

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the 114th Annual General Meeting of The Naihati Jute Mills Company Limited will be held at Conference Room, 4th Floor, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-700017 on Monday, the 16th day of September, 2019 at 3.30 P.M. to transact the following business:

1. To receive, consider and adopt the Financial Statements for the financial year ended 31st March, 2019 and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Subhakirti Majumdar (DIN: 00820573), who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business

3. To re-appoint Shri Jugal Kishore Bhagat (DIN: 00055972) as Chairman and Managing Director and to fix his remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 200 and 201 read with Schedule V thereto and all other applicable provisions, if any, of the Companies Act, 2013 and subject to such approvals and sanctions as may be necessary, the Company hereby accords its consent and approval to the re-appointment of Shri Jugal Kishore Bhagat (DIN: 00055972) as Chairman and Managing Director of the Company for a further term of three years with effect from 1st October, 2019 on the terms and conditions and remuneration (including remuneration to be paid in the event of any loss or inadequacy of profit in any financial year during the term of Office of Shri Jugal Kishore Bhagat) as set out in the Agreement entered into between the Company and Shri Jugal Kishore Bhagat, a copy whereof is placed before the Meeting which Agreement is hereby specifically approved and sanctioned.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required."

4. To re-appoint Shri Alok Kumar Khastagir (DIN: 00124558) as an Independent Director and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Shri Alok Kumar Khastagir (DIN: 00124558) be and is hereby appointed as an Independent Director on the Board of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years with effect from 1st October, 2019."

5. To appoint Smt. Nisha Agrawal (DIN: 01007810) as an Independent Director 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 Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Smt. Nisha Agrawal (DIN: 01007810) who was appointed as a Director liable to retire by rotation under the provisions of the Act and who qualifies for being appointed as an independent director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years with effect from 4th July, 2019".

NOTICE (contd.)

6. 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 Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the remuneration of Rs.25,000 plus applicable taxes and re-imbursement 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, 2020 be and is hereby ratified".

Registered Office
7, Hare Street,
(4th Floor), Kolkata- 700001
Dated 21st August, 2019

By Order of the Board

CS GOPAL PRASAD CHOUDHARY
Company Secretary

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than fortyeight hours before the time of commencement of the meeting.** A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the meeting.
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. Messrs B. Chhawchharia & Co., Chartered Accountants (ICAI Registration No. 305123E) was appointed as Statutory Auditors of the Company by the members at Annual General Meeting (AGM) of the Company held in the year 2017 to hold office from the conclusion of that AGM until conclusion of the sixth consecutive AGM on a remuneration to be mutually agreed upon with the Board of Directors subject to ratification by the members at every AGM. Consequent to the amendment in Section 139 of the Companies Act, 2013, vide which the proviso requiring ratification of such appointment by members at every AGM has been omitted, no item has been included in this Notice towards ratification of such appointment. Accordingly, Messrs B. Chhawchharia & Co. shall continue to hold the office as Statutory Auditors of the Company for the remaining term of their appointment as approved by the members at the AGM held in the year 2017 without ratification of such appointment at every AGM.
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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

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

Item 3: Shri Jugal Kishore Bhagat (Shri Bhagat) was re-appointed as Managing Director of the Company for a term of three years with effect from 1st October, 2016. Thus, the term of his Office as Managing Director will expire on 30th September, 2019. Since Shri Bhagat is aged above 70 years, the Nomination and Remuneration Committee while recommending his re-appointment, noted in terms of Section 196 of the Act that Shri Bhagat is keeping good health and sound mind. He regularly attends the Office of the Company to discharge his duties and deliberates all Board Meetings of the Company and the Committee Meetings of the Company of which he is a member. He takes all policy decisions on the issues emerging out of the business of the Company and interacts with the Officers below i.e. Chief Executive Officer, Joint Chief Executive Officer, Company Secretary and Chief Financial Officer. He continues to be the Managing Director of the Company since the year 1969 and considering his rich experience and long association with the Company at this position and so long he is active in discharging his duties, any change at the helm of the Company is not desired.

In view of the justification as stated above the Board of Directors on recommendation of Nomination and Remuneration Committee has re-appointed Shri Bhagat as Managing Director for a further term of 3 years with effect from 1st October, 2019 on the following terms and conditions:

- a) **SALARY:** ₹ 4,50,000 (Rupees Four lakhs fifty thousand only) per month.
- b) **COMMISSION:** At the rate of 3% (three percent) of profits of the Company for each financial year and within the permissible limits specified in the Act and shall be payable on pro-rata basis for any broken period/year.
- c) **ALLOWANCES AND PERQUISITES:** Shri Bhagat will be entitled to the following allowances and perquisites in addition to salary and commission, allowances and perquisites being limited to 75% of his annual salary. Unless the context otherwise requires, allowances and perquisites are classified into three categories A, B and C as follows:

Category - A

This will comprise of house rent/house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided for as under:

Housing

- i) Reimbursement of rent for residential accommodation of the Managing Director not exceeding 60% of the salary over and above 10% payable by the Managing Director. However, in lieu of rent for residential accommodation, House Rent Allowance not exceeding 60% of the salary may be paid.
- ii) The Expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962.

Medical Reimbursement

Reimbursement of expenses actually incurred on self and family

Leave/Holiday Travel Expenses

Reimbursement of all the expenses incurred during leave/holiday travel period in respect of himself and family while proceeding on leave/holiday to any place in India or abroad subject to a ceiling of one month's salary per annum. The entitlement in respect of any one year to the extent not availed of shall be allowed to be accumulated up to the next two years.

NOTICE (contd.)

Club Fees

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Of an amount, the annual premium of which does not exceed ₹ 20,000 per annum.

Travelling Expenses

While travelling on the Company's business purposes, the Managing Director will be entitled to be accompanied by his wife, and the travelling and other incidental expenses incurred by his wife will also be borne/reimbursed by the Company.

Category – B

- i) Contribution to Provident Fund and Superannuation/Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable should not exceed half a month's salary for each completed year of service and will not be included in the computation of the ceiling on perquisites.
- iii) Encashment of Leave at the end of the tenure will be permitted as per rules of the Company subject to a maximum of three months' salary and will not be included in the computation of the ceiling on perquisites.

Category – C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Shri Bhagat.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of Office of Shri Bhagat, the Company may pay him remuneration by way of salary, perquisites and other allowances not exceeding the ceiling of ₹ 93,00,000 per annum or ₹ 7,75,000 per month.

The Managing Director shall not be paid any sitting fee for attending the meetings of Board of Directors or a Committee thereof.

The Company has defaulted dues of Sales-tax loan from Government of West Bengal (through WBIDC) and the Company has obtained the approval from West Bengal Industrial Development Corporation Limited (WBIDC) for the re-appointment of Managing Director.

Copy of agreement executed between the Company and Shri Bhagat is available for inspection at the Registered Office of the Company on any working day upto the date of the Annual General Meeting (AGM) between 11.00 A.M. and 1.00 P.M. and also at the AGM.

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

The Board of Directors recommend passing of the proposed Special Resolution as set out at item 3 of the notice.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

Statement pursuant to sub-clause (iv) of second proviso to clause (B) of section II of part II of Schedule V of the Act

I. General Information

- 1) Nature of industry Manufacturer of Jute Goods
- 2) Date or expected date of commencement of commercial production 1905
- 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Being an existing Company, not applicable.

4) Financial performance based on given indicators

(₹ in lakh)

Year ended 31 st March	Sales	Operating Profit	Profit before Tax	Profit after Tax
2015	14470	80	(421)	(302)
2016	20593	709	423	272
2017	23350	873	563	362
2018	23043	761	439	270
2019	23369	484	155	129

- 5) Foreign investments or collaborations, if any There are 6 Foreign Shareholders holding 143 Ordinary Shares of Rs.100 each. The Company does not have any foreign collaboration.

II. Information about the Appointee

1) Background details

Shri Bhagat is an eminent industrialist. He is a graduate in Commerce from St. Xavier's College, Kolkata. He has significant experience in business. He has occupied several important positions in various industries associations such as Council of Management of Indian Jute Industries' Research Association, Committee Member of Indian Jute Mills Association for a long period. Also a Director of another jute manufacturing company, Ludlow Jute & Specialities Limited.

2) Past Remuneration

Year	Amount (₹)
2018-19	70,26,372
2017-18	80,38,005*
2016-17	43,75,994
2015-16	44,83,834
2014-15	45,01,160

* Includes arrear remuneration of the year 2016-17 ₹11,85,000

NOTICE (contd.)

- 3) Recognition or awards
- 4) Job profile and his suitability

Shri Bhagat devotes whole time attention to the management of the affairs of the Company and exercises powers subject to the superintendence, direction and control of the Board of Directors. He is responsible for the day-to-day management of the Company and carries out duties as entrusted to him from time to time by the Board of Directors. Though Shri Bhagat is aged above 70 years, he is active in discharging his duties as stated above.

- 5) Remuneration Proposed

Salary ₹ 4,50,000 per month alongwith with Commission @ 3% of the net profits computed in the manner laid down under Sections 197 and 198 of the Act and other allowances and perquisites, as spelt out in the Statement hereinabove.

- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The remuneration proposed is in consonance with similar position in the Industry.

- 7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.

Except salary, commission and perquisites to be received from the Company and to receive dividend declared by the Company, Shri Bhagat does not have any pecuniary relationship directly or indirectly with the Company or relationship with any managerial personnel of the Company.

III. Other information

- 1) Reasons of loss or inadequate profits
- 2) Steps taken or proposed to be taken for improvement
- 3) Expected increase in productivity and profits in measurable terms

There is profit in the Company at present, but as abundant caution for payment of minimum remuneration to Shri Bhagat, in case of no profit or inadequate profit in any particular year, this information is provided to the shareholders.

10% approximately

IV. Disclosures

The Company is not a listed Company and "Corporate Governance" is not included in the of Report of Board of Directors.

Item 4: Shri Alok Kumar Khastagir (DIN: 00124558) was appointed as an Independent Director on the Board of the Company with effect from 1st October, 2014 to hold office for a term of 5 (five) consecutive years from the date of his appointment.

In accordance with the provisions of Sections 149 and 152 read with Schedule IV of the Act and the Rules framed thereunder, an Independent Director can hold office for a term of up to 5 (five) consecutive years on the Board of a Company and can be re-appointed for one more term of 5 (five) consecutive years with the approval of Shareholders by way of a Special Resolution.

As the current term of 5 (five) years of Shri Alok Kumar Khastagir will expire on 30th September, 2019, re-appointment of Shri Alok Kumar Khastagir for a second term of 5 (five) consecutive years from 1st October, 2019 would require approval of the Shareholders by way of a Special Resolution in accordance with Sub-section (10) of Section 149 of the Act.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

The Nomination and Remuneration Committee and the Board at its meeting held on 4th July, 2019 noted that Shri Khastagir, during the span of his tenure as Independent Director, has actively participated in the affairs of the Company and has made enormous contribution to the functioning and performance of the Company.

The Board is of the unanimous view that it will be in the best interest of the Company to re-appoint him as Independent Director for a second term of 5 (five) consecutive years.

Item 5: Smt. Nisha Agrawal (DIN: 01007810) was appointed as a Director on the Board of the Company on 9th August, 2014 whose period of office was liable to determination by retirement of directors by rotation. She had been regularly attending Board and Committee Meetings of the Company and made her valuable contribution to the functioning and performance of the Company. She is a person of integrity and possesses relevant expertise and experience. She fulfils the criteria of independence of becoming an Independent Director in terms of Section 149(6) of the Act.

The Board of Directors at its meeting held on 4th July, 2019 re-designated and appointed Smt. Nisha Agrawal as Independent Director on the Board of the Company, subject to the approval of Shareholders, to hold office for a period of 5 (five) consecutive years with effect from 4th July, 2019 and whose office shall not be liable to determination by retirement of directors by rotation.

Smt. Nisha Agrawal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her declaration that she meets the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act. In the opinion of the Board, Smt. Nisha Agrawal fulfils the conditions for appointment as an Independent Director as specified in the Act.

Copy of letter of appointment of Smt. Nisha Agrawal setting out the terms and conditions are available for inspection by the members at the registered office of the Company.

The Board considers that the continued association of Smt. Nisha Agrawal would be of immense benefit to the Company and it is desirable to continue to avail her services as an Independent Director.

Smt. Nisha Agrawal is interested in the resolution set out as Item 5 of the Notice with regard to her appointment. The relatives of Smt. Nisha Agrawal may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item 5 of the Notice for approval by the Shareholders.

Item 6: 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, 2020 at a remuneration of ₹ 25,000 plus applicable taxes and reimbursement of out of pocket expenses incurred by them.

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

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

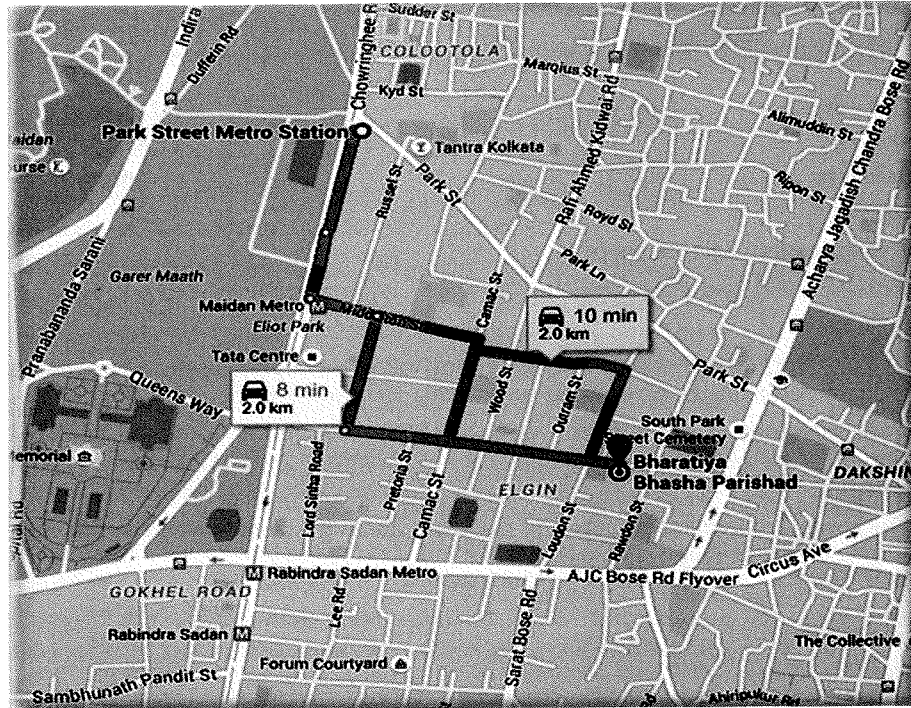
Registered Office
7, Hare Street,
(4th Floor), Kolkata - 700001
Dated 21st August, 2019

By Order of the Board
CS GOPAL PRASAD CHOUDHARY
Company Secretary

NOTICE (Contd.)

ROUTE MAP

To the venue of 114th 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."