

# **ANNUAL REPORT**

**FOR THE YEAR ENDED 31ST MARCH 2013**



**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

**PRESIDENT (CORPORATE AFFAIRS) & 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 LOCATION**

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 26th July, 2013 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2013 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Mr. P.K. Bhattacharjee, 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.

Registered Office :  
24, Park Street,  
Magma House, (9th Floor),  
Kolkata - 700 016  
Dated : 14th May, 2013

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

### NOTES :

1. **The Register of Members and the Share Transfer Register of the Company will remain closed from Saturday 20th July, 2013 to Friday, 26th July, 2013 (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 31st July, 2013 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, 19th July, 2013. 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 19th July, 2013 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 upto the financial year ended 31st March, 2005 have been transferred to the said fund. Unpaid/unclaimed dividend for the financial year ended 31st March, 2006 will become due for transfer during September, 2013. 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 has made it mandatory for all the listed Companies to make cash payments through electronic payment modes to the investors. In cases, where either the required bank details are not available or the electronic payment instructions have failed or have been rejected by the bank, the Company shall use physical payment instrument and shall mandatorily print the bank account details of the investors on such payment instruments. Therefore, members holding shares in physical mode are requested to provide their updated bank details 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. Members holding the Company's shares in demat mode are requested to provide the bank account details to their concerned Depository Participant(s).

**NOTICE** (Contd.)

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 Participant(s) 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 16th July, 2013, 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 Agents for consolidation into a single folio.
13. Information regarding the Director seeking re-appointment at the ensuing Annual General Meeting :

Mr. P. K. Bhattacharjee (Mr. Bhattacharjee), aged 74 years, is a director of the Company since 30.07.2001. Mr. Bhattacharjee is M.A. (Gold Medalist), CAIIB. He has held senior positions in State Bank of India and was its Deputy Managing Director at the time of his retirement.

Names of other Companies in which Mr. Bhattacharjee also holds the directorship :

1. Ativir Financial Consultants Private Limited
2. Global Investment Trust Limited
3. Kanco Enterprises Limited
4. Kaushalya Infrastructure Development Corporation Limited
5. Kilburn Chemicals Limited
6. M.S.M. Energy Limited
7. Quippo Telecom Infrastructure Limited
8. Quippo Construction Equipment Limited
9. Right Towers Private Limited
10. Sapphire Enclave Private Limited
11. Stesalit Limited
12. Stesalit Systems Limited
13. Suryachakra Power Corporation Limited
14. Wonderland Promoters Private Limited

Names of other Companies in which Mr. Bhattacharjee also holds membership of the Committee of the Board :

1. Kilburn Chemicals Limited (Audit Committee)
2. Quippo Telecom Infrastructure Limited (Audit Committee).

Chairmanship of the Committee of the Board of other Companies :

1. Kanco Enterprises Limited (Audit Committee)
2. Suryachakra Power Corporation Limited (Audit Committee).

Number of Shares held in the Company : Nil

Registered Office :  
24, Park Street,  
Magma House, (9th Floor),  
Kolkata - 700 016  
Dated : 14th May, 2013

By Order of the Board,  
CHEVIOT COMPANY LIMITED  
CS D. K. MOHTA  
*President (Corporate Affairs) 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, 2013.

### FINANCIAL RESULTS

| Particulars  | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|--|--|
| Operating results after charging depreciation and amortisation show a profit of                                | 3,310.55                               | 3,129.94                               |
| Add : Exceptional item - Indirect taxes for earlier years<br>{net of provision ₹ 105.16 (previous year ₹ Nil)} | 73.01                                  | 213.13                                 |
| Add : Other income   | 784.96                                 | 528.64                                 |
| Profit before tax  | 4,168.52                               | 3,871.71                               |
| From which have been deducted :  |  |  |
| Current tax  | 1,001.00                               | 845.00                                 |
| Tax for earlier years (net)  | (7.30)                                 | 30.78                                  |
| Deferred tax   | 103.40                                 | 109.02                                 |
| Profit after tax   | 3,071.42                               | 2,886.91                               |
| Surplus as per last balance sheet  | 431.60                                 | 426.29                                 |
| Making a total of  | 3,503.02                               | 3,313.20                               |
| Which has been appropriated by the Directors as under :  |  |  |
| Proposed dividend  | 676.69                                 | 586.46                                 |
| Tax on proposed dividend   | 115.00                                 | 95.14                                  |
| Transferred to SEZ re-investment reserve account   | 400.00                                 | –                                      |
| Transferred to general reserve   | 1,850.00                               | 2,200.00                               |
| Balance surplus carried to balance sheet   | 461.33                                 | 431.60                                 |
|  | 3,503.02                               | 3,313.20                               |

### DIVIDEND

Your Directors are pleased to recommend for your consideration payment of dividend of ₹ 15/- per ordinary share of the face value of ₹ 10/- each for the year ended 31st March, 2013.

### OPERATIONS

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

| Particulars                                     | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|---|--|--|
| Production (in M. Tonnes)                       | 46,650                                 | 48,518                                 |
| Sales (in M. Tonnes)                            | 47,381                                 | 49,103                                 |
| Total sales                                     | 28,604.82                              | 29,144.50                              |
| Export sales (C.I.F. Value)                     | 11,529.68                              | 12,575.30                              |
| Operating profit                                | 3,310.55                               | 3,129.94                               |
| Other income                                    | 784.96                                 | 528.64                                 |
| Profit before tax                               | 4,168.52                               | 3,871.71                               |
| Profit after tax                                | 3,071.42                               | 2,886.91                               |
| Earnings per share of face value of ₹ 10 (in ₹) | 68.08                                  | 63.99                                  |

**DIRECTORS' REPORT** (Contd.)

(₹ in Lakhs)

The year under review witnessed an acute shortage of workers and absenteeism as a result of which capacity could not be fully utilised and consequently, there was loss of production, being 46,650 M.T. during the year under review as compared to 48,518 M.T. during the previous year. Besides, export sales were greatly affected due to unfavourable conditions in overseas market. Accordingly, overall sales were lower both in terms of value and quantity.

It is, however, a matter of satisfaction that on account of planned procurement of raw materials and overall better margin, the operating profit was higher in comparison to previous year despite lower production and sales. Bottom line was also improved due to increase in other income mainly on account of profit on sale of investments. Thus, profit after tax was higher by ₹ 184.51 being ₹ 3071.42 for the year as compared to ₹ 2886.91 during previous year.

The Company's export oriented unit at Falta Special Economic Zone has been continuing its operations at reduced capacity due to lower demand of Jute fabrics. Besides, the initiative taken by the Company to venture into export of jute shopping bag could not make much progress so far. Efforts are on to explore possibilities of manufacturing other items of jute fabrics in tune with requirements of international market as also to examine alternate ways and options to establish market for export of jute shopping bag.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****a) Industry structure and developments**

Government of India has diluted the compulsory packing by directing that food grains to the extent of 90% and sugar to the extent of 40% shall be packed in jute packaging material for the year 2012-13 as against the compulsory packing at 100% for both food grains and sugar till 30.06.2012 under Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA). It is unfortunate that dilution of JPMA has been made despite the fact that jute being a natural bio-degradable and re-usable fiber helps in protecting the environment and such dilution will encourage more use of HDPE/PP bags.

In the wake of falling exports, it is urged that Government of India accept the Industry's pleading to introduce new EMA Scheme for Jute sector and extend the Jute Technology Mission beyond 31st March, 2013.

There has been good domestic demand of jute packing material from food procurement agencies. The availability of raw jute was easy with prices remaining steady for most part of the year. However, the price of raw jute has now firmed up due to less rain anticipating lower crop in 2013-14.

**b) Opportunities and Threats***Opportunities*

- Growing awareness to sustain green environment is augmenting use of environmental friendly bio-degradable natural Jute fibre over other packing materials, which is a sign of promising future for the Jute Industry.
- Development of non-traditional jute products to meet varied uses such as hydro carbon free, jute shopping bags, jute geo textiles, floor coverings provide good market prospects.
- Good demand from food procurement agencies as a result of increased food grain production and procurement.

*Threats*

- Growing import of jute goods from Bangladesh who is increasing capacity is posing threat and working towards the adversity of the Indian jute industry.
- Cut throat competition from Bangladesh who is virtually making India as residual supplier in the international markets.
- Higher cost of jute goods as against availability of comparatively cheaper alternate packaging materials.
- Lack of efforts for machinery development forcing Industry to use old technology.
- Problem of availability of workers in a labour intensive industry and regular cost increase make it vulnerable to loss of production and productivity.

**DIRECTORS' REPORT** (Contd.)

(₹ in Lakhs)

**c) Risk and concerns**

The process of risk identification, risk assessment and risk mitigation is a continuous phenomenon being undertaken by the senior management. All potential risk factors and process of mitigating such risk are monitored and reviewed in an ongoing way. The Audit Committee reviews the risk mitigation plans on a periodic basis.

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

- Shortage of workers in the Jute industry;
- Dilution of JPMA;
- Improper agricultural strategy affecting quality of raw jute and increase in output per acre. Jute cultivation needs technological development to make it more attractive to the farmers.

**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                       | For the year ended<br>31st March, 2013 |               | For the year ended<br>31st March, 2012 |               |
|-----------------------------------|--|---------------|--|---------------|
|                                   | Within India                           | Outside India | Within India                           | Outside India |
| Sales                             | 17,075.14                              | 11,529.68     | 16,569.20                              | 12,575.30     |
| Carrying amount of segment assets | 35,595.34                              | —             | 33,438.06                              | —             |
| Capital expenditure               | 766.42                                 | —             | 858.66                                 | —             |

**e) Outlook**

Jute industry has to operate in a competitive environment amid above referred areas of threat, risks and concerns. The Company's fortune would broadly be in line with those of Jute Industry. However, with proper infrastructure and flexibility to cater to both domestic and overseas markets and continuous endeavour made by the Company to control costs in all possible areas are likely to insulate it to a certain extent from the adverse market conditions. Looking to the current scenario, traditional jute sacking products will continue to constitute major share of the Company's turnover. On the export front, Jute Industry is facing unhealthy competition from Bangladesh. Barring unforeseen circumstances, the outlook for the current year appears to be promising.

**f) Internal control systems and their adequacy**

The Company has developed robust and comprehensive system of internal control towards achieving efficient use of resources, cost control, compliance with statutory requirements and ensuring reliability of financial reporting. The Audit Committee reviews the internal audit reports, financial performance of the Company and suggests improvements to strengthen internal control system.

**g) Discussion on financial performance with respect to operational performance**

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

- Sale of jute goods was ₹ 28,604.82 during the year as compared to ₹ 29,144.50 during previous year;
- Production was lower by 1,868 M.Tonnes mainly due to shortage and absenteeism of workers;
- Operating profit of the Company have increased by ₹ 180.61 during the year under review from ₹ 3,129.94 in previous year to ₹ 3,310.55 during the year under review on account of better sales realisation;

**DIRECTORS' REPORT** (Contd.)

(₹ in Lakhs)

- Finance costs were higher at ₹ 107.75 during the year under review as against ₹ 77.78 in previous year. The increase in finance costs is mainly due to higher utilisation of working capital limits;
- Inventories have decreased by ₹ 76.16, being ₹ 4,350.93 as at 31.3.2013 as against ₹ 4427.09 as at 31.3.2012 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 ₹ 766.42 in fixed assets inclusive of capital advances given during the year.

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

Industrial relations remained harmonious during the year under review.

As on 31.3.2013, the Company had 4301 employees on its rolls. The Company provides employment to workers at new rate of payment and put emphasis to build internal capabilities by providing them training under Company's training scheme. Periodical rewards are given to workers based on their attendance. In order to attract and retain talent, staffs are rewarded based on length of service and loyalty. Benefits and financial assistance are provided by the Company under 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 respect to Company's outlook and performance.

**CORPORATE GOVERNANCE**

The Company has complied with the Corporate Governance as required under clause 49 of the Listing Agreement with the BSE Limited. A separate report on Corporate Governance along with a certificate from the statutory auditors of the Company confirming the compliance with the conditions of Corporate Governance is set out in the Annexure which forms part of this Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. that in the preparation of annual accounts for the year ended 31st March, 2013, 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, 2013 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 under sub section 1 (e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided in the Annexure forming 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, in respect of the employees of the Company, are provided in the Annexure forming part of this Report.



## DIRECTORS' REPORT *(Contd.)*

### DIRECTORS

In accordance with Article 97 of the Articles of Association of the Company, Mr. Parag Keshar Bhattacharjee, 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. Brief particulars of Mr. Bhattacharjee have been given in the Notice convening ensuing Annual General Meeting.

### STATUTORY AUDITORS

M/s Jain & Co., Chartered Accountants, statutory auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting and offer themselves for re-appointment. A certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board recommend the re-appointment of M/s Jain & Co., Chartered Accountants, as statutory 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 thereunder, 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, 2013.

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, 2012 with the Central Government was extended till 28th February, 2013 and the said report was filed by the cost auditor on 27th February, 2013.

### ACKNOWLEDGEMENT

The Directors take this opportunity to express deep sense of gratitude to the financial institutions, banks, government authorities, business associates, and all stakeholders for their continued support and faith reposed on the Company.

The Directors place on record their appreciation and acknowledge the commitment and contribution made by the employees at all levels.

Kolkata, 14th May, 2013

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, 2013

### REPORT ON CORPORATE GOVERNANCE

(₹ in Lakhs)

[Pursuant to clause 49 of the listing agreement with the BSE Limited]

#### 1. Company's philosophy on Code of Governance

The Company is steadfast in its belief that transparency and integrity are sine qua none for good corporate governance. Your company is committed to adopt and adhere to these principles to attain sustained growth and enhance value for its shareholders, customers, creditors and employees.

#### 2. Board of Directors

##### a) Composition

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

Mr. P. K. Khaitan, a non-executive director of the Company is a partner of M/s Khaitan & Co. LLP and Khaitan & Co. AOR, who have a professional relationship with the Company. The legal and professional charges of ₹ 5.69 that were paid to the consulting firms during the year are 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 Directorship and Chairmanship/Membership of Boards/Committees.

| Name of the Directors  | Position  | Attendance Particulars |                               | No. of other directorship and other committee membership/chairmanship held |                      |                        |
|------------------------|---|------------------------|-------------------------------|--|----------------------|------------------------|
|                        |   | Board Meeting          | Last AGM held on (27.07.2012) | Directorship #   | Committee Membership | Committee Chairmanship |
| Mr. H. V. Kanoria      | Chairman and Managing Director, Chief Executive Officer (Promoter Director) | 4                      | Yes                           | 4  | Nil                  | Nil                    |
| Mr. N. K. Kejriwal     | Wholetime Director  | 4                      | Yes                           | 1  | Nil                  | Nil                    |
| Mr. N. Nayar           | Independent Non-Executive   | 3                      | Yes                           | 7  | Nil                  | Nil                    |
| Mr. P.K. Bhattacharjee | Independent Non-Executive   | 3                      | Yes                           | 14   | 2                    | 2                      |
| Mr. S. Dhandhanian     | Independent Non-Executive   | 3                      | Yes                           | 8  | Nil                  | Nil                    |
| Mr. P. K. Khaitan      | Independent Non-Executive   | 4                      | Yes                           | 19   | 5                    | 2                      |

# Includes alternate directorship and directorship in private limited companies and foreign companies.

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

Four Board Meetings were held during the year ended 31st March, 2013 viz. on 30th May, 2012, 27th July, 2012, 7th November, 2012 and 31st January, 2013. 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 director 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 & Independent |
| Mr. P. K. Bhattacharjee | Member      | Non-Executive & Independent |
| Mr. S. Dhandhanian      | Member      | Non-Executive & Independent |

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

**b) Meetings and attendance**

Four meetings of the Audit Committee were held on 23rd May, 2012, 24th July, 2012, 6th November, 2012 and 30th January, 2013.

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

Mr. D. K. Mohta, President (Corporate Affairs) 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 present at the last Annual General Meeting of your Company held on 27th July, 2012. Minutes of each audit committee are placed before the Board for noting.

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

**c) Terms of Reference**

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

- Ensuring that the financial statements are correct, sufficient and credible by implementing and monitoring the financial reporting process and various disclosure norms;
- Recommending the appointment of the statutory auditors and fixation of their remuneration towards audit fees and any other services rendered by them;
- 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, 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;
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit; findings of the internal auditors and to discuss these periodically with the Company's officials relating to internal control procedures;
- Reviewing the compliances with listing agreement and other legal requirements relating to financial statements;
- 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 fix 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, 2013 :

| Name of the Directors | Salary | Commission | Contribution to Provident Fund | Estimated value of other Perquisites | Tenure of appointment   |
|-----------------------|--------|------------|--------------------------------|--------------------------------------|-------------------------|
| Mr. H. V. Kanoria     | 18.00  | 171.00     | 1.80                           | 17.06                                | 5 years from 01.08.2010 |
| Mr. N. K. Kejriwal    | 15.00  | 40.00      | 1.50                           | 9.73                                 | 2 years from 01.06.2012 |

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 2013 :

| Non-Executive Directors | Sitting fees | Commission |
|-------------------------|--------------|------------|
| Mr. S. Dhandhanja       | 0.15         | 4.00       |
| Mr. P. K. Bhattacharjee | 0.15         | 4.00       |
| Mr. N. Nayar            | 0.15         | 4.00       |
| Mr. P. K. Khaitan*      | 0.20         | 4.00       |

\*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 holds 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. Dhandhanja       | Chairman    | Non-Executive & Independent |
| Mr. P. K. Bhattacharjee | Member      | Non-Executive & Independent |
| Mr. N. K. Kejriwal      | Member      | Wholetime Director          |

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

Four meetings of the Shareholders'/Investors' Grievance Committee were held on 23rd May, 2012, 24th July, 2012, 6th November, 2012 and 30th January, 2013.

| Name of the Directors   | Number of Meetings attended |
|-------------------------|-----------------------------|
| Mr. S. Dhandhanian      | 3                           |
| 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/re-materialisation of shares and suggest measures for improvement of procedures and systems.

84 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, President (Corporate Affairs) and Secretary acts as a secretary to the committee and is the compliance officer of the Company.

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

| Financial Year | Location  | Date            | Time       | No. of Special Resolution Passed |
|----------------|---|-----------------|------------|----------------------------------|
| 2009-2010      | The Sitaram Seksaria Auditorium<br>Bharatiya Bhasha Parishad,<br>36A, Shakespeare Sarani (4th Floor)<br>Kolkata - 700 017 | 22nd July, 2010 | 11.00 a.m. | Nil                              |
| 2010-2011      | Gyan Manch, 11, Pretoria Street,<br>Kolkata - 700 071   | 28th July, 2011 | 11.30 a.m. | One                              |
| 2011-2012      | The Sitaram Seksaria Auditorium<br>Bharatiya Bhasha Parishad,<br>36A, Shakespeare Sarani (4th Floor)<br>Kolkata - 700 017 | 27th July, 2012 | 11.00 a.m. | Nil                              |

**b) Postal Ballot**

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

**7. Disclosures**

- There are no related party transactions of material nature made by Company with its Promoters, Directors or their relatives etc. that may have potential conflict with the interests of Company at large. The Register of Contracts containing the transactions in which the directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed in Note 46 to the financial statements for the year ended 31st March, 2013. 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 BSE Limited 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 Ekdin (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/year.
- 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  | 26th July, 2013 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 2013 to March 2014<br>II. First quarter results : Within July, 2013<br>III. Half-yearly results : On or before 14th November, 2013<br>IV. Third quarter results : On or before 14th February, 2014<br>V. Audited Annual Accounts : On or before 30th May, 2014 |
| c) Date of Book Closure  | 20th July, 2013 to 26th July, 2013 (both days inclusive)   |
| d) Dividend payment date   | 31st July, 2013  |
| e) Listing on Stock Exchange (Equity Shares)   | BSE Limited<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai - 400 001<br>Listing fees for the year 2013-2014 has been paid.   |
| f) Stock Code - Physical   | 526817 on BSE 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, 2012 to March, 2013) | Information has been given at the end of clause 9.   |
| i) Registrar and Share Transfer Agent  | Maheshwari Datamatics Pvt. Ltd.<br>6, Mangoe Lane, 2nd Floor, Kolkata - 700 001<br>Phone : 033- 2243 5029/5809, Fax : 033-2248 4787<br>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, 2013  | Information has been given at the end of clause 9.   |
| l) Dematerialisation of shares and liquidity  | As on 31st March, 2013, 95.8635% of the Company's paid-up share capital representing 43,24,643 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 :<br>i) 19, Mehta Road, Badekalinagar, Budge Budge<br>24, Parganas (South) - 700 137 (West Bengal);<br>ii) Sector II, Falta Special Economic Zone, Falta<br>24 Parganas (South) - 743 504 (West Bengal)                               |
| o) Address for correspondence   | Cheviot Company Limited<br>24, Park Street, Magma House (9th Floor), Kolkata - 700 016<br>Phones : 033 - 3291 9624 / 25 / 28<br>Fax No. : 033 - 2249 7269<br>E-mail : cheviot@chevjute.com<br>Investor service e-mail id : investorservices@chevjute.com<br>Website : www.groupcheviot.net |

**Information in respect of clause 9(g)**

Market Price data : High, Low during 2012-2013 is given in the table below :

| Month           | BSE Limited |            |
|-----------------|-------------|------------|
|                 | High<br>(₹) | Low<br>(₹) |
| April, 2012     | 328.00      | 311.10     |
| May, 2012       | 337.95      | 306.10     |
| June, 2012      | 323.05      | 310.85     |
| July, 2012      | 327.75      | 303.70     |
| August, 2012    | 315.00      | 305.00     |
| September, 2012 | 320.30      | 305.00     |
| October, 2012   | 331.05      | 319.60     |
| November, 2012  | 351.00      | 327.90     |
| December, 2012  | 354.25      | 326.50     |
| January, 2013   | 341.05      | 316.20     |
| February, 2013  | 318.15      | 291.90     |
| March, 2013     | 297.70      | 275.05     |

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

Stock performance of the Company in comparison to BSE Sensex (April, 2012 to March, 2013) :

| Month           | Company' share price (₹)<br>at BSE Limited |        | BSE Sensex |          |
|-----------------|--|--------|------------|----------|
|                 | High                                       | Low    | High       | Low      |
| April, 2012     | 328.00                                     | 311.10 | 17664.10   | 17010.16 |
| May, 2012       | 337.95                                     | 306.10 | 17432.33   | 15809.71 |
| June, 2012      | 323.05                                     | 310.85 | 17448.48   | 15748.98 |
| July, 2012      | 327.75                                     | 303.70 | 17631.19   | 16598.48 |
| August, 2012    | 315.00                                     | 305.00 | 17972.54   | 17026.97 |
| September, 2012 | 320.30                                     | 305.00 | 18869.94   | 17250.80 |
| October, 2012   | 331.05                                     | 319.60 | 19137.29   | 18393.42 |
| November, 2012  | 351.00                                     | 327.90 | 19372.70   | 18255.69 |
| December, 2012  | 354.25                                     | 326.50 | 19612.18   | 19149.03 |
| January, 2013   | 341.05                                     | 316.20 | 20203.66   | 19508.93 |
| February, 2013  | 318.15                                     | 291.90 | 19966.69   | 18793.97 |
| March, 2013     | 297.70                                     | 275.05 | 19754.66   | 18568.43 |

**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 President (Corporate Affairs) & 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 BSE Limited.

**Information in respect of clause 9(k)**

a) Distribution of Shareholding as on 31st March, 2013 :

| Number of Ordinary shares held | Number of Shares | Percentage of Shareholding | Number of Shareholders/folios | Percentage of Shareholders |
|--------------------------------|------------------|----------------------------|-------------------------------|----------------------------|
| Up to 500                      | 5,28,750         | 11.7207                    | 5,656                         | 94.4240                    |
| 501 to 1000                    | 1,29,488         | 2.8703                     | 180                           | 3.0050                     |
| 1001 to 2000                   | 1,27,616         | 2.8289                     | 92                            | 1.5359                     |
| 2001 to 3000                   | 73,737           | 1.6345                     | 29                            | 0.4842                     |
| 3001 to 4000                   | 27,506           | 0.6097                     | 8                             | 0.1336                     |
| 4001 to 5000                   | 22,349           | 0.4954                     | 5                             | 0.0835                     |
| 5001 to 10000                  | 67,105           | 1.4875                     | 10                            | 0.1669                     |
| 10001 and above                | 35,34,699        | 78.3530                    | 10                            | 0.1669                     |
| Total                          | 45,11,250        | 100.0000                   | 5,990                         | 100.0000                   |
| Physical Mode                  | 1,86,607         | 4.1365                     | 1,573                         | 26.2604                    |
| Demat Mode                     | 43,24,643        | 95.8635                    | 4,417                         | 73.7396                    |



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

## b) Shareholding Pattern as on 31st March, 2013

| Category Code | Category of Shareholders  | Total Number of Shares | % of Shares    |
|---------------|---|------------------------|----------------|
| <b>(A)</b>    | <b>Shareholding of Promoter and Promoter Group<br/>(As per MRTP Act, 1969)</b>  |                        |                |
| 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         |
|               | <b>Sub-Total (A) (1)</b>  | <b>33,83,312</b>       | <b>74.9972</b> |
| 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         |
|               | <b>Sub-Total (A) (2)</b>  | <b>0</b>               | <b>0.0000</b>  |
|               | <b>Total Shareholding of Promoter and Promoter Group (A)= (A) (1) + (A) (2)</b> | <b>33,83,312</b>       | <b>74.9972</b> |
| <b>(B)</b>    | <b>Public Shareholding</b>  |                        |                |
| 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   | 13,168                 | 0.2919         |
| (g)           | Foreign Venture Capital Investors   | 0                      | 0.0000         |
| (h)           | Any Other (specify)   | 0                      | 0.0000         |
|               | <b>Sub-Total (B) (1)</b>  | <b>20,868</b>          | <b>0.4626</b>  |

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

| Category Code | Category of Shareholders   | Total Number of Shares | % of Shares |
|---------------|--|------------------------|-------------|
| 2             | Non-Institutions   |                        |             |
| (a)           | Bodies Corporate   | 1,56,050               | 3.4591      |
| (b)           | Individuals  |                        |             |
|               | i. Individual Shareholders holding nominal share capital upto ₹ 1 Lakh                 | 8,41,544               | 18.6544     |
|               | ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh        | 57,897                 | 1.2834      |
| (c)           | Any Other (specify)  |                        |             |
| (c-i)         | Non-Resident Individual  | 43,352                 | 0.9610      |
| (c-ii)        | Foreign National   | 7,256                  | 0.1608      |
| (c-iii)       | Clearing Member  | 961                    | 0.0213      |
| (c-iv)        | Trusts   | 10                     | 0.0002      |
|               | Sub-Total (B) (2)  | 11,07,070              | 24.5402     |
|               | <b>Total Public Share holding B= (B) (1) + (B) (2)</b>                                 | 11,27,938              | 25.0028     |
|               | <b>TOTAL (A) + (B)</b>   | 45,11,250              | 100.0000    |
| (C)           | <b>Shares held by Custodians and against which Depository Receipt have been issued</b> | 0                      | 0.0000      |
|               | <b>GRAND TOTAL (A)+(B)+(C)</b>   | 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, President (Corporate Affairs) and Secretary, Chief Financial Officer of the Company provide 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 31.03.2013 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, 14th May, 2013

## 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, 2013.

Kolkata, 14th May, 2013

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, 2013, as stipulated in clause 49 of the listing agreement of the Company with the BSE Limited.

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 14th day of May, 2013

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 energy efficient IE2 motor in spinning frame and breaker card machine;
- ii. Installation of variable voltage variable frequency (VVVF) - inverter drive in spinning frame and modification of conventional spinning frame;
- iii. Utilising the natural light during day time with the help of day light system installed;
- iv. Replacement of conventional tube light with T-5-TLD lamp;
- v. Replacement of old air-conditioning machines and refrigerators with energy efficient machines;
- vi. Regular maintenance of all machines including boiler, compressor to keep them energy efficient and minimise losses.

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

Process of replacement of old machines, modification of conventional spinning frames and installation of energy efficient equipment 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 :

Measures undertaken for reduction of energy consumption have yielded savings in energy cost which helped to partially offset the impact of increase in rate of electricity and higher fuel costs.

## (d) FORM A

|   | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|---|--|--|
| <b>(a) Power &amp; Fuel Consumption</b>   |  |  |
| <b>1. Electricity</b>   |  |  |
| a) Purchased from Public Utility :  |  |  |
| (i) From CESC Limited   |  |  |
| Units (000 Kwh)   | 2,07,91                                | 2,08,99                                |
| Amount (₹ in Lakhs)   | 1,383.26                               | 1,354.72                               |
| Rate/unit (₹)   | 6.65                                   | 6.48                                   |
| (ii) From WBSEB   |  |  |
| Units (000 Kwh)   | 12,40                                  | 12,95                                  |
| Amount (₹ in Lakhs) *   | 85.60                                  | 82.47                                  |
| Rate/unit (₹)   | 6.90                                   | 6.37                                   |
| * Amount includes arrear due to revision in electricity rates with retro-spective effect from 01.04.2011 (Previous year amount recomputed). |  |  |
| b) Generation through captive power plant (CPP) generator   |  |  |
| Units (000 Kwh)   | 2,47                                   | 4,31                                   |
| Units per litre of furnace oil  | 4.25                                   | 4.08                                   |
| Cost/unit (₹)   | 11.53                                  | 9.14                                   |
| c) Own generation through diesel generator  |  |  |
| Units (000 Kwh)   | 60                                     | 2,96                                   |
| Units per litre of diesel oil   | 3.10                                   | 3.26                                   |
| Cost/unit (₹)   | 17.80                                  | 14.98                                  |
| <b>2. Coal</b>  |  |  |
| (B & C grades used for generation of steam in boiler)   |  |  |
| Quantity (M.Tonnes)   | 0.00                                   | 0.40                                   |
| Total Cost (₹ in Lakhs)   | 0.00                                   | 0.04                                   |
| Average rate per M. Tonne (₹)   | 0                                      | 10,255                                 |
| <b>3. Furnace Oil</b>   |  |  |
| Used in CPP and oil fired boiler  |  |  |
| Quantity (K. Ltr.)  | 365                                    | 464                                    |
| Total amount (₹ in Lakhs)   | 147.49                                 | 165.51                                 |
| Average rate per Ltr. (₹)   | 40.38                                  | 35.64                                  |
| <b>(b) Consumption per unit of production</b>   |  |  |
| Production of jute goods (M. Tonnes)  | 46,650                                 | 48,518                                 |
| Electricity per M.Tonne of production (Units)   | 479                                    | 472                                    |
| Furnace oil per M.Tonne of production (Ltrs.)   | 8                                      | 10                                     |
| Coal (B&C Grades) per M.Tonne of production (Kg)  | 0.00                                   | 0.01                                   |

**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 : The Company continuously monitors changes in the field of absorption, adaptation and innovation technology and upgrades processes and install new machines wherever required.
- (ii) Benefit derived as a result of the above : Enhancement of productivity and process control. efforts e.g. product improvement, cost reduction, substitutions etc.
- (iii) Details of imported technology : No technology has been imported.

**C. Foreign exchange earnings and outgo**

- (a) Activities relating to exports initiatives taken : Improvement in export market of jute yarn as witnessed during first to increase exports, development of new half of the year under review did not last long and demands came export markets for products and services under pressure. Your Company has been keeping close watch by and export plans. remaining in touch with overseas buyers and responding to their enquiries. Besides, efforts are being made to explore markets for export of jute fabrics and bags. In the event of revival of favourable market for jute yarn, your Company having sufficient capacity and flexibility is fully geared to cater to such demands.

**(b) Total foreign exchange used and earned**

- |                      |             |
|----------------------|-------------|
| (i) Used             | ₹ 3,573.11  |
| (ii) Earned          |             |
| - Sale of jute goods | ₹ 11,529.68 |
| - Sale of machinery  | ₹ 53.78     |

Kolkata, 14th May, 2013

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

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

(₹ in Lakhs)

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, 2013 :

| Name/Age                         | Remuneration | Designation/<br>Nature of duties   | Qualification<br>& Experience<br>(Years)       | Date of<br>Commencement<br>of employment | Last Employment  |
|----------------------------------|--------------|--|--|--|--|
| Mr. H.V. Kanoria*<br>(57 Years)  | 207.86       | Chairman and Managing<br>Director, Chief Executive<br>Officer.<br>Management, subject to<br>control, direction and<br>superintendence of<br>Board of Directors | B.Com<br>(39 years)                            | 01.04.1981                               | Bengal Tea and Industries<br>Limited<br>Wholetime Director<br>(3 years). |
| Mr. N.K. Kejriwal*<br>(70 Years) | 66.23        | Wholetime Director,<br>Incharge of Company's<br>manufacturing activities   | B.Com<br>L.L.B.<br>(46 years)                  | 15.03.1980                               | Shalimar Wires & Industries<br>Limited<br>Sales Manager<br>(4 years).    |
| Mr. D.K. Mohta<br>(60 Years)     | 70.39        | President (Corporate<br>Affairs) & Secretary,<br>Incharge of legal,<br>secretarial and<br>administrative activities  | B.Com (Hons)<br>L.L.B.<br>F.C.S.<br>(38 years) | 01.03.1976                               | Shalimar Wires & Industries<br>Limited<br>Accounts Manager<br>(1 year).  |

Notes :

1. Remuneration includes salary, allowances, ex-gratia, 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.

Kolkata, 14th May, 2013

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

## AUDITORS' REPORT

TO THE MEMBERS OF CHEVIOT COMPANY LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Cheviot Company Limited which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

**AUDITORS' REPORT** *(Contd.)*

- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by 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 comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

P-21/22, Radhabazar Street,  
Kolkata - 700 001  
Dated the 14th day of May, 2013

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, 2013, 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                 |
|                     |                | 55.85        | 2006-07                      | Appeal Level                   |
|                     |                | 0.39         | 2008-09                      | Revision Level                 |
| VAT Act             | VAT            | 9.20         | 2006-07                      | Appeal Level                   |
| Income Tax Act      | Income Tax     | 115.68       | 2002-03                      | Assessing Officer              |
|                     |                | 24.88        | 2008-09                      | Assessing Officer              |
|                     |                | 49.25        | 2009-10                      | Appeal Level                   |
|                     |                | <b>TOTAL</b> | <b>256.52</b>                |                                |

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, 2013.
11. Based on the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to any financial institutions or banks.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or society the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations received, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
16. According to the information and explanations received, the term loan was applied for the purpose for which the loan was obtained.
17. Based on our examination of the records and according to the information and explanations received, the Company has not applied short term borrowings for long term use.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. As per the information and explanation given to us, no fraud on or by the Company has been noticed during the year.

P-21/22, Radhabazar Street,  
Kolkata - 700 001  
Dated the 14th day of May, 2013

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

## BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Lakhs)

| Particulars                    | Note | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--------------------------------|------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                           |                           |
| <b>Shareholders' funds</b>     |      |                           |                           |
| Share capital                  | 2    | 451.48                    | 451.48                    |
| Reserves and surplus           | 3    | 30,962.77                 | 28,714.16                 |
|                                |      | <u>31,414.25</u>          | <u>29,165.64</u>          |
| <b>Non-current liabilities</b> |      |                           |                           |
| Long-term borrowings           | 4    | 35.00                     | 55.00                     |
| Deferred tax liabilities (net) | 5    | 34.34                     | –                         |
| Other long-term liabilities    | 6    | 80.91                     | 96.75                     |
|                                |      | <u>150.25</u>             | <u>151.75</u>             |
| <b>Current liabilities</b>     |      |                           |                           |
| Short-term borrowings          | 7    | 1,060.26                  | 1,410.03                  |
| Trade payables                 | 8    | 1,040.39                  | 880.06                    |
| Other current liabilities      | 9    | 235.22                    | 317.22                    |
| Short-term provisions          | 10   | 1,694.97                  | 1,513.36                  |
|                                |      | <u>4,030.84</u>           | <u>4,120.67</u>           |
|                                |      | <u>35,595.34</u>          | <u>33,438.06</u>          |
| <b>TOTAL</b>                   |      |                           |                           |
| <b>ASSETS</b>                  |      |                           |                           |
| <b>Non-current assets</b>      |      |                           |                           |
| <b>Fixed assets</b>            |      |                           |                           |
| Tangible assets                | 11   | 11,495.00                 | 11,388.21                 |
| Intangible assets              | 11   | 22.56                     | 14.73                     |
| Capital work-in-progress       |      | 18.88                     | 39.59                     |
|                                |      | <u>11,536.44</u>          | <u>11,442.53</u>          |
| Non-current investments        | 12   | 11,839.68                 | 10,940.89                 |
| Deferred tax assets (net)      | 5    | –                         | 69.06                     |
| Long-term loans and advances   | 13   | 112.02                    | 78.67                     |
| Other non-current assets       | 14   | 701.03                    | 545.25                    |
|                                |      | <u>24,189.17</u>          | <u>23,076.40</u>          |
| <b>Current assets</b>          |      |                           |                           |
| Current investments            | 15   | 3,224.51                  | 2,498.99                  |
| Inventories                    | 16   | 4,350.93                  | 4,427.09                  |
| Trade receivables              | 17   | 2,275.01                  | 2,488.38                  |
| Cash and bank balances         | 18   | 863.96                    | 479.71                    |
| Short-term loans and advances  | 19   | 282.44                    | 254.51                    |
| Other current assets           | 20   | 409.32                    | 212.98                    |
|                                |      | <u>11,406.17</u>          | <u>10,361.66</u>          |
|                                |      | <u>35,595.34</u>          | <u>33,438.06</u>          |
| <b>TOTAL</b>                   |      |                           |                           |

The accompanying notes 1 to 50 are an integral part of these financial statements

As per our report attached  
For Jain & Co.  
Chartered Accountants  
Registration Number : 302023E  
CA P. K. JAIN  
Partner  
Membership No. 52018  
Dated : 14th day of May, 2013

CS D. K. MOHTA  
President (Corporate Affairs) 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      N. NAYAR  
Wholtime Director      Director

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

| Particulars  | Note | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|------|--|--|
| Revenue from operations  | 21   | 29,021.11                              | 29,496.40                              |
| Other income   | 22   | 784.96                                 | 528.64                                 |
| <b>Total revenue</b>   |      | <u>29,806.07</u>                       | <u>30,025.04</u>                       |
| Expenses :   |      |  |  |
| Cost of materials consumed   | 23   | 13,386.93                              | 14,782.00                              |
| Changes in inventories of finished goods and work-in-progress  | 24   | 233.75                                 | 621.23                                 |
| Employee benefits expenses   | 25   | 5,546.00                               | 4,832.35                               |
| Finance costs  | 26   | 107.75                                 | 77.78                                  |
| Depreciation and amortisation expense  | 27   | 469.59                                 | 449.78                                 |
| Other expenses   | 28   | 5,966.54                               | 5,603.32                               |
| <b>Total expenses</b>  |      | <u>25,710.56</u>                       | <u>26,366.46</u>                       |
| <b>Profit before exceptional item and tax</b>  |      | 4,095.51                               | 3,658.58                               |
| Exceptional item - Indirect taxes for earlier years<br>[net of provision ₹ 105.16 (previous year ₹ Nil)] |      | 73.01                                  | 213.13                                 |
| <b>Profit before tax</b>   |      | 4,168.52                               | 3,871.71                               |
| Tax expenses   |      |  |  |
| Current tax  |      | 1,001.00                               | 845.00                                 |
| Tax for earlier years (net)  |      | (7.30)                                 | 30.78                                  |
| Deferred tax   |      | 103.40                                 | 109.02                                 |
| <b>Profit for the year</b>   |      | <u>3,071.42</u>                        | <u>2,886.91</u>                        |
| Earnings per ordinary share (face value of ₹ 10 each)  |      |  |  |
| Basic & diluted (in ₹)   | 29   | 68.08                                  | 63.99                                  |

The accompanying notes 1 to 50 are an integral part of these financial statements

As per our report attached  
For Jain & Co.  
*Chartered Accountants*  
Registration Number : 302023E  
CA P. K. JAIN  
Partner  
Membership No. 52018  
Dated : 14th day of May, 2013

CS D. K. MOHTA  
President (Corporate Affairs) 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      N. NAYAR  
Wholetime Director      Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

| Particulars   | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|---|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                   |  |  |
| <b>Net profit before tax</b>                                    | 4,168.52                               | 3,871.71                               |
| <b>Adjustments for :</b>  |  |  |
| Depreciation and amortisation expense                           | 469.59                                 | 449.78                                 |
| Unrealised foreign exchange differences loss/(gain)             | 17.32                                  | (56.89)                                |
| Profit on sale of fixed / discarded assets (net)                | (51.41)                                | (30.66)                                |
| Net gain on sale of investments                                 | (288.90)                               | (64.33)                                |
| Interest income   | (380.55)                               | (354.41)                               |
| Dividend income   | (23.31)                                | (30.86)                                |
| Finance costs   | 107.75                                 | 77.78                                  |
| Miscellaneous receipts  | (3.90)                                 | (4.45)                                 |
| Operating profit before working capital changes                 | 4,015.11                               | 3,857.67                               |
| <b>Adjustments for :</b>  |  |  |
| Trade receivables   | 197.25                                 | (723.54)                               |
| Loans and advances and other assets                             | (195.97)                               | (16.02)                                |
| Inventories   | 76.16                                  | 304.87                                 |
| Trade payables, other liabilities and provisions                | 82.00                                  | (267.73)                               |
| Cash generated from operations                                  | 4,174.55                               | 3,155.25                               |
| Direct taxes paid (net of refund)                               | (960.59)                               | (842.27)                               |
| Net cash from operating activities                              | <u>3,213.96</u>                        | <u>2,312.98</u>                        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                   |  |  |
| Purchase of fixed assets and change in capital work-in-progress | (766.42)                               | (858.66)                               |
| Capital subsidy received  | 70.31                                  | 51.48                                  |
| Sale of fixed assets  | 80.62                                  | 34.35                                  |
| Purchase of investments   | (10,903.25)                            | (7,417.27)                             |
| Sale of investments   | 9,567.84                               | 5,660.83                               |
| Increase in fixed deposits with a maturity more than 90 days    | (27.11)                                | (3.41)                                 |
| Decrease in loan to body corporate                              | —                                      | 700.00                                 |
| Miscellaneous receipts  | 3.63                                   | 4.17                                   |
| Interest received   | 248.91                                 | 217.28                                 |
| Dividend received   | 23.31                                  | 30.86                                  |
| Net cash used in investing activities                           | <u>(1,702.16)</u>                      | <u>(1,580.37)</u>                      |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                   |  |  |
| Repayment of long-term borrowings                               | (20.00)                                | (20.00)                                |
| (Decrease) / increase in short term borrowings                  | (349.77)                               | 28.24                                  |
| Dividend paid   | (586.46)                               | (541.35)                               |
| Dividend distribution tax paid                                  | (95.14)                                | (87.82)                                |
| Finance costs   | (106.79)                               | (69.51)                                |
| Net cash used in financing activities                           | <u>(1,158.16)</u>                      | <u>(690.44)</u>                        |
| Net increase in cash and cash equivalents (A+B+C)               | 353.64                                 | 42.17                                  |
| Cash and cash equivalents (opening balance)                     | 329.58                                 | 285.76                                 |
| Effect of exchange rate changes on cash and cash equivalents    | (0.10)                                 | 1.65                                   |
| Cash and cash equivalents (closing balance)                     | <u>683.12</u>                          | <u>329.58</u>                          |

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(₹ in Lakhs)

| Particulars  | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|--|--|
| <b>Notes to the Cash Flow Statement</b>  |  |  |
| 1. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :                                |  |  |
| Cash on hand   | 8.09                                   | 7.67                                   |
| Balances with banks  |  |  |
| - in current accounts  | 675.03                                 | 321.91                                 |
| Cash and cash equivalents (closing balance)  | 683.12                                 | 329.58                                 |
| Add : Restricted cash  |  |  |
| Fixed deposit accounts (under lien)  | 125.26                                 | 100.53                                 |
| Fractional bonus share account   | 0.44                                   | 0.44                                   |
| Unpaid dividend accounts   | 55.14                                  | 49.16                                  |
| Cash and bank balances (closing balance)   | 863.96                                 | 479.71                                 |
| 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/deductions.  |  |  |
| 4. Previous year's figures have been re-grouped/re-arranged wherever necessary to make them comparable.  |  |  |

The accompanying notes 1 to 50 are an integral part of these financial statements

As per our report attached  
For Jain & Co.  
*Chartered Accountants*  
Registration Number : 302023E  
CA P. K. JAIN  
*Partner*  
Membership No. 52018  
Dated : 14th day of May, 2013

CS D. K. MOHTA  
*President (Corporate Affairs) 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      N. NAYAR  
*Wholtime Director      Director*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ 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. 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.

**e. 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).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

### f. 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. 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.

### g. 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.

### h. 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.

### i. 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.

### j. 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.

### k. 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

**I. 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.

**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<br>31st March, 2013 |       | As at<br>31st March, 2012 |       |
|--|---------------------------|-------|---------------------------|-------|
| <b>2. SHARE CAPITAL</b>  |                           |       |                           |       |
| <b>Authorised</b><br>70,00,000 (Previous year 70,00,000) Ordinary Shares of ₹ 10/- each  | 700.00                    |       | 700.00                    |       |
| <b>Issued &amp; Subscribed</b><br>45,11,250 (Previous year 45,11,250) Ordinary Shares of ₹ 10/- each fully paid-up<br>7,000 (Previous year 7,000) Ordinary Shares of ₹ 10/- each not fully paid-up<br>and forfeited (amount originally paid-up)  | 451.13                    |       | 451.13                    |       |
|  | 0.35                      |       | 0.35                      |       |
|  | 451.48                    |       | 451.48                    |       |
|  | No. of Shares             |       | No. of Shares             |       |
| <b>Reconciliation of Number of Shares</b><br>Shares outstanding at the beginning of the year<br>Shares outstanding at the end of the year  | 45,11,250<br>45,11,250    |       | 45,11,250<br>45,11,250    |       |
| 25,74,081 shares (Previous year 25,74,081 shares) are held by the Holding Company, Harsh Investments Private Limited.  |                           |       |                           |       |
| <b>Terms / Rights attached to Ordinary Shares</b><br>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<br>31st March, 2013 |       | As at<br>31st March, 2012 |       |
|  | Numbers                   | %     | Numbers                   | %     |
| <b>List of shareholders holding more than 5% Shares of total number of Shares issued by the Company :</b>  |                           |       |                           |       |
| 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, 2013

(₹ in Lakhs)

|   | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|---|---------------------------|---------------------------|
| <b>3. RESERVES AND SURPLUS</b>                                  |                           |                           |
| <b>Capital Reserve</b>  |                           |                           |
| As per last Balance Sheet                                       | 0.24                      | 0.24                      |
| <b>Capital Redemption Reserve</b>                               |                           |                           |
| As per last Balance Sheet                                       | 9.92                      | 9.92                      |
| <b>Securities Premium Account</b>                               |                           |                           |
| As per last Balance Sheet                                       | 1,242.50                  | 1,242.50                  |
| <b>Revaluation Reserve</b>                                      |                           |                           |
| As per last Balance Sheet                                       | 6,817.90                  | 6,852.98                  |
| Deduction during the year                                       | (31.12)                   | (35.08)                   |
|   | <u>6,786.78</u>           | <u>6,817.90</u>           |
| <b>Special Economic Zone Re-investment Reserve Account</b>      |                           |                           |
| Transfer from Surplus out of profit for the year                | 400.00                    | —                         |
| <b>General Reserve</b>  |                           |                           |
| As per last Balance Sheet                                       | 20,212.00                 | 18,012.00                 |
| Add : Transfer from Surplus                                     | 1,850.00                  | 2,200.00                  |
|   | <u>22,062.00</u>          | <u>20,212.00</u>          |
| <b>Surplus</b>  |                           |                           |
| As per last Balance Sheet                                       | 431.60                    | 426.29                    |
| Add : Profit for the year                                       | 3,071.42                  | 2,886.91                  |
|   | <u>3,503.02</u>           | <u>3,313.20</u>           |
| Less : Appropriations   |                           |                           |
| Proposed dividend   | 676.69                    | 586.46                    |
| Tax on proposed dividend  | 115.00                    | 95.14                     |
| Transfer to general reserve                                     | 1,850.00                  | 2,200.00                  |
| Transfer to special economic zone re-investment reserve account | 400.00                    | —                         |
|   | <u>461.33</u>             | <u>431.60</u>             |
|   | <u>30,962.77</u>          | <u>28,714.16</u>          |
| <b>4. LONG - TERM BORROWINGS</b>                                |                           |                           |
| Term Loan (Secured)   |                           |                           |
| From Export Import Bank of India                                | 35.00                     | 55.00                     |
|   | <u>35.00</u>              | <u>55.00</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 9).

Outstanding amount including current maturities is repayable in 11 equal quarterly installments of ₹ 5.00 each from the reporting date, by December, 2015.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|  | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--|---------------------------|---------------------------|
| <b>5. DEFERRED TAX LIABILITIES / ASSETS (NET)</b>  |                           |                           |
| Deferred tax liabilities :   |                           |                           |
| Related to fixed assets  | 199.71                    | 131.61                    |
| Deferred tax assets :  |                           |                           |
| Disallowances under the Income Tax Act, 1961   | 165.37                    | 200.67                    |
| Net deferred tax liabilities / (assets)  | <u>34.34</u>              | <u>(69.06)</u>            |
| <b>6. OTHER LONG - TERM LIABILITIES</b>  |                           |                           |
| Trade payables   | 65.79                     | 85.79                     |
| Security deposits  | 15.12                     | 10.96                     |
|  | <u>80.91</u>              | <u>96.75</u>              |
| <b>7. SHORT - TERM BORROWINGS</b>  |                           |                           |
| Working capital loans (secured)  |                           |                           |
| From State Bank of India :   |                           |                           |
| Cash credit account  | 60.26                     | 210.03                    |
| Working capital demand loan  | 1,000.00                  | 1,200.00                  |
|  | <u>1,060.26</u>           | <u>1,410.03</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. |                           |                           |
| <b>8. TRADE PAYABLES</b>   |                           |                           |
| Trade Payables   | 1,040.39                  | 880.06                    |
|  | <u>1,040.39</u>           | <u>880.06</u>             |
| <b>9. OTHER CURRENT LIABILITIES</b>  |                           |                           |
| Current maturities of long term debt (Refer Note 4)  | 20.00                     | 20.00                     |
| Interest accrued but not due on borrowings   | 0.22                      | 0.30                      |
| Unpaid dividends*  | 55.14                     | 49.16                     |
| Advance from customers   | 0.95                      | 13.24                     |
| Creditors for capital expenditure  | 2.44                      | –                         |
| Statutory dues   | 143.43                    | 200.95                    |
| Security deposits  | 13.04                     | 33.57                     |
|  | <u>235.22</u>             | <u>317.22</u>             |

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|  | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--|---------------------------|---------------------------|
| <b>10. SHORT - TERM PROVISIONS</b>         |                           |                           |
| Employee benefits (Refer Note 44)          |                           |                           |
| Unencashed leave                           | 220.31                    | 199.01                    |
| Gratuity                                   | 356.99                    | 351.89                    |
| Others                                     |                           |                           |
| Income and wealth tax (net of advance tax) | 54.56                     | 9.44                      |
| Proposed dividend                          | 676.69                    | 586.46                    |
| Tax on proposed dividend                   | 115.00                    | 95.14                     |
| Contingencies (Refer Note 47)              | 271.42                    | 271.42                    |
|  | <u>1,694.97</u>           | <u>1,513.36</u>           |

| <b>11. FIXED ASSETS</b>   |  |                           |   |  |                        |              |            |                        |                         |                         |
|---|--|---------------------------|---|--|------------------------|--------------|------------|------------------------|-------------------------|-------------------------|
| PARTICULARS   | GROSS BLOCK  |                           |   |  | DEPRECIATION           |              |            |                        | NET BLOCK               |                         |
|   | Estimated Cost / Revaluation and / or Book Value as at 31 st March, 2012 | Additions during the year | Deductions/ adjustments during the year | Estimated Cost / Revaluation and / or Book Value as at 31 st March, 2013 | Upto 31 st March, 2012 | For the year | Deductions | Upto 31 st March, 2013 | As at 31 st March, 2013 | As at 31 st March, 2012 |
| <b>Tangible Assets</b>  |  |                           |   |  |                        |              |            |                        |                         |                         |
| Freehold land   | 6,257.10   | -                         | -                                       | 6,257.10   | -                      | -            | -          | -                      | 6,257.10                | 6,257.10                |
| Leasehold land  | 23.16  | -                         | -                                       | 23.16  | 3.14                   | 0.24         | -          | 3.38                   | 19.78                   | 20.02                   |
| Buildings   | 7,426.39   | 103.57                    | 7.21                                    | 7,522.75   | 3,968.88               | 144.13       | 7.01       | 4,106.00               | 3,416.75                | 3,457.51                |
| Plant and equipment   | 10,460.65  | 566.77                    | 225.15                                  | 10,802.27  | 9,268.03               | 266.31       | 101.74     | 9,432.60               | 1,369.67                | 1,192.62                |
| Electrical installations  | 831.05   | 33.03                     | -                                       | 864.08   | 647.73                 | 25.89        | -          | 673.62                 | 190.46                  | 183.32                  |
| Furniture and fixtures  | 423.66   | 1.50                      | 4.57                                    | 420.59   | 244.63                 | 30.48        | 3.78       | 271.33                 | 149.26                  | 179.03                  |
| Vehicles  | 123.06   | 18.28                     | 21.27                                   | 120.07   | 57.10                  | 19.41        | 16.04      | 60.47                  | 59.60                   | 65.96                   |
| Office equipments   | 242.43   | 11.72                     | 9.93                                    | 244.22   | 209.78                 | 11.79        | 9.73       | 211.84                 | 32.38                   | 32.65                   |
|   | 25,787.50  | 734.87                    | 268.13                                  | 26,254.24  | 14,399.29              | 498.25       | 138.30     | 14,759.24              | 11,495.00               | 11,388.21               |
| <b>Intangible Assets</b>  |  |                           |   |  |                        |              |            |                        |                         |                         |
| Specialised Software - others (Other than internally generated) | 52.18  | 10.09                     | -                                       | 62.27  | 37.45                  | 2.26         | -          | 39.71                  | 22.56                   | 14.73                   |
| <b>Total</b>  | 25,839.68  | 744.96                    | 268.13                                  | 26,316.51  | 14,436.74              | 500.51       | 138.30     | 14,798.95              | 11,517.56               | 11,402.94               |
| Previous Year   | 24,865.86  | 1,166.29                  | 192.47                                  | 25,839.68  | 14,085.14              | 482.08       | 130.48     | 14,436.74              | 11,402.94               |                         |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|  | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--|---------------------------|---------------------------|
| <b>12. NON - CURRENT INVESTMENTS</b>   |                           |                           |
| <b>Long Term Investments - At cost</b>   |                           |                           |
| <b>A. Non Trade Investments (Quoted)</b>   |                           |                           |
| <b>(a) Investment in Equity Shares</b>   |                           |                           |
| (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)  | –                         | –                         |
| Electrosteel Castings Limited  |                           |                           |
| – Equity Share of Face Value of ₹ 1 each (Previous year 14,08,731 Equity Shares)   | –                         | 432.91                    |
| Gujarat Alkalies & Chemicals Limited   |                           |                           |
| – Equity Share (Previous year 3,52,264 Equity Shares)  | –                         | 480.92                    |
| ICICI Bank Limited   |                           |                           |
| – Equity Share (Previous year 10,000 Equity Shares)  | –                         | 96.83                     |
| Reliance Communications Limited  |                           |                           |
| 68,000 Equity Shares of Face Value of ₹ 5 each (Previous year 88,000 Equity Shares)  | 219.58                    | 284.16                    |
| Reliance Infrastructure Limited  |                           |                           |
| 24,000 Equity Shares (Previous year 24,000 Equity Shares)  | 372.38                    | 372.38                    |
| <b>(b) Investment in Debentures or Bonds</b>   |                           |                           |
| (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 200 Bonds) 7.83% Secured, Non Convertible, Non Cumulative Redeemable Tax Free 2011 Series B (Option II)   | 200.00                    | 200.00                    |
| India Infrastructure Finance Company Limited   |                           |                           |
| – Bond (Previous year 1,300 Bonds) 6.85% Unsecured, Redeemable Tax Free Non-Convertible Bonds  | – *                       | 1,322.86                  |
| 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   |                           |                           |
| – Debenture (Previous year 20 Debentures) CNX Nifty Linked Secured, Non-Convertible Debentures, Series - N10 - 23 of Face Value of ₹ 5,00,000 each                                   | – *                       | 101.65                    |
| L&T Finance Limited  |                           |                           |
| 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 4,945 Bonds) 8.30% Tax Free Secured, Redeemable, Non-Convertible Bonds, Option Tranche 1 Series 2 (II) of Face Value of ₹ 1,000 each                      | 49.45                     | 49.45                     |
| Power Finance Corporation Limited  |                           |                           |
| 400 Bonds (Previous year 400 Bonds) 8.16% Secured, Redeemable, Non Convertible, Non-Cumulative, Tax Free Bonds Series 80 B   | 400.00                    | 400.00                    |
| – Bond (Previous year 1,817 Bonds) 8.30% Secured, Redeemable, Non-Convertible, Non-Cumulative, Tax Free Bonds Tranche I (Series II) of Face Value of ₹ 1,000 each                    | –                         | 18.12                     |
| Carried Over ....  | 4,009.13                  | 6,527.00                  |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|  | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--|---------------------------|---------------------------|
| Brought Forward ....   | 4,009.13                  | 6,527.00                  |
| Rural Electrification Corporation Limited  |                           |                           |
| 2,000 Bonds (Previous year 2,000 Bonds) Zero Coupon Unsecured, Non-Convertible<br>Bond of Face Value of ₹ 30,000 each  | 268.20                    | 268.20                    |
| – Bond (Previous year 18,371 Bonds) 8.12%, Tax Free, Secured, Redeemable, Non Convertible<br>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,<br>Secured, Redeemable, Non-Convertible Debentures (Option III) of Face Value of ₹ 1,000 each | 215.63                    | 215.63                    |
| State Bank of India  |                           |                           |
| 420 Bonds (Previous year 420 Bonds) Reset rate Unsecured, Non-Convertible Lower Tier II Bonds<br>(Series II) of Face Value of ₹ 10,000 each  | 42.00                     | 42.00                     |
| Trent Limited  |                           |                           |
| 10 Debentures (Previous year 10 Debentures) Zero Coupon Unsecured, Redeemable,<br>Non-Convertible Debentures, Series B of Face Value of ₹ 10,00,000 each                                   | 100.94                    | 100.94                    |
| <b>(c) Investment in Mutual Funds</b>  |                           |                           |
| (Units of the Face Value of ₹ 10 each, unless otherwise stated)  |                           |                           |
| Birla Sun Life Mutual Fund   |                           |                           |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series ED - Growth   | 200.00                    | 200.00                    |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series EN - Growth   | 200.00                    | 200.00                    |
| 20,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series FE - Growth  | 200.00                    | –                         |
| 50,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series GR (399 days) - Growth - Direct  | 500.00                    | –                         |
| Deutsche Mutual Fund   |                           |                           |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of DWS Fixed Maturity Plan - Series 4 - Growth Plan  | 200.00                    | 200.00                    |
| Franklin Templeton Mutual Fund   |                           |                           |
| – Unit (Previous year 28,02,101.502 Units) of Templeton India Income Opportunities Fund - Growth   | –                         | 300.00                    |
| Goldman Sachs Mutual Fund  |                           |                           |
| 28,000.000 Units (Previous year 28,000.000 Units) of Goldman Sachs Nifty Exchange Traded Scheme  | 153.46                    | 153.46                    |
| HDFC Mutual Fund   |                           |                           |
| – Unit (Previous year 20,00,000.000 Units) of HDFC FMP - 24M - September 2011 (1) -<br>Growth, Series-XIX  | –*                        | 200.00                    |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of HDFC FMP - 36M - October 2011 (1) -<br>Growth, Series-XIX   | 200.00                    | 200.00                    |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of HDFC FMP - 36M - November 2011 (1) -<br>Growth, Series-XIX  | 200.00                    | 200.00                    |
| 20,00,000.000 Units (Previous year Nil Unit) of HDFC FMP - 24M - April 2012 (1) - Growth, Series-XX  | 200.00                    | –                         |
| 19,25,967.985 Units (Previous year Nil Unit) of HDFC Income Fund - Growth  | 500.00                    | –                         |
| ICICI Prudential Mutual Fund   |                           |                           |
| – Unit (Previous year 20,00,000.000 Units) of ICICI Prudential FMP Series 58 - 2 years Plan A Cumulative   | –*                        | 200.00                    |
| – Unit ( Previous year 10,00,000.000 Units) of ICICI Prudential FMP Series 58 - 2 years Plan D Cumulative  | –*                        | 100.00                    |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of ICICI Prudential FMP Series 57 - 3 years Plan B Cumulative  | 200.00                    | 200.00                    |
| 20,00,000.000 Units (Previous year 20,00,000.000 Units) of ICICI Prudential FMP Series 60 - 3 years Plan E Cumulative  | 200.00                    | 200.00                    |
| 20,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 63 - 3 years Plan H Cumulative   | 200.00                    | –                         |
| 50,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 63 - 3 years Plan M Cumulative   | 500.00                    | –                         |
| IDFC Mutual Fund   |                           |                           |
| 9,06,792.501 Units (Previous year 4,56,652.282 Units) of IDFC- Super Saver Income Fund -<br>Short Term Plan - Growth (Regular Plan)  | 200.00                    | 100.00                    |
| 17,68,021.443 Units (Previous year Nil Unit) of IDFC- Super Saver Income Fund - Investment Plan - Growth (Direct Plan)   | 500.00                    | –                         |
| Kotak Mahindra Mutual Fund   |                           |                           |
| – Unit (Previous year 20,00,000.000 Units) of Kotak FMP Series 47 - Growth   | – *                       | 200.00                    |
| – Unit (Previous year 10,00,000.000 Units) of Kotak FMP Series 63 - Growth   | – *                       | 100.00                    |
| Carried Over ....  | 8,989.36                  | 10,090.94                 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|   | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|---|---------------------------|---------------------------|
| Brought Forward ....  | 8,989.36                  | 10,090.94                 |
| L&T Mutual Fund   |                           |                           |
| 50,00,000.000 Units (Previous year Nil Unit) of L&T FMP - VII (March 753D A) - Growth                             | 500.00                    | -                         |
| Reliance Mutual Fund  |                           |                           |
| - Unit (Previous year 20,00,000.000 Units) of Reliance Fixed Horizon Fund - XXI - Series 11, Growth Plan          | - *                       | 200.00                    |
| 50,00,000.000 Units (Previous year Nil Unit) of Reliance Fixed Horizon Fund - XXII - Series 33, Growth Plan       | 500.00                    | -                         |
| 50,00,000.000 Units (Previous year Nil Unit) of Reliance Fixed Horizon Fund - XXIII - Series 8 Direct Growth Plan | 500.00                    | -                         |
| TATA Mutual Fund  |                           |                           |
| - Unit (Previous year 10,00,000.000 Units) of Tata Fixed Maturity Plan Series - 38 Scheme E - Growth              | - *                       | 100.00                    |
| <b>B. Non Trade Investments (Unquoted)</b>  |                           |                           |
| <b>(a) Investment in Equity Instruments</b>   |                           |                           |
| Woodlands Multispeciality Hospital Limited  |                           |                           |
| 3,190 Equity Shares (Previous year 3,190 Equity Shares) of Face Value of ₹ 10 each, fully paid-up                 | 0.32                      | 0.32                      |
| <b>(b) Investment in Mutual Funds</b>   |                           |                           |
| (Units of the Face Value of ₹ 10 each, unless otherwise stated)   |                           |                           |
| Birla Sun Life Mutual Fund  |                           |                           |
| - Unit (Previous year 3,60,691.196 Units) of Birla Sun Life Govt. Securities Long Term - Growth                   | -                         | 99.63                     |
| JM Financial Mutual Fund  |                           |                           |
| - Unit (Previous year 10,00,000.000 Units) of JM Core 11 Fund - Dividend Plan                                     | -                         | 100.00                    |
| JP Morgan Mutual Fund   |                           |                           |
| 49,67,808.600 Units (Previous year Nil Unit) of JP Morgan India Active Bond Fund - Institutional - Growth         | 500.00                    | -                         |
| TATA Mutual Fund  |                           |                           |
| 14,97,055.292 Units (Previous year Nil Unit) of TATA Income Fund Plan A - Appreciation Option - Growth            | 500.00                    | -                         |
| UTI Mutual Fund   |                           |                           |
| 21,28,795.984 Units (Previous year 21,28,795.984 Units) of UTI - NIFTY Index Fund - Dividend Payout               | 350.00                    | 350.00                    |
| <b>Total Non-Current Investments</b>  | <b>11,839.68</b>          | <b>10,940.89</b>          |
| Aggregate Book value of Quoted Investments  | 10,489.36                 | 10,390.94                 |
| Market value of Quoted Investments  | 10,706.58                 | 9,884.33                  |
| Aggregate Book value of Unquoted Investments  | 1,350.32                  | 549.95                    |

\* 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<br>31st March, 2013 | As at<br>31st March, 2012 |
|---|---------------------------|---------------------------|
| <b>13. LONG - TERM LOANS AND ADVANCES</b> |                           |                           |
| (unsecured, considered good)              |                           |                           |
| Capital advances                          | 70.33                     | 28.16                     |
| Security deposits                         | 34.31                     | 34.45                     |
| Prepaid expenses                          | 4.30                      | 2.27                      |
| Advance to employees                      | 3.08                      | 13.79                     |
|   | <u>112.02</u>             | <u>78.67</u>              |

|   |               |               |
|---|---------------|---------------|
| <b>14. OTHER NON - CURRENT ASSETS</b>                                       |               |               |
| Fixed deposit accounts with bank (maturity over 12 months) *                | 300.91        | 298.53        |
| Interest accrued on investments and fixed deposits                          | 349.16        | 228.79        |
| Indirect taxes refundable [net of provision ₹ 105.16 (previous year ₹ Nil)] | 21.22         | 11.76         |
| Advance payment of tax and refund due                                       | 29.74         | 6.17          |
|   | <u>701.03</u> | <u>545.25</u> |

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|   | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|---|---------------------------|---------------------------|
| <b>15. CURRENT INVESTMENTS</b>  |                           |                           |
| <b>A. Current maturities of Long-Term Investments (At cost)</b>   |                           |                           |
| <b>(a) Investment in Debentures or Bonds (Quoted)</b>   |                           |                           |
| (Debentures or Bonds of Face Value of ₹ 1,00,000 each, fully paid-up, unless otherwise stated)  |                           |                           |
| India Infrastructure Finance Company Limited  |                           |                           |
| 1,300 Bonds (Previous year Nil Bond) 6.85% Unsecured, Redeemable, Tax free, Non-Convertible Bonds   | 1,322.86 *                | –                         |
| Kotak Mahindra Prime Limited  |                           |                           |
| 20 Debentures (Previous year Nil Debenture) CNX Nifty Linked Secured, Non-Convertible Debentures, Series - N10 - 23 of Face Value of ₹ 5,00,000 each        | 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                     |
| <b>(b) Investment in Mutual Funds (Quoted)</b>  |                           |                           |
| (Units of the Face Value of ₹ 10 each, unless otherwise stated)   |                           |                           |
| Birla Sun Life Mutual Fund  |                           |                           |
| – 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                    |
| DSP BlackRock Mutual Fund   |                           |                           |
| – Unit (Previous year 20,00,000.000 Units) of DSP BlackRock FMP - 12M Series 18 - Growth  | –                         | 200.00                    |
| – Unit (Previous year 20,00,000.000 Units) of DSP BlackRock FMP - 12M Series 19 - Growth  | –                         | 200.00                    |
| HDFC Mutual Fund  |                           |                           |
| 20,00,000.000 Units (Previous year Nil Unit) of HDFC FMP 24M September 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 *                  | –                         |
| 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 *                  | –                         |
| UTI Mutual Fund   |                           |                           |
| 20,00,000.000 Units (Previous year Nil Unit) of UTI Fixed Term Income Fund - Series XI - X (366 days) Growth Plan   | 200.00                    | –                         |
| Total current maturities of Long-Term Investments   | 2,724.51                  | 898.99                    |
| Carried Over ....   |                           |                           |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|   | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|---|---------------------------|---------------------------|
| Brought Forward ....  | 2,724.51                  | 898.99                    |
| <b>B. Other Current Investments (At lower of cost and fair value)</b>   |                           |                           |
| <b>(a) Investment in Mutual Funds (Quoted)</b>  |                           |                           |
| (Units of the Face Value of ₹ 10 each, unless otherwise stated)   |                           |                           |
| Birla Sun Life Mutual Fund  |                           |                           |
| 2,38,350.378 Units (Previous year Nil Unit) of Birla Sun Life Savings Fund - Growth - Regular Plan of Face Value of ₹ 100 each                | 500.00                    | -                         |
| HDFC Mutual Fund  |                           |                           |
| - Unit (Previous year 40,00,000.000 Units) of HDFC FMP - 92D - March 2012 (2) - Growth, Series-XXI  | -                         | 400.00                    |
| SBI Mutual Fund   |                           |                           |
| - Unit (Previous year 40,00,000.000 Units) of SBI Debt Fund Series - 90 days -59 - Growth   | -                         | 400.00                    |
| UTI Mutual Fund   |                           |                           |
| - Unit (Previous year 33,94,375.520 Units) of UTI Fixed Income Interval Fund - Quarterly Interval Plan - Series I - Institutional Growth Plan | -                         | 400.00                    |
| <b>(b) Investment in Mutual Funds (Unquoted)</b>  |                           |                           |
| (Units of the Face Value of ₹ 10 each, unless otherwise stated)   |                           |                           |
| Reliance Mutual Fund  |                           |                           |
| - Unit (Previous year 15,39,977.891 Units) of Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option                     | -                         | 400.00                    |
| <b>Total other Current Investments</b>  | <u>500.00</u>             | <u>1,600.00</u>           |
| <b>Total Current Investments</b>  | <u>3,224.51</u>           | <u>2,498.99</u>           |
| Aggregate Book value of Quoted Investments  | 3,224.51                  | 2,098.99                  |
| Market value of Quoted Investments  | 3,394.29                  | 2,193.65                  |
| Aggregate Book value of Unquoted Investments  | -                         | 400.00                    |

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

|  | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--|---------------------------|---------------------------|
| <b>16. INVENTORIES</b>   |                           |                           |
| Raw materials [Including in transit ₹ Nil (Previous year ₹ 21.84)] | 3,003.09                  | 2,850.20                  |
| Work-in-progress   | 361.65                    | 341.44                    |
| Finished goods   | 780.68                    | 1,034.64                  |
| Stores and spares  | 204.95                    | 200.24                    |
| Loose tools  | 0.56                      | 0.57                      |
|  | <u>4,350.93</u>           | <u>4,427.09</u>           |

|                              |                 |                 |
|------------------------------|-----------------|-----------------|
| <b>17. TRADE RECEIVABLES</b> |                 |                 |
| (unsecured, considered good) |                 |                 |
| Over six months              | 8.26            | 14.28           |
| Others                       | 2,266.75        | 2,474.10        |
|                              | <u>2,275.01</u> | <u>2,488.38</u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|  | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--|---------------------------|---------------------------|
| <b>18. CASH AND BANK BALANCES</b>          |                           |                           |
| Cash and cash equivalents                  |                           |                           |
| Cash on hand                               | 8.09                      | 7.67                      |
| Balances with banks<br>in current accounts | <u>675.03</u>             | <u>321.91</u>             |
|  | <u>683.12</u>             | <u>329.58</u>             |
| Other bank balances                        |                           |                           |
| Fixed deposit accounts *                   | 125.26                    | 100.53                    |
| Fractional bonus share account             | 0.44                      | 0.44                      |
| Unpaid dividend accounts                   | <u>55.14</u>              | <u>49.16</u>              |
|  | <u>180.84</u>             | <u>150.13</u>             |
|  | <u>863.96</u>             | <u>479.71</u>             |

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

Fixed deposit accounts with maturity of more than 12 months amounting to ₹ 300.91 (Previous year ₹ 298.53) being non-current has been shown under the head other non-current assets (Refer Note 14).

|  |               |               |
|--|---------------|---------------|
| <b>19. SHORT - TERM LOANS AND ADVANCES</b>                             |               |               |
| (unsecured, considered good)   |               |               |
| Balances with customs, excise etc.                                     | 0.71          | 0.06          |
| Excise duty paid under protest *                                       | 110.73        | 110.73        |
| Education and higher education cess on export sales paid under protest | 1.19          | –             |
| Prepaid expenses   | 110.94        | 115.15        |
| Others **  | <u>58.87</u>  | <u>28.57</u>  |
|  | <u>282.44</u> | <u>254.51</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 Hon'ble Supreme Court.

\*\* Includes advance against purchases, loans to employees.

|  |               |               |
|--|---------------|---------------|
| <b>20. OTHER CURRENT ASSETS</b>                    |               |               |
| Interest accrued on investments and fixed deposits | 71.14         | 72.31         |
| Government grants receivable                       | 120.73        | 119.71        |
| Indirect taxes refundable                          | 4.50          | 8.59          |
| Other receivables *                                | <u>212.95</u> | <u>12.37</u>  |
|  | <u>409.32</u> | <u>212.98</u> |

\* Includes amount receivable against sale of equity shares / statutory dues.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|  | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|--|--|
| <b>21. REVENUE FROM OPERATIONS</b>                                       |  |  |
| Sale of products (Jute goods)  | 28,604.82                              | 29,144.50                              |
| Other operating revenues   | 416.29                                 | 351.90                                 |
|  | <u>29,021.11</u>                       | <u>29,496.40</u>                       |
| <b>22. OTHER INCOME</b>  |  |  |
| Interest income  |  |  |
| On long-term investments   | 329.00                                 | 264.71                                 |
| On fixed deposits  | 41.25                                  | 33.75                                  |
| Others   | 10.30                                  | 55.95                                  |
|  | <u>380.55</u>                          | <u>354.41</u>                          |
| Dividend income on long-term investments                                 | 23.31                                  | 30.86                                  |
| Net gain on sale of investments  |  |  |
| On long-term investments   | 135.50                                 | 52.09                                  |
| On current investments   | 153.40                                 | 12.24                                  |
|  | <u>288.90</u>                          | <u>64.33</u>                           |
| Other non-operating income   | 92.20                                  | 79.04                                  |
|  | <u>784.96</u>                          | <u>528.64</u>                          |
| <b>23. COST OF MATERIALS CONSUMED</b>                                    |  |  |
| Raw jute   | 12,584.06                              | 13,417.27                              |
| Jute yarn  | 802.87                                 | 1,364.73                               |
|  | <u>13,386.93</u>                       | <u>14,782.00</u>                       |
| <b>24. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b> |  |  |
| <b>Closing stock</b>   |  |  |
| Finished goods   | 780.68                                 | 1,034.64                               |
| Work-in-progress   | 361.65                                 | 341.44                                 |
|  | <u>1,142.33</u>                        | <u>1,376.08</u>                        |
| <b>Opening stock</b>   |  |  |
| 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>                        |
|  | <u>233.75</u>                          | <u>621.23</u>                          |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|   | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|---|--|--|
| <b>25. EMPLOYEE BENEFITS EXPENSES</b>                 |  |  |
| Salaries, wages, bonus etc.                           | 4,986.95                               | 4,326.47                               |
| Contribution to provident and other funds             | 481.13                                 | 436.94                                 |
| Staff welfare expenses                                | 77.92                                  | 68.94                                  |
|   | <u>5,546.00</u>                        | <u>4,832.35</u>                        |
| <b>26. FINANCE COSTS</b>                              |  |  |
| Interest expenses                                     | 99.05                                  | 54.42                                  |
| Other borrowing costs                                 | 8.70                                   | 23.36                                  |
|   | <u>107.75</u>                          | <u>77.78</u>                           |
| <b>27. DEPRECIATION AND AMORTISATION EXPENSE</b>      |  |  |
| Depreciation and amortisation (Refer Note 11)         | 500.51                                 | 482.08                                 |
| Less : Transferred from revaluation reserve           | 30.92                                  | 32.30                                  |
|   | <u>469.59</u>                          | <u>449.78</u>                          |
| <b>28. OTHER EXPENSES</b>                             |  |  |
| Consumption of stores and spare parts (Refer Note 34) | 1,891.73                               | 1,898.99                               |
| Power and fuel  | 1,652.53                               | 1,650.45                               |
| Processing charges                                    | 352.12                                 | –                                      |
| Rent  | 36.77                                  | 35.39                                  |
| Rates and taxes                                       | 19.06                                  | 107.68                                 |
| Repairs to buildings                                  | 247.61                                 | 202.86                                 |
| Repairs to machinery                                  | 75.50                                  | 107.19                                 |
| Repairs to others                                     | 51.84                                  | 51.44                                  |
| Insurance   | 71.62                                  | 46.97                                  |
| Donation  | 325.21                                 | 260.00                                 |
| Delivery charges                                      | 766.22                                 | 712.48                                 |
| Consignment sales expenses (Refer Note 35)            | –                                      | 50.05                                  |
| Miscellaneous expenses                                | 468.64                                 | 473.10                                 |
| Payment to auditors                                   |  |  |
| Audit fees  | 3.93                                   | 2.81                                   |
| For other services                                    | 3.50                                   | 3.65                                   |
| For reimbursement of expenses                         | 0.26                                   | 0.26                                   |
|   | <u>5,966.54</u>                        | <u>5,603.32</u>                        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|  | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|--|--|
| <b>29. EARNINGS PER SHARE IN ACCORDANCE WITH ACCOUNTING STANDARD (AS) - 20</b> |  |  |
| Net Profit after tax as per Statement of Profit and Loss                       | 3,071.42                               | 2,886.91                               |
| Weighted average number of Ordinary shares                                     | 45,11,250                              | 45,11,250                              |
| Basic and diluted earnings per Ordinary share (in ₹)                           | 68.08                                  | 63.99                                  |
| 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. Certain assets transferred from DTA unit to Falta SEZ unit, during the year, of gross block of ₹ 187.36 and accumulated depreciation of ₹ 177.32 have been shown as capital work in progress at Falta SEZ unit, as yet to be installed there.
32. Capital commitments not provided for at the date of this Balance Sheet are estimated at ₹ 751.61 (Previous year ₹ 116.32) after netting of advances paid.
33. 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.
34. Total stores and spare parts consumed during the year are ₹ 2,108.47 (Previous year ₹ 2,150.21) and include ₹ 216.74 (Previous year ₹ 251.22) debited to relevant expense heads.
35. 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 ₹ Nil (Previous year ₹ 0.52), rates and taxes being ₹ Nil (Previous year ₹ 0.30) and insurance being ₹ Nil (Previous year ₹ 0.29).

|  | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|--|--|
| <b>36. VALUE OF IMPORTS ON CIF BASIS</b> |  |  |
| Raw materials                            | 3,248.33                               | 3,775.38                               |
| Components and spare parts               | 77.40                                  | 100.37                                 |
| Capital goods                            | 187.43                                 | 34.40                                  |
|  | <u>3,513.16</u>                        | <u>3,910.15</u>                        |

|  | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|--|--|
| <b>37. EXPENDITURE IN FOREIGN CURRENCY</b> |  |  |
| Travelling                                 | 13.36                                  | 7.54                                   |
| Delivery charges                           | 28.49                                  | 76.94                                  |
| Others                                     | 18.15                                  | 17.57                                  |
|  | <u>60.00</u>                           | <u>102.05</u>                          |

|   | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|---|--|--|
| <b>38. EARNINGS IN FOREIGN EXCHANGE</b> |  |  |
| F.O.B. value of exports                 | 10,923.63                              | 12,034.50                              |
| F.O.B. value of machinery sold          | 53.78                                  | —                                      |
|   | <u>10,977.41</u>                       | <u>12,034.50</u>                       |

39. Foreign currency exposure (net) at year end that are not hedged by derivative instruments or otherwise is ₹ 1,254.43 (Previous year ₹ 1,628.78).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

|  | For the year ended<br>31st March, 2013 |               | For the year ended<br>31st March, 2012 |               |
|--|--|---------------|--|---------------|
|  | Value                                  | %             | Value                                  | %             |
| <b>40. VALUE OF RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED</b> |  |               |  |               |
| <b>Raw materials</b>   |  |               |  |               |
| Imported   | 3,321.69                               | 24.81         | 4,560.65                               | 30.85         |
| Indigenous   | 10,065.24                              | 75.19         | 10,221.35                              | 69.15         |
|  | <u>13,386.93</u>                       | <u>100.00</u> | <u>14,782.00</u>                       | <u>100.00</u> |
| <b>Spare parts and components</b>                                      |  |               |  |               |
| Imported   | 86.45                                  | 4.10          | 98.19                                  | 4.57          |
| Indigenous   | 2,022.02                               | 95.90         | 2,052.02                               | 95.43         |
|  | <u>2,108.47</u>                        | <u>100.00</u> | <u>2,150.21</u>                        | <u>100.00</u> |

|   | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|---|--|--|
| <b>41. PARTICULARS RELATING TO DIVIDEND PAID TO NON-RESIDENT SHAREHOLDERS</b> |  |  |
| Number of non-resident shareholders   | 99                                     | 101                                    |
| Number of shares held by them   | 65,729                                 | 65,674                                 |
| Dividend relating to the year   | 2011-12                                | 2010-11                                |
| Amount of dividend (₹)  | 8.54                                   | 7.88                                   |
| Amount remitted in foreign currency (₹)                                       | —                                      | —                                      |

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

Exchange difference (net), other than finance cost, amounting to ₹ 184.19 (Previous year ₹ 340.45) have been credited to respective revenue heads in the Statement of Profit and Loss.

**43. ACCOUNTING OF GOVERNMENT GRANTS IN ACCORDANCE WITH AS - 12**

Government grants received by the Company comprise of capital subsidy of ₹ 100.42 (Previous year ₹ 55.52), export incentives of ₹ 142.46 (Previous year ₹ 209.51) and other revenue grants of ₹ 69.36 (Previous year ₹ 72.79).

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

The Company has during the year recognised an expense of ₹ 481.13 (Previous year ₹ 436.94) towards defined contribution plans.

Out of the total contribution, made for employees' provident fund, a sum of ₹ 71.72 (Previous year ₹ 60.48) 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, 2013

(₹ in Lakhs)

## ii. Defined Benefit Plans

|  | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|--|--|
| 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                                      | 2,352.72                               | 2,227.48                               |
| Current service cost   | 179.05                                 | 99.92                                  |
| Interest cost  | 229.01                                 | 183.21                                 |
| Benefits paid  | (165.21)                               | (153.43)                               |
| Actuarial (gain) / loss  | 140.71                                 | (4.46)                                 |
| Present value of obligation, at the end of the year  | <u>2,736.28</u>                        | <u>2,352.72</u>                        |
| b. Change in fair value of plan assets :   |  |  |
| Plan assets at the beginning of the year   | 2,000.83                               | 1,730.42                               |
| Expected return on plan assets   | 197.11                                 | 149.25                                 |
| Contributions by the employer  | 351.89                                 | 300.00                                 |
| Actuarial loss   | (5.33)                                 | (25.41)                                |
| Benefits paid  | (165.21)                               | (153.43)                               |
| Plan assets at the end of the year   | <u>2,379.29</u>                        | <u>2,000.83</u>                        |
| c. Amount recognised in Balance Sheet :  |  |  |
| Present value of defined benefit obligation  | 2,736.28                               | 2,352.72                               |
| Fair value of plan assets  | 2,379.29                               | 2,000.83                               |
| Net liability recognised in Balance Sheet  | <u>(356.99)</u>                        | <u>(351.89)</u>                        |
| d. Expenses recognised in the Statement of Profit and Loss :                                   |  |  |
| Current service cost   | 179.05                                 | 99.92                                  |
| Interest cost  | 229.01                                 | 183.21                                 |
| Expected return on plan assets   | (197.11)                               | (149.25)                               |
| Net actuarial loss   | 146.04                                 | 20.95                                  |
| Total expenses   | <u>356.99</u>                          | <u>154.83</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 | 26.97%                                 | 33.06%                                 |
| State Government / State Government guaranteed securities                                      | 30.26%                                 | 23.20%                                 |
| Bonds  | 34.59%                                 | 35.96%                                 |
| Units of money market mutual fund  | 1.72%                                  | 0.77%                                  |
| Units of equity linked scheme of mutual fund   | 3.35%                                  | 3.69%                                  |
| Cash at bank and receivables (net)   | 3.11%                                  | 3.32%                                  |
| 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.                            |  |  |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

## f. Experience Adjustments :

|  | 2013     | 2012     | 2011     | 2010     | 2009     |
|--|----------|----------|----------|----------|----------|
| Defined benefit obligation                 | 2,736.28 | 2,352.72 | 2,227.48 | 1,625.44 | 1,285.29 |
| Plan assets                                | 2,379.29 | 2,000.83 | 1,730.42 | 1,494.12 | 1,331.74 |
| Surplus/(Deficit)                          | (356.99) | (351.89) | (497.06) | (131.32) | 46.45    |
| Experience adjustments on plan liabilities | 420.66   | (4.46)   | 494.08   | 156.12   | (96.98)  |
| Experience adjustments on plan assets      | (5.33)   | (25.41)  | (31.41)  | (17.06)  | (28.20)  |

## g. Principal actuarial assumptions at the Balance Sheet date :

|   | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|---|--|--|
| Discount rate                           | 8.25%                                  | 8.00%                                  |
| Estimated rate of return on plan assets | 9.00%                                  | 8.00%                                  |
| Salary escalation                       | 8.00%                                  | 5.00%                                  |

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

The Company is expected to contribute ₹ 357.00 to the gratuity fund during the year ending 31st March, 2014.

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.

## h. 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.

**45. 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 :

|                                   | For the year ended<br>31st March, 2013 |               | For the year ended<br>31st March, 2012 |               |
|-----------------------------------|--|---------------|--|---------------|
|                                   | Within India                           | Outside India | Within India                           | Outside India |
| Sales                             | 17,075.14                              | 11,529.68     | 16,569.20                              | 12,575.30     |
| Carrying amount of segment assets | 35,595.34                              | —             | 33,438.06                              | —             |
| Capital expenditure               | 766.42                                 | —             | 858.66                                 | —             |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

46. 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 /<br>Nature of Relationship | For the year ended<br>31st March, 2013 |               |                                |   |               | For the year ended<br>31st March, 2012 |               |                                |   |               |
|--|--|---------------|--------------------------------|---|---------------|--|---------------|--------------------------------|---|---------------|
|  | Controlling<br>Group                   | Associates    | Key<br>Management<br>Personnel | Relative<br>of Key<br>Management<br>Personnel | Total         | Controlling<br>Group                   | Associates    | Key<br>Management<br>Personnel | Relative<br>of Key<br>Management<br>Personnel | Total         |
| <b>Rendering of services</b>             | <b>3.90</b>                            | -             | -                              | -   | <b>3.90</b>   | <b>3.90</b>                            | -             | -                              | -   | <b>3.90</b>   |
| CIL                                      | 2.64                                   | -             | -                              | -   | 2.64          | 2.64                                   | -             | -                              | -   | 2.64          |
| CAIPL                                    | 1.20                                   | -             | -                              | -   | 1.20          | 1.20                                   | -             | -                              | -   | 1.20          |
| Others                                   | 0.06                                   | -             | -                              | -   | 0.06          | 0.06                                   | -             | -                              | -   | 0.06          |
| <b>Receiving of services</b>             | -                                      | -             | <b>435.83</b>                  | <b>2.90</b>                                   | <b>438.73</b> | -                                      | -             | <b>302.52</b>                  | <b>2.40</b>                                   | <b>304.92</b> |
| Mr. H. V. Kanoria                        | -                                      | -             | 207.86                         | -   | 207.86        | -                                      | -             | 201.89                         | -   | 201.89        |
| Mr. N. K. Kejriwal                       | -                                      | -             | 63.33                          | -   | 63.33         | -                                      | -             | 35.78                          | -   | 35.78         |
| Mr. D. K. Mohta                          | -                                      | -             | 70.39                          | -   | 70.39         | -                                      | -             | 20.86                          | -   | 20.86         |
| Mr. D. Mazumdar                          | -                                      | -             | 59.97                          | -   | 59.97         | -                                      | -             | 27.07                          | -   | 27.07         |
| Others                                   | -                                      | -             | 34.28                          | 2.90  | 37.18         | -                                      | -             | 16.92                          | 2.40  | 19.32         |
| <b>Finance including loans</b>           | -                                      | -             | -                              | -   | -             | -                                      | -             | <b>0.50</b>                    | -   | <b>0.50</b>   |
| Mr. D. K. Mohta                          | -                                      | -             | -                              | -   | -             | -                                      | -             | 0.50                           | -   | 0.50          |
| <b>Deposit received</b>                  | -                                      | -             | <b>0.24</b>                    | -   | <b>0.24</b>   | -                                      | -             | <b>0.24</b>                    | -   | <b>0.24</b>   |
| Mr. M. K. Patni                          | -                                      | -             | 0.24                           | -   | 0.24          | -                                      | -             | 0.24                           | -   | 0.24          |
| <b>Dividend paid</b>                     | <b>439.83</b>                          | -             | <b>0.04</b>                    | <b>0.04</b>                                   | <b>439.91</b> | <b>406.00</b>                          | -             | <b>0.04</b>                    | <b>0.04</b>                                   | <b>406.08</b> |
| HIPL                                     | 334.63                                 | -             | -                              | -   | 334.63        | 308.89                                 | -             | -                              | -   | 308.89        |
| Mr. H. V. Kanoria                        | 44.70                                  | -             | -                              | -   | 44.70         | 41.26                                  | -             | -                              | -   | 41.26         |
| Others                                   | 60.50                                  | -             | 0.04                           | 0.04  | 60.58         | 55.85                                  | -             | 0.04                           | 0.04  | 55.93         |
| <b>Donation paid</b>                     | -                                      | <b>325.00</b> | -                              | -   | <b>325.00</b> | -                                      | <b>260.00</b> | -                              | -   | <b>260.00</b> |
| Shashvat Foundation                      | -                                      | 150.00        | -                              | -   | 150.00        | -                                      | -             | -                              | -   | -             |
| Jan Priya Trust                          | -                                      | 175.00        | -                              | -   | 175.00        | -                                      | 260.00        | -                              | -   | 260.00        |
| <b>Outstanding receivable</b>            | <b>1.28</b>                            | -             | -                              | -   | <b>1.28</b>   | <b>1.15</b>                            | -             | -                              | -   | <b>1.15</b>   |
| CIL                                      | 1.09                                   | -             | -                              | -   | 1.09          | 0.96                                   | -             | -                              | -   | 0.96          |
| CAIPL                                    | 0.19                                   | -             | -                              | -   | 0.19          | 0.19                                   | -             | -                              | -   | 0.19          |
| <b>Outstanding deposit</b>               | -                                      | -             | <b>1.26</b>                    | -   | <b>1.26</b>   | -                                      | -             | <b>1.02</b>                    | -   | <b>1.02</b>   |
| Mr. M. K. Patni                          | -                                      | -             | 1.26                           | -   | 1.26          | -                                      | -             | 1.02                           | -   | 1.02          |

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, 2013

(₹ in Lakhs)

## 47. 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 :

|                                      | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--------------------------------------|--|--|
| <b>PROVISION FOR CONTINGENCIES</b>   | Indirect taxes                         | Indirect taxes                         |
| Balance at the beginning of the year | 271.42                                 | 396.94                                 |
| Additional provision during the year | –                                      | 93.55                                  |
| Provision used during the year       | –                                      | 5.94                                   |
| Provision reversed during the year   | –                                      | 213.13                                 |
| Balance at the end of the year       | 271.42                                 | 271.42                                 |

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 - ₹ 0.62 (Previous year ₹ 5.06) under appeal and not acknowledged as debt.
- Income Tax in dispute - ₹ 188.76 (Previous year ₹ 145.82) under appeal and not acknowledged as debt.

48. 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.
49. The Board of Directors recommend payment of dividend of ₹ 15/- (Previous year ₹ 13/-) per Ordinary share of the face value of ₹ 10/- each for the year ended 31st March, 2013.
50. The previous year's figures have been 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 : 14th day of May, 2013

CS D. K. MOHTA  
President (Corporate Affairs) 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      N. NAYAR  
Wholetime Director      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 Share 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 : cheviot2013@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 \_\_\_\_\_ Ordinary 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 26th July, 2013, at 11.00 a.m. and at  
any adjournment thereof.

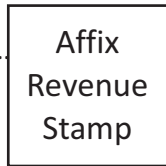
Signed this ..... day of ..... 2013

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 26th July, 2013 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 :*




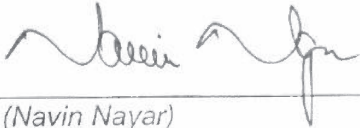
**CHEVIOT COMPANY LIMITED**

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

KOLKATA - 700 016

FORM A

[Format of covering letter of the annual audit report  
to be filed with the stock exchange]

|    |  |   |
|----|--|---|
| 1. | Name of the Company  | Cheviot Company Limited   |
| 2. | Annual financial statements for the year ended   | 31st March, 2013  |
| 3. | Type of Audit observation  | Un-qualified / Matter of Emphasis   |
| 4. | Frequency of observation   | Not Applicable  |
| 5. | <p>Signed by:</p> <ul style="list-style-type: none"> <li>➤ CEO/Managing Director</li> <li>➤ CFO</li> <li>➤ Auditor of the Company</li> <li>➤ Audit Committee Chairman</li> </ul> | <p style="text-align: center;"></p> <hr/> <p>(H.V. Kanoria)<br/>Chairman and Managing Director,<br/>Chief Executive officer</p> <p style="text-align: center;"></p> <hr/> <p>(D.K. Mohta)<br/>President (Corporate Affairs) &amp; Secretary,<br/>Chief Financial Officer</p> <p style="text-align: center;"></p> <hr/> <p>(CA P.K. Jain)<br/>Partner<br/>Jain &amp; Co.<br/>Chartered Accountants</p> <p style="text-align: center;"></p> <hr/> <p>(Navin Nayar)<br/>Chairman of the Audit Committee</p> |