

The Company's Export Oriented Unit at Falta Special Economic Zone continue to operate at reduced scale due to lack of orders for industrial fabrics on account of recession in Europe. However, during the year under review, the Company has created required infrastructure at its Falta unit to venture into export of jute shopping bags, the work on which continues.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure and developments

The compulsory packing at 100% for both food grains and sugar under Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA) is presently valid up to 30.06.2012. However, the ongoing litigations to frustrate the provisions of JPMA are hurting the jute industry. It is expected that better sense will prevail and JPMA will be continued beyond the said period in the interest of large workforce engaged in the jute industry.

The demand of jute goods in domestic market was generally good. The year witnessed declining trend in prices of raw jute. However, export of jute yarn from India has declined and prices have become un-remunerative. The proposal of Government of India to resume Export Promotion Assistance Scheme (EMA) renamed as "Scheme to incentivise Social and Environment Compliance in the Jute Sector - For promotion of Exports" was welcomed by the Industry but the same is yet to be implemented. We once again urge the government to expedite resumption of EMA scheme in some form or other for promotion of exports.

Modernisation and development of infrastructure by availing government grants under the Jute Technology Mission is sine qua non for the Industry so as to manufacture cost effective quality products and meet the competition effectively.

b) Opportunities and Threats

Opportunities

- In the backdrop of rising global awareness to use more natural fiber products to keep the environment free from pollution, Government and Industry are making concerted efforts to promote the advantages of jute especially the environment friendly attributes in enhancing the diversified uses of these fibers;
- Considerable progress has been made in developing diversified jute products for various end uses like jute geo-textiles, floor coverings and many more projects are being taken up to develop products with promising market prospects and consumer needs.

Threats

- Competition from Bangladesh is increasing rapidly. Its low cost jute products are putting pressure on Indian jute goods in International market;
- Availability of comparatively cheaper alternate packaging materials.

DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

c) Risks and concerns

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

- Continuous increase in wage cost by way of upward revision in dearness allowance as also increase in power cost due to frequent revision in power tariff by CESC;
- Improper agricultural strategy responsible for erosion in jute cultivation area;
- Reduced capacity utilisation due to shortage of workers;
- Unbridled rise in cost of major inputs.

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	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Within India	Outside India	Within India	Outside India
Sales	16,569.20	12,575.30	12,357.26	17,887.07
Carrying amount of segment assets	33,438.06	–	31,461.57	–
Capital expenditure	858.66	–	741.87	–

e) Outlook

The Company is closely monitoring the international jute yarn market by remaining in touch with overseas customers and respond to the profitable offers. It is a matter of satisfaction that yarn market has presently started showing signs of improvement which is expected to revive export demands. Moreover, demand for jute goods in domestic market is expected to remain reasonably good. Raw jute prices are presently stable. However, movement in prices of raw jute would be governed by the size of the new crop for the season 2012-13, which depends on overall weather conditions. It is widely believed that raw jute prices will be higher than those of prevailing during later part of the previous year due to impact of enhancement in minimum support price of raw jute for the crop season 2012-13 by the Government.

The Company is steadfast in its endeavour to control costs in all possible areas and explore new areas where jute goods can be economically used. The outlook for the current year appears to be positive.

f) Internal control systems and their adequacy

The Company has an adequate system of internal control towards achieving optimum utilisation of resources, cost control, compliance with statutory requirements and safeguarding the assets from loss. The Audit Committee of the Board plays a significant role in the internal control systems and reviews the internal audit reports, financial performance of the Company and suggests improvements in internal control system, wherever required.

g) Discussion on financial performance with respect to operational performance

The accounts for the year under review have been prepared as per the requirements of the revised Schedule VI to the Companies Act, 1956. Accordingly, figures for the previous year have been regrouped/reclassified to conform to the current year's classification.

DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

The following are the significant areas of financial performance during the year under review :

- Sale of jute goods was ₹ 29,144.50 during the year as compared to ₹ 30,244.33 during previous year. Decrease in value of sales was mainly due to lower sales realisation per M. Tonne of goods sold;
- Operating profit of the Company have increased by ₹ 170.20 during the year from ₹ 2,959.74 in previous year to ₹ 3,129.94 during the year largely on account of better operational efficiency;
- Finance costs were lower at ₹ 77.78 during the year as against ₹ 95.86 in previous year. The reduction in finance costs was mainly due to availability of better liquidity;
- Inventories have decreased by ₹ 304.87, being ₹ 4,427.09 as at 31.03.2012 as against ₹ 4,731.96 as at 31.03.2011, partly due to lower stocks of finished goods and work-in-progress and partly due to lower average rates of stocks.
- The Company has invested ₹ 858.66 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

Industrial relations remained cordial during the year under review.

As on 31.03.2012, the Company had 4321 employees on its rolls. The Company is continuing efforts to make its workforce competent to operate efficiently by providing in-house training and thereby enhance their knowledge and efficiency. Financial assistance and other benefits are provided to deserving staff under Company's various staff welfare schemes.

i) Cautionary statement

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

CORPORATE GOVERNANCE

The report on corporate governance as required under clause 49 of the listing agreement with the Bombay Stock Exchange Limited has been included and forms part of the Annual Report. Besides, a certificate from the statutory auditors of the Company certifying compliance with the conditions of corporate governance is attached to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed :

- i. that in the preparation of annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed and there are no material departures from the same;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- iii. that the Directors 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. that the Directors have prepared the annual accounts on a going concern basis.

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

Information as required to be disclosed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided in annexure which forms part of this report.

PARTICULARS OF EMPLOYEES

Particulars in terms of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended are set out in annexure to this report.

DIRECTORS' REPORT *(Contd.)*

DIRECTORS

In accordance with Article 97 of the Articles of Association of the Company, Mr. Navin Nayar, a non executive director, retires from the Board by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

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

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

STATUTORY AUDITORS

The statutory auditors, M/s 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 and that they are not disqualified for re-appointment under the provisions of the said Act. The Audit Committee and the Board recommend the re-appointment of M/s Jain & Co., Chartered Accountants, as Auditors of the Company.

COST AUDITORS

As per directives of the Central Government and in pursuance to provisions of Section 233B of the Companies Act, 1956 read with rules framed there under, your Company is required to carry out an audit of the cost accounts maintained by the Company in respect of each financial year. Accordingly, the Central Government, in pursuance to Company's application has approved the appointment of M/s D. Radhakrishnan & Co., Cost Accountants, to conduct the said cost audit for the financial year ended 31st March, 2012.

As per The Companies (Cost Audit Report) Rules, 2011, the due date for filing the cost audit report for the previous financial year ended 31st March, 2011 with the Central Government was 30th September, 2011 and the said report was filed by the cost auditor on 26th September, 2011.

ACKNOWLEDGEMENT

Your Directors express their gratitude for the whole hearted assistance and persistent co-operation received from the financial institutions, banks, government authorities, customers, suppliers and members of the Company.

The Directors place on record their sincere appreciation for the continuous support and sustained efforts put in by the employees at all levels through their hard work and sheer dedication.

Kolkata, 30th May, 2012

For and 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, 2012

REPORT ON CORPORATE GOVERNANCE

(₹ in Lakhs)

[Pursuant to clause 49 of the listing agreement with the Bombay Stock Exchange Limited]

1. Company's philosophy on Code of Governance

Good corporate governance is a continuous process and your company is committed to practice the same by conducting its affairs in fair and ethical manner to create value for its shareholders, customers, employees and creditors. Such philosophy is guided by a strong emphasis on transparency, accountability, integrity and is focused on improving product and service quality in order to enhance customer's satisfaction.

2. Board of Directors

a) Composition

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

Mr. P. K. Khaitan, a non-executive director of the Company is a partner of M/s Khaitan & Co. and M/s Khaitan & Co. LLP, who have a professional relationship with the Company. The legal and professional charges of ₹ 5.00 that were 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 Boards/Committees.

Name of the Directors	Position	Attendance Particulars		No. of other directorships and other committee memberships/chairmanships held		
		Board Meeting	Last AGM held on (28.07.2011)	Directorships #	Committee Memberships	Committee Chairmanships
Mr. H. V. Kanoria	Chairman and Managing Director, Chief Executive Officer (Promoter Director)	3	Yes	4	Nil	Nil
Mr. N. K. Kejriwal	Wholetime Director	3	Yes	1	Nil	Nil
Mr. N. Nayar	Independent Non-Executive	3	No	7	Nil	Nil
Mr. P.K. Bhattacharjee	Independent Non-Executive	3	Yes	15	3	2
Mr. S. Dhandhanian	Independent Non-Executive	4	Yes	8	Nil	Nil
Mr. P. K. Khaitan	Independent Non-Executive	2	Yes	20	7	4

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, 2012 viz. on 12th May, 2011, 28th July, 2011, 11th November, 2011 and 1st February, 2012. The maximum gap between any two meetings was less than four months.

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

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

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**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 and Independent
Mr. P. K. Bhattacharjee	Member	Non-Executive and Independent
Mr. S. Dhandhanian	Member	Non-Executive and 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 12th May, 2011, 27th July, 2011, 11th November, 2011 and 31st January, 2012.

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

Mr. D. K. Mohta, Vice President and Secretary acts as the secretary to the committee.

The statutory auditors, internal auditors and cost auditors are invitees to meetings of the audit committee. The chairman of the audit committee was not present at the last Annual General Meeting held on 28th July, 2011 and in his absence, Mr. P. K. Bhattacharjee, member of the audit committee answered to shareholders' queries. 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 statements are correct, sufficient and credible;
- Reviewing, with the management, the quarterly and annual financial statements before submission to the Board for approval;
- Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
- 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.)**4. Remuneration Committee**

(₹ in Lakhs)

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, 2012 :

Name of the Directors	Salary	Commission	Contribution to Provident Fund	Estimated value of other Perquisites	Tenure of appointment
Mr. H. V. Kanoria	18.00	169.50	1.80	12.59	5 years from 01.08.2010
Mr. N. K. Kejriwal	15.00	15.00	1.50	6.68	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 2012 :

Non-Executive Directors	Sitting fees	Commission
Mr. N. Nayar	0.15	2.00
Mr. P. K. Bhattacharjee	0.15	2.00
Mr. S. Dhandhanian	0.20	2.00
Mr. P. K. Khaitan*	0.10	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 and Independent
Mr. P. K. Bhattacharjee	Member	Non-Executive and Independent
Mr. N. K. Kejriwal	Member	Wholetime Director

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**b) Meetings and attendance**

Four meetings of the Shareholders'/Investors' Grievance Committee were held on 12th May, 2011, 27th July, 2011, 4th November, 2011 and 31st January, 2012.

Name of the Directors	Number of Meetings attended
Mr. S. Dhandhanian	4
Mr. P. K. Bhattacharjee	3
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, dividend warrants etc.

The Committee also reviews the status of dematerialisation/rematerialisation of shares and suggest measures for improvement of procedures and systems.

91 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/mails.

d) Compliance Officer

Mr. D. K. Mohta, Vice President and 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
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
2010-2011	Gyan Manch, 11, Pretoria Street, Kolkata - 700 071	28th July, 2011	11.30 a.m.	One

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 45 to the financial statements for the year ended 31st March, 2012. The Audit Committee reviews the related party transactions.

ANNEXURE TO THE DIRECTORS' REPORT (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 and analysis report forms part of the Directors' Report.

9. General Shareholder Information

a) AGM : Date, Time and Venue	27th July, 2012 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 2012 to March 2013 II. First quarter results : Last week of July, 2012 III. Half-yearly results : On or before 14th November, 2012 IV. Third quarter results : On or before 14th February, 2013 V. Audited Annual Accounts : On or before 30th May, 2013
c) Date of Book Closure	21st July, 2012 to 27th July, 2012 (both days inclusive)
d) Dividend payment date	1st August, 2012
e) Listing on Stock Exchange (Equity Shares)	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Listing fees for the year 2012-2013 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, 2011 to March, 2012)	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

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

j) Share Transfer System	Information has been given at the end of clause 9.
k) Distribution of Shareholding as on 31st March, 2012	Information has been given at the end of clause 9.
l) Dematerialisation of shares and liquidity	As on 31st March, 2012, 95.77% of the Company's paid-up share capital representing 43,20,631 shares is held in dematerialised form.
m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	Not issued
n) Plant locations	The Company's plants are located at following places : i) 19, Mehta Road, Badekalinagar, Budge Budge 24, Parganas (South) - 700 137 (West Bengal); ii) Sector II, Falta Special Economic Zone, Falta 24 Parganas (South) - 743 504 (West Bengal)
o) Address for correspondence	Cheviot Company Limited 24, Park Street, Magma House (9th Floor), Kolkata - 700 016 Phones : 033 - 3291 9624 / 25 / 28 Fax No. : 033 - 2249 7269 / 2217 2488 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 2011-2012 is given in the table below :

Month	Bombay Stock Exchange Limited	
	High (₹)	Low (₹)
April, 2011	354.25	298.90
May, 2011	345.75	317.05
June, 2011	347.20	322.90
July, 2011	361.25	336.55
August, 2011	341.80	296.00
September, 2011	329.85	308.20
October, 2011	335.00	312.00
November, 2011	338.80	287.80
December, 2011	300.60	251.90
January, 2012	298.85	260.05
February, 2012	336.65	310.35
March, 2012	325.50	302.95

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**Information in respect of clause 9(h)**

Stock performance of the Company in comparison to BSE Sensex (April, 2011 to March, 2012) :

Month	Company' share price (₹) at Bombay Stock Exchange Limited		BSE Sensex	
	High	Low	High	Low
April, 2011	354.25	298.90	19811.14	18976.19
May, 2011	345.75	317.05	19253.87	17786.13
June, 2011	347.20	322.90	18873.39	17314.38
July, 2011	361.25	336.55	19131.70	18131.86
August, 2011	341.80	296.00	18440.07	15765.53
September, 2011	329.85	308.20	17211.80	15801.01
October, 2011	335.00	312.00	17908.13	15745.43
November, 2011	338.80	287.80	17702.26	15478.69
December, 2011	300.60	251.90	17003.71	15135.86
January, 2012	298.85	260.05	17258.97	15358.02
February, 2012	336.65	310.35	18523.78	17061.55
March, 2012	325.50	302.95	18040.69	16920.61

Information in respect of clause 9 (j)**Share Transfer System**

Share transfers in physical and demat form are 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 and 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, 2012 :

Number of Ordinary shares held	Number of Shares	Percentage of Shareholding	Number of Shareholders/folios	Percentage of Shareholders
Up to 500	5,38,735	11.9420	5,698	94.3377
501 to 1000	1,41,517	3.1370	192	3.1788
1001 to 2000	1,23,502	2.7376	88	1.4569
2001 to 3000	71,816	1.5920	28	0.4636
3001 to 4000	16,625	0.3685	5	0.0828
4001 to 5000	35,962	0.7972	8	0.1325
5001 to 10000	83,841	1.8585	13	0.2152
10001 and above	34,99,252	77.5672	8	0.1325
Total	45,11,250	100.0000	6,040	100.0000
Physical Mode	1,90,619	4.2254	1,605	26.5728
Demat Mode	43,20,631	95.7746	4,435	73.4272

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

b) Shareholding Pattern as on 31st March, 2012

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 Government/State Government (s)	0	0.0000
(c)	Bodies Corporate :		
	Harsh Investments Private Limited (Holding Company)	25,74,081	57.0592
	Abhyadoot Finance and Investments Private Limited	9,000	0.1995
	Cheviot International Limited	150	0.0033
	Cheviot Agro Industries Private Limited	900	0.0199
	Elite (India) Private Limited	0	0.0000
	Bright and Shine Micro Products Private Limited	0	0.0000
(d)	Associates :		
	Jan Priya Trust	0	0.0000
	Shashvat Foundation	0	0.0000
(e)	Financial Institutions/Banks	0	0.0000
(f)	Any Others (specify)	0	0.0000
	Sub-Total (A) (1)	33,83,312	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)	3,383,312	74.9972
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds/UTI	200	0.0044
(b)	Financial Institutions/Banks	7,500	0.1663
(c)	Central Government/State Government (s)	0	0.0000
(d)	Venture Capital Funds	0	0.0000
(e)	Insurance Companies	0	0.0000
(f)	Foreign Institutional Investors	15,953	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

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Category Code	Category of Shareholders	Total Number of Shares	% of Shares
2	Non-Institutions		
(a)	Bodies Corporate	1,44,521	3.2036
(b)	Individuals		
	i. Individual Shareholders holding nominal share capital upto ₹ 1 Lakh	8,87,917	19.6823
	ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	19,665	0.4359
(c)	Any Other (specify)		
(c-i)	Non-Resident Individual	43,033	0.9539
(c-ii)	Foreign National	7,256	0.1608
(c-iii)	Clearing Member	1,893	0.0420
	Sub-Total (B) (2)	11,04,285	24.4785
	Total Public Share holding 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

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 and 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 and 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 31.03.2012 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.

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

Kolkata, 30th May, 2012

ANNEXURE TO THE DIRECTORS' REPORT *(Contd.)*

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, 2012.

Kolkata, 30th May, 2012

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

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, 2012, 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 30th day of May, 2012

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. Installation of 260 KVAR additional capacitor bank with relay control panel to improve power factor;
- ii. Installation of proximity switches and requisite circuitry in 6 nos. spinning frames during the year;
- iii. Conversion of 2 more bailing press from water hydraulic to oil hydraulic power pack during the year;
- iv. Replacement of conventional choke with electronic ballast, old air-conditioning machines with new energy efficient air-conditioning machines and old refrigerators with energy efficient refrigerators;
- v. Regular monitoring of steam, boiler and compressor to reduce losses.

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

Process of modification and conversion of spinning frames continues.

(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 above energy conservation measures have shown savings in power consumption with its consequential effect on the production of goods.

(d) **FORM A**

	Year ended 31st March, 2012	Year ended 31st March, 2011
(a) Power & Fuel Consumption		
1. Electricity		
a) Purchased from Public Utility :		
(i) From CESC Limited		
Units (000 Kwh)	2,08,99	2,10,66
Amount (₹ in Lakhs)	1354.72	1,098.48
Rate/unit (₹)	6.48	5.21
(ii) From WBSEB		
Units (000 Kwh)	12,95	14,59
Amount (₹ in Lakhs)	75.28	77.11
Rate/unit (₹)	5.81	5.28
b) Generation through captive power plant (CPP) generator		
Units (000 Kwh)	4,31	1,28
Units per litre of furnace oil	4.08	4.16
Cost/unit (₹)	9.14	8.23
c) Own generation through diesel generator		
Units (000 Kwh)	2,96	1,32
Units per litre of diesel oil	3.26	3.18
Cost/unit (₹)	14.98	25.06
2. Coal		
(B & C grades used for generation of steam in boiler)		
Quantity (M.Tonnes)	0.40	5
Total Cost (₹ in Lakhs)	0.04	0.23
Average rate per M. Tonne (₹)	10,255	4,401
3. Furnace Oil		
Used in CPP and oil fired boiler		
Quantity (K. Ltr.)	464	528
Total amount (₹ in Lakhs)	165.51	139.08
Average rate per Ltr. (₹)	35.64	26.32
(b) Consumption per unit of production		
Production of jute goods (M. Tonnes)	48,518	47,769
Electricity per M.Tonne of production (Units)	472	477
Furnace oil per M.Tonne of production (Ltrs.)	10	11
Coal (B&C Grades) per M.Tonne of production (Kg)	0.01	0.11

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

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

(₹ in Lakhs)

B. Technology Absorption**FORM B****(a) Research and Development**

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

There is no specific area where Research and Development 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 continuously made to improve processes and products by procuring modern machineries/equipments available as a result 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. : Improvement in quality of products.
- (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 of jute yarn is presently showing improvement. The Company is making efforts to explore possibility of export of jute fabrics and bags including shopping bags and venture into new markets by keeping constant touch with overseas buyers, making regular overseas visits, participating in fairs and exhibitions etc.

(b) Total foreign exchange used and earned

- (i) Used ₹ 4,012.20
- (ii) Earned ₹ 12,575.30

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, 2012 :

Name/Age	Remuneration	Designation/ Nature of duties	Qualification & Experience (Years)	Date of Commencement of employment	Last Employment
Mr. H.V. Kanoria (56 Years)	₹ 201.89	Chairman and Managing Director, Chief Executive Officer. Management, subject to control, direction and superintendence of Board of Directors	B.Com (38 years)	01.04.1981	Bengal Tea and Industries Limited Wholetime Director (3 years).

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

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

Kolkata, 30th May, 2012

AUDITORS' REPORT

TO THE MEMBERS OF CHEVIOT COMPANY LIMITED

We have audited the attached Balance Sheet of CHEVIOT COMPANY LIMITED as at 31st March, 2012 and the related Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 notes thereon 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, 2012.
 - ii. In the case of the Statement of Profit and Loss, 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 30th day of May, 2012

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, 2012, for a period of more than six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

(₹ in Lakhs)

- 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	Year 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
		76.77	2005-06	Appeal Level
		65.05	2006-07	Appeal Level
Income Tax Act	Income Tax	2.84	2008-09	Appeal Level
		115.68	2002-03	Assessing Officer
		6.63	2007-08	Assessing Officer
		24.88	2009-10	Assessing Officer
		TOTAL	294.24	

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, 2012.
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 loans were obtained.
17. Based on our examination of the records and according to the information and explanations received, the Company has not applied short term borrowings for long term use.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. As per the information and explanation 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 30th day of May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in Lakhs)

Particulars	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	451.48	451.48
Reserves and surplus	3	28,714.16	26,543.93
		<u>29,165.64</u>	<u>26,995.41</u>
Non-current liabilities			
Long-term borrowings	4	55.00	75.00
Other long-term liabilities	5	96.75	9.02
		<u>151.75</u>	<u>84.02</u>
Current liabilities			
Short-term borrowings	6	1,410.03	1,381.79
Trade payables	7	880.06	971.52
Other current liabilities	8	317.22	322.24
Short-term provisions	9	1,513.36	1,706.59
		<u>4,120.67</u>	<u>4,382.14</u>
TOTAL		<u>33,438.06</u>	<u>31,461.57</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	11,388.21	10,769.95
Intangible assets	10	14.73	10.77
Capital work-in-progress		39.59	345.51
		<u>11,442.53</u>	<u>11,126.23</u>
Non-current investments	11	10,940.89	8,715.11
Deferred tax assets (net)	12	69.06	178.08
Long-term loans and advances	13	75.06	83.42
Other non-current assets	14	533.49	252.80
		<u>23,061.03</u>	<u>20,355.64</u>
Current assets			
Current investments	15	2,498.99	2,904.00
Inventories	16	4,427.09	4,731.96
Trade receivables	17	2,488.38	1,709.10
Cash and bank balances	18	479.71	635.23
Short-term loans and advances	19	290.84	858.52
Other current assets	20	192.02	267.12
		<u>10,377.03</u>	<u>11,105.93</u>
TOTAL		<u>33,438.06</u>	<u>31,461.57</u>
Notes to the financial statements	1 - 49		

As per our report attached
For Jain & Co.
Chartered Accountants
Registration Number : 302023E
CA P. K. JAIN
Partner
Membership No. 52018
Dated : 30th day of May, 2012

CS D. K. MOHTA
Vice President and Secretary,
Chief Financial Officer

For and on behalf of the Board
H. V. KANORIA
Chairman and Managing Director,
Chief Executive Officer
N. K. KEJRIWAL
Wholetime Director
P. K. BHATTACHARJEE
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

Particulars	Note	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Revenue from operations	21	29,504.76	30,824.46
Other income	22	741.77	862.31
Total revenue		<u>30,246.53</u>	<u>31,686.77</u>
Expenses :			
Cost of materials consumed	23	14,782.00	17,577.02
Changes in inventories of finished goods and work-in-progress	24	621.23	(613.47)
Employee benefits expenses	25	4,832.35	4,677.18
Finance costs	26	77.78	95.86
Depreciation and amortisation expense	27	449.78	398.06
Other expenses	28	5,611.68	5,730.07
Total expenses		<u>26,374.82</u>	<u>27,864.72</u>
Profit before tax		3,871.71	3,822.05
Tax expenses			
Current tax		(845.00)	(1,013.30)
Tax for earlier years (net)		(30.78)	(6.98)
Deferred tax		(109.02)	81.85
Profit for the year		<u>2,886.91</u>	<u>2,883.62</u>
Earnings per ordinary share (face value of ₹ 10 each)			
Basic & diluted (in ₹)	29	63.99	63.92
Notes to the financial statements	1 - 49		

As per our report attached
For Jain & Co.
Chartered Accountants
Registration Number : 302023E
CA P. K. JAIN
Partner
Membership No. 52018
Dated : 30th day of May, 2012

CS D. K. MOHTA
Vice President and Secretary,
Chief Financial Officer

For and on behalf of the Board
H. V. KANORIA
Chairman and Managing Director,
Chief Executive Officer
N. K. KEJRIWAL P. K. BHATTACHARJEE
Wholetime Director Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	3,871.71	3,822.05
Adjustments for :		
Depreciation and amortisation expense	449.78	398.06
Unrealized foreign exchange differences (gain)/loss	(56.89)	9.94
Profit on sale of fixed / discarded assets (net)	(30.66)	(33.09)
Net gain on sale of investment	(64.33)	(507.50)
Interest income	(354.41)	(260.82)
Dividend income	(30.86)	(20.66)
Finance costs	77.78	95.86
Miscellaneous receipts	(4.45)	(3.23)
Operating profit before working capital changes	3,857.67	3,500.61
Adjustments for :		
Trade receivables	(723.54)	(825.23)
Loans and advances and other assets	(16.02)	(211.25)
Inventories	304.87	(166.44)
Trade payables, other liabilities and provisions	(267.73)	944.28
Cash generated from operations	3,155.25	3,241.97
Direct taxes paid (net of refund)	(842.27)	(1,055.42)
Net Cash from operating activities	2,312.98	2,186.55
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress	(858.66)	(741.87)
Capital subsidy received	51.48	29.08
Sale of fixed assets	34.35	42.25
Purchase of investments (net)	(1,756.44)	(874.25)
(Increase)/decrease in fixed deposits with a maturity more than 90 days	(3.41)	609.71
Decrease/(increase) in Loan to body corporate	700.00	(700.00)
Miscellaneous receipts	4.17	3.07
Interest received	217.28	146.80
Dividend received	30.86	20.66
Net Cash used in investing activities	(1,580.37)	(1,464.55)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(20.00)	(5.00)
Proceeds from long-term borrowings	–	25.00
Increase / (decrease) in short term borrowings	28.24	(99.43)
Dividend paid	(541.35)	(360.90)
Dividend distribution tax paid	(87.82)	(59.94)
Finance costs	(69.51)	(83.18)
Net Cash used in financing activities	(690.44)	(583.45)
Net increase in cash and cash equivalents (A+B+C)	42.17	138.55
Cash and cash equivalents (opening balance)	285.76	148.10
Effect of exchange rate changes on cash and cash equivalents	1.65	(0.89)
Cash and cash equivalents (closing balance)	329.58	285.76

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Notes to the Cash Flow Statement		
1. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :		
Cash on hand	7.67	8.14
Balances with banks		
- in current accounts	321.91	277.62
Cash and cash equivalents (closing balance)	329.58	285.76
Add : Restricted cash		
Fixed deposit accounts (under lien)	100.53	305.12
Fractional bonus share account	0.44	0.44
Unpaid dividend accounts	49.16	43.91
Cash and bank balances (closing balance)	479.71	635.23
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.		

As per our report attached
For Jain & Co.
Chartered Accountants
Registration Number : 302023E
CA P. K. JAIN
Partner
Membership No. 52018
Dated : 30th day of May, 2012

CS D. K. MOHTA
Vice President and Secretary,
Chief Financial Officer

For and on behalf of the Board
H. V. KANORIA
Chairman and Managing Director,
Chief Executive Officer
N. K. KEJRIWAL P. K. BHATTACHARJEE
Wholetime Director Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

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/amortisation 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 value of the assets as on the date of revaluation and the then replacement value is transferred to revaluation reserve.

c. DEPRECIATION AND AMORTISATION

Depreciation/amortisation 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 and 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 and building excluding leasehold land and 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, except for current maturities of long-term 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 Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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 Statement of Profit and Loss 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.

f. INVENTORIES

- i. Raw materials, stores and spares 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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances on hand, cash balances with banks and highly liquid and readily convertible financial instruments with original maturities, at the date of purchase/investment, of three months or less.

h. 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 Statement of Profit and Loss of the year. The Company makes specified monthly contributions towards employees provident fund to a trust administered by the Company as well as to provident fund plan operated by the Regional Provident Fund Commissioner. The interest which is payable every year by the trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

ii. Defined Benefit Plans

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

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

Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss.

i. 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. Revenue generated out of and related to Company's normal operations is considered as other operating revenue.

j. 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 other operating revenue and other grants are deducted from the related expense.

k. PROVISIONS FOR CURRENT TAX AND 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

I. 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 Statement of Profit and Loss 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.

m. 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.

(₹ in Lakhs)

	As at 31st March, 2012		As at 31st March, 2011	
2. SHARE CAPITAL				
Authorised 70,00,000 (Previous year 70,00,000) Ordinary Shares of ₹ 10/-each	700.00		700.00	
Issued & Subscribed 45,11,250 (Previous year 45,11,250) Ordinary Shares of ₹ 10/-each fully paid-up 7,000 (Previous year 7,000) Ordinary Shares of ₹ 10/- each not fully paid-up and forfeited (amount originally paid-up)	451.13		451.13	
	0.35		0.35	
	451.48		451.48	
	No. of Shares		No. of Shares	
Reconciliation of Number of Shares Shares outstanding at the beginning of the year Shares outstanding at the end of the year	45,11,250		45,11,250	
	45,11,250		45,11,250	
25,74,081 shares (Previous year 25,74,081 shares) are held by the Holding Company, Harsh Investments Private Limited.				
15,03,750 shares were allotted as fully paid-up bonus shares during financial year 2006-2007 by capitalisation of general reserve.				
Terms / Rights attached to Ordinary shares The Company has only one class of Ordinary shares having a par value of ₹ 10 per share. Each holder of Ordinary shares is entitled to one vote per share and is entitled to dividend and to participate in surplus, if any, in the event of winding up.				
	As at 31st March, 2012		As at 31st March, 2011	
	Numbers	%	Numbers	%
List of shareholders holding more than 5% shares of total number of shares issued by the Company :				
Harsh Investments Private Limited (Holding Company)	25,74,081	57.06	25,74,081	57.06
Mr. Harsh Vardhan Kanoria	3,43,840	7.62	3,43,840	7.62
Mrs. Malati Kanoria	2,85,150	6.32	2,85,150	6.32

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	As at 31st March, 2012	As at 31st March, 2011
3. RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	0.24	0.24
Capital Redemption Reserve		
As per last Balance Sheet	9.92	9.92
Securities Premium Account		
As per last Balance Sheet	1,242.50	1,242.50
Revaluation Reserve		
As per last Balance Sheet	6,852.98	6,890.80
Deduction during the year	(35.08)	(37.82)
	<u>6,817.90</u>	<u>6,852.98</u>
General Reserve		
As per last Balance Sheet	18,012.00	15,812.00
Add : Transfer from Surplus	<u>2,200.00</u>	<u>2,200.00</u>
	<u>20,212.00</u>	<u>18,012.00</u>
Surplus		
As per last Balance Sheet	426.29	371.84
Add : Profit for the year	<u>2,886.91</u>	<u>2,883.62</u>
	<u>3,313.20</u>	<u>3,255.46</u>
Less : Appropriations		
Proposed dividend	586.46	541.35
Tax on proposed dividend	95.14	87.82
Transfer to general reserve	<u>2,200.00</u>	<u>2,200.00</u>
	<u>431.60</u>	<u>426.29</u>
	<u>28,714.16</u>	<u>26,543.93</u>
4. LONG - TERM BORROWINGS		
Term Loan (Secured)		
From Export Import Bank of India	<u>55.00</u>	<u>75.00</u>
	<u>55.00</u>	<u>75.00</u>
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 on first charge basis.		
Current maturities of long-term loan amounting to ₹ 20.00 (Previous year ₹ 20.00) are disclosed under "Other current liabilities" - (Refer Note 8).		
Outstanding amount including current maturities is repayable in 15 equal quarterly instalments of ₹ 5.00 each from the reporting date, by December, 2015.		
5. OTHER LONG - TERM LIABILITIES		
Trade payables	85.79	—
Security deposits	<u>10.96</u>	<u>9.02</u>
	<u>96.75</u>	<u>9.02</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	As at 31st March, 2012	As at 31st March, 2011
6. SHORT - TERM BORROWINGS		
Working capital loans (secured)		
From State Bank of India :		
Cash credit account	210.03	981.79
Working capital demand loan	1,200.00	–
Export packing credit account	–	400.00
	<u>1,410.03</u>	<u>1,381.79</u>

Secured by hypothecation of stocks, book debts and certain other assets on first charge basis, and by mortgage of all immovable properties both present and future by deposit of title deeds, subject to prior charge created in favour of Export Import Bank of India.

7. TRADE PAYABLES		
Trade Payables	880.06	971.52
	<u>880.06</u>	<u>971.52</u>

8. OTHER CURRENT LIABILITIES		
Current maturities of long term debt (Refer Note 4)	20.00	20.00
Interest accrued but not due on borrowings	0.30	0.31
Unpaid dividends*	49.16	43.91
Advance from customers	13.24	40.41
Creditors for capital expenditure	–	23.82
Statutory dues	200.95	179.63
Security deposits	33.57	14.16
	<u>317.22</u>	<u>322.24</u>

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

9. SHORT - TERM PROVISIONS		
Employee benefits (Refer Note 43)		
Unencashed leave	199.01	173.58
Gratuity	351.89	497.06
Others		
Income and wealth tax (net of advance tax)	9.44	9.84
Proposed dividend	586.46	541.35
Tax on proposed dividend	95.14	87.82
Contingencies (Refer Note 46)	271.42	396.94
	<u>1,513.36</u>	<u>1,706.59</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

10. FIXED ASSETS										
PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION			NET BLOCK		
	Estimated Cost / Revaluation and / or Book Value as at 31 st March, 2011	Additions during the Year	Deduction/ adjustment during the year	Estimated Cost / Revaluation and / or Book Value as at 31 st March, 2012	Upto 31 st March, 2011	For the year	Deduction	Upto 31 st March, 2012	As at 31 st March, 2012	As at 31 st March, 2011
Tangible Assets										
Freehold land	6,257.10	-	-	6,257.10	-	-	-	-	6,257.10	6,257.10
Leasehold land	23.16	-	-	23.16	2.90	0.24	-	3.14	20.02	20.26
Buildings	6,857.28	623.64	54.53	7,426.39	3,907.68	113.10	51.90	3,968.88	3,457.51	2,949.60
Plant and equipment	10,102.52	475.05	116.92	10,460.65	9,056.86	271.68	60.51	9,268.03	1,192.62	1,045.66
Electrical installations	809.46	21.59	-	831.05	622.38	25.35	-	647.73	183.32	187.08
Furniture and fixtures	423.01	3.06	2.41	423.66	210.21	36.47	2.05	244.63	179.03	212.80
Vehicles	103.49	31.58	12.01	123.06	50.06	17.01	9.97	57.10	65.96	53.43
Office equipments	244.70	4.33	6.60	242.43	200.68	15.15	6.05	209.78	32.65	44.02
	24,820.72	1,159.25	192.47	25,787.50	14,050.77	479.00	130.48	14,399.29	11,388.21	10,769.95
Intangible Assets										
Specialised Software - others (Other than internally generated)	45.14	7.04	-	52.18	34.37	3.08	-	37.45	14.73	10.77
Total	24,865.86	1,166.29	192.47	25,839.68	14,085.14	482.08	130.48	14,436.74	11,402.94	10,780.72
Previous Year	23,626.53	1,355.17	115.84	24,865.86	13,728.73	434.88	78.47	14,085.14	10,780.72	

	As at 31st March, 2012	As at 31st March, 2011
11. NON - CURRENT INVESTMENTS		
Long Term Investments - At cost		
A. Non Trade Investments (Quoted)		
(a) Investment in Equity Instruments		
(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		
- Equity Share of Face Value of ₹ 2 each (Previous year 10,000 Equity Shares)	-	86.81
Electrosteel Castings Limited		
14,08,731 Equity Shares of Face Value of ₹ 1 each (Previous year 2,65,170 Equity Shares)	432.91	98.00
Gujarat Alkalies & Chemicals Limited		
3,52,264 Equity Shares (Previous year 2,88,349 Equity Shares)	480.92	391.45
ICICI Bank Limited		
10,000 Equity Shares (Previous year 30,000 Equity Shares)	96.83	290.49
National Thermal Power Corporation Limited		
- Equity Share (Previous year 1,25,000 Equity Shares)	-	300.26
NIIT Limited		
- Equity Share of Face Value of ₹ 2 each (Previous year 50,000 Equity Shares)	-	30.82
Carried Over	1,010.66	1,197.83

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	As at 31st March, 2012	As at 31st March, 2011
Brought Forward	1,010.66	1,197.83
Reliance Capital Limited		
– Equity Share (Previous year 23,000 Equity Shares)	–	185.88
Reliance Communications Limited		
88,000 Equity Shares of Face Value of ₹ 5 each (Previous year 1,00,000 Equity Shares)	284.16	322.91
Reliance Infrastructure Limited		
24,000 Equity Shares (Previous year 24,000 Equity Shares)	372.38	372.38
Television Eighteen India Limited		
– Equity Share of Face Value of ₹ 5 each (Previous year 25,000 Equity Shares)	–	18.82
(b) Investment in Debentures or Bonds		
(Debentures or Bonds of Face Value of ₹ 1,00,000 each, fully paid-up, unless otherwise stated)		
Housing and Urban Development Corporation Limited		
200 Bonds (Previous year Nil Bond) 7.83% Secured Non Convertible Non Cumulative Redeemable Tax Free 2011 Series B (Option II)	200.00	–
India Infrastructure Finance Company Limited		
1,300 Bonds (Previous year 1,100 Bonds) 6.85% Unsecured Redeemable Tax Free Non-Convertible Bonds	1,322.86	1,124.38
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 300 Bonds) 6.70% Secured Non-Convertible Tax Free Bonds 68th 'B' Series	302.80	302.80
200 Bonds (Previous year 200 Bonds) 6.32% Secured, Tax Free, Non-Cumulative, Non-Convertible Railway Bond, Series 73rd 'A'	200.00	200.00
200 Bonds (Previous year 200 Bonds) 6.72% Secured, Tax Free, Non-Cumulative, Non-Convertible Railway Bond, Series 73rd 'B'	200.00	200.00
Kotak Mahindra Prime Limited		
20 Debentures (Previous year 20 Debentures) S&P CNX Nifty Linked Secured Non-Convertible Debentures, Series - N10 - 23 of Face Value of ₹ 5,00,000 each	101.65	101.65
L&T Finance Limited		
– Debenture (Previous year 4,899 Debentures) 8.50% Secured Redeemable Non-Convertible Debentures (2010 A Series, Option II) of Face Value of ₹ 1,000 each	– *	48.99
56,212 Debentures (Previous year 56,212 Debentures) 9.95% Cumulative, Compounded annually, Secured Redeemable Non-Convertible Debentures (Option III) of Face Value of ₹ 1,000 each	562.12	562.12
National Bank for Agriculture and Rural Development		
11,000 Bonds (Previous year 11,000 Bonds) Zero Coupon Unsecured Non-Convertible Bonds Series BNB JAN 2019 of Face Value of ₹ 20,000 each	1,104.94	1,104.94
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
National Highways Authority of India		
4,945 Bonds (Previous year Nil Bond) 8.30% Tax Free Secured, Redeemable, Non-Convertible Bonds, Option Tranche 1 Series 2 (II) of Face Value of ₹ 1,000 each	49.45	–
Power Finance Corporation Limited		
400 Bonds (Previous year Nil Bond) 8.16% Secured Redeemable Non Convertible Non-Cumulative Tax Free Bonds Series 80 B	400.00	–
1,817 Bonds (Previous year Nil Bond) 8.30% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds Tranche I (Series II) of Face Value of ₹ 1,000 each	18.12	–
Rural Electrification Corporation Limited		
2,000 Bonds (Previous year Nil Bond) Zero Coupon Unsecured Non-Convertible Bond of F.V. of ₹ 30,000 each	268.20	–
18,371 Bonds (Previous year Nil Bond) 8.12%, Tax Free Secured Redeemable Non Convertible Bonds Series-2 of Face Value of ₹ 1,000 each	183.71	–
Shriram Transport Finance Company Limited		
20,000 Debentures (Previous year 20,000 Debentures) 11.03% Cumulative, Compounded quarterly, Secured Redeemable Non-Convertible Debentures (Option III) of Face Value of ₹ 1,000	215.63	215.63
State Bank of India		
420 Bonds (Previous year 420 Bonds) Reset rate Unsecured Non-Convertible Lower Tier II Bonds (Series II) of Face Value of ₹ 10,000 each	42.00	42.00
Carried Over	7,236.54	6,398.19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	As at 31st March, 2012	As at 31st March, 2011
Brought Forward	7,236.54	6,398.19
Trent Limited		
10 Debentures (Previous year 10 Debentures) Zero Coupon Unsecured Redeemable Non-Convertible Debentures, Series B of Face Value of ₹ 10,00,000 each	100.94	100.94
(c) Investment in Mutual Funds (Units of the Face Value of ₹ 10 each, unless otherwise stated)		
Birla Sun Life Mutual Fund		
– Unit (Previous year 2,80,272.200 Units) of Birla Sun Life Monthly Income- Growth	–	100.00
– Unit (Previous year 10,00,000.000 Units) of Birla Sun Life Capital Protection Oriented Fund – Series 1 - Growth	– *	100.00
– Unit (Previous year 15,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series CX - Growth	– *	150.00
20,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series ED - Growth	200.00	–
20,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series EN - Growth	200.00	–
Deutsche Mutual Fund		
20,00,000.000 Units (Previous year Nil Unit) of DWS Fixed Maturity Plan - Series 4 - Growth Plan	200.00	–
Franklin Templeton Mutual Fund		
28,02,101.502 Units (Previous year 28,02,101.502 Units) of Templeton India Income Opportunities Fund - Growth	300.00	300.00
Goldman Sachs Mutual Fund (Formerly Benchmark Mutual Fund)		
28,000.000 Units (Previous year 12,000.000 Units) of Goldman Sachs Nifty Exchange Traded Scheme	153.46	65.66
HDFC Mutual Fund		
– Unit (Previous year 4,38,201.975 Units) of HDFC MF Monthly Income Plan - Long Term - Growth	–	100.00
20,00,000.000 Units (Previous year Nil Unit) of HDFC FMP - 24M - September 2011 (1) - Growth , Series-XIX	200.00	–
20,00,000.000 Units (Previous year Nil Unit) of HDFC FMP - 36M - October 2011 (1) - Growth, Series-XIX	200.00	–
20,00,000.000 Units (Previous year Nil Unit) of HDFC FMP - 36M - November 2011 (1) - Growth, Series-XIX	200.00	–
ICICI Prudential Mutual Fund		
20,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 58 - 2 years Plan A Cumulative	200.00	–
10,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 58 - 2 years Plan D Cumulative	100.00	–
20,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 57 - 3 year Plan B Cumulative	200.00	–
20,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 60 - 3 year Plan E Cumulative	200.00	–
IDFC Mutual Fund		
4,56,652.282 Units (Previous year Nil Unit) of IDFC- SSIF - Short Term - Plan A - Growth	100.00	–
Kotak Mahindra Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of Kotak FMP 24M Series - 1 Growth	– *	200.00
20,00,000.000 Units (Previous year Nil Unit) of Kotak FMP Series 47 - Growth	200.00	–
10,00,000.000 Units (Previous year Nil Unit) of Kotak FMP Series 63 - Growth	100.00	–
Reliance Mutual Fund		
20,00,000.000 Units (Previous year Nil Unit) of Reliance Fixed Horizon Fund - XXI - Series 11, Growth Plan	200.00	–
TATA Mutual Fund		
10,00,000.000 Units (Previous year Nil Unit) of Tata Fixed Maturity Plan Series - 38 Scheme E - Growth	100.00	–
B. Non Trade Investments (Unquoted)		
(a) Investment in Equity Instruments		
Woodlands Multispeciality Hospital Limited		
3,190 Equity Shares (Previous year Nil Equity Share) of Face Value of ₹ 10 each, fully paid-up (received on conversion of 319 debentures of Woodlands Medical Centre Limited - 5% Non Redeemable Registered Debenture Stock of ₹ 100 each fully paid-up, during the year)	0.32	–
(b) Investment in Debentures or Bonds		
Woodlands Medical Centre Limited		
– Debenture (Previous year 319 Debentures) 5% Non-Redeemable Registered Debenture Stock of Face Value of ₹ 100 each, fully paid up	–	0.32
Carried Over	10,391.26	7,515.11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	As at 31st March, 2012	As at 31st March, 2011
Brought Forward	10,391.26	7,515.11
(c) Investment in Mutual Funds (Units of the Face Value of ₹ 10 each, unless otherwise stated)		
Birla Sun Life Mutual Fund 3,60,691.196 Units (Previous year 9,05,406.843 Units) of Birla Sun Life Govt. Securities Long Term - Growth	99.63	250.00
DSP BlackRock Mutual Fund – Unit (Previous year 20,00,000.000 Units) of DSP BlackRock FMP - 12M Series 18 - Growth	– *	200.00
JM Financial Mutual Fund 10,00,000.000 Units (Previous year 10,00,000.000 Units) of JM Core 11 Fund - Dividend Plan	100.00	100.00
Kotak Mahindra Mutual Fund – Unit (Previous year 9,92,142.234 Units) of Kotak Credit Opportunities Fund - Growth	–	100.00
Reliance Mutual Fund – Unit (Previous year 4,70,276.193 Units) of Reliance Monthly Income Plan - Growth Plan	–	100.00
UTI Mutual Fund – Unit (Previous year 1,90,359.074 Units) of UTI - Master Index Fund - Growth Plan	–	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
Total Non-Current Investments	10,940.89	8,715.11
Aggregate Book value of Quoted Investments	10,390.94	7,514.79
Market value of Quoted Investments	9,884.33	6,856.15
Aggregate Book value of Unquoted Investments	549.95	1,200.32

* Current year figures have been shown in current investments (Refer Note 15) under the head of current maturities of long-term investments as these are maturing within 12 months from the reporting date.

	As at 31st March, 2012	As at 31st March, 2011
12. DEFERRED TAX ASSETS (NET)		
Deferred tax assets :		
Disallowances under the Income Tax Act, 1961	200.67	259.39
Deferred tax liabilities :		
Related to fixed assets	131.61	81.31
Net deferred tax assets	<u>69.06</u>	<u>178.08</u>

13. LONG - TERM LOANS AND ADVANCES (unsecured, considered good)		
Capital advances	28.16	29.87
Security deposits	30.84	30.75
Prepaid expenses	2.27	2.48
Advance to employees	13.79	20.32
	<u>75.06</u>	<u>83.42</u>

14. OTHER NON - CURRENT ASSETS		
Fixed deposits with bank (maturity over 12 months) *	298.53	90.53
Interest accrued on investments and fixed deposits	228.79	131.17
Advance payment of tax and refund due	6.17	31.10
	<u>533.49</u>	<u>252.80</u>

* Under lien towards margin money and / or security against borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	As at 31st March, 2012	As at 31st March, 2011
15. CURRENT INVESTMENTS		
A. Current maturities of Long-Term Investments (At cost)		
(a) Investment in Debentures or Bonds (Quoted)		
(Debentures or Bonds of Face Value of ₹ 1,00,000 each, fully paid-up, unless otherwise stated)		
DSP Merrill Lynch Capital Limited		
– Debenture (Previous year 200 debentures) Secured Non-Convertible Debentures Series 2008/DN	–	204.00
L&T Finance Limited		
4,899 Debentures (Previous year Nil Debenture) 8.50% Secured Redeemable Non-Convertible Debentures (2010 A Series, Option II) of Face Value of ₹ 1,000 each	48.99 *	–
(b) Investment in Mutual Funds (Quoted)		
(Units of the Face Value of ₹ 10 each, unless otherwise stated)		
Birla Sun Life Mutual Fund		
– Unit (Previous year 15,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series CE -Growth	–	150.00
– Unit (Previous year 10,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series CF -Growth	–	100.00
– Unit (Previous year 20,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series CW - Growth	–	200.00
10,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Capital Protection Oriented Fund - Series 1 -Growth	100.00 *	–
15,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series CX -Growth	150.00 *	–
BNP Paribas Mutual Fund		
– Unit (Previous year 25,00,000.000 Units) of BNP Paribas Fixed Term Fund Series 19B Growth	–	250.00
– Unit (Previous year 10,00,000.000 Units) of BNP Paribas Fixed Term Fund Series 18D Growth	–	100.00
DSP BlackRock Mutual Fund		
20,00,000.000 Units (Previous year Nil Unit) of DSP BlackRock FMP - 12M Series 18 - Growth	200.00 *	–
20,00,000.000 Units (Previous year Nil Unit) of DSP BlackRock FMP - 12M Series 19 - Growth	200.00	–
HDFC Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of HDFC FMP 24M February 2010 - Growth - Series XII	–	200.00
ICICI Prudential Mutual Fund		
– Unit (Previous year 10,00,000.000 Units) of ICICI Prudential FMP Series 52 - 1 Year Plan C Cumulative	–	100.00
– Unit (Previous year 15,00,000.000 Units) of ICICI Prudential FMP Series 53 - 1 Year Plan A Cumulative	–	150.00
– Unit (Previous year 20,00,000.000 Units) of ICICI Prudential FMP Series 55 - 1 Year Plan B Cumulative	–	200.00
IDFC Mutual Fund		
– Unit (Previous year 10,00,000.000 Units) of IDFC - Fixed Maturity Plan Fourteen Months Series 1 Growth	–	100.00
– Unit (Previous year 20,00,000.000 Units) of IDFC- Fixed Maturity Yearly Series 38 Growth	–	200.00
Kotak Mahindra Mutual Fund		
– Unit (Previous year 10,00,000.000 Units) of Kotak FMP 370 Days Series 8 - Growth	–	100.00
– Unit (Previous year 20,00,000.000 Units) of Kotak FMP Series 34 - Growth	–	200.00
20,00,000.000 Units (Previous year Nil Unit) of Kotak FMP 24M Series - 1 Growth	200.00 *	–
Reliance Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of Reliance Fixed Horizon Fund - XIV - Series 1- Growth Plan	–	200.00
Total current maturities of Long-Term Investments	898.99	2,454.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	As at 31st March, 2012	As at 31st March, 2011
B. Other Current Investments (At lower of cost and fair value)		
(a) Investment in Mutual Funds (Quoted) (Units of the Face Value of ₹ 10 each, unless otherwise stated)		
HDFC Mutual Fund		
40,00,000.000 Units (Previous year Nil Unit) of HDFC FMP - 92D -March 2012 (2) - Growth, Series-XXI	400.00	-
SBI Mutual Fund		
40,00,000.000 Units (Previous year Nil Unit) of SBI Debt Fund Series - 90 days -59 - Growth	400.00	-
UTI Mutual Fund		
33,94,375.520 Units (Previous year Nil Unit) of UTI Fixed Income Interval Fund -Quarterly Interval Plan- Series I - Institutional Growth Plan	400.00	-
(b) Investment in Mutual Funds (Unquoted) (Units of the Face Value of ₹ 10 each, unless otherwise stated)		
Reliance Mutual Fund		
15,39,977.891 Units (Previous year Nil Unit) of Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option	400.00	-
SBI Mutual Fund		
- Unit (Previous year 28,88,658.324 Units) of SBI Premier Liquid Fund - Institutional - Growth	-	450.00
Total other Current Investments	<u>1,600.00</u>	<u>450.00</u>
Total Current Investments (A + B)	<u>2,498.99</u>	<u>2,904.00</u>
Aggregate Book value of Quoted Investments	2,098.99	2,454.00
Market value of Quoted Investments	2,193.65	2,587.02
Aggregate Book value of Unquoted Investments	400.00	450.00

* Represents transfer from non-current investments (Refer Note 11) as these are maturing within 12 months from the reporting date.

	As at 31st March, 2012	As at 31st March, 2011
16. INVENTORIES		
Raw materials [Including in transit ₹ 21.84 (Previous year ₹ 30.96)]	2,850.20	2,538.42
Work-in-progress	341.44	498.17
Finished goods	1,034.64	1,499.14
Stores and spares	200.24	195.50
Loose tools	0.57	0.73
	<u>4,427.09</u>	<u>4,731.96</u>

17. TRADE RECEIVABLES		
(unsecured, considered good)		
Over six months	14.28	0.22
Others	2,474.10	1,708.88
	<u>2,488.38</u>	<u>1,709.10</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	As at 31st March, 2012	As at 31st March, 2011
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	7.67	8.14
Balances with banks in current accounts	<u>321.91</u>	<u>277.62</u>
	<u>329.58</u>	<u>285.76</u>
Other bank balances		
Fixed deposit accounts *	100.53	305.12
Fractional bonus share account	0.44	0.44
Unpaid dividend accounts	<u>49.16</u>	<u>43.91</u>
	<u>150.13</u>	<u>349.47</u>
	<u>479.71</u>	<u>635.23</u>

* Under lien towards margin money and / or security against borrowings.

Fixed deposit accounts with maturity of more than 12 months amounting to ₹ 298.53 (Previous year ₹ 90.53) being non-current has been shown under the head other non-current assets (Refer Note 14).

19. SHORT - TERM LOANS AND ADVANCES		
(unsecured, considered good)		
Loan to a body corporate	—	700.00
Balances with customs, excise, port trusts etc.	0.06	3.47
Security deposits	3.61	3.65
Excise duty paid under protest *	110.73	—
Prepaid expenses	116.68	92.44
Others **	<u>59.76</u>	<u>58.96</u>
	<u>290.84</u>	<u>858.52</u>

* Amount paid "Under Protest" pursuant to the final order dated 16th March, 2010 of the Tribunal against which an appeal is pending before the Supreme Court.

** Includes advance against purchases, loans to employees, indirect taxes advance / refundable.

20. OTHER CURRENT ASSETS		
Interest accrued on investments and fixed deposits	72.31	41.80
Government grants receivable	<u>119.71</u>	<u>225.32</u>
	<u>192.02</u>	<u>267.12</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
21. REVENUE FROM OPERATIONS		
Sale of products (Jute goods)	29,144.50	30,244.33
Other operating revenues	360.26	580.13
	<u>29,504.76</u>	<u>30,824.46</u>
22. OTHER INCOME		
Interest income		
On long-term investments	264.71	197.63
On fixed deposits	33.75	47.17
Others	55.95	16.02
	<u>354.41</u>	<u>260.82</u>
Dividend income on long-term investments	30.86	20.66
Net gain on sale of investments		
On long-term investments	52.09	468.35
On current investments	12.24	39.15
	<u>64.33</u>	<u>507.50</u>
Other non-operating income	292.17	73.33
	<u>741.77</u>	<u>862.31</u>
23. COST OF MATERIALS CONSUMED		
Raw jute	13,417.27	16,128.58
Jute yarn	1,364.73	1,448.44
	<u>14,782.00</u>	<u>17,577.02</u>
24. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Closing stock		
Finished goods	1,034.64	1,499.14
Work-in-progress	341.44	498.17
	<u>1,376.08</u>	<u>1,997.31</u>
Opening stock		
Finished goods	1,499.14	1,046.43
Work-in-progress	498.17	337.41
	<u>1,997.31</u>	<u>1,383.84</u>
	<u>621.23</u>	<u>(613.47)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
25. EMPLOYEE BENEFITS EXPENSES		
Salaries, wages, bonus etc.	4,326.47	4,218.10
Contribution to provident and other funds	436.94	399.55
Staff welfare expenses	68.94	59.53
	<u>4,832.35</u>	<u>4,677.18</u>
26. FINANCE COSTS		
Interest expenses	54.42	86.72
Other borrowing costs	23.36	9.14
	<u>77.78</u>	<u>95.86</u>
27. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation (Refer Note 10)	482.08	434.88
Less : Transferred from revaluation reserve	32.30	36.82
	<u>449.78</u>	<u>398.06</u>
28. OTHER EXPENSES		
Consumption of stores and spare parts (Refer Note 33)	1,898.99	1,744.41
Power and fuel	1,650.45	1,343.01
Rent	35.39	33.88
Rates and taxes	107.68	246.99
Repairs to buildings	202.86	153.11
Repairs to machinery	107.19	107.01
Repairs to others	51.44	46.56
Insurance	46.97	37.55
Donation	260.00	325.00
Delivery charges	720.84	1,092.83
Consignment sales expenses (Refer Note 34)	50.05	68.29
Miscellaneous expenses	473.10	525.28
Payment to auditors		
Audit fees	2.81	2.76
For other services	3.65	3.19
For reimbursement of expenses	0.26	0.20
	<u>5,611.68</u>	<u>5,730.07</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
29. EARNINGS PER SHARE IN ACCORDANCE WITH ACCOUNTING STANDARD (AS) - 20		
Net Profit after tax as per Statement of Profit and Loss	2,886.91	2,883.62
Weighted average number of Ordinary shares	45,11,250	45,11,250
Basic and diluted earnings per Ordinary share (in ₹)	63.99	63.92
Face value per ordinary share (in ₹)	10.00	10.00

30. 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.
31. Capital commitments not provided for at the date of this balance sheet are estimated at ₹ 116.32 (Previous year ₹ 521.12) after netting of advances paid.
32. 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.
33. Total stores and spare parts consumed during the year are ₹ 2,150.21 (Previous year ₹ 1,943.04) and include ₹ 251.22 (Previous year ₹ 198.63) debited to relevant expense heads.
34. Consignment sales expenses, disclosed in Note 28, comprise of cess, rent, rates and taxes, insurance, delivery charges, brokerage and commission and miscellaneous expenses, the amount of rent being ₹ 0.52 (Previous year ₹ 0.12), rates and taxes being ₹ 0.30 (Previous year ₹ 3.67) and insurance being ₹ 0.29 (Previous year ₹ 0.29).

	Year ended 31st March, 2012	Year ended 31st March, 2011
35. VALUE OF IMPORTS ON CIF BASIS		
Raw materials	3,775.38	4,403.95
Components and spare parts	100.37	99.45
Capital goods	34.40	82.13
	<u>3,910.15</u>	<u>4,585.53</u>

	Year ended 31st March, 2012	Year ended 31st March, 2011
36. EXPENDITURE IN FOREIGN CURRENCY		
Travelling	7.54	13.59
Delivery charges	76.94	204.46
Others	17.57	23.89
	<u>102.05</u>	<u>241.94</u>

	Year ended 31st March, 2012	Year ended 31st March, 2011
37. EARNINGS IN FOREIGN EXCHANGE		
F.O.B. value of exports	12,034.50	16,927.38

38. Forward cover for foreign currency receivables outstanding at year end is ₹ Nil (Previous year ₹ 94.88). Foreign currency exposure (net) at year end that are not hedged by derivative instruments or otherwise is ₹ 1,628.78 (Previous year ₹ 777.82).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Value	%	Value	%
39. VALUE OF RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED				
Raw materials				
Imported	4,560.65	30.85	3,580.57	20.37
Indigenous	10,221.35	69.15	13,996.45	79.63
	<u>14,782.00</u>	<u>100.00</u>	<u>17,577.02</u>	<u>100.00</u>
Spare parts and components				
Imported	98.19	4.57	109.22	5.62
Indigenous	2,052.02	95.43	1,833.82	94.38
	<u>2,150.21</u>	<u>100.00</u>	<u>1,943.04</u>	<u>100.00</u>

	Year ended 31st March, 2012	Year ended 31st March, 2011
40. PARTICULARS RELATING TO DIVIDEND PAID TO NON-RESIDENT SHAREHOLDERS		
Number of non - resident shareholders	101	96
Number of shares held by them	65,674	73,484
Dividend relating to the year	2010-11	2009-10
Amount of dividend (₹)	7.88	5.88
Amount remitted in foreign currency (₹)	—	—

41. EXCHANGE DIFFERENCE ON FOREIGN CURRENCY IN ACCORDANCE WITH AS - 11

Exchange difference (net), other than finance cost, amounting to ₹ 340.45 (Previous year ₹ 196.17) have been credited to respective revenue heads in the Statement of Profit and Loss. Such difference includes premium received amounting to ₹ Nil (Previous year ₹ 0.43) and exchange loss amounting to ₹ Nil (Previous year ₹ 0.16) in respect of outstanding forward contracts. Premium on outstanding forward exchange rate contracts to be recognised in the subsequent year amounts to ₹ Nil (Previous year ₹ 0.82).

42. ACCOUNTING OF GOVERNMENT GRANTS IN ACCORDANCE WITH AS - 12

Government grants received by the company comprise of capital subsidy of ₹ 55.52 (Previous year ₹ 27.21), export incentives of ₹ 209.51 (Previous year ₹ 499.77) and other revenue grants of ₹ 72.79 (Previous year ₹ 32.30).

43. EMPLOYEE BENEFITS DISCLOSURES IN ACCORDANCE WITH AS - 15 (REVISED)**i. Defined Contribution Plans**

The Company has during the year recognised an expense of ₹ 436.94 (Previous year ₹ 399.55) towards defined contribution plans.

Out of the total contribution, made for employees' provident fund, a sum of ₹ 60.48 (Previous year ₹ 53.24) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

ii. Defined Benefit Plans

	Year ended 31st March, 2012	Year ended 31st March, 2011
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	2,227.48	1,625.44
Current service cost	99.92	115.11
Interest cost	183.21	154.12
Benefits paid	(153.43)	(161.27)
Actuarial (gain) / loss	(4.46)	494.08
Present value of obligation, at the end of the year	<u>2,352.72</u>	<u>2,227.48</u>
b. Change in fair value of plan assets :		
Plan assets at the beginning of the year	1,730.42	1,494.12
Expected return on plan assets	149.25	128.98
Contributions by the employer	300.00	300.00
Actuarial loss	(25.41)	(31.41)
Benefits paid	(153.43)	(161.27)
Plan assets at the end of the year	<u>2,000.83</u>	<u>1,730.42</u>
c. Amount recognised in Balance Sheet :		
Present value of defined benefit obligation	2,352.72	2,227.48
Fair value of plan assets	2,000.83	1,730.42
Net liability recognised in Balance Sheet	<u>(351.89)</u>	<u>(497.06)</u>
d. Expenses recognised in the Statement of Profit and Loss :		
Current service cost	99.92	115.11
Interest cost	183.21	154.12
Expected return on plan assets	(149.25)	(128.98)
Net actuarial loss	20.95	525.49
Total expenses	<u>154.83</u>	<u>665.74</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	33.06%	31.12%
State Government / State Government guaranteed securities	23.20%	23.34%
Bonds	35.96%	39.71%
Units of money market mutual fund	0.77%	0.81%
Units of equity linked scheme of mutual fund	3.69%	1.85%
Cash at bank and receivables (net)	3.32%	3.17%
Total	<u>100.00%</u>	<u>100.00%</u>
There is no amount included in the fair value of plan asset for :		
i. Company's own financial instrument;		
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%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

Expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the funds during the estimated term of the obligations.

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.

g. General description of the defined plans :

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.

44. SEGMENT REPORTING IN ACCORDANCE WITH AS - 17

The Company operates 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 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 :

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Within India	Outside India	Within India	Outside India
Sales	16,569.20	12,575.30	12,357.26	17,887.07
Carrying amount of segment assets	33,438.06	–	31,461.57	–
Capital expenditure	858.66	–	741.87	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

45. RELATED PARTY DISCLOSURE IN ACCORDANCE WITH AS - 18

A. Relationships

1. Controlling Group

i. Holding Company :

Harsh Investments Private Limited (HIPL)

ii. Others :

a. Abhyadoot Finance and Investments Private Limited (AFIPL)

b. Cheviot Agro Industries Private Limited (CAIPL)

c. Cheviot International Limited (CIL)

d. Mr. Harsh Vardhan Kanoria (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 31st March, 2012					Year ended 31st March, 2011				
	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	3.90	-	-	-	3.90	2.88	-	-	-	2.88
CIL	2.64	-	-	-	2.64	1.59	-	-	-	1.59
CAIPL	1.20	-	-	-	1.20	1.23	-	-	-	1.23
Others	0.06	-	-	-	0.06	0.06	-	-	-	0.06
Receiving of services	-	-	302.52	2.40	304.92	-	-	284.27	2.40	286.67
Mr. H. V. Kanoria	-	-	201.89	-	201.89	-	-	176.16	-	176.16
Mr. N. K. Kejriwal	-	-	35.78	-	35.78	-	-	37.56	-	37.56
Mr. D. Mazumdar	-	-	27.07	-	27.07	-	-	29.12	-	29.12
Others	-	-	37.78	2.40	40.18	-	-	41.43	2.40	43.83
Finance including loans	-	-	0.50	-	0.50	-	-	0.40	-	0.40
Mr. D. K. Mohta	-	-	0.50	-	0.50	-	-	0.40	-	0.40
Deposit received	-	-	0.24	-	0.24	-	-	0.23	-	0.23
Mr. M. K. Patni	-	-	0.24	-	0.24	-	-	0.23	-	0.23
Dividend paid	406.00	-	0.04	0.04	406.08	266.78	-	0.03	0.02	266.83
HIPL	308.89	-	-	-	308.89	205.93	-	-	-	205.93
Mr. H. V. Kanoria	41.26	-	-	-	41.26	23.62	-	-	-	23.62
Others	55.85	-	0.04	0.04	55.93	37.23	-	0.03	0.02	37.28
Donation paid	-	260.00	-	-	260.00	-	325.00	-	-	325.00
Shashvat Foundation	-	-	-	-	-	-	150.00	-	-	150.00
Jan Priya Trust	-	260.00	-	-	260.00	-	175.00	-	-	175.00
Outstanding finance including loans	-	-	-	-	-	-	-	0.80	-	0.80
Mr. M. K. Patni	-	-	-	-	-	-	-	0.80	-	0.80
Outstanding deposit	-	-	1.02	-	1.02	-	-	0.78	-	0.78
Mr. M. K. Patni	-	-	1.02	-	1.02	-	-	0.78	-	0.78

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

46. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS IN ACCORDANCE WITH AS - 29

- 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 :

	Year ended 31st March, 2012	Year ended 31st March, 2011
PROVISION FOR CONTINGENCIES	Indirect taxes	Indirect taxes
Balance at the beginning of the year	396.94	163.48
Additional provision during the year	93.55	233.46
Provision used during the year	5.94	–
Provision reversed during the year	213.13	–
Balance at the end of the year	271.42	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 :
- Sales Tax in dispute - ₹ 5.06 (Previous year ₹ 6.58) under appeal and not acknowledged as debt.
 - Income Tax in dispute - ₹ 145.82 (Previous year ₹ 236.65) pending revision and not acknowledged as debt.
 - Employees' state insurance in dispute ₹ Nil (Previous year ₹ 14.38) being contested in view of liability foreseen of ₹ Nil (Previous year ₹ 5.26). Provision has thus been made of ₹ Nil (Previous year ₹ 5.26), and against which a sum of ₹ Nil (Previous year ₹ 5.20) has been deposited.
47. 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.
48. The Board of Directors recommend payment of dividend of ₹ 13/- (Previous year ₹ 12/-) per Ordinary share of the face value of ₹ 10/- each for the year ended 31st March, 2012.
49. In view of the revision to the Schedule VI as per notification issued by the Central Government, the financial statements for the year ended 31st March, 2012 have been prepared as per the requirements of the revised Schedule VI to the Companies Act, 1956. The previous year's figures have been accordingly re-grouped / re-classified to conform to the current year's classification.

As per our report attached
For Jain & Co.
Chartered Accountants
Registration Number : 302023E
CA P. K. JAIN
Partner
Membership No. 52018
Dated : 30th day of May, 2012

CS D. K. MOHTA
Vice President and Secretary,
Chief Financial Officer

For and on behalf of the Board
H. V. KANORIA
Chairman and Managing Director,
Chief Executive Officer
N. K. KEJRIWAL
Wholetime Director
P. K. BHATTACHARJEE
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 : Savings Current Cash Credit
(Please tick)
- e. Ledger and Ledger folio number : _____
(if any) of your bank account
- f. Account number : _____
(as appearing on the cheque book)

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank pass book 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 :

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

Bank's Stamp

Date : _____

Signature of the first holder

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 : cheviot2012@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 Limited 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 Friday, the 27th July, 2012, at 11.00 a.m. and at
any adjournment thereof.

Signed this day of..... 2012

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 Friday, the 27th July, 2012 at 11.00 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