

ANNUAL REPORT
2014 - 2015

The Naihati Jute Mills Company Limited

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

KISHOR KUMAR SONTHALIA

COMPANY SECRETARY

GOPAL PRASAD CHOUDHARY

AUDITORS

B. CHHAWCHHARIA & CO.
CHARTERED ACCOUNTANTS

COST AUDITORS

D. RADHAKRISHNAN & CO.
COST ACCOUNTANTS

SECRETARIAL AUDITORS

S.M. GUPTA & CO.
COMPANY SECRETARIES

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 : L17119WB1905PLC001612

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the 110th 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 Wednesday, the 12th day of August, 2015 at 03.30 P.M. to transact the following business :

1. To receive, consider and adopt the Financial Statements for the financial year ended 31st March, 2015 and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vikram Prakash (DIN: 00027732) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To ratify the appointment of Auditors and to authorise Board of Directors to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

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

Special Business

4. To 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 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 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Alok Kumar Khastagir (DIN: 00124558) 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 with effect from 1st October, 2014 for a term of 5 (five) consecutive years upto 30th September, 2019."

5. To appoint Shri Gautam Ukil (DIN:00056595) 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 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Gautam Ukil (DIN: 00056595) who was appointed as a Director liable to retire by rotation under the provisions of the Companies Act, 1956 and who qualifies for being appointed as an independent director be and is hereby appointed as an Independent Director of the Company, not liable

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

to retire by rotation, to hold office with effect from 1st October, 2014 for a term of 5 (five) consecutive years upto 30th September, 2019."

6. To appoint Shri Raj Kumar More (DIN: 00119618) 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 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Raj Kumar More (DIN: 00119618) who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office with effect from 1st October, 2014 for a term of 5 (five) consecutive years upto 30th September, 2019."

7. To appoint Smt. Nisha Agrawal (DIN: 01007810) as a Director liable to retire by rotation and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Sections 149 and 152 and all other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Smt. Nisha Agrawal (DIN: 01007810) who was appointed as an Additional Director pursuant to provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of directors by rotation."

8. To ratify the remuneration payable to Cost Auditors as approved by the Board of Directors and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) the remuneration of Rs.25,000 plus applicable taxes and re-imburement of out of pocket expenses as approved by the Board of Directors payable to Messrs D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), who have been appointed by the Board of Directors as Cost Auditors to conduct the audit of cost accounts of the Company for the financial year ended 31st March, 2016 be and is hereby ratified".

By Order of the Board

Registered Office
7, Hare Street,
(4th Floor), Kolkata - 700001
Dated 30th May, 2015

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 Proxy Form is sent herewith. 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. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 5th August, 2015 to Wednesday, 12th August, 2015 (both days inclusive).
4. The Company is providing facility for voting by electronic means and the business may be transacted through such voting.
5. The facility for voting through ballot paper shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through ballot paper.
6. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the Members at the Meeting.
8. 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.
9. 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)

Items 4 & 5

Shri Alok Kumar Khastagir and Shri Gautam Ukil are Directors of the Company. Their period of office was liable to determination by retirement of directors by rotation. Section 149(4) and (5) of the Act, which is effective from 1st April, 2014, mandates every listed public company to appoint independent directors within one year. Section 149 (10) of the Act provides that an independent director shall hold office for a term of upto five consecutive years on the Board. Section 149(13) of the Act states that the provisions relating to retirement of directors by rotation shall not apply to the appointment of independent directors.

The Board of Directors at its meeting held on 9th August, 2014 re-designated and appointed Shri Alok Kumar Khastagir and Shri Gautam Ukil as Independent Directors of the Company, subject to the approval

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

at the meeting of the Shareholders, to hold office with effect from 1st October, 2014 for a period of 5 (five) consecutive years upto 30th September, 2019 and whose office shall not be liable to determination by retirement of directors by rotation.

Shri Alok Kumar Khastagir and Shri Gautam Ukil are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their declarations that they meet with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act. In the opinion of the Board, Shri Alok Kumar Khastagir and Shri Gautam Ukil fulfil the conditions for appointment as Independent Directors as specified in the Act.

Copy of letters of appointment of Shri Alok Kumar Khastagir and Shri Gautam Ukil setting out the terms and conditions are available for inspection by the members at the registered office of the Company.

The Board considers that continued association of Shri Alok Kumar Khastagir and Shri Gautam Ukil would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors.

Shri Alok Kumar Khastagir and Shri Gautam Ukil are interested in the resolutions set out respectively as Items 4 and 5 of the Notice with regard to their respective appointments.

The relatives of Shri Alok Kumar Khastagir and Shri Gautam Ukil may be deemed to be interested in the resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Items 4 and 5 of the Notice for approval by the Shareholders.

Item 6

The Board of Directors at its meeting held on 9th August, 2014 appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Shri Raj Kumar More as an Additional Director to hold office as an Independent Director of the Company with effect from 01.10.2014.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Directors requires approval of shareholders.

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

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

The Company has received a declaration from Shri Raj Kumar More that he meets with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act. In the opinion of the Board, Shri Raj Kumar More fulfils the conditions for his appointment as an Independent Director as specified in the Act.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Shri Raj Kumar More is appointed as an Independent Director.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE (contd.)

Copy of the letter for appointment of Shri Raj Kumar More as an Independent Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

Save and except Shri Raj Kumar More and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item 6 of the Notice for approval by the shareholders.

Item 7

The Board of Directors at its meeting held on 9th August, 2014 appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Smt. Nisha Agrawal as an Additional Director to hold office upto the conclusion of ensuing Annual General Meeting.

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

Smt. Nisha Agrawal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Keeping in view her expertise and knowledge, it will be in the interest of the Company that Smt. Nisha Agrawal is appointed as a Director liable to retire by rotation.

Save and except Smt. Nisha Agrawal and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item 7 of the Notice.

The Board commends the Ordinary Resolution set out at Item 7 of the Notice for approval by the shareholders.

Item 8

The Board of Directors had appointed Messrs D. Radhakrishnan & Co., Cost Accountants (Registration No.000018), as Cost Auditors to carry out the audit of the cost accounts in respect of jute goods for the financial year ended 31st March, 2016 at a remuneration of Rs.25,000 plus applicable taxes and re-imbursment 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 Auditor.

By Order of the Board

Registered Office
7, Hare Street,
(4th Floor), Kolkata - 700001
Dated 30th May, 2015

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, 2015.

FINANCIAL RESULTS

(₹ in lacs)

Loss for the year before finance cost, depreciation and taxation		80.45
To which have been added		
i) Finance Cost	132.65	
ii) Provision for Depreciation	207.71	
iii) Provision for Tax	0.18	
iv) Provision for Deferred Tax	(118.83)	221.71
Making a total deficit of		302.16

which is carried forward to Balance Sheet.

DIVIDEND

Due to losses during the year, the Directors have not recommended any dividend for the year.

OPERATIONS

The year under review witnessed another continuous year of setback. The Industry witnessed a slump in demand of jute sacking bags from the Government agencies as well as in domestic market which had compelled the Company to keep its production level restricted for the whole year. The production during the year was lower by 24% in comparison to the previous year. Production, Turnover, Profitability and Earning per Share show the undernoted position during the year.

	Year 2014-15	Year 2013-14
Production (M.Tonnes)	23158	30299
Total Turnover (₹ in lacs)	14470.30	17451.20
Profit/(Loss) before taxation (₹ in lacs)	(420.81)	24.26
Profit/(Loss) after taxation (₹ in lacs)	(302.16)	16.36
Earning per Share of Face value of ₹100 (₹)	(140.87)	7.63

OUTLOOK

The Indian raw jute availability for the next year is expected to be restricted with only a marginal increase in the crop and significantly lower carry-over stocks. Bangladesh, reportedly has a bumper crop which should mitigate the supply constraints of the Indian industry.

The domestic demand for jute goods will largely be determined by the level of buying by Government agencies. The private demand for jute goods domestically is to a large extent being catered to by large scale cheaper imports from Bangladesh and Nepal.

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

Indian Jute Industry has become a residual supplier in the global market which is being dominated by export subsidy aided and low wage cost assisted Bangladeshi Jute Industry.

To overcome all these challenges the Indian jute industry will have to strive to produce new diversified products and develop new markets relying on the environment friendliness of the jute fibre.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board at its meeting held on 13th May, 2014 noted that Shri Jugal Kishore Bhagat, Chairman and Managing Director, Shri Kishor Kumar Sonthalia, Vice President (Commercial) and Chief Financial Officer and Shri Gopal Prasad Choudhary, Company Secretary are the Key Managerial Personnel under Section 203 of the Companies Act, 2013 (the Act).

Shri Gautam Ukil and Shri Alok Kumar Khastagir were designated as Independent Directors with effect from 1st October, 2014, to hold office for 5(five) consecutive years for a term upto 30th September, 2019, subject to approval at the meeting of Shareholders. Shri Raj Kumar More was appointed as an Additional Director with effect from 1st October, 2014 to hold office as an Independent Director for 5 (five) consecutive years for a term upto 30th September, 2019, subject to approval at the meeting of Shareholders. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act.

Smt. Nisha Agrawal was appointed as an Additional Woman Director with effect from 1st October, 2014 who shall hold office as such upto the date of next Annual General Meeting.

As per provisions of Section 152 of the Act, Shri Vikram Prakash, Director, retires by rotation at ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

MEETINGS OF THE BOARD AND COMMITTEES

During the year under review, 4 (four) Board Meetings were held on 13th May, 2014, 9th August, 2014, 8th November, 2014 and 12th February, 2015. The attendance of each Director is as under :

Name of Director	No. of meetings attended
Shri Jugal Kishore Bhagat	04
Shri Gautam Ukil	04
Shri Alok Kumar Khastagir	04
Shri Raj Kumar More*	02
Shri Vikram Prakash	02
Smt. Nisha Agrawal*	02

*Shri Raj Kumar More and Smt. Nisha Agrawal were appointed Directors with effect from 1st October, 2014.

During the year under review, Audit Committee was constituted with effect from 1st October, 2014. Two Audit Committee Meetings were held on 8th November, 2014 and 12th February, 2015, The attendance of each Member is as under:

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

Name of Member	No. of meetings attended
Shri Raj Kumar More	02
Shri Alok Kumar Khastagir	02
Shri Jugal Kishore Bhagat	02

Remuneration and Selection Committee was renamed as Nomination and Remuneration Committee with effect from 1st October, 2014. During the year a meeting of Nomination and Remuneration Committee was held on 12th February, 2015. The attendance of each Member is as under :

Name of Member	No. of meetings attended
Shri Gautam Ukil	01
Shri Alok Kumar Khastagir	01
Shri Vikram Prakash	0

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) of the Act, your 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 laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- 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

The Board of Directors has approved Remuneration Policy on the recommendation of Nomination and Remuneration Committee at its meeting held on 12th February, 2015. 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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

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

Due to various unfavourable conditions in which the Industry is passing through coupled with indiscipline and low labour productivity, the Management was compelled to declare suspension of work at its Jute Mill on and from 8th May, 2015. Efforts are on to resolve the dispute with the workers to arrive at an amicable settlement.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Act in connection with Corporate Social Responsibility are not applicable to the Company since the Company falls below the threshold limits.

ENERGY, TECHNOLOGY & 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.

BOARD EVALUATION

Pursuant to the provisions of Section 134(3)(p) of the Act, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Stakeholders Relationship Committees.

EXTRACT OF THE ANNUAL RETURN

In terms of provisions of Section 134(3)(a) of the Act, the extract of the 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 the 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 control procedures commensurate with the size, scale and complexity of its operation, which are well supplemented by surveillance of Internal Auditors.

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

LISTING WITH STOCK EXCHANGE

The Company is listed with The Calcutta Stock Exchange Limited and has paid listing fees for the financial year 2015-16.

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 subject to ratification of the appointment by the members at the every AGM. The Company has received an eligibility letter under Section 141 of the Act and the rules made thereunder that they are not disqualified. The Board, based on recommendation of Audit Committee, recommends the ratification of appointment of M/s. B. Chhawchharia & Co., as Auditors by the members at ensuing AGM.

As reported last year, all items of Land, Building and Plant and Machinery at the Jute Mill were revalued and restated in the books of the Company at the market value of the assets on 31st March, 2014. However, considering the changed statutory provisions after the enactment of the Act and Section 123 read with Schedule II becoming effective from 1st April, 2014 on charge of depreciation on revalued assets, the Board of Directors, for more appropriate/proper presentation of financial statements, have found it prudent to reverse on 1st April, 2014 the entries of restated amount added on revaluation of depreciable assets i.e. Buildings and Plant and Machinery.

The Company has provided the due gratuity liability for the workers who have retired/ceased to work from the service of the Company. However, the Company could fund the accrued liability of gratuity of the existing staff and workers only partially due to inadequate surplus.

The Company has renewed its request to the State Government and its Nodal Agency, West Bengal Industrial Development Corporation Limited for One Time Settlement of the outstanding dues. 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, 2016 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 Annual General Meeting.

SECRETARIAL AUDIT

The Company has appointed Messrs S. M. Gupta & Co., Company Secretaries in practice as Secretarial Auditors of the Company to conduct the Secretarial Audit for the financial year ended 31st March, 2015. The Secretarial Audit Report for the financial year ended 31st March, 2015 is annexed as Annexure 'D' which forms part of the Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

VIGIL MECHANISM

A Vigil Mechanism Policy has been formulated for Directors and Employees to report their genuine concerns or

THE NAIHATI JUTE MILLS COMPANY LIMITED

DIRECTORS' REPORT (contd.)

grievances and the same is available at the Company's website i.e. www.naihatijute.com. The policy provides for adequate safeguards against victimisation of persons who use such mechanism. Necessary provision is in place for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.

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 HARASSMENT 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, trainee). No complaint has been received since the formation of the Committee during the calendar year 2014.

PARTICULARS OF EMPLOYEES

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.

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in a separate Annexure to this Report.

The above annexure is not being sent alongwith this Report to the Members of the Company in line with the provisions of Section 136 of the Act. Members who are interested in obtaining these particulars may write to the Company Secretary at the registered office of the Company. The aforesaid annexure is also available for inspection by Members at the registered office of the Company, 21 days before and upto the date of ensuing Annual General Meeting during the business hours on working days.

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

Kolkata
30th May, 2015

JUGAL KISHORE BHAGAT
Chairman and Managing Director

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - A TO DIRECTORS' REPORT (contd.)

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 2014-15	
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	Two years with effect from 1st April, 2014
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Salary 1) ₹ 2,00,000 per month (in the scale of ₹ 2,00,000 - ₹ 15,000 - ₹ 2,15,000)* 2) ₹ 1,95,000 per month (in the scale of ₹ 1,95,000 - ₹ 15,000 - ₹ 2,10,000)* *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	21st May, 2013
(f) Amount paid as advance, if any	Nil

For and on behalf of the Board

Kolkata,
30th May, 2015

JUGAL KISHORE BHAGAT
Chairman and Managing Director

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - B TO DIRECTORS' REPORT (contd.)

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) Conversion of higher HP motors with lower HP and energy efficient motors. 2) Installation of energy saving lamps . 3) Regular monitoring of steam, boiler and compressor to minimize losses.
(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 :	₹ 988.51 Lacs
(ii) Foreign exchange outgo in terms of actual outflows :	₹ 394.52 Lacs

For and on behalf of the Board

Kolkata,
30th May, 2015

JUGAL KISHORE BHAGAT
Chairman and Managing Director

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - C TO DIRECTORS' REPORT (contd.)

FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2015**

[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	L17119WB1905PLC001612
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@naihaticjute.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Maheshwari Datamatics Private Limited 6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata-700001 Phone : 91-33-2243 5029/5809 Fax : 91-33-2248 4787 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	152824	-	152824	71.25	152824	-	152824	71.25	-
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)	160619	-	160619	74.88	160619	-	160619	74.88	-
2. Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	160619	-	160619	74.88	160619	-	160619	74.88	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	160619	-	160619	74.88	160619	-	160619	74.88	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	306	364	670	0.31	306	364	670	0.31	-
c) Central Govt	-	-	-	-	-	-	-	-	-
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)	306	449	755	0.35	306	449	755	0.35	-

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	26109	15101	41210	19.21	26109	15101	41210	19.21	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	415	4764	5179	2.42	415	4764	5179	2.42	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6726	-	6726	3.14	6726	-	6726	3.14	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(2) :	33250	19865	53115	24.77	33250	19865	53115	24.77	-
Total Public Shareholding (B) = (B)(1)+ (B)(2)	33556	20314	53870	25.12	33556	20314	53870	25.12	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	194175	20314	214489	100.00	194175	20314	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 share holding 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	-	146824	68.45	-	-
3	Bhagat Refinerers & Chemicals Private Limited	7795	3.64	-	7795	3.64	-	-
	Total	160619	74.88	-	160619	74.88	-	-

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

There is no change in Promoters' Shareholding.

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - C TO DIRECTORS' REPORT (contd.)

(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 Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Opto Marketing Company Private Limited	10000	4.66	10000	4.66
2	Gallon Holdings Private Limited	10000	4.66	10000	4.66
3	Bhatkawa Tea Industries Limited	10000	4.66	10000	4.66
4	Arvindkumar N Nopany	6726	3.14	6726	3.14
5	Adarsh Mercantile Limited	6099	2.84	6099	2.84
6	Bharosa Vinimay Private Limited	3000	1.40	3000	1.40
7	Parmatma Dealer Private Limited	2000	0.93	2000	0.93
8	United Bank of India	257	0.12	257	0.12
9	Sudhir Kumar Seal	248	0.12	248	0.12
10	Central Bank of India	137	0.06	137	0.06

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Jugal Kishore Bhagat	6000	2.79	6000	2.79

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	1165.37			1165.37
ii) Interest due but not paid	102.84			102.84
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	1268.21			1268.21
Change in Indebtedness during the financial year				
* Addition				
* Reduction				
Net Change	7.15			7.15
Indebtedness at the end of the financial year				
i) Principal Amount	1172.52			1172.52
ii) Interest due but not paid	102.84			102.84
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	1275.36			1275.36

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 Shri Jugal Kishore Bhagat, MD		Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44,94,475		44,94,475
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	6,685		6,685
	(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)	45,01,160		45,01,160
	Ceiling as per the Act			

B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri Gautam Ukil	Shri Alok Kumar Khastagir	Shri Raj Kumar More	
1.	Independent Directors				
	Fee for attending board committee meetings	27,000	33,000	18,000	78,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	27,000	33,000	18,000	78,000
2.	Other Non-Executive Directors				
	Fee for attending board committee meetings	12,000	12,000		24,000
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (2)	12,000	12,000		24,000
	Total (B)=(1+2)				1,02,000
	Total Managerial Remuneration				46,03,160
	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	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		10,43,673	11,63,923	22,07,596
	(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		10,43,673	11,63,923	22,07,596

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : None

Kolkata,
30th May, 2015

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - D TO DIRECTORS' REPORT (contd.)

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED – 31st March, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
THE NAIHATI JUTE MILLS COMPANY LIMITED
Registered Office - 7, Hare Street
Kolkata-700 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by THE NAIHATI JUTE MILLS COMPANY LIMITED (hereinafter called the Company). Secretarial Audit was conducted in accordance with the Guidance Note issued by The Institute of Company Secretaries of India (A statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the Company has, during the audit period covering the financial year ended on 31st March, 2015 generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by THE NAIHATI JUTE MILLS COMPANY LIMITED for the financial year ended on 31st March, 2015 according to the applicable provisions of :

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;

ANNEXURE - D TO DIRECTORS' REPORT (contd.)

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company : **The Company had no FDI/ ODI/ECB transactions during the year.**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) to the extent applicable to the company:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **No Issue of any security during the year.**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **No such instances reported during the year.**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **No instances were reported during the year.**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has duly appointed a SEBI authorized Category I Registrar and Share Transfer Agent as required under Law.**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ; **No Delisting was done during the year.**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **No buy-back was done during the year.**

We have also examined compliance with the applicable clauses of the following :

- i. Secretarial Standards issued by The Institute of Company Secretaries of India: **Not yet applicable.**
- ii. The Listing Agreements entered into by the Company with The Calcutta Stock Exchange Limited.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. Clause 49 of the Listing Agreement is not applicable to the Company.
2. Section 135 of the Companies Act, 2013 relating to CSR is not applicable to the Company.
3. The Company does not have a Holding or Subsidiary Company.

We further report that as far as we have been able to ascertain -

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of Board of Directors

ANNEXURE - D TO DIRECTORS' REPORT (contd.)

that took place during the period under review were carried out in compliance with the provisions of the Act.

2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, as informed to us.
4. Based on the compliance mechanism established by the Company and on the basis of the certificates placed before the Board and taken on record by the Directors at their meetings, we are of the opinion that the Company has adequate systems and processes commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and the Company has complied with the following laws specifically applicable to it, as reported to us:-
 - (i) Essential Commodities Act, 1955

We further report that as informed to us, during the audit period the Company has had the following specific events:

1. Alteration of Clause 116 of the Articles of Association regarding Chairman.
2. During the financial year under review, the Company has obtained approval of the members by postal ballot, (a) Under Section 180(1)(a) of the Companies Act, 2013 by way of Special Resolution for mortgaging and/or creating charge on all movable/immovable properties of the Company and (b) Under Section 180(1)(c) of the Companies Act, 2013 by way of special resolution for enhancement of borrowing limit in excess of aggregate of paid up share capital and free reserves of the Company up to a sum of Rs. 100 crores.

It is stated that the compliance of all the applicable provisions of the Companies Act, 2013 and other laws is the responsibility of the management. We have relied on the representation made by the Company and its Officers for systems and mechanism set-up by the Company for compliances under applicable laws. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the aforementioned corporate laws of the Union of India.

S. M. Gupta
S. M. Gupta & Co.
FCS No : 896
C P No:2053

Place: Kolkata
Date: 30th May, 2015

Encl : Annexure 'A' forming an integral part of this Report

THE NAIHATI JUTE MILLS COMPANY LIMITED

ANNEXURE - D TO DIRECTORS' REPORT (contd.)

To,
The Members,
THE NAIHATI JUTE MILLS COMPANY LIMITED
Regd Office- 7, Hare Street
Kolkata-700 001

"Annexure A"

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audits.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the fairness of the contents of the secretarial records. The verification was done on test basis to ensure that facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis to the extent applicable to the Company.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

S. M. Gupta
S. M. Gupta & Co.
FCS No : 896
C P No:2053

Place: Kolkata
Date: 30th May, 2015

THE NAIHATI JUTE MILLS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE NAIHATI JUTE MILLS COMPANY LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of THE NAIHATI JUTE MILLS COMPANY LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and 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 thereunder.
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, but not for the purpose of expressing an opinion on

INDEPENDENT AUDITOR'S REPORT (contd.)

whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such control. 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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis of Qualified Opinion

- 8.1 After the enactment of the Companies Act, 2013, and Section 123 read with Schedule II becoming effective from 01.04.2014; for more appropriated/proper presentation of Financial Statements and in the interest of Shareholders, the management has decided to reverse as on 01.04.2014 ₹ 502,439,815 being the amount of Revaluation Reserve earlier created on revaluation of Plant & Machinery and Buildings at the mill of the Company (Refer Note. 26). Consequent thereto, the carrying value of Fixed Assets and the Revaluation Reserve is reduced by the above stated amount and the charge of depreciation is lower by ₹ 29,330,321 in the Statement of Profit and Loss.
- 8.2 No provision for accrued liability of gratuity of existing employees of ₹ 90,656,037 as per actuarial valuation has 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 29(ii)].
- 8.3 Non provision of liability of penal/additional interest and liquidated damages on overdue instalments of secured loan from a financial institution [Refer Note 4(d)].
- 8.4 Non provision of interest on loan from WBIDC amounting to ₹ 20,380,749 [Refer Note 4(d)].

Accordingly without considering the observations made in paragraph 8.3 above where the effect is not ascertainable, had the observations made by us in paragraphs 8.1 to 8.4 been considered, the loss for the year would have been higher by ₹ 140,367,107 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, 2015 and its loss 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, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

INDEPENDENT AUDITOR'S REPORT (contd.)

11. 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of the written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act;
- f. 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, 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 impact its financial position;
 - ii. the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Partner

Membership No. 061087

Kolkata
May 30, 2015

ANNEXURE TO THE 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, 2015

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.

INDEPENDENT AUDITORS' REPORT (contd.)

- (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 frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures 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.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) 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) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth 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 with 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) The dues outstanding in respect of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

INDEPENDENT AUDITORS' REPORT (contd.)

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
West Bengal Value Added Tax Act, 2003	Tax	101,383	2005-2006	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	Tax, Interest	5,439,814 *	2009 - 2010	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	Tax, Interest	1,950,809	2010 - 2011	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	Tax, Interest	1,759,370	2011 - 2012	Additional Commissioners, Appellate Forum
		9,251,376		
Central Sales Tax Act, 1956	Tax	3,174,534 **	2005 - 2006	West Bengal Commercial Taxes Appellate and Revisional Board
Central Sales Tax Act, 1956	Tax	78,928	2007 - 2008	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, Interest	7,158,751	2010 - 2011	West Bengal Commercial Taxes Appellate and Revisional Board
Central Sales Tax Act, 1956	Tax, Interest	29,860,033	2011 - 2012	Additional Commissioners, Appellate Forum
		51,693,047		

* A sum of ₹ 600,000 has been paid. ** A sum of ₹ 1,103,878 has been paid.

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company does not have accumulated losses at the end of the financial year. The Company has incurred cash losses during the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.
- (ix) In our opinion and according to the information & explanations given to us, the default in repayment of dues to financial institutions amounts to ₹ 47,794,803 for the instalments commencing from the quarter ended June 2001, as per the directions of BIFR. Company's proposal for waiver of interest and/or settlement of the dues is pending consideration [Refer Note 4].
- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion, the term loans were applied for the purpose for which the loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For B CHHAWCHHARIA & CO
Chartered Accountants
Firm Registration No.: 305123E
Kshitiz Chhawchharia
Partner
Membership No. 061087

THE NAIHATI JUTE MILLS COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note	As at 31-03-2015		As at 31-03-2014	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2	22,448,900		22,448,900	
(b) Reserves and Surplus	3	<u>626,176,295</u>	<u>648,625,195</u>	<u>1,165,466,736</u>	<u>1,187,915,636</u>
Non-current Liabilities					
(a) Long-term Borrowings	4	5,000,000		8,556,629	
(b) Deferred Tax Liabilities (net)	5	-		9,557,733	
(c) Other Non-current Liabilities	6	<u>2,111,531</u>		<u>4,926,906</u>	
(d) Long-term Provisions	7	<u>8,446,419</u>	<u>15,557,950</u>	<u>8,110,427</u>	<u>31,151,695</u>
Current Liabilities					
(a) Short-term Borrowings	8	85,469,832		82,190,540	
(b) Trade Payables	9	<u>122,216,198</u>		<u>61,627,570</u>	
(c) Other Current Liabilities	10	<u>166,679,394</u>		<u>160,440,360</u>	
(d) Short-term Provisions	7	<u>36,547,720</u>	<u>410,913,144</u>	<u>39,792,685</u>	<u>344,051,155</u>
			<u>1,075,096,289</u>		<u>1,563,118,486</u>
ASSETS					
Non-current Assets					
(a) Fixed Assets					
(i) Tangible Assets	11	680,537,103		1,204,143,109	
(ii) Intangible Assets	11	<u>67,201</u>		<u>173,992</u>	
		<u>680,604,304</u>		<u>1,204,317,101</u>	
(b) Non-current Investments	12	11,600		11,600	
(c) Deferred Tax Assets (net)	5	<u>5,292,664</u>		-	
(d) Long-term Loans and Advances	13	<u>9,536,675</u>	<u>695,445,244</u>	<u>13,164,632</u>	<u>1,217,493,333</u>
Current Assets					
(a) Inventories	14	273,343,749		253,959,262	
(b) Trade Receivables	15	<u>63,763,397</u>		<u>38,554,376</u>	
(c) Cash and Cash equivalents	16	<u>2,444,160</u>		<u>11,996,060</u>	
(d) Short-term Loans and Advances	13	<u>38,662,488</u>		<u>39,192,082</u>	
(e) Other Current Assets	17	<u>1,437,251</u>	<u>379,651,045</u>	<u>1,923,373</u>	<u>345,625,153</u>
			<u>1,075,096,289</u>		<u>1,563,118,486</u>

Notes forming part of Financial Statements 1 to 40

The accompanying notes are an integral part of the financial statements.
In terms of our Report of even date attached herewith.

For B. CHHAWCHHARIA & CO.
Chartered Accountants
Firm Registration No. 305123E
Kshitiz Chhawchharia
Partner
Membership No. 061087

KISHOR KUMAR SONTHALIA
Chief Financial Officer
GOPAL PRASAD CHOUDHARY
Company Secretary

For and on behalf of the Board
JUGAL KISHORE BHAGAT
Chairman and Managing Director

Place : Kolkata
Date : 30th May, 2015

THE NAIHATI JUTE MILLS COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note	2014-15		2013-14	
I. Revenue from Operations	18	1,447,029,567		1,745,119,785	
II. Other Income	19	<u>3,212,438</u>		<u>4,515,906</u>	
III. Total Revenue (I + II)		<u>1,450,242,005</u>		<u>1,749,635,691</u>	
IV. Expenses					
(a) Cost of Materials Consumed	20	808,878,426		966,401,310	
(b) Change in Inventories of Finished Goods and Work-in-Progress	21	<u>(8,879,412)</u>		<u>1,028,911</u>	
(c) Employee Benefits Expense	22	<u>436,084,698</u>		<u>479,166,995</u>	
(d) Finance Costs	23	<u>13,264,790</u>		<u>12,116,035</u>	
(e) Depreciation and Amortization Expense		<u>20,770,804</u>		<u>17,322,825</u>	
(f) Other Expenses	24	<u>222,203,462</u>		<u>271,173,862</u>	
Total Expenses		<u>1,492,322,768</u>		<u>1,747,209,938</u>	
V Profit/(Loss) before Tax (III - IV)		<u>(42,080,763)</u>		<u>2,425,753</u>	
VI Tax Expenses					
(a) Current Tax (Including Wealth Tax)		18,600			
Less: Mat Credit Entitlement		-		18,600	26,700
(b) Deferred Tax		<u>(11,883,484)</u>		<u>762,914</u>	
VII Profit/(Loss) for the Year (from Continuing Operation) (V-VI)		<u>(30,215,879)</u>		<u>1,636,139</u>	
VIII Earning per Ordinary Share (Nominal value of Share ₹ 100)					
(a) Basic	33	<u>(140.87)</u>		<u>7.63</u>	
(b) Diluted	33	<u>(140.87)</u>		<u>7.63</u>	

Notes forming part of Financial Statements. 1 to 40

The accompanying notes are an integral part of the financial statements.

In terms of our Report of even date attached herewith.

For B. CHHAWCHHARIA & CO.
Chartered Accountants
Firm Registration No. 305123E
Kshitiz Chhawchharia
Partner
Membership No. 061087

KISHOR KUMAR SONTHALIA
Chief Financial Officer
GOPAL PRASAD CHOUDHARY
Company Secretary

For and on behalf of the Board
JUGAL KISHORE BHAGAT
Chairman and Managing Director

Place : Kolkata
Date : 30th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	2014-15	2013-14
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Extraordinary items	(42,080,762)	2,425,753
Adjusted for		
- Depreciation	20,770,804	17,322,825
- Interest Income	(17,196)	(52,172)
- Finance Cost	13,264,790	10,731,765
- Bad Debt/Sundry Balances written off	(57)	55
- Liability no longer required written back	-	(118,710)
- Profit on Sale of Other Investments	-	16,102
- Unrealized foreign exchange difference gain/loss	2,178	4,193
- Profit on Sale of Fixed Assets	(239,996)	(1,873,995)
Operating Profit before Working Capital changes	(8,300,239)	28,455,816
Adjusted for		
- Trade and Other Receivables	(20,563,630)	(14,143,883)
- Inventories	(19,384,487)	17,683,277
- Trade Payables and Advance from Customers	60,142,654	(6,617,641)
Cash Generated from Operations	11,894,298	25,377,569
- Income Taxes paid (net of refund)	(1,720)	(3,468,268)
Net Cash flow from Operating Activities (A)	11,892,578	21,909,301
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of Fixed Assets	(11,148,405)	(31,426,074)
- Capital Subsidy Received	2,048,919	13,037,165
- Sale of Fixed Assets	240,000	2,874,286
- Profit on Sale of Other Investments	-	(16,102)
- Interest Received	17,196	52,172
Net Cash used in Investing Activities (B)	(8,842,290)	(15,478,553)
C. CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds from Long-term and other Borrowings	665,068	(5,051,450)
- Interest Paid	(13,265,078)	(10,791,426)
Net Cash from Financing Activities (C)	(12,600,010)	(15,842,876)
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)	(9,549,722)	(9,412,128)
Cash and Cash Equivalents at the beginning of the year	11,996,060	21,412,381
Cash and Cash Equivalents at the end of the year	2,446,338	12,000,253

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	2,446,338	12,000,253
Effect of foreign exchange difference	2,178	4,193
Cash and Cash Equivalents as per Balance Sheet	2,444,160	11,996,060

For B. CHHAWCHHARIA & CO.
Chartered Accountants
Firm Registration No. 305123E
Kshitiz Chhawchharia
Partner
Membership No. 061087

KISHOR KUMAR SONTALIA
Chief Financial Officer

GOPAL PRASAD CHOUDHARY
Company Secretary

For and on behalf of the Board

JUGAL KISHORE BHAGAT
Chairman and Managing Director

Place : Kolkata
Date : 30th May, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

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 as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles and the provisions of the Companies Act, 2013.

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.

TANGIBLE AND INTANGIBLE FIXED ASSETS AND DEPRECIATION/AMORTISATION

- (a) Tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of CENVAT/Value added tax, rebates, subsidies, less accumulated depreciation and impairment loss, if any.
- (b) An impairment loss is recognised wherever, the carrying value of the fixed asset exceeds its market value or value in use, whichever is higher.
- (c) In respect of revalued assets the difference between written down value of assets and valuation is transferred to Revaluation Reserve.
- (d) (i) Depreciation on Fixed Assets 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.
(ii) 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.
- (e) 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.

INVENTORIES

- (a) Raw materials are valued at lower of cost (on weighted average basis) and market rate.
- (b) Stores and Spares are valued at cost (on weighted average/FIFO basis) and after providing for obsolescence, as ascertained.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

- (c) Jute-in-Process is valued at estimated cost.
- (d) Stock of finished goods (including consignment stock in transit) is valued at lower of cost and market/ contract rate.
- (e) Caddies, Thread Waste etc. are valued at estimated realisable value.
- (f) Cost has been considered after taking credit for taxes, wherever and to the extent available.

SALES AND OTHER INCOME

- (a) Sales are net of cess, sales tax and claims.
- (b) 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.
- (c) Other income is accounted on accrual basis except where the receipt of income is uncertain.

INVESTMENTS

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 market value.

RETIREMENT BENEFITS

- (a) (i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered. Company's contributions to Provident Fund and Pension Fund are charged to the Statement of Profit and Loss.
- (ii) Provision for leave encashment is made on actuarial valuation.
- (b) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

FOREIGN CURRENCY TRANSACTIONS

- (a) 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.
- (b) 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 yearend 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

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

CLAIMS AND SUBSIDIES

- (a) Insurance claims are accounted for on settlement thereof.
- (b) 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.
- (c) 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.

TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

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 not recognised in the accounts.

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.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	As at 31-03-2015	As at 31-03-2014
(₹)		
2 SHARE CAPITAL		
Capital Structure		
Authorized		
479,989 Ordinary Shares of ₹ 100 each	47,998,900	47,998,900
70,000 Preference Shares of ₹ 100 each	7,000,000	7,000,000
	54,998,900	54,998,900
Issued, Subscribed and Fully Paid Up		
214,489 Ordinary Shares of ₹ 100 each. (PY 214,489 Shares of ₹ 100 each)	21,448,900	21,448,900
10,000 15% Non-cumulative Redeemable Preference Shares of ₹ 100 each fully paid up (PY 10,000 Shares of ₹ 100 each)	1,000,000	1,000,000
	22,448,900	22,448,900

Share Capital Reconciliation

	As at 31-03-2015		As at 31-03-2014	
	No.	₹	No.	₹
Ordinary Shares				
At the beginning of the year	214,489	21,448,900	214,489	21,448,900
Issued during the year	-	-	-	-
Outstanding at the end of the year	214,489	21,448,900	214,489	21,448,900
Preference Shares				
At the beginning of the year	10,000	1,000,000	27,500	2,750,000
Issued during the year	-	-	-	-
Redeemed during the year	-	-	17,500	1,750,000
Outstanding at the end of the year	10,000	1,000,000	10,000	1,000,000

Terms/ Rights attached to Shares

Ordinary Shares

The Company has only one class of Ordinary Shares having a par value of ₹ 100. Each holder of Ordinary Shares is entitled to one vote per share.

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.

Preference Shares

The Company has issued Non-cumulative Redeemable Preference Shares(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 NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

*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% Non-cumulative Redeemable Preference Shares are redeemable at the premium of ₹ 5 per Share for every completed year from 4th year till the year of redemption.

In the event of liquidation of the Company before redemption of NRPS, the holders of such Shares will have priority over Ordinary Shares in the payment of dividend and repayment of capital.

Preference Shares have no voting rights.

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

	As at 31-03-2015		As at 31-03-2014	
	Nos.	% of holding in the Class	Nos.	% of holding in the Class
Ordinary Shares of ₹ 100 each fully paid up				
Ashutosh Bhagat	146,824	68.45	146,824	68.45
15% Non-cumulative Redeemable Preference Shares of ₹ 100 fully paid up				
Ginni Farms Pvt. Ltd.	5,000	50.00	5,000	50.00
Nion Vyapaar Pvt. Ltd.	5,000	50.00	5,000	50.00

3 RESERVES AND SURPLUS

Capital Reserve

Others (details not available)

Securities Premium Reserve

Revaluation Reserve

Balance at the beginning of the year

Less : Withdrawal on account of depreciation on amount added on revaluation

Add : Amount added on Revaluation of Fixed Assets

Less : Amount adjusted with Fixed Assets (Refer Notes 11 and 26)

General Reserve

Balance at the beginning of the year

Add : Transfer from Capital Redemption Reserve

Surplus/(Deficit) in the Statement of Profit and Loss

Balance at the beginning of the year

Adjustment of Assets Cost as per Schedule II (*)

Profit/(Loss) for the year

Net Surplus/(Deficit) in the Statement of Profit and Loss

(*) In accordance with the transitional provisions of Schedule II of the Companies Act 2013, the Company has adjusted the net book value (net of deferred tax) of those assets where the remaining useful life is nil as on 31st March, 2014 with the opening balance of retained earnings.

	As at 31-03-2015	As at 31-03-2014
Others (details not available)	566,509	566,509
Securities Premium Reserve	4,000,000	4,000,000
Revaluation Reserve		
Balance at the beginning of the year	1,081,613,176	18,038,236
Less : Withdrawal on account of depreciation on amount added on revaluation	-	(344,875)
Add : Amount added on Revaluation of Fixed Assets	-	1,063,919,815
Less : Amount adjusted with Fixed Assets (Refer Notes 11 and 26)	(502,439,815)	-
	579,173,361	1,081,613,176
General Reserve		
Balance at the beginning of the year	4,250,000	2,500,000
Add : Transfer from Capital Redemption Reserve	-	1,750,000
	4,250,000	4,250,000
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	75,037,050	73,400,911
Adjustment of Assets Cost as per Schedule II (*)	(6,634,747)	-
Profit/(Loss) for the year	(30,215,879)	1,636,139
Net Surplus/(Deficit) in the Statement of Profit and Loss	38,186,424	75,037,050
	626,176,295	1,165,466,736

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(₹)

	Non-current portion		Current maturities	
	As at 31-03-2015	As at 31-03-2014	As at 31-03-2015	As at 31-03-2014
4 LONG-TERM BORROWINGS				
Secured Loans				
From Banks				
Rupee Term Loan	5,000,000	8,556,629	9,651,971	8,660,000
Rupee Vehicle Loan	-	-	-	49,566
From Government of West Bengal				
Loans for payment of sales tax and raw jute tax dues:				
Loan I (through WBIDC)	-	-	17,129,750	17,129,750
	<u>5,000,000</u>	<u>8,556,629</u>	<u>26,781,721</u>	<u>25,839,316</u>
Amount disclosed under the head 'Other Current Liabilities' (Refer Note 10)	-	-	26,781,721	25,839,316
	<u>5,000,000</u>	<u>8,556,629</u>	<u>-</u>	<u>-</u>

Security

Rupee Term Loan of ₹ 14,651,971 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.

Loan I of ₹ 27,414,054 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.

Repayment Terms

Particulars	No. of Instalments	Amount of Instalment	Maturity date	Interest
a) Rupee Term Loan of ₹ 1,556,629 from Punjab National Bank	3 Monthly	555,000	30-06-2015	BR+2.75%
b) Rupee Term Loan of ₹ 7,000,000 from Punjab National Bank	14 Quarterly	500,000	30-09-2018	BR+2.75%
c) Rupee Term Loan of ₹ 6,095,342 from Punjab National Bank	11 Monthly	555,555	29-02-2016	BR+2.75%
d) Loan I from Government of West Bengal (through WBIDC)				
Company's request to West Bengal Industrial Development Corporation Limited for settlement of Loan-I (as above) and waiver of the interest component of the Loan (appearing under Other Current Liabilities) and further interest as well as penal/additional interest and liquidated damages thereon is still pending their consideration. As the Company expects relief, no provision is being made on this account for interest (net of rebate) since 1st April, 2000 amounting to ₹ 20,380,749 (including ₹ 1,027,785 for the current year). The Company is yet to repay the aforesaid Loan.				

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	As at 31-03-2015	As at 31-03-2014		
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	10,905,757	12,383,036		
Tax impact of expenses claimed under tax laws but charge to the Statement of Profit and Loss deferred	970,547	970,547		
	<u>11,876,304</u>	<u>13,353,583</u>		
Deferred Tax Assets				
Tax impact of expenses charged to the Statement of Profit and Loss but allowance under tax laws deferred	3,177,850	3,177,850		
Balance of Loss to be carried forward	13,991,118	618,000		
	<u>17,168,968</u>	<u>3,795,850</u>		
Net Deferred Tax Liabilities/(Assets)	<u>(5,292,664)</u>	<u>9,557,733</u>		
6 OTHER NON-CURRENT LIABILITIES	<u>2,111,531</u>	<u>4,926,906</u>		
	<u>2,111,531</u>	<u>4,926,906</u>		
7 PROVISIONS				
	Long-Term	Short-term		
	As at 31-03-2015	As at 31-03-2014	As at 31-03-2015	As at 31-03-2014
Provision for Employee Benefits				
For Bonus	-	-	7,723,008	10,797,369
For Leave Benefits	8,446,419	8,110,427	1,916,867	2,106,071
	<u>8,446,419</u>	<u>8,110,427</u>	<u>9,639,875</u>	<u>12,903,440</u>
Other Provisions				
For Income Tax	-	-	26,812,227	26,812,227
For Wealth Tax	-	-	95,618	77,018
	<u>-</u>	<u>-</u>	<u>26,907,845</u>	<u>26,889,245</u>
	<u>8,446,419</u>	<u>8,110,427</u>	<u>36,547,720</u>	<u>39,792,685</u>
8 SHORT-TERM BORROWINGS				
From Banks (Secured) :				
Working Capital Loans			50,469,832	67,690,540
Packing Credit			35,000,000	14,500,000
			<u>85,469,832</u>	<u>82,190,540</u>

Working Capital Loans and Packing Credit from Banks are secured by hypothecation of stock of raw jute, jute goods, stores and spares, goods-in-transit, book-debt and collaterally secured by second charge on fixed assets by way of equitable mortgage and guaranteed by Messrs Bansidhar Ghanshyamdass.

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(₹)

	As at 31-03-2015	As at 31-03-2014
9 TRADE PAYABLES		
Trade Payables (including acceptance)	122,216,198	61,627,570
	122,216,198	61,627,570
10 OTHER CURRENT LIABILITIES		
Current maturities of Long - term Borrowings (Refer Note 4)	26,781,721	25,839,316
Interest accrued and due on Borrowings (WBIDC)	10,284,304	10,284,304
Interest accrued but not due on Borrowings	-	288
Advance from Customers	651,196	732,928
Creditors for Capital Goods	-	1,549,200
Statutory Dues	10,299,874	9,461,803
Other Payables (includes provision for outstanding liabilities and expenses, unclaimed employee benefits and other expenses payable)	118,662,299	112,572,521
	166,679,394	160,440,360

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

11 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK					
	As at 01-04-2014	Additions	Deductions and/or Adjustments	Reversal of revaluation*	Total as at 31-03-2015	Up to 31-03-2014	Adjustment from Retained Earnings**	During the year	Deductions and/or Adjustments	Up to 31-03-2015	As at 31-03-2015	As at 31-03-2014
Land	569,367,000	-	-	-	569,367,000	-	7,466,715	1,200,823	-	-	569,367,000	569,367,000
Buildings	302,873,525	-	-	261,408,037	41,465,488	22,395,031	-	13,007,966	-	31,062,569	10,402,919	280,478,494
Plant and Machinery	466,021,620	10,717,756	2,103,614	241,031,778	233,603,984	135,036,435	-	240,586	54,691	147,989,710	85,614,274	330,985,185
Diesel Generating Sets	13,070,013	-	-	-	13,070,013	11,301,439	12,370	145,289	-	11,554,395	1,515,618	1,768,574
Engines and Boilers	5,051,966	-	-	-	5,051,966	4,289,878	348,174	-	-	4,783,341	288,625	762,088
Sprinkler Installation	917,456	-	-	-	917,456	917,042	-	-	-	917,042	414	414
Electrical Installation	22,870,323	-	-	-	22,870,323	11,159,906	299,767	3,379,612	-	14,839,285	8,031,038	11,710,417
Railway Siding	275,298	-	-	-	275,298	275,276	-	-	-	275,276	22	22
Tubewell Installation	1,968,600	-	-	-	1,968,600	1,163,004	707,165	-	-	1,870,169	98,431	805,596
Jetty	1,019,669	-	-	-	1,019,669	1,019,603	-	-	-	1,019,603	66	66
Furniture and Fittings	3,130,248	-	-	-	3,130,248	2,445,607	4,928	216,968	-	2,667,503	462,745	684,641
Vehicles	9,836,106	-	-	-	9,836,106	5,961,032	208	1,344,268	-	7,305,508	2,550,598	3,875,074
Office Machinery, Equipments, Air- conditioners and Refrigerators	10,978,760	430,649	-	-	11,409,409	8,714,013	654,422	960,057	-	10,328,492	1,080,917	2,264,747
Weighing Machines	2,137,064	-	-	-	2,137,064	691,273	1,120	275,235	-	967,628	1,164,436	1,440,791
TOTAL	1,409,512,648	11,148,405	2,103,614	502,439,815	916,117,624	205,369,539	9,494,869	20,770,804	54,691	235,580,521	680,537,103	1,204,143,109
Intangible Assets	1,344,000	-	-	-	1,344,000	1,170,008	106,791	-	-	1,276,799	67,201	173,992
Computer Software	1,410,856,648	11,148,405	2,103,614	502,439,815	917,461,624	206,539,547	9,601,660	20,770,804	54,691	236,857,320	680,604,904	1,204,317,101
Previous Year Figures	332,881,489	31,520,335	17,464,991	1,063,919,815	1,410,856,648	192,299,382	-	17,667,700	3,427,535	206,539,546	1,204,317,102	

* Refer Note 26, consequently, the amount added on revaluation as on 31st March, 2014 ₹ 5,614,80,000 remain restated for land.

*** Refer Note 27 *** Amount added on revaluation

During the year, Capital Subsidy for Plant and Machinery of ₹ 2,048,919 received from National Jute Board has been reduced from the cost of respective assets.

Plant and Machinery includes ₹ 20,643 as Borrowing Cost.

THE NAIHATI JUTE MILLS COMPANY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(₹)

	As at 31-03-2015	As at 31-03-2014		
12 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 Ltd	10,000	10,000		
	<u>11,600</u>	<u>11,600</u>		
13 LOANS AND ADVANCES (Unsecured, Considered good)				
	Long-term	Short-term		
	As at 31-03-2015	As at 31-03-2014	As at 31-03-2015	As at 31-03-2014
Capital Advances	637,500	4,400,000	-	-
Security Deposit	860,493	860,493	-	-
Others				
Advances recoverable in cash or in kind or for value to be received	8,038,682	7,904,139	6,894,011	6,782,574
Prepaid Expenses	-	-	1,550,014	2,129,163
Income Tax advance / tax deducted at source	-	-	29,511,047	29,482,627
Balance with Statutory / Government Authorities	-	-	245,189	335,491
Mat Credit Entitlement	-	-	462,227	462,227
	<u>9,536,675</u>	<u>13,164,632</u>	<u>38,662,488</u>	<u>39,192,082</u>
14 INVENTORIES (as taken, valued and certified by the management)				
Raw Material	121,289,668	108,121,843		
Stores and Spare Parts	14,307,935	16,970,685		
Jute-in-Process	53,242,659	49,106,918		
Finished Goods	84,503,487	79,759,816		
	<u>273,343,749</u>	<u>253,959,262</u>		
Details of Inventories				
Raw Material				
Raw Jute	119,788,608	106,161,981		
Batching Oil	619,774	954,252		
Dyes and Chemicals	767,986	894,800		
Caddies, Thread Waste etc	113,300	110,810		
	<u>121,289,668</u>	<u>108,121,843</u>		

THE NAIHATI JUTE MILLS COMPANY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

(₹)

	As at 31-03-2015	As at 31-03-2014
15 TRADE RECEIVABLES (Unsecured, Considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	4,332,028	3,594,337
Other Receivables	59,431,369	34,960,039
	<u>63,763,397</u>	<u>38,554,376</u>
16 CASH AND CASH EQUIVALENTS		
Balances with Banks in Current Account	254,701	10,234,941
Cash on hand	2,189,459	1,761,119
	<u>2,444,160</u>	<u>11,996,060</u>
17 OTHER CURRENT ASSETS		
Interest Receivable	7,783	45,706
Duty Draw Back Receivable	1,429,468	1,877,667
	<u>1,437,251</u>	<u>1,923,373</u>
	2014-15	2013-14
18 REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	1,443,887,139	1,741,208,661
Other Operating Revenue		
By-products	157,575	51,000
Export Incentives	2,984,853	3,860,124
	<u>3,142,428</u>	<u>3,911,124</u>
	<u>1,447,029,567</u>	<u>1,745,119,785</u>
19 OTHER INCOME		
Interest on Deposits	17,196	52,172
Foreign Exchange fluctuations	601,573	-
Net gain/(loss) on Sale of Current Investments	-	(16,102)
Net gain/(loss) on Sale of Fixed Assets	239,996	1,873,995
Other Non-operating Income	2,353,673	2,605,841
	<u>3,212,438</u>	<u>4,515,906</u>
20 COST OF MATERIALS CONSUMED		
*Inventory at the beginning of the year	108,121,843	124,312,425
Add: Purchases less returns	822,046,251	950,210,728
Less: *Inventory at the end of the year	121,289,668	108,121,843
	<u>808,878,426</u>	<u>966,401,310</u>

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	2014-15	2013-14
21 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventory at the end of the year		
Finished Goods	84,503,487	79,759,816
Jute-in-Process	53,242,659	49,106,918
	<u>137,746,146</u>	<u>128,866,734</u>
Inventory at the beginning of the year		
Finished Goods	79,759,816	84,426,336
Jute-in-Process	49,106,918	45,469,309
	<u>128,866,734</u>	<u>129,895,645</u>
	<u>(8,879,412)</u>	<u>1,028,911</u>
22 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	388,876,769	435,045,256
Contribution to Provident and Other Funds	44,753,388	41,397,184
Staff Welfare Expenses	2,454,541	2,724,555
	<u>436,084,698</u>	<u>479,166,995</u>
23 FINANCE COSTS		
Interest Expenses	11,426,880	10,731,765
Other Borrowing Costs	1,837,910	1,384,270
	<u>13,264,790</u>	<u>12,116,035</u>
24 OTHER EXPENSES		
Consumption of Stores and Spare Parts	56,191,172	73,831,422
Bleaching, Processing and Branding Expenses	5,832,927	22,104,434
Power and Fuel	112,111,441	118,195,989
Rent	515,400	515,400
Repairs and Maintenance		
Plant and Machinery	6,058,080	8,730,841
Building	1,164,388	1,861,705
Others	4,047,886	6,053,216
Insurance	1,983,420	1,949,360
Rates and Taxes	2,920,779	6,526,333
Freight and Delivery Charges	9,498,587	6,507,174
Brokerage on Sales	5,325,463	5,078,279
Payment to Auditors		
For Statutory Audit	533,710	533,710
For Internal Audit	114,608	114,608
For Tax Audit	84,270	56,180
For Cost Audit	28,090	25,000
For Issuing Certificates and Others	67,910	67,630
Directors' Fee	102,000	69,000
Professional and Consultancy Charges	2,374,395	3,036,525
Travelling Expenses	5,060,481	5,933,466
Foreign Exchange fluctuations	-	1,061,338
Miscellaneous Expenses	8,188,455	8,922,252

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

25. Contingent Liabilities not provided for in respect of:

- Disputed demands for years from 2005-06 to 2011-12 of ₹ 51,693,047 (₹ 49,176,775) and ₹ 9,251,376 (₹ 14,810,140) relating to Central Sales Tax and West Bengal Value Added Tax respectively, including interest and penalty; against which payments made ₹ 1,703,878 (P.Y. 2,603,878) the Company expects substantial relief in appeal in these matters.
- 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, 1997-98, 1998-99 and 1999-2000 amounting to ₹ 2,329,000 [against which amount deposited is ₹ 317,496] (same in previous year) against which Company's appeal is pending.
- Bills discounted with banks remaining outstanding at the year-end (since realised) amounting to ₹ 22,719,730 (₹ 9,847,084).
- Additional tax demand of ₹ 1,836,604 (₹ 1,836,604) relating to land revenue against which the Company's writ petition is pending before High Court.

26. All items of Land, Building and Plant and Machinery at the Jute Mill were further revalued and restated in the books of the Company at the market value as on 31st March, 2014.

After the enactment of Companies Act, 2013 and Section 123 read with Schedule II becoming effective from 1st April, 2014, the amount of depreciation on revalued amount of assets has to be provided and charged to the Statement of Profit and Loss; which was hitherto being adjusted by transfer of equivalent amount from 'Revaluation Reserve'. This shall adversely affect the Financial Statements for the years to come reflecting (a) the Surplus available for shareholders being reduced by the said amount of additional depreciation on the revalued amount of assets, and (b) the book value of fixed assets being reduced every year with no equivalent amount of reduction in the 'Revaluation Reserve' (which is not a free reserve) thus affecting the Net Worth of the Company.

In view thereof, the Board of Directors of the Company considering the changed statutory provisions effective from 1st April, 2014, for more appropriate/proper presentation of financial statements and in the interest of shareholders, have found it prudent to reverse as on 1st April, 2014 such of restated amount added on revaluation of depreciable assets i.e. Buildings and Plant and Machinery made on 31st March, 2014.

Consequently, the value of ₹ 261,408,037 and ₹ 241,031,778 have been reduced from Buildings and Plant and Machinery respectively by the corresponding reduction of equal amount from Revaluation Reserve. The charge of depreciation on the notional revalued amount would have been ₹ 29,330,321 with an increase in loss for the year and the reduction in carrying value of the fixed assets by the same amount.

- Pursuant to the Companies Act, 2013 ("the Act") becoming effective from 1st April 2014, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II of the Act. The depreciation and amortization expense charged for the year ended 31st March, 2015 would have been lower by ₹ 2,477,357 had the Company continued with the previously prescribed depreciation rates as per Schedule XIV of the Companies Act, 1956. In accordance with the transitional provisions of Schedule II, the Company has adjusted an amount of ₹ 9,601,660 (Including Deferred Tax of ₹ 2,966,913 thereon) in the opening balances of retained earnings for those assets where the remaining useful life is nil, as on 1st April, 2014.
- Estimated amount of contracts remaining to be executed on capital account and not provided (net of advance) – ₹ 1,563,420 (₹ 2,956,510).
- (i) The accrued and due liability of gratuity of employees retired/resigned during the year amounting to ₹ 10,173,001 (₹ 16,636,021) net of payment of ₹ 1,656,680 (₹ Nil) 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, 2015 for future payments under the Payment of Gratuity Act, 1972 determined as per actuarial valuation amounts to ₹ 90,656,037 (₹ 90,515,862).

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

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	29,788,353	
	(25,077,967)	
Employer's Contribution to ESIC Scheme	14,965,035	
	(16,319,217)	

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.

	Gratuity (Partially funded)	
	Current Year	Previous Year
a) Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at the beginning of the year	158,296,438	143,198,848
Current Service Cost	14,173,046	13,114,574
Interest Cost	14,393,811	13,567,288
Actuarial (gain)/loss	(11,632,598)	6,857,361
Benefits (paid)	(13,664,672)	(18,441,633)
Defined Benefit Obligation at the year end	161,566,025	158,296,438
b) Reconciliation of opening and closing balances of fair value of Plan Assets		
Fair value of Plan Assets at the beginning of the year	67,780,576	63,555,780
Expected return on Plan Assets	6,241,075	5,910,136
Employer's contribution	10,415,194	16,836,021
Actuarial gain/(loss) on Plan Assets	137,815	(79,728)
Benefits paid	(13,664,672)	(18,441,633)
Fair value of Plan Assets at the year end	70,909,988	67,780,576
c) Reconciliation of fair value of Assets and Obligations		
Fair value of Plan Assets	70,909,988	67,780,576
Present value of Obligation	161,566,025	158,296,438
Amount recognised in Balance Sheet (gratuity to the extent of ₹ 90,656,037 remains unprovided)	70,909,988	67,780,576
d) Expenses recognized during the year		
Amount provided and contributed to Group Gratuity Scheme	242,193	257,088
e) Actuarial assumptions		
Mortality Table	2006-08 (Indian Assured Lives)	2006-08 (Indian Assured Lives)
Discount rate (per annum) compounded	8.00%	8.25%
Rate of escalation in salary (per annum)	5.00%	5.00%

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

	Gratuity (Funded)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit Obligation at the end of the year	161,566,025	158,296,438	143,198,848	133,035,646	119,098,766
Fair value of planned assets at the end of the year	70,909,988	67,780,576	63,555,780	35,257,131	11,449,641
Surplus / (Deficit)	(90,656,037)	(90,515,862)	(79,643,068)	(97,778,515)	(107,649,125)

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.

- 30 (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 ₹ 804,917 (₹ 852,850) Name of SSI's to whom the Company owes any sum, which is outstanding for more than 30 days as at 31st March, 2015 are:
(a) Allied Engineering Co. (b) Kaypee Enterprises (c) Jute Accessories Manufacturing & Trading Co. (d) Radha Industrial Corporation (e) Rajlaxmi Engineering Enterprises (f) Sugaan Engineering Private Limited.
(b) The Company has circulated confirmation for the identification of suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006. On basis of information available with the Company under the aforesaid Act, there are no enterprise to whom the Company owes dues which are outstanding at the year end. This has been relied upon by the Auditors.
31. In the management's perception, in accordance with Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountant of India (ICAI), the Company has only one reportable segment namely 'Jute Goods'.
32. 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 management 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 (in ₹) :

	Key management personnel	Enterprises over which key management personnel and/or relatives are able to exercise significant influence
i) Remuneration paid	11,346,866 (9,272,993)	-
ii) Guarantees given on behalf of the Company	-	For facilities from Punjab National Bank

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

(a) Ajanta Commercial & Trading Company Private Limited (b) Ashutosh Spinners Private Limited (c) Bhagat

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS (contd.)

Limited (g) Narottamka Commercial Company Private Limited (h) Raj Rajeshwar Promoters Private Limited
(i) Reform Flour Mills Private Limited (j) Twinkle Lefin Private Limited (k) Vedant Credit Finance Private Limited

33. 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 :

	2014-15	2013-14
a) Amount used as numerator in calculating basic and diluted EPS :		
Net Profit/(Loss) after tax available for Ordinary Shareholders	(30,215,879)	1,636,139
b) 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)	(140.87)	7.63

34. 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, 2015

35. Imported and Indigenous Raw Materials and Stores and Spares Parts Consumed

	Raw Material Consumed		Stores and Spare Parts Consumed	
	Value (₹)	%	Value (₹)	%
Imported	38,459,287 (70,250,663)	4.75 (7.27)	- (-)	- (-)
Indigenous	770,419,139 (896,150,647)	95.25 (92.73)	56,191,172 (73,831,422)	100.00 (100.00)

36. Imported Capital goods

(13,162,840)

37. C.I.F. Value of Imports

Raw Jute **36,932,019**
(37,871,530)

38. F.O.B. Value of Exports

98,850,951
(85,389,891)

39. Expenditure in Foreign Currency

Travelling Expenses **2,520,357**
(2,337,391)

40. The Company has reclassified previous year figures wherever appropriate to conform to this year's classification. Unless otherwise specified the same are stated in bracket.

In terms of our Report of even date attached herewith.

For B. CHHAWCHHARIA & CO.
Chartered Accountants
Firm Registration No. 305123E
Kshitiz Chhawchharia

KISHOR KUMAR SONTALIA
Chief Financial Officer

For and on behalf of the Board

GOPAL PRASAD CHOUDHARY
Company Secretary

JUGAL KISHORE BHAGAT
Chairman and Managing Director

Place : Kolkata
Date : 30th May, 2015
Partner
Membership No. 061087

THE NAIHATI JUTE MILLS COMPANY LIMITED

CIN : L17119WB1905PLC001612

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) : Registered address :	Email Id : 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 (on a poll) for me/us and on my/our behalf at the 110th Annual General Meeting of the Company to be held on Wednesday, 12th day of August, 2015 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, 2015.
2.	Re-appointment of Shri Vikram Prakash as a Director, who retires by rotation.
3.	Ratification of appointment of Messrs B. Chhawchharia & Co., Chartered Accountants, as Auditors and fixing their remuneration.
4.	Ordinary resolution for appointment of Shri Alok Kumar Khastagir as an Independent Director.
5.	Ordinary resolution for appointment of Shri Gautam Ukil as an Independent Director.
6.	Ordinary resolution for appointment of Shri Raj Kumar More as an Independent Director.
7.	Ordinary resolution for appointment of Smt. Nisha Agrawal as a Director, liable to retire by rotation.
8.	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, 2015.
Signed this day of2015	
Signature of Shareholder	
Signature of Proxyholder	
Affix Revenue Stamp	

Note : This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.