

ANNUAL REPORT
2016 - 2017

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*

RAJ KUMAR MORE – *Independent Director*

VIKRAM PRAKASH

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 112th 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-700 017 on Friday, 1st day of September, 2017 at 03.00 P.M. to transact the following business :

1. To receive, consider and adopt the Financial Statements for the financial year ended 31st March, 2017 and the Reports 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 appoint Messrs B. Chhawchharia & Co., Chartered Accountants (ICAI Registration No. 305123E), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the sixth consecutive Annual General Meeting on a remuneration to be mutually agreed upon with the Board of Directors subject to ratification by the members at every Annual General Meeting.

Special Business

5. To 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-imbursalment 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, 2018 be and is hereby ratified".

By Order of the Board

Registered Office
7, Hare Street,
(4th Floor), Kolkata - 700001
Dated 20th June, 2017

CS GOPAL PRASAD CHOUDHARY
Company Secretary

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 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. In case a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
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 1st September, 2017 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 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, 2018 at a remuneration of ₹ 25,000 plus applicable taxes and re-imbursalment 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 Auditor 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.

By Order of the Board

Registered Office
7, Hare Street,
(4th Floor), Kolkata - 700001
Dated 20th June, 2017

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, 2017.

FINANCIAL RESULTS

| | (₹ in lakhs) | |
|--|----------------|---------------|
| Profit for the year before finance cost, depreciation and taxation | | 873.40 |
| From which have been adjusted | | |
| i) Finance Cost | 106.47 | |
| ii) Provision for Depreciation | 200.41 | |
| iii) Provision for Tax (Includes ₹ 50.62 lakhs of earlier year) | 226.62 | |
| iv) Provision for Deferred Tax | (21.70) | 511.80 |
| leaving a surplus of | | 361.60 |

which is carried forward to Balance Sheet

DIVIDEND

The Board of Directors has recommended a dividend @ 15% i.e. ₹ 15 per share for the financial year 2016-17 both on 10,000 Preference Shares of ₹ 100 each and 214,489 Ordinary Shares of ₹ 100 each amounting to ₹ 40.53 lakhs (inclusive of dividend distribution tax of ₹ 6.86 lakhs). The dividend payment is subject to approval of members at the ensuing Annual General Meeting.

OPERATIONS

The year under review was one in which the jute industry saw robust demand from food procurement agencies. So much so that the industry had to offer dilution of compulsory packaging norm under Jute Packaging Materials (Compulsory use in Packing Commodity Act, 1987) due to the bunching up of orders and the temporary dislocation of production in the industry as a result of the Demonetisation of November 8, 2016.

Raw Jute prices reverted to reasonable levels with the arrival of the new crop in August 2016 after touching record highs in the first quarter of the financial year.

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

| | <u>Year 2016-17</u> | <u>Year 2015-16</u> |
|--|---------------------|---------------------|
| Production (M. Tonnes) | 27814 | 25769 |
| Total Turnover (₹ in lakhs) | 23350.47 | 20593.31 |
| Profit before taxation (₹ in lakhs) | 566.52 | 422.54 |
| Profit after taxation (₹ in lakhs) | 361.60 | 272.31 |
| Earning per share of Face value of ₹ 100 (₹) | 168.59 | 126.96 |

Production during the year 2016-17 would have been higher but for acute labour shortage in the second half of the financial year.

OUTLOOK

The raw jute crop for the year 2017-18 is satisfactory on the back of favourable weather conditions and a substantial hike in Minimum Support Price for Raw Jute from ₹ 2700 to ₹ 3200 basis Desi TD-5.

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

The Standing Advisory Committee on jute to Government of India recommended the dilution of compulsory packaging norm for foodgrains from 90% to 85% in the 2017-18 procurement season.

In January 2017, the Directorate General of Anti-dumping and Allied Duties, after an eighteen months' investigation, imposed anti-dumping duty on the import of jute yarn, hessian and sacking bags from Bangladesh and Nepal. This measure has given much needed relief to the yarn sector. The import of sacking in the form of cloth continues at a rapid pace making use of a gap in the duty structure.

The overall demand scenario for finished goods, especially sacking remains healthy on the expectation of a normal monsoon. The biggest challenge facing the industry today is of labour shortage caused by frequent absenteeism of workers on roll. Industry needs to incorporate changes in its wage structure to improve the situation.

DIRECTORS

As per provisions of Section 152 of the Companies Act, 2013 (the Act), Smt. Nisha Agrawal, Director, retires by rotation at ensuing Annual General Meeting and, being eligible, offers herself for re-appointment.

BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held on 6th June, 2016, 20th August, 2016, 10th November, 2016 and 20th February, 2017.

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, yours 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;
- 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;
- they have prepared the annual accounts on a going concern basis;
- 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.

DIRECTORS' REPORT (contd.)**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 reserve and security premium account or hundred percent of its free reserve 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 DATE OF FINANCIAL STATEMENTS

There is no material changes and commitments subsequent to the date of financial statements.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Act in connection with Corporate Social Responsibility has become applicable to the Company at the end of financial year 2016-17 on achieving threshold limit of net profit of Rupees five crore.

The Company has been actively taking part in Jute I-Care programme by National Jute Board and Jute Corporation of India Limited, for adoption of best practices by the Jute Farmers for achieving higher yield and better quality of raw jute. Under this programme, the Company is implementing I-Care programme in Sahebnagar village under Bethuadahari region of Nadia district, West Bengal.

The Company has taken initiatives in carrying the message of 'Swachh Bharat' by conducting workshop, cleanliness' drive and tree plantation etc. during 1st May, 2017 to 15th May, 2017 in the periphery of Jute Mill and connected Workers' Colony.

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 -'B', 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 - 'C' which forms part of this Report.

FIXED DEPOSITS

The Company has neither invited nor accepted any fixed 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, court 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.

DIRECTORS' REPORT (contd.)**AUDITORS AND AUDITORS' REPORT**

Messrs B. Chhawchharia & Co., Chartered Accountants (ICAI Registration No. 305123E) were appointed as Auditors of the Company at the Annual General Meeting (AGM) held on 9th August, 2014 to hold office from the conclusion of the said AGM until the conclusion of fourth consecutive AGM. Thus, the said term will expire on the conclusion of the ensuing AGM. The said Auditors has expressed their willingness to be appointed as Auditors for further term of five years at the ensuing AGM subject to ratification of appointment by the Members at the every AGM held after the ensuing 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 appointment of Messrs B. Chhawchharia & Co., as Auditors by the members at ensuing AGM.

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, 2018 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.

SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

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

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 2016.

STAFF AND LABOUR

Industrial relations remained harmonious during the year.

The Company has provided scholarship to 143 children of workers on qualifying Secondary and Higher Secondary Education during the year 2016-17 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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

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, 2017

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - A TO DIRECTORS' REPORT

FORM No. AOC-2

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.

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

| | |
|--|---|
| 1. Details of contracts or arrangements or transactions not at arm's length basis | |
| The Naihati Jute Mills Company Limited (Company) has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2016-17 | |
| 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 1st 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 | 11th 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, 2017

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - B 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) Conversion of higher HP motors with lower HP and energy efficient motors. 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: | ₹ 1129.35 lakhs |
| ii) Foreign Exchange outgo in terms of actual outflows: | ₹ 1704.31 lakhs |

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director

Kolkata

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - C TO DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2017

[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 | | | | | |

ANNEXURE - C TO DIRECTORS' REPORT (contd.)

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 | 195837 | 27 | 195864 | 91.32 | 196061 | 76 | 196137 | 91.45 | 0.14 |
| 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) | | 203632 | 27 | 203659 | 94.95 | 203856 | 76 | 203932 | 95.08 | 0.13 |
| 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) | | 203632 | 27 | 203659 | 94.95 | 203856 | 76 | 203932 | 95.08 | 0.13 |
| B. Public Shareholding | | | | | | | | | | |
| 1. Institutions | | | | | | | | | | |
| a) | Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) | Banks/FI | 49 | 452 | 501 | 0.23 | 49 | 378 | 427 | 0.20 | (5.53) |
| c) | Central Govt | - | - | - | - | 75 | - | 75 | 0.03 | 100.00 |
| 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) | | 49 | 537 | 586 | 0.27 | 124 | 463 | 587 | 0.27 | 0.17 |

ANNEXURE - C TO DIRECTORS' REPORT (contd.)

| 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 | 257 | 5108 | 5365 | 2.50 | - | 3108 | 3108 | 1.45 | (42.07) |
| | ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 366 | 4513 | 4879 | 2.28 | 645 | 6217 | 6862 | 3.20 | 40.64 |
| | ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2) : | | 623 | 9621 | 10244 | 4.78 | 645 | 9325 | 9970 | 4.65 | (2.67) |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | | 672 | 10158 | 10830 | 5.05 | 769 | 9788 | 10557 | 4.92 | (2.52) |
| C. Shares held by Custodian for GDRs & ADRs | | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | | 204304 | 10185 | 214489 | 100.00 | 204625 | 9864 | 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 | 146824 | 68.45 | - | 21324 | 9.94 | - | (85.48) |
| 3 | Bhagat Refiners & Chemicals Private Limited | 7795 | 3.64 | - | 7795 | 3.64 | - | - |
| 4 | Ravi Bhagat | 20110 | 9.38 | - | 20110 | 9.38 | - | - |
| 5 | Rita Bhagat | 10105 | 4.71 | - | 39958 | 18.63 | - | 295.43 |
| 6 | Jugal Kishore Bhagat | 12825 | 5.98 | - | 12825 | 5.98 | - | - |
| 7 | Vinita Bhagat | - | - | - | 47567 | 22.17 | - | 100.00 |
| 8 | Archita Bhagat | - | - | - | 48353 | 22.54 | - | 100.00 |
| | Total | 203659 | 94.95 | - | 203932 | 95.07 | - | 0.13 |

ANNEXURE - C TO DIRECTORS' REPORT (contd.)

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

| Sl. No. | Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | | |
|---------|---------------------------------------|---|----------------------------------|---|-------------------|--------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | Date | Reason | No. of Shares | % of total Shares of the Company |
| | | | | | | Increase(+)/ Decrease(-) | |
| 1 | Ashutosh Bhagat | 146824 | 68.45 | 28.10.2016 | Inter se Transfer | 125500 (-) | 58.51 |
| | | | | At the end of the year | | 21324 | 9.94 |
| 2 | Ravi Bhagat | 20110 | 9.38 | At the end of the year | | 20110 | 9.38 |
| 3 | Jugal Kishore Bhagat | 12825 | 5.98 | At the end of the year | | 12825 | 5.98 |
| 4 | Rita Bhagat | 10105 | 4.71 | 06.06.2016 | Transfer | 197 (+) | 0.09 |
| | | | | 28.10.2016 | Inter se Transfer | 29580 (+) | 13.79 |
| | | | | 10.11.2016 | Transfer | 76 (+) | 0.04 |
| | | | | At the end of the year | | 39958 | 18.63 |
| 5 | Jugal Kishore Bhagat | 6000 | 2.80 | At the end of the year | | 6000 | 2.80 |
| 6 | Bhagat Refiners & Chemicals Pvt. Ltd. | 7795 | 3.63 | At the end of the year | | 7795 | 3.63 |
| 7 | Archita Bhagat | - | - | 28.10.2016 | Inter se Transfer | 48353 (+) | 22.54 |
| | | | | At the end of the year | | 48353 | 22.54 |
| 8 | Vinita Bhagat | - | - | 28.10.2016 | Inter se Transfer | 47567 (+) | 22.18 |
| | | | | At the end of the year | | 47567 | 22.18 |

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 | Reason | No. of Shares | % of total Shares of the Company |
| | | | | | | Increase(+)/ Decrease(-) | |
| 1 | Bharosa Vinimay Private Limited | 3000 | 1.40 | At the end of the year | | 3000 | 1.40 |
| | | | | | | | |
| 2 | Parmatma Dealer Private Limited | 2000 | 0.93 | 10.11.2016 | Transfer | 2000 (-) | 0.93 |
| | | | | | | | |
| 3 | Vedant Bhagat | - | - | 10.11.2016 | Transfer | 1000 (+) | 0.47 |
| | | | | At the end of the year | | 1000 | 0.47 |
| 4 | Adarsh Bhagat | - | - | 10.11.2016 | Transfer | 1000 (+) | 0.47 |
| | | | | At the end of the year | | 1000 | 0.47 |
| 5 | Wallfort Financial Services Limited | 257 | 0.12 | 30.06.2016 | Transfer | 257 (-) | 0.12 |
| | | | | | | | |
| 6 | Rakshak Hemantkumar Shah | - | - | 30.06.2016 | Transfer | 257 (+) | 0.12 |
| | | | | At the end of the year | | 257 | 0.12 |

ANNEXURE - C TO DIRECTORS' REPORT (contd.)

| 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 | Reason | No. of Shares | % of total Shares of the Company |
| | | | | | | Increase(+)/ Decrease(-) | |
| 7 | Sudhir Kumar Seal | 248 | 0.12 | At the end of the year | | 248 | 0.12 |
| 8 | Central Bank of India | 137 | 0.06 | At the end of the year | | 137 | 0.06 |
| 9 | C. H. Heape | 100 | 0.05 | At the end of the year | | 100 | 0.05 |
| 10 | Mohan Lal Bajaj | 100 | 0.05 | 06.06.2016 | Transfer | 100 (-) | 0.05 |
| 11 | Saifuddin Amiruddin Sarkar | 100 | 0.05 | At the end of the year | | 100 | 0.05 |
| 12 | Life Insurance Corporation of India | 85 | 0.04 | At the end of the year | | 85 | 0.04 |
| 13 | 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 | | |
|---------|-----------------------------------|---|----------------------------------|---|--------------------------|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | Date | No. of Shares | % of total Shares of the Company |
| | | | | | Increase(+)/ Decrease(-) | |
| 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 |

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 | 541.94 | - | - | 541.94 |
| ii) Interest due but not paid | 102.84 | - | - | 102.84 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 644.78 | - | - | 644.78 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | | | | |
| * Reduction | | | | |
| Net Change | 1000.52 | - | - | 1000.52 |
| Indebtedness at the end 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 |

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - C TO DIRECTORS' REPORT (contd.)

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 | 4,370,135 | | 4,370,135 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 5,859 | | 5,859 |
| | (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) | 4,375,994 | | 4,375,994 |
| | Ceiling as per the Act | | | |

B. Remuneration to other directors (₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|--|-------------------|---------------------------|---------------------|--------------|
| | | Shri Gautam Ukil | Shri Alok Kumar Khastagir | Shri Raj Kumar More | |
| 1 | Independent Directors | | | | |
| | Fee for attending board committee meetings | 27,000 | 39,000 | 27,000 | 93,000 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | 27,000 | 39,000 | 27,000 | 93,000 |
| 2 | Other Non-Executive Directors | | | | |
| | Fee for attending board committee meetings | 6,000 | 18,000 | | 24,000 |
| | Commission | - | - | | - |
| | Others, please specify | - | - | | - |
| | Total (2) | 6,000 | 18,000 | | 24,000 |
| | Total (B)=(1+2) | | | | 117,000 |
| | Total Managerial Remuneration | | | | 4,492,994 |
| | Overall Ceiling as per the Act | | | | |

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - C TO DIRECTORS' REPORT (contd.)

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-----------|-----------|-----------|
| | | CEO | CS | CFO | Total |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | 1,366,253 | 1,457,204 | 2,823,457 |
| | (b) Value of perquisites u/s 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 | | 1,366,253 | 1,457,204 | 2,823,457 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : None

For and on behalf of the Board

Kolkata
20th June, 2017

JUGAL KISHORE BHAGAT
Chairman and Managing Director
DIN : 00055972

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 31 March 2017, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. 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.
6. 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.
7. 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 ₹ 9,05,22,519 (Previous Year ₹ 8,75,04,378) 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 28(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 ₹ 2,24,36,319 (Previous Year ₹ 2,14,08,534) [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 ₹ 11,29,58,838 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, 2017, 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:
 - a. 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;
 - b. 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;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. except for the effect of the matters 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);
 - e. 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, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

THE NAIHATI JUTE MILLS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (contd.)

- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March, 2017 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, 2017 per Annexure 'B' expressed;
- g. 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:
- i. the Company does not have any pending litigations, other than those disclosed in the financial statements, which would materially impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts at year end for which there were any material foreseeable losses;
 - iii. there was no amount which was required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. the Company, as detailed in Note 24 to the financial statements, has made requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

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

S. K. CHHAWCHHARIA
Partner
Membership No. 008482

Kolkata
20th June, 2017

THE NAIHATI JUTE MILLS COMPANY LIMITED

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, 2017

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, 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 at the year-end for a period of more than six months from the date they became payable.

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

| Name of the statute | Nature of dues | Amount (Rs.) | 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 Taxation Tribunal |
| West Bengal Value Added Tax Act, 2003 | Tax | 456,587 ** | 2012 - 2013 | West Bengal Commercial Taxes Appellate and Revisional Board |
| 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, Interest | 7,101,895 *** | 2009 - 2010 | 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 | 3,699,730 ***** | 2012 - 2013 | West Bengal Commercial Taxes Appellate and Revisional Board |
| Central Excise Act, 1944 | Cess | 456,996 # | August 2009 - December 2013 | Commissioner of Central Excise (Appeals) |
| Central Excise Act, 1944 | Cess | 124,215 ## | January 2014 - October 2014 | Commissioner of Central Excise (Appeals) |
| Central Excise Act, 1944 | Cess | 130,372 ### | November 2014 - August 2015 | Commissioner of Central Excise (Appeals) |
| TOTAL | | 35,506,212 | | |

* A sum of ₹ 100,000 has been paid.

*** A sum of ₹ 131,536 has been paid.

***** A sum of ₹ 570,650 has been paid.

A sum of ₹ 9,317 has been paid.

** A sum of ₹ 68,488 has been paid.

**** A sum of ₹ 100,000 has been paid.

A sum of ₹ 34,275 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 2017 amounting to ₹ 22,436,319 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.

INDEPENDENT AUDITOR'S REPORT (contd.)

- (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.
- (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, 2017

INDEPENDENT AUDITOR'S REPORT (contd.)

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, 2017, 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 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

INDEPENDENT AUDITOR'S REPORT (contd.)

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, 2017, 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, 2017

THE NAIHATI JUTE MILLS COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Note | As at 31-03-2017 | | As at 31-03-2016 | |
|-------------------------------------|------|--------------------|----------------------|--------------------|----------------------|
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| (a) Share Capital | 2 | 22,448,900 | | 22,448,900 | |
| (b) Reserves and Surplus | 3 | <u>689,567,615</u> | <u>712,016,515</u> | <u>653,407,599</u> | 675,856,499 |
| Non-current Liabilities | | | | | |
| (a) Long-term Borrowings | 4 | 4,973,480 | | 5,314,293 | |
| (b) Deferred Tax Liabilities (net) | 5 | 5,061,947 | | 7,232,279 | |
| (c) Long-term Provisions | 6 | <u>10,922,089</u> | <u>20,957,516</u> | <u>7,903,776</u> | 20,450,348 |
| Current Liabilities | | | | | |
| (a) Short-term Borrowings | 7 | 122,151,004 | | 26,216,209 | |
| (b) Trade Payables | 8 | | | | |
| - Micro and Small Enterprises | | - | | - | |
| - Others | | 115,084,607 | | 270,538,980 | |
| (c) Other Current Liabilities | 9 | 172,290,759 | | 178,357,562 | |
| (d) Short-term Provisions | 6 | <u>37,613,661</u> | <u>447,140,031</u> | <u>33,898,017</u> | 509,010,768 |
| Total Equity and Liabilities | | | <u>1,180,114,062</u> | | <u>1,205,317,615</u> |
| ASSETS | | | | | |
| Non-current Assets | | | | | |
| (a) Fixed Assets | | | | | |
| - Property, Plant and Equipment | 10 | 701,247,635 | | 680,515,851 | |
| - Intangible Assets | 10 | 67,201 | | 67,201 | |
| - Capital Work-in-Progress | | <u>769,017</u> | | <u>-</u> | |
| | | 702,083,853 | | 680,583,052 | |
| (b) Non-current Investments | 11 | 11,600 | | 11,600 | |
| (c) Long-term Loans and Advances | 12 | <u>3,990,821</u> | <u>706,086,274</u> | <u>4,995,795</u> | 685,590,447 |
| Current Assets | | | | | |
| (a) Inventories | 13 | 373,597,882 | | 374,659,670 | |
| (b) Trade Receivables | 14 | 75,610,719 | | 120,180,556 | |
| (c) Cash and Cash Equivalents | 15 | 1,768,079 | | 3,349,146 | |
| (d) Short-term Loans and Advances | 12 | 21,809,962 | | 20,575,262 | |
| (e) Other Current Assets | 16 | <u>1,241,146</u> | <u>474,027,788</u> | <u>962,535</u> | 519,727,168 |
| Total Assets | | | <u>1,180,114,062</u> | | <u>1,205,317,615</u> |

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
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

Place : Kolkata
Date : 20th June, 2017

THE NAIHATI JUTE MILLS COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

| Particulars | Note | 2016-17 | 2015-16 |
|--|------|-----------------------------|----------------------|
| I. Revenue from Operations | 17 | 2,335,047,136 | 2,059,330,856 |
| II. Other Income | 18 | 6,258,350 | 1,997,062 |
| III. Total Revenue (I + II) | | <u>2,341,305,486</u> | <u>2,061,327,918</u> |
| IV. Expenses | | | |
| (a) Cost of Materials Consumed | 19 | 1,437,328,549 | 1,302,923,679 |
| (b) Change in Inventories of Finished Goods and Work-in-Progress | 20 | (45,652,496) | (56,762,779) |
| (c) Employee Benefits Expense | 21 | 596,423,281 | 515,223,178 |
| (d) Finance Costs | 22 | 10,646,543 | 9,933,121 |
| (e) Depreciation and Amortization Expense | | 20,041,511 | 18,670,348 |
| (f) Other Expenses | 23 | <u>265,866,357</u> | <u>229,086,363</u> |
| Total Expenses | | <u>2,284,653,745</u> | <u>2,019,073,910</u> |
| V Profit before Tax (III - IV) | | 56,651,741 | 42,254,008 |
| VI Tax Expenses | | | |
| (a) Current Tax | | 17,600,000 | 8,620,000 |
| (b) Mat Credit Entitlement for earlier year | | 5,062,057 | (6,122,240) |
| (c) Deferred Tax | | <u>(2,170,332)</u> | <u>12,524,943</u> |
| VII Profit for the Year (V-VI) | | <u>36,160,016</u> | <u>27,231,305</u> |
| VIII Earning per Ordinary Share (Face value of ₹ 100) | 31 | | |
| (a) Basic | | 168.59 | 126.96 |
| (b) Diluted | | 168.59 | 126.96 |

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
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

Place : Kolkata
Date : 20th June, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

| | 2016-17 | 2015-16 |
|--|---------------------|---------------------|
| (₹) | | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax | 56,651,741 | 42,254,008 |
| Adjustment for non cash and non operating items | | |
| - Depreciation | 20,041,511 | 18,670,348 |
| - Interest Income | (70,971) | (8,420) |
| - Finance Cost | 10,646,543 | 9,933,121 |
| - Bad Debt/Sundry Balances written off | 30 | (432) |
| - Stores and Spare parts written off | - | 859,363 |
| - Liability no longer required written back | (53,584) | (158,253) |
| - Profit on Sale of Other Investments | (105,086) | (72,477) |
| - Unrealized foreign exchange difference gain/loss | 1,066 | 2,870 |
| - Profit on Sale of Fixed Assets | (3,137,932) | (90,647) |
| Operating Profit before Working Capital changes | <u>83,973,317</u> | <u>71,389,481</u> |
| Changes in Working Capital | | |
| - Trade and Other Receivables | 38,423,792 | (56,128,790) |
| - Inventories | 1,061,788 | (102,175,284) |
| - Trade Payables and Advance from Customers | (157,296,780) | 185,770,696 |
| Cash generated from Operations | <u>(33,837,883)</u> | <u>98,856,103</u> |
| - Income Tax paid (net of refund) | (17,569,661) | (6,495,532) |
| Net Cash flow from Operating Activities (A) | <u>(51,407,544)</u> | <u>92,360,571</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| - Purchase of Fixed Assets | (45,720,666) | (19,171,545) |
| - Capital Subsidy Received | 2,830,400 | - |
| - Sale of Fixed Assets | 3,138,000 | 613,096 |
| - Profit on Sale of Other Investments | 105,086 | 72,477 |
| - Interest Received | 70,971 | 8,420 |
| Net Cash used in Investing Activities (B) | <u>(39,576,209)</u> | <u>(18,477,552)</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| - Proceeds from Long-term and other Borrowings | 100,051,569 | (63,057,257) |
| - Interest Paid | (10,647,817) | (9,917,906) |
| Net Cash from Financing Activities (C) | <u>89,403,752</u> | <u>(72,975,163)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C) | <u>(1,580,001)</u> | <u>907,856</u> |
| Cash and Cash Equivalents at the beginning of the year | 3,349,146 | 2,444,160 |
| Cash and Cash Equivalents at the end of the year | <u>1,769,145</u> | <u>3,352,016</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 | 1,769,145 | 3,352,016 |
| Effect of foreign exchange difference | 1,066 | 2,870 |
| Cash and Cash Equivalents as per Balance Sheet | <u>1,768,079</u> | <u>3,349,146</u> |

Place : Kolkata
Date : 20th June, 2017

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

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(iv) **IMPAIRMENT OF ASSETS**

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

Sales are net of cess, sales tax and claims.

Sales on consignment basis is accounted on the value as per proforma invoice raised and the net effect on realisation after deducting expenses, commission, brokerage, service charges etc. incurred thereon is given on receipt of the 'Account Sales' from respective agents.

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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

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.

2 SHARE CAPITAL

Capital Structure

Authorized

| | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| 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 |
| | <u>54,998,900</u> | <u>54,998,900</u> |

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 |
| | <u>22,448,900</u> | <u>22,448,900</u> |

Share Capital Reconciliation

| | As at 31-03-2017 | | As at 31-03-2016 | |
|------------------------------------|------------------|-------------------|------------------|-------------------|
| | 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 | <u>214,489</u> | <u>21,448,900</u> | <u>214,489</u> | <u>21,448,900</u> |
| 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 | <u>10,000</u> | <u>1,000,000</u> | <u>10,000</u> | <u>1,000,000</u> |

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

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

| | As at 31-03-2017 | | As at 31-03-2016 | |
|--|------------------|---------------------------------|------------------|---------------------------------|
| | 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 | 146,824 | 68.45 |
| Rita Bhagat | 39,958 | 18.63 | - | - |
| Vinita Bhagat | 47,567 | 22.17 | - | - |
| Archita Bhagat | 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 effect 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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| 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 | 65,417,729 | 38,186,424 |
| Add: Profit for the year | 36,160,016 | 27,231,305 |
| Balance at the end of the year | 101,577,745 | 65,417,729 |
| | 689,567,615 | 653,407,599 |

The Board of Directors of the Company has proposed a dividend on Ordinary and Preference Shares for ₹ 3,367,335 for the year ended 31st March, 2017, subject to approval of Shareholders at the ensuing Annual General Meeting. If approved, the dividend would result in cash outflow of ₹ 4,052,845 inclusive of Corporate Dividend Tax of ₹ 685,510.

| | Non-current portion | | Current maturities | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| 4 LONG-TERM BORROWINGS | | | | |
| Secured Loans | | | | |
| From Banks | | | | |
| Rupee Term Loan | 3,984,157 | 3,000,000 | 8,666,660 | 4,324,792 |
| Rupee Vehicle Loan | 989,323 | 2,314,293 | 1,324,971 | 1,209,252 |
| 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 |
| | 4,973,480 | 5,314,293 | 27,121,381 | 22,663,794 |
| Amount disclosed under the head 'Other Current Liabilities' (Refer Note 10) | - | - | 27,121,381 | 22,663,794 |
| | 4,973,480 | 5,314,293 | - | - |

Security

Rupee Term Loan of ₹ 12,650,817 is secured by hypothecation of specific plant and machinery and collaterally secured by first charge over the entire fixed assets of the Company and guaranteed by Messrs Bansidhar Ghanshyamdass.

Rupee Vehicle Loans of ₹ 2,314,294 from Banks is secured by hypothecation of specific vehicles being financed by them.

Loan of ₹ 27,414,054 including interest upto March 2000 (Refer Note 10) 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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| Repayment Terms Particulars | No. of Instalments | Amount of Instalment | Maturity date | Interest |
|--|-----------------------|-------------------------------|---------------|----------------------|
| a) Rupee Term Loan of ₹ 3,000,000 from Punjab National Bank | 6 Quarterly | ₹ 500,000 | 30-09-2018 | 1 year MCLR+3.50% |
| b) Rupee Term Loan of ₹ 9,650,817 from Punjab National Bank | 18 Monthly | ₹ 555,555 | 30-09-2018 | 5 year MCLR+3.50% |
| c) Rupee Vehicle Loan of ₹ 1,302,168 from ICICI Bank Limited | 24 Monthly | Ballooning (EMI- ₹ 60,149) | 10-03-2019 | 9.59% |
| d) Rupee Vehicle Loan of ₹ 645,700 from Kotak Mahindra Prime Limited | 16 Monthly | Ballooning (EMI- ₹ 43,200) | 05-07-2018 | 9.43% |
| e) Rupee Vehicle Loan of ₹ 366,426 from HDFC Bank Limited | 19 Monthly | Ballooning (EMI- ₹ 20,882) | 05-10-2018 | 9.70% |
| 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 2017 amounting to ₹ 22,436,319 (including ₹ 1,027,785 for current year) remains unprovided, and (iii) Penal interest, additional interest and liquidated damages (amount unascertainable) also remain 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. | | | | |

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

11,806,475

9,718,235

Tax impact of expenses claimed under tax laws but charge to the Statement of Profit and Loss deferred

816,805

691,894

12,623,280

10,410,129

Deferred Tax Assets

Tax impact of expenses charged to the Statement of Profit and Loss but allowance under tax laws deferred

7,561,333

3,177,850

7,561,333

3,177,850

Net Deferred Tax Liabilities/(Assets)

5,061,947

7,232,279

(₹)

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(₹)

| | Long-term | | Short-term | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| 6 PROVISIONS | | | | |
| Provision for Employee Benefits | | | | |
| For Bonus | - | - | 35,206,073 | 32,219,789 |
| For Leave Benefits | 10,922,089 | 7,903,776 | 2,407,588 | 1,582,610 |
| | 10,922,089 | 7,903,776 | 37,613,661 | 33,802,399 |
| Other Provisions | | | | |
| For Wealth Tax | - | - | - | 95,618 |
| | - | - | - | 95,618 |
| | 10,922,089 | 7,903,776 | 37,613,661 | 33,898,017 |
| 7 SHORT TERM BORROWINGS | | | | |
| From Banks (Secured) : | | | | |
| Working Capital Loans | | | 80,951,004 | 17,816,209 |
| Packing Credit | | | 41,200,000 | 8,400,000 |
| | | | 122,151,004 | 26,216,209 |
| 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 | | | 115,084,607 | 270,538,980 |
| | | | 115,084,607 | 270,538,980 |
| 9 OTHER CURRENT LIABILITIES | | | | |
| Current maturities of Long-term debts (Refer Note 4) | | | 27,121,381 | 22,663,794 |
| Interest accrued and due on Borrowings (WBIDC) | | | 10,284,304 | 10,284,304 |
| Interest accrued but not due on Borrowings | | | 13,941 | 15,215 |
| Advance from Customers | | | 2,154,524 | 6,387,007 |
| Creditors for Capital Goods | | | 1,151,832 | 3,045,000 |
| Statutory Dues | | | 12,489,622 | 13,438,580 |
| Other Payables (includes provision for outstanding liabilities and expenses, unclaimed employee benefits and other expenses payable) | | | 119,075,155 | 122,523,662 |
| | | | 172,290,759 | 178,357,562 |

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

0 FIXED ASSETS

| ARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|---|---------------------|-------------------|-------------------------------------|---------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| | As at 01-04-2016 | Additions | Deductions and/or Adjustments | Total as at 31-03-2017 | Up to 31-03-2016 | During the year | Up to 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 |
| Buildings | 569,367,000 | - | - | 569,367,000 | - | - | - | 569,367,000 | 569,367,000 |
| Plant and Machinery | 41,465,488 | - | - | 41,465,488 | 32,068,919 | 834,752 | 32,903,671 | 8,561,817 | 9,396,569 |
| Diesel Generating Sets | 249,922,444 | 40,642,879 | 3,629,432 | 286,935,891 | 160,954,281 | 14,946,310 | 175,101,627 | 111,834,265 | 88,968,163 |
| Engines and Boilers | 13,070,013 | - | - | 13,070,013 | 11,763,762 | 178,220 | 11,941,982 | 1,128,031 | 1,306,251 |
| Formlaker Installation | 5,051,966 | - | - | 5,051,966 | 4,821,625 | - | 4,821,625 | 230,341 | 230,341 |
| Electrical Installation | 917,456 | - | - | 917,456 | 917,042 | - | 917,042 | 414 | 414 |
| Railway Siding | 22,870,323 | - | - | 22,870,323 | 17,181,319 | 1,636,853 | 18,818,172 | 4,052,151 | 5,689,004 |
| Hubbell Installation | 275,298 | - | - | 275,298 | 275,276 | - | 275,276 | 22 | 22 |
| Plant and Machinery | 1,968,600 | - | - | 1,968,600 | 1,870,169 | - | 1,870,169 | 98,431 | 98,431 |
| Plant and Machinery | 1,019,669 | - | - | 1,019,669 | 1,019,603 | - | 1,019,603 | 66 | 66 |
| Furniture and Fittings | 3,198,788 | 153,430 | - | 3,352,218 | 2,818,524 | 124,583 | 2,943,107 | 409,111 | 380,264 |
| Motor Vehicles | 8,686,776 | 2,327,445 | - | 11,014,221 | 5,534,305 | 1,699,707 | 7,234,012 | 3,780,209 | 3,152,471 |
| Office Machinery, Equipments, Refrigerators and Weighing Machines | 11,653,689 | 480,008 | - | 12,133,697 | 10,674,222 | 446,293 | 11,120,515 | 1,013,182 | 979,467 |
| | 2,132,064 | - | - | 2,132,064 | 1,184,676 | 174,793 | 1,359,469 | 772,595 | 947,388 |
| TOTAL | 931,599,574 | 43,603,762 | 3,629,432 | 971,573,904 | 251,083,723 | 20,041,511 | 270,326,270 | 701,247,635 | 680,515,851 |
| Tangible Assets | 1,344,000 | - | - | 1,344,000 | 1,276,799 | - | 1,276,799 | 67,201 | 67,201 |
| Computer Software | 932,943,574 | 43,603,762 | 3,629,432 | 972,917,904 | 252,360,522 | 20,041,511 | 271,603,069 | 701,314,836 | 680,583,052 |
| TOTAL | 917,461,624 | 19,171,545 | 3,689,595 | 932,943,574 | 236,857,320 | 18,670,348 | 252,360,522 | 680,583,052 | 680,583,052 |

During the year, Capital Subsidy for Plant and Machinery of ₹ 2,830,400 (Previous Year ₹ Nil) received from National Jute Board has been reduced from the cost of respective asset. Plant and Machinery includes ₹ 90,754 (Previous Year ₹ Nil) 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 31-03-2017 | As at 31-03-2016 |
| 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 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 |
| | | | As at 31-03-2016 |
| 12 LOANS AND ADVANCES | | | |
| Unsecured, Considered good | | | |
| Capital Advances | 2,616,180 | 3,161,462 | - |
| Security Deposit | 860,493 | 860,493 | - |
| <u>Others</u> | | | |
| Advances recoverable in cash or in kind or for value to be received | 64,209 | 158,290 | 9,609,117 |
| Prepaid Expenses | 449,939 | 815,550 | 3,957,547 |
| Advance tax and TDS (net of provision) | - | - | 1,279,094 |
| Balance with Statutory/Government Authorities | - | - | 2,085,023 |
| Mat Credit Entitlement | - | - | 8,836,728 |
| | <u>3,990,821</u> | <u>4,995,795</u> | <u>21,809,962</u> |
| | | | 7,986,253 |
| | | | 6,584,467 |
| | | | <u>20,575,262</u> |
| 13 INVENTORIES | | | |
| (as taken, valued and certified by the management) | | | |
| Raw Material | | 120,197,336 | 167,099,388 |
| Work-in-Progress | | 85,930,833 | 82,119,159 |
| Finished Goods | | 154,230,588 | 112,389,766 |
| Stores and Spare Parts | | 13,239,125 | 13,051,357 |
| | | <u>373,597,882</u> | <u>374,659,670</u> |
| Details of Raw Material | | | |
| Raw Jute | | 117,995,904 | 165,039,233 |
| Batching Oil | | 1,076,928 | 993,756 |
| Dyes and Chemicals | | 974,097 | 916,133 |
| Caddies, Thread Waste etc. | | 150,407 | 150,266 |
| | | <u>120,197,336</u> | <u>167,099,388</u> |

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| | | (₹) | |
|--|--|----------------------|----------------------|
| | | As at 31-03-2017 | As at 31-03-2016 |
| 14 TRADE RECEIVABLES | | | |
| Unsecured, Considered good | | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | 6,471,476 | 8,065,962 |
| Other Receivables | | 69,139,243 | 112,114,594 |
| | | <u>75,610,719</u> | <u>120,180,556</u> |
| 15 CASH AND CASH EQUIVALENTS | | | |
| Balances with Banks in Current Account | | 934,832 | 452,815 |
| Cash on hand | | 833,248 | 2,896,331 |
| | | <u>1,768,079</u> | <u>3,349,146</u> |
| 16 OTHER CURRENT ASSETS | | | |
| Interest Receivable | | 580,607 | 389,348 |
| Duty Draw Back Receivable | | 660,539 | 573,187 |
| | | <u>1,241,146</u> | <u>962,535</u> |
| | | 2016-17 | 2015-16 |
| 17 REVENUE FROM OPERATIONS | | | |
| Sale of Products | | | |
| Finished Goods | | 2,327,180,482 | 2,053,734,858 |
| Other Operating Revenue | | | |
| By-products | | 575,587 | 118,500 |
| Export Incentives | | 3,087,018 | 1,649,825 |
| Profit on Sale of MEIS Licenses | | 4,204,049 | 3,827,673 |
| | | <u>7,866,654</u> | <u>5,595,998</u> |
| | | <u>2,335,047,136</u> | <u>2,059,330,856</u> |
| 18 OTHER INCOME | | | |
| Interest on Deposits | | 70,971 | 8,420 |
| Foreign Exchange Fluctuations | | 1,556,124 | 928,858 |
| Liability no longer required | | 53,584 | 158,253 |
| Profit on Sale of Current Investments | | 105,086 | 72,477 |
| Profit on Sale of Fixed Assets | | 3,137,932 | 90,647 |
| Other Non-operating Income | | 1,334,653 | 738,407 |
| | | <u>6,258,350</u> | <u>1,997,062</u> |

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| | (₹) | |
|--|----------------------|----------------------|
| | 2016-17 | 2015-16 |
| 19 COST OF MATERIALS CONSUMED | | |
| *Inventory at the beginning of the year | 167,099,388 | 121,289,668 |
| Add: Purchases less returns | 1,390,426,497 | 1,348,733,399 |
| Less: *Inventory at the end of the year | 120,197,336 | 167,099,388 |
| | <u>1,437,328,549</u> | <u>1,302,923,679</u> |
| *Includes Stock of Caddies, Thread Waste etc. | | |
| 20 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS | | |
| Inventory at the beginning of the year | | |
| Finished Goods | 112,389,766 | 84,503,487 |
| Work-in-Progress | 82,119,159 | 53,242,659 |
| | <u>194,508,925</u> | <u>137,746,146</u> |
| Inventory at the end 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> |
| | <u>(45,652,496)</u> | <u>(56,762,779)</u> |
| 21 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, Wages, Bonus etc. | 508,117,392 | 447,707,829 |
| Contribution to Provident and Other Funds | 84,661,672 | 64,841,496 |
| Staff Welfare Expenses | 3,644,217 | 2,673,853 |
| | <u>596,423,281</u> | <u>515,223,178</u> |
| 22 FINANCE COST | | |
| Interest Expenses | 8,817,885 | 8,515,096 |
| Other Borrowing Costs | 1,828,658 | 1,418,025 |
| | <u>10,646,543</u> | <u>9,933,121</u> |

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| | (₹) | |
|---|--------------------|--------------------|
| | 2016-17 | 2015-16 |
| 23 OTHER EXPENSES | | |
| Consumption of Stores and Spare Parts | 67,844,662 | 60,031,383 |
| Stores and Spare Parts written off | - | 859,363 |
| Bleaching, Processing and Printing Expenses | 26,556,987 | 19,168,644 |
| Power and Fuel | 119,695,952 | 100,647,448 |
| Rent | 515,400 | 515,400 |
| Repairs and Maintenance | | |
| Plant and Machinery | 6,344,907 | 6,860,879 |
| Building | 1,544,485 | 1,806,786 |
| Others | 4,957,178 | 4,099,081 |
| Insurance | 1,715,240 | 1,703,944 |
| Rates and Taxes | 3,618,354 | 6,605,709 |
| Freight and Delivery Charges | 7,610,026 | 5,398,327 |
| Brokerage on Sales | 5,970,703 | 5,335,475 |
| Payment to Auditors | | |
| For Statutory Audit | 632,500 | 629,750 |
| For Internal Audit | 117,300 | 116,790 |
| For Tax Audit | 97,750 | 85,500 |
| For Cost Audit | 28,750 | 28,500 |
| For Issuing Certificates and Others | 72,138 | 74,630 |
| Directors' Fee | 117,000 | 135,000 |
| Professional and Consultancy Charges | 4,174,052 | 2,879,220 |
| Travelling Expenses | 4,659,684 | 3,540,620 |
| Miscellaneous Expenses | 9,593,289 | 8,563,913 |
| | <u>265,866,357</u> | <u>229,086,363</u> |
| 24 Disclosure on Specified Bank Notes (SBNs)*: | | |

During the year, the Company had specified bank notes or other denomination note as defined in the "MCA notification G.S.R. 308(E) dated 30th March, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016", the denominationwise SBNs and other notes as per the notification is given below:

| Particulars | SBNs | Other Denomination Notes | Total |
|---------------------------------------|-----------|--------------------------|-----------|
| Closing Cash in hand as on 08.11.2016 | 3,921,500 | 2,836,336 | 6,757,836 |
| (+) Permitted Receipts | - | 3,460,740 | 3,460,740 |
| (-) Permitted Payments | - | 3,594,359 | 3,594,359 |
| (-) Amount deposited in Banks | 3,921,500 | 2,000,000 | 5,921,500 |
| Closing Cash in hand as on 30.12.2016 | - | 702,717 | 702,717 |

*For the purposes of this clause, the term 'Specified Bank Notes' (SBNs) shall have the same meaning as provided in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8th November, 2016.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

25 Contingent Liabilities not provided for in respect of :

- (a) Disputed demands of ₹ 29,902,622 (Previous Year ₹ 29,902,622) and ₹ 4,892,007 (Previous Year ₹ 4,892,007) relating to Central Sales Tax for years from 2008-09 to 2012-13 and West Bengal Value Added Tax for years from 2010-11 to 2012-13 respectively, including interest [against which amount deposited is ₹ 970,674 (Previous Year ₹ 739,138)], against which Company's revision applications are pending.
- (b) Disputed demands for periods from August, 2009 to August, 2015 of ₹ 711,583 (Previous Year ₹ 581,211) relating to cess under Central Excise Act, [against which amount deposited is ₹ 53,370 (Previous Year ₹ 43,592)], 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 [against which amount deposited is ₹ 317,496] (same in previous year) against which Company's appeals are pending.
- (d) Bills discounted with banks remaining outstanding at the year-end (since realised) amounting to ₹ 12,978,111 (Previous Year ₹ 8,180,816).
- (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.

26 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) – ₹ 12,549,775 (₹ 2,499,185).

- 27 (i) The accrued and due liability of gratuity of employees retired/resigned during the year amounting to ₹ 3,191,176 (₹ 3,580,978) net of payment of ₹ 8,066,734 (₹ 4,631,046) 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, 2017 for future payments under the Payment of Gratuity Act, 1972 determined as per actuarial valuation amounts to ₹ 90,522,519 (₹ 87,504,378).

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 | 37,974,239 (32,282,777) |
| Employer's Contribution to ESIC Scheme | 18,629,989 (15,508,646) |

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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| | (₹) | |
|--|-----------------------|-----------------------|
| | Current Year | Previous Year |
| (A) Gratuity (Partially funded) | | |
| a) Reconciliation of opening and closing balances of Defined Benefit Obligation | | |
| Defined Benefit Obligation at the beginning of the year | 174,924,344 | 161,566,025 |
| Current Service Cost | 18,153,951 | 15,020,152 |
| Interest Cost | 14,173,917 | 13,496,490 |
| Actuarial (gain)/loss | 8,397,639 | (4,656,698) |
| Benefits (paid) | (12,603,076) | (10,501,625) |
| Defined Benefit Obligation at the year end | 203,046,775 | 174,924,344 |
| b) Reconciliation of opening and closing balances of fair value of Plan Assets | | |
| Fair value of Plan Assets at the beginning of the year | 87,419,966 | 70,909,988 |
| Expected return on Plan Assets | 7,497,908 | 6,333,198 |
| Employer's contribution | 31,248,655 | 20,631,051 |
| Actuarial gain/(loss) on Plan Assets | (1,039,197) | 47,354 |
| Benefits paid | (12,603,076) | (10,501,625) |
| Fair value of Plan Assets at the year end | 112,524,256 | 87,419,966 |
| c) Reconciliation of fair value of Assets and Obligations | | |
| Fair value of Plan Assets | 112,524,256 | 87,419,966 |
| Present value of Obligation | 203,046,775 | 174,924,344 |
| Amount recognised in Balance Sheet (gratuity to the extent of ₹ 90,522,519 remains unprovided) | 112,524,256 | 87,419,966 |
| d) Expenses recognized during the year | | |
| Amount provided and contributed to Group Gratuity Scheme | 28,057,444 | 17,050,073 |
| e) Actuarial assumptions | | |
| Mortality Table | 2006-08 | 2006-08 |
| | (Indian | (Indian |
| | Assured Lives) | Assured Lives) |
| Discount rate (per annum) compounded | 7.50% | 8.00% |
| Rate of escalation in salary (per annum) | 6.00% | 5.00% |

| | Gratuity (Funded) | | | | |
|---|---------------------|--------------|--------------|--------------|--------------|
| | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| Defined Benefit Obligation at the end of the year | 203,046,775 | 174,924,344 | 161,566,025 | 158,296,438 | 143,198,848 |
| Fair value of planned assets at the end of the year | 112,524,256 | 87,419,966 | 70,909,988 | 67,780,576 | 63,555,780 |
| Surplus / (Deficit) | (90,522,519) | (87,504,378) | (90,656,037) | (90,515,862) | (79,643,068) |

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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| | (₹) | |
|--|--------------------------------------|--------------------------------------|
| | Current Year | Previous Year |
| (B) | | Leave Encashment (Unfunded) |
| a) Reconciliation of opening and closing balances of Defined Benefit Obligation | | |
| Defined Benefit Obligation at the beginning of the year | 9,486,386 | 10,363,286 |
| Current Service Cost | 8,973,774 | 4,898,380 |
| Interest Cost | 855,602 | 796,162 |
| Actuarial (gain)/loss | 2,393,844 | 4,775,688 |
| Benefits (paid) | (8,379,929) | (11,347,130) |
| Defined Benefit Obligation at the year end | 13,329,677 | 9,486,386 |
| b) Reconciliation of opening and closing balances of fair value of Plan Assets | | |
| Fair value of Plan Assets at beginning of the year | - | - |
| Expected return on Plan Assets | - | - |
| Employer's contribution | 8,379,929 | 11,347,130 |
| Actuarial gain/(loss) on Plan Assets | - | - |
| Benefits paid | (8,379,929) | (11,347,130) |
| Fair value of Plan Assets at year end | - | - |
| c) Reconciliation of fair value of Assets and Obligations | | |
| Fair value of Plan Assets | - | - |
| Present value of Obligation | 13,329,677 | 9,486,386 |
| Amount recognised in Balance Sheet | 13,329,677 | 9,486,386 |
| d) Expenses recognized during the year | 3,843,291 | 3,282,662 |
| e) Actuarial assumptions | | |
| Mortality Table | 2006-08 (Indian Assured Lives) | 2006-08 (Indian Assured Lives) |
| Discount rate (per annum) compounded | 7.50% | 8.00% |
| Rate of escalation in salary (per annum) | 6.00% | 6.00% |

The above information is certified by the Actuary.

- 28 (a) On the basis of available information the total outstanding dues to Small Scale Industrial Undertakings (SSI) at the close of the year amounts to ₹ 956,154 (₹2,122,334). Name of SSIs to whom the Company owes any sum, which is outstanding for more than 30 days as at 31st March, 2017 are :
- (a) Allied Engineering Co. (b) Kaypee Enterprises (c) Jute Accessories Manufacturing & Trading Co. (d) Radha Industrial Corporation (e) Rajlaxmi Engineering Enterprises (f) Sujan Engineering Private Limited.
- (b) Disclosure of the amount due to the Micro, Small and Medium Enterprises (on the basis of the information and records available with the management) :

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| Particulars | | Current year | Previous year |
|-------------|---|--------------|---------------|
| 1 | The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier - Principal amount - Interest thereon | Nil Nil | 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 |
| 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.

- 29 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'.
- 30 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 | 13,182,830 (11,988,168) | - |
| ii) Guarantees given on behalf of the Company | - | For facilities from Punjab National Bank |

THE NAIHATI JUTE MILLS COMPANY LIMITED

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 | | |

31 Earning Per Share (EPS)

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

| Particulars | 2016-17 | 2015-16 |
|--|-------------------|------------|
| Net profit after tax available for Ordinary Shareholders (₹) | 36,160,018 | 27,231,305 |
| 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) (₹) | 168.59 | 126.96 |

- 32 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, 2017.

33 Imported and Indigenous Raw Materials and Stores and Spares Parts Consumed (₹)

| | Raw Material Consumed | | Stores and Spare Parts Consumed | |
|------------|---|-------------------------|-----------------------------------|---------------------------|
| | Value (₹) | % | Value (₹) | % |
| Imported | 161,429,826 (29,065,807) | 11.23 (2.23) | — (—) | — (—) |
| Indigenous | 1,275,898,723 (1,273,857,872) | 88.77 (97.77) | 67,844,662 (60,064,169) | 100.00 (100.00) |

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

| | | |
|----|---------------------------------|------------------------------------|
| 34 | C.I.F. Value of Imports | (₹) |
| | Raw Jute | 168,008,519 (19,478,658) |
| 35 | F.O.B. Value of Exports | 112,934,728 (69,964,332) |
| 36 | Expenditure in Foreign Currency | |
| | Travelling Expenses | 2,422,463 (1,977,299) |

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, 2017

Partner
Membership No. 008482

CA KISHOR KUMAR SONTHALIA
Chief Financial Officer

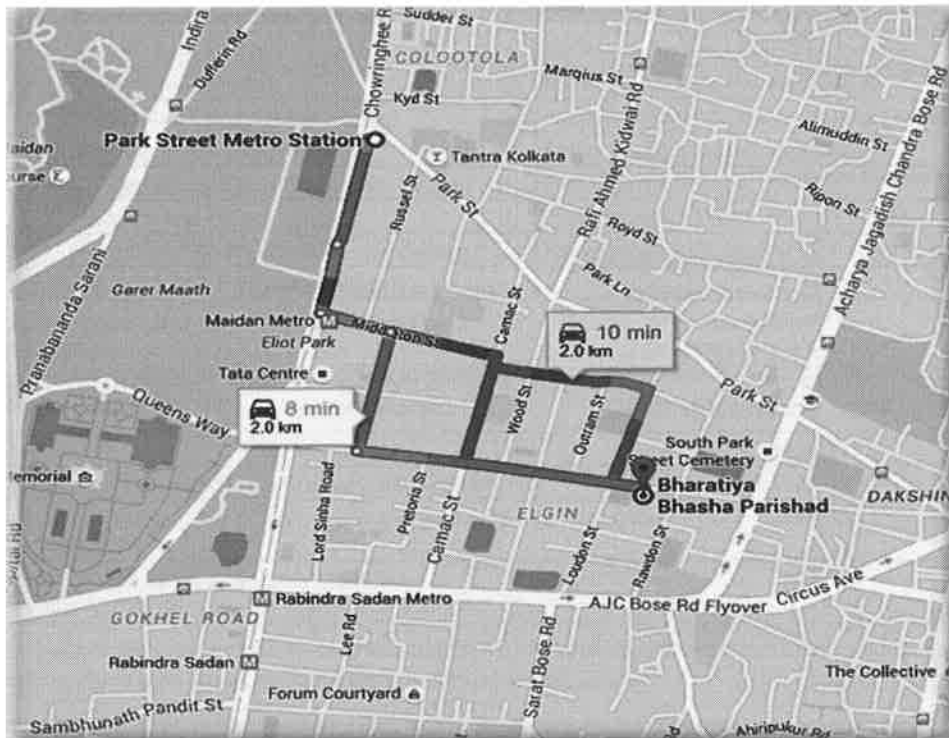
CS GOPAL PRASAD CHOUDHARY
Company Secretary

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director
DIN : 00055972

ROUTE MAP

To the venue of 112th 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 112th Annual General Meeting of the Company being held on Friday, 1st September, 2017 at 03.00 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 112th Annual General Meeting of the Company to be held on Friday, 1st day of September, 2017 at 3.00 P.M. at Conference Room, 4th Floor, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700017 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, 2017 |
| 2. | Declaration of Dividend on Preference and Ordinary Shares |
| 3. | Re-appointment of Smt. Nisha Agarwal as a Director, who retires by rotation |
| 4. | Appointment of Messrs B. Chhawchharia & Co., Chartered Accountants, as Auditors and fixing their remuneration |
| 5. | Ordinary resolution for ratification of remuneration to be paid to Messrs D. Radhakrishnan & Co., Cost Accountants as Cost Auditors for financial year ended 31st March, 2018 |

Signed this day of2017

Signature of Shareholder

Affix
Revenue
Stamp