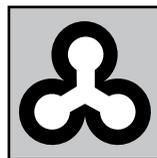


ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2015



**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 - *Non-Executive 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
CITIBANK 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

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NOTICE

TO THE MEMBERS

Notice is hereby given that the Annual General Meeting (AGM) of the Members of Cheviot Company Limited will be held at The Sitaram Seksaria Auditorium of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata-700 017 on Thursday, the 13th August, 2015 at 11 a.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31st March, 2015 and the reports of the Board of directors and auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2015.
3. To appoint a director in place of Mrs. Malati Kanoria (holding DIN 00253241), who retires by rotation and, being eligible, offers herself for re-appointment.
4. To ratify the appointment of M/s Jain & Co., Chartered Accountants (ICAI Registration no. 302023E), as statutory auditors of the Company, as approved by members at the annual general meeting of the Company held on 8th August, 2014 from the conclusion of this annual general meeting till the conclusion of the next annual general meeting on a remuneration to be mutually agreed upon with the Board of directors for the financial year 2015-2016.

Special Business :

5. To consider and if thought fit, to pass the following resolutions as an Ordinary Resolution :

“RESOLVED THAT pursuant to the 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 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby granted to the re-appointment of Mr. Harsh Vardhan Kanoria (Mr. Kanoria) (holding DIN 00060259), as the Chairman and Managing Director of the Company for a further period of five years with effect from 1st August, 2015, upon the terms and conditions as to remuneration and otherwise as set out in an agreement (a draft of which signed by the Chairman and Managing Director for identification was laid on the table) to be entered into between the Company and Mr. Kanoria and also given in the statement annexed to this notice.

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during the aforesaid period of five years, the Company will pay to Mr. Kanoria 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(s) or re-enactment thereof as minimum remuneration, subject to such approvals as may be required.”

6. To consider and if thought fit, to pass 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, 2016 be and is hereby ratified.”

Kolkata, 19th May, 2015
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, 8th August, 2015 to Thursday, 13th August, 2015 (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 AGM.** 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 AGM.
4. In case of joint holders attending the AGM, 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 AGM will be paid on 18th August, 2015 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, 7th August, 2015. 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 Friday, 7th August, 2015 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL).
6. Dividend which remain unpaid/unclaimed over a period of seven years will have to be transferred by the Company to "Investor Education and Protection Fund" of the Central Government under Sections 205A & 205C of the Companies Act, 1956. Accordingly, all unpaid/unclaimed amounts in respects of dividends paid by the Company for the financial year ended 31st March, 2007 have been transferred to the said Fund. Unpaid/unclaimed dividend for the financial year ended 31st March, 2008 will become due for transfer during September, 2015. Shareholders are advised to encash the unpaid dividend warrants 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 8th August, 2014 (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 3rd August, 2015, so that proper information can be made available at the AGM.
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 AGM.
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.

NOTICE (Contd.)

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).

12. Brief details of directors seeking re-appointment at the ensuing AGM :

a) Mrs. Malati Kanoria (Mrs. Kanoria), (holding DIN 00253241), who was appointed as a director of the Company with effect from 9th May, 2014, retires from the Board by rotation at the forthcoming AGM, and being eligible, offers herself for re-appointment. Mrs. Kanoria is an arts graduate and holding the position of Managing Director of Cheviot International Limited. The Company will be benefitted by her rich experience and knowledge.

Name 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.

Name 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

Mrs. Kanoria attended two board meetings during the financial year 2014-15.

She is a relative of Chairman and Managing Director (CMD) of the Company. Except CMD, 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. 3. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with BSE Limited.

b) Mr. Harsh Vardhan Kanoria (Mr. Kanoria), aged 59 years, (holding DIN 00060259) is a director of the Company from 1st April, 1981. Mr. Kanoria is a commerce graduate and holding the position of Chairman and Managing Director of the Company since 1st August, 2000. He is an Industrialist having vast experience of 41 years.

Name of other companies in which Mr. 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.

Name of other companies in which Mr. Kanoria also holds membership of the Committee of the Board : Nil

Number of Share held in the Company : 3,43,840 Shares

Mr. Kanoria attended four board meetings during the financial year 2014-15.

13. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, the Rules framed thereunder and clause 35B of the listing agreement, the Company is pleased to provide the facility to members to exercise their right to vote on resolutions set forth in this notice by electronic means from a place other than venue of the AGM ("remote e-voting"). The remote e-voting service will be provided by National Securities Depository Limited (NSDL).

II. The facility for voting through ballot paper shall be made available at the AGM venue and the members attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their right to cast vote through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period shall commence on Monday, 10th August, 2015 (10:00 a.m.) and end on Wednesday, 12th August, 2015 (5:00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date, Friday, the 7th August, 2015, may cast their vote by remote e-voting. The remote 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.

NOTICE (Contd.)

- V. The process and manner of remote e-voting are as under:
- A. In case a member receives an e-mail from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
- (i) Open the PDF file viz; "Cheviot Company Limited remote e-voting.pdf" attached to the e-mail with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
 - (v) Password change menu will appear. 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.
 - (vi) Home page of remote e-voting will open. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "Cheviot Company Limited".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have confirmed your vote on the resolution, you will not be allowed to modify your vote.
 - (xii) 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 AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
- (i) Initial password is provided in the following format at the bottom of the attendance sheet of the AGM:

EVEN (Remote e-voting Event Number);	USER ID;	PASSWORD
--------------------------------------	----------	----------
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the frequently asked questions (FAQs) for members and remote e-voting user manual for members available at the download section of www.evoting.nsd.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. 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 cut-off date, Friday, the 7th August, 2015.
- X. Any person, who acquires share(s) of the Company and becomes member of the Company after despatch of the notice of AGM and holding shares as on the cut-off date, Friday, the 7th August, 2015, may obtain the user ID and password by sending a request at evoting@nsdl.co.in
 However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot user ID/password" option available on www.evoting.nsd.com or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, Friday, the 7th August, 2015 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

NOTICE (Contd.)

- XII. Mr. Gaurav Dasgupta, a practicing advocate at Calcutta High Court, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty-eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the results of the voting forthwith.
- XV. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company (www.groupcheviot.net) and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited.
14. The notice of the AGM inter-alia indicating the process and manner of remote e-voting and the Annual Report for 2015 are available on the Company's website (www.groupcheviot.net).
15. All documents referred to in the accompanying notice and the statement annexed thereto shall be open for inspection at the Registered Office of the Company during normal business hours prior to the date of the AGM between 10.00 a.m. and 12.00 noon and will also be available for inspection at the AGM.
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**

The present term of office of Mr. Harsh Vardhan Kanoria (Mr. Kanoria), Chairman and Managing Director of the Company will expire on 31st July, 2015.

Mr. Kanoria, aged 59 years, is a director of the Company from 1st April, 1981. Mr. Kanoria is a commerce graduate and holding the position of Chairman and Managing Director of the Company since 1st August, 2000. He is an Industrialist having vast experience of 41 years.

Mr. Kanoria has been associated with the Company for the last several years in his capacity as Chairman and Managing Director. In view of his vast experience and significant contributions to the Company's overall growth and profitability, the Board of directors by a resolution passed on 19th May, 2015 re-appointed Mr. Kanoria as Chairman and Managing Director for a further period of five years with effect from 1st August, 2015 on the terms and conditions mentioned in the draft agreement to be entered between the Company and Mr. Kanoria.

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

- I. Salary : ₹ 2,00,000 per month in the range of ₹ 2,00,000 to ₹ 3,00,000 per month as may be determined by the Board from time to time.
- II. 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.
- III. Perquisites : Mr. Kanoria will also be entitled to furnished residential accommodation or house rent allowance, gas, electricity, reimbursement of medical expenses incurred in India or abroad including hospitalisation, surgical charges, for self and family and travel relating thereto, leave travel concession for self and family, fees of clubs, personal accident insurance, company maintained car, telephone at residence as perquisites in addition to salary and commission restricted to an amount equal to the annual salary or such other sum as may be determined by the Board from time to time. 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 limit. Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable.

Mr. Kanoria will also be entitled to the following perquisites which shall not be included in the computation of the ceiling on perquisites 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.

NOTICE (Contd.)

- (b) Gratuity not exceeding one-half month's salary for each completed year of service.
- (c) Leave on full pay and allowance as per the rules of the Company but not exceeding one month's leave for every eleven months of service.

The remuneration including the value of the perquisites mentioned above will be subject to the overall ceilings laid down under sections 197 the Companies Act, 2013 (the Act) read with schedule V thereto.

- IV. Mr. Kanoria will not be paid any sitting fee for attending the meeting of the Board or any Committee thereof.
- V. In the event that the Company in any financial year during the aforesaid period, has no profits or its profits are inadequate, the remuneration payable to Mr. Kanoria shall not exceed the limits specified in Section II of Part II of Schedule V to the Act or any modification(s) or re-enactment thereof as minimum remuneration, subject to such approvals as may be required.
- VI. Mr. Kanoria 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 Board from time to time.
- VII. Mr. Kanoria 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. 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.

Name of other companies in which Mr. Kanoria also holds membership of the Committee of the Board : Nil

Number of Share held in the Company : 3,43,840 Shares.

Mr. Kanoria attended four board meetings during the financial year 2014-15.

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

Except Mr. Kanoria and Mrs. Malati Kanoria, 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. 5.

Copy of the draft agreement referred to in the proposed Ordinary Resolution may be inspected by any member at the Registered Office of the Company on any working day prior to the date of the AGM between 10.00 a.m. and 12.00 noon and will also be available for inspection at the AGM. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with BSE Limited.

Item No. 6

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-imburement 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, 2015 and ending on 31st March, 2016.

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.

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. 6.

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

Kolkata, 19th May, 2015

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

(₹ in Lakhs)

Dear Members,

The directors have pleasure in presenting their Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2015.

1. FINANCIAL SUMMARY

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Operating results after charging depreciation and amortisation show a profit of	1,967.38	2,809.33
Add : Exceptional item - Provision against indirect taxes refundable written back (P.Y. indirect taxes for earlier years)	97.45	94.87
Add : Other income	2,166.73	914.91
Profit before tax	4,231.56	3,819.11
From which have been deducted :		
Current tax	749.00	1,042.00
Tax for earlier years (net)	1.10	9.36
Deferred tax	23.37	87.37
Profit after tax	3,458.09	2,680.38
Surplus as per last balance sheet	500.02	461.33
Making a total of	3,958.11	3,141.71
Which has been appropriated by the directors as under :		
Proposed dividend	766.91	676.69
Tax on proposed dividend	156.13	115.00
Transferred to SEZ re-investment reserve account	350.00	200.00
Transferred to general reserve	2,150.00	1,650.00
Balance surplus carried to balance sheet	535.07	500.02
	3,958.11	3,141.71

2. DIVIDEND

Your directors are pleased to recommend dividend of ₹ 17/- per ordinary share of the face value of ₹ 10/- each (i.e. 170%) for the year ended 31st March, 2015 to the members for their approval.

3. TRANSFER TO RESERVE

Directors propose to transfer an amount of ₹ 350 to the Special Economic Zone (SEZ) re-investment reserve account and ₹ 2,150 to the general reserve out of the profit for the year.

4. OPERATIONS AND STATE OF COMPANY'S AFFAIRS

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, 2015	For the year ended 31st March, 2014
Sales (gross)	26,496.62	27,639.78
Export sales (C.I.F. value)	11,973.47	11,800.19
Operating profit	1,967.38	2,809.33
Other income	2,166.73	914.91
Profit before tax	4,231.56	3,819.11
Profit after tax	3,458.09	2,680.38
Earnings per ordinary share of face value of ₹ 10/- (in ₹)	76.65	59.42

DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

The Jute Industry has been passing through a bad phase and due to sluggish demand, there has been an industry-wide cut in production. Published reports of Indian Jute Mills Association reflect around 19% reduction in production of jute goods during the period April - March 2015 as compared to corresponding period of previous year.

In the wake of above scenario, the production in the Company during the year under review witnessed decrease by around 12%. The Company continues to operate with reduced working of six days a week which was resorted to in later part of the previous year. There was steep fall in government orders during first half of the year under review as compared to similar period of previous year which led to decrease in government sales. However, it was a matter of satisfaction that the Company was able to arrest the decline in sales by responding to offers from overseas markets for export of jute yarn as also by catering to demand of hessian and local yarn in domestic market.

The loss of working resulted in decrease in operating profit by ₹ 841.95, being ₹ 1,967.38 in the year under review as compared to ₹ 2,809.33 in previous year. Profit after tax was higher at ₹ 3,458.09 as compared to ₹ 2,680.38 during the previous year. Improvement in bottom line was largely on account of ad-hoc income from sale of old bonds as also income derived from few investments matured during the year and dividend income. Such ad-hoc increase in other income may not be sustainable.

On the export front, though the Company was able to maintain the overall export sales, the overseas market scenario was not encouraging. Impact of recession in European countries has resulted in shrinkage in order quantity.

Accordingly, the Company's export oriented unit situated at Falta SEZ continues to operate at reduced capacity. One of the major European buyers reported filing of an insolvency petition in German court which came as sudden and surprising news affecting the working of the unit. Steps have been taken to safeguard the receivables by filing claims with the official administrator appointed by the court as also for recovery of 80% of receivables from Export Credit Guarantee Corporation of India Limited under its buyer exposure policy taken by the Company. Appropriate provisions for doubtful receivables have been made in the accounts as explained in Note 35 to the financial statements for the year ended 31st March, 2015.

Your directors would like to state that they are conscious of the said development and have taken effective steps to review Company's sales policy and put more checks and safeguards, wherever required. Efforts are also being made to explore other avenues to increase sale of jute fabric, shopping bag in overseas markets. We are confident to come out of the aforesaid unfortunate event.

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

Under Jute Packaging Materials (Compulsory use in packing commodities) Act, 1987 (JPMA), order for compulsory packaging of food grains at 90% and sugar at 20% continues up to 30th June, 2015. We are hopeful that the government will further extend the Order and shall take effective steps to check its violations and will not resort to further dilution in the larger interest of the Jute Industry.

There is an urgent need to ameliorate the Jute Industry which is facing severe crisis and fall in production. It is earnestly pleaded that instead of erratic procurement of goods by the procuring agency, government should streamline the procurement in such a manner that Industry can plan and operate smoothly throughout the year.

Government has introduced schemes for giving incentive for exports. A new scheme named as Merchandise Exports from India Scheme (MEIS) has been introduced by merging all existing schemes with a single scheme. Rewards for export of specified goods to specified countries under MEIS shall be payable as percentage of realised FOB value in free foreign currency. Your Company is entitled to receive rewards in the form of duty free scrips of 5% on all jute products exported by the Company in place of existing rate of 2 to 3% being availed by the Company under the existing schemes. Export from Falta SEZ unit will also be entitled for the above reward @ 5% as the new policy has also made the units operating in SEZ entitled to receive the reward.

This is a welcome and significant step taken by the Government which will go a long way in promoting the exports of goods from India.

Moreover, National Jute Board has implemented schemes for providing sanitation facilities for the jute mill workers, scholarship scheme for children of jute mill workers, export market development assistance scheme and incentive scheme for acquisition of plant and machinery.