

ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2014



**Group
Cheviot**

CHEVIOT COMPANY LIMITED

BOARD OF DIRECTORS

HARSH VARDHAN KANORIA - *Chairman and Managing Director, Chief Executive Officer - DIN 00060259*

NAWAL KISHORE KEJRIWAL - *Wholetime Director - DIN 00060314*

NAVIN NAYAR - *Independent Director - DIN 00136057*

PARAG KESHAR BHATTACHARJEE - *Independent Director - DIN 00081899*

SUSHIL DHANDHANIA - *Independent Director - DIN 00484489*

PADAM KUMAR KHAITAN - *Independent Director - DIN 00019700*

MALATI KANORIA - *Director - DIN 00253241*

PRESIDENT (CORPORATE AFFAIRS)

DEO KISHAN MOHTA

CHIEF FINANCIAL OFFICER

MADHUP KUMAR PATNI

COMPANY SECRETARY

ADITYA BANERJEE

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

CIN : L65993WB1897PLC001409

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

CONTENTS

NOTICE	2 - 10
DIRECTORS' REPORT	11 - 31
AUDITORS' REPORT	32 - 35
BALANCE SHEET	36
STATEMENT OF PROFIT AND LOSS	37
CASH FLOW STATEMENT	38 - 39
NOTES TO THE FINANCIAL STATEMENTS	40 - 60

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 8th August, 2014 at 11:00 a.m. to transact the following businesses :

Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31st March, 2014 and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2014.
3. To appoint a director in place of Mr. Nawal Kishore Kejriwal (holding DIN 00060314), 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 statutory auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the fourth consecutive annual general meeting on a remuneration to be mutually agreed upon with the Board of Directors subject to ratification by the members at every annual general meeting.

Special Business:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :
 "RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the existing Articles 103 and 117 of the Articles of Association of the Company be and are hereby amended as under :
 (a) The existing Article 103 [Chairman] be deleted and substituted as under :
 Article 103 [Chairman]
 'The Managing Director of the Company during his tenure of appointment shall hold the office of Chairman. The Chairman and Managing Director shall preside over every meeting attended by him. If at any meeting of the Board, the Chairman and Managing Director is not present within fifteen minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be Chairman of such meeting.'
 (b) The following proviso be added at the end of existing Article 117 :
 Article 117 [Not to retire by rotation] after the sentence ending with the words 'Wholetime Director.'
 'Provided that, if necessary, for the requirements of Section 152 (6) of Companies Act, 2013, the office of Wholetime Director shall be liable to determination by retirement of directors by rotation.' "
6. To consider and if thought fit, to pass with or without modification(s), the following resolutions as Special Resolution :
 "RESOLVED THAT pursuant to provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, consent of the Company be and is hereby granted to the re-appointment of Mr. Nawal Kishore Kejriwal (Mr. Kejriwal), (holding DIN 00060314), as Wholetime Director of the Company for a period of two years with effect from 1st June, 2014 whose office shall be subject to determination by retirement of directors by rotation, on the terms and conditions as to remuneration and otherwise as set out in the letter of re-appointment (a draft of which signed by the Chairman and Managing Director for identification was laid on the table) to be issued to Mr. Kejriwal and also given in the statement annexed to the notice.
 FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during the aforesaid period of two years, the Company will pay to Mr. Kejriwal remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule V to the Act or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :
 "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Parag Keshar Bhattacharjee (holding DIN 00081899), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom

NOTICE (Contd.)

the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019 and whose office shall not, henceforth, be liable to determination by retirement of directors by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Sushil Dhandhanian (holding DIN 00484489), Director of the Company who retires by rotation at the ensuing annual general meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019 and whose office shall not, henceforth, be liable to determination by retirement of directors by rotation."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Navin Nayar (holding DIN 00136057), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019 and whose office shall not, henceforth, be liable to determination by retirement of directors by rotation."
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Padam Kumar Khaitan (holding DIN 00019700), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019 and whose office shall not, henceforth, be liable to determination by retirement of directors by rotation."
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED THAT Mrs. Malati Kanoria (holding DIN 00253241), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 9th May, 2014, in terms of Section 161(1) of the Companies Act, 2013 and Article 95 of the Articles of Association of the Company and whose term of office expires at the ensuing annual general meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."
12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 32,500 plus applicable taxes and re-imbursalment of out of pocket expenses payable to M/s D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), who has been appointed by the Board of Directors of the Company as Cost Auditor to conduct an audit of the cost accounting records maintained by the Company for the year ending 31st March, 2015 be and is hereby ratified."

Kolkata, 9th May, 2014
 CIN: L65993WB1897PLC001409
 Registered Office:
 24, Park Street,
 'Magma House', (9th Floor),
 Kolkata - 700 016
 Ph: (033) 3291-9624/25/28; Fax: (033) 2249-7269/2217-2488
 Email: cheviot@chevjute.com Website: www.groupcheviot.net

By Order of the Board,
 CHEVIOT COMPANY LIMITED
 CS Aditya Banerjee
 Company Secretary

NOTICE (Contd.)**NOTES:**

1. **The Register of Members and the Share Transfer Register of the Company will remain closed from Saturday, 2nd August, 2014 to Friday, 8th August, 2014 (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.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.
3. Members/proxies 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 13th August, 2014 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, 1st August, 2014. 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 1st August, 2014 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
6. Dividends which remain unpaid/unclaimed over a period of seven years will have to be transferred by the Company to "Investor Education and Protection Fund" of the Central Government under Sections 205A & 205C of the Companies Act, 1956. Accordingly, all unpaid/unclaimed amounts in respect of dividends paid by the Company for the financial year ended 31st March, 2006 and 31st March, 2007 have been transferred to the said Fund. Shareholders are advised to encash the unpaid dividend warrants for the financial year ended 31st March, 2008 and onwards before transfer to the above referred Fund.

Pursuant to the provisions of Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 26th July, 2013 (date of previous year annual general meeting) on the website of the Company (www.groupcheviot.net), as also on the website of Ministry of Corporate Affairs.

7. Members are hereby informed that Securities and Exchange Board of India (SEBI) has made it mandatory for all the listed Companies to make cash payments through electronic payment modes to the investors. It is further directed that in case electronic payment is rejected or returned, the Company shall mandatorily print the bank account details of the investor on payment instrument. Members are requested to provide their updated bank account particulars allotted after implementation of CBS to enable the Company to electronically credit dividend directly in their respective bank accounts. Members holding the Company's shares in dematerialised form are requested to intimate all changes relating to their bank account details, change in their registered address, e-mail ID, nomination, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates etc. to their respective Depository Participants (DPs), if they have not done so already. Members holding the Company's shares in physical form are requested to intimate such changes to the Company's Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Pvt. Ltd.
8. 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 29th July, 2014, so that proper information can be made available at the meeting.
9. Members who hold shares in dematerialised form are requested to bring their Client ID and DP numbers for prompt identification while recording attendance at the meeting.
10. 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.
11. Members who are yet to provide required particulars for the purpose of maintaining records in the new format of Register of Members pursuant to Section 88(1)(a) of the Companies Act, 2013 and rule 3(1) of the Companies (Management and Administration) Rules, 2014 are requested to intimate following information to the Company's Registrar and Share Transfer Agent, as may be applicable for respective members :
 - I. E-mail ID; II. Permanent Account Number (PAN) or Corporate Identification Number (CIN); III. Father's/Mother's/Spouse Name; IV. Unique Identification Number (Aadhar No.); V. Occupation; VI. Status; VII. Nationality; VIII. In case member is a minor, name of guardian and date of birth of minor member; IX. Name and address of nominee (in Form SH-13).

NOTICE (Contd.)

12. I. In compliance with provisions of Section 108 of the Companies Act, 2013 and rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members with facility to exercise their right to vote on all ordinary and special businesses to be transacted at the annual general meeting by electronic means through e-voting services provided by National Securities Depository Limited (NSDL) :

The instructions for e-voting are as under :

- A. In case member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participant(s)]:
 - (i) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (ii) Click on Shareholder - Login
 - (iii) Put user ID and password.
 - (iv) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (v) In the home page of e-voting, click on e-voting: Active Voting Cycles.
 - (vi) Select "EVEN" of Cheviot Company Limited
 - (vii) Now you are ready for e-voting as Cast Vote page opens.
 - (viii) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (ix) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to evoting@chevjute.com with a copy marked to evoting@nsdl.co.in.
- B. In case a member receives physical copy of the Notice of annual general meeting [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
 - (i) A separate letter containing e-voting particulars together with Notice shall be despatched at the address of the member as per records available with the Company. The e-voting particulars shall include :

EVEN (E Voting Event Number);	USER ID;	PASSWORD
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 - (ii) Please follow all steps from Sl. No. (i) to Sl. No. (xi) mentioned in note no. 12(I)(A) above, to cast vote.
- II. In case of any queries, you may refer the frequently asked questions (FAQs) for shareholders and e-voting user manual for shareholders available at the downloads section of www.evoting.nsdl.com.
- III. If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
- IV. You can also update your mobile number and e-mail ID in the user profile details of the folio to enable sending future communication(s) through electronic mail.
- V. The e-voting period commences on 2nd August, 2014 (7:00 a.m.) and ends on 4th August, 2014 (7:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the record date of 20th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- VI. The voting rights of members shall be in proportion to their shares of the paid up ordinary share capital of the Company as on the record date of 20th June, 2014.
- VII. Since the Company is required to provide members facility to exercise their rights to vote by electronic means, members of the Company, holding shares either in physical form or dematerialised form, as on the record date of 20th June, 2014 and not casting their vote electronically, may only cast their vote at the annual general meeting.
- VIII. Mr. Trivikram Khaitan, Advocate at M/s. Khaitan & Co. LLP, Solicitor and Advocate Firm, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- IX. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, and forthwith forward it to the Chairman of the Company.

NOTICE (Contd.)

- X. The Results shall be declared on or after the annual general meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.groupcheviot.net and on the website of NSDL within two (2) days of passing of the resolutions at the annual general meeting of the Company and communicated to the BSE Limited.
13. E-mail of the Notice of the annual general meeting of the Company inter-alia indicating the process and manner of e-voting together with e-voting particulars containing e-voting event number (EVEN), User-ID and password are being sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) unless any member specifically request for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice of the annual general meeting of the Company inter-alia indicating the process and manner of e-voting together with e-voting particulars containing e-voting event number (EVEN), User-ID and password are being sent through permitted mode.
14. The Notice of the annual general meeting inter-alia indicating the process and manner of e-voting and the Annual Report for 2014 are available on the Company's website : www.groupcheviot.net
15. All documents referred to in the accompanying Notice and the statement on special business in pursuance to Section 102 of the Companies Act, 2013 shall be open for inspection at the Registered Office of the Company during normal business hours prior to the date of the meeting between 10:00 a.m. and 12:00 noon and will also be available for inspection at the annual general meeting.
16. The statement pursuant to Section 102 of the Companies Act, 2013, relating to the special business set out in the notice, is annexed hereto.

STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No. 5**

Article 103 of the Articles of Association of the Company empowers the Board to appoint a Chairman of its meeting and determine the period for which he is to hold office. As per Section 203 of the Companies Act, 2013 (the Act) an individual cannot hold the post of Chairperson of the Company as well as Managing Director of the Company at the same time unless the articles of such a Company provide otherwise or the Company does not carry multiple businesses.

Mr. Harsh Vardhan Kanoria is presently holding the position of Chairman as well as Managing Director. The Board recommends to make necessary changes in Article 103 so that an individual can hold the post of Chairman as well as Managing Director of the Company at the same time.

As per Section 152(6) of the Act, at least two-third of directors of a Company (other than independent directors) will have to be directors whose office shall be liable to determination by retirement of Directors by rotation. In view of the said provision, the alteration in Article 117 of the Articles of Association has been proposed to make the office of Wholetime Director liable to determination by retirement of directors by rotation.

The resolution at Item No. 5 of the Notice is set out as a special resolution for approval by the members in terms of Section 14 of the Act.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company on any working day prior to the date of the meeting between 10:00 a.m. and 12:00 noon and will also be available for inspection at the annual general meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Item No. 6

Mr. Nawal Kishore Kejriwal (Mr. Kejriwal), aged 71 years (holding DIN 00060314) is a B.Com. L.L.B. He has been associated with the Company for the last several years in his capacity as Wholetime Director. Mr. Kejriwal is a member in stakeholders relationship committee and committee of directors of the Board of Directors of the Company.

The present term of office of Mr. Kejriwal will expire on 31st May, 2014. In view of his experience and useful contribution made to the Company's growth, the Board of Directors recommend his re-appointment as Wholetime Director whose period of office shall be liable to determination by retirement of directors by rotation, for a further period of two years with effect from 1st June, 2014 on the terms and condition mentioned in the draft letter of re-appointment to be issued to Mr. Kejriwal.

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

1. Salary: ₹ 1,25,000 per month or such other sum not exceeding ₹ 2,00,000 per month as would be determined by the Chairman and Managing Director from time to time.
2. Commission: Commission may be payable at the absolute discretion of the Board of such amount as may be approved by the Board for each year.

NOTICE (Contd.)

3. Perquisites: The Wholtime Director shall also be entitled to house rent allowance, furnishing allowance, payment of medical expenses, leave travel concession for self and family, personal accident insurance, provision of car, telephone at residence and any other perquisite as may be decided by the Chairman and Managing Director from time to time subject to an amount equal to the annual salary. Provision for use of Company car for official purpose and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculation of the said ceiling. Perquisites shall be evaluated as per Income Tax rules, wherever applicable. The remuneration mentioned above including the value of the perquisites will be subject to the overall ceilings laid down under Section 197 of the Companies Act, 2013 (the Act) read with Schedule V thereto.
4. Mr. Kejriwal will also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above :
 - (a) The Company's contribution towards Provident Fund as per the rules of the Company but restricted to the extent this is not taxable under the Income Tax Act, 1961.
 - (b) Gratuity not exceeding one-half month's salary for each completed year of service.
 - (c) Leave on full pay and allowances as per rules of the Company but not exceeding one month's leave for every eleven months of service.
5. Mr. Kejriwal shall not be paid any sitting fee for attending the meeting of the Board or any committee thereof.
6. In the event that the Company in any financial year during the aforesaid period, has no profit or its profits are inadequate, the remuneration payable to Mr. Kejriwal shall not exceed the limits specified in Section II of Part II of Schedule V to the Act or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required.
7. Mr. Kejriwal will be reimbursed by the Company of all entertainment and other expenses actually incurred by him in connection with the business of the Company subject, however, to such limits as may be fixed by the Chairman and Managing Director from time to time.
8. Mr. Kejriwal will not, so long as he functions as a Wholtime Director, become interested or otherwise concerned directly or through his wife and/or children in any selling agency of the Company in future. His appointment shall cease on any contravention of this condition.
9. Mr. Kejriwal and the Company shall have right to terminate the appointment by giving three months' prior notice in writing to the other.

Name of other company in which Mr. Kejriwal also holds the directorship : Ginia Traders Pvt. Ltd.

Number of Share held in the Company : 300 Shares.

The Board recommends that the proposed Special Resolution be passed by the members.

Except Mr. Kejriwal, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

Copy of the draft letter of re-appointment referred to in the proposed Special Resolution may be inspected by any member at the Registered Office of the Company on any working day prior to the date of the meeting between 10:00 a.m. and 12:00 noon and will also be available for inspection at the annual general meeting. This statement may also be regarded as a disclosure under Clause 49 of the listing agreement with BSE Limited.

Item No. 7

Mr. Parag Keshar Bhattacharjee (Mr. Bhattacharjee), aged 75 years, is a non-executive, Independent Director of the Company since 30th July, 2001. Mr. Bhattacharjee is a member of audit committee, stakeholders relationship committee and nomination and remuneration committee of the Board of Directors of the Company.

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. Global Investment Trust Ltd. 2. Kaushalya Infrastructure Development Corporation Ltd. 3. Kilburn Chemicals Ltd. 4. Quippo Telecom Infrastructure Ltd. 5. Right Towers Private Ltd. 6. Sapphire Enclave Private Ltd. 7. Wonderland Promoters Pvt. Ltd.

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

1. Kilburn Chemicals Ltd. (Audit Committee) 2. Kaushalya Infrastructure Development Corporation Ltd. (Audit Committee) 3. Quippo Telecom Infrastructure Ltd. (Audit Committee)

Number of Share held in the Company : Nil

Mr. Bhattacharjee is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of

NOTICE (Contd.)

the Companies Act, 2013 (the Act), Mr. Bhattacharjee being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years up to 31st March, 2019 and whose office shall not, henceforth, be liable to determination by retirement of directors by rotation.

In the opinion of the Board, Mr. Bhattacharjee fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Bhattacharjee as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day prior to the date of the meeting between 10:00 a.m. and 12:00 noon and will also be available for inspection at the annual general meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Bhattacharjee as an Independent Director. Accordingly, the Board recommends the proposed Special Resolution in relation to appointment of Mr. Bhattacharjee as an Independent Director, for approval by the members of the Company.

As required under Section 160 of the Act, notice has been received from a member of the Company along-with a deposit of Rupees One Lakh signifying his intension to propose Mr. Bhattacharjee as a candidate for the office of Independent Director not liable to retire by rotation.

Except Mr. Bhattacharjee, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7. This statement may also be regarded as a disclosure under Clause 49 of the listing agreement with BSE Limited.

Item No. 8

Mr. Sushil Dhandhanian (Mr. Dhandhanian), aged 59 years is a non-executive, Independent Director of the Company since 5th June, 2003. He is the Chairman of the stakeholders relationship committee and nomination and remuneration committee as well a member of audit committee, corporate social responsibility committee and committee of directors of the Board of Directors of the Company.

Mr. Dhandhanian is an industrialist with vast experience and has been associated with several Companies.

Names of other companies in which Mr. Dhandhanian also holds the directorship :

1. R.D. Tea Ltd. 2. R.D. Fan Ltd. 3. Dhandhanian Electronics Ltd. 4. R.D. Estates & Resources Ltd. 5. Rubber Reclaim Co. of India Ltd.
6. Dynaflo Pvt. Ltd. 7. Dhandhanian Brothers Pvt. Ltd. 8. R.D. Plantations Pvt. Ltd.

Names of other companies in which Mr. Dhandhanian also holds membership of the Committee of the Board : Nil

Number of Share held in the Company : Nil

Mr. Dhandhanian is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 (the Act), Mr. Dhandhanian being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years up to 31st March, 2019 and whose office shall not, henceforth, be liable to determination by retirement of directors by rotation.

In the opinion of the Board, Mr. Dhandhanian fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Dhandhanian as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day prior to the date of the meeting between 10:00 a.m. and 12:00 noon and will also be available for inspection at the annual general meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Dhandhanian as an Independent Director. Accordingly, the Board recommends the proposed Ordinary Resolution in relation to appointment of Mr. Dhandhanian as an Independent Director, for approval by the members of the Company.

As required under Section 160 of the Act, notice has been received from a member of the Company along-with a deposit of Rupees One Lakh signifying his intension to propose Mr. Dhandhanian as a candidate for the office of Independent Director not liable to retire by rotation.

Except Mr. Dhandhanian, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8. This statement may also be regarded as a disclosure under Clause 49 of the listing agreement with BSE Limited.

Item No. 9

Mr. Navin Nayar (Mr. Nayar), aged 51 years, is a non-executive, Independent Director of the Company since 30th July, 2001. Mr. Nayar is a Chairman of audit committee as well a member of nomination and remuneration committee and committee of directors of the Board of Directors of the Company.

NOTICE (Contd.)

Mr. Nayar is a fellow member of the Institute of Chartered Accountants of India. He is a senior partner in M/s Navin Nayar & Co., Chartered Accountants. He has vast experience in the field of accountancy and finance and has been associated with several renowned Companies.

Names of other companies in which Mr. Nayar also holds the directorship :

1. OCL Investment & Leasing Ltd., 2. Cosmopolitan Investments Ltd., 3. Crest Holdings Pvt. Ltd., 4. Skyview Investments Pvt. Ltd., 5. Amar Vanijya Ltd., 6. Nidhi Pvt. Ltd., 7. Kanco Tea & Industries Ltd., 8. AKV Textiles Ltd.

Names of other companies in which Mr. Nayar also holds membership of the Committee of the Board : Nil

Number of Share held in the Company : Nil

Mr. Nayar is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 (the Act), Mr. Nayar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years up to 31st March, 2019 and whose office shall not, henceforth, be liable to determination by retirement of directors by rotation.

In the opinion of the Board, Mr. Nayar fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Nayar as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day prior to the date of the meeting between 10:00 a.m. and 12:00 noon and will also be available for inspection at the annual general meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Nayar as an Independent Director. Accordingly, the Board recommends the proposed Ordinary Resolution in relation to appointment of Mr. Nayar as an Independent Director, for approval by the members of the Company.

As required under Section 160 of the Act, notice has been received from a member of the Company along-with a deposit of Rupees One Lakh signifying his intension to propose Mr. Nayar as a candidate for the office of Independent Director not liable to retire by rotation.

Except Mr. Nayar, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 9. This statement may also be regarded as a disclosure under Clause 49 of the listing agreement with BSE Limited.

Item No. 10

Mr. Padam Kumar Khaitan (Mr. Khaitan), aged 61 years, is a non-executive, Independent Director of the Company since 23rd September, 2006. Mr. Khaitan is a member of corporate social responsibility committee of the Board of Directors of the Company.

Mr. Khaitan, by qualification is an Attorney-at-Law and has been practicing as an Advocate since last 34 years. His areas of expertise include commercial and corporate laws, joint venture, foreign collaboration, foreign investment, litigation, arbitration, real estate property etc.

Names of other companies in which Mr. Khaitan also holds the directorship :

1. Ramkrishna Forgings Ltd. 2. Rungamattee Tea & Industries Ltd., 3. Williamson Magor & Co. Ltd., 4. Manjushree Plantations Ltd., 5. R.V. Investment & Dealers Ltd., 6. Khaitan Consultants Ltd. 7. Asian Hotels (East) Ltd. 8. McNally Sayaji Engineering Ltd. 9. GJS Hotels Ltd. 10. Kilburn Engineering Ltd., 11. Upper Ganges Sugar and Industries Limited, 12. Time Leverage Instruments Pvt. Ltd., 13. Auro Holdings Pvt. Ltd., 14. Auro Investments Pvt. Ltd., 15. ITSA Warehouses Pvt. Ltd., 16. NOTT Investments Pvt. Ltd.

Foreign Company: Trans Global Plc.

Names of other companies in which Mr. Khaitan also holds membership of the Committee of the Board :

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

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

Number of Share held in the Company : Nil

Mr. Khaitan is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 (the Act), Mr. Khaitan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years up to 31st March, 2019 and whose office shall not, henceforth, be liable to determination by retirement of directors by rotation.

NOTICE (Contd.)

In the opinion of the Board, Mr. Khaitan fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Khaitan as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day prior to the date of the meeting between 10:00 a.m. and 12:00 noon and will also be available for inspection at the annual general meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Khaitan as an Independent Director. Accordingly, the Board recommends the proposed Ordinary Resolution in relation to appointment of Mr. Khaitan as an Independent Director, for approval by the members of the Company. As required under Section 160 of the Act, notice has been received from a member of the Company along-with a deposit of Rupees One Lakh signifying his intension to propose Mr. Khaitan as a candidate for the office of Independent Director not liable to retire by rotation.

Except Mr. Khaitan, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 10. This statement may also be regarded as a disclosure under Clause 49 of the listing agreement with BSE Limited.

Item No. 11

Mrs. Malati Kanoria (Mrs. Kanoria) has been appointed as an Additional Director w.e.f. 9th May, 2014 by the Board of Directors pursuant to provisions of Section 161(1) of the Companies Act, 2013 (the Act) and Article 95 of the Articles of Association of the Company. Pursuant to provisions of Section 161(1) of the Act, she will hold office up to the date of the ensuing annual general meeting.

As required under Section 160 of the Act, notice has been received from a member along-with a deposit of Rupees One Lakh signifying his intension to propose Mrs. Kanoria as a candidate for the office of Director liable to retire by rotation.

Mrs. Kanoria is presently the Managing Director of Cheviot International Ltd. and also holds directorships in other Companies. The Company will be benefited by her rich experience and knowledge.

Names of other companies in which Mrs. Kanoria also holds the directorship :

1. Cheviot International Ltd. 2. Cheviot Agro Industries Pvt. Ltd., 3. Harsh Investments Pvt. Ltd., 4. Elite (India) Pvt. Ltd.

Names of other companies in which Mrs. Kanoria also holds membership of the Committee of the Board : Nil

Number of Share held in the Company : 2,85,150 Shares.

She is a relative of Chairman and Managing Director of the Company. None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 11. This statement may also be regarded as a disclosure under Clause 49 of the listing agreement with BSE Limited.

Your Directors recommend her appointment as a Director of the Company.

Item No. 12

As recommended by Audit Committee, Board of Directors had appointed M/s D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), being eligible and having sought re-appointment, as cost auditor of the Company, for a remuneration of ₹ 32,500/- plus applicable taxes and re-imbusement of out of pocket expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2014 and ending on 31st March 2015 as required in terms of directive issued by Cost Audit Branch, Ministry of Corporate Affairs, Government of India.

In terms of Section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration is required to be ratified by the members.

The Board recommends passing of the proposed Ordinary Resolution in relation to ratification of the remuneration payable to cost auditor.

Kolkata, 9th May, 2014
CIN: L65993WB1897PLC001409
Registered Office:
24, Park Street,
'Magma House', (9th Floor),
Kolkata - 700 016
Ph: (033) 3291-9624/25/28; Fax: (033) 2249-7269/2217-2488
Email: cheviot@chevjute.com Website: www.groupcheviot.net

By Order of the Board,
CHEVIOT COMPANY LIMITED
CS Aditya Banerjee
Company Secretary

DIRECTORS' REPORT

Dear Members,

(₹ in Lakhs)

Your directors are pleased to present the Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2014.

FINANCIAL RESULTS

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Operating results after charging depreciation and amortisation show a profit of	2,927.39	3,310.55
Add : Exceptional item - Indirect taxes for earlier years (Previous year figures are net of provision ₹ 105.16)	94.87	73.01
Add : Other income	796.85	784.96
Profit before tax	3,819.11	4,168.52
From which have been deducted :		
Current tax	1,042.00	1,001.00
Tax for earlier years (net)	9.36	(7.30)
Deferred tax	87.37	103.40
Profit after tax	2,680.38	3,071.42
Surplus as per last balance sheet	461.33	431.60
Making a total of	3,141.71	3,503.02
Which has been appropriated by the Directors as under :		
Proposed dividend	676.69	676.69
Tax on proposed dividend	115.00	115.00
Transferred to SEZ re-investment reserve account	200.00	400.00
Transferred to general reserve	1,650.00	1,850.00
Balance surplus carried to balance sheet	500.02	461.33
	3,141.71	3,503.02

DIVIDEND

The Board has recommended dividend of ₹ 15 per ordinary share of the face value of ₹ 10/- each (i.e. 150%) for the year ended 31st March, 2014 to the members for their approval.

OPERATIONS

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

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Total sales	27,585.86	28,805.69
Export sales (C.I.F. Value)	11,907.34	11,529.68
Operating profit	2,927.39	3,310.55
Other income	796.85	784.96
Profit before tax	3,819.11	4,168.52
Profit after tax	2,680.38	3,071.42
Earnings per ordinary share of face value of ₹ 10 (in ₹)	59.42	68.08

DIRECTORS' REPORT *(Contd.)*

(₹ in Lakhs)

There was acute shortage of workers during the year under review. Besides, there was a shortage of Government orders during January 2014 to March 2014. The cumulative effect of the above factors resulted in loss of production by around 7% due to under-utilisation of capacity as we were forced to reduce working by operating 6 days a week in part of the period under review.

As a result of loss of production and comparatively higher overhead cost putting pressure on operating margins, the operating profit during the year under review was lower by ₹ 383.16 being ₹ 2,927.39 as compared to ₹ 3,310.55 during previous year. However, bottom line was slightly improved with marginal increase in other income but the impact was diluted due to higher tax provisions. Consequently, profit after tax was lower by ₹ 391.04, being ₹ 2,680.38 as against ₹ 3,071.42 during previous year.

On the export front, there has been no major improvement in international market scenario of jute yarn. Prices continued to remain unfavourable in most part of the year under review barring in few months when rupee was substantially depreciated against US dollar. India is virtually a residual supplier of Jute Goods in the world market which is largely captured by Bangladesh.

The Company's export oriented unit at Falta Special Economic Zone is running satisfactorily albeit there is no marked improvement in demand of jute fabrics. Your company is maintaining steady manufacturing operations of jute fabrics and is fully geared to cater to increased demand. Moreover, we are taking all possible measures to tap markets for export of jute shopping bags and are hopeful to make progress in the years to come.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure and developments

Government of India has further diluted the compulsory packing by directing that sugar to the extent of 20% shall be packed in jute packaging material for the year 2013-14 effective from January 14 to June 14 as against the compulsory packing at 40% under Jute Packaging Materials (Compulsory use in packing commodities) Act, 1987 (JPMA). However, compulsory packaging of food grains remained constant at 90% under JPMA. It is a matter of concern for the Jute Industry that despite large workforce and farmers depending on this Industry for their livelihood, the Government has been forcing dilution which gives encouragement to use of substitute packaging materials, particularly synthetic products which are harmful for the environment.

The Jute Industry is desperately waiting for positive steps from the Government of India to introduce new EMA Scheme for jute sector to help in arresting the declining trend in exports of value added jute products from India.

There has been decrease in demand from food procurement agencies which was one of the reasons for under-utilisation of capacity. The availability of raw jute was normal and prices remained steady for most part of the year. However, the prices have started moving upwards from the last quarter of the year under review as the weather conditions have not been conducive for sowing.

b) Opportunities and Threats

Opportunities

- Increase in food grain production should provide steady procurement by the Government;
- Use of environment friendly, bio-degradable natural jute fibre over other packing materials will always be an advantage for the Jute Industry;
- Varied uses of Jute products should lead to surge in its demand.

Threats

- Competition from Bangladesh who enjoys cost advantage. Besides, it has created large capacity and are further expanding;
- Higher production cost;
- Inadequate research and development efforts to provide new technology;
- Industry continue to face dearth of workers as inflow from new generations is not encouraging;
- Area of raw jute cultivation is gradually reducing leading to reduction in overall crop production and creating pressure on prices.

DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

c) Risk and concerns

Senior management is monitoring all potential risk factors on continuous basis and provides ways for its mitigation. Periodic review is also made by the Audit Committee.

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

- Insufficient machinery to monitor compliance of JPMA and its gradual dilution;
- Lack of efforts to provide better ways and means to increase output and making cultivation remunerative for farmers;
- Shortage of workers in the Jute industry.

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 31st March, 2014		For the year ended 31st March, 2013	
	Within India	Outside India	Within India	Outside India
Sales	15,678.52	11,907.34	17,276.01	11,529.68
Carrying amount of segment assets	37,358.45	-	35,595.34	-
Capital expenditure	825.84	-	766.42	-

e) Outlook

No significant change in demand is noticed in export market. It is widely expected that Industry will witness good demand particularly from Indian government and focus would be largely to serve the domestic market. Your company is making vigorous efforts to explore possibility to tap market for export of jute fabrics and shopping bags. However, proper infrastructure is in place in order to keep the momentum on and manufacture jute yarn of the count and variety based on cost benefit analysis.

It is apprehended that the jute crop for 2014-15 may be less as initial signals are not encouraging. Price of raw jute is likely to remain firm. Looking at the overall market scenario, prospects of the current year would largely depend on availability of raw jute at reasonable prices and regular procurement of jute goods by the Government. We look forward to the current year with caution. Profits are likely to be under pressure.

f) Internal control systems and their adequacy

The Company has a proper internal control system commensurate with its size and nature of business to ensure timely recording and reporting of transactions and also to provide avenue for exercising effective safeguard of the Company's assets. Internal audit report is reviewed by the audit committee and suggestions are implemented by the management to strengthen the 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 ₹ 27,585.86 during the year as compared to ₹ 28,805.69 during previous year;
- Production was lower by 7% mainly due to shortage of worker and reduced working on account of less demand in the domestic market due to absence of Government orders;

DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

- Operating profit of the Company has decreased by ₹ 383.16 during the year under review from ₹ 3,310.55 in previous year to ₹ 2,927.39 during the year under review mainly on account of decrease in production and reduced operating margins for reasons explained in this Report under the head 'Operations';
- Finance costs were lower at ₹ 74.18 during the year under review as against ₹ 107.75 in previous year. The decrease in finance costs is mainly due to lower utilisation of working capital limits;
- Inventories have increased by ₹ 528.76, being ₹ 4,879.69 as at 31st March, 2014 as against ₹ 4,350.93 as at 31st March, 2013 partly due to higher accumulated stocks of finished goods on account of lower Government orders than expected and partly due to higher average rates of stocks;
- The Company has invested ₹ 825.84 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

During the year, industrial relations were harmonious though, paucity of workers remained a matter of concern.

As on 31st March, 2014, the Company had 4591 employees on its rolls. The Company continued with efforts to train the workers to enhance their skill and performance. The Company also provides benefits and facilities to deserving staffs 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

A separate report on compliances with the conditions of Corporate Governance made by the Company as required under clause 49 of the Listing Agreement with the BSE Limited along with a certificate from the statutory auditors of the Company confirming the compliance is attached as Annexure which forms an integral 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, 2014, 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, 2014 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

Mr. Nawal Kishore Kejriwal, retires by rotation, and being eligible, offers himself for re-appointment.

On the recommendation of the nomination and remuneration committee, the Board was re-constituted as under to comply with the provisions of Sections 149 and 152 of the Companies Act, 2013 :

i. Appointment of a Woman Director :

Mrs. Malati Kanoria, having rich experience and knowledge and presently serving as the Managing Director of Cheviot International Limited, was appointed as an Additional Director whose term of office expires at the ensuing annual general meeting. Her candidature has been proposed by a member for the position of Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.

ii. Appointment of Independent Directors :

Mr. Parag Keshar Bhattacharjee, Mr. Sushil Dhandhanian, Mr. Navin Nayar and Mr. Padam Kumar Khaitan, non-executive directors, whose period of office are liable to determination by retirement of directors by rotation under the Companies Act, 1956, meet all the criteria of independence laid down under Section 149(6) and the Code for Independent Directors in Schedule IV of the Companies Act, 2013.

Accordingly, the Board appointed all the aforesaid directors as Independent Directors of the Company to hold office for five consecutive years for a term up to 31st March, 2019, whose period of office shall not be liable to determination by retirement of directors by rotation. Their candidatures are proposed by a member of the Company for the position of Independent Director.

iii. Re-appointment of Mr. Nawal Kishore Kejriwal as Wholetime Director, liable to retirement by rotation :

Mr. Nawal Kishore Kejriwal has been re-appointed as Wholetime Director of the Company by the Board whose period of office shall be liable to determination by retirement of directors by rotation for a period of 2 years with effect from 1st June, 2014.

Brief particulars of the said directors have been given in the Notice convening the ensuing annual general meeting and your Board recommends appointment / re-appointment as set out in the Notice.

STATUTORY AUDITORS

M/s Jain & Co., Chartered Accountants (ICAI Registration No. 302023E), Statutory Auditors of the Company retires at the conclusion of the forthcoming annual general meeting. Considering the recommendation of the Audit Committee, the Board recommends the re-appointment of M/s Jain & Co., Chartered Accountants, as statutory auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the fourth consecutive annual general meeting to be held in 2017, subject to ratification by members at every annual general meeting of the Company.

A certificate from the statutory auditors has been received to the effect that they meet the criteria laid down under Section 141 of the Companies Act, 2013.

COST AUDITORS

In terms of Section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014, on the recommendation of Audit Committee, the Board of Directors had appointed M/s D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), being eligible and having sought re-appointment, as cost auditor of the Company, for a remuneration of ₹ 32,500/- plus applicable taxes and re-imbusement of out of pocket expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2014 and ending on 31st March 2015 as required in terms of directive issued by Cost Audit Branch, Ministry of Corporate Affairs, Government of India.

As required under Section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to cost auditor is being placed at the ensuing annual general meeting for ratification by the members.

DIRECTORS' REPORT *(Contd.)*

M/s D. Radhakrishnan & Co., Cost Accountants have furnished a declaration as required under Section 141(3)(g) read with Section 148(3) and 148(5) of the Companies Act, 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, 2013 with the Central Government was 27th September, 2013 and the said report was filed by the cost auditor on 26th September, 2013.

RECOGNITION & SCHOLARSHIP

Your Directors are pleased to inform that the Company's Falta unit situated at Falta, Special Economic Zone has been awarded for outstanding export for the year 2010-11 by Ministry of Commerce and Industry under the SEZ (other than MSME: Textile and Textile Product category) in a glittering ceremony at New Delhi on 30th September, 2013.

The National Jute Board under Ministry of Textiles, Government of India had approved and issued scholarship for the education of girl child of factory workers during the year, based on eligibility which has benefitted more than 70 eligible girl children of the factory workers.

ACKNOWLEDGEMENT

Your Company has been able to operate securely in challenging conditions with the continued support and faith reposed on the Company by the financial institutions, banks, government authorities, suppliers and all stakeholders. Your Directors express their sincere thankfulness to all associates and look forward to enduring relationship in future.

The Directors place on record their appreciation on the dedicated services rendered by employees at all levels.

For and on behalf of the Board
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Kolkata, 9th May, 2014

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

REPORT ON CORPORATE GOVERNANCE

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

1. Company's philosophy on Code of Governance

The Company's philosophy on corporate governance emphasizes on complete transparency and accountability in all transactions of the Company in order to attain steady growth for all its stakeholders with good and ethical Corporate Governance practices. Your Company believes that good governance is pivotal towards sustained growth and value enhancement for all its shareholders, customers, creditors and employees.

2. Board of Directors

a) Composition

The Board of Directors (the Board) consisted of 6 (six) directors during the year under review. Keeping in view the provisions of Companies Act, 2013, the Board at their meeting held on 9th May, 2014, re-constituted its composition as stated in the Directors' Report. Accordingly, the total strength of the Board increased to 7 (seven) directors of whom one is promoter director (Chairman and Managing Director), one is wholetime director, one is non-executive director and four are independent directors.

No director is, inter se, related to any other director on the Board, except Mrs. Malati Kanoria, who is related to Chairman and Managing Director of the Company.

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

Name of the Directors	Position	Attendance Particulars		No. of other directorships and other committee memberships/chairmanships held		
		Board Meetings	Last AGM held on 26.07.2013	Directorships #	Committee Memberships	Committee Chairmanships
Mr. Harsh Vardhan Kanoria	Chairman and Managing Director, Chief Executive Officer (Promoter Director)	4	Yes	4	Nil	Nil
Mr. Nawal Kishore Kejriwal	Wholetime Director	3	Yes	1	Nil	Nil
Mr. Navin Nayar	Independent Director	4	Yes	8	Nil	Nil
Mr. Parag Keshar Bhattacharjee	Independent Director	4	Yes	7	4	Nil
Mr. Sushil Dhandhanania	Independent Director	4	Yes	8	Nil	Nil
Mr. Padam Kumar Khaitan	Independent Director	3	No	17	5	2
Mrs. Malati Kanoria *	Non Executive Director	NA	NA	4	Nil	Nil

Includes alternate directorship and directorship in Private Limited Companies and Foreign Company.

* Appointed as an additional director at the meeting held on 9th May, 2014.

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

Four Board Meetings were held during the year ended 31st March, 2014 viz. on 14th May, 2013, 26th July, 2013, 13th November, 2013 and 31st January, 2014. The maximum gap between any two meetings was less than four months.

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

The brief details of directors seeking appointment / re-appointment are appended to the Notice convening the ensuing annual general meeting.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**3. Audit Committee****a) Terms of Reference**

The role and terms of reference of the audit committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and as specified under clause 49 of the listing agreement. The role of the audit committee includes the following:

- Overall assessment of the Company's financial reporting process and examination of the financial statement and the auditors' report thereon;
- Recommending the terms of appointment of the statutory and cost auditors of the Company along with proposed remuneration;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain auditor's independence and performance and effectiveness of audit process;
- Scrutiny of inter-corporate loans and investments;
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit;
- Examining the 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 transactions of the company with related parties;
- Reviewing the accounting policies and adoption of applicable accounting standards;
- Reviewing compliances as regards the Company's Whistle Blower Policy.

b) Composition

The present composition of the Audit Committee is as follows:

Name of the Directors	Designation	Category
Mr. Navin Nayar	Chairman	Independent Director
Mr. Parag Keshar Bhattacharjee	Member	Independent Director
Mr. Sushil Dhandhanania	Member	Independent Director

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

c) Meetings and attendance

Four meetings of the Audit Committee were held on 14th May, 2013, 25th July, 2013, 11th November, 2013 and 30th January, 2014.

Name of the Directors	Number of Meetings attended
Mr. Navin Nayar	4
Mr. Parag Keshar Bhattacharjee	4
Mr. Sushil Dhandhanania	4

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 26th July, 2013. Minutes of each audit committee are placed before the Board for noting.

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

The audit committee was re-constituted with the above-mentioned composition by the Board at their meeting held on 9th May, 2014 with revised terms of reference as required under Section 177 of the Companies Act, 2013.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

4. Nomination and Remuneration Committee**a) Terms of Reference**

The Board constituted the nomination and remuneration committee on 9th May, 2014. The role and terms of reference of the nomination and remuneration committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and as specified under clause 49 of the listing agreement. The role of the nomination and remuneration committee includes the following:

- Identify persons who are qualified to become directors;
- Identify persons who may be appointed as key managerial personnel and in senior management positions;
- Recommend to the Board for re-appointment of directors based on performance evaluation of the retiring director;
- Annual evaluation of every director's performance;
- Formulating a remuneration policy of the Company;
- To propose remuneration packages for the Directors and Key Managerial Personnel including senior management at one level below the Board;
- Recommending re-constitution of the Board or senior management as may be required from time to time under the prevailing laws and for operational effectiveness of the Company.

b) Composition

The present composition of Nomination and Remuneration Committee is as follows:

Name of the Directors	Designation	Category
Mr. Sushil Dhandhanania	Chairman	Independent Director
Mr. Navin Nayar	Member	Independent Director
Mr. Parag Keshar Bhattacharjee	Member	Independent Director

c) Attendance

The Nomination and Remuneration Committee was constituted on 9th May, 2014 and held its first meeting on even date which was attended by all the members to formulate the Remuneration Policy and also to review candidates for appointments/re-appointment in the Board and for the positions of key managerial personnel. Based on the Committee's recommendation to Board, changes as suggested were made in the composition of the Board and positions of key managerial personnel.

d) Remuneration Policy

The Board of Directors fixes the remuneration of the executive directors. The terms of remuneration of executive directors are approved by the members. The remuneration policy has been formulated on the basis of performance benchmark set for senior level management and the executive directors and comprises a balance between fixed and incentive pay. Independent directors are entitled to commission on net profits as decided by the Board on the recommendation of the Nomination and Remuneration Committee.

e) Details of remuneration of Directors

Details of remuneration of executive directors for the year ended 31st March, 2014:

Name of the Directors	Salary	Commission	Contribution to Provident Fund	Estimated value of other Perquisites	Tenure of appointment
Mr. Harsh Vardhan Kanoria	18.00	159.00	1.80	13.60	5 years from 1st August, 2010
Mr. Nawal Kishore Kejriwal	15.00	40.00	1.50	8.34	2 years from 1st June, 2012

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

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.

Effective from 9th May, 2014, all appointments and terms of remuneration are being considered by the Board based on the recommendation of the Nomination and Remuneration Committee.

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 2014:

Non-Executive Directors	Sitting fees	Commission
Mr. Sushil Dhandhanian	0.20	4.00
Mr. Parag Keshar Bhattacharjee	0.20	4.00
Mr. Navin Nayar	0.20	4.00
Mr. Padam Kumar Khaitan*	0.15	4.00

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

The remuneration to non-executive directors was 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. Effective from 9th May, 2014, all appointments and terms of remuneration are being considered by the Board based on the recommendation of the Nomination and Remuneration Committee.

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

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

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

5. Shareholders'/Investors' Grievance Committee reconstituted as Stakeholders Relationship Committee

The Shareholders'/Investors' Grievance Committee was reconstituted as Stakeholders Relationship Committee at the Board Meeting held on 9th May, 2014 with the following composition:

a) Composition

The composition of Stakeholders Relationship Committee is as follows:

Name of the Directors	Designation	Category
Mr. Sushil Dhandhanian	Chairman	Independent Director
Mr. Parag Keshar Bhattacharjee	Member	Independent Director
Mr. Nawal Kishore Kejriwal	Member	Wholetime Director

b) Meetings and attendance

Four meetings of the said Committee were held on 14th May, 2013, 25th July, 2013, 11th November, 2013 and 30th January, 2014.

Name of the Directors	Number of Meetings attended
Mr. Sushil Dhandhanian	4
Mr. Parag Keshar Bhattacharjee	4
Mr. Nawal Kishore Kejriwal	3

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

c) Scope of Stakeholders Relationship Committee

The Committee deals with various matters relating to redressal of shareholders' and investors' queries and 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.

87 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. Deo Kishan Mohta, President (Corporate Affairs) and Secretary acted as the Secretary to all the Committees and was the Compliance Officer of the Company upto 8th May, 2014. Mr. Aditya Banerjee, Company Secretary was appointed to act as the Secretary to all the committees and compliance officer of the Company with effect from 9th May, 2014.

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
2010-2011	Gyan Manch, 11, Pretoria Street, Kolkata - 700 071	28th July, 2011	11.30 a.m.	One
2011-2012	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani (4th Floor), Kolkata - 700 017	27th July, 2012	11.00 a.m.	Nil
2012-2013	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani (4th Floor), Kolkata - 700 017	26th July, 2013	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 45 to the financial statements for the year ended 31st March, 2014. The Audit Committee reviews the related party transactions.
- 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.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**8. Means of Communication**

- The financial results of the Company are sent to BSE Limited and published in newspapers as required under clause 41 of the listing agreement. Half-yearly report is not sent to each household of shareholders.
- Quarterly financial results are normally published in Business Standard in its all India editions (in English) and Aajkal (in Bengali).
- Unaudited quarterly and audited annual financial results, shareholding pattern etc. are displayed on the website of the Company "www.groupcheviot.net" at the end of each quarter/year.
- The Company has not made any presentation to institutional investors or to the analysts during the year under review.
- The management discussion & analysis report forms part of the Directors' Report.

9. General shareholder information :

a)	AGM : Date, Time and Venue	8th August, 2014 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 2014 to March 2015 II. First quarter results : 8th August, 2014 III. Half yearly results : On or before 14th November, 2014 IV. Third quarter results : On or before 14th February, 2015 V. Audited annual financial statements : On or before 30th May, 2015
c)	Date of book closure	2nd August, 2014 to 8th August, 2014 (both days inclusive)
d)	Dividend payment date	13th August, 2014
e)	Listing on Stock Exchange (Equity Shares)	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001 Listing Fees for the year 2014-2015 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, 2013 to March, 2014)	Information has been given at the end of clause 9.
i)	Registrar and Share Transfer Agent	Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, (2nd Floor), Kolkata - 700 001 Phone : 033- 2243 5029/5809 Fax : 033-2248 4787 E-Mail : mdpl@cal.vsnl.net.in
j)	Share Transfer System	Information has been given at the end of clause 9.
k)	Distribution of Shareholding as on 31st March, 2014	Information has been given at the end of clause 9.
l)	Dematerialisation of shares and liquidity	As on 31st March, 2014, 96.0010% of the Company's paid-up share capital representing 4330844 shares is held in dematerialised form.
m)	Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	Not issued

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

n)	Plant Locations	The Company's plants are located at following places: i) 19, Mehta Road, Badekalinagar, Budge Budge, 24, Parganas (South) - 700 137, (West Bengal); ii) Sector II, Falta Special Economic Zone, Falta, 24, Parganas (South) - 743 504, (West Bengal).
o)	Address for Correspondence	Cheviot Company Limited CIN : L65993WB1897PLC001409 24, Park Street, Magma House, (9th Floor), Kolkata - 700 016 Phone : 033 - 3291 9624/25/28 Fax : 033 - 2249 7269 Email : cheviot@chevjute.com E-voting services e-mail ID: evoting@chevjute.com Investor service e-mail ID: investorservices@chevjute.com Website : www.groupcheviot.net

Information in respect of clause 9 (g)

Market Price data: High, Low during 2013-2014 is given in the table below :

Month	BSE Limited	
	High (₹)	Low (₹)
April, 2013	293.95	266.15
May, 2013	310.00	272.00
June, 2013	310.00	293.00
July, 2013	310.00	275.00
August, 2013	280.00	252.50
September, 2013	280.00	255.10
October, 2013	295.00	263.35
November, 2013	297.50	265.50
December, 2013	296.00	270.60
January, 2014	303.00	274.00
February, 2014	318.00	275.00
March, 2014	312.80	280.20

Information in respect of clause 9 (h)

Stock performance of the Company in comparison to BSE Sensex (April, 2013 to March, 2014) :

Month	Company' share price at BSE Limited in (₹)		BSE Sensex	
	High	Low	High	Low
April, 2013	293.95	266.15	19622.68	18144.22
May, 2013	310.00	272.00	20443.62	19451.26
June, 2013	310.00	293.00	19860.19	18467.16
July, 2013	310.00	275.00	20351.06	19126.82
August, 2013	280.00	252.50	19569.20	17448.71
September, 2013	280.00	255.10	20739.69	18166.17
October, 2013	295.00	263.35	21205.44	19264.72
November, 2013	297.50	265.50	21321.53	20137.67
December, 2013	296.00	270.60	21483.74	20568.70
January, 2014	303.00	274.00	21409.66	20343.78
February, 2014	318.00	275.00	21140.51	19963.12
March, 2014	312.80	280.20	22467.21	20920.98

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**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, President (Corporate Affairs) and Company 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, 2014 :

Number of Ordinary shares held	Number of Shares	Percentage of Shareholding	Number of Shareholders/folios	Percentage of Shareholders
Up to 500	520408	11.5358	5559	94.6213
501 to 1000	120687	2.6752	167	2.8425
1001 to 2000	116456	2.5815	85	1.4468
2001 to 3000	70432	1.5612	28	0.4766
3001 to 4000	31311	0.6941	9	0.1532
4001 to 5000	18219	0.4039	4	0.0681
5001 to 10000	79770	1.7682	12	0.2043
10001 and above	3553967	78.7801	11	0.1872
Total	4511250	100.0000	5875	100.0000
Physical Mode	180406	3.9990	1539	26.1957
Demat Mode	4330844	96.0010	4336	73.8043

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

b) Shareholding Pattern as on 31st March, 2014 :

Category code	Category of Shareholders	Total Number of Shares	% of Shares
(A)	Shareholding of Promoter and Promoter Group (As per MRTTP Act, 1969)		
1	Indian		
(a)	Individuals/Hindu Undivided family :		
	Mr. Harsh Vardhan Kanoria	3,43,840	7.6218
	Mrs. Malati Kanoria	2,85,150	6.3209
	Mr. Utkarsh Kanoria	1,70,191	3.7726
	Mrs. Madhavi Agrawal	0	0.0000
	Mrs. Ishita Mohatta	0	0.0000
(b)	Central Government/State Government(s)	0	0.0000
(c)	Bodies Corporate :		
	Harsh Investments Private Limited (Holding Company)	25,74,081	57.0592
	Abhyadoot Finance and Investments Private Limited	9,000	0.1995
	Cheviot International Limited	150	0.0033
	Cheviot Agro Industries Private Limited	900	0.0199
	Elite (India) Private Limited	0	0.0000
	Bright and Shine Micro Products Private Limited	0	0.0000
(d)	Associates :		
	Jan Priya Trust	0	0.0000
	Shashvat Foundation	0	0.0000
(e)	Financial Institutions/Banks	0	0.0000
(f)	Any Others (specify)	0	0.0000
	Sub-Total (A) (1)	33,83,312	74.9972
2	Foreign		
(a)	Individuals (Non – Resident Individuals/Foreign Individuals)	0	0.0000
(b)	Bodies Corporate	0	0.0000
(c)	Institutions	0	0.0000
(d)	Any other (specify)	0	0.0000
	Sub-Total (A) (2)	0	0.0000
	Total Shareholding of Promoter and Promoter Group (A)= (A) (1) + (A) (2)	33,83,312	74.9972

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Category code	Category of Shareholders	Total Number of Shares	% of Shares
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds/UTI	200	0.0044
(b)	Financial Institutions/Banks	7,500	0.1663
(c)	Central Government/State Government(s)	0	0.0000
(d)	Venture Capital Funds	0	0.0000
(e)	Insurance Companies	0	0.0000
(f)	Foreign Institutional Investors	13,168	0.2919
(g)	Foreign Venture Capital Investors	0	0.0000
(h)	Any Other (specify)	0	0.0000
	Sub-Total (B) (1)	20,868	0.4626
2	Non-Institutions		
(a)	Bodies Corporate	1,51,833	3.3657
(b)	Individuals		
	i. Individual Shareholders holding nominal share capital upto ₹ 1 Lakh	8,27,737	18.3483
	ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	77,165	1.7105
(c)	Any Other (specify)		
(c-i)	Non-Resident Individual	42,230	0.9361
(c-ii)	Foreign National	7,256	0.1608
(c-iii)	Clearing Member	839	0.0186
(c-iv)	Trusts	10	0.0002
	Sub-Total (B) (2)	11,07,070	24.5402
	Total Public Share holding B= (B) (1) + (B) (2)	11,27,938	25.0028
	TOTAL (A)+(B)	45,11,250	100.0000
(C)	Shares held by Custodians and against which Depository Receipt have been issued	0	0.0000
	GRAND TOTAL (A)+(B)+(C)	45,11,250	100.0000

10. Declaration on compliance with code of conduct

The Board has formulated a code of conduct applicable to all its members and key managerial personnel (including 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 key managerial personnel (including senior management personnel) is appended to this report.

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

11. CEO and CFO Certification

As required under the provisions of Companies Act, 2013, Mr. Madhup Kumar Patni, was appointed as CFO at the Board Meeting held on 9th May, 2014 in place of Mr. Deo Kishan Mohta, President (Corporate Affairs) consequent to resignation of Mr. Mohta from the post of CFO.

Mr. Harsh Vardhan Kanoria, Chairman and Managing Director, Chief Executive Officer and Mr. Madhup Kumar Patni, Chief Financial Officer of the Company have provided 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 31st March, 2014 from the auditors. The Company has not adopted certain non-mandatory suggestions for sending six-monthly information to each household of shareholders, training of board members, mechanism for evaluating the performance of non-executive Board Members and Whistle Blower Policy.

However, in the light of revised Clause 49 of the listing agreement, the Company shall review the requirements and will strive to comply with mandatory requirements.

For and on behalf of the Board
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Kolkata, 9th May, 2014

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 key managerial personnel (including senior management personnel) of the Company have affirmed compliance with the Company's code of conduct for the financial year ended 31st March, 2014.

Harsh Vardhan Kanoria
*Chairman and Managing Director,
Chief Executive Officer*
(DIN No. 00060259)

Kolkata, 9th May, 2014

**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, 2014, 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.

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

P-21/22, Radhabazar Street,
Kolkata - 700 001
Dated the 9th day of May, 2014

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 additional small capacitor banks in spinning and winding motors to achieve stable power factor;
- ii. Modification of conventional spinning frame and installation of energy efficient IE2 motor in spinning frames;
- iii. Installation of T-5-TLD lamp in new shed in the factory;
- iv. All machines including boiler, compressor are kept under constant monitoring to minimise power losses;
- v. Installation of energy efficient air-conditioning machines;
- vi. Modification of drive system to consume less power in all installed spinning frames;
- vii. Replacement of old motors consuming more power by new energy efficient motors;
- viii. Use of jute caddy as a fuel to boiler to generate steam required for the production process;
- ix. Maximum use of natural lighting during day time by gradually inducting Safelux system to get the area illuminated;
- x. Installed lighting energy saver to centralised lighting panel;
- xi. Installed proximity switch requisite circuit to stop idle running of motor.

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

Process of installation of stabilizer and other 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 :

Energy conservation measures taken by the Company have reduced consumption of energy with consequential savings in cost of production which was however diluted by the impact of increasing rates of electricity and fuels.

(d) **FORM A**

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a) Power & Fuel Consumption		
1. Electricity		
a) Purchased from Public Utility:		
(i) From CESC Limited		
Units (000 Kwh)	1,98,13	2,07,91
Amount (₹ in Lakhs)	13,65.14	13,83.26
Rate/Unit (₹)	6.89	6.65
(ii) From WBSEB		
Units (000 Kwh)	13,89	12,40
Amount (₹ in Lakhs)	92.01	85.60
Rate/unit (₹)	6.62	6.90
b) Generation through Captive Power Plant (CPP) generator		
Units (000 Kwh)	1,54	2,47
Units per litre of furnace oil	4.24	4.25
Cost/unit (₹)	13.31	11.53
c) Own generation through diesel generator		
Units (000 Kwh)	57	60
Units per litre of diesel oil	3.08	3.10
Cost/unit (₹)	27.66	17.80

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**Information pursuant to Section 217(1)(e) of the Companies Act, 1956** (Contd.)

	Year ended 31st March, 2014	Year ended 31st March, 2013
2. Coal		
(B & C grades used for generation of steam in boiler)		
Quantity (M. Tonnes)	2.66	0.00
Total Cost (₹ in Lakhs)	0.24	0.00
Average Rate per M. Tonne (₹)	9190	0
3. Furnace Oil		
Used in CPP & oil fired boiler		
Quantity (K. Ltr.)	409	365
Total Amount (₹ in Lakhs)	171.87	147.49
Average Rate per Ltr. (₹)	42.05	40.38
(b) Consumption per unit of production		
Product : Jute Goods		
Electricity per M. Tonne of production (Units)	493	479
Furnace oil per M. Tonne of production (Ltr.)	9	8
Coal (B&C Grades) per M. Tonne of production (Kg.)	0.06	0.00

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 result of Research and Development and future plan of action:

There is no specific area where Research and Development has been carried out by the Company.

(b) Technology absorption, adaptation and innovation

- (i) Efforts in brief, made towards technology absorption, adaptation and innovation : Acquired sophisticated textile machines during the year with well-equipped technical facilities.
- (ii) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, substitutions etc. : In addition to improving quality of finished products, the new machines would increase operational efficiency.
- (iii) Details of imported technology : No technology has been imported.

C. Foreign exchange earnings and outgo

- (a) Activities relating to exports initiatives taken to increase exports, development of new export markets for products and services and export plans : There has been no major change in export of jute yarn which continues to face tough competition from Bangladesh. Potential markets for export of jute fabrics and shopping bags are being explored.
- (b) Total foreign exchange used and earned : Amounts (₹ in Lakhs)
- (i) Used 2,944.64
- (ii) Earned
- Sale of jute goods 11,907.34
- Sale of machinery 101.54

For and on behalf of the Board
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Kolkata, 9th May, 2014

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, 2014:

Name/Age	Remuneration	Designation / Nature of duties	Qualification and Experience (Years)	Date of commencement of employment	Last Employment
Mr. Harsh Vardhan Kanoria (58 Years)	192.40	Chairman and Managing Director, Chief Executive Officer. Management, subject to control, direction and superintendence of Board of Directors	B.Com (40 years)	01.04.1981	Bengal Tea and Industries Ltd., Wholetime Director (3 years).
Mr. Nawal Kishore Kejriwal (71 Years)	64.84	Wholetime Director. Incharge of Company's manufacturing activities	B.Com L.L.B. (47 years)	15.03.1980	Shalimar Wires & Industries Ltd. Sales Manager (4 years).

Notes:

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

For and on behalf of the Board
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Kolkata, 9th May, 2014

INDEPENDENT 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, 2014, 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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, 2014;
- 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;

INDEPENDENT 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 notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e) on the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, 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 9th day of May, 2014

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

ANNEXURE TO THE INDEPENDENT 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, 2014, for a period of more than six months from the date they became payable.

ANNEXURE TO THE INDEPENDENT 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	0.22	1993-94	Revision Level
		0.10	2006-07	Appeal Level
		0.39	2008-09	Revision Level
Income Tax Act	Income Tax	18.97	2010-11	Appeal Level
		115.68	2002-03	Tribunal Level
		24.88	2008-09	Assessing Officer
		16.41	2009-10	Appeal Level
		36.24	2010-11	Appeal Level
		TOTAL : 212.89		

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, 2014.
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 9th day of May, 2014

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

BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in Lakhs)

Particulars	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	451.48	451.48
Reserves and surplus	3	32,817.67	30,962.77
		33,269.15	31,414.25
Non-current liabilities			
Long-term borrowings	4	15.00	35.00
Deferred tax liabilities (net)	5	121.71	34.34
Other long-term liabilities	6	40.87	80.91
		177.58	150.25
Current liabilities			
Short-term borrowings	7	1,288.85	1,060.26
Trade payables	8	923.67	1,039.95
Other current liabilities	9	232.28	235.66
Short-term provisions	10	1,466.92	1,694.97
		3,911.72	4,030.84
TOTAL		37,358.45	35,595.34
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	11,564.69	11,495.00
Intangible assets	11	109.90	22.56
Capital work-in-progress		31.22	18.88
		11,705.81	11,536.44
Non-current investments	12	13,336.60	11,839.68
Long-term loans and advances	13	120.34	112.02
Other non-current assets	14	570.24	701.12
		25,732.99	24,189.26
Current assets			
Current investments	15	2,600.00	3,224.51
Inventories	16	4,879.69	4,350.93
Trade receivables	17	2,704.94	2,274.82
Cash and bank balances	18	815.55	863.96
Short-term loans and advances	19	303.67	282.35
Other current assets	20	321.61	409.51
		11,625.46	11,406.08
TOTAL		37,358.45	35,595.34

The accompanying notes 1 to 49 are an integral part of these financial statements

As per our report attached
For Jain & Co.

Chartered Accountants
Registration No. : 302023E
CA P. K. Jain
Partner

Membership No. 52018
Dated : 9th day of May, 2014

CA Madhup Kumar Patni
Chief Financial Officer

CS Aditya Banerjee
Company Secretary

For and on behalf of the Board
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Nawal Kishore Kejriwal
Wholetime Director
DIN : 00060314

Navin Nayar
Director
DIN : 00136057

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

Particulars	Note	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Revenue from operations	21	27,950.28	29,021.11
Other income	22	796.85	784.96
Total revenue		28,747.13	29,806.07
Expenses :			
Cost of materials consumed	23	13,760.94	13,386.93
Changes in inventories of finished goods and work-in-progress	24	(639.45)	233.75
Employee benefits expenses	25	5,421.41	5,546.00
Finance costs	26	74.18	107.75
Depreciation and amortisation expense	27	573.04	469.59
Other expenses	28	5,832.77	5,966.54
Total expenses		25,022.89	25,710.56
Profit before exceptional item and tax		3,724.24	4,095.51
Exceptional item - Indirect taxes for earlier years (Previous year figures are net of provision ₹ 105.16)		94.87	73.01
Profit before tax		3,819.11	4,168.52
Tax expenses			
Current tax		1,042.00	1,001.00
Tax for earlier years (net)		9.36	(7.30)
Deferred tax		87.37	103.40
Profit for the year		2,680.38	3,071.42
Earnings per ordinary share (face value of ₹ 10 each) Basic & diluted (in ₹)	29	59.42	68.08

The accompanying notes 1 to 49 are an integral part of these financial statements

As per our report attached
For Jain & Co.
Chartered Accountants
Registration No. : 302023E
CA P. K. Jain
Partner
Membership No. 52018
Dated : 9th day of May, 2014

CA Madhup Kumar Patni
Chief Financial Officer
CS Aditya Banerjee
Company Secretary

For and on behalf of the Board
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Nawal Kishore Kejriwal
Wholetime Director
DIN : 00060314

Navin Nayar
Director
DIN : 00136057

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	3,819.11	4,168.52
<u>Adjustments for :</u>		
Depreciation and amortisation expense	573.04	469.59
Unrealised foreign exchange differences loss	84.36	17.32
Profit on sale of fixed/discarded assets (net)	(94.94)	(51.41)
Net gain on sale of investment	(220.26)	(288.90)
Interest income	(398.91)	(380.55)
Dividend income	(3.90)	(23.31)
Finance costs	74.18	107.75
Miscellaneous receipts	(4.06)	(3.90)
	9.51	(153.41)
Operating profit before working capital changes	3,828.62	4,015.11
<u>Adjustments for :</u>		
Trade receivables	(514.60)	197.25
Loans and advances and other assets	66.37	(195.97)
Inventories	(528.76)	76.16
Trade payables, other liabilities and provisions	(377.09)	82.00
	(1,354.08)	159.44
Cash generated from operations	2,474.54	4,174.55
Direct taxes paid (net of refund)	(1,046.00)	(960.59)
Net cash from operating activities	1,428.54	3,213.96
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including changes in capital work-in-progress/advances)	(825.84)	(766.42)
Capital subsidy received	53.55	70.31
Sale of fixed assets	107.18	80.62
Purchase of investments	(8,952.77)	(10,903.25)
Sale of investments	8,300.62	9,567.84
Decrease / (increase) in fixed deposits with a maturity more than 90 days	24.37	(27.11)
Miscellaneous receipts	3.80	3.63
Interest received	382.11	248.91
Dividend received	3.90	23.31
Net cash used in investing activities	(903.08)	(1,702.16)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(20.00)	(20.00)
Increase / (decrease) in short term borrowings	228.59	(349.77)
Dividend paid	(676.69)	(586.46)
Dividend distribution tax paid	(115.00)	(95.14)
Finance costs	(74.45)	(106.79)
Net cash used in financing activities	(657.55)	(1,158.16)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(132.09)	353.64
Cash and cash equivalents (opening balance)	683.12	329.58
Effect of exchange rate changes on cash and cash equivalents	(0.92)	(0.10)
Cash and cash equivalents (closing balance)	550.11	683.12

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Notes to the Cash Flow Statement		
1. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash on hand	8.08	8.09
Balances with banks		
- in current accounts	542.03	675.03
Cash and cash equivalents (closing balance)	550.11	683.12
Add: Restricted cash		
Fixed deposit accounts (under lien)	202.64	125.26
Fractional bonus share account	0.44	0.44
Unpaid dividend accounts	62.36	55.14
Cash and bank balances (closing balance)	815.55	863.96
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 49 are an integral part of these financial statements

As per our report attached
For Jain & Co.
Chartered Accountants
Registration No. : 302023E
CA P. K. Jain
Partner
Membership No. 52018
Dated : 9th day of May, 2014

CA Madhup Kumar Patni
Chief Financial Officer
CS Aditya Banerjee
Company Secretary

For and on behalf of the Board
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Nawal Kishore Kejriwal
Wholetime Director
DIN : 00060314

Navin Nayar
Director
DIN : 00136057

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

(₹ in Lakhs)

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, 2014

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. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss in the period in which they are incurred.

j. 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.

k. REVENUE RECOGNITION

- i. Sales include exchange gain or loss arising thereon, and are net of cess, sales tax and VAT wherever separately charged in invoices 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. Interest income is accounted for on time proportion basis taking into account the amount outstanding and rate applicable.
- iii. Dividend income is accounted for in the year in which the right to receive the same is established.
- iv. Revenue generated out of and related to Company's normal operations is considered as other operating revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

I. GOVERNMENT GRANTS

Grants from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Capital subsidies/incentives 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.

m. 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.

n. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

(₹ in Lakhs)

	As at 31st March, 2014		As at 31st March, 2013	
2. SHARE CAPITAL				
Authorised				
70,00,000 (Previous year 70,00,000) Ordinary shares of ₹ 10/- each	700.00		700.00	
Issued and Subscribed				
45,11,250 (Previous year 45,11,250) Ordinary shares of ₹ 10/- each fully paid-up	451.13		451.13	
7,000 (Previous year 7,000) Ordinary Shares of ₹ 10/- each not fully paid-up and forfeited (amount originally paid-up)	0.35		0.35	
	451.48		451.48	
	No. of Shares		No. of Shares	
Reconciliation of Number of Shares				
Shares outstanding at the beginning of the year	45,11,250		45,11,250	
Shares outstanding at the end of the year	45,11,250		45,11,250	
25,74,081 shares (Previous year 25,74,081 shares) are held by the Holding Company, Harsh Investments Private Limited.				
Terms / Rights attached to Ordinary Shares				
The Company has only one class of Ordinary shares having a par value of ₹ 10/- per share. Each holder of Ordinary shares is entitled to one vote per share and is entitled to dividend and to participate in surplus, if any, in the event of winding up.				
	As at 31st March, 2014		As at 31st March, 2013	
	Numbers	%	Numbers	%
List of shareholders holding more than 5% Shares of total number of Shares issued by the Company :				
Harsh Investments Private Limited (Holding Company)	25,74,081	57.06	25,74,081	57.06
Mr. Harsh Vardhan Kanoria	3,43,840	7.62	3,43,840	7.62
Mrs. Malati Kanoria	2,85,150	6.32	2,85,150	6.32

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
3. RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	0.24	0.24
Capital Redemption Reserve		
As per last Balance Sheet	9.92	9.92
Securities Premium Account		
As per last Balance Sheet	1,242.50	1,242.50
Revaluation Reserve		
As per last Balance Sheet	6,786.78	6,817.90
Deduction during the year	(33.79)	(31.12)
	6,752.99	6,786.78
Special Economic Zone Re-investment Reserve Account (for claiming deduction u/s 10AA of the Income Tax Act, 1961)		
As per last Balance Sheet	400.00	-
Add : Transfer from surplus out of profit for the year	200.00	400.00
	600.00	400.00
Less : Utilised during the year transfer to general reserve	55.06	-
	544.94	400.00
General Reserve		
As per last Balance Sheet	22,062.00	20,212.00
Add : Transfer from surplus	1,650.00	1,850.00
Add : Transfer from special economic zone re-investment reserve account	55.06	-
	23,767.06	22,062.00
Surplus		
As per last Balance Sheet	461.33	431.60
Add : Profit for the year	2,680.38	3,071.42
	3,141.71	3,503.02
Less : Appropriations		
Proposed dividend	676.69	676.69
Tax on proposed dividend	115.00	115.00
Transfer to general reserve	1,650.00	1,850.00
Transfer to special economic zone re-investment reserve account	200.00	400.00
	500.02	461.33
	32,817.67	30,962.77
4. LONG - TERM BORROWINGS		
Term Loan (Secured)		
From Export Import Bank of India	15.00	35.00
	15.00	35.00

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 7 equal quarterly instalments of ₹ 5.00 each from the reporting date, by December, 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
5. DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities :		
Related to fixed assets	269.19	199.71
Deferred tax assets :		
Disallowances under the Income Tax Act, 1961	147.48	165.37
Net deferred tax liabilities	121.71	34.34

6. OTHER LONG - TERM LIABILITIES		
Trade payables	33.07	65.79
Security deposits	7.80	15.12
	40.87	80.91

7. SHORT - TERM BORROWINGS		
Working capital loans (secured)		
From State Bank of India :		
Cash credit account	1,288.85	60.26
Working capital demand loan	–	1,000.00
	1,288.85	1,060.26

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.

8. TRADE PAYABLES		
Trade payables	923.67	1,039.95
	923.67	1,039.95

9. OTHER CURRENT LIABILITIES		
Current maturities of long term debt (Refer Note 4)	20.00	20.00
Interest accrued but not due on borrowings	0.14	0.22
Unpaid dividends*	62.36	55.14
Fractional bonus share proceeds unclaimed	0.44	0.44
Advance from customers	0.60	0.95
Creditors for capital expenditure	5.85	2.44
Statutory dues	130.77	143.43
Security deposits	12.12	13.04
	232.28	235.66

* 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, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
10. SHORT - TERM PROVISIONS		
Employee benefits (Refer Note 43)		
Unencashed leave	251.68	220.31
Gratuity	199.79	356.99
Others		
Income and wealth tax (net of advance tax)	37.64	54.56
Proposed dividend	676.69	676.69
Tax on proposed dividend	115.00	115.00
Contingencies (Refer Note 46)	186.12	271.42
	1,466.92	1,694.97

11. FIXED ASSETS										
PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Estimated Cost / Revaluation and / or Book Value as at 31st March, 2013	Additions during the Year	Deductions/ Adjustments during the year	Estimated Cost / Revaluation and / or Book Value as at 31st March, 2014	Upto 31st March, 2013	For the Year	Deductions	Upto 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
Tangible Assets										
Freehold land	6,257.10	—	—	6,257.10	—	—	—	—	6,257.10	6,257.10
Leasehold land	23.16	—	—	23.16	3.38	0.24	—	3.62	19.54	19.78
Buildings	7,522.75	66.91	—	7,589.66	4,106.00	140.05	—	4,246.05	3,343.61	3,416.75
Plant and equipment	10,802.27	571.89	240.54	11,133.62	9,432.60	376.73	191.33	9,618.00	1,515.62	1,369.67
Electrical installations	864.08	24.40	—	888.48	673.62	28.00	—	701.62	186.86	190.46
Furniture and fixtures	420.59	0.47	0.46	420.60	271.33	25.58	0.40	296.51	124.09	149.26
Vehicles	120.07	53.74	20.20	153.61	60.47	16.81	13.72	63.56	90.05	59.60
Office equipments	244.22	7.50	5.85	245.87	211.84	11.85	5.64	218.05	27.82	32.38
	26,254.24	724.91	267.05	26,712.10	14,759.24	599.26	211.09	15,147.41	11,564.69	11,495.00
Intangible Assets										
Specialised software - others (Other than internally generated)	62.27	91.07	—	153.34	39.71	3.73	—	43.44	109.90	22.56
Total	26,316.51	815.98	267.05	26,865.44	14,798.95	602.99	211.09	15,190.85	11,674.59	11,517.56
Previous Year	25,839.68	744.96	268.13	26,316.51	14,436.74	500.51	138.30	14,798.95	11,517.56	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
12. NON - CURRENT INVESTMENTS		
Long Term Investments - At cost		
A. Non Trade Investments (Quoted)		
(a) Investment in Equity Instruments (Equity Shares of Face Value of ₹ 10 each, fully paid-up, unless otherwise stated)		
Cheviot International Limited		
– Equity Share (Previous year 20 Equity Shares)	– #	–
Reliance Communications Limited		
54,000 Equity Shares (Previous year 68,000 Equity Shares) of Face Value of ₹ 5 each	174.37	219.58
Reliance Infrastructure Limited		
18,000 Equity Shares (Previous year 24,000 Equity Shares)	279.29	372.38
(b) Investment in Debentures or Bonds (Debentures or Bonds of Face Value of ₹ 1,000 each, fully paid-up, unless otherwise stated)		
Housing and Urban Development Corporation Limited		
200 Bonds (Previous year 200 Bonds) 7.83% Secured, Redeemable, Non Convertible, Non Cumulative, Tax Free 2011, Series B (Option II) of Face Value of ₹ 1,00,000 each	200.00	200.00
20,000 Bonds (Previous year Nil Bond) 8.51% Secured, Redeemable, Non Convertible, Tax Free, Tranche-I, Series 2A	200.00	–
India Infrastructure Finance Company Limited		
50,000 Bonds (Previous year Nil Bond) 8.66% Secured, Redeemable, Non Convertible, Tax Free, Tranche II, Series 3A	500.00	–
30,000 Bonds (Previous year Nil Bond) 8.55% Secured, Redeemable, Non Convertible, Tax Free, Tranche III, Series 3A	300.00	–
Indian Railway Finance Corporation Limited		
100 Bonds (Previous year 100 Bonds) 6.30% Secured, Non-Convertible, Tax Free, Series 68 A of Face Value of ₹ 1,00,000 each	100.00	100.00
300 Bonds (Previous year 300 Bonds) 6.70% Secured, Non-Convertible, Tax Free, Series 68 B of Face Value of ₹ 1,00,000 each	302.80	302.80
200 Bonds (Previous year 200 Bonds) 6.32% Secured, Non-Convertible, Non-Cumulative, Tax Free Railway Bond, Series 73 A of Face Value of ₹ 1,00,000 each	200.00	200.00
200 Bonds (Previous year 200 Bonds) 6.72% Secured, Non-Convertible, Non-Cumulative, Tax Free Railway Bond, Series 73 B of Face Value of ₹ 1,00,000 each	200.00	200.00
Indian Renewable Energy Development Agency Limited		
40,000 Bonds (Previous year Nil Bond) 8.55% Secured, Redeemable, Non-Convertible, Tax Free, Tranche I, Series IIIA	400.00	–
L&T Finance Limited		
56,212 Debentures (Previous year 56,212 Debentures) 9.95% Secured, Redeemable, Non-Convertible, Cumulative Debentures, (Option III), Compounded annually	562.12	562.12
National Bank for Agriculture and Rural Development		
11,000 Bonds (Previous year 11,000 Bonds) Zero Coupon, Unsecured, Non-Convertible Bond, 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 Bond, 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% Secured, Redeemable, Non-Convertible, Tax Free Bonds, Option Tranche 1, Series 2 (II)	49.45	49.45
40,000 Bonds (Previous year Nil Bond) 8.50% Secured, Redeemable, Non-Convertible, Tax Free Bonds, Option Tranche I, Series IIA	400.00	–
Carried Over ...	5,270.83	3,609.13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
Brought Forward ...	5,270.83	3,609.13
National Housing Bank		
6,166 Bonds (Previous year Nil Bond) 8.76% Secured, Redeemable, Non Convertible Debentures, Tax Free, Tranche I, Series 3A of Face Value of ₹ 5,000 each	315.00	–
6,384 Bonds (Previous year Nil Bond) 8.65% Secured, Redeemable, Non Convertible Debentures, Tax Free, Tranche II, Series 3A of Face Value of ₹ 5,000 each	319.20	–
National Thermal Power Corporation Limited		
31,665 Bonds (Previous year Nil Bond) 8.66% Secured, Redeemable, Non-Convertible, Tax Free Bonds, Series 3A	316.65	–
Power Finance Corporation Limited		
400 Bonds (Previous year 400 Bonds) 8.16% Secured, Redeemable, Non-Convertible, Non-Cumulative, Tax Free Bonds, Series 80 B of Face Value of ₹ 1,00,000 each	400.00	400.00
Rural Electrification Corporation Limited		
2,000 Bonds (Previous year 2,000 Bonds) Zero Coupon, Unsecured, Non-Convertible Bond of Face Value of ₹ 30,000 each	268.20	268.20
50,000 Bonds (Previous year Nil Bond) 8.46% Secured, Redeemable, Non-Convertible, Tax Free Bonds, Tranche I, Series 2A	500.00	–
Shriram Transport Finance Company Limited		
– Debenture (Previous year 20,000 Debentures) 11.03% Secured, Redeemable, Non-Convertible, Cumulative, Compounded quarterly Debentures (Option III)	–	215.63
State Bank of India		
420 Bonds (Previous year 420 Bonds) Reset rate Unsecured, Non-Convertible, Lower Tier II Bonds (Series 2) of Face Value of ₹ 10,000 each	42.00	42.00
Trent Limited		
10 Debentures (Previous year 10 Debentures) Zero Coupon, Unsecured, Redeemable, Non-Convertible Debentures, Series B of Face Value of ₹ 10,00,000 each	100.94	100.94
(c) Investment in Mutual Funds		
(Units of the Face Value of ₹ 10 each, unless otherwise stated)		
Birla Sun Life Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series ED -Growth	– *	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 20,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series FE -Growth	200.00	200.00
– Unit (Previous year 50,00,000.000 Units) of Birla Sun Life Fixed Term Plan - Series GR (399 days) - Growth - Direct	– *	500.00
Deutsche Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of DWS Fixed Maturity Plan - Series 4 - Growth Plan	– *	200.00
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
Carried Over ...	8,086.28	6,089.36

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
Brought Forward ...	8,086.28	6,089.36
HDFC Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of HDFC FMP 36M October 2011 (1) Growth - Series-XIX	– *	200.00
– Unit (Previous year 20,00,000.000 Units) of HDFC FMP 36M November 2011 (1) Growth - Series-XIX	– *	200.00
– Unit (Previous year 20,00,000.000 Units) of HDFC FMP 24M April 2012 (1) Growth - Series-XX	– *	200.00
– Unit (Previous year 19,25,967.985 Units) of HDFC Income Fund - Growth	–	500.00
50,00,000.000 Units (Previous year Nil Unit) of HDFC FMP 1875D August 2013 (1) Series 27 - Direct - Growth	500.00	–
ICICI Prudential Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of ICICI Prudential FMP Series 57 - 3 years Plan B Cumulative	– *	200.00
– Unit (Previous year 20,00,000.000 Units) of ICICI Prudential FMP Series 60 - 3 years Plan E Cumulative	– *	200.00
20,00,000.000 Units (Previous year 20,00,000.000 Units) of ICICI Prudential FMP Series 63 - 3 years Plan H Cumulative	200.00	200.00
50,00,000.000 Units (Previous year 50,00,000.000 Units) of ICICI Prudential FMP Series 63 - 3 years Plan M Cumulative	500.00	500.00
50,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 69 - 1821 Days Plan I Regular Plan Cumulative	500.00	–
L&T Mutual Fund		
50,00,000.000 Units (Previous year 50,00,000.000 Units) of L&T FMP - VII (March753D A) - Growth	500.00	500.00
Reliance Mutual Fund		
– Unit (Previous year 50,00,000.000 Units) of Reliance Fixed Horizon Fund - XXII - Series 33 - Growth Plan	– *	500.00
50,00,000.000 Units (Previous year 50,00,000.000 Units) of Reliance Fixed Horizon Fund - XXIII - Series 8 - Direct Growth Plan	500.00	500.00
50,00,000.000 Units (Previous year Nil Unit) of Reliance Fixed Horizon Fund - XXIV - Series 2 - Growth Plan	500.00	–
UTI Mutual Fund		
21,28,795.984 Units (Previous year Nil Unit) of UTI - NIFTY Index Fund - Dividend Payout	350.00	– #
B. Non Trade Investments (Unquoted)		
(a) Investment in Equity Instruments		
(Equity Shares of Face Value of ₹ 10 each, fully paid-up, unless otherwise stated)		
Cheviot International Limited		
20 Equity Shares (Previous year Nil Equity Share)	–	– #
Woodlands Multispeciality Hospital Limited		
3,190 Equity Shares (Previous year 3,190 Equity Shares)	0.32	0.32
(b) Investment in Mutual Funds		
(Units of the Face Value of ₹ 10 each, unless otherwise stated)		
JP Morgan Mutual Fund		
49,67,808.600 Units (Previous year 49,67,808.600 Units) of JP Morgan India Active Bond Fund Institutional - Growth	500.00	500.00
Carried Over ...	12,136.60	10,289.68

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
Brought Forward ...	12,136.60	10,289.68
ICICI Prudential Mutual Fund 21,59,081.095 Units (Previous year Nil Unit) of ICICI Prudential Gilt Fund Investment Plan PF - Option Regular	500.00	-
IDFC Mutual Fund 9,06,792.501 Units (Previous year 9,06,792.501 Units) of IDFC Super Saver Income Fund - Short Term Plan - Growth -(Regular Plan)	200.00	200.00
17,68,021.443 Units (Previous year 17,68,021.443 Units) of IDFC Super Saver Income Fund - Investment Plan - Growth - (Direct Plan)	500.00	500.00
TATA Mutual Fund - Unit (Previous year 14,97,055.292 Units) of TATA Income Fund Plan A - Appreciation Option (Growth)	-	500.00
UTI Mutual Fund - Unit (Previous year 21,28,795.984 Units) of UTI - NIFTY Index Fund - Dividend Payout	- #	350.00
Total Non-Current Investments	13,336.60	11,839.68
Aggregate Book value of Quoted Investments	11,636.28	9,789.36
Market value of Quoted Investments	12,265.74	9,985.43
Aggregate Book value of Unquoted Investments	1,700.32	2,050.32

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

Current year transfer from/to quoted/unquoted.

	As at 31st March, 2014	As at 31st March, 2013
13. LONG - TERM LOANS AND ADVANCES (unsecured, considered good)		
Capital advances	67.85	70.33
Security deposits	34.26	34.31
Prepaid expenses	6.52	4.30
Advance to employees	11.71	3.08
	120.34	112.02

	As at 31st March, 2014	As at 31st March, 2013
14. OTHER NON - CURRENT ASSETS		
Fixed deposit accounts with bank (maturity over 12 months) *	199.16	300.91
Interest accrued on investments and fixed deposits	338.85	349.16
Indirect taxes refundable [net of provision ₹ 105.16 (Previous year ₹ 105.16)]	26.46	21.31
Advance payment of tax and refund due	5.77	29.74
	570.24	701.12

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
15. CURRENT INVESTMENTS		
A. Current maturities of Long-Term Investments (At cost)		
(a) Investment in Debentures or Bonds (Quoted)		
(Debentures or Bonds of Face Value of ₹ 1,00,000 each, fully paid-up, unless otherwise stated)		
India Infrastructure Finance Company Limited		
– Bond (Previous year 1300 Bonds) 6.85% Unsecured, Redeemable, Tax free, Non-Convertible Bonds	–	1,322.86
Kotak Mahindra Prime Limited		
– Debenture (Previous year 20 Debentures) S&P CNX Nifty Linked Secured, Redeemable, Non-Convertible Debentures, Series, KMP - N10 - 23 of Face Value of ₹ 5,00,000 each	–	101.65
(b) Investment in Mutual Funds (Quoted)		
(Units of the Face Value of ₹ 10 each, unless otherwise stated)		
Birla Sun Life Mutual Fund		
20,00,000.000 Units (Previous year Nil Unit) of Birla Sun Life Fixed Term Plan - Series ED - 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 Nil Unit) of DWS Fixed Maturity Plan - Series 4 - Growth Plan	200.00 *	–
HDFC Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of HDFC FMP 24M September 2011 (1) Growth - Series-XIX	–	200.00
20,00,000.000 Units (Previous year Nil Unit) of HDFC FMP 36M October 2011 (1) Growth - Series-XIX	200.00 *	–
20,00,000.000 Units (Previous year Nil Unit) of HDFC FMP 36M November 2011 (1) Growth - Series-XIX	200.00 *	–
20,00,000.000 Units (Previous year Nil Unit) of HDFC FMP 24M April 2012 (1) Growth - Series-XX	200.00 *	–
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 Nil Unit) of ICICI Prudential FMP Series 57 - 3 years Plan B Cumulative	200.00 *	–
20,00,000.000 Units (Previous year Nil Unit) of ICICI Prudential FMP Series 60 - 3 years Plan E Cumulative	200.00 *	–
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
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 *	–
Carried Over ...	2,400.00	2,424.51

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
Brought Forward ...	2,400.00	2,424.51
TATA Mutual Fund		
– Unit (Previous year 10,00,000.000 Units) of Tata Fixed Maturity Plan Series 38 Scheme E- Growth	–	100.00
UTI Mutual Fund		
– Unit (Previous year 20,00,000.000 Units) of UTI Fixed Term Income Fund Series XI - X (366 days) - Growth Plan	–	200.00
Total current maturities of Long-Term Investments	2,400.00	2,724.51
B. Other Current Investments (At lower of cost and fair value)		
(a) Investment in Mutual Funds (Quoted)		
Birla Sun Life Mutual Fund		
– Unit (Previous year 2,38,350.378 Units) of Birla Sun Life Savings Fund - Growth - Regular Plan of Face Value of ₹ 100 each	–	500.00
(b) Investment in Mutual Funds (Unquoted)		
Birla Sun Life Mutual Fund		
97,324.596 Units (Previous year Nil Unit) of Birla Sun Life Cash Plus - Growth - Direct Plan of Face Value of ₹ 100 each	200.00	–
Total Other Current Investments	200.00	500.00
Total Current Investments	2,600.00	3,224.51
Aggregate Book value of Quoted Investments	2,400.00	3,224.51
Market value of Quoted Investments	2,825.65	3,394.29
Aggregate Book value of Unquoted Investments	200.00	–

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

	As at 31st March, 2014	As at 31st March, 2013
16. INVENTORIES		
Raw materials	2,795.30	3,003.09
Work-in-progress	432.03	361.65
Finished goods	1,349.75	780.68
Stores and spares	301.81	204.95
Loose tools	0.80	0.56
	4,879.69	4,350.93

17. TRADE RECEIVABLES		
(unsecured, considered good)		
Over six months	–	8.26
Others	2,704.94	2,266.56
	2,704.94	2,274.82

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	As at 31st March, 2014	As at 31st March, 2013
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	8.08	8.09
Balances with banks in current accounts	542.03	675.03
	550.11	683.12
Other bank balances		
Fixed deposit accounts *	202.64	125.26
Fractional bonus share account	0.44	0.44
Unpaid dividend accounts	62.36	55.14
	265.44	180.84
	815.55	863.96

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

Fixed deposit accounts with maturity of more than 12 months amounting to ₹ 199.16 (Previous year ₹ 300.91) being non-current has been shown under the head other non-current assets (Refer Note 14).

19. SHORT - TERM LOANS AND ADVANCES		
(unsecured, considered good)		
Balances with customs, excise etc.	0.04	0.62
Excise duty paid under protest *	110.73	110.73
Education and higher education cess on export sales paid under protest	2.27	1.19
Prepaid expenses	127.17	110.94
Others **	63.46	58.87
	303.67	282.35

* 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.

20. OTHER CURRENT ASSETS		
Interest accrued on investments and fixed deposits	100.54	71.14
Government grants receivable	210.50	120.73
Indirect taxes refundable	6.29	4.50
Other receivables *	4.28	213.14
	321.61	409.51

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
21. REVENUE FROM OPERATIONS		
Sale of products (Jute goods)	27,585.86	28,805.69
Other operating revenues	364.42	215.42
	27,950.28	29,021.11
22. OTHER INCOME		
Interest income		
On long-term investments	340.65	329.00
On fixed deposits	38.30	41.25
Others	19.96	10.30
	398.91	380.55
Dividend income on long-term investments	3.90	23.31
Net gain on sale of investments		
On long-term investments	144.40	135.50
On current investments	75.86	153.40
	220.26	288.90
Other non-operating income	173.78	92.20
	796.85	784.96
23. COST OF MATERIALS CONSUMED		
Raw Jute	12,976.26	12,584.06
Jute Yarn	748.93	802.87
Others	35.75	–
	13,760.94	13,386.93
24. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Closing stock		
Finished goods	1,349.75	780.68
Work-in-progress	432.03	361.65
	1,781.78	1,142.33
Opening stock		
Finished goods	780.68	1,034.64
Work-in-progress	361.65	341.44
	1,142.33	1,376.08
	(639.45)	233.75

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
25. EMPLOYEE BENEFITS EXPENSES		
Salaries, wages, bonus etc.	4,866.65	4,986.95
Contribution to provident and other funds	482.21	481.13
Staff welfare expenses	72.55	77.92
	5,421.41	5,546.00
26. FINANCE COSTS		
Interest expenses	66.69	99.05
Other borrowing costs	7.49	8.70
	74.18	107.75
27. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation (Refer Note 11)	602.99	500.51
Less: Transferred from revaluation reserve	29.95	30.92
	573.04	469.59
28. OTHER EXPENSES		
Consumption of stores and spare parts (Refer Note 34)	1,761.45	1,891.73
Power and fuel	1,660.98	1,652.53
Processing charges	297.61	352.12
Rent	44.66	36.77
Rates and taxes	21.11	19.06
Repairs to buildings	199.67	247.61
Repairs to machinery	98.41	75.50
Repairs to others	103.14	51.84
Insurance	70.17	71.62
Donation	301.00	325.21
Delivery charges	815.62	766.22
Miscellaneous expenses	451.56	468.64
Payment to auditors		
Audit fees	3.93	3.93
For company law matters	0.17	–
For other services	3.01	3.50
For reimbursement of expenses	0.28	0.26
	5,832.77	5,966.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
29. EARNINGS PER SHARE IN ACCORDANCE WITH ACCOUNTING STANDARD (AS) - 20		
Net Profit after tax as per Statement of Profit and Loss	2,680.38	3,071.42
Weighted average number of ordinary shares	45,11,250	45,11,250
Basic and diluted earnings per ordinary share (in ₹)	59.42	68.08
Face value per Ordinary share (in ₹)	10.00	10.00

30. Certain assets transferred from DTA unit to Falta SEZ unit, in the previous year, of gross block of ₹ 187.36 and accumulated depreciation of ₹ 177.32 had been shown as capital work in progress at Falta SEZ unit, out of which asset of gross block of ₹ 12.48 and accumulated depreciation of ₹ 11.79 has been installed during the year with balance remaining under capital work-in-progress and yet to be installed.

31. Capital commitments not provided for at the date of this balance sheet are estimated at ₹ 109.89 (Previous year ₹ 751.61) after netting of advances paid.

32. Specialised software acquired during the year, comprising of further applications of Oracle ERP Software, considered material, has a carrying amount of ₹ 90.29, as on 31st March, 2014, to be amortised over the remaining period of nine years and eleven months.

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 ₹ 2,025.56 (Previous year ₹ 2,108.47) and include ₹ 264.11 (Previous year ₹ 216.74) debited to relevant expense heads.

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
35. VALUE OF IMPORTS ON CIF BASIS		
Raw materials	2,362.32	3,248.33
Components and spare parts	98.30	77.40
Capital goods	318.28	187.43
	2,778.90	3,513.16

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
36. EXPENDITURE IN FOREIGN CURRENCY		
Travelling	15.71	13.36
Delivery charges	136.39	28.49
Others	13.76	18.15
	165.86	60.00

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
37. EARNINGS IN FOREIGN EXCHANGE		
F.O.B. value of exports	11,255.02	10,923.63
F.O.B. value of machinery sold	101.54	53.78
	11,356.56	10,977.41

38. Foreign currency exposure (net) at year end that are not hedged by derivative instruments or otherwise is ₹ 2,212.60 (Previous year ₹ 1,254.43).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	Value	%	Value	%
39. VALUE OF RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED				
Raw materials				
Imported	2,785.60	20.24	3,321.69	24.81
Indigenous	10,975.34	79.76	10,065.24	75.19
	13,760.94	100.00	13,386.93	100.00
Spare parts and components				
Imported	101.83	5.03	86.45	4.10
Indigenous	1,923.73	94.97	2,022.02	95.90
	2,025.56	100.00	2,108.47	100.00

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
40. PARTICULARS RELATING TO DIVIDEND PAID TO NON-RESIDENT SHAREHOLDERS		
Number of non-resident shareholders	99	99
Number of shares held by them	64,032	65,729
Dividend relating to the year	2012-13	2011-12
Amount of dividend (₹)	9.60	8.54
Amount remitted in foreign currency (₹)	—	—

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

Exchange difference (net), other than finance cost, amounting to ₹ 169.32 (Previous year ₹ 184.19) have been credited to respective revenue heads in the Statement of Profit and Loss.

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

Government grants received by the Company comprise of capital incentive/subsidy of ₹ 39.89 (Previous year ₹100.42), export incentives of ₹ 307.03 (Previous year ₹ 142.46) and other revenue grants of ₹ 53.79 (Previous year ₹ 69.36).

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

The Company has during the year recognised an expense of ₹ 482.21 (Previous year ₹ 481.13) towards defined contribution plans.

Out of the total contribution, made for employees' provident fund, a sum of ₹ 68.93 (Previous year ₹ 71.72) 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, 2014

(₹ in Lakhs)

ii. Defined Benefit Plans

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
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	2,736.28	2,352.72
Current service cost	195.01	179.05
Interest cost	251.92	229.01
Benefits paid	(313.62)	(165.21)
Actuarial (gain) / loss	(7.57)	140.71
Present value of obligation, at the end of the year	2,862.02	2,736.28
b. Change in fair value of plan assets :		
Plan assets at the beginning of the year	2,379.29	2,000.83
Expected return on plan assets	226.87	197.11
Contributions by the employer	426.99	351.89
Actuarial loss	(57.30)	(5.33)
Benefits paid	(313.62)	(165.21)
Plan assets at the end of the year	2,662.23	2,379.29
c. Amount recognised in Balance Sheet :		
Present value of defined benefit obligation	2,862.02	2,736.28
Fair value of plan assets	2,662.23	2,379.29
Net liability recognised in Balance Sheet	(199.79)	(356.99)
d. Expenses recognised in the Statement of Profit and Loss :		
Current service cost	195.01	179.05
Interest cost	251.92	229.01
Expected return on plan assets	(226.87)	(197.11)
Net actuarial loss	49.73	146.04
Total expenses	269.79	356.99
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	22.41%	26.97%
State Government / State Government guaranteed securities	34.33%	30.26%
Bonds	35.19%	34.59%
Units of money market mutual fund	0.78%	1.72%
Units of equity linked scheme of mutual fund	3.54%	3.35%
Cash at bank and receivables (net)	3.75%	3.11%
Total	100.00%	100.00%
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, 2014

(₹ in Lakhs)

f. Experience Adjustments :

	2014	2013	2012	2011	2010
1. Defined benefit obligation	2,862.02	2,736.28	2,352.72	2,227.48	1,625.44
2. Plan assets	2,662.23	2,379.29	2,000.83	1,730.42	1,494.12
3. Surplus/(Deficit)	(199.79)	(356.99)	(351.89)	(497.06)	(131.32)
4. Experience adjustments (gain)/loss on plan liabilities	(66.55)	420.66	(4.46)	494.08	156.12
5. Experience adjustments gain/(loss) on plan assets	(57.30)	(5.33)	(25.41)	(31.41)	(17.06)

g. Principal actuarial assumptions at the Balance Sheet date :

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Discount rate	8.25%	8.25%
Estimated rate of return on plan assets	9.00%	9.00%
Salary escalation	9.00%	8.00%

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 ₹ 200.00 to the gratuity fund during the year ending 31st March, 2015.

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.

44. SEGMENT REPORTING IN ACCORDANCE WITH AS - 17

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

	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	Within India	Outside India	Within India	Outside India
Sales	15,678.52	11,907.34	17,276.01	11,529.68
Carrying amount of segment assets	37,358.45	—	35,595.34	—
Capital expenditure	825.84	—	766.42	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

45. RELATED PARTY DISCLOSURE IN ACCORDANCE WITH AS - 18**A. Relationships**

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

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

Transactions/ Nature of Relationship	For the year ended March 31, 2014					For the year ended March 31, 2013				
	Controlling Group	Associates	Key Management Personnel	Relative of Key Management Personnel	Total	Controlling Group	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
Sale of goods	-	1.48	-	-	1.48	-	-	-	-	-
Jan Priya Trust	-	1.48	-	-	1.48	-	-	-	-	-
Sale of fixed assets	-	-	1.80	-	1.80	-	-	-	-	-
Mr. M. K. Patni	-	-	1.80	-	1.80	-	-	-	-	-
Rendering of services	4.06	-	-	-	4.06	3.90	-	-	-	3.90
CIL	2.64	-	-	-	2.64	2.64	-	-	-	2.64
CAIPL	1.20	-	-	-	1.20	1.20	-	-	-	1.20
Others	0.22	-	-	-	0.22	0.06	-	-	-	0.06
Receiving of services	-	-	336.39	3.00	339.39	-	-	435.83	2.90	438.73
Mr. H. V. Kanoria	-	-	192.40	-	192.40	-	-	207.86	-	207.86
Mr. N. K. Kejriwal	-	-	61.84	-	61.84	-	-	63.33	-	63.33
Mr. D. K. Mohta	-	-	29.55	-	29.55	-	-	70.39	-	70.39
Mr. D. Mazumdar	-	-	31.54	-	31.54	-	-	59.97	-	59.97
Others	-	-	21.06	3.00	24.06	-	-	34.28	2.90	37.18
Deposit received	-	-	0.16	-	0.16	-	-	0.24	-	0.24
Mr. M. K. Patni	-	-	0.16	-	0.16	-	-	0.24	-	0.24
Dividend paid	507.50	-	0.05	0.04	507.59	439.83	-	0.04	0.04	439.91
HIPL	386.11	-	-	-	386.11	334.63	-	-	-	334.63
Mr. H. V. Kanoria	51.58	-	-	-	51.58	44.70	-	-	-	44.70
Others	69.81	-	0.05	0.04	69.90	60.50	-	0.04	0.04	60.58
Donation paid	-	300.00	-	-	300.00	-	325.00	-	-	325.00
Shashvat Foundation	-	75.00	-	-	75.00	-	150.00	-	-	150.00
Jan Priya Trust	-	225.00	-	-	225.00	-	175.00	-	-	175.00
Outstanding receivable	1.18	-	-	-	1.18	1.28	-	-	-	1.28
CIL	1.00	-	-	-	1.00	1.09	-	-	-	1.09
CAIPL	0.18	-	-	-	0.18	0.19	-	-	-	0.19
Outstanding deposit	-	-	-	-	-	-	-	1.26	-	1.26
Mr. M. K. Patni	-	-	-	-	-	-	-	1.26	-	1.26

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, 2014

(₹ in Lakhs)

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

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

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
PROVISION FOR CONTINGENCIES	Indirect taxes	Indirect taxes
Balance at the beginning of the year	271.42	271.42
Additional provision during the year	–	–
Provision used during the year	0.09	–
Provision reversed during the year	85.21	–
Balance at the end of the year	186.12	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 - ₹ 19.59 (Previous year ₹ 0.62) under appeal and not acknowledged as debt.
- Income Tax in dispute - ₹ 186.98 (Previous year ₹ 188.76) under appeal and not acknowledged as debt.

47. The Company is maintaining separate books of account for its different undertakings viz, DTA, Captive Power Plant at Budge Budge and EOU at Falta, SEZ.
48. The Board of Directors recommend payment of dividend of ₹ 15/- (Previous year ₹ 15/-) per Ordinary share of the face value of ₹ 10/- each for the year ended 31st March, 2014.
49. 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 No. : 302023E
CA P. K. Jain
Partner
Membership No. 52018
Dated : 9th day of May, 2014

CA Madhup Kumar Patni
Chief Financial Officer
CS Aditya Banerjee
Company Secretary

For and on behalf of the Board
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Nawal Kishore Kejriwal Navin Nayar
Wholetime Director Director
DIN : 00060314 DIN : 00136057



Group
Cheviot

CHEVIOT COMPANY LIMITED

CIN: L65993WB1897PLC001409

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

Ph: (033) 3291-9624/25/28; Fax: (033) 2249-7269/2217-2488

Email: cheviot@chevjute.com Website: www.groupcheviot.net

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 Private Limited, 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 or e-mail the scanned copy at e-mail ID : cheviot2014@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.

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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)



Group
Cheviot

CHEVIOT COMPANY LIMITED

CIN: L65993WB1897PLC001409

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

Ph: (033) 3291-9624/25/28; Fax: (033) 2249-7269/2217-2488

Email: cheviot@chevjute.com Website: www.groupcheviot.net

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 8th August, 2014 at 11.00 a.m.

Name of the Member/Proxy

Folio No.

.....

Signature of the Member/Proxy

DP ID No.

(To be signed at the time of handing over this slip)

Client ID No.

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



Group
Cheviot

CHEVIOT COMPANY LIMITED

CIN: L65993WB1897PLC001409

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

Ph: (033) 3291-9624/25/28; Fax: (033) 2249-7269/2217-2488

Email: cheviot@chevjute.com Website: www.groupcheviot.net

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client ID: DP ID:

I/We, being the member (s) of shares of the above named Company, hereby appoint

1. Name: Address

E-mail Id: Signature, or failing him/her;

2. Name: Address

E-mail Id: Signature, or failing him/her;

3. Name: Address

E-mail Id: Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the annual general meeting of the Company, to be held on the 8th day of August, 2014 at 11:00 a.m. at the Sitaram Seksaria Auditorium of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	Optional	
	For	Against
1. Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors		

Resolutions	Optional	
	For	Against
Ordinary Business		
2. Declaration of dividend on Ordinary Shares		
3. Re-appointment of Mr. Nawal Kishore Kejriwal who retires by rotation		
4. Appointment of Statutory Auditors and authorising the Board to fix their remuneration		
Special Business		
5. Amendment in Article 103 and Article 117 of the Articles of Association of the Company		
6. Re-appointment of Mr. Nawal Kishore Kejriwal as Wholetime Director		
7. Appointment of Mr. Parag Keshar Bhattacharjee as an Independent Director		
8. Appointment of Mr. Sushil Dhandhanian as an Independent Director		
9. Appointment of Mr. Navin Nayar as an Independent Director		
10. Appointment of Mr. Padam Kumar Khaitan as an Independent Director		
11. Appointment of Mrs. Malati Kanoria as a Director		
12. Approval of the remuneration of the Cost Auditor		

Signed this..... day of 2014

Signature of Shareholder(s).....

Signature of Proxy holder(s).....

Affix Revenue Stamp

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- For the resolutions, notes and statement on special business, please refer to the Notice of the Annual General Meeting.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.

BOOK POST

If undelivered please return to :

CHEVIOT COMPANY LIMITED

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

KOLKATA - 700 016