

# ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2004



**Group  
Cheviot**

## CHEVIOT COMPANY LIMITED

**CHEVIOT COMPANY LIMITED**

**CHAIRMAN (EMERITUS)**

B. D. KANORIA

**BOARD OF DIRECTORS**

H. V. KANORIA - *Chairman and Managing Director*

P. K. BHATTACHARJEE

N. NAYAR

H. KHAITAN

S. DHANDHANIA

N. K. KEJRIWAL - *Wholetime Director*

**CGM (CORPORATE) & SECRETARY**

D. K. MOHTA



**AUDITORS**

JAIN & CO.

*Chartered Accountants*

**BANKERS**

STATE BANK OF INDIA

**REGISTERED OFFICE**

24, PARK STREET  
MAGMA HOUSE (9TH FLOOR)  
KOLKATA - 700 016

**WORKS**

19, MEHTA ROAD  
BUDGE-BUDGE  
24-PARGANAS (SOUTH) - 743 319  
WEST BENGAL

**SECTOR II**

FALTA SPECIAL ECONOMIC ZONE  
FALTA, 24-PARGANAS (SOUTH) - 743 504  
WEST BENGAL

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**CHEVIOT COMPANY LIMITED****NOTICE****TO THE MEMBERS**

Notice is hereby given that the Annual General Meeting of the Members of Cheviot Company Limited will be held at The Sitaram Seksaria Auditorium of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata – 700 017 on Wednesday, the 11th August, 2004 at 11.00 A.M. to transact the following business :-

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2004 and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Navin Nayar, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors in place of the retiring Auditors on a remuneration to be mutually agreed upon with the Board of Directors.
5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :  
 "RESOLVED THAT Mr. S. Dhandhanian, in respect of whom the Company has received a Notice in writing, alongwith a deposit of Rs. 500, from a member of the Company proposing him as candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 and who is eligible for such appointment, be and is hereby appointed a Director of the Company."

Registered Office :  
 24, Park Street,  
 Magma House, (9th Floor),  
 Kolkata - 700 016  
 Dated : 16th June, 2004

By Order of the Board,  
**CHEVIOT COMPANY LIMITED**  
 D. K. MOHTA  
 CGM (Corporate) & Secretary

**NOTES :**

1. **The Register of Members and the Share Transfer Register of the Company will remain closed from 16th July, 2004 to 11th August, 2004 both days inclusive.**
2. **Any Member who is entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Company. The Proxies in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.**
3. **Dividend, if declared at the meeting will be paid on or before 10th September, 2004 to those members, whose names shall appear in the Company's Register of Members at the close of working hours of the Company on Thursday, 15th July, 2004. 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 15th July, 2004 as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd.**
4. **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, 1996 have been transferred to the said fund. Unpaid/unclaimed dividend in respect of financial year ended 31st March, 1997 will become due for transfer during September, 2004. Shareholders are advised to encash the unpaid dividend warrants before transfer to the above referred Fund. The Claim for such amount shall not be made by the shareholders to the said fund.**
5. **Securities and Exchange Board of India (SEBI) has made it mandatory for all the Companies to use the bank account details furnished by the Depositories for distributing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and bank details are available. Members are advised to avail ECS facility whereby the dividend will be directly credited electronically to their respective Bank Accounts. Members holding the Company's shares in dematerialised mode are requested to provide ECS particulars to their respective Depository Participants, if they have not done so already. Members holding the Company's shares in physical form who have not opted for ECS are requested to provide their ECS particulars in the enclosed 'ECS Mandate Form' and forward the same duly filled in and signed to the Company's Registrar and Share Transfer Agent at the earliest to avail this facility.**
6. **Members holding shares in physical form are requested to intimate change in their registered address mentioning full address in block letters with pin code of the post office and bank particulars to the Company's Registrar and Share Transfer Agent and in case of members holding their shares in electronic form, this information should be given to their Depository Participants immediately.**
7. **Members are requested to bring their copy of Annual Report to the meeting. A member desirous of getting any information on the accounts of the Company is requested to send the queries to the Company at least 10 days in advance of the meeting i.e. by 01st August, 2004, so that proper information can be made available at the meeting.**

**CHEVIOT COMPANY LIMITED****NOTICE (Contd.)**

8. Members who hold shares in dematerialised form are requested to bring their Client ID and DP numbers for quick identification while recording attendance at the meeting.
9. Note on Directors seeking appointment/re-appointment at the ensuing Annual General Meeting :
- A) Mr. Navin Nayar, aged 41 years is a director of the Company since 30.07.2001. Mr. Nayar is a fellow member of the Institute of Chartered Accountants of India. He is a senior partner in M/s Navin Nayar & Co., Chartered Accountants. He has vast experience in the field of accountancy and finance and has been associated with several renowned companies. Mr. Nayar also holds directorship of the Board of Directors of the following Companies :
- Other Directorships
1. Crest Holdings Pvt. Ltd., 2. Skyview Investments Pvt. Ltd., 3. Cosmopolitan Investments Ltd., 4. OCL Investments and Leasing Limited, 5. Amar Vanijaya Ltd., 6. Frontek Traders Pvt. Ltd., 7. Innova Properties Pvt. Ltd., 8. Nidhi Ltd., 9. Nilgiri Distributors Pvt. Ltd., 10. Shemoga Suppliers Pvt. Ltd., 11. Tirumala Properties Pvt. Ltd.
- B) Mr. S. Dhandhanian, aged 49 years is a director of the Company since 05.06.2003. Mr. Dhandhanian is an Industrialist with vast experience and has been associated with several companies. Mr. Dhandhanian also holds directorship of the Board of Directors of the following Companies :
1. R. D. Tea Ltd., 2. R. D. Fan Ltd., 3. R. D. Estates and Resources Ltd., 4. Rubber Reclaim Co. of India Ltd., 5. Sterlite Projects Ltd., 6. Polar Pharma India Ltd., 7. Dhandhanian Electronics Ltd., 8. Dynaflo Pvt. Ltd., 9. Dhandhanian Brothers Pvt. Ltd., 10. R. D. Plantations Pvt. Ltd.
10. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.

**ANNEXURE TO NOTICE****Explanatory Statement as required under Section 173(2) of the Companies Act, 1956****ITEM No. 5**

Mr. S. Dhandhanian (Mr. Dhandhanian), who was appointed a Director of the Company with effect from 05th June, 2003, in the casual vacancy caused by the resignation of Mr. B. Jalan, holds office upto the date of the forthcoming Annual General Meeting of the Company but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing along with a deposit of Rs. 500 from a member signifying his intention to propose the candidature of Mr. Dhandhanian for the office of Director and Mr. Dhandhanian has consented to act as such, if appointed.

The Board recommend the appointment of Mr. Dhandhanian. Except Mr. Dhandhanian, no director has any interest or concern in the proposed ordinary resolution.

Registered Office :  
24, Park Street,  
Magma House, (9th Floor),  
Kolkata - 700 016  
Dated : 16th June, 2004

By Order of the Board,  
CHEVIOT COMPANY LIMITED  
D. K. MOHTA  
CGM (Corporate) & Secretary

**CHEVIOT COMPANY LIMITED****DIRECTORS' REPORT****TO THE MEMBERS**

The Directors are pleased to present their Annual Report and Audited Accounts of the Company for the year ended 31st March, 2004.

(Rupees in Millions)

**FINANCIAL RESULTS**

Year ended March 31	2004	2003
The working results after charging depreciation show a gross profit of	173.7	205.3
From which have been deducted		
Provision for taxation	6.4	13.0
Provision for deferred taxation	1.3	14.7
Resulting in profit after taxation of	166.0	177.6
To which have been added		
Taxation for earlier years (Net)	0.2	0.1
Liability no longer required written back [previous year - net of deferred tax]	1.3	2.3
Related Income for earlier years [net of deferred tax]	0.0	46.0
Balance brought forward from previous year	14.8	10.8
Making a total of	182.3	236.8
Which has been appropriated by the Directors as under		
Proposed dividend	24.0	15.1
Tax on distributed profits	3.1	1.9
Transfer to General Reserve	140.0	205.0
Balance to be carried forward	15.2	14.8
	182.3	236.8

**DIVIDEND**

Your Directors recommend for your consideration payment of dividend @ Rs. 8/- per share for the year ended 31st March, 2004.

**OPERATIONS**

The year under review witnessed an industry wide strike from 29.12.2003 which resulted in loss of 12 working days and affected the overall growth of the Company. However, the performance of the Company during the year under review under the parameters of production, export sales and profitability can be regarded satisfactory as compared to previous year

	Current Year	Previous Year
Production (M. Tonnes)	41704	40635
Export Sales (CIF value - Rs. in Millions)	855.5	902.4
Profit before taxation (Rs. in Millions)	173.7	205.3

Profitability has been affected due to loss of working. It is, however, a matter of satisfaction that drop in profitability was not sharp largely on account of operational efficiency, planned procurement of raw materials at remunerative prices and savings in power cost. Your Directors feel proud to state that Captive Power Plant (CPP) had its full working during the year under review as compared to few months working in previous year which not only provided uninterrupted quality power to Company's manufacturing units located at Budge Budge but also contributed by way of savings in cost of power. Besides, the operations at 100% Export Oriented Unit (EOU) in Falta Special Economic Zone (FSEZ) have been gradually picking up.

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

As apprehended, the Government of India has drastically diluted Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA) from 100% to 60% for food grains and from 90% to 50% for sugar. Though the aforesaid dilution which was for a period upto 30.06.2004 has been stayed by the Court, the approach of the Government appears to be firm on its progressive dilution. Unless the court rules otherwise and the pleadings of the Industry are accepted favourably

**DIRECTORS' REPORT (Contd.)**

by the Government, the phasing out of JPMA is inevitable and the industry has to operate without any protection from JPMA. The Jute Industry continue to remain under threat from synthetic packing materials which are comparatively much cheaper material.

The industry also faced a reversal in the rates of export incentives in the form of duty exempted pass book scheme by lowering the DEPB rate from 5% to 2% w.e.f. 09.02.2004. Moreover, there is no extension of EMA beyond 31.03.2004 till date.

With the new Central Government in place, the Jute Industry expects some positive policy directions in the overall interest of the Jute Industry.

**b) Opportunities and Threats / Risk and concerns**

The Jute Industry has not yet been able to achieve production linked wage payment to the extent of 33.33% and the tripartite agreement largely remains unimplemented. In the wake of fierce competition from Bangladesh in the Jute sector coupled with increasing cost of other inputs, there is an imperative need to reduce wage cost to make this industry operate economically.

Following are the areas of risk and concerns faced by the Jute Industry :

- ☐ Risk on dilution of JPMA;
- ☐ Non achievement of productivity linked wages;
- ☐ Continuous increase in wage cost on account of upward revision in dearness allowance;
- ☐ Fierce competition from Bangladesh;
- ☐ Uncertainty in the matter of continuance of external market assistance (EMA);
- ☐ Adverse impact on earnings due to appreciation of Rupee vis-a-vis U.S. dollar;
- ☐ Volatility of oil prices.

**c) Segment-wise or product-wise performance**

As per Accounting Standard AS-17 - 'Segment Reporting' issued by the Institute of Chartered Accountants of India, the Company's business activity of Captive Power Generation has also been considered as a business segment in addition to Company's hitherto only business segment of Jute Goods. Thus 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 criterion laid down in paragraph 27(c) of the aforesaid AS-17 as the results/assets of this segment are not more than the threshold limit of 10% of the total segment results/assets.

The following disclosure under Geographical segment has, however, been considered on the basis of Sales :

- ☐ Within India - Rs. 484.2 millions [Previous year - Rs. 357.2]
- ☐ Outside India - Rs. 855.5 millions [Previous year - Rs.902.4]

**d) Outlook**

The Company's fortune would broadly follow those of the Jute Industry and would be determined by the cordial labour relations, movement in raw jute prices, demand patterns etc. However, the focus on exports and continuous efforts made by the Company for modernisation and diversification are likely to insulate it to a certain extent from the volatility in the domestic demand and prices as also from the areas of risk and concerns. The Company's performance outlook appears to be satisfactory.

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

The Company has an adequate internal control system commensurate with its size and nature of business. Internal audit largely covers all areas of activities and timely reports are made available to the management. The Audit Committee reviews internal audit and internal control system and effective steps are taken for implementation of suggestions, wherever required.

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

The following are the significant areas of financial performance -

- Sale of jute goods was maintained at Rs. 124.04 crs during the year as compared to Rs. 124.56 crs during previous year despite loss of working. Power generation by Captive Power Plant (CPP) has been considered as a business segment as explained in note no. 27 of notes on the accounts. Sale of Power by CPP to company's manufacturing units at Budge Budge was Rs. 9.93 crs for the year as against Rs. 1.40 crs during previous year when the plant operated for few months;
- Profit before taxation have gone down by Rs. 3.16 crs from Rs. 20.53 crs in previous year to Rs. 17.37 crs in the current year mainly on account of increase in charge of depreciation due to full year's working at Company's Falta and CPP units as against few months' working during previous year;
- Interest expenses are higher at Rs. 75.49 lakhs during the year as against Rs. 36.19 lakhs in previous year. The increase in interest cost is attributed partly due to increase in loan amounts and partly due to increase in period of outstanding loan amounts during the year vis-a-vis previous year;
- Net replacement values in respect of depreciable fixed assets earlier revalued by the Company, have been recomputed in accordance with applicable Accounting Standard of Institute of Chartered Accountants of India and resulted change in the value of fixed asset and revaluation reserves have been made as stated in note no. 5 of notes on the accounts. This however, has no impact on the profits during the year under review;



**CHEVIOT COMPANY LIMITED****DIRECTORS' REPORT (Contd.)**

- Inventories have increased by Rs. 4.63 crs. being Rs. 20.37 crs. as at 31.03.2004 as against Rs. 15.75 crs. as at 31.03.2003. The increase in inventory is also mainly due to full year's working at Company's Falta and CPP units as stated above;
  - Profit on sale of Investments (net) have also contributed to the bottom line by Rs.1.41 crs. The Company has made effective utilisation of surplus cash generated from operations by investing in mutual funds after proper evaluation;
  - The Company has invested Rs. 7.47 crs. (net) in fixed assets during the year.
- g) Material developments in Human Resources/Industrial Relations front, including number of people employed  
As on 31.03.2004, the Company had 4058 workers on its rolls. The Company has continued its programmes of providing employment to workers at new scales of pay as reported last year. Besides, training programme continued during the year aimed towards imparting technical skills and improved productivity.
- h) Cautionary statement  
Statement made in this section of the report is based on the prevailing position in the Jute Industry and market conditions, which could be different from what we perceive with regard to outlook and performance.

**CORPORATE GOVERNANCE DISCLOSURE**

A report on Corporate Governance pursuant to Clause 49 of the listing agreement with the stock exchanges, along with a certificate from the Company's auditors regarding compliance of the conditions of Corporate Governance are annexed and form part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that :

- i. the company has followed the applicable accounting standards in the preparation of the annual accounts for the year under review;
- ii. the directors have made judgements and estimates that are reasonable and prudent and have selected accounting policies and applied them consistently to give true and fair view of the state of affairs of the Company for the year ended 31st March, 2004 and its profits for the year ended on that date;
- iii. the Company has a proper and adequate system of internal control to ensure that all assets are safeguarded against losses and the system is capable of preventing and detecting fraud and other irregularities;
- iv. the annual accounts placed before you have been prepared on a going concern basis.

**PARTICULARS OF CONSERVATION OF ENERGY ETC.**

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

**PERSONNEL**

Industrial relations remained cordial during the year under review.

Information in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is given in annexure to this report.

**DIRECTORS**

Mr. S. Dhandhanja (Mr. Dhandhanja) who was appointed as Director of the Company with effect from 5th June, 2003 in the casual vacancy caused by the resignation of Mr. B. Jalan holds office up to the date of the forthcoming Annual General Meeting of the Company as provided under Article 94 of the Articles of Association of the Company but is eligible for appointment.

Notice in writing together with requisite deposit under Section 257 of the Companies Act, 1956 has been received from a member of the Company expressing his intention to propose the appointment of Mr. Dhandhanja as Director of the Company. The Board recommend his appointment.

Mr. N. Nayar retires from the Board by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

**AUDITORS**

The Statutory Auditors, Messers Jain & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and offer themselves for re-appointment. Members are requested to re-appoint the Auditors and authorise the Board to fix their remuneration.

Messers D. Radhakrishnan & Co., Cost Accountants have been appointed, subject to requisite approval, to conduct an audit of the Cost Accounts maintained by the Company for the year ending on 31st March, 2005 as per directives of the Central Government.

**ACKNOWLEDGEMENT**

The Directors place on record their appreciation for the continued co-operation and support extended to the Company by Export Import Bank of India, the Company's bankers and the Shareholders of the Company. The Directors also express their appreciation to the employees at all levels for their dedicated services rendered to the Company.

Kolkata, 16th June, 2004

**On behalf of the Board**  
**H. V. KANORIA**  
Chairman and Managing Director

**CHEVIOT COMPANY LIMITED****ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004****REPORT ON CORPORATE GOVERNANCE**

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

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

The Company's philosophy on corporate governance is directed towards conducting its affairs in an ethical and transparent manner for the persons who deal with the Company and such philosophy also continues to be in the direction of bringing improvement across a number of areas of operations by motivation and involvement of human capital which is guided by unswerving commitment to excellence, efficiency, modernisation, upgradation with an aim to achieve sustained growth and shareholder value over a period of time.

**2. Board of Directors****a) Composition**

The Board of Directors consist of six directors of whom one is promoter director (chairman and managing director), one is wholetime director and four are independent non-executive directors.

**b) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and also number of other directorships/memberships of Board/Committees.**

Name of the Directors	Category	Attendance Particulars		No. of other directorships and other committee memberships/chairmanships held		
		Board Meetings	Last AGM [08.08.2003]	Directorships #	Committee Memberships	Committee Chairmanships
Mr. H. V. Kanoria	Chairman and Managing director (promoter director)	8	Absent	6	Nil	Nil
Mr. P. K. Bhattacharjee	Independent Non-Executive	8	Present	2	2	1
Mr. B. Jalan *	Independent Non-Executive	Nil	Absent	7	Nil	Nil
Mr. N. Nayar	Independent Non-Executive	8	Present	11	Nil	Nil
Mr. H. Khaitan	Independent Non-Executive	2	Absent	19	7	Nil
Mr. N. K. Kejriwal	Wholetime Director	6	Present	Nil	Nil	Nil
Mr. S. Sharma @	Independent Non-Executive	2	Absent	4	2	2
Mr. S. Dhandhanja	Independent Non-Executive	7	Present	10	Nil	Nil

# Includes alternate directorship and directorship in Private Limited Companies

\* Resigned effective from 5th June, 2003

@ Resigned effective from close of business on 4th July, 2003

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

Eight Board Meetings were held during the year ended 31st March, 2004 viz. on 30th April, 2003, 5th June, 2003 [two meetings], 29th July, 2003, 27th October, 2003, 28th January, 2004, 27th February, 2004 and 24th March, 2004.



**CHEVIOT COMPANY LIMITED****ANNEXURE TO THE DIRECTORS' REPORT (Contd.)****REPORT ON CORPORATE GOVERNANCE (Contd.)****3. Audit Committee****a) Composition, Name of Members and Chairman**

The Audit Committee presently comprises of three non-executive independent directors viz. Mr. N. Nayar, Chairman of the committee, Mr. P. K. Bhattacharjee and Mr. S. Dhandhanian, members of the Committee.

**b) Meetings and attendance**

The Audit Committee had met four times during the year under review on 04th June, 2003, 28th July, 2003, 23rd October, 2003 and 27th January, 2004.

Name of the Directors	Number of Meetings attended	Remarks
Mr. N. Nayar	4	
Mr. P. K. Bhattacharjee	4	
Mr. B. Jalan	Nil	Ceased to be Member of the Audit Committee w.e.f. 05.06.2003
Mr. S. Dhandhanian	3	Appointed as a Member of the Audit Committee w.e.f. 05.06.2003

Mr. D. K. Mohta, CGM (Corporate) & Secretary acts as the Secretary of the Committee.

**c) Brief description of terms of reference**

The role of Audit Committee and terms of reference are in accordance with the provisions of Clause 49 II(D) of the listing agreement and include reviewing the Company's financial statements, overseeing the Company's Annual Report Process, review of the financial and risk management, review of accounting policies and standards, review of internal control, review of compliances with stock exchanges and legal requirements related with financial statements, discussion on internal audit report, interaction with statutory and internal auditors, implementation of suggestions offered by the auditors, besides other terms as are referred to by the Board of Directors from time to time.

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

The Company has not constituted a remuneration committee. The Board of Directors fix the remuneration of the Managing Director and the Wholetime Director which is approved by the shareholders.

The non-executive directors are paid sitting fees for every meeting of the Board attended by them. They are also entitled to commission as decided by the Board of Directors from time to time not exceeding 1% of the net profits of the Company.

**b) Details of remuneration paid to the Directors**

Details of remuneration paid to Executive Directors for the year ended 31st March, 2004.

Rs. in Lakhs

Name of the Directors	Salary	Commission	Contribution to Provident Fund	Estimated value of other Perquisites	Tenure of appointment
Mr. H. V. Kanoria	17.00	56.00	1.70	10.64	5 years, from 01.08.2000
Mr. N. K. Kejriwal	6.80	7.00	0.68	4.13	3 years, from 01.06.2003

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.

Details of remuneration paid to Non-Executive Directors for the year ended 31st March, 2004

Rs. in Lakhs

Non-executive Directors	Sitting fees	Commission
Mr. H. Khaitan	0.04	1.00
Mr. S. Sharma	0.02	0.00
Mr. P. K. Bhattacharjee	0.12	1.00
Mr. N. Nayar	0.12	1.00
Mr. S. Dhandhanian	0.11	1.00

**CHEVIOT COMPANY LIMITED****ANNEXURE TO THE DIRECTORS' REPORT (Contd.)****REPORT ON CORPORATE GOVERNANCE (Contd.)****5. Shareholders/Investors Grievance Committee**

The Committee presently comprises of three directors viz. Mr. S. Dhandhan, a non-executive independent director acts as its Chairman [w.e.f. 5th June, 2003], Mr. N. K. Kajriwal and Mr. H. Khaitan, are the other members of the committee.

The Committee looks inter alia into the redressing of shareholders/investors complaints. Mr. D. K. Mohta, CGM (Corporate) & Secretary is the Compliance Officer.

During the year, 288 queries were received from the shareholders, all of which have been addressed to date. The Company had one transmission pending at the close of the financial year for which certain documents are awaited. The said transmission will be processed on receipt of appropriate documents.

**6. General Body Meetings****a) Location and date/time where last three Annual General Meetings (AGM) were held**

Financial Year	Location	Date	Time
2000-2001	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017	18th July, 2001	11.00 a.m.
2001-2002	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017	20th August, 2002	11.00 a.m.
2002-2003	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017	08th August, 2003	11.00 a.m.

**b) Postal Ballot**

No postal ballots were used for voting at the last AGM.

During the financial year, two special resolutions for alteration of object clause of the Memorandum of Association under Section 17 of the Companies Act, 1956 and Commencement of business under Section 149 (2A) of the said Act were passed by requisite majority through Postal Ballot Procedure, the results of which were declared on 14th May, 2004.

**7. Disclosures**

- No transaction of a material nature has been made by the Company with its Promoters, Directors, or Management, or relatives etc. during the year under review that may have potential conflict with the interests of Company at large. The Register of Contracts containing the transactions in which the directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed in Note No. 28 of Schedule 18 to the accounts for the year ended 31st March, 2004.
- An amount of Rs. 3.82 lakhs towards legal and professional services rendered to the Company has been paid to M/s. Khaitan & Co. in which Mr. H. Khaitan, a non-executive director of the Company, is a partner.
- During the last three years, there were no significant penalties or strictures imposed by either SEBI or the Stock Exchanges or any Statutory authority for non-compliance of any matter related to the capital markets excepting that a penalty of Rupees Fifty Thousand was imposed on the Company for some delay in compliance with Regulation 6(2) and 6(4) of Chapter II of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 [SEBI Takeover Regulations]. Besides, the Company also paid a penalty of Rupees Twenty Thousand to SEBI in pursuance to SEBI Regularisation Scheme, 2002 for non compliance / delay in compliance with Regulation 8(3) of SEBI Takeover Regulations.
- 7,000 partly paid up ordinary shares on which allotment money remained outstanding at the close of business on 10th March, 2004 were forfeited after issuing several notices including final reminder notice dated 11th February, 2004 to all the defaulting shareholders.

**8. Means of Communication**

- The financial results of the Company are sent to the Stock Exchanges 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 English) and Aajkal (in Bengali).
- The Company's website has been launched and the quarterly results are made available on the website of the Company i.e. www.groupcheviot.net and on SEBI's EDIFAR (Electronic Data Information Filing and Retrieval) site.
- The Company has not made any presentation to institutional investors or to the analysts during the year under review.