

ANNUAL REPORT
2017 - 2018

If undelivered, please return to :

THE NAIHATI JUTE MILLS COMPANY LIMITED
7, HARE STREET, 4TH FLOOR
KOLKATA - 700 001

The Naihati Jute Mills Company Limited

BOARD OF DIRECTORS

JUGAL KISHORE BHAGAT – *Chairman and Managing Director*

GAUTAM UKIL – *Independent Director*

ALOK KUMAR KHASTAGIR – *Independent Director*

SUBHAKIRTI MAJUMDAR

SMT. NISHA AGRAWAL

CHIEF FINANCIAL OFFICER

CA KISHOR KUMAR SONTHALIA

COMPANY SECRETARY

CS GOPAL PRASAD CHOUDHARY

AUDITORS

B. CHHAWCHHARIA & CO.

Chartered Accountants

COST AUDITORS

D. RADHAKRISHNAN & CO.

Cost Accountants

BANKERS

PUNJAB NATIONAL BANK

UNITED BANK OF INDIA

AXIS BANK

STATE BANK OF INDIA

REGISTERED OFFICE

7, HARE STREET (4TH FLOOR)

KOLKATA - 700001

Phone : 33 4000 4570, Fax : 33 4000 4584

E-mail : naihati@naihatijute.com

Website : www.naihatijute.com

MILLS

HAZINAGAR

NORTH 24 PARGANAS - 743135

WEST BENGAL

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THE NAIHATI JUTE MILLS COMPANY LIMITED

CIN : U17119WB1905PLC001612

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the 113th Annual General Meeting of The Naihati Jute Mills Company Limited will be held at Conference Room, 4th Floor, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-700017 on Saturday, the 8th day of September, 2018 at 11.30 A.M. to transact the following business:

1. To receive, consider and adopt the Financial Statements for the financial year ended 31st March, 2018 and the Reports of Board of Directors and Auditors thereon.
2. To declare dividend on Preference and Ordinary Shares.
3. To appoint a Director in place of Smt. Nisha Agrawal (DIN: 01007810), who retires by rotation and, being eligible, offers herself for re-appointment.
4. To ratify the appointment of Auditors and to authorise Board of Directors to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 139 and all other applicable provisions of Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including statutory modification(s) or re-enactment(s) thereof, for the time being in force) the appointment of Messrs B. Chhawchharia & Co., Chartered Accountants (ICAI Registration No. 305123E) as Statutory Auditors of the Company to hold office from conclusion of Annual General Meeting (AGM) held in the year 2017 until the conclusion of sixth consecutive AGM at a remuneration to be mutually agreed upon with the Board of Directors, be and is hereby ratified."

Special Business

5. To appoint Shri Subhakirti Majumdar (DIN: 00820573) as a Director liable to retire by rotation and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Sections 149 and 152 and all other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Shri Subhakirti Majumdar (DIN: 00820573) who was appointed as a Director in casual vacancy caused by the death of Shri Vikram Prakash, pursuant to provisions of Section 161(4) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his 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."

6. To approve the revision in the salary payable to Shri Ravi Bhagat, relative of a Director, as Chief Executive Officer with effect from 1st April, 2019 and in this regard, 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 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 or any amendment or substitution thereof, approval of the Company be and is hereby given to holding of office or place of profit in the Company by Shri Ravi Bhagat, a relative of Shri Jugal

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

Kishore Bhagat, Chairman and Managing Director of the Company, as Chief Executive Officer with effect from 1st April, 2019 for a period of five years at a basic salary of ₹3,50,000 per month (in the scale of ₹ 3,50,000– ₹ 35,000 – ₹ 4,90,000) and other allowances, perquisites, benefits and amenities as applicable to other senior executives of the Company."

7. To approve the revision in the salary payable to Shri Ashutosh Bhagat, relative of a Director, as Joint Chief Executive Officer with effect from 1st April, 2019 and in this regard, 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 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 or any amendment or substitution thereof, approval of the Company be and is hereby given to holding of office or place of profit in the Company by Shri Ashutosh Bhagat, a relative of Shri Jugal Kishore Bhagat, Chairman and Managing Director of the Company, as Joint Chief Executive Officer with effect from 1st April, 2019 for a period of five years at a basic salary of ₹ 3,45,000 per month (in the scale of ₹3,45,000– ₹35,000– ₹4,85,000) and other allowances, perquisites, benefits and amenities as applicable to other senior executives of the Company."

8. To ratify the remuneration payable to Cost Auditors as approved by the Board of Directors and in this regard, 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 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) the remuneration of ₹ 25,000 plus applicable taxes and re-imburement of out of pocket expenses as approved by the Board of Directors payable to Messrs D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), who have been appointed by the Board of Directors as Cost Auditors to conduct the audit of cost accounts of the Company for the financial year ended 31st March, 2019 be and is hereby ratified."

Registered Office
7, Hare Street,
(4th Floor), Kolkata- 700001
Dated 20th June, 2018

By Order of the Board
CS GOPAL PRASAD CHOUDHARY
Company Secretary

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than fortyeight hours before the time of commencement of the meeting. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the meeting.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

2. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Dividend, if declared at the Annual General Meeting, will be paid to those members whose names appear on 7th September, 2018 as Members in the Register of Members of the Company or in the list of Beneficial Owners furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
4. The Register of Directors and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the Members at the Meeting.
5. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the Meeting.
6. Attendance slip, proxy form and the route map of the venue of the meeting are annexed hereto.
7. Members are requested to bring their copy of Annual Report at the Meeting.

STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 (THE ACT)

Item 5: The Board of Directors at its meeting held on 20th June, 2018 appointed, pursuant to the provisions of Section 161(4) of the Act and the Articles of Association of the Company, Shri Subhakirti Majumdar as a Director in casual vacancy caused by the death of Shri Vikram Prakash. His appointment as a Director is required to be approved by the Members in the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Subhakirti Majumdar for the office of Director of the Company.

Shri Subhakirti Majumdar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Keeping in view his vast administrative expertise and knowledge particularly in Jute Industry, it will be in the interest of the Company that Shri Subhakirti Majumdar is appointed as a Director liable to retire by rotation.

Save and except Shri Subhakirti Majumdar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item 5 of the notice.

Item 6: Shri Ravi Bhagat, Chief Executive Officer is at present drawing salary of ₹ 3,00,000 per month. On recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on 11th February, 2016 and thereafter, the Shareholders had revised his remuneration for a period of three years with effect from 1st April, 2016 to 31st March, 2019 at a monthly salary of ₹ 2,50,000 (in the scale of ₹ 2,50,000—₹25,000—₹ 3,00,000).

Shri Ravi Bhagat is a relative of Shri Jugal Kishore Bhagat, Chairman and Managing Director. Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 provides that, for holding office or place of profit by a relative of a Director in the Company at a monthly remuneration exceeding ₹ 2,50,000, consent of Board of Directors and the prior approval of the Shareholders in the

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

General Meeting by a Resolution are required. Since the period of last approval of his salary expires on 31st March, 2019, the Board of Directors on the recommendation of Nomination and Remuneration Committee has approved the revision in his salary for a further period of five years from 1st April, 2019 at a salary of ₹ 3,50,000 per month (in the scale of ₹ 3,50,000 - ₹ 35,000 - ₹ 4,90,000) and sought the approval from Shareholders in the General Meeting by a resolution as set out in item 6 of the notice.

Except Shri Jugal Kishore Bhagat, none of the other Directors and their relatives are concerned or interested financially or otherwise in the resolution.

The Board of Directors recommend passing of the proposed resolution as set out at item 6 of the notice.

Item 7: Shri Ashutosh Bhagat, Joint Chief Executive Officer is at present drawing salary of ₹ 2,95,000 per month. On recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on 11th February, 2016 and thereafter, the Shareholders had revised his remuneration for a period of three years with effect from 1st April, 2016 to 31st March, 2019 at a monthly salary of ₹ 2,45,000 (in the scale of ₹ 2,45,000 - ₹ 25,000 - ₹ 2,95,000).

Shri Ashutosh Bhagat is a relative of Shri Jugal Kishore Bhagat, Chairman and Managing Director. Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 provides that, for holding office or place of profit by a relative of a Director in the Company at a monthly remuneration exceeding ₹ 2,50,000, consent of Board of Directors and the prior approval of the Shareholders in the General Meeting by a Resolution are required. Since the period of last approval of his salary expires on 31st March, 2019, the Board of Directors on the recommendation of Nomination and Remuneration Committee has approved the revision in his salary for a further period of five years from 1st April, 2019 at a salary of ₹ 3,45,000 per month (in the scale of ₹ 3,45,000 - ₹ 35,000 - ₹ 4,85,000) and sought the approval from Shareholders in the General Meeting by a resolution as set out in item 7 of the notice.

Except Shri Jugal Kishore Bhagat, none of the other Directors and their relatives are concerned or interested financially or otherwise in the resolution.

The Board of Directors recommend passing of the proposed resolution as set out at item 7 of the notice.

Item 8: The Board of Directors had appointed Messrs D. Radhakrishnan & Co., Cost Accountants (Registration No.000018), as Cost Auditors to carry out the audit of the cost accounts in respect of jute goods for the financial year ended 31st March, 2019 at a remuneration of ₹ 25,000 plus applicable taxes and re-imbusement of out of pocket expenses incurred by them.

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

The Board recommends the passing of the proposed Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors.

Registered Office
7, Hare Street,
(4th Floor), Kolkata - 700001
Dated 20th June, 2018

By Order of the Board
CS GOPAL PRASAD CHOUDHARY
Company Secretary

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

The Directors of your Company present their Annual Report and Financial Statements for the year ended 31st March, 2018.

FINANCIAL RESULTS		(₹ in lakhs)
Profit for the year before finance cost, depreciation and taxation		761.03
From which have been adjusted		
i) Finance Cost	93.07	
ii) Provision for Depreciation	228.57	
iii) Provision for Tax (Includes ₹ 15.22 lakhs of earlier year)	143.22	
iv) Provision for Deferred Tax	26.05	490.91
leaving a surplus of		270.12
which is carried forward to Balance Sheet		

DIVIDEND

The Board of Directors has recommended a dividend for the financial year 2017-18 @15% i.e. ₹ 15 per share on 10,000 Preference Shares of ₹100 each and @ 10%, i.e. ₹ 10 per share on 214,489 Ordinary Shares of ₹ 100 each amounting to ₹ 27.67 lakhs (inclusive of dividend distribution tax of ₹ 4.72 lakhs). The dividend payment is subject to approval of members at the ensuing Annual General Meeting (AGM).

OPERATIONS

The year under review experienced decent demand for sacking goods from the food procuring agencies. The demand for hessian and yarn suffered a setback in the domestic market with lower off take and pressure on margins.

Raw jute prices remained reasonably stable due to its adequate availability and stagnating industry production.

Production, Turnover, Profitability and Earning per share show the undernoted position during the year under review as compared to previous year:

	Year 2017-18	Year 2016-17
Production (M.Tonnes)	30135	27814
Total Turnover (₹ in lakhs)	23043.37	23350.47
Profit before taxation (₹ in lakhs)	439.39	566.52
Profit after taxation (₹ in lakhs)	270.12	361.60
Earning per Share of Face value of ₹ 100 (₹)	125.94	168.59

OUTLOOK

The raw jute crop size for the year 2018-19 is not very encouraging due to an estimated reduction in area under cultivation to the tune of 10-15%. This is primarily due to farmers' inability to get remunerative prices particularly for the lower grade qualities of raw jute as the production of the same was disproportionately high in comparison to its requirement. Due to expected shortage in the overall availability of fibre for the ensuing season, the prices are expected to prevail higher than the previous season.

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

The Government of India is continuing with the support to the Jute sector in terms of retaining the percentage of reservation at 90% for food grains and 20% for sugar as per recommendation of the Standing Advisory Committee.

Import of jute goods from Bangladesh, especially sacking, continues at a rapid pace in spite of imposition of Anti Dumping duties by the Government of India highlighting the manufacturing cost advantage of the Bangladesh producers.

The demand scenario for finished goods is expected to be stable for the ensuing year. Overseas demand from India could see an upward trend because of an expected poor crop in Bangladesh.

The tripartite labour agreement between the industry, unions and Government of West Bengal has expired. There is a need to have a relook at the wage structure and worker categorization to adequately remunerate the workers based on their skill level, productivity and regularity in attendance.

DIRECTORS

Shri Vikram Prakash, Non-executive Director expired on 10th August, 2017. Shri Raj Kumar More, Independent Director ceased to be a Director on 12th December, 2017 upon disqualification by Registrar of Companies under Section 164(2) of the Companies Act, 2013 (the Act). The Directors placed on record their appreciation for the valuable guidance and advices rendered by Shri Vikram Prakash and Shri Raj Kumar More during the tenure of their offices as Directors of the Company.

Shri Subhakirti Majumdar joined the Board on 20th June, 2018 as a Director who shall hold office as such up to the date of ensuing AGM.

As per provisions of Section 152 of the Act, Smt. Nisha Agrawal, Director, retires by rotation at the ensuing AGM and, being eligible, offers herself for re-appointment.

The Company has received declarations from both the Independent Directors confirming that they meet the criteria of independence laid down in Section 149(6) of the Act.

BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held on 20th June, 2017, 1st September, 2017, 12th December, 2017 and 21st February, 2018.

Apart from meetings of the Board of Directors, different Committees met several times during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) of the Act, the Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, make the following statements that :

- in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

REMUNERATION POLICY

Remuneration Policy approved by the Board on the recommendation of Nomination and Remuneration Committee is in force. Remuneration of employees consists of basic salary and perquisite. Remuneration to employees is based on their qualification, experience, responsibilities held and their performance. The objective of the remuneration policy is to motivate employees to excel in the performance, recognise their contribution, retain talent in the organisation and reward merits.

PARTICULARS OF LOAN, GUARANTEE OR INVESTMENT

The Company has not given any loan, guarantee or made any investment exceeding sixty percent of paid-up share capital, free reserves and securities premium account or hundred percent of its free reserves and securities premium account, whichever is more, as prescribed in Section 186 of the Act.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Particulars of contracts/arrangements with related parties in terms of Section 188(1) of the Act is provided in Form No. AOC-2 which is annexed as Annexure-'A' which forms part of the Report.

TRANSFER TO RESERVES

No amount is proposed to carry to any reserve during the year.

EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR

There is no material changes and commitments subsequent to the end of the financial year.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of provisions of Section 135 of the Act, the Company has formed a CSR Committee and formulated a CSR policy. The details have been annexed in prescribed format as Annexure "B".

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo is provided in the Annexure -'C', which forms part of this Report.

EXTRACT OF ANNUAL RETURN

In terms of provisions of Section 134(3)(a) of the Act, the extract of Annual Return as provided under Section 92(3) of the Act in Form No. MGT-9 is annexed as Annexure - 'D' which forms part of this Report.

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

DEPOSITS

The Company has neither invited nor accepted any deposit from the public under Section 73 of the Act and rules made thereunder, during the year under review.

SIGNIFICANT AND MATERIAL ORDERS

There is no significant and material order passed by any of the regulators, courts of law or tribunals impacting the going concern status of the Company or its operations in future.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial control procedures commensurate with the size, scale and complexity of its operation, which are well supplemented by surveillance of Internal Auditors.

AUDITORS AND AUDITORS' REPORT

Messrs B. Chhawchharia & Co., Chartered Accountants (ICAI Registration No. 305123E) were appointed as Auditors of the Company at the AGM held on 1st September, 2017 to hold office from the conclusion of the said AGM until the conclusion of sixth consecutive AGM subject to ratification of the appointment by the members at the every AGM. The Company has received an eligibility letter under Section 141 of the Act and the rules made thereunder that they are not disqualified. The Board, based on recommendation of Audit Committee, recommends the ratification of appointment of Messrs B. Chhawchharia & Co., as Auditors by the members at ensuing AGM. In terms of Section 40 of the Companies (Amendment) Act, 2017, the ratification of appointment of Auditors during their term of appointment is no longer required.

The Company as a policy has been accounting for the due gratuity liability for the workers who have retired/ceased to work from the service of the Company. However, the Company has also been gradually funding partially against the accrued liability of gratuity of the existing staff and workers.

The request of the Company to the State Government and its Nodal Agency, West Bengal Industrial Development Corporation Limited for One Time Settlement of the outstanding dues is under consideration. As the Company expects substantial relief, no provision has been made for interest since 1st April, 2000 and for any additional liability, if any, on this account.

COST AUDITORS

Messrs D. Radhakrishnan & Co., Cost Accountants, on the recommendation of the Audit Committee, have been appointed as Cost Auditors of the Company to conduct the audit of the cost accounts maintained by the Company for the year ended 31st March, 2019 at a remuneration of ₹ 25,000 plus applicable taxes and reimbursement of out of pocket expenses incurred by them subject to ratification of remuneration by the members of the Company at the forthcoming AGM.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company within the meaning of the Act.

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

DISCLOSURE UNDER SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment of any of the female employees (permanent, contractual, temporary, trainees). No complaint has been received during the calendar year 2017.

STAFF AND LABOUR

Industrial relations remained harmonious during the year.

The Company is providing scholarship to the girl children of workers on qualifying Secondary and Higher Secondary Education through a scheme of National Jute Board.

There is no employee in respect of whom particulars pursuant to Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 are required to be given.

RISK MANAGEMENT POLICY

In terms of Section 134(3)(n) of the Act, the Board of Directors has adopted a Risk Management Policy which includes identification of element of risk, its mitigation and other related factors.

ACKNOWLEDGEMENT

The Directors would like to express their appreciation for the unstinted support received from Financial Institutions, Banks and Central and State Governments. The Directors also express their appreciation for the dedicated services rendered to the Company by the employees and workers at all levels.

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director
DIN: 00055972

Kolkata
20th June, 2018

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - A TO DIRECTORS' REPORT

FORM No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis	
The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2017-18	
2. Details of material contracts or arrangement or transactions at arm's length basis	
(a) Name(s) of the related party and nature of relationship	1) Shri Ravi Bhagat 2) Shri Ashutosh Bhagat - both sons of Shri Jugal Kishore Bhagat, Chairman and Managing Director
(b) Nature of contracts / arrangements / transactions	Appointment as 1) Chief Executive Officer 2) Joint Chief Executive Officer
(c) Duration of the contracts / arrangements / transactions	Three years with effect from 1 st April, 2016
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Salary 1) ₹ 250,000 per month (in the scale of ₹ 250,000- ₹25,000 - ₹ 300,000)* 2) ₹ 245,000 per month (in the scale of ₹ 245,000- ₹ 25,000 - ₹ 295,000)* *Plus other allowances, perquisites, benefits and amenities as applicable to other senior executives of the Company
(e) Date(s) of approval by the Board, if any	11 th February, 2016
(f) Amount paid as advance, if any	Nil

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director
DIN: 00055972

Kolkata
20th June, 2018

ANNEXURE - B TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link for the CSR policy and project or programs.

The CSR Policy of the Company was approved by Board of Directors and the web-link is www.naihatijute.com

2. The Composition of the CSR Committee

1. Shri Alok Kumar Khastagir (Chairman) : Independent Director
2. Shri Jugal Kishore Bhagat : Chairman and Managing Director
3. Shri Raj Kumar More (Till 12th December, 2017) : Independent Director
4. Smt. Nisha Agrawal (From 12th December, 2017) : Director

3. Average net profit of the company for the last three financial years: ₹ 189.42 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 3.79 lakhs

5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year: ₹ 3.79 lakhs

(b) Amount unspent, if any: ₹ 3.79 lakhs

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
	Total						

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Due to smallness of amount for undertaking a project for CSR activity, the unspent amount of ₹ 3.79 lakhs for the year 2017-18 will be combined with the amount for CSR activity for the year 2018-19.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:

The Company wishes to inform the members that it is well aware and taking care of its social responsibilities and will spend the fund of ₹ 3.79 lakhs for CSR activity during the current year, i.e. 2018-19.

JUGAL KISHORE BHAGAT
Chairman and Managing Director
DIN: 00055972

ALOK KUMAR KHASTAGIR
Chairman CSR Committee
DIN: 00124558

ANNEXURE - C TO DIRECTORS' REPORT

Conservation of energy, Technology absorption, Foreign exchange earnings and outgo:

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014:

(A) Conservation of energy	
(i) The steps taken or impact on conservation of energy	Following steps taken for conservation of energy have reduced consumption of energy: 1) Replacement of old shuttle looms with latest automated looms. 2) Installation of energy saving lamps. 3) Regular monitoring of steam, boiler and compressor to minimize losses. 4) Proper utilisation of capacitors on respective areas
(ii) The steps taken by the company for utilising alternate sources of energy	The Company is using jute caddies in place of coal for steam generation.
(iii) The capital investment on energy conservation equipments	No capital investment on energy conservation equipment was made during the year under review. The aforesaid electrical items procured during the year were consumable in nature.
(B) Technology absorption	
(i) The efforts made towards technology absorption:	The Company is making continuous efforts in installing high productive machines by keeping track of latest development.
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	Improvement of operational efficiency and in quality.
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- a) the details of technology imported: b) the year of import c) whether the technology been fully absorbed d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	No technology has been imported during the last three years.
(iv) The expenditure incurred on Research and Development	The Company does not have in-house Research and Development facility and no expenditure has been incurred in this regard.
(C) Foreign Exchange Earnings and outgo	
i) Foreign Exchange earned in terms of actual inflows :	₹ 1779.44 lakhs
ii) Foreign Exchange outgo in terms of actual outflows :	₹ 533.30 lakhs

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director
DIN: 00055972

Kolkata
20th June, 2018

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2018

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1	CIN	U17119WB1905PLC001612
2	Registration Date	14th June, 1905
3	Name of the Company	The Naihati Jute Mills Company Limited
4	Category/Sub-category of the Company	Public Company limited by shares
5	Address of the Registered office and contact details	7, Hare Street, (4th Floor), Kolkata-700001 Phone : 91-33-4000 4570/2248 9904 Fax : 91-33-4000 4584/2248 4062 E-mail : naihati@naihatijute.com
6	Whether listed company	No
7	Name, Address & Contact details of Registrar and Transfer Agent, if any.	Maheshwari Datamatics Private Limited 23, R. N. Mukherjee Road, 5th Floor, Kolkata-700001 Phone : 91-33-2243 5029/2248-2248 E-mail : mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	Jute Products	131, 139	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
None					

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
1 Indian									
a) Individual/ HUF	196061	76	196137	91.45	196061	76	196137	91.45	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	7795	-	7795	3.63	7795	-	7795	3.63	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	203856	76	203932	95.08	203856	76	203932	95.08	-
2 Foreign									
a) NRI - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	203856	76	203932	95.08	203856	76	203932	95.08	-
B. Public Shareholding									
1 Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	49	378	427	0.20	49	378	427	0.20	-
c) Central Govt	75	-	75	0.03	75	-	75	0.03	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	85	85	0.04	-	85	85	0.04	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	124	463	587	0.27	124	463	587	0.27	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	3108	3108	1.45	-	3108	3108	1.45	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	645	6217	6862	3.20	655	6207	6862	3.20	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	645	9325	9970	4.65	655	9315	9970	4.65	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	769	9788	10557	4.92	779	9778	10557	4.92	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	204625	9864	214489	100.00	204635	9854	214489	100.00	-

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Jugal Kishore Bhagat	6000	2.79	-	6000	2.79	-	-
2	Ashutosh Bhagat	21324	9.94	-	21324	9.94	-	-
3	Bhagat Refinerers & Chemicals Private Limited	7795	3.64	-	7795	3.64	-	-
4	Ravi Bhagat	20110	9.38	-	20110	9.38	-	-
5	Rita Bhagat	39958	18.63	-	39958	18.63	-	-
6	Jugal Kishore Bhagat	12825	5.98	-	12825	5.98	-	-
7	Vinita Bhagat	47567	22.17	-	47567	22.17	-	-
8	Archita Bhagat	48353	22.54	-	48353	22.54	-	-
	Total	203932	95.07	-	203932	95.07	-	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in Promoters' shareholding.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of Shares	% of total Shares of the Company	Date	No. of Shares	% of total Shares of the Company
1	Bharosa Vinimay Private Limited	3000	1.40	At the end of the year	3000	1.40
2	Vedant Bhagat	1000	0.47	At the end of the year	1000	0.47
3	Adarsh Bhagat	1000	0.47	At the end of the year	1000	0.47
4	Rakshak Hemantkumar Shah	257	0.12	At the end of the year	257	0.12
5	Sudhir Kumar Seal	248	0.12	At the end of the year	248	0.12
6	Central Bank of India	137	0.06	At the end of the year	137	0.06
7	C. H. Heape	100	0.05	At the end of the year	100	0.05
8	Saifuddin Amiruddin Sarkar	100	0.05	At the end of the year	100	0.05
9	Life Insurance Corporation of India	85	0.04	At the end of the year	85	0.04
10	Matadin Goenka	80	0.04	At the end of the year	80	0.04

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		Name of the Director/KMP	No. of Shares	% of total Shares of the Company	Date	No. of Shares
1	Jugal Kishore Bhagat	6000	2.80	At the end of the year	6000	2.80
2	Jugal Kishore Bhagat	12825	5.98	At the end of the year	12825	5.98

ANNEXURE - D TO DIRECTORS' REPORT (contd.)

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1542.46	-	-	1542.46
ii) Interest due but not paid	102.84	-	-	102.84
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1645.30	-	-	1645.30
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	62.25	-	-	62.25
Net Change	-62.25	-	-	-62.25
Indebtedness at the end of the financial year				
i) Principal Amount	1480.21	-	-	1480.21
ii) Interest due but not paid	102.84	-	-	102.84
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1583.05	-	-	1583.05

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Shri Jugal Kishore Bhagat, MD	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,031,743	8,031,743
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	6,257	6,257
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	-
5	Others, please specify	-	-
	Total (A)	8,038,000	8,038,000
	Ceiling as per the Act		

ANNEXURE - D TO DIRECTORS' REPORT (contd.)

B. Remuneration to other directors

(₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Gautam Ukil	Alok Kumar Khastagir	Raj Kumar More	
1	Independent Directors				
	Fee for attending board/committee meetings	30,000	39,000	21,000	90,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	30,000	39,000	21,000	90,000
2	Other Non-Executive Directors	Shri Vikram Prakash	Smt. Nisha Agrawal		
	Fee for attending board/committee meetings	-	24,000	-	24,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	24,000	-	24,000
	Total (B)=(1+2)				114,000
	Total Managerial Remuneration				8,152,000
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - D TO DIRECTORS' REPORT (contd.)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director
 DIN : 00055972

Kolkata
 20th June, 2018

THE NAIHATI JUTE MILLS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of

THE NAIHATI JUTE MILLS COMPANY LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of THE NAIHATI JUTE MILLS COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

- Our responsibility is to express an opinion on these financial statements based on our audit.
- We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
- We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

INDEPENDENT AUDITOR'S REPORT (contd.)

Basis of Qualified Opinion

- 8.1 Provision for accrued liability of gratuity of existing employees amounting to ₹ 94,261,401 (Previous Year ₹ 90,522,519) as per actuarial valuation has not been made by the Company which constitutes a departure from the Accounting Standard 15, 'Retirement Benefits' referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) [Refer Note 26(ii)].
- 8.2 Non provision of liability of penal/additional interest and liquidated damages on overdue instalments of secured loan from a financial institution, amount unascertainable [Refer Note 4(f)].
- 8.3 Non provision of interest on loan from WBIDC amounting to ₹ 23,464,104 (Previous Year ₹ 22,436,319) [Refer Note 4(f)].

Accordingly without considering the observations made in paragraph 8.2 above where the effect is not ascertainable, had the observations made by us in paragraphs 8.1 to 8.3 been considered, the profit for the year would have been lower by ₹ 117,725,505 with corresponding effect on the shareholders fund and the current assets.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure 'A', as required by Section 143(3) of the Act, we report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - the financial statements dealt with by this report are in agreement with the books of account;
 - except for the effects of the matter described in the 'Basis of Qualified Opinion' paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - on the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

INDEPENDENT AUDITOR'S REPORT (contd.)

- we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 20th June, 2018 per Annexure 'B' expressed;
- with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - the Company does not have any pending litigations, other than those disclosed in the financial statements, which would materially impact its financial position;
 - the Company did not have any long-term contracts including derivative contracts at year end for which there were any material foreseeable losses;
 - there was no amount which was required to be transferred to the Investor Education and Protection Fund by the Company;

Kolkata
20th June, 2018

B. CHHAWCHHARIA & CO
Chartered Accountants
Firm Registration No.: 305123E

S. K. CHHAWCHHARIA
Partner
Membership No. 008482

INDEPENDENT AUDITOR'S REPORT (contd.)

Annexure 'A' to the Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report of even date to the members of The Naihati Jute Mills Company Limited, on the financial statements for the year ended 31st March, 2018

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As planned, a part of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the planned frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all immovable properties (which are included under the head Fixed Assets) are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification. The procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. As informed, the cost audit for the year is under progress.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding on the year-end for a period of more than six months from the date they became payable.

INDEPENDENT AUDITOR'S REPORT (contd.)

- (b) According to the information and explanations given to us, the following dues outstanding in respect of sales-tax, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
West Bengal Value Added Tax Act, 2003	Tax, Interest	2,441,907	2010 – 2011	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	Tax, Interest	1,993,513 *	2011 – 2012	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	Tax, Interest	31,400	2013 – 2014	Additional Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Tax, Interest	4,318,906	2008 – 2009	West Bengal Commercial Taxes Appellate and Revisional Board
Central Sales Tax Act, 1956	Tax	7,158,681	2010 – 2011	West Bengal Commercial Taxes Appellate and Revisional Board
Central Sales Tax Act, 1956	Tax	7,623,410 **	2011 – 2012	The High Court at Calcutta
Central Sales Tax Act, 1956	Tax, Interest	9,187,776	2013 – 2014	Additional Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Tax, Interest	9,287,322 ***	2014 – 2015	Additional Commissioner of Commercial Taxes
Central Excise Act, 1944	Cess	456,996 #	August 2009 – December 2013	CESTAT
Central Excise Act, 1944	Cess	124,215 ##	January 2014 – October 2014	CESTAT
Central Excise Act, 1944	Cess	130,372 ###	November 2014 – August 2015	Commissioner of Central Excise (Appeals)
TOTAL		42,754,498		

* A sum of ₹ 100,000 has been paid.

** A sum of ₹ 100,000 has been paid.

*** A sum of ₹ 887,184 has been paid.

A sum of ₹ 45,700 has been paid.

A sum of ₹ 12,422 has been paid.

A sum of ₹ 9,778 has been paid.

- (viii) According to the information and explanations given to us, as regards the dues of Government of West Bengal (through WBIDC), the Company has defaulted in repayment of all the quarterly instalments from June 2001 to March 2007 of principal amount and interest till March, 2000 amounting to ₹27,414,054. Similarly, the unprovided further interest (net of rebate) up to March 2018 amounting to ₹ 23,464,104 and unascertainable amount of additional interest, penal interest and liquidated damages also remain unpaid. Company's proposal for settlement of the dues and/or waiver of interest etc. thereon is pending consideration.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. According to the information and explanations given to us, further disbursement of term loan received during the year were applied for the purpose they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

INDEPENDENT AUDITOR'S REPORT (contd.)

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

B. CHHAWCHHARIA & CO
Chartered Accountants
Firm Registration No.: 305123E

S. K. CHHAWCHHARIA
Partner
Membership No. 008482

Kolkata
20th June, 2018

Annexure 'B' to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of The Naihati Jute Mills Company Limited ("the Company") as of and for the year ended 31st March, 2018, we have audited the Internal Financial Controls over Financial Reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance

INDEPENDENT AUDITOR'S REPORT (contd.)

Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

B. CHHAWCHHARIA & CO
Chartered Accountants
Firm Registration No.: 305123E

S. K. CHHAWCHHARIA
Partner
Membership No. 008482

Kolkata
20th June, 2018

THE NAIHATI JUTE MILLS COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note	As at 31-03-2018		As at 31-03-2017	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2	22,448,900		22,448,900	
(b) Reserves and Surplus	3	712,526,722	734,975,622	689,567,615	712,016,515
Non-current Liabilities					
(a) Long-term Borrowings	4	1,833,877		4,973,480	
(b) Deferred Tax Liabilities (net)	5	7,666,558		5,061,947	
(c) Long-term Provisions	6	12,371,005	21,871,440	10,922,089	20,957,516
Current Liabilities					
(a) Short-term Borrowings	7	127,040,675		122,151,004	
(b) Trade Payables	8				
- Micro and Small Enterprises		-		-	
- Others		194,889,887		115,084,607	
(c) Other Current Liabilities	9	162,037,280		172,290,759	
(d) Short-term Provisions	6	41,054,477	525,022,318	37,613,661	447,140,031
Total Equity and Liabilities			1,281,869,380		1,180,114,062
ASSETS					
Non-current Assets					
(a) Fixed Assets					
- Property, Plant and Equipment	10	700,492,951		701,247,635	
- Intangible Assets	10	67,201		67,201	
- Capital Work-in-Progress		-		769,017	
		700,560,152		702,083,853	
(b) Non-current Investments	11	11,600		11,600	
(c) Long-term Loans and Advances	12	1,714,179	702,285,933	3,990,821	706,086,274
Current Assets					
(a) Inventories	13	442,054,096		373,597,882	
(b) Trade Receivables	14	122,000,959		75,610,719	
(c) Cash and Cash Equivalents	15	1,412,173		1,768,079	
(d) Short-term Loans and Advances	12	13,636,145		21,809,962	
(e) Other Current Assets	16	480,074	579,583,448	1,241,146	474,027,788
Total Assets			1,281,869,380		1,180,114,062

Notes to Financial Statements 1 to 35

As per our Report of even date

For B. CHHAWCHHARIA & CO. Chartered Accountants Firm Registration No. 305123E S. K. CHHAWCHHARIA Partner Place : Kolkata Date : 20th June, 2018 Membership No. 008482	CA KISHOR KUMAR SONTALIA Chief Financial Officer CS GOPAL PRASAD CHOUDHARY Company Secretary	For and on behalf of the Board JUGAL KISHORE BHAGAT Chairman and Managing Director DIN : 00055972
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THE NAIHATI JUTE MILLS COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note	2017-18	2016-17
I Revenue from Operations	17	2,304,336,681	2,335,047,136
II Other Income	18	7,562,506	6,258,350
III Total Revenue (I + II)		2,311,899,187	2,341,305,486
IV Expenses			
(a) Cost of Materials Consumed	19	1,266,075,748	1,437,328,549
(b) Change in Inventories of Finished Goods and Work-in-Progress	20	55,459,160	(45,652,496)
(c) Employee Benefits Expense	21	633,367,765	596,423,281
(d) Finance Costs	22	9,306,842	10,646,543
(e) Depreciation and Amortization Expense	10	22,857,595	20,041,511
(f) Other Expenses	23	280,893,104	265,866,357
Total Expenses		2,267,960,214	2,284,653,745
V Profit before Tax (III - IV)		43,938,973	56,651,741
VI Tax Expenses			
(a) Current Tax		12,800,000	17,600,000
(b) Mat Credit Entitlement for earlier year		1,522,410	5,062,057
(c) Deferred Tax		2,604,611	(2,170,332)
VII Profit for the year (V-VI)		27,011,952	36,160,016
VIII Earning per Ordinary Share (Face value of ₹ 100)	30		
(a) Basic		125.94	168.59
(b) Diluted		125.94	168.59

Notes to Financial Statements 1 to 36

As per our Report of even date

For B. CHHAWCHHARIA & CO. Chartered Accountants Firm Registration No. 305123E S. K. CHHAWCHHARIA Partner Place : Kolkata Date : 20th June, 2018 Membership No. 008482	CA KISHOR KUMAR SONTALIA Chief Financial Officer CS GOPAL PRASAD CHOUDHARY Company Secretary	For and on behalf of the Board JUGAL KISHORE BHAGAT Chairman and Managing Director DIN : 00055972
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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	(₹)	
	2017-18	2016-17
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	43,938,973	56,651,741
Adjusted for		
- Depreciation	22,857,595	20,041,511
- Interest Income	(226,455)	(70,971)
- Finance Cost	9,306,842	10,646,543
- Bad Debt/Sundry balances written off	-	30
- Liability no longer required written back	-	(53,584)
- Profit on sale of Other Investments	(190,398)	(105,086)
- Unrealized foreign exchange difference gain/loss	(31)	1,066
- Profit on sale of Fixed Assets	(3,016,822)	(3,137,932)
Operating Profit before Working Capital changes	<u>72,669,705</u>	<u>83,973,317</u>
Changes in Working Capital		
- Trade and Other Receivables	(39,617,777)	38,423,792
- Inventories	(68,456,215)	1,061,788
- Trade Payables and Advance from Customers	82,423,449	(157,296,780)
Cash generated from Operations	<u>47,019,162</u>	<u>(33,837,883)</u>
- Income Tax paid (net of refund)	(12,255,993)	(17,569,661)
Net Cash flow from Operating Activities (A)	<u>34,763,169</u>	<u>(51,407,544)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of Fixed Assets	(33,953,392)	(45,720,666)
- Capital Subsidy Received	14,988,000	2,830,400
- Sale of Fixed assets	3,021,000	3,138,000
- Profit on sale of Other Investments	190,398	105,086
- Interest Received	226,455	70,971
Net Cash used in Investing Activities (B)	<u>(15,527,539)</u>	<u>(39,576,209)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds from Long-term and other Borrowings	(6,231,849)	100,051,569
- Interest Paid	(9,306,842)	(10,647,817)
- Dividend Paid	(4,052,845)	-
Net Cash from Financing Activities (C)	<u>(19,591,536)</u>	<u>89,403,752</u>
Net increase/(Decrease) in cash and cash Equivalents (A + B + C)	(355,906)	(1,580,001)
Cash and Cash Equivalents at the beginning of the year	1,768,079	3,349,146
Cash and Cash Equivalents at the end of the year	<u>1,412,173</u>	<u>1,769,145</u>

Notes :

1. Proceeds from Long-term and Other Borrowings are shown net of repayments.
2. Cash and Cash Equivalents represent cash, bank balances and short term deposit with bank.
3. Reconciliation of cash and cash equivalent at the end of the year

Cash and Cash Equivalents as per Cash Flow Statement	1,412,173	1,769,145
Effect of foreign exchange difference	(31)	1,066
Cash and Cash Equivalents as per Balance Sheet	<u>1,412,204</u>	<u>1,768,079</u>

For B. CHHAWCHHARIA & CO.
Chartered Accountants
Firm Registration No. 305123E
S. K. CHHAWCHHARIA

CA KISHOR KUMAR SONTHALIA
Chief Financial Officer

For and on behalf of the Board

JUGAL KISHORE BHAGAT

Place : Kolkata
Date : 20th June, 2018
Membership No. 008482

CS GOPAL PRASAD CHOUDHARY
Company Secretary

Chairman and Managing Director
DIN : 00055972

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

(i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company follows the mercantile system of accounting and recognises income and expenses on accrual basis. The accounts are prepared on historical cost basis except for certain fixed assets which are stated at revalued amounts. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles and the provisions of the Companies Act, 2013.

All the Assets and Liabilities have been classified as Current and Non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of activities, the Company has ascertained its operating cycle as 12 months for the purpose of Current and Non-current classification of Assets and Liabilities.

(ii) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principle requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialized.

(iii) TANGIBLE AND INTANGIBLE FIXED ASSETS AND DEPRECIATION/ AMORTISATION

Property, Plant and Equipment

(a) Recognition

Property, plant and equipment are stated at cost of acquisition or construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. Cost of acquisition includes inward freight, duties and taxes (net of cenvat availed), dismantling cost and installation expenses etc. incurred up to the installation of the assets.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement when incurred. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The Company has adopted cost model as prescribed under Accounting Standard (AS) 10: Property, Plant and Equipment in respect of all classes of assets except for land and building for which revaluation model has been adopted. In respect of revalued assets the difference between written down value of assets and valuation is transferred to Revaluation Reserve.

(b) Depreciation

Depreciation on property, plant and equipment is provided to the extent of depreciable amount on the written down value method except on the additions to Plant and Machinery and Diesel Generating Sets made after 1st April, 1963 on which depreciation is provided on straight line method. Depreciation is provided based on useful economic life of the assets as prescribed in Schedule II to the Companies Act, 2013.

As provided in Schedule II to the Companies Act, 2013, the amount equivalent to the depreciation charged on the amount added on revaluation is not being transferred to Statement of Profit and Loss from Revaluation Reserve.

(iv) IMPAIRMENT OF ASSETS

Impairment is ascertained at each Balance Sheet date in respect of cash generating units. An impairment

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(v) CAPITAL WORK-IN-PROGRESS

Capital work-in-progress under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

(vi) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any. Such assets are amortised on written down value method over the useful economic life of the respective assets and in the manner prescribed in Schedule II to the Companies Act, 2013.

(vii) GOVERNMENT GRANTS

Government Grants related to fixed assets are adjusted with the value of the fixed asset/credited to Capital Reserve. Government Grants related to revenue items are adjusted with the related expenditure/taken as income. Such grants are accounted for as and when the ultimate realisability of the same is established.

(viii) NON-CURRENT/LONG-TERM INVESTMENT

Non-current/Long-term investments are carried at acquisition cost less provision for permanent diminution in the value. Investments intended to be held for not more than one year are classified as current investments and are valued at lower of cost and fair value.

(ix) INVENTORIES

Inventories are valued at lower of the cost or net realizable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies 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 in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost and includes appropriate portion of overheads.

Cost in respect of process stock represents cost incurred upto the stage of completion.

Caddies, Thread Waste etc. are valued at estimated realisable value.

Cost has been considered after taking credit for taxes whenever and to the extent available.

(x) REVENUE RECOGNITION**Sale of Goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, and the amount of revenue can be measured reliably.

Export Incentive accounted on the basis of accrual.

Sale of Import Entitlements is accounted on the basis of actual transaction /utilization thereof.

Other Income

Other Income is accounted on accrual basis except where the receipt of income is uncertain.

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(xi) EMPLOYEE BENEFITS

Employee benefits are accrued in the year in which services are rendered by the employees. Short-term employee benefits are recognised as an expenses in the Statement of Profit and Loss for the year in which the related service is rendered.

Contribution to defined contribution schemes such as Provident Fund, Superannuation Fund etc. are recognised as and when incurred.

Long-term employee benefits under defined benefits scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques.

Actuarial gain and losses are recognised in the year when they arise.

(xii) FOREIGN CURRENCY TRANSACTIONS

Income and Expenditure in foreign currency is converted into rupee at the rate of exchange prevailing on the date of transaction. Realised gains and losses on foreign exchange transactions in the year are recognised in the Statement of Profit and Loss.

Foreign currency monetary assets and liabilities at the year end are translated using the closing exchange rates and the resultant exchange difference is recognised in the Statement of Profit and Loss. In the case of acquisition of fixed assets, the exchange differences are adjusted to the cost of respective fixed assets. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid/received on forward contracts is recognized over the life of the contract.

(xiii) CLAIMS

Insurance claims are accounted for on settlement thereof.

Claim for quality, shortage etc. made in respect of purchase of raw jute but not admitted by the parties is adjusted in the consumption for the year and on settlement thereof, difference, if any, is accounted for.

(xiv) BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(xv) TAXATION

Tax expense for the period, comprising current tax and deferred tax, is included in the determination of the net profit or loss for the period. Provision is made for current tax based on tax liability computed in accordance with relevant tax rates and tax laws.

Deferred Taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets including the unrecognized deferred tax assets, if any, at each reporting date, are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(xvi) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- (a) Liability of interest/penalty due to delayed payment of statutory dues being unascertained is accounted for on imposition of demands.
- (b) Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable and in respect of which a reliable estimate can be made.
- (c) Contingent liabilities are shown by way of Notes to the Financial Statements in respect of obligations, where, based on the evidence available, their existence at the Balance Sheet date is considered not probable or a reliable estimate of the same cannot be made.
- (d) Contingent Assets are neither recognised nor disclosed in the Financial Statements.

(xviii) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The net profit or loss for the period attributable to ordinary shareholders is the net profit or loss for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of ordinary shares is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by the time-weighting factor.

(₹)

	As at 31-03-2018	As at 31-03-2017
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2 SHARE CAPITAL

Capital Structure

Authorized

479,989 (P.Y. 479,989) Ordinary Shares of ₹ 100 each	47,998,900	47,998,900
70,000 (P.Y. 70,000) Preference Shares of ₹ 100 each	7,000,000	7,000,000
	54,998,900	54,998,900

Issued, Subscribed and Fully Paid-up

214,489 (P.Y. 214,489) Ordinary Shares of ₹ 100 each	21,448,900	21,448,900
10,000 (P.Y. 10,000) 15% Non-cumulative Redeemable Preference Shares of ₹ 100 each fully paid-up	1,000,000	1,000,000
	22,448,900	22,448,900

Share Capital Reconciliation	As at 31-03-2018		As at 31-03-2017	
	No.	₹	No.	₹
Ordinary Shares				
At the beginning of the year	214,489	21,448,900	214,489	21,448,900
Issued during the year	-	-	-	-
Outstanding at the end of the year	214,489	21,448,900	214,489	21,448,900
Preference Shares				
At the beginning of the year	10,000	1,000,000	10,000	1,000,000
Issued during the year	-	-	-	-
Redeemed during the year	-	-	-	-
Outstanding at the end of the year	10,000	1,000,000	10,000	1,000,000

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

Particulars of Shareholders holding more than 5% shares as at Balance Sheet date.

	As at 31-03-2018		As at 31-03-2017	
	No.	% of holding in the Class	No.	% of holding in the Class
Ordinary Shares of ₹ 100 each fully paid-up				
Jugal Kishore Bhagat	12,825	5.98	12,825	5.98
Ravi Bhagat	20,110	9.37	20,110	9.37
Ashutosh Bhagat	21,324	9.94	21,324	9.94
Rita Bhagat	39,958	18.63	39,958	18.63
Vinita Bhagat	47,567	22.17	47,567	22.17
Archita Bhagat	48,353	22.54	48,353	22.54
Preference Shares of ₹ 100 each fully paid-up				
Ginni Farms Private Limited	5,000	50.00	5,000	50.00
Nion Vyapaar Private Limited	5,000	50.00	5,000	50.00

Rights, Preferences and Restrictions attached to shares

Ordinary Shares

The Company has one class of Ordinary Shares having a par value of ₹ 100. Each holder of Ordinary Shares is entitled to one vote proportionate to paid-up capital. The Company declares and pays dividends in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of Shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of Ordinary Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Ordinary Shares held by the Shareholders and their paid-up amounts.

Preference Shares

The Company has issued only one class of 15% Non-cumulative Redeemable Preference Shares (NRPS). The Preference Shareholders are entitled to dividend @15%. The Company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the Shareholders in the Annual General Meeting. Each holder of Preference Shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the Preference Shares.

The Preference Shares are redeemable at par after three years from the date of allotment i.e. 20th January, 2006 upto 15 years at the option of the Company. In the event of liquidation of the Company before redemption of Preference Shares, the holders of Preference Shares will have priority over Ordinary Shares in the payment of dividend and repayment of capital.

Terms of redemption of Preference Shares of ₹ 100 each

The Company has issued NRPS having a par value of ₹ 100 as per terms and conditions given below:

Preference Shares (No.)	Rate of Dividend (%)	Redemption Premium (₹)	Paid-up value (₹)	Date of Redemption
10,000*	15.00	60**	1,000,000	20.01.2021

* The Company shall have an option to redeem Preference Shares at any time after three years from the date of issue of the said Shares i.e. after 20.01.2009 in one or more tranches.

** 15% NRPS are redeemable at the premium of ₹ 5 per Share for every completed year from 4th year till the year of redemption.

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	(₹)	
	As at 31-03-2018	As at 31-03-2017
3 RESERVES AND SURPLUS		
Capital Reserve		
Others (details not available)	566,509	566,509
Securities Premium Reserve	4,000,000	4,000,000
Revaluation Reserve	579,173,361	579,173,361
General Reserve	4,250,000	4,250,000
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	101,577,745	65,417,729
Add: Profit for the year	27,011,952	36,160,016
	128,589,697	101,577,745
Less : Final Dividend for the year 2016-2017	3,367,335	-
Less : Corporate Dividend tax paid	685,510	-
Balance at the end of the year	124,536,852	101,577,745
	712,526,722	689,567,615

The Board of Directors of the Company has proposed a dividend on Ordinary and Preference Shares for ₹ 2,294,890 for the year ended 31st March, 2018, subject to approval of Shareholders at the ensuing Annual General Meeting. If approved, the dividend would result in cash outflow of ₹ 2,766,612 inclusive of Corporate Dividend Tax of ₹ 471,722.

	Non-current portion		Current maturities	
	As at 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
4 LONG-TERM BORROWINGS				
Secured Loans				
From Banks				
Rupee Term Loan	-	3,984,157	-	8,666,660
Rupee Vehicle Loan	1,833,877	989,323	2,016,664	1,324,971
From Government of West Bengal				
Loan for payment of sales tax and raw jute tax dues :				
Loan (through WBIDC)	-	-	17,129,750	17,129,750
	1,833,877	4,973,480	19,146,414	27,121,381
Amount disclosed under the head 'Other Current Liabilities' (Refer Note 10)	-	-	19,146,414	27,121,381
	1,833,877	4,973,480	-	-

Security

Rupee Vehicle Loans of ₹ 3,850,541 from Banks is secured by hypothecation of specific vehicles being financed. Loan of ₹ 27,414,054 (including interest upto March, 2000 ₹ 10,284,304 - Refer Note 9) are secured by residual charge on all the fixed assets of the Company subject to the charge in favour of financial institutions, banks and others.

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

Repayment Terms Particulars	No. of Instalments	Amount of Instalment	Maturity date	Interest
a) Rupee Vehicle Loan of ₹ 678,411 from ICICI Bank Limited	12 Monthly	Ballooning (EMI-₹ 60,149)	10-03-2019	9.59%
b) Rupee Vehicle Loan of ₹ 169,352 from Kotak Mahindra Prime Limited	04 Monthly	Ballooning (EMI-₹43,200)	05-07-2018	9.43%
c) Rupee Vehicle Loan of ₹ 141,560 from HDFC Bank Limited	7 Monthly	Ballooning (EMI-₹20,882)	05-10-2018	9.70%
d) Rupee Vehicle Loan of ₹ 2,211,218 from Punjab National Bank	30 Monthly	EMI-₹82,076	30-09-2020	8.50%
e) Rupee Vehicle Loan of ₹ 650,000 from Punjab National Bank	36 Monthly	EMI-₹20,520	31-03-2021	8.50%
f) Loan from Government of West Bengal (through WBIDC) - (i) Loan with interest upto March 2000 amounting to ₹ 27,414,054 was repayable in 24 quarterly instalments commencing from June 2001, (ii) Further interest (net of rebate) from April 2000 to March 2018 amounting to ₹ 23,464,104 (including ₹ 1,027,785 for current year) remains unprovided, and (iii) Penal interest, additional interest and liquidated damages (amount unascertainable) also remains unprovided; and all remain unpaid, since Company's request for settlement of loan as well as waiver of interest, additional interest, penal interest and liquidated damages is pending since long.				

	As at 31-03-2018	As at 31-03-2017
5 DEFERRED TAX		
The Principal components of Deferred Tax Liabilities and Assets are as follows:		
Deferred Tax Liabilities		
Difference between book value of depreciable assets as per Books of Account and written down value for tax purposes	14,112,980	11,806,475
Tax impact of expenses claimed under tax laws but charge to the Statement of Profit and Loss deferred	1,114,911	816,805
	15,227,891	12,623,280
Deferred Tax Assets		
Tax impact of expenses charged to the Statement of Profit and Loss but allowance under tax laws deferred	7,561,333	7,561,333
	7,561,333	7,561,333
Net Deferred Tax Liabilities/(Assets)	7,666,558	5,061,947

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(₹)

	Long-term		Short-term	
	As at 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
6 PROVISIONS				
Provision for Employee Benefits				
For Bonus	-	-	37,382,966	35,206,073
For Leave Benefits	12,371,005	10,922,089	3,671,511	2,407,588
	<u>12,371,005</u>	<u>10,922,089</u>	<u>41,054,477</u>	<u>37,613,661</u>
7 SHORT-TERM BORROWINGS				
From Banks (Secured) :				
Working Capital Loans			96,740,675	80,951,004
Packing Credit			30,300,000	41,200,000
			<u>127,040,675</u>	<u>122,151,004</u>
Working Capital Loans and Packing Credit from Banks are secured by hypothecation of stock of raw jute, jute goods, stores and spares, goods-in-transit, book debt and collaterally secured by second charge on fixed assets by way of equitable mortgage and guaranteed by Messrs Bansidhar Ghanshyamdass.				
8 TRADE PAYABLES				
For Goods and Services received in the ordinary course of business				
- Micro and Small Enterprises			-	-
- Others			194,889,887	115,084,607
			<u>194,889,887</u>	<u>115,084,607</u>
9 OTHER CURRENT LIABILITIES				
Current maturities of Long-term debts (Refer Note 4)			19,146,414	27,121,381
Interest accrued and due on Borrowings (WBIDC)			10,284,304	10,284,304
Interest accrued but not due on Borrowings			6,991	13,941
Advance from Customers			713,061	2,154,524
Creditors for Capital Goods			-	1,151,832
Statutory Dues			18,956,788	12,489,622
Other Payables (includes provision for outstanding liabilities and expenses, unclaimed employee benefits and other expenses payable)			112,929,721	119,075,155
			<u>162,037,280</u>	<u>172,290,759</u>

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

10 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01-04-2017	Additions	Deductions and/or Adjustments	Total as at 31-03-2018	Up to 31-03-2017	During the year	Deductions and/or Adjustments	Up to 31-03-2018	As at 31-03-2018	As at 31-03-2017
Land	569,367,000	-	-	569,367,000	-	-	-	-	569,367,000	569,367,000
Buildings	41,465,488	1,432,200	-	42,897,688	32,903,671	854,352	-	33,758,023	9,139,665	8,561,817
Plant and Machinery	286,935,891	28,783,954	16,603,748	299,116,097	175,101,627	17,696,414	1,611,570	191,186,471	107,929,626	111,834,265
Diesel Generating Sets	13,070,013	-	-	13,070,013	11,941,982	146,970	-	12,088,952	981,061	1,128,031
Engines and Boilers	5,051,966	-	-	5,051,966	4,821,625	-	-	4,821,625	230,341	230,341
Sprinkler Installation	917,456	-	-	917,456	917,042	-	-	917,042	414	414
Electrical Installation	22,870,323	-	-	22,870,323	18,818,172	1,143,316	-	19,961,488	2,908,835	4,052,151
Railway Siding	275,298	-	-	275,298	275,276	-	-	275,276	22	22
Tubewell Installation	1,968,600	-	-	1,968,600	1,870,169	-	-	1,870,169	98,431	98,431
Jetty	1,019,669	-	-	1,019,669	1,019,603	-	-	1,019,603	66	66
Furniture and Fittings	3,352,218	943,486	-	4,295,704	2,943,107	213,665	-	3,156,772	1,138,932	409,111
Vehicles	11,014,221	4,058,183	-	15,072,404	7,234,012	1,807,352	-	9,041,364	6,031,040	3,780,209
Office Machinery, Equipments, Air conditioners and Refrigerators	12,133,697	1,877,267	-	14,010,964	11,120,515	854,249	-	11,974,764	2,036,200	1,013,182
Weighing Machines	2,132,064	-	-	2,132,064	1,359,469	141,277	-	1,500,746	631,318	772,595
TOTAL	971,573,904	37,095,090	16,603,748	997,065,246	270,326,270	22,857,595	1,611,570	291,572,295	700,492,951	701,247,635
Intangible Assets	1,344,000	-	-	1,344,000	1,276,799	-	-	1,276,799	67,201	67,201
Computer Software	972,917,904	37,095,090	16,603,748	997,065,246	271,603,069	22,857,595	1,611,570	292,849,094	700,560,152	701,314,836
TOTAL	972,917,904	37,095,090	16,603,748	997,065,246	271,603,069	22,857,595	1,611,570	292,849,094	700,560,152	701,314,836
Previous Year Figures	932,943,574	43,603,762	3,629,435	972,917,904	252,360,522	20,041,511	798,964	271,603,069	701,314,836	

During the year, Capital Subsidy for Plant and Machinery of ₹ 14,988,000 (Previous Year ₹ 2,830,400) received from National Jute Board has been reduced from the cost of respective asset.

Plant and Machinery includes ₹ Nil (Previous Year ₹ 90,754) as Borrowing Cost.

Revaluation of Land has been made on 31-03-2014 and ₹ 561,480,000 was added which is included in Revaluation Reserve.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	(₹)			
	As at 31-03-2018		As at 31-03-2017	
11 NON-CURRENT INVESTMENTS				
Other Investments (valued at cost) - Unquoted				
Investment in Government Securities				
12 Years National Plan Saving Certificates	600		600	
12 Years National Plan Defence Certificates	1,000		1,000	
Investment in Debentures				
5% Non-redeemable Debenture Stock, 1957 of Woodland Hospital & Medical Research Centre Limited	10,000		10,000	
	<u>11,600</u>		<u>11,600</u>	
	Long-term		Short-term	
	As at 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
12 LOANS AND ADVANCES				
Unsecured, considered good				
Capital Advances	243,500	2,616,180	-	-
Security Deposits	885,595	860,493	-	-
Others				
Advances recoverable in cash or in kind or for value to be received	60,145	64,209	3,148,549	9,609,117
Prepaid Expenses	524,939	449,939	1,499,761	1,279,094
Advance tax and TDS (net of provision)	-	-	18,606	2,085,023
Balance with Statutory/Government Authorities	-	-	8,969,229	8,836,728
	<u>1,714,179</u>	<u>3,990,821</u>	<u>13,636,145</u>	<u>21,809,962</u>
13 INVENTORIES				
(as taken, valued and certified by the management)				
Raw Material			242,291,858	120,197,336
Work-in-Progress			78,478,712	85,930,833
Finished Goods			106,223,549	154,230,588
Stores and Spare Parts			15,059,977	13,239,125
			<u>442,054,096</u>	<u>373,597,882</u>
Details of Raw Material				
Raw Jute			239,069,505	117,995,904
Batching Oil			1,254,586	1,076,928
Dyes and Chemicals			1,844,082	974,097
Caddies, Thread Waste etc.			123,685	150,407
			<u>242,291,858</u>	<u>120,197,336</u>

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	(₹)	
	As at 31-03-2018	As at 31-03-2017
14 TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	7,507,989	6,471,476
Other Receivables	<u>114,492,970</u>	<u>69,139,243</u>
	<u>122,000,959</u>	<u>75,610,719</u>
15 CASH AND CASH EQUIVALENTS		
Balances with Banks in Current Account	407,538	934,832
Cash on hand	<u>1,004,635</u>	<u>833,248</u>
	<u>1,412,173</u>	<u>1,768,079</u>
16 OTHER CURRENT ASSETS		
Interest Receivable	7,794	580,607
Duty Draw Back Receivable	<u>472,280</u>	<u>660,539</u>
	<u>480,074</u>	<u>1,241,146</u>
	<u>2017-18</u>	<u>2016-17</u>
17 REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	<u>2,293,433,016</u>	<u>2,327,180,482</u>
Other Operating Revenue		
By-products	-	575,587
Export Incentives	3,365,969	3,087,018
Sale of MEIS Licenses	<u>7,537,696</u>	<u>4,204,049</u>
	<u>10,903,665</u>	<u>7,866,654</u>
	<u>2,304,336,681</u>	<u>2,335,047,136</u>
18 OTHER INCOME		
Interest on Deposits	226,455	70,971
Foreign Exchange Fluctuations	2,298,774	1,556,124
Liability no longer required	-	53,584
Profit on sale of Current Investments	190,398	105,086
Profit on sale of Fixed Assets	3,016,822	3,137,932
Other Non-operating Income	<u>1,830,057</u>	<u>1,334,653</u>
	<u>7,562,506</u>	<u>6,258,350</u>
19 COST OF MATERIALS CONSUMED		
*Inventory at the beginning of the year	120,197,336	167,099,388
Add: Purchases less returns	1,388,170,270	1,390,426,497
Less: *Inventory at the end of the year	<u>242,291,858</u>	<u>120,197,336</u>
	<u>1,266,075,748</u>	<u>1,437,328,549</u>

*Includes stock of Caddies, Thread Waste etc.

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	(₹)	
	2017-18	2016-17
20 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventory at the beginning of the year		
Finished Goods	154,230,588	112,389,766
Work-in-Progress	85,930,833	82,119,159
	<u>240,161,421</u>	<u>194,508,925</u>
Inventory at the end of the year		
Finished Goods	106,223,549	154,230,588
Work-in-Progress	78,478,712	85,930,833
	<u>184,702,261</u>	<u>240,161,421</u>
	<u>55,459,160</u>	<u>(45,652,496)</u>
21 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus etc.	555,638,823	508,117,392
Contribution to Provident and Other Funds	74,297,905	84,661,672
Staff Welfare Expenses	3,431,037	3,644,217
	<u>633,367,765</u>	<u>596,423,281</u>
22 FINANCE COST		
Interest Expenses	7,561,784	8,817,885
Other Borrowing Costs	1,745,058	1,828,658
	<u>9,306,842</u>	<u>10,646,543</u>
23 OTHER EXPENSES		
Consumption of Stores and Spare Parts	69,842,870	67,844,662
Bleaching, Processing and Printing Expenses	29,498,897	26,556,987
Power and Fuel	123,091,109	119,695,952
Rent	515,400	515,400
Repairs and Maintenance		
Plant and Machinery	3,083,437	6,344,907
Building	1,724,257	1,544,485
Others	6,544,923	4,957,178
Insurance	2,272,707	1,715,240
Rates and Taxes	3,394,271	3,618,354
Freight and Delivery Charges	11,813,108	7,610,026
Brokerage on Sales	5,627,253	5,970,703
Payment to Auditors		
For Statutory Audit	600,000	632,500
For Tax Audit	85,000	97,750
For Other Services	20,000	31,500
Internal Audit	102,000	117,300
Cost Audit	25,000	28,750
Issuing Certificates and Others	30,202	40,638
Directors' Fee	114,000	117,000
Professional and Consultancy Charges	5,273,483	4,174,052
Travelling Expenses	7,468,339	4,659,684
Miscellaneous Expenses	9,766,847	9,593,289
	<u>280,893,104</u>	<u>265,866,357</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	(₹)	
24 Contingent Liabilities not provided for in respect of:		
(a) Disputed demands of ₹ 37,576,095 (Previous Year ₹ 29,902,622) and ₹ 4,466,820 (Previous Year ₹ 4,892,007) relating to Central Sales Tax (for years 2008-09, 2010-11, 2011-12, 2013-14 and 2014-15) and West Bengal Value Added Tax (for years 2010-11, 2011-12 and 2013-14) respectively, including interest [amount deposited ₹ 1,087,184 their against (Previous Year ₹ 970,674)], against which Company's appeals and revision applications are pending.		
(b) Disputed demands for periods from August 2009 to August 2015 of ₹ 711,583 (Previous Year ₹ 711,583) relating to cess under Central Excise Act [amount deposited ₹ 67,900 their against (Previous year ₹ 53,370)], against which Company's appeals are pending.		
(c) Additional demand of Employees State Insurance for the years July'73 – Nov'75, 27-01-85 to June'86, 1990-91, 1992-93, 1993-94 and 1997-98 to 1999-2000 amounting to ₹ 2,329,000 [amount deposited ₹ 317,496 their against (same in previous year)] against which Company's appeals are pending.		
(d) Bills discounted with banks remaining outstanding at the year-end amounting to ₹ 39,767,427 (Previous Year ₹ 12,978,111).		
(e) Additional tax demand of ₹ 1,836,604 (Previous Year ₹ 1,836,604) relating to land revenue against which the Company's writ petition is pending before High Court.		
25 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) – ₹ Nil (₹ 12,549,775).		
26		
(i) The accrued and due liability of gratuity of employees retired/resigned during the year amounting to ₹ 8,037,187 (₹ 3,191,176) net of payment of ₹ 4,715,135 (₹ 8,066,734) made from Gratuity Fund Account, has been provided for.		
(ii) Effective 1st April, 2007, employee benefit obligations have been measured/valued following the Accounting Standard 15 (revised 2005) on 'Employee Benefits' (AS) issued by The Institute of Chartered Accountants of India.		
The accrued unprovided liability of existing employees as on 31st March, 2018 for future payments under the Payment of Gratuity Act, 1972 determined as per actuarial valuation amounts to ₹ 94,261,401 (₹ 90,522,519).		
Defined Contribution Plan		
Contribution to Defined Contribution Plan, recognised are charged off for the year are as under:		
		(₹)
Employer's Contribution to Provident and Pension Fund	39,485,644	(37,974,239)
Employer's Contribution to ESIC Scheme	21,747,700	(18,629,989)
Defined Benefit Plan		
The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognised in the same manner as Gratuity.		

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(A)	(₹)	
	Current Year	Previous Year
	Gratuity (Partially funded)	
a) Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at the beginning of the year	203,046,775	174,924,344
Current Service Cost	18,871,450	18,153,951
Interest Cost	15,191,528	14,173,917
Actuarial (gain)/loss	(584,411)	8,397,639
Benefits (paid)	(14,054,114)	(12,603,076)
Defined Benefit Obligation at the year end	222,471,228	203,046,775
b) Reconciliation of opening and closing balances of fair value of Plan Assets		
Fair value of Plan Assets at the beginning of the year	112,524,256	87,419,966
Expected return on Plan Assets	8,720,630	7,497,908
Employer's contribution	21,101,748	31,248,655
Actuarial gain/(loss) on Plan Assets	(82,693)	(1,039,197)
Benefits paid	(14,054,114)	(12,603,076)
Fair value of Plan Assets at the year end	128,209,827	112,524,256
c) Reconciliation of fair value of Assets and Obligations		
Fair value of Plan Assets	128,209,827	112,524,256
Present value of Obligation	222,471,228	203,046,775
Amount recognised in Balance Sheet (gratuity to the extent of ₹ 94,261,401 remains unprovided)	128,209,827	112,524,256
d) Expenses recognized during the year		
Amount provided and contributed to Group Gratuity Scheme	13,064,561	28,057,444
e) Actuarial assumptions		
Mortality Table	2006-08 (Indian Assured Lives)	2006-08 (Indian Assured Lives)
Discount rate (per annum) compounded	7.75%	7.50%
Rate of escalation in salary (per annum)	6.00%	6.00%

	Gratuity (Funded)				
	2017-18	2016-17	2015-16	2014-15	2013-14
Defined Benefit Obligation at the end of the year	222,471,228	203,046,775	174,924,344	161,566,025	158,296,438
Fair value of planned assets at the end of the year	128,209,827	112,524,256	87,419,966	70,909,988	67,780,576
Surplus / (Deficit)	(94,261,401)	(90,522,519)	(87,504,378)	(90,656,037)	(90,515,862)

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on Plan Assets is based on actuarial expectations of the average long-term rate of return expected on investments of the fund during the estimated terms of the Obligations. The above information is certified by the Actuary.

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(B)	(₹)	
	Current Year	Previous Year
	Leave Encashment (Unfunded)	
a) Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at the beginning of the year	13,329,677	9,486,386
Current Service Cost	7,606,019	7,358,589
Interest Cost	637,363	855,602
Actuarial (gain)/loss	4,680,732	4,009,029
Benefits (paid)	(10,211,275)	(8,379,929)
Defined Benefit Obligation at the year end	16,042,516	13,329,677
b) Reconciliation of opening and closing balances of fair value of Plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Employer's contribution	10,211,275	8,379,929
Actuarial gain/(loss) on Plan Assets	-	-
Benefits paid	(10,211,275)	(8,379,929)
Fair value of Plan Assets at the year end	-	-
c) Reconciliation of fair value of Assets and Obligations		
Fair value of Plan Assets	-	-
Present value of Obligation	16,042,516	13,329,677
Amount recognised in Balance Sheet	16,042,516	13,329,677
d) Expenses recognized during the year	2,712,839	3,843,291
e) Actuarial assumptions		
Mortality Table	2006-08 (Indian Assured Lives)	2006-08 (Indian Assured Lives)
Discount rate (per annum) compounded	7.50%	7.50%
Rate of escalation in salary (per annum)	6.00%	6.00%

The above information is certified by the Actuary.

27 Disclosure of the amount due to the Micro, Small and Medium Enterprises (on the basis of the information and records available with the management):

Particulars	Current year	Previous year
1 The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier		
- Principal amount	Nil	Nil
- Interest thereon	Nil	Nil
2 The interest paid by the buyer as above, along with the amount of payments made beyond the appointed date during each accounting year.	Nil	Nil
3 The amount of interest due and payable for the period of delay in making payments which has been made beyond the appointed day (during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act 2006.	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(₹)

Particulars	Current year	Previous year
4 The amount of interest accrued and remaining un paid at the end of each accounting year.	Nil	Nil
5 The amount of further interest remaining due and payable even in the succeeding year until such date when the interest dues as above are actually paid to the Small/Micro Enterprises.	Nil	Nil

The Company has circulated confirmation for the identification of suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006. On the basis of information available with the Company under the aforesaid Act, there are no Enterprises to whom the Company owes dues which are outstanding at the year end. This has been relied upon by the Auditors.

28 In the management's perception, in accordance with Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India (ICAI), the Company has only one reportable segment namely 'Jute Goods'.

29 Related Party Disclosures in accordance with the Accounting Standard 18 issued by ICAI are given below:

a. List of Related Parties with whom transactions have taken place during the year :

Key managerial personnel	Shri Jugal Kishore Bhagat, Chairman and Managing Director Shri Ravi Bhagat, Chief Executive Officer Shri Ashutosh Bhagat, Joint Chief Executive Officer
Enterprises over which key management personnel and/or relatives are able to exercise significant influence	Messrs Bansidhar Ghanshyamdass

b. Transactions with related parties:

(₹)

	Key managerial personnel	Enterprises over which key management personnel and/or relatives are able to exercise significant influence
i)	Remuneration paid	- Chairman and Managing Director - Chief Executive Officer - Joint Chief Executive Officer
	8,031,743 (4,370,135) 4,832,631 (4,521,908) 4,708,437 (4,290,787)	
ii)	Guarantees given on behalf of the Company	- For facilities from Punjab National Bank

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

c. Enterprises over which key management personnel are able to exercise significant influence, but have no transaction during the year

(a) Ajanta Commercial & Trading Company Private Limited	(l) Multitech Electronics Limited
(b) Ashutosh Spinners Private Limited.	(m) Narottamka Commercial Company Private Limited
(c) Bhagat Agencies Private Limited	(n) Penon Constructions Private Limited
(d) Bhaskar Barter Private Limited	(o) Raj Rajeshwar Promoters Private Limited
(e) CFM Infratex Limited	(p) Reform Flour Mills Private Limited
(f) Chhaya Rub Chem Private Limited	(q) Rimjhim Traders & Dealers Private Limited
(g) Ginni Securities Limited	(r) Softex Computata Private Limited
(h) K.S.Agencies & Marketing Private Limited	(s) Twinkle Lefin Private Limited
(i) Lotus Enclave Private Limited	(t) Vedant Credit Finance Private Limited
(j) Maya Chaya Construction Private Limited	(u) Viable Agencies & Marketing Private Limited
(k) Maya Rub Chem Private Limited	

30 Earning Per Share (EPS)

The EPS has been calculated as specified in Accounting Standard 20 issued by ICAI and other disclosure in this regard are:

Particulars	2017-18	2016-17
Net profit after tax available for Ordinary Shareholders (₹)	27,011,952	36,160,018
Weighted average number of Ordinary Share used as the denominator in calculating EPS	214,489	214,489
Basic and Diluted earning per Ordinary Share (Face value ₹ 100) (₹)	125.94	168.59

31 On the basis of physical verification of assets and cash generation capacity of those assets, in the management perception, there is no impairment of assets as on 31st March, 2018.

32 Imported and Indigenous Raw Materials and Stores and Spares Parts Consumed

	Raw Material Consumed		Stores and Spare Parts Consumed	
	Value (₹)	%	Value (₹)	%
Imported	31,804,171 (161,429,826)	2.51 (11.23)	- (-)	- (-)
Indigenous	1,234,271,577 (1,275,898,723)	97.49 (88.77)	69,842,870 (67,844,662)	100.00 (100.00)

33 C.I.F. value of Imports
Raw Jute

(₹)
51,893,311
(168,008,519)

34 F.O.B. value of Exports

177,943,890
(112,934,728)

35 Expenditure in Foreign Currency
Travelling Expenses

1,436,215
(2,422,463)

As per our Report of even date

For B. CHHAWCHHARIA & CO.
Chartered Accountants
Firm Registration No. 305123E
S. K. CHHAWCHHARIA

Place : Kolkata

Date : 20th June, 2018

Partner

Membership No. 008482

CA KISHOR KUMAR SONTHALIA
Chief Financial Officer

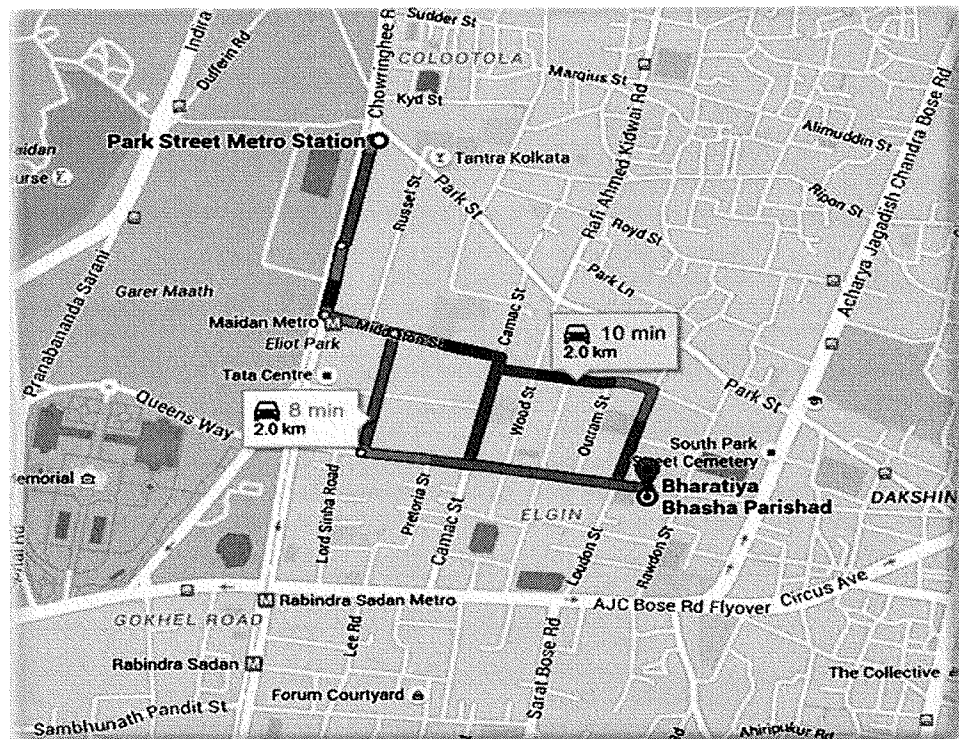
CS GOPAL PRASAD CHOUDHARY
Company Secretary

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director
DIN : 00055972

ROUTE MAP

To the venue of 113th Annual General Meeting at Conference Room, 4th Floor
Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700017



“The prominent landmark near the venue is Rani Birla College.”

THE NAIHATI JUTE MILLS COMPANY LIMITED
CIN : U17119WB1905PLC001612
Registered Office : 7, Hare Street, 4th Floor, Kolkata - 700001

ATTENDANCE SLIP

Registered Folio / DP & Client ID No. No. of Shares

Name of Member / Proxy / Authorised Representative

I hereby record my presence at the 113th Annual General Meeting of the Company being held on Saturday, 8th September, 2018 at 11.30 P.M. at Conference Room, 4th Floor, Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata - 700 017.

.....
Signature of Member / Proxy /
Authorised Representative

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

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THE NAIHATI JUTE MILLS COMPANY LIMITED
CIN : U17119WB1905PLC001612
Registered Office : 7, Hare Street, 4th Floor, Kolkata - 700001

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) :		Email ID :	
Registered address :		Folio No. / DP ID - Client ID :	

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

- (1) Name Address
Email Id : Signature or failing him;
- (2) Name Address
Email Id : Signature or failing him;
- (3) Name Address
Email Id : Signature

as my/our proxy to attend and vote for me/us and on my/our behalf at the 113th Annual General Meeting of the Company being held on Saturday, 8th September, 2018 at 11.30 P.M. at Conference Room, 4th Floor, Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata - 700 017 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolutions No.	
1.	Adoption of Financial Statements for the year ended 31st March, 2018
2.	Declaration of Dividend on Preference and Ordinary Shares
3.	Re-appointment of Smt. Nisha Agarwal as a Director, who retires by rotation
4.	Ratification of appointment of Messrs B. Chhawchharia & Co., Chartered Accountants, as Auditors and fixing their remuneration
5.	Appointment of Shri Subhakirti Majumdar as Director liable to retire by rotation
6.	Approval for holding of office or place of profit in the Company by Shri Ravi Bhagat, a relative of Shri Jugal Kishore Bhagat, Chairman and Managing Director, as Chief Executive Officer for a period of five years with effect from 1st April, 2019
7.	Approval for holding of office or place of profit in the Company by Shri Ashutosh Bhagat, a relative of Shri Jugal Kishore Bhagat, Chairman and Managing Director, as Joint Chief Executive Officer for a period of five years with effect from 1st April, 2019
8.	Ratification of remuneration to be paid to Messrs D. Radhakrishnan & Co., Cost Accountants as Cost Auditors for financial year ended 31st March, 2019

Signed this day of2018

Signature of Shareholder

Signature of Proxyholder

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.