

A sustainable business philosophy

125
YEARS



Cheviot Company Limited

Annual Report 2022-23





Contents

Corporate Overview

Corporate Portrait	02
Planet-friendly	08
Our CSR initiatives	10
Financial highlights	12
Corporate information	13

Statutory Reports

Board's Report	14
Annexure I-V to Board's Report	23

Financial Statements

Independent Auditors' Report	45
Balance Sheet	54
Statement of Profit and Loss	55
Statement of Changes in Equity	56
Statement of Cash Flows	58
Notes to the Financial Statements	61

Notice

Notice calling the 125th Annual General Meeting	117
Communication on Tax Deduction on Dividend	128

Cheviot is a company with
a conscience.



A green philosophy that will
pave the way for sustainable
growth of the company.

“It was our ability to transform and seize opportunities, our fair and ethical business practices and ability to diversify that kept us going!”

What were some of the highlights of the Company's performance in 2022-23?

The biggest highlight of the year under review was that of sustainable development. Prudent integration of the economic, environmental and social aspects of sustainability represents the key to the company's long-term profitability. Sustainability is all about balance and integration. Integration of the competing demands of economic, social and environmental aspects of our actions and balance of short-term needs with long-term development. Sustainable development is manifested through applying sustainability thinking to the everyday choices we make, ensuring that it is an integral part of our strategic thinking and implementation. So, while we made a foray into value-added products to mitigate raw material price fluctuations, we reduced our carbon footprint with our plant modernisation that makes all our operational practices eco-friendly and sustainable in the long-run. We consistently believe that making a difference to the Earth and functioning in harmony with the environment will make a positive impact on our business across the foreseeable future.

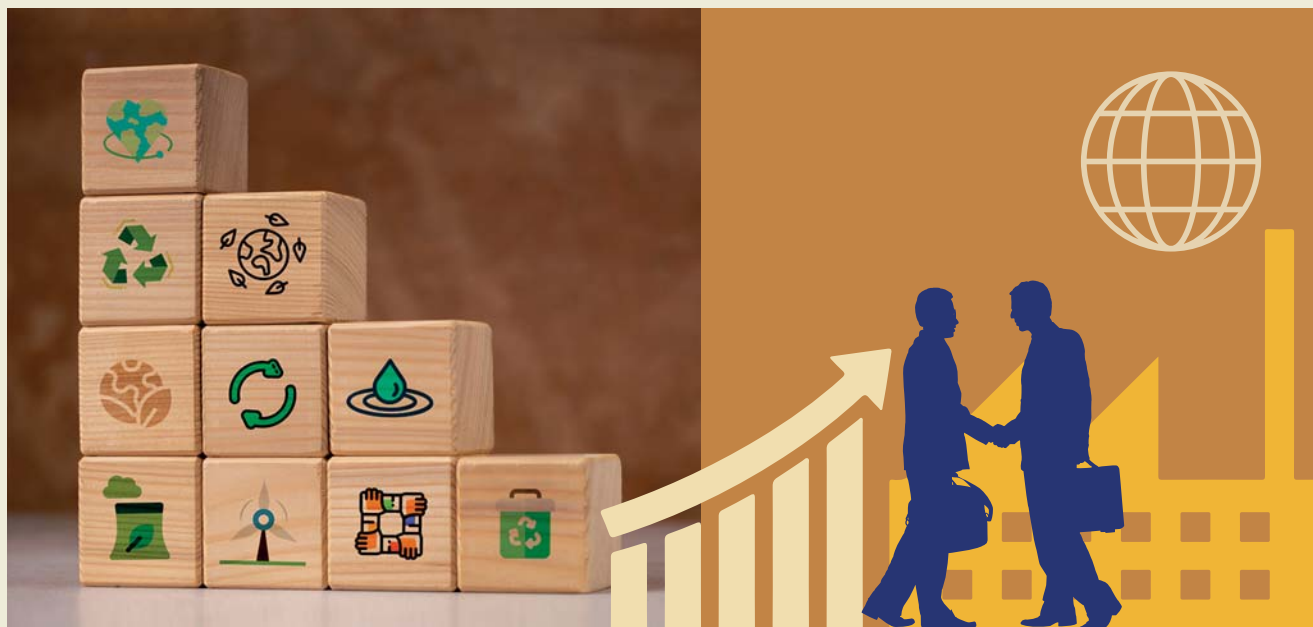
Moreover, in terms of economic sustainability, these were our fundamental highlights for the year under review:

- Strong internal controls and assessment techniques to improve product quality.
- Enhancing the shareholder value over time with a 3X increase in the top line growth over the last decade.
- Low debt exposure and consistent credit rating over the past decade. Working Capital Cycle is mostly funded by internal accruals.

How is the jute industry placed at the moment?

The jute sector plays a crucial role in the Indian economy, particularly in Eastern India, by providing direct and indirect employment opportunities and generating export revenue. India is the world's largest producer of jute, which is also known as golden fibre.

Key players in the industry have invested in modern looms and product diversification, while a majority of the mills still use obsolete and labour-intensive plant and machinery, which hampers the quality and quantity of production.



The jute industry is grappling with shrinking acreage, excessive dependence on government orders, competition from Bangladesh, and a lack of modernisation and diversification. Additionally, the industry has been influenced by government policies in key areas over the years.

Jute fibre is eco-friendly as it is fully bio-degradable and recyclable. Its strength, versatility and highly spin-able appeal, is likely to attract more attention of the user industries in the long-term due to concerns over usage of synthetic products. With increasing awareness about the adverse effect of synthetic packaging material to the environment, the demand of jute goods is poised to grow both domestically and internationally. Demand for environmentally friendly products augurs well for value-added JDPs like jute geotextile, horticultural products and lifestyle products like jute shopping bags, floor coverings and apparels.

What is the future strategy and optimism for the company going forward?

We have chalked out the following strategies to generate revenue growth in 2023-24:

- Widen our international presence and improve our exports
- Increase the production of value-added products to strengthen margins
- Increasingly commission newer technologies to aid value-added production and enhance productivity
- Intensify R&D so as to meet critical global requirements of food processing and FMCG industries



Our Vision

To produce and supply environmental-friendly jute products conforming to international standards and create value for our stakeholders.



Our Credentials

Cheviot Company Limited, the flagship company of Group Cheviot, rests on the pillars of integrity, perseverance, technology, innovation, and precision. Upholding these values, Cheviot has established itself as one of the premier Jute conglomerates of the world. Today, it manufactures high quality precision jute yarn, fabrics, sacks and customised products such as geotextiles, food grade bags and technical textiles for the domestic and international markets. Cheviot strives to provide sustainable alternatives through the processing of the eco-friendly and highly versatile golden fibre. Cheviot produces 50+ million jute bags per year that are solely used for food grain packaging by the Government of India.





Our Plants

The company has two state-of-the-art manufacturing units which are equipped with the latest technology and superior processes of manufacture, near Kolkata, West Bengal, India.



Budge-Budge Plant

A composite Jute Mill with over 4,000 employees, and with a daily manufacturing capacity of 160 Metric tons where raw jute is processed into finished yarns and fabrics through extensive and meticulous manufacturing processes.



Falta Special Economic Zone Plant

A specialty weaving unit situated at the Falta special economic zone manufacturing superior fabrics and geotextiles exclusively for export. Here we have over 100 Automatic Sulzer Looms which provide a near perfect weave and high quality fabrics.



Our Customers

Our company has an export presence in several countries including Belgium, Netherlands, Germany, Italy, USA, Saudi Arabia, Turkey, Japan and Indonesia. The domestic sales primarily consists of Government of India procurement of sacks for packaging of food grains along with local demand for fabrics, bags, and other specialised products.



Our Certifications

Quality assurance is the key preoccupation at the company and has been the hallmark for Cheviot products. The Company is accredited with the following certifications:

- IS/ISO 9001:2015 - Quality Management System
- IS/ISO 14001:2015 - Environmental Management System
- IS/ISO 45001:2018 - Occupational Health and Safety Management Systems
- Granted THREE STAR EXPORT HOUSE status by the Ministry of Commerce and Industry, Government of India
- The Silver Export Award 2017-18 for conventional jute products and jute diversified products from the Ministry of Textiles, Government of India



Our Presence

- We are listed on BSE Limited (Scrip Code 526817) and National Stock Exchange of India Limited (Symbol "Cheviot")
- We enjoyed ₹ 594 crore market capitalisation as on 31 March 2023
- Our promoters' stake was 74.83% as on 31 March 2023

No. 1
exporter of jute yarn

68 mn USD
turnover in 2022-23

24 mn USD
export turnover in 2022-23

15,304
spindles

4,139
employees on roll



Planet-friendly

A sustainable business philosophy.



In the present scenario, the growing concerns among the people globally against the use of synthetic polymers, toxin liberating substances and non-biodegradable products, because of their hazardous after effects on environment and human health, re-established the needs of natural fibres to our society in terms of packaging and daily use products.

At Cheviot, we care for the environment in which we operate. Our initiatives are our proactive 'green' concern opposed to a reactive damage control.

We substituted coal with jute biomass residue (caddies) in the steam generating boiler at our plant premises. This leads to reduction in carbon dioxide emissions by the avoidance of fossil fuel emissions using jute caddies that are carbon neutral on account of their biogenic source. The company is governed by a GO GREEN policy. The entire fibre residue generated in the Jute process lines are collected, reprocessed and made into jute products consumed in-house.