

**Group
Cheviot**

CHEVIOT COMPANY LIMITED

CIN: L65993WB1897PLC001409

Registered & Administrative Office

24 Park Street, Magma House, 9th Floor, Kolkata-700 016

Ph: 82320 87911/12/13; Fax (033) 2249 7269 / 2217 2488

Email: cheviot@chevjute.com ; Website: www.groupcheviot.net

Ref: CCL/Share/

Date: 10th August, 2018

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

Ref: Company's Code No. 526817

Cheviot Company Limited: ISIN - INE974B01016

Dear Sir/Madam,

Re: Cheviot Company Limited – Annual Report for the year ended 31st March, 2018

Pursuant to Regulations 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are forwarding herewith the Annual Report of the Company for the year ended 31st March, 2018, which has been approved and adopted at the Annual General Meeting of the Company, held on Friday, 10th August, 2018.

Kindly take the above on record.

Thanking you
Yours faithfully
For Cheviot Company Limited


(Aditya Banerjee)
Company Secretary
and Compliance Officer

Encl. as stated above



CHEVIOT COMPANY LIMITED

Annual Report | 2017-18





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CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. HARSH VARDHAN KANORIA - *Chairman and Managing Director, Chief Executive Officer - DIN 00060259*
 MRS. MALATI KANORIA - *Non-Executive Director - DIN 00253241*
 MR. NAVIN NAYAR - *Independent Director - DIN 00136057*
 MR. NAWAL KISHORE KEJRIWAL - *Wholetime Director - DIN 00060314*
 MR. PADAM KUMAR KHAITAN - *Independent Director - DIN 00019700*
 MR. PARAG KESHAR BHATTACHARJEE - *Independent Director - DIN 00081899*
 MR. SUSHIL KUMAR DHANDHANIA - *Independent Director - DIN 00484489*
 MR. UTKARSH KANORIA - *Wholetime Director - DIN 06950837*

SENIOR MANAGEMENT

MR. DEBDAS MAZUMDAR
 MR. DEO KISHAN MOHTA

CHIEF FINANCIAL OFFICER

MR. MADHUP KUMAR PATNI

COMPANY SECRETARY

MR. ADITYA BANERJEE

STATUTORY AUDITORS

SINGHI & CO.
 Chartered Accountants

BANKERS

STATE BANK OF INDIA
 CITIBANK N.A.
 AXIS BANK LTD.

REGISTRAR AND SHARE TRANSFER AGENT

MAHESHWARI DATAMATICS PRIVATE LIMITED
 23, R. N. MUKHERJEE ROAD (5TH FLOOR)
 KOLKATA - 700 001
 PHONE : 033-2248 2248 / 2243 5029
 FAX : 033-2248 4787
 E-MAIL : mdpldc@yahoo.com

REGISTERED OFFICE

24, PARK STREET
 MAGMA HOUSE, (9TH FLOOR)
 KOLKATA - 700 016
 PHONE : +91 82320 87911/12/13
 FAX : 033-2249 7269 / 2217 2488
 E-MAIL : cheviot@chevjute.com
 WEBSITE : www.groupcheviot.net
 CIN : L65993WB1897PLC001409

PLANTS LOCATION

19, MEHTA ROAD, BADEKALINAGAR
 BUDGE-BUDGE
 24-PARGANAS (SOUTH) - 700 137
 WEST BENGAL

SECTOR II
 FALTA SPECIAL ECONOMIC ZONE
 FALTA, 24-PARGANAS (SOUTH) - 743 504
 WEST BENGAL

TEN YEARS FINANCIAL HIGHLIGHTS

| | Year Ended | Share capital* | Reserves and surplus / Other equity** | Net worth** | Revenue from operations (net) | Net profit for the year | Earnings per ordinary share (F.V. of ₹ 10/- each) | Book Value per ordinary share | Dividend per ordinary share |
|--|--------------|----------------|---------------------------------------|-------------|-------------------------------|-------------------------|---|-------------------------------|-----------------------------|
| | | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs | ₹ | ₹ | ₹ |
| P R E V I O U S G A A P | 31-03-2009 | 451.48 | 23,150.95 | 23,602.43 | 18,810.56 | 1,197.56 | 26.55 | 523.19 | 6.00 |
| | 31-03-2010 | 451.48 | 24,327.30 | 24,778.78 | 17,479.79 | 1,640.98 | 36.38 | 549.27 | 8.00 |
| | 31-03-2011 | 451.48 | 26,543.93 | 26,995.41 | 30,738.47 | 2,883.62 | 63.92 | 598.40 | 12.00 |
| | 31-03-2012 | 451.48 | 28,714.16 | 29,165.64 | 29,232.80 | 2,886.91 | 63.99 | 646.51 | 13.00 |
| | 31-03-2013 | 451.48 | 30,962.77 | 31,414.25 | 28,905.85 | 3,071.42 | 68.08 | 696.35 | 15.00 |
| | 31-03-2014 | 451.48 | 32,817.67 | 33,269.15 | 27,843.13 | 2,680.38 | 59.42 | 737.47 | 15.00 |
| | 31-03-2015 | 451.48 | 35,243.36 | 35,694.84 | 26,699.53 | 3,458.09 | 76.65 | 791.24 | 17.00 |
| | 31-03-2016 | 451.48 | 41,357.95 | 41,809.43 | 34,303.80 | 3,647.47 | 80.85 | 926.78 | 17.00 |
| I N D A S | 31-03-2017 # | 451.48 | 47,005.36 | 47,456.84 | 39,354.15 | 4,948.05 | 109.68 | 1,051.97 | 1.00 |
| | 31-03-2018 # | 431.48 | 49,607.72 | 50,039.20 | 37,611.67 | 5,407.61 | 122.76 | 1,160.67 | 1.00 |

* Share capital includes amount forfeited amounting to ₹ 0.35 Lakhs.

** Reserve and surplus / Other equity and Net worth include revaluation surplus arising on revaluation of certain property, plant and equipment.

The Company has adopted Ind AS from 1st April, 2016. Accordingly, the figures for 31st March, 2017 and 31st March, 2018 are Ind AS compliant and not comparable with previous years.

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the Annual General Meeting (AGM) of the Members of Cheviot Company Limited will be held at The Sitaram Seksaria Auditorium of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata-700 017 on Friday, 10th August, 2018 at 11:00 a.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2018 and the reports of the Board of directors and auditors thereon.
2. To declare dividend on ordinary shares for the financial year ended 31st March, 2018.
3. To appoint a director in place of Mr. Nawal Kishore Kejriwal (holding DIN 00060314), who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business :

4. To consider and, if thought fit, to pass the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby granted to the re-appointment of Mr. Nawal Kishore Kejriwal (Mr. Kejriwal) (holding DIN 00060314), as Wholetime Director of the Company for a further period of one year with effect from 1st June, 2018, whose office shall be liable to determination by retirement of directors by rotation, on the terms and conditions as to remuneration and otherwise as set out in the letter of re-appointment (a draft of which initialed by the Chairman and Managing Director for identification was laid on the table) to be issued to Mr. Kejriwal and also given in the statement annexed to this notice.

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits during the aforesaid tenure, the Company will pay to Mr. Kejriwal remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule V to the Act or any modification(s) or re-enactment thereof as minimum remuneration, subject to such approvals as may be required."

5. To consider and, if thought fit, to pass the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV thereto, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Navin Nayar (holding DIN 00136057), Independent Director of the Company who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5(five) consecutive years with effect from 1st April, 2019 to 31st March, 2024."

6. To consider and, if thought fit, to pass the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV thereto, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Padam Kumar Khaitan (holding DIN 00019700), Independent Director of the Company who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5(five) consecutive years with effect from 1st April, 2019 to 31st March, 2024."

NOTICE (Contd.)

7. To consider and, if thought fit, to pass the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV thereto, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Sushil Kumar Dhandhanian (holding DIN 00484489), Independent Director of the Company who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5(five) consecutive years with effect from 1st April, 2019 to 31st March, 2024."

8. To consider and, if thought fit, to pass the following resolution as a Special Resolution :

"RESOLVED THAT in supersession of the Special Resolution passed by the Members on 8th August, 2003 and pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members, be and is hereby accorded to keep the Register of Members, Index of Members and Register of renewed and duplicate certificates at the office of the Company's Registrar and Share Transfer Agent, Maheshwari Datamatics Private Limited at 23, R. N. Mukherjee Road, (5th Floor), Kolkata 700 001 or at such other places within Kolkata where their office be shifted from time to time instead of being kept at the registered office of the Company."

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 40,000/- plus applicable taxes and re-imbursement of out of pocket expenses payable to M/s D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), who has been appointed by the Board of directors of the Company as cost auditor to conduct an audit of the cost accounting records maintained by the Company for the financial year ending 31st March, 2019 be and is hereby ratified."

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 63(2) and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable regulations, rules and guidelines issued by SEBI, the enabling provisions of the articles of association of the Company and subject to such approvals as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of directors of the Company (hereinafter referred as the "Board" which term shall include any committee authorised by the Board to exercise its powers which are conferred on the Board by this resolution) for capitalisation of a sum not exceeding ₹ 2,15,56,250/- (Rupees Two Crores Fifteen Lakhs Fifty-Six Thousand Two Hundred and Fifty only) from and out of the General Reserve of the Company for the purpose of issue of 21,55,625 bonus ordinary shares of face value of ₹ 10/- (Rupees Ten) each, credited as fully paid-up bonus ordinary shares to the holders of the existing ordinary shares of the Company, whose names shall appear in the Register of Members, on Record Date to be fixed by the Board for this purpose, in the proportion of 1 (one) new fully paid-up ordinary share of face value of ₹ 10/- (Rupees Ten) each for every 2 (two) existing fully paid-up ordinary shares of face value of ₹ 10/- (Rupees Ten) each (ignoring fractions) held by them and that the new bonus ordinary shares so issued and allotted shall, for all purposes, be treated as an increase in the paid-up ordinary share capital of the Company."

NOTICE (Contd.)

FURTHER RESOLVED THAT the bonus ordinary shares so allotted shall rank pari passu in all respects with the existing fully paid-up ordinary shares of the Company as existing on the Record Date, except that they shall not qualify for any dividend, if any, which may be declared by the Company for its financial year ended 31st March, 2018.

FURTHER RESOLVED THAT the bonus ordinary shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company.

FURTHER RESOLVED THAT members who hold shares or opt to receive the shares in dematerialised form, the bonus ordinary shares shall be credited to the respective beneficiary accounts of the members with their respective Depository Participant(s) and in the case of members who hold ordinary shares in physical form, the share certificate(s) in respect of the bonus ordinary shares shall be despatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf from time to time.

FURTHER RESOLVED THAT the issue and allotment of the bonus ordinary shares to non-resident members, foreign institutional investors (FIIs) and other foreign investors, be subject to the approval of Reserve Bank of India or any other regulatory authority, as may be necessary.

FURTHER RESOLVED THAT the Board of directors be authorised to take necessary steps for listing of such bonus ordinary shares on BSE Limited where the securities of the Company are presently listed as per the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

FURTHER RESOLVED THAT any such bonus ordinary shares representing the total of the fractional entitlements shall be allotted in the name of a person as Trustee to be appointed by the Board upon trust for sale as soon as practicable of such bonus ordinary shares and for distribution thereafter the net proceeds thereof (after payment of all costs charges and brokerage for such sale) amongst such members as would otherwise have been entitled to the said fractional entitlements in proportion to their respective entitlements.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary, proper, expedient or desirable and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

By Order of the Board,
CHEVIOT COMPANY LIMITED

CS Aditya Banerjee
Company Secretary

Place : Kolkata

Date : 10th July, 2018

CIN : L65993WB1897PLC001409

Registered Office :

24, Park Street, 'Magma House', (9th Floor)

Kolkata - 700 016

Ph: 82320 87911/12/13; Fax: (033) 2249-7269/2217-2488

Email: cheviot@chevolute.com Website: www.groupcheviot.net

NOTICE (Contd.)

NOTES :

1. **The Register of Members and the Share Transfer Register of the Company will remain closed from Saturday, 4th August, 2018 to Friday, 10th August, 2018 (both days inclusive).**
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form in order to be effective, must be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the AGM.** A person can act as proxy on behalf of members not exceeding 50(fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.
3. Members/Proxies are requested to bring the attendance slip along with their copy of Annual Report with them at the AGM.
4. Corporate members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorising their representatives to attend and vote at the AGM.
5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP numbers for prompt identification while recording attendance at the AGM.
6. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
7. Dividend, as recommended by the Board of directors, if declared at the AGM, will be paid on 14th August, 2018 to those members, whose names shall appear in the Company's Register of Members at the close of working hours of the Company on Friday, 3rd August, 2018. In respect of the shares held in electronic form, the dividend will be paid to the persons whose names shall appear as beneficial owners as at the end of the business hours on Friday, 3rd August, 2018 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
8. Dividend which remain unpaid / unclaimed for a period of seven years from the date of declaration will have to be transferred by the Company to "Investor Education and Protection Fund" ("IEPF") established by the Central Government under Section 125 of the Companies Act, 2013. Accordingly, all unpaid / unclaimed dividend relating to the financial year ended 31st March, 2010 have been transferred to IEPF. Unpaid / unclaimed dividend for the financial year ended 31st March, 2011 will become due for transfer during September, 2018. Shareholders are requested to encash their dividend warrants before transfer to IEPF.

Pursuant to Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, statements containing the names, last known addresses and unpaid/unclaimed dividend to be paid to each person (lying with the Company in the unpaid dividend accounts) have been uploaded on the website of the Company (www.groupcheviot.net), as also on the website of Ministry of Corporate Affairs.
9. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules") as amended, all shares on which dividend had not been paid or claimed for seven consecutive years or more have been transferred to IEPF Authority after complying with the procedure laid down under the Rules. The shares transferred to the IEPF Authority can be claimed back by the concerned member from IEPF Authority after complying with the procedure prescribed under the Rules.
10. a) Members are hereby informed that Securities and Exchange Board of India (SEBI) has made it mandatory for all the listed companies to make cash payments through electronic payment modes to the investors. It is further directed that in case electronic payment is rejected or returned, the Company shall mandatorily print the bank

NOTICE (Contd.)

account details of the investor on payment instrument. Members are requested to provide their updated bank account particulars allotted after implementation of CBS to enable the Company to electronically credit dividend directly in their respective bank accounts.

- b) Members holding the Company's shares in dematerialised form are requested to intimate all changes relating to their bank account details, change in their registered address, e-mail ID, nomination, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates etc. to their respective Depository Participant(s) (DPs), if they have not done so already. Members holding the Company's shares in physical form are requested to intimate such changes to the Company's Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Private Limited.
11. Members desirous of getting any information about the financial statements and/or operations of the Company are requested to address their queries to the Company at least 10 (ten) days in advance of the AGM i.e. by 31st July, 2018, so that proper information can be made available at the AGM.
12. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company's Registrar and Share Transfer Agent for consolidation into a single folio.
13. Members who are yet to provide required particulars for the purpose of maintaining records in the new format of Register of Members pursuant to Section 88 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 are requested to intimate following information to the Company's Registrar and Share Transfer Agent, as may be applicable for respective members :
 - I. E-mail ID; II. Permanent Account Number (PAN) or Corporate Identification Number (CIN); III. Father's/ Mother's/Spouse Name; IV. Unique Identification Number (Aadhar No.); V. Occupation; VI. Status; VII. Nationality; VIII. In case member is a minor, name of guardian and date of birth of minor member; IX. Name and address of nominee (in Form SH-13).
14. Brief details of directors seeking re-appointment at the ensuing AGM in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings are provided hereunder:
 - (a) Mr. Nawal Kishore Kejriwal (Mr. Kejriwal) (holding DIN 00060314), who was appointed as a Wholetime Director of the Company at the AGM held on 29th July, 2016, retires from the Board by rotation at the forthcoming AGM and, being eligible, offers himself for re-appointment.

Information as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided as under :

Mr. Kejriwal, aged 75 years, is a commerce graduate and holds a bachelor degree of law. He has a long association with the Company and has good knowledge of Jute Goods. He has wide range of expertise in management, marketing and administration. The Company will be benefitted by his experience and knowledge. None of the directors on the Board of the Company is related to Mr. Kejriwal. Mr. Kejriwal does not hold directorship and / or membership of committees of the Board in any other listed company. Mr. Kejriwal holds 280 Shares in the Company.
 - (b) Mr. Navin Nayar (Mr. Nayar) (holding DIN 00136057), who was appointed as an Independent Director of the Company at the AGM held on 8th August, 2014 holds office till 31st March, 2019 and, being eligible, offers himself for re-appointment.

Information as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided as under :

NOTICE (Contd.)

Mr. Nayar, aged 55 years, is a fellow member of the Institute of Chartered Accountants of India. He has vast experience in the field of accountancy and finance and has been associated with several renowned companies. None of the directors on the Board of the Company is related to Mr. Nayar. Mr. Nayar holds directorship and membership in committees of the Board of directors of the following listed companies: 1. Kanco Tea and Industries Limited 2. Bengal Tea and Fabrics Limited and 3. Amar Vanijya Limited. Mr. Nayar does not hold any share in the Company.

- (c) Mr. Padam Kumar Khaitan (Mr. Khaitan) (holding DIN 00019700), who was appointed as an Independent Director of the Company at the AGM held on 8th August, 2014 holds office till 31st March, 2019 and, being eligible, offers himself for re-appointment.

Information as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided as under :

Mr. Khaitan, aged 65 years, is an Attorney-at-Law and has been practising as an Advocate since last 38 years. His areas of expertise include commercial and corporate laws, joint venture, foreign collaboration, foreign investment, litigation, arbitration, real estate property etc. None of the directors on the Board of the Company is related to Mr. Khaitan. Mr. Khaitan holds directorship of the Board of directors of the following listed companies: 1. Asian Hotels (East) Limited, 2. Mcleod Russel India Limited, 3. Kilburn Engineering Limited, 4. Magadh Sugar and Energy Limited 5. Ramkrishna Forgings Limited and 6. McNally Sayaji Engineering Limited. Mr. Khaitan holds membership in committees of the Board of Directors of the following listed companies: 1. Asian Hotels (East) Limited, 2. Kilburn Engineering Limited and 3. McNally Sayaji Engineering Limited. Mr. Khaitan does not hold any share in the Company.

- (d) Mr. Sushil Kumar Dhandhanian (Mr. Dhandhanian) (holding DIN 00484489), who was appointed as an Independent Director of the Company at the AGM held on 8th August, 2014 holds office till 31st March, 2019 and, being eligible, offers himself for re-appointment.

Information as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided as under :

Mr. Dhandhanian, aged 63 years, is an industrialist with vast experience and has been associated with several companies. None of the directors on the Board of the Company is related to Mr. Dhandhanian. Mr. Dhandhanian holds directorship and/or membership in committees of the Board of directors of R.D. Estates and Resources Limited, a listed Company. Mr. Dhandhanian does not hold any share in the Company.

15. Voting through electronic means :

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, the Rules framed thereunder, Secretarial Standard and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to members to exercise their right to vote on resolutions set forth in this notice by electronic means from a place other than venue of the AGM ("remote e-voting"). The remote e-voting service will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM venue and the members attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their right to cast vote through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period shall commence on Tuesday, 7th August, 2018 at 10:00 a.m. and end on Thursday, 9th August, 2018 at 5:00 p.m. During this period, members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date, Friday, 3rd August, 2018, may cast their vote by remote e-voting.

NOTICE (Contd.)

The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- V. The process and manner for remote e-voting are as under:
 - A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
 - i. Open the PDF file viz : “Cheviot Company Limited remote e-voting.pdf” attached to the e-mail with your Client ID or Folio No. as password. The said PDF file contains your User ID and password for remote e-voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - iii. Click on Shareholder – Login
 - iv. Put user ID and password as initial password noted in step (i) above. Click Login.
 - v. Password change menu appear. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of remote e-voting will open. Click on remote e-voting: Active Voting Cycles.
 - vii. Select “EVEN” of “Cheviot Company Limited”.
 - viii. Now you are ready for remote e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
 - x. Upon confirmation, the message “Vote cast successfully” will be displayed.
 - xi. Once you have confirmed your vote on the resolution, you will not be allowed to modify your vote.
 - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail to evoting@chevjute.com with a copy marked to evoting@nsdl.co.in.
 - B. In case a member receives physical copy of the notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
 - i. A separate letter containing remote e-voting particulars together with notice shall be despatched at the address of the member as per records available with the Company. The remote e-voting particulars shall include:

| | | |
|--------------------------------------|----------|----------|
| EVEN (Remote e-voting Event Number); | USER ID; | PASSWORD |
|--------------------------------------|----------|----------|
 - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any query, you may refer the frequently asked questions (FAQs) for members and remote e-voting user manual for members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting, then you can use your existing User ID and password to cast your vote.
- VIII. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares in the paid up ordinary share capital of the Company as on the cut-off date, Friday, 3rd August, 2018.

NOTICE (Contd.)

- X. Any person, who acquires share(s) of the Company and becomes member of the Company after despatch of the notice of AGM and holding share(s) as on the cut-off date, Friday, 3rd August, 2018, may obtain the User ID and password by sending a request at evoting@nsdl.co.in.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and password to cast your vote. If you forgot your password or your login is disabled upon five unsuccessful attempts to key-in the correct password, you can reset your password by using "Forgot user ID/password" option available on www.evoting.nsdl.com or contact NSDL at the toll free no.: 1800-222-990.
- XI. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, Friday, 3rd August, 2018 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Ms. Suhana Islam, a practising advocate at Calcutta High Court, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty-eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the results of the voting forthwith.
- XV. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company (www.groupcheviot.net) and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited.
16. In terms of Sections 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report for the financial year ended 31st March, 2018 comprising of Board's Report, Auditors' Report, Financial Statements, etc. along with this Notice is being sent by electronic mode, to those members who have registered their email IDs with their respective depository participant(s) or with the registrar and share transfer agent of the Company, unless any member has requested for a physical copy of the same. Members may also note that the Notice of the AGM, inter-alia, indicating the process and manner of remote e-voting and the Annual Report for the financial year ended 31st March, 2018 along with attendance slip and proxy form are available on the Company's website (www.groupcheviot.net).
17. All documents referred to in the accompanying notice and the statement annexed thereto shall be open for inspection at the Registered Office of the Company during normal business hours prior to the date of the AGM between 10.00 a.m. and 12.00 noon and will also be available for inspection at the AGM.
18. M/s Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), was appointed as statutory auditors of the Company by the members at the AGM of the Company held on 25th August, 2017 to hold office for a term of five consecutive years from the conclusion of that AGM until the conclusion of the sixth consecutive AGM on a remuneration to be mutually agreed upon with the Board of directors subject to ratification by the members at every AGM. Consequent to the amendment in Section 139 of the Companies Act, 2013, vide which the proviso requiring ratification of such appointment by members at every AGM has been omitted, no item has been included in this Notice towards ratification of such appointment. Accordingly, M/s Singhi & Co. shall continue to hold the office as statutory auditors of the Company for the remaining term of their appointment as approved by the members at the AGM held on 25th August, 2017 without ratification of such appointment at every AGM.

NOTICE (Contd.)

19. The statement pursuant to Section 102 of the Companies Act, 2013, relating to the special business set out in the notice, is annexed hereto.
20. The Route Map to the venue of the AGM is annexed for the convenience of the members.
21. This Notice of the annual general meeting which was approved by the Board of directors at their meeting held on 23rd May, 2018 was subsequently amended by the Board of directors at their meeting held on 10th July, 2018 to include the ordinary resolution for issue of bonus ordinary shares as a Special Business at Item No. 10 together with statement in relation thereto as per Section 102 of the Companies Act, 2013.

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

Item No. 4

Mr. Nawal Kishore Kejriwal (Mr. Kejriwal) (holding DIN 00060314), aged 75 years, is a commerce graduate and holds a degree in law. He has been associated with the Company for the last several years in his capacity as Wholetime Director. Mr. Kejriwal is a member in stakeholders relationship committee and committee of directors of the Company.

The present term of office of Mr. Kejriwal will expire on 31st May, 2018. Based on the recommendation of nomination and remuneration committee, the Board of directors consider it desirable to continue to avail the services of Mr. Kejriwal in the best interest of the Company for a further period of one year with effect from 1st June, 2018 whose period of office shall be liable to determination by retirement of directors by rotation, on the terms and conditions mentioned in the draft letter of re-appointment to be issued to Mr. Kejriwal.

The principal terms and conditions including the remuneration governing the re-appointment of Mr. Kejriwal are set out below :

1. Salary: ₹ 2,00,000 per month.
2. Commission: Commission may be payable at the absolute discretion of the Board of such amount as may be approved by the Board for each year.
3. Perquisites: Mr. Kejriwal shall also be entitled to house rent allowance, furnishing allowance, payment of medical expenses, leave travel concession for self and family, personal accident insurance, provision of car, telephone at residence and any other perquisite as may be decided by the Chairman and Managing Director from time to time subject to an amount equal to the annual salary. Provision for use of Company car for official purpose and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculation of the said ceiling. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable. The remuneration mentioned above including the value of the perquisites will be subject to the overall ceilings laid down under Section 197 of the Companies Act, 2013 (the Act) read with Schedule V thereto.
4. Mr. Kejriwal shall not be paid any sitting fee for attending the meeting of the Board or any Committee thereof.
5. During the aforesaid period, if the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Kejriwal shall not exceed the limits specified in Section II of Part II of Schedule V to the Companies Act, 2013 or any modification(s) or re-enactment thereof as minimum remuneration, subject to such approvals as may be required.
6. Mr. Kejriwal will be reimbursed by the Company of all entertainment and other expenses actually incurred by him in connection with the business of the Company, subject however, to such limits as may be fixed by the Chairman and Managing Director from time to time.
7. Mr. Kejriwal and the Company shall have right to terminate the appointment by giving three months' prior notice in writing to the other.

A copy of the draft letter of re-appointment referred to in the proposed Special Resolution may be inspected by any Member at the Registered Office of the Company on any working day prior to the date of the AGM between 10.00 a.m. and 12.00 noon and will also be available for inspection at the AGM.

NOTICE (Contd.)

Except Mr. Kejriwal, being an appointee, none of the other directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board of directors recommend passing of the proposed Special Resolution as set out at Item No. 4 of the Notice.

Item No. 5

The members of the Company at the annual general meeting held on 8th August, 2014 had approved the appointment of Mr. Navin Nayar (Mr. Nayar) (holding DIN 00136057) as an Independent Director of the Company for a term of 5(five) consecutive years up to 31st March, 2019.

Mr. Nayar has submitted a declaration to the Company to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 (the Act) and has given his consent to serve as Independent Director of the Company for the second term, if appointed.

In the opinion of the Board, Mr. Nayar fulfils the conditions specified in the Act and the Rules framed thereunder for his re-appointment as Independent Director and he is independent of the management.

The Board, on recommendation of nomination and remuneration committee, proposes to re-appoint Mr. Nayar as Independent Director for the second term of 5(five) consecutive years from 1st April, 2019 to 31st March, 2024.

A copy of the draft letter of re-appointment setting out the terms and conditions of re-appointment may be inspected by any member at the Registered Office of the Company on any working day prior to the date of the AGM between 10.00 a.m. and 12.00 noon and will also be available for inspection at the AGM.

Except Mr. Nayar, being an appointee, none of the directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board of directors recommend passing of the proposed Special Resolution as set out at Item No. 5 of the Notice.

Item No. 6

The members of the Company at the annual general meeting held on 8th August, 2014 had approved the appointment of Mr. Padam Kumar Khaitan (Mr. Khaitan) (holding DIN 00019700) as an Independent Director of the Company for a term of 5(five) consecutive years up to 31st March, 2019.

Mr. Khaitan has submitted a declaration to the Company to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 (the Act) and has given his consent to serve as Independent Director of the Company for the second term, if appointed.

In the opinion of the Board, Mr. Khaitan fulfils the conditions specified in the Act and the Rules framed thereunder for his re-appointment as Independent Director and he is independent of the management.

The Board, on recommendation of nomination and remuneration committee, proposes to re-appoint Mr. Khaitan as Independent Director for the second term of 5(five) consecutive years from 1st April, 2019 to 31st March, 2024.

A copy of the draft letter of re-appointment setting out the terms and conditions of re-appointment may be inspected by any member at the Registered Office of the Company on any working day prior to the date of the AGM between 10.00 a.m. and 12.00 noon and will also be available for inspection at the AGM.

Except Mr. Khaitan, being an appointee, none of the directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board of directors recommend passing of the proposed Special Resolution as set out at Item No. 6 of the Notice.

Item No. 7

The members of the Company at the annual general meeting held on 8th August, 2014 had approved the appointment of Mr. Sushil Kumar Dhandhanian (Mr. Dhandhanian) (holding DIN 00484489) as an Independent Director of the Company for a term of 5(five) consecutive years up to 31st March, 2019.

NOTICE (Contd.)

Mr. Dhandhanian has submitted a declaration to the Company to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 (the Act) and has given his consent to serve as Independent Director of the Company for the second term, if appointed.

In the opinion of the Board, Mr. Dhandhanian fulfils the conditions specified in the Act and the Rules framed thereunder for his re-appointment as Independent Director and he is independent of the management.

The Board, on recommendation of nomination and remuneration committee, proposes to re-appoint Mr. Dhandhanian as Independent Director for the second term of 5(five) consecutive years from 1st April, 2019 to 31st March, 2024.

A copy of the draft letter of re-appointment setting out the terms and conditions of re-appointment may be inspected by any member at the Registered Office of the Company on any working day prior to the date of the AGM between 10.00 a.m. and 12.00 noon and will also be available for inspection at the AGM.

Except Mr. Dhandhanian, being an appointee, none of the directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board of directors recommend passing of the proposed Special Resolution as set out at Item No. 7 of the Notice.

Item No. 8

At the annual general meeting of the Company held on 8th August, 2003, the members had approved that the Register of Members, Index of Members and Register of renewed and duplicate certificates of the Company be kept at the office of M/s Maheshwari Datamatics Private Limited, the Registrar and Share Transfer Agent (RTA) of the Company, at 6, Mangoe Lane, Kolkata 700 001, instead of being kept at the Registered Office of the Company.

The RTA has recently shifted its office to 23, R. N. Mukherjee Road, (5th Floor), Kolkata - 700 001 and proposed to keep the Register of Members, Index of Members and Register of renewed and duplicate certificates at their new office located at 23, R. N. Mukherjee Road, (5th Floor), Kolkata - 700 001 in place of 6, Mangoe Lane, Kolkata - 700 001 or such other place within Kolkata as they may shift from time to time after approval of the members.

None of the directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice. As required, the Registrar of Companies, West Bengal, shall be given in advance, a copy of this proposed Special Resolution.

The Board of directors recommend passing of the proposed Special Resolution as set out at Item No. 8 of the Notice.

Item No. 9

As recommended by audit committee, the Board of directors had appointed M/s D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), being eligible and having sought re-appointment, as cost auditor of the Company, for a remuneration of ₹ 40,000/- plus applicable taxes and re-imbursment of out of pocket expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2018 and ending on 31st March 2019 as required in terms of the Companies (Cost Records and Audit) Rules, 2014, as amended.

In terms of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration is required to be ratified by the members.

None of the directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The Board of directors recommend passing of the proposed Ordinary Resolution as set out at Item No. 9 of the Notice.

Item No. 10.

The Board of directors (the "Board") at their meeting held on 10th July, 2018, subject to consent of the members of the Company, approved and recommended issue of 21,55,625 bonus ordinary shares of face value of ₹ 10/- (Rupees Ten) each in the proportion of 1 (one) new fully paid-up ordinary share of face value of ₹ 10/- (Rupees Ten) each for every existing 2 (two) fully paid-up ordinary shares of face value of ₹ 10/- (Rupees Ten) each held by the members of the Company as on the record date to be determined by the Board of directors of the Company.

Pursuant to the provisions of Section 63(2) of the Companies Act, 2013 and the enabling provisions of the articles of association of the Company, approval of the members is required for capitalisation of ₹ 2,15,56,250/- (Rupees Two Crores Fifteen Lakhs Fifty-Six Thousand Two Hundred and Fifty only) from and out of the General Reserve of the Company for the purpose of issue and allotment of 21,55,625 bonus ordinary shares of face value of ₹ 10/- (Rupees Ten) each, as fully paid-up bonus ordinary shares to the members of the Company on the terms and conditions set out in the resolution.

None of the directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice except to the extent of their entitlement to the bonus ordinary shares.

The Board of directors recommend passing of the proposed Ordinary Resolution as set out at Item No. 10 of the Notice.

By Order of the Board,
CHEVIOT COMPANY LIMITED

CS Aditya Banerjee
Company Secretary

Place : Kolkata

Date : 10th July, 2018

CIN : L65993WB1897PLC001409

Registered Office :

24, Park Street, 'Magma House', (9th Floor)

Kolkata - 700 016

Ph: 82320 87911/12/13; Fax: (033) 2249-7269/2217-2488

Email: cheviot@chevjute.com Website: www.groupcheviot.net

BOARD'S REPORT

Dear Members,

(₹ in Lakhs)

The Board of directors present their report on the business and operations of the Company along with the Audited Standalone Financial Statements for the financial year ended 31st March, 2018.

1. FINANCIAL SUMMARY

| Particulars | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|--|--|--|
| Revenue from operations | 37,611.67 | 39,354.15 |
| Operating profit after depreciation and amortisation | 4,999.12 | 3,506.84 |
| Add: Other income | 2,398.49 | 3,075.43 |
| Add: Exceptional items: Indirect taxes for earlier year | - | 60.51 |
| Profit before tax | 7,397.61 | 6,642.78 |
| Tax expense | 1,990.00 | 1,694.73 |
| Profit for the year | 5,407.61 | 4,948.05 |
| Other comprehensive income | 277.99 | 228.56 |
| Total Comprehensive Income for the year | 5,685.60 | 5,176.61 |
| Retained earnings – opening balance | 2,643.29 | 2,090.53 |
| Add/(Less): | | |
| Profit for the Year | 5,407.61 | 4,948.05 |
| Transfer from other comprehensive income (remeasurement gain/loss net of tax) to retained earnings | 125.21 | 155.67 |
| Reclassification from other comprehensive income to retained earnings | 63.93 | (50.96) |
| Amount available for appropriation | 8,240.04 | 7,143.29 |
| Out of above: | | |
| Transfer to special economic zone re-investment reserve account | - | (300.00) |
| Transfer to general reserve | (4500.00) | (4,200.00) |
| Dividend including dividend distribution tax paid | (54.29) | - |
| Retained earnings - closing balance | 3,685.75 | 2,643.29 |

The financial statements for the year ended 31st March, 2018 have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended. The financial statements for the year ended 31st March, 2017 have been restated in accordance with IND AS for comparative information. For the purposes of transition to IND AS, the Company has followed the guidance prescribed in IND AS 101 "First-time adoption of Indian Accounting Standards" with 1st April, 2016 as the transition date.

2. DIVIDEND

The Board of directors recommend a dividend of ₹ 1/- per ordinary share of face value of ₹ 10/- each (i.e. 10 %) for the financial year ended 31st March, 2018, aggregating to ₹ 43.11. Proposed dividend will be recognised as liability after approval of the members at the ensuing annual general meeting.

3. TRANSFER TO GENERAL RESERVE

We propose to transfer an amount of ₹ 4,500 to the general reserve out of the profit for the year.

BOARD'S REPORT (Contd.)

(₹ in Lakhs)

4. OPERATIONS AND STATE OF COMPANY'S AFFAIRS

Revenue from operations, profitability and earnings per share show under noted position during the year under review as compared to previous year :

| | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|--|--|--|
| Revenue from operations | 37,611.67 | 39,354.15 |
| Export sales (C.I.F. value) | 13,029.12 | 11,519.41 |
| Operating profit | 4,999.12 | 3,506.84 |
| Other income | 2,398.49 | 3,075.43 |
| Profit before tax | 7,397.61 | 6,642.78 |
| Profit for the year | 5,407.61 | 4,948.05 |
| Earnings per ordinary share of face value of ₹ 10 (in ₹) | 122.76 | 109.68 |

The overall performance of the Company during the year under review was much better than the previous year. The demand for Jute Goods remained good and steady. We witnessed substantial growth in production with better capacity utilisation during the year. There was significant growth in exports. However, revenue from operations was down mainly due to lower prices of raw jute having consequential impact in prices of finished goods.

We are pleased to report that the Company achieved highest ever operating profit in its history which was higher by ₹ 1,492.28 being ₹ 4,999.12 during the year under review as compared to ₹ 3,506.84 in the previous year. Such excellent jump in operating profit is attributed to better margins on goods sold coupled with higher production due to better capacity utilisation and operational efficiency, despite shortage of workers.

The bottom line was further improved by other income which was restricted to ₹ 2,398.49 on account of lower interest rates. Consequently, profit for the year was higher by ₹ 459.56 being ₹ 5,407.61 as compared to ₹ 4,948.05 during the previous year.

The Company's export oriented unit at Falta Special Economic Zone has been running smoothly. Efforts are being made to increase customer base in conventional and diversified hessian fabrics and jute shopping bags.

5. MANAGEMENT DISCUSSION AND ANALYSIS**a) Industry structure and developments**

Under Jute Packaging Materials (Compulsory use in packing commodities) Act, 1987 (JPMA), order for compulsory packing of food grain at 90% and sugar at 20% continues up to 30th June, 2018. We are hopeful that the Government will further extend the Order and shall maintain the existing norms of packaging without further dilution in the larger interest of Jute Industry.

The availability of raw jute was comfortable throughout the year at reasonable price.

In promoting the exports of Jute Goods from India, Government has increased the rate of rewards in the form of duty free scrips from 5% to 7% of realised FOB value in free foreign currency under Merchandise Exports from India Scheme (MEIS) effective from 1st November, 2017. Moreover, National Jute Board is also continuing with scholarship scheme for children of jute mill workers, export market development assistance and incentive scheme for acquisition of plant and machinery.

In order to achieve overall growth of the Jute Industry, we are of the view that there is a need to lay thrust on manufacturing more diversified jute goods, carry out more research and development and make required capital investments as a result thereof.

b) Opportunities and threats*Opportunities*

- Jute Goods, being bio-degradable and eco-friendly, will always be preferred across the world;
- Promotion of Jute diversified products by Government of India will help in increasing market of jute goods.

BOARD'S REPORT (Contd.)

(₹ in Lakhs)

Threats

- Shortage of workers posing threat to maintain stable capacity utilisation ;
- Continuation of JPMA on periodic extension basis and its dilution ;
- Farmers opt for alternate agricultural activities in absence of proper incentive to grow jute crop on continuous basis.

c) Segment-wise or product-wise performance

The Company is engaged in a single business segment i.e. manufacturing and sale of Jute Goods. Hence, disclosure requirements as required by Ind AS -108 are not applicable in respect of business segment.

The geographical segments considered for disclosure are as under :

| Particulars | For the year ended 31st March 2018 | | | For the year ended 31st March 2017 | | |
|---|------------------------------------|-----------|-----------|------------------------------------|-----------|-----------|
| | India | Overseas | Total | India | Overseas | Total |
| Revenue | 23,618.01 | 13,029.12 | 36,647.13 | 27,013.33 | 11,519.41 | 38,532.74 |
| Non-current assets other than financial instruments * | 15,032.39 | - | 15,032.39 | 15,142.09 | - | 15,142.09 |

* Non-current assets other than financial instruments include property, plant and equipment, capital work-in-progress, investment property, other intangible assets, intangible assets under development, non-current tax assets (net) and other non-current assets.

d) Outlook

As of now, jute crop for the season 2018-19 appears to be lower, despite favourable weather conditions as the initial reports of sowing percentage for the new crop are not very encouraging. Moreover, the carryover from last season would be lower than the previous year. The cumulative effect of these adverse factors would lead to lesser availability of raw jute in the next crop year. Consequently, prices of raw jute are expected to remain higher than previous year.

Demand of jute goods is buoyant. There has been regular flow of Government Orders and enquiries from overseas markets. The Company is making all efforts to maintain steady production by incentivising and mobilising workforce in order to make effective utilisation of its production capacity to be able to execute orders.

Barring unforeseen circumstances, the outlook for the current year appears to be promising.

e) Risks and concerns

The key elements of business risks identified by the Company and measures taken to mitigate such risk are as under:

- Shortage of raw jute is a key element of risk. Availability of raw jute depends on crop size which in turn largely depends on weather conditions. The Company follows a policy of regular procurement of raw jute in a planned manner linked with production and maintains reasonable inventories.
- New generation machinery development and modernisation with latest technology are the key to survival of Jute Industry. More efforts towards research and development in this direction are required by the Jute Industry.
- Revenue concentration is an area of concern for the Company. The Company is largely dependent on Government Orders in domestic market. Efforts are being made to increase the foreign customer base.
- Shortage of labour and rate of absenteeism remain a key area of concern. The productivity is affected by labour shortage. The Company is mobilising new workers and providing them in-house training and incentivising workers on the basis of attendance from time to time.
- There is a possibility of new wage agreement which could have financial impact on account of increase in the wage cost.

BOARD'S REPORT (Contd.)

(₹ in Lakhs)

f) Internal control systems and their adequacy

The Board has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures. The audit committee periodically reviews such control procedures to ensure that internal controls are operating effectively.

M/s G.P. Agrawal, Chartered Accountants, Internal Auditor of the Company, carried out necessary checking in accordance with the aforesaid procedures and controls during the year under review. The statutory auditors have also reviewed the laid down policies and procedures of internal financial controls. No fraud was detected by the auditors.

g) Discussion on financial performance with respect to operational performance

The following are the significant areas of financial performance during the year under review :

- Revenue from operations was at ₹ 37,611.67 during the year as compared to ₹ 39,354.15 during previous year;
- Operating profit of the Company increased by ₹ 1,492.28, being ₹ 4,999.12 during the year under review as against ₹ 3,506.84 in previous year on account of better margins on goods sold coupled with higher production due to better capacity utilisation and operational efficiency.
- Finance costs was ₹ 89.04 during the year under review as against ₹ 61.88 in previous year.
- Inventories were valued at ₹ 6,141.71 as at 31st March, 2018 as against ₹ 6,004.57 as at 31st March, 2017. Increase in inventories was mainly due to higher stock of raw material ;
- The Company had invested ₹ 351.36 in fixed assets inclusive of capital advances during the year.

h) Material developments in Human Resource / Industrial Relations front, including number of people employed

Industrial relations remained harmonious during the year under review. Shortage of labour continues to remain an area of concern. Workers were incentivised for attendance.

As at 31st March, 2018, the Company had 3926 employees (Previous year 3779 employees) on its roll.

Workers training program continue for the new incumbents in order to develop their all-round skills and working knowledge. Besides, the Company provides benefits and facilities to deserving staffs under its various staff welfare schemes.

The Company has in place an anti-sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral and is being monitored by a committee constituted by the Company for the said purpose. During the year under review, no complaint of sexual harassment was received by the Company.

i) Cautionary statement

Statements made in this section of the report on future expectation, performance and outlook are based on the current perception of the Board. Actual results may differ from those expressed in the statements.

6. BUY BACK OF ORDINARY SHARES

Pursuant to the approval of the Board at its meeting held on 24th May, 2017, your Company completed Buy Back of 2,00,000 fully paid-up ordinary shares of ₹ 10/- each (representing 4.43% of the total number of Ordinary Share capital of the Company as at 31st March, 2017) at the Buy Back price of ₹ 1,500/- per ordinary share in September, 2017 for an aggregate amount of ₹ 3,000. The Buy Back was made from all shareholders of the Company holding shares as on record date for the Buy Back, being 16th June, 2017 on a proportionate basis under the tender offer route in accordance with the applicable provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, the Companies Act, 2013 and the rules framed thereunder.

BOARD'S REPORT (Contd.)

(₹ in Lakhs)

7. SHARE CAPITAL

During the year, the Company extinguished 2,00,000 fully paid up ordinary shares consequent to Buy Back of 2,00,000 ordinary shares in September, 2017. Accordingly, the issued, subscribed and fully paid up ordinary share capital of the Company as at 31st March, 2018 stood at ₹ 431.13 consisting of 43,11,250 fully paid up ordinary shares of ₹ 10/- each.

8. CORPORATE GOVERNANCE

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a separate report on corporate governance together with a certificate from Ms. Aditi Jhunhunwala, practising company secretary, confirming compliance thereof is given in **Annexure-I** forming part of this report.

9. EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in the prescribed format (Form MGT-9) is annexed hereto as **Annexure-II** forming part of this report. The annual return of the Company is available on the website of the Company (<http://www.groupcheviot.net/investors-jute/corporate-governance-jute/>).

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of investments made by the Company have been disclosed in Note 9 and Note 15 to the financial statements for the financial year ended 31st March, 2018.

11. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Board of directors has developed a risk management policy for the Company and identified therein the elements of risk and concern that may threaten the existence of the Company. The audit committee and the Board of directors periodically review the risk elements and adopt a systematic approach to mitigate or reduce its impact. Discussion on risks and concerns have been made in this report under the head 'management discussion and analysis'.

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with related parties were carried out in the ordinary course of business and on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. No materially significant related party transaction was made by the Company with its promoters, directors or key managerial personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. All related party transactions were placed before the Audit Committee for approval on a quarterly basis. Prior omnibus approval of the audit committee was obtained for the transactions which were of a repetitive nature.

There was no material contract or arrangement or transactions at arm's length basis with a related party during the year under review. Therefore, disclosure in Form AOC-2 is not required.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are provided in **Annexure-III** forming part of this report.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under review, your Company had spent ₹ 90.56 towards CSR activities. The annual report on CSR activities as required under Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is given in **Annexure-IV**, forming part of this report. The contents of Corporate Social Responsibility Policy of the Company are available on Company's website (<http://www.groupcheviot.net/investors-jute/corporate-governance-jute/>).

BOARD'S REPORT (Contd.)

15. ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism / whistle blower policy and encourages the affected persons to report any genuine concern or misconduct for prompt redressal. Under the vigil mechanism / whistle blower policy, the Company allows direct access to the Chairman of the audit committee in appropriate or exceptional cases to investigate the complaints on an anonymous basis with adequate safeguards. During the year, no complaint was reported to the audit committee. The whistle blower policy is available on the Company's website (<http://www.groupcheviot.net/investors-jute/corporate-governance-jute/>).

16. ANNUAL PERFORMANCE EVALUATION

In terms of the provisions of the Companies Act, 2013, Listing Regulations and the Guidance Note issued by Securities and Exchange Board of India, annual performance evaluation was conducted by the Board of directors of its own performance, its Committees and independent directors. The nomination and remuneration committee carried out annual performance evaluation of individual directors. The outcome of the annual performance evaluation showed an overall effectiveness in the performance of the Board of directors, its committees and individual directors.

The evaluation of the Board of directors was based on criteria such as appropriateness of Board composition and structure, decisions passed by the Board of directors, awareness on Industry operations, compliance with applicable laws, succession planning, strategic planning, implementation of guidelines or strategies decided by the Board of directors etc.

The evaluation of the Committees was based on composition, functioning, competencies of the members, frequency of meetings, procedures, monitoring role, advisory role, timely reporting to Board of directors, etc.

The evaluation of directors was based on criteria such as preparedness for board meetings, attendance, judgments, contribution to risk management, adherence to Company's code of conduct and corporate governance, pro-activeness in highlighting areas of concern, sharing of knowledge and business information, disclosure of interest and lists of relatives in timely manner, etc.

17. DIRECTORS

The members at the annual general meeting of the Company held on 25th August, 2017 appointed Mr. Utkarsh Kanoria (aged 25 years), (holding DIN 06950837), as the Wholetime Director of the Company, for a period of five years with effect from 24th May, 2017, whose office shall be liable to determination by retirement of directors by rotation.

Mr. Nawal Kishore Kejriwal (Mr. Kejriwal) (holding DIN 00060314) retires from the Board of directors by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-appointment.

Mr. Kejriwal has been re-appointed as Wholetime Director of the Company by the Board of directors for a period of one year with effect from 1st June, 2018 subject to the approval of the members at the forthcoming annual general meeting whose period of office shall be liable to determination by retirement of directors by rotation.

The present term of office of all the Independent Directors of the Company, namely, Mr. Navin Nayar (DIN 00136057), Mr. Sushil Kumar Dhandhanian (DIN 00484489), Mr. Padam Kumar Khaitan (DIN 00019700) and Mr. Parag Keshar Bhattacharjee (DIN 00081899) is due to expire on 31st March, 2019.

Based on the recommendation of nomination and remuneration committee and performance report of the independent directors, the Board of directors at its meeting held on 23rd May, 2018, decided to re-appoint Mr. Navin Nayar (DIN 00136057), Mr. Sushil Kumar Dhandhanian (DIN 00484489) and Mr. Padam Kumar Khaitan (DIN 00019700) as independent directors of the Company for a second term of five consecutive years to hold office from 1st April, 2019 to 31st March, 2024 on the same terms and conditions subject to approval of the members at the ensuing annual general meeting.

Mr. Parag Keshar Bhattacharjee (DIN 00081899), who has attained the age of 79 years, shall retire from the Board of directors on completion of his term of office on 31st March, 2019. The Board of directors places on record its appreciation to the services rendered by Mr. Parag Keshar Bhattacharjee during his association with the Company.

Brief details of directors seeking re-appointment have been given in the notice convening the annual general meeting.

All the independent directors have declared that they meet the criteria of independence laid down in Section 149(6) the Companies Act, 2013 and Regulation 16(b) and Regulation 25 of Listing Regulations.

BOARD'S REPORT *(Contd.)*

18. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS

In compliance with the requirements of the Companies Act, 2013 and Listing Regulations, the nomination and remuneration committee follow the criteria laid down for identification of persons who are eligible to hold the office of directorship, key managerial personnel and senior management personnel of the Company including determining qualifications, positive attributes and independence of the person and their remuneration and other matters provided under Section 178 of the Companies Act, 2013. The nomination and remuneration committee has affirmed that the remuneration paid to directors, key managerial personnel and senior management personnel are as per the remuneration policy of the Company.

The remuneration policy including criteria for determining qualifications, positive attributes and independence of a director is available on the website of the Company (<http://www.groupcheviot.net/investors-jute/corporate-governance-jute/>).

19. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, it is hereby stated to the best of our knowledge and belief that :

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. NUMBER OF MEETINGS OF THE BOARD

The Board of directors met 4 times during the year under review. More details are available in the report on corporate governance.

21. COMPOSITION OF AUDIT COMMITTEE

The audit committee is constituted with three independent directors of the Company. More details on the audit committee are given in the report on corporate governance.

22. KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Utkarsh Kanoria (holding DIN 06950837), was appointed as wholetime director of the Company. All the other key managerial personnel continue to hold their offices.

23. PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been provided in **Annexure-V** forming part of this report.

The details of employees prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of the Annual Report. However with regard to the provisions of the second proviso to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the said information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

BOARD'S REPORT (Contd.)

24. PUBLIC DEPOSITS

The Company has not accepted deposits from Public under Section 73 of the Companies Act, 2013 read with Rules framed thereunder.

25. DISCLOSURE

Following disclosures are made under the Companies (Accounts) Rules, 2014:-

- (i) The financial summary or highlights are discussed at the beginning of this report;
- (ii) There is no change in the nature of business;
- (iii) There is no company which has become or ceased to be the Company's subsidiary, joint venture or associate company during the year;
- (iv) No significant and material order was passed by the regulators or courts or tribunals which impact the going concern status and its future operations;
- (v) There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report.

26. STATUTORY AUDITORS

M/s Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), was appointed as statutory auditors of the Company by the members at the annual general meeting of the Company held on 25th August, 2017 to hold office for a term of five consecutive years from the conclusion of that annual general meeting until the conclusion of the sixth consecutive annual general meeting on a remuneration to be mutually agreed upon with the Board of directors.

There are no qualifications, reservations or adverse remarks made by Singhi & Co., Statutory Auditors, in their report for the financial year ended 31st March, 2018. Pursuant to the provisions of section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the audit committee during the year under review.

27. COST AUDITORS

The cost accounting records maintained by the Company for the current financial year ending on 31st March, 2019 are required to be audited pursuant to Section 148 of the Companies Act, 2013 read with Rules framed thereunder. In this regard, the Board of directors on the recommendation of audit committee, had re-appointed M/s D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), to carry out the cost audit at a remuneration of ₹ 40,000/- plus applicable taxes and re-imbursement of out of pocket expenses incurred by them. The resolution included at Item No. 9 of the Notice convening the annual general meeting seek members' ratification to the remuneration payable to the cost auditor.

28. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s MR & Associates, a firm of practising company secretaries (CoP 2551) to conduct Secretarial Audit of the Company. Report of the Secretarial Audit in Form MR-3 for the financial year ended 31st March, 2018 is enclosed as **Annexure VI** to this report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

29. ACKNOWLEDGEMENTS

Your directors take this opportunity to convey their sincere gratitude to all the customers, shareholders, suppliers, bankers, financial institutions and the Government for their consistent support to the Company. The directors place on record their appreciation to all employees of the Company for their hard work and valued contribution.

For and on behalf of the Board
CHEVIOT COMPANY LIMITED

Harsh Vardhan Kanoria

Chairman and Managing Director,

Chief Executive Officer

DIN : 00060259

Place : Kolkata
Date : 23th May, 2018

ANNEXURE I TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations"]

1. Company's philosophy on Code of Governance

The Company's philosophy on Code of Governance is to achieve sustained growth and to provide satisfaction to its customer, shareholders and employees. Your Company conducts its affairs in fair and transparent manner upholding the ethical and business principles by adhering to high standard of product quality and customer satisfaction.

2. Board of Directors

a) Composition and category of directors

The composition of the Board of directors is in conformity with Section 149 of the Companies Act, 2013 and Listing Regulations. During the year, Mr. Utkarsh Kanoria (son of Mr. Harsh Vardhan Kanoria and Mrs. Malati Kanoria) was appointed as Wholetime Director w.e.f. 24th May, 2017. Accordingly, the strength of the Board of directors of the Company increased to 8 (eight) directors, of whom 3 (three) directors belong to the promoter group of whom one is a woman non-executive director and two are executive directors and 5 (five) directors belong to the non-promoter group of whom one is an executive director and four are independent directors.

Each independent director has confirmed that the total number of independent directorship held by them during the previous year was not more than seven listed companies.

b) Details of attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM), along with number of other directorship(s) and other Board Committee Chairmanship(s)/Membership(s) held as on 31st March 2018.

| Name of the Directors | Position | Attendance Particulars | | No. of other directorships and other Board committee membership(s)/chairmanship(s) held | | |
|--------------------------------|---|------------------------|---------------------------------------|---|---------------------------|-----------------------------|
| | | At Board Meeting(s) | At Last AGM held on 25th August, 2017 | Other Directorship(s) # | Committee Membership(s) * | Committee Chairmanship(s) * |
| Mr. Harsh Vardhan Kanoria | Chairman and Managing Director, Chief Executive Officer (Promoter Category) | 4 | Yes | 4 | Nil | Nil |
| Mr. Nawal Kishore Kejriwal | Wholetime Director | 4 | Yes | 1 | Nil | Nil |
| Mr. Navin Nayar | Independent Director | 4 | Yes | 8 | 2 | 1 |
| Mr. Parag Keshar Bhattacharjee | Independent Director | 3 | Yes | 3 | Nil | Nil |
| Mr. Sushil Kumar Dhandhanania | Independent Director | 4 | Yes | 16 | Nil | Nil |
| Mr. Padam Kumar Khaitan | Independent Director | 4 | Yes | 10 | 3 | 2 |
| Mrs. Malati Kanoria | Non-Executive Director (Promoter Category) | 3 | Yes | 4 | Nil | Nil |
| Mr. Utkarsh Kanoria ^ | Wholetime Director (Promoter Category) | 2 | Yes | 2 | Nil | Nil |

Includes alternate directorship and directorship in private limited companies and foreign companies.

* Committee include only audit committee and stakeholders relationship committee.

^ Appointed as wholetime director w.e.f. 24th May, 2017.

c) Number of Board meetings held and dates on which held

4 (four) meetings of the Board of directors were held during the year on 24th May, 2017, 13th September, 2017, 28th November, 2017 and 24th January, 2018. The maximum gap between two Board meetings was less than one hundred and twenty days.

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

d) Disclosure of relationships between directors inter-se

No director is, inter se, related to any other director on the Board, except Mr. Utkarsh Kanoria and Mrs. Malati Kanoria, who are related to Mr. H.V. Kanoria, Chairman and Managing Director of the Company.

e) Number of shares and convertible instruments held by non-executive directors

Mrs. Malati Kanoria, Non-executive Director, holds 2,65,851 ordinary shares of the Company. None of the independent directors hold any share in the Company.

f) Web link where details of familiarisation programmes imparted to independent directors is disclosed

The Company has a familiarisation programme for independent directors and the same is available on the website of the Company (<http://www.groupcheviot.net/investors-jute/corporate-governance-jute/>). The present independent directors are well conversant with the operations of the Jute Industry, the Company's business model and their responsibilities as independent directors. However, the familiarisation programme will be imparted as and when considered necessary by the Board.

g) Other provisions

The Company has proper systems to enable the Board to periodically review compliance reports prepared by the Company in respect of laws applicable to the Company, as well as steps taken by the Company to rectify any instances of non-compliance. The Board has devised plans for orderly succession for appointments to the Board and to senior management level.

3. Audit committee

a) Brief description of terms of reference

The terms of reference of the audit committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and also include the roles as specified in Part C of Schedule II to the Listing Regulations. The terms of reference inter alia include:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend to the Board the appointment, remuneration and terms of appointment of auditors;
- Examination of quarterly and annual financial statements and the auditor's report thereon before submission to the Board;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Evaluation of internal financial controls and risk identification, assessment and mitigation process;
- Discussion with internal auditors on any significant findings and reviewing the reporting structure, coverage and frequency of internal audit;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- Review of the functioning of whistle blower mechanism;
- Scrutiny of inter-corporate loans and investments;
- Approval of related party transactions.

b) Composition, name of members and chairperson

The details of composition of the audit committee with name of members and chairperson are as follows :

| Name of the directors | Designation | Category |
|--------------------------------|-------------|----------------------|
| Mr. Navin Nayar | Chairman | Independent Director |
| Mr. Parag Keshar Bhattacharjee | Member | Independent Director |
| Mr. Sushil Kumar Dhandhanja | Member | Independent Director |

All the members of the audit committee have rich experience and knowledge in financial and accounting areas.

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

c) Meetings and attendance during the year

During the year, 4 (four) meetings of the audit committee were held on 24th May, 2017, 13th September, 2017, 28th November, 2017 and 24th January, 2018.

| Name of the directors | Number of meetings attended |
|--------------------------------|-----------------------------|
| Mr. Navin Nayar | 4 |
| Mr. Parag Keshar Bhattacharjee | 3 |
| Mr. Sushil Kumar Dhandhanian | 4 |

President (corporate affairs), chief financial officer, representatives of statutory auditor, internal auditor and cost auditor were invitees to the meetings of the audit committee. The chairman of the audit committee was present at the last annual general meeting of the Company held on 25th August, 2017. Minutes of audit committee are placed before the Board for noting. The company secretary acts as the secretary to the audit committee. The maximum gap between any two meetings was less than one hundred and twenty days.

4. Nomination and remuneration committee

a) Brief description of terms of reference

The terms of reference of the nomination and remuneration committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and also include the roles as specified in Part D (A) of Schedule II to the Listing Regulations. The terms of reference inter alia include:

- Identification and selection of persons for appointment as directors and senior management personnel in accordance with the criteria laid down and to recommend to the Board of directors their appointment/re-appointment;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- Recommend a policy to the Board of directors relating to the remuneration of the directors, key managerial personnel and other senior management personnel and incorporate modification as and when required;
- Formulate and review criteria inter-alia for evaluation of performance of the Board of directors, its committees and independent directors;
- Devise a policy on diversity of Board of directors.

b) Composition, name of members and chairperson

The details of composition of nomination and remuneration committee with name of members and chairperson are as follows:

| Name of the directors | Designation | Category |
|--------------------------------|-------------|----------------------|
| Mr. Sushil Kumar Dhandhanian | Chairman | Independent Director |
| Mr. Navin Nayar | Member | Independent Director |
| Mr. Parag Keshar Bhattacharjee | Member | Independent Director |

c) Meetings and attendance during the year

During the year, 2 (two) meetings of the nomination and remuneration committee were held on 24th May, 2017 and 24th January, 2018.

| Name of the directors | Number of meetings attended |
|--------------------------------|-----------------------------|
| Mr. Sushil Kumar Dhandhanian | 2 |
| Mr. Navin Nayar | 2 |
| Mr. Parag Keshar Bhattacharjee | 2 |

The chairman of the nomination and remuneration committee was present at the last annual general meeting of the Company held on 25th August, 2017.

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

(₹ in Lakhs)

d) Performance evaluation criteria for independent directors

The nomination and remuneration committee has laid down the evaluation criteria for determining the performance of the independent directors on the Board broadly covering preparedness for board meetings; attendance; judgements and decisions taken on business operations; contribution in developing strategies and risk management policies; adherence to Company's code of conduct and corporate governance; effective participation in committee meetings; pro-activeness in highlighting areas of concern at the meeting; sharing of knowledge and business information; disclosure of interest and lists of relatives in timely manner; response from fellow board members and senior managerial personnel. Based on criteria laid down by the nomination and remuneration committee, the entire Board carried out its own performance evaluation and that of its committees and the independent directors (excluding the director being evaluated), and recorded satisfactory performance during the year under review.

5. Remuneration of directors**a) Details of remuneration of directors**

Details of remuneration of executive directors for the year ended 31st March, 2018 :

| Name of the directors | Salary | Commission | Contribution to provident fund | Estimated value of other perquisites | Tenure of appointment |
|----------------------------|--------|------------|--------------------------------|--------------------------------------|-------------------------------|
| Mr. Harsh Vardhan Kanoria | 24.00 | 295.00 | 2.40 | 41.31 | 5 years from 1st August, 2015 |
| Mr. Nawal Kishore Kejriwal | 24.00 | 15.00 | 2.40 | 11.78 | 2 years from 1st June, 2016 |
| Mr. Utkarsh Kanoria | 17.95 | 276.00 | - | 10.78 | 5 years from 24th May, 2017 |

The appointment of the executive directors is governed by the articles of association of the Company. The principal terms and conditions including the remuneration governing the appointment/re-appointment of the executive directors were recommended by the nomination and remuneration committee and approved by the Board of directors and the members of the Company.

As per terms of appointment, the Company and the executive directors have the right to terminate the appointment by giving three months' prior notice in writing to the other. There is no provision for payment of severance fees under the resolutions governing the appointment of executive directors.

Details of remuneration of non-executive directors including independent directors for the year ended 31st March, 2018:

| Non-Executive / Independent Directors | Sitting Fees | Commission |
|---------------------------------------|--------------|------------|
| Mrs. Malati Kanoria | 0.15 | 4.00 |
| Mr. Sushil Kumar Dhandhanania | 0.20 | 4.00 |
| Mr. Navin Nayar | 0.20 | 4.00 |
| Mr. Parag Keshar Bhattacharjee | 0.15 | 4.00 |
| Mr. Padam Kumar Khaitan * | 0.20 | 4.00 |

* Paid to the firm in which director is a partner.

The Company has not issued any stock options to its directors.

The Company has not entered into any other pecuniary relationship or transactions with the non-executive directors.

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

b) Criteria of making payment to non-executive directors

The role of the non-executive directors requires devotion of sufficient time to exercise independent judgement in the best interest of Company with ability to contribute and to monitor corporate governance practise and adherence to the Company's code of conduct. Appointments and terms of remuneration of non-executive directors are considered by the Board of directors of the Company based on the recommendation of the nomination and remuneration committee within the limits specified in the special resolution passed by the members. Remuneration to the non-executive directors are kept at levels such that they retain and motivate directors to run the Company successfully.

Non-executive directors including independent directors shall be entitled to receive remuneration by way of sitting fee for attending meetings of the Board or Committee thereof or any other meeting as may be decided by the Board of directors within the limits prescribed under Section 197 of the Companies Act, 2013 and Rules made thereunder for payment of sitting fees. Subject to approval of the members of the Company, non-executive directors including independent directors shall also be paid commission up to an aggregate amount not exceeding 1% of the net profits of the Company for the year. The amount of commission shall be determined by the Board of directors based on their attendance, time and effort devoted and any other contribution made by them. In addition, to the sitting fees and commission, the non-executive directors including independent directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending at Board and Committee meetings and otherwise incurred in the execution of their duties as directors.

6. Stakeholders Relationship Committee

a) Name of non-executive director heading the committee

Mr. Sushil Kumar Dhandhanian, an independent director of the Company is the chairman of the stakeholders relationship committee. The details of composition of stakeholders relationship committee with names of members and chairperson are as follows :

| Name of the directors | Designation | Category |
|--------------------------------|-------------|----------------------|
| Mr. Sushil Kumar Dhandhanian | Chairman | Independent Director |
| Mr. Parag Keshar Bhattacharjee | Member | Independent Director |
| Mr. Nawal Kishore Kejriwal | Member | Wholetime Director |

b) Name and designation of Compliance Officer

Mr. Aditya Banerjee, company secretary of the Company is the compliance officer.

c) Number of shareholders' complaints received so far, number not solved to the satisfaction of shareholders, Number of pending complaints

During the year under review, 2 investor complaints were received which have been redressed to the satisfaction of the shareholders. The Company had no request pending for share transfer/transmission at the close of financial year. Queries received from the investors are replied generally within 15 days of the receipt of the letters/emails.

7. Corporate Social Responsibility Committee

a) Composition, name of members and chairperson

The details of composition of corporate social responsibility (CSR) committee with name of members and chairperson are as follows :

| Name of the directors | Designation | Category |
|------------------------------|-------------|------------------------|
| Mrs. Malati Kanoria | Chairperson | Non-Executive Director |
| Mr. Sushil Kumar Dhandhanian | Member | Independent Director |
| Mr. Padam Kumar Khaitan | Member | Independent Director |

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

b) Meetings and attendance

3 (three) meetings of the CSR committee were held on 24th May, 2017, 13th September, 2017 and 24th January, 2018.

| Name of the directors | Number of meetings attended |
|------------------------------|-----------------------------|
| Mrs. Malati Kanoria | 3 |
| Mr. Sushil Kumar Dhandhanian | 3 |
| Mr. Padam Kumar Khaitan | 3 |

8. Separate meeting of independent directors

During the year, the independent directors held a separate meeting on 26th February, 2018 and carried out inter-alia the performance evaluation of the Chairman and Managing Director of the Company, other non-independent directors and the Board as a whole and assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties, as per the requirement of Schedule IV to the Companies Act, 2013 read with Regulation 25(3) of the Listing Regulations. The said meeting was attended by all the independent directors.

9. General Body Meetings

a) Location and time where last three Annual General Meetings (AGM) were held and number of special resolutions passed :

| Financial Year | Location | Date of AGM | Time | Special Resolutions Passed |
|----------------|---|-------------------|------------|--|
| 2014-2015 | The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani (4th Floor), Kolkata-700 017 | 13th August, 2015 | 11.00 a.m. | Nil |
| 2015-2016 | | 29th July, 2016 | 11.00 a.m. | i. Adoption of new Articles of Association of the Company ii. Appointment of Mr. N.K. Kejriwal (aged 73 years) as wholetime director iii. Create mortgage and hypothecation on the assets of the Company |
| 2016-2017 | | 25th August, 2017 | 11.00 a.m. | Nil |

b) Postal Ballot

No special resolution was passed during last year through postal ballot. There is no item on the agenda of ensuing annual general meeting which requires passing a special resolution through postal ballot.

10. Means of Communication

- The financial results of the Company are uploaded at the website of BSE Limited and the website of the Company and are simultaneously forwarded for publication in newspapers within the stipulated time.
- Financial results are normally published in Business Standard in its all India editions (in English) and Aajkal (in Bengali) newspaper.
- The Company has its own functional website "www.groupcheviot.net" where information about the Company, quarterly and annual financial results, annual reports, distribution of shareholding at the end of the each quarter, official press releases, information required to be disclosed under Regulations 30(8), 46 and other applicable provisions of the Listing Regulations are regularly updated.
- The Company has not made any presentation to institutional investors or to the analysts during the year under review.
- Management discussion and analysis forms part of the Board's report.

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

11. General Shareholder information

| | | |
|-------|--|--|
| i) | Annual General Meeting (AGM): Date, Time and Venue | 10th August, 2018 at 11.00 a.m. at The Sitaram Seksaria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017 |
| ii) | Financial Calendar (Tentative) | I. Financial Year : 1st April 2018 to 31st March 2019 II. First quarter results : On or before 14th August, 2018 III. Half yearly results : On or before 14th November, 2018 IV. Third quarter results : On or before 14th February, 2019 V. Audited Financial Statements : On or before 30th May, 2019 |
| iii) | Dividend payment date | Tuesday, 14th August, 2018 |
| iv) | the name and address of each stock exchange(s) at which the Company's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s) | BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Listing Fees for the year 2018-2019 has been paid on 10th April, 2018. |
| v) | Stock Code-Physical | 526817 on BSE Limited |
| | Demat ISIN Number for NSDL and CDSL | INE974B01016 |
| vi) | Market Price data: High, Low during each month in last financial year | Information has been given at the end of clause 11. |
| vii) | Stock performance of the Company in comparison to BSE Sensex. (April, 2017 to March, 2018) | Information has been given at the end of clause 11. |
| viii) | Registrar and Share Transfer Agent | Maheshwari Datamatics Private Limited 23, R.N Mukherjee Road, 5th Floor, Kolkata - 700001 Ph. 033- 2248-2248/2243-5029 Fax : 033-2248 4787 E-Mail : mdpldc@yahoo.com |
| ix) | Share Transfer System | Information has been given at the end of clause 11. |
| x) | Distribution of Shareholding as on 31st March, 2018 | Information has been given at the end of clause 11. |
| xi) | Dematerialisation of shares and liquidity | As on 31st March, 2018, 97.5630% of the Company's paid-up share capital representing 42,06,184 shares is held in dematerialised form. |
| xii) | Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity | Not issued |
| xiii) | Commodity price risk or foreign exchange risk and hedging activities | The Company has proper system to monitor the foreign exchange exposures on regular basis and appropriate steps are taken by the management to limit the risks of adverse exchange rate movement by entering into forward contract for hedging foreign exchange exposure against exports and imports. The details of hedged and unhedged foreign currency exposure are reported at Note 54.3(c)(ii)(a) to the financial statements for the financial year ended 31st March, 2018. |
| xiv) | Plant Locations | The Company's plants are located at following places : i) 19, Mehta Road, Badekalinagar, Budge Budge, 24- Parganas (South) - 700 137 (West Bengal); ii) Sector II, Falta Special Economic Zone, Falta, 24- Parganas (South) -743 504 (West Bengal). |

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

| | | |
|-----|----------------------------|--|
| xv) | Address for Correspondence | Cheviot Company Limited 24, Park Street, Magma House (9th Floor) Kolkata - 700 016 Phone : +91 82320 87911/12/13 Fax : (033) 2249 7269/2217 2488 Email : cheviot@chevjute.com E-voting services e-mail ID : evoting@chevjute.com Investor service e-mail ID: investorservices@chevjute.com Website : www.groupcheviot.net |
|-----|----------------------------|--|

Information in respect of clause 11 (vi)

Market Price data: High, Low during 2017-2018 is given in the table below :

| Month | BSE Limited | |
|-----------------|-------------|----------|
| | High (₹) | Low (₹) |
| April, 2017 | 1,149.00 | 1,035.00 |
| May, 2017 | 1,346.40 | 1,070.00 |
| June, 2017 | 1,417.90 | 1,252.00 |
| July, 2017 | 1,344.90 | 1,224.00 |
| August, 2017 | 1,299.00 | 1,096.00 |
| September, 2017 | 1,318.00 | 1,070.00 |
| October, 2017 | 1,350.00 | 1,095.00 |
| November, 2017 | 1,366.00 | 1,185.00 |
| December, 2017 | 1,335.00 | 1,200.05 |
| January, 2018 | 1,735.00 | 1,245.05 |
| February, 2018 | 1,569.95 | 1,326.00 |
| March, 2018 | 1,500.00 | 1,305.00 |

Information in respect of clause 11 (vii)

Stock performance of the Company in comparison to BSE Sensex (April, 2017 to March, 2018)

| Month | Company' share price at BSE Limited in (₹) | | BSE Sensex | |
|-----------------|--|----------|------------|-----------|
| | High | Low | High | Low |
| April, 2017 | 1,149.00 | 1,035.00 | 30,184.22 | 29,241.48 |
| May, 2017 | 1,346.40 | 1,070.00 | 31,255.28 | 29,804.12 |
| June, 2017 | 1,417.90 | 1,252.00 | 31,522.87 | 30,680.66 |
| July, 2017 | 1,344.90 | 1,224.00 | 32,672.66 | 31,017.11 |
| August, 2017 | 1,299.00 | 1,096.00 | 32,686.48 | 31,128.02 |
| September, 2017 | 1,318.00 | 1,070.00 | 32,524.11 | 31,081.83 |
| October, 2017 | 1,350.00 | 1,095.00 | 33,340.17 | 31,440.48 |
| November, 2017 | 1,366.00 | 1,185.00 | 33,865.95 | 32,683.59 |
| December, 2017 | 1,335.00 | 1,200.05 | 34,137.97 | 32,565.16 |
| January, 2018 | 1,735.00 | 1,245.05 | 36,443.98 | 33,703.37 |
| February, 2018 | 1,569.95 | 1,326.00 | 36,256.83 | 33,482.81 |
| March, 2018 | 1,500.00 | 1,305.00 | 34,278.63 | 32,483.84 |

Information in respect of clause 11 (ix)**Share Transfer System**

Share transfers in physical and demat form are processed by the Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Private Limited on regular basis. The transfer/transmission of shares are approved in accordance with the

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

powers delegated by the Board of directors to the chairman and managing director, wholetime director, president (corporate affairs) and company secretary.

The shares lodged for transfers/dematerialisation are processed within 15 days from the date of their lodgement, if transfer instruments are found valid and complete in all respects.

As stipulated by SEBI, Messers MR & Associates, a firm of Practising Chartered Secretaries carried out the secretarial audit to reconcile the total admitted capital in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form and to confirm that the total listed and paid-up capital are in agreement with the aggregate number of shares. This audit is carried out in every quarter and the report is submitted to the BSE Limited.

Information in respect of clause 11 (x)

a) Distribution of Shareholding as on 31st March, 2018 :

| Number of Ordinary shares held | Number of Shares | Percentage of Shareholding | Number of Shareholders/folios | Percentage of Shareholders |
|--------------------------------|------------------|----------------------------|-------------------------------|----------------------------|
| Up to 500 | 5,03,093 | 11.6693 | 7097 | 95.7760 |
| 501 to 1000 | 1,35,372 | 3.1400 | 182 | 2.4561 |
| 1001 to 2000 | 98,275 | 2.2795 | 72 | 0.9717 |
| 2001 to 3000 | 58,597 | 1.3592 | 24 | 0.3239 |
| 3001 to 4000 | 41,618 | 0.9653 | 12 | 0.1619 |
| 4001 to 5000 | 23,339 | 0.5413 | 5 | 0.0675 |
| 5001 to 10000 | 57,579 | 1.3356 | 8 | 0.1080 |
| 10001 and above | 33,93,377 | 78.7098 | 10 | 0.1349 |
| Total | 43,11,250 | 100.0000 | 7,410 | 100.0000 |
| Physical Mode | 1,05,066 | 2.4370 | 829 | 11.1876 |
| Demat Mode | 42,06,184 | 97.5630 | 6,581 | 88.8124 |

b) Shareholding Pattern as on 31st March, 2018 :

| Category Code | Category of shareholders | Number of shareholders | Total number of shares | As a percentage of total shares |
|---------------|--|------------------------|------------------------|---------------------------------|
| (A) | Shareholding of Promoter and Promoter Group* | | | |
| | 1. Indian | 7 | 32,23,024 | 74.7585 |
| | 2. Foreign | — | — | — |
| | Total Shareholding of Promoter and Promoter Group | 7 | 32,23,024 | 74.7585 |
| (B) | Public Shareholding | | | |
| | 1. Institutions | 17 | 7,120 | 0.1651 |
| | 2. Non-institutions | 7,386 | 10,81,106 | 25.0764 |
| | Total Public Shareholding | 7,403 | 10,88,226 | 25.2415 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | |
| | 1. Promoter and Promoter Group | — | — | — |
| | 2. Public | — | — | — |
| | Total Shares held by Custodians | — | — | — |
| | TOTAL (A)+(B)+(C) | 7,410 | 43,11,250 | 100.00000 |

* As per disclosure furnished by the promoters under Regulation 30(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

12. CEO and CFO certification

Mr. Harsh Vardhan Kanoria, Chairman and Managing Director, Chief Executive Officer and Mr. Madhup Kumar Patni, Chief Financial Officer of the Company provided compliance certificate to the Board of directors in terms of Regulation 17 of the Listing Regulations.

13. Declaration on compliance with Company's Code of conduct

The Board of directors have formulated a code of conduct applicable to all the directors and senior management personnel of the Company incorporating duties of independent directors which has been posted on the website of the Company (<http://www.groupcheviot.net/investors-jute/corporate-governance-jute/>). A declaration signed by the Chief Executive Officer of the Company affirming compliance with the Company's code of conduct by the directors and senior management personnel of the Company is appended to this report.

14. Disclosure with respect to demat suspense account / unclaimed suspense account

As on 31st March, 2018, there are no outstanding shares of the Company lying in the demat suspense / unclaimed suspense account.

15. Other Disclosures

- There are no materially significant related party transactions between the Company and its promoters, directors or their relatives etc. that may have potential conflict with the interests of Company at large. All transactions were entered with related party in the ordinary course of business and at arm's length price with prior omnibus approval of the audit committee in line with the policy on related party transaction of the Company. Disclosures as required under IND AS-24 have been made in Note 51 to the financial statements for the financial year ended 31st March, 2018. Policy on related party transactions and other policies and code of conduct adopted by the Board of directors are displayed on the website (<http://www.groupcheviot.net/investors-jute/corporate-governance-jute/>).
- During the last three years, no penalty or stricture have been imposed on the Company by the BSE Limited or SEBI or any other statutory authority for non-compliance of any matter related to the capital markets.
- Whistle blower policy/vigil mechanism established by the Company offers appropriate protection to the whistle blowers from victimisation, harassment or disciplinary proceedings. The whistle blower(s) may also lodge their complaints/concern with the Chairman of the audit committee. No personnel has been denied access to the audit committee.
- Disclosure of compliance with mandatory and non-mandatory corporate governance requirements :

The Company has made compliance with corporate governance requirements as specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 read with Schedule V to Listing Regulations.

- Mandatory requirements: The Company has complied with all mandatory requirements under the Listing Regulations.
- Non-Mandatory requirements: The Chairman of the Company being an executive director, maintaining a chairman's office for non-executive Chairman is not applicable. The Company did not send half yearly declaration of financial performance to each household of shareholders since the financial results were made available on the website for public information. The Company has received unqualified financial statements during the financial year ended 31st March, 2018 from the auditors. The Company has not appointed separate persons to the post of Chairman and Managing Director / CEO. The internal auditors of the Company directly reports to the audit committee.

- The Company does not have any subsidiary.

For and on behalf of the Board
CHEVIOT COMPANY LIMITED

Harsh Vardhan Kanoria

*Chairman and Managing Director,
Chief Executive Officer*

DIN : 00060259

Place : Kolkata
Date : 23th May, 2018

ANNEXURE I TO THE BOARD'S REPORT (Contd.)

Declaration on compliance with Company's Code of Conduct as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I hereby declare that to the best of my knowledge and belief, all the members of Board of directors and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2018.

Kolkata, 23th May, 2018

Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Auditors' Certificate on Compliance with the conditions of Corporate Governance

To the Members of **Cheviot Company Limited**

I have examined the compliance of conditions of Corporate Governance by Cheviot Company Limited ('the Company') for the year ended on 31st March, 2018, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the Company.

I further 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 the affairs of the Company.

Place : Kolkata
Dated : 23rd May, 2018

Aditi Jhunjhunwala
Practising Company Secretary
Membership No. A26988
CP no. 20346

ANNEXURE II TO THE BOARD'S REPORT

FORM NO. MGT - 9

Extract of annual return as on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS :

| | | |
|------|---|--|
| i) | CIN | L65993WB1897PLC001409 |
| ii) | Registration Date | 27th December, 1897 |
| iii) | Name of the Company | Cheviot Company Limited |
| iv) | Category / Sub-Category of the Company | Public Limited Company |
| v) | Address of the Registered office and contact details | 24, Park Street, Magma House, 9th Floor, Kolkata - 700016 Phone : 82320 87911/12/13 Fax : (033) 2249 7269/ 2217 2488 Email ID : cheviot@chevjute.com |
| vi) | Whether listed company or not | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Maheshwari Datamatics Private Limited 23, R.N. Mukherjee Road, 5th Floor Kolkata - 700 001 Phone : (033) 2248 2248 / 2243 5029 Fax : (033) 2248 4787 Email ID : 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 |
|--------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Harsh Investments Private Limited 24, Park Street, Magma House, 9th Floor, Kolkata - 700 016 | U28993WB1971PTC028158 | HOLDING | 57.2525 | 2(46) |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

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

i) Category-wise Share Holding

| Category of Shareholders | | No. of Shares held at the beginning of the year (As on 1st April, 2017) | | | | No. of Shares held at the end of the year (As on 31st March, 2018) | | | | % Change during the year |
|--------------------------|--|--|--------------|------------------|-------------------|---|--------------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | |
| | 1) Indian | | | | | | | | | |
| | a) Individuals/Hindu Undivided Family | 7,99,181 | - | 7,99,181 | 17.7153 | 7,45,093 | - | 7,45,093 | 17.2825 | (6.7679) |
| | b) Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| | c) Bodies Corporate | 25,84,131 | - | 25,84,131 | 57.2819 | 24,77,931 | - | 24,77,931 | 57.4760 | (4.1097) |
| | d) Banks / Financial Institutions | - | - | - | - | - | - | - | - | - |
| | e) Any other (specify) | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A) (1) | 33,83,312 | - | 33,83,312 | 74.9972 | 32,23,024 | - | 32,23,024 | 74.7585 | (4.7376) |
| | 2) Foreign | | | | | | | | | |
| | a) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| | b) Other- Individuals | - | - | - | - | - | - | - | - | - |
| | c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| | d) Banks / Financial Institutions | - | - | - | - | - | - | - | - | - |
| | e) Any other (specify) | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A) (2) | - | - | - | - | - | - | - | - | - |
| | Total shareholding of Promoters (A) = (A) (1) + (A) (2) | 33,83,312 | - | 33,83,312 | 74.9972 | 32,23,024 | - | 32,23,024 | 74.7585 | (4.7376) |
| B. | Public Shareholding | | | | | | | | | |
| | 1) Institutions | | | | | | | | | |
| | a) Mutual Funds | 100 | 100 | 200 | 0.0044 | 100 | 100 | 200 | 0.0046 | - |
| | b) Banks / Financial Institutions | 126 | 7,374 | 7,500 | 0.1663 | 126 | 6,794 | 6,920 | 0.1605 | (7.7333) |
| | c) Central Government | - | - | - | - | - | - | - | - | - |
| | d) State Government(s) | - | - | - | - | - | - | - | - | - |
| | e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| | f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| | g) FIs | - | - | - | - | - | - | - | - | - |
| | h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| | i) Others (specify) | - | - | - | - | - | - | - | - | - |
| | Sub-Total (B) (1) | 226 | 7,474 | 7,700 | 0.1707 | 226 | 6,894 | 7,120 | 0.1651 | (7.5325) |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

| Category of Shareholders | | No. of Shares held at the beginning of the year (As on 1st April, 2017) | | | | No. of Shares held at the end of the year (As on 31st March, 2018) | | | | % Change during the year |
|--------------------------|---|--|-----------------|------------------|-------------------|---|-----------------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2) | Non-Institutions | | | | | | | | | |
| | a) Bodies Corporate | | | | | | | | | |
| | i) Indian | 70,564 | 8,440 | 79,004 | 1.7513 | 92,349 | 7,778 | 1,00,127 | 2.3225 | 26.7366 |
| | ii) Overseas | - | - | - | - | - | - | - | - | - |
| | b) Individuals | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 7,47,423 | 1,27,027 | 8,74,450 | 19.3838 | 6,96,098 | 74,230 | 7,70,328 | 17.8679 | (11.9071) |
| | ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 91,879 | - | 91,879 | 2.0366 | 93,452 | - | 93,452 | 2.1676 | 1.7120 |
| | c) Others (specify) | | | | | | | | | |
| | i) Non Resident Individual | 17,665 | 18,578 | 36,243 | 0.8034 | 18,839 | 16,164 | 35,003 | 0.8119 | (3.4214) |
| | ii) Foreign National | - | 1,719 | 1,719 | 0.0381 | - | - | - | - | (100.0000) |
| | iii) Custodian of Enemy Property | 5,537 | - | 5,537 | 0.1227 | 5,537 | - | 5,537 | 0.1284 | - |
| | iv) Clearing Member | 30,988 | - | 30,988 | 0.6869 | 25,118 | - | 25,118 | 0.5826 | (18.9428) |
| | v) Trusts | 418 | - | 418 | 0.0093 | 419 | - | 419 | 0.0097 | 0.2392 |
| | vi) IEPF Authority | - | - | - | - | 51,122 | - | 51,122 | 1.1858 | 100.0000 |
| | Sub-Total (B) (2) | 9,64,474 | 1,55,764 | 11,20,238 | 24.8321 | 9,82,934 | 98,172 | 10,81,106 | 25.0764 | (3.4932) |
| | Total Public Shareholding (B) = (B) (1) + (B) (2) | 9,64,700 | 1,63,238 | 11,27,938 | 25.0028 | 9,83,160 | 1,05,066 | 10,88,226 | 25.2415 | (3.5208) |
| C) | Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| | Grand Total (A+B+C) | 43,48,012 | 1,63,238 | 45,11,250 | 100.0000 | 42,06,184 | 1,05,066 | 43,11,250 | 100.0000 | (4.4334) |

ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 1st April, 2017) | | | Shareholding at the end of the year (As on 31st March, 2018) | | | % Change in shareholding during the year |
|---------|---|--|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of Total Shares of the Company | % of Total Shares pledged/encumbered to total shares | No. of Shares | % of Total Shares of the Company | % of Total Shares pledged/encumbered to total shares | |
| 1 | Mr. Harsh Vardhan Kanoria | 3,43,840 | 7.6218 | - | 3,20,569 | 7.4356 | - | (6.7680) |
| 2 | Mrs. Malati Kanoria | 2,85,150 | 6.3209 | - | 2,65,851 | 6.1665 | - | (6.7680) |
| 3 | Mr. Utkarsh Kanoria | 1,70,191 | 3.7726 | - | 1,58,673 | 3.6804 | - | (6.7677) |
| 4 | Harsh Investments Private Limited | 25,74,081 | 57.0592 | - | 24,68,297 | 57.2525 | - | (4.1096) |
| 5 | Abhyadoot Finance and Investments Private Limited | 9,000 | 0.1995 | - | 8,631 | 0.2002 | - | (4.1000) |
| 6 | Cheviot International Limited | 150 | 0.0033 | - | 139 | 0.0032 | - | (7.3333) |
| 7 | Cheviot Agro Industries Private Limited | 900 | 0.0199 | - | 864 | 0.0201 | - | (4.0000) |
| | Total | 33,83,312 | 74.9972 | - | 32,23,024 | 74.7585 | - | (4.7376) |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

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

| Sl. No. | | | | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|---------|---|------------|----------------------------|--|----------------------------------|--|----------------------------------|
| | | | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Mr. Harsh Vardhan Kanoria | | | | | | |
| | At the beginning of the year | | | 3,43,840 | 7.6218 | 3,43,840 | 7.6218 |
| | Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (23,271) | - | 3,20,569 | 7.4356 |
| | At the end of the year | | | | | 3,20,569 | 7.4356 |
| 2 | Mrs. Malati Kanoria | | | | | | |
| | At the beginning of the year | | | 2,85,150 | 6.3209 | 2,85,150 | 6.3209 |
| | Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (19,299) | - | 2,65,851 | 6.1665 |
| | At the end of the year | | | | | 2,65,851 | 6.1665 |
| 3 | Mr. Utkarsh Kanoria | | | | | | |
| | At the beginning of the year | | | 1,70,191 | 3.7726 | 1,70,191 | 3.7726 |
| | Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (11,518) | - | 1,58,673 | 3.6804 |
| | At the end of the year | | | | | 1,58,673 | 3.6804 |
| 4 | Harsh Investments Private Limited | | | | | | |
| | At the beginning of the year | | | 25,74,081 | 57.0592 | 25,74,081 | 57.0592 |
| | Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (1,05,784) | - | 24,68,297 | 57.2525 |
| | At the end of the year | | | | | 24,68,297 | 57.2525 |
| 5 | Abhyadoot Finance and Investments Private Limited | | | | | | |
| | At the beginning of the year | | | 9,000 | 0.1995 | 9,000 | 0.1995 |
| | Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (369) | - | 8,631 | 0.2002 |
| | At the end of the year | | | | | 8,631 | 0.2002 |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

| Sl. No. | | | | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|---------|---|------------|----------------------------|--|----------------------------------|--|----------------------------------|
| | | | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 6 | Cheviot International Limited | | | | | | |
| | At the beginning of the year | | | 150 | 0.0033 | 150 | 0.0033 |
| | Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (11) | - | 139 | 0.0032 |
| | At the end of the year | | | | | 139 | 0.0032 |
| 7 | Cheviot Agro Industries Private Limited | | | | | | |
| | At the beginning of the year | | | 900 | 0.0199 | 900 | 0.0199 |
| | Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (36) | - | 864 | 0.0201 |
| | At the end of the year | | | | | 864 | 0.0201 |

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

| Sl. No. | For Each of the Top Ten Shareholders | | | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|---------|--|------------|----------------------------|--|----------------------------------|--|----------------------------------|
| | | | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Vijay Kishanlal Kedia | | | | | | |
| | At the beginning of the year | | | 58,221 | 1.2906 | 58,221 | 1.2906 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | 26-05-2017 | Market Purchase | 7,292 | - | 65,513 | 1.4522 |
| | | 02-06-2017 | Market Purchase | 1,647 | - | 67,160 | 1.4887 |
| | At the end of the year | | | | | 67,160 | 1.5578 |
| 2 | Wallfort Financial Services Limited | | | | | | |
| | At the beginning of the year | | | - | - | - | - |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | 02-06-2017 | Market Purchase | 10,000 | - | 10,000 | 0.2217 |
| | | 23-06-2017 | Market Purchase | 3,588 | - | 13,588 | 0.3012 |
| | | 30-06-2017 | Market Purchase | 412 | - | 14,000 | 0.3103 |
| | | 07-07-2017 | Market Purchase | 1,000 | - | 15,000 | 0.3325 |
| | | 25-08-2017 | Market Purchase | 15 | - | 15,015 | 0.3328 |
| | | 12-09-2017 | Tendered in Buy Back offer | (676) | - | 14,339 | 0.3326 |
| | | 15-09-2017 | Market Purchase | (661) | - | 15,000 | 0.3479 |
| | | 08-12-2017 | Market Purchase | 10,000 | - | 25,000 | 0.5799 |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

| Sl. No. | For Each of the Top Ten Shareholders | | | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|----------|---|------------|----------------------------|--|----------------------------------|--|----------------------------------|
| | | | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| | | 26-01-2018 | Market Purchase | 91 | - | 25,091 | 0.5820 |
| | | 02-02-2018 | Market Sale | (91) | - | 25,000 | 0.5799 |
| | At the end of the year | | | | | 25,000 | 0.5799 |
| 3 | Rajeev Aggarwal HUF | | | | | | |
| | At the beginning of the year | | | 11,427 | 0.2533 | 11,427 | 0.2533 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | 01-09-2017 | Market Sale | (1,531) | - | 9,896 | 0.2194 |
| | | 12-09-2017 | Tendered in Buy Back offer | (511) | - | 9,385 | 0.2177 |
| | | 15-09-2017 | Market Purchase | 2,000 | - | 11,385 | 0.2524 |
| | | 06-10-2017 | Market Purchase | 1,815 | - | 13,200 | 0.3062 |
| | | 13-10-2017 | Market Purchase | 2,400 | - | 15,600 | 0.3618 |
| | At the end of the year | | | | | 15,600 | 0.3618 |
| 4 | Mohan Lall Golechha | | | | | | |
| | At the beginning of the year | | | 12,230 | 0.2711 | 12,230 | 0.2711 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | 05-05-2017 | Market Sale | (18) | - | 12,212 | 0.2707 |
| | | 12-05-2017 | Market Sale | (18) | - | 12,194 | 0.2703 |
| | | 19-05-2017 | Market Sale | (1,694) | - | 10,500 | 0.2328 |
| | | 26-05-2017 | Market Sale | (1,612) | - | 8,888 | 0.1970 |
| | | 02-06-2017 | Market Sale | (122) | - | 8,766 | 0.1943 |
| | | 23-06-2017 | Market Purchase | 261 | - | 9,027 | 0.2001 |
| | | 07-07-2017 | Market Purchase | 35 | - | 9,062 | 0.2009 |
| | | 01-09-2017 | Market Purchase | 66 | - | 9,128 | 0.2023 |
| | | 12-09-2017 | Tendered in Buy Back offer | (419) | - | 8709 | 0.2020 |
| | | 15-09-2017 | Market Purchase | 458 | - | 9,167 | 0.2126 |
| | | 22-09-2017 | Market Purchase | 71 | - | 9,238 | 0.2143 |
| | | 27-10-2017 | Market Sale | (241) | - | 8,997 | 0.2087 |
| | | 10-11-2017 | Market Purchase | 1,894 | - | 10,891 | 0.2526 |
| | | 17-11-2017 | Market Purchase | 19 | - | 10,910 | 0.2531 |
| | | 24-11-2017 | Market Sale | (531) | - | 10,379 | 0.2407 |
| | | 01-12-2017 | Market Purchase | 170 | - | 10,549 | 0.2447 |
| | | 08-12-2017 | Market Purchase | 88 | - | 10,637 | 0.2467 |
| | | 16-03-2018 | Market Purchase | 55 | - | 10,692 | 0.2480 |
| | At the end of the year | | | | | 10,692 | 0.2480 |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

| Sl. No. | For Each of the Top Ten Shareholders | | | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|---------|---|------------|-----------------|--|----------------------------------|--|----------------------------------|
| | | | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 5 | SMC Global Securities Limited | | | | | | |
| | At the beginning of the year | | | 60 | 0.0013 | 60 | 0.0013 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | | | | | | |
| | | 07-04-2017 | Market Purchase | 169 | - | 229 | 0.0051 |
| | | 14-04-2017 | Market Purchase | 79 | - | 308 | 0.0068 |
| | | 21-04-2017 | Market Sale | (68) | - | 240 | 0.0053 |
| | | 05-05-2017 | Market Purchase | 69 | - | 309 | 0.0068 |
| | | 19-05-2017 | Market Sale | (228) | - | 81 | 0.0018 |
| | | 26-05-2017 | Market Purchase | 14 | - | 95 | 0.0021 |
| | | 02-06-2017 | Market Purchase | 40 | - | 135 | 0.0030 |
| | | 09-06-2017 | Market Sale | (50) | - | 85 | 0.0019 |
| | | 16-06-2017 | Market Sale | (85) | - | - | - |
| | | 23-06-2017 | Market Purchase | 152 | - | 152 | 0.0034 |
| | | 21-07-2017 | Market Sale | (20) | - | 132 | 0.0029 |
| | | 28-07-2017 | Market Sale | (5) | - | 127 | 0.0028 |
| | | 04-08-2017 | Market Purchase | 85 | - | 212 | 0.0047 |
| | | 11-08-2017 | Market Sale | (5) | - | 207 | 0.0046 |
| | | 15-09-2017 | Market Purchase | 205 | - | 412 | 0.0096 |
| | | 22-09-2017 | Market Sale | (80) | - | 332 | 0.0077 |
| | | 06-10-2017 | Market Purchase | 60 | - | 392 | 0.0091 |
| | | 13-10-2017 | Market Sale | (248) | - | 144 | 0.0033 |
| | | 20-10-2017 | Market Purchase | 50 | - | 194 | 0.0045 |
| | | 27-10-2017 | Market Sale | (42) | - | 152 | 0.0035 |
| | | 10-11-2017 | Market Sale | (65) | - | 87 | 0.0020 |
| | | 15-12-2017 | Market Sale | (50) | - | 37 | 0.0009 |
| | | 29-12-2017 | Market Purchase | 28 | - | 65 | 0.0015 |
| | | 05-01-2018 | Market Purchase | 2,483 | - | 2,548 | 0.0591 |
| | | 12-01-2018 | Market Purchase | 467 | - | 3,015 | 0.0699 |
| | | 19-01-2018 | Market Purchase | 4 | - | 3,019 | 0.0700 |
| | | 26-01-2018 | Market Sale | (342) | - | 2,677 | 0.0621 |
| | | 02-02-2018 | Market Sale | (48) | - | 2,629 | 0.0610 |
| | | 09-02-2018 | Market Purchase | 9 | - | 2,638 | 0.0612 |
| | | 23-02-2018 | Market Purchase | 20 | - | 2,658 | 0.0617 |
| | | 02-03-2018 | Market Sale | (24) | - | 2,634 | 0.0611 |
| | | 09-03-2018 | Market Purchase | 13 | - | 2,647 | 0.0614 |
| | | 16-03-2018 | Market Sale | (30) | - | 2,617 | 0.0607 |
| | | 23-03-2018 | Market Purchase | 7,806 | - | 10,423 | 0.2418 |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

| Sl. No. | For Each of the Top Ten Shareholders | | | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|----------|--|------------|-----------------|--|----------------------------------|--|----------------------------------|
| | | | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| | | 30-03-2018 | Market Sale | (10) | - | 10,413 | 0.2415 |
| | At the end of the year | | | | - | 10,413 | 0.2415 |
| 6 | Sanjay Natvarlal Shah | | | | | | |
| | At the beginning of the year | | | 9,216 | 0.2043 | 9,216 | 0.2043 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | | | No change during the year | | | |
| | At the end of the year | | | | | 9,216 | 0.2138 |
| 7 | Angel Fincap Private Limited | | | | | | |
| | At the beginning of the year | | | 1,907 | 0.0423 | 1,907 | 0.0423 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | 19-05-2017 | Market Sale | (13) | - | 1,894 | 0.0420 |
| | | 02-06-2017 | Market Purchase | 5 | - | 1,899 | 0.0421 |
| | | 16-06-2017 | Market Sale | (221) | - | 1,678 | 0.0372 |
| | | 23-06-2017 | Market Purchase | 221 | - | 1,899 | 0.0421 |
| | | 30-06-2017 | Market Sale | (5) | - | 1,894 | 0.0420 |
| | | 11-08-2017 | Market Purchase | 137 | - | 2,031 | 0.0450 |
| | | 22-09-2017 | Market Purchase | 50 | - | 2,081 | 0.0483 |
| | | 20-10-2017 | Market Purchase | 100 | - | 2,181 | 0.0506 |
| | | 27-10-2017 | Market Sale | (2) | - | 2,179 | 0.0505 |
| | | 03-11-2017 | Market Purchase | 296 | - | 2,475 | 0.0574 |
| | | 10-11-2017 | Market Purchase | 170 | - | 2,645 | 0.0614 |
| | | 01-12-2017 | Market Sale | (256) | - | 2,389 | 0.0554 |
| | | 08-12-2017 | Market Purchase | 431 | - | 2,820 | 0.0654 |
| | | 15-12-2017 | Market Purchase | 180 | - | 3,000 | 0.0696 |
| | | 22-12-2017 | Market Sale | (10) | - | 2,990 | 0.0694 |
| | | 19-01-2018 | Market Purchase | 50 | - | 3,040 | 0.0705 |
| | | 26-01-2018 | Market Sale | (59) | - | 2,981 | 0.0691 |
| | | 02-02-2018 | Market Purchase | 4,193 | - | 7,174 | 0.1664 |
| | | 16-02-2018 | Market Purchase | 1,075 | - | 8,249 | 0.1913 |
| | | 16-03-2018 | Market Sale | (28) | - | 8,221 | 0.1907 |
| | | 30-03-2018 | Market Sale | (350) | - | 7,871 | 0.1826 |
| | At the end of the year | | | | | 7,871 | 0.1826 |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

| Sl. No. | For Each of the Top Ten Shareholders | | | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|---------|--|------------|----------------------------|--|----------------------------------|--|----------------------------------|
| | | | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 8 | Saunijyot Advisory Services LLP | | | | | | |
| | At the beginning of the year | | | 7,955 | 0.1763 | 7,955 | 0.1763 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (335) | - | 7,620 | 0.1767 |
| | At the end of the year | | | | | 7,620 | 0.1767 |
| | | | | | | | |
| 9 | Vineet Nahata | | | | | | |
| | At the beginning of the year | | | - | - | - | - |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | 07-07-2017 | Market Purchase | 137 | - | 137 | 0.0030 |
| | | 11-08-2017 | Market Sale | (137) | - | - | - |
| | | 15-09-2017 | Market Purchase | 50 | - | 50 | 0.0012 |
| | | 22-09-2017 | Market Sale | (50) | - | - | - |
| | | 13-10-2017 | Market Purchase | 100 | - | 100 | 0.0023 |
| | | 20-10-2017 | Market Sale | (100) | - | - | - |
| | | 27-10-2017 | Market Purchase | 296 | - | 296 | 0.0069 |
| | | 03-11-2017 | Market Sale | (296) | - | - | - |
| | | 29-12-2017 | Market Purchase | 200 | - | 200 | 0.0046 |
| | | 05-01-2018 | Market Sale | (200) | - | - | - |
| | | 12-01-2018 | Market Purchase | 3,876 | - | 3,876 | 0.0899 |
| | | 19-01-2018 | Market Purchase | 400 | - | 4,276 | 0.0992 |
| | | 26-01-2018 | Market Sale | (29) | - | 4,247 | 0.0985 |
| | | 02-02-2018 | Market Purchase | 673 | - | 4,920 | 0.1141 |
| | | 09-02-2018 | Market Purchase | 1,250 | - | 6,170 | 0.1431 |
| | | 16-02-2018 | Market Purchase | 200 | - | 6,370 | 0.1478 |
| | | 23-02-2018 | Market Sale | (200) | - | 6,170 | 0.1431 |
| | | 16-03-2018 | Market Purchase | 338 | - | 6,508 | 0.1510 |
| | | 23-03-2018 | Market Purchase | 50 | - | 6,558 | 0.1521 |
| | At the end of the year | | | | | 6,558 | 0.1521 |
| | | | | | | | |
| 10 | Manish Poddar HUF | | | | | | |
| | At the beginning of the year | | | 6,000 | 0.1330 | 6,000 | 0.1330 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.) | | | No change during the year | | | |
| | At the end of the year | | | | | 6,000 | 0.1392 |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

v) Shareholding of Directors and Key Managerial Personnel :

| Sl No. | For Each of the Directors and KMP | | | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|----------|--|------------|----------------------------|--|----------------------------------|--|----------------------------------|
| | | | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Mr. Harsh Vardhan Kanoria, Chairman and Managing Director | | | | | | |
| | At the beginning of the year | | | 3,43,840 | 7.6218 | 3,43,840 | 7.6218 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (23,271) | - | 3,20,569 | 7.4356 |
| | At the end of the year | | | | | 3,20,569 | 7.4356 |
| 2 | Mrs. Malati Kanoria, Non-Executive Director | | | | | | |
| | At the beginning of the year | | | 2,85,150 | 6.3209 | 2,85,150 | 6.3209 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (19,299) | - | 2,65,851 | 6.1665 |
| | At the end of the year | | | | | 2,65,851 | 6.1665 |
| 3 | Mr. Utkarsh Kanoria, Wholetime Director | | | | | | |
| | At the beginning of the year | | | 1,70,191 | 3.7726 | 1,70,191 | 3.7726 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (11,518) | - | 1,58,673 | 3.6804 |
| | At the end of the year | | | | | 1,58,673 | 3.6804 |
| 4 | Mr. Nawal Kishore Kejriwal, Wholetime Director | | | | | | |
| | At the beginning of the year | | | 300 | 0.0067 | 300 | 0.0067 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (20) | - | 280 | 0.0065 |
| | At the end of the year | | | | | 280 | 0.0065 |
| 5 | Mr. Madhup Kumar Patni, Chief Financial Officer | | | | | | |
| | At the beginning of the year | | | 10 | 0.0002 | 10 | 0.0002 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | 12-09-2017 | Tendered in Buy Back offer | (1) | - | 9 | 0.0002 |
| | At the end of the year | | | | | 9 | 0.0002 |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

(₹ in Lakhs)

| Sl No. | For Each of the Directors and KMP | Shareholding at the beginning of the year (As on 1st April, 2017) | | Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018) | |
|--------|---|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 6 | Mr. Aditya Banerjee, Company Secretary | | | | |
| | At the beginning of the year | 10 | 0.0002 | 10 | 0.0002 |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | No change during the year | | | |
| | At the end of the year | | | 10 | 0.0002 |

Note : Other Directors on the Board are not holding any share of the Company.

V INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total |
|--|--|--------------------|----------|-----------------|
| Indebtedness at the beginning of the financial year (1st April, 2017) | | | | |
| i) Principal Amount | 1,347.21 | | - | 1,347.21 |
| ii) Interest due but not paid | - | | - | - |
| iii) Interest accrued but not due | - | | - | - |
| Total (i+ii+iii) | 1,347.21 | | - | 1,347.21 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | | - | - |
| Reduction | 773.01 | | - | 773.01 |
| Net Change | (773.01) | | - | (773.01) |
| Indebtedness at the end of the financial year (31st March, 2018) | | | | |
| i) Principal Amount | 574.20 | | - | 574.20 |
| ii) Interest due but not paid | - | | - | - |
| iii) Interest accrued but not due | 0.33 | | - | 0.33 |
| Total (i+ii+iii) | 574.53 | | - | 574.53 |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

(₹ in Lakhs)

VI Remuneration of directors and key managerial personnel

A Remuneration to managing director, wholetime director and/or Manager :

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | Total Amount |
|---------|---|---|--|---|--------------|
| | | Mr. Harsh Vardhan Kanoria, Chairman and Managing Director, CEO | Mr. Nawal Kishore Kejriwal, Wholetime Director | Mr. Utkarsh Kanoria, Wholetime Director | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 24.00 | 32.21 | 26.67 | 82.88 |
| | (b) Value of perquisites under section 17(2) of the Income Tax Act, 1961 | 37.73 | 2.83 | 0.56 | 41.12 |
| | (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 | 295.00 | 15.00 | 276.00 | 586.00 |
| 5 | Others, please specify | - | - | - | - |
| | (Retiral Benefits) | 5.98 | 3.14 | 1.50 | 10.62 |
| | Total (A) | 362.71 | 53.18 | 304.73 | 720.62 |
| | Ceiling as per the Act | ₹ 726.11 (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | |

B. Remuneration to other directors :

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---------|---|---|-------------------------|---------------------------|-----------------|---------------------|--------------|
| | | Mr. Parag Keshar Bhattacharjee | Mr. Padam Kumar Khaitan | Mr. Sushil Kumar Dhandhan | Mr. Navin Nayar | Mrs. Malati Kanoria | |
| 1. | Independent Directors | | | | | | |
| | Fee for attending board/ committee meetings | 0.15 | 0.20 | 0.20 | 0.20 | - | 0.75 |
| | Commission | 4.00 | 4.00 | 4.00 | 4.00 | - | 16.00 |
| | Others, please specify | - | - | - | - | - | - |
| | Total (1) | 4.15 | 4.20 | 4.20 | 4.20 | - | 16.75 |
| 2. | Other non-executive Directors | | | | | | |
| | Fee for attending board/ committee meetings | - | - | - | - | 0.15 | 0.15 |
| | Commission | - | - | - | - | 4.00 | 4.00 |
| | Others, please specify | - | - | - | - | - | - |
| | Total (2) | - | - | - | - | 4.15 | 4.15 |
| | Total (B) = (1 + 2) | 4.15 | 4.20 | 4.20 | 4.20 | 4.15 | 20.90 |
| | Total Managerial Remuneration (A + B) | | | | | | 741.52 |
| | Overall Ceiling as per the Act | ₹ 798.73 (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | | | |

ANNEXURE II TO THE BOARD'S REPORT (Contd.)

(₹ in Lakhs)

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

| Sl. No. | Particulars of Remuneration | Key managerial personnel | | Total Amount |
|---------|---|--------------------------|-------------------|--------------|
| | | Chief Financial Officer | Company Secretary | |
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 34.56 | 19.77 | 54.33 |
| | (b) Value of perquisites under section 17(2) of the Income Tax Act, 1961 | 0.99 | 0.67 | 1.66 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | — | — | — |
| 2. | Stock Option | — | — | — |
| 3. | Sweat Equity | — | — | — |
| 4. | Commission | — | — | — |
| 5. | Others, please specify | — | — | — |
| | (Retiral Benefits) | 2.56 | 1.05 | 3.61 |
| | Total (C) | 38.11 | 21.49 | 59.60 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

| Type | Section of the Companies Act, 2013 | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal made, if any (give Details) |
|------------------------------|------------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| | Penalty | | None | | |
| | Punishment | | | | |
| | Compounding | | | | |
| B. DIRECTORS | | | | | |
| | Penalty | | None | | |
| | Punishment | | | | |
| | Compounding | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| | Penalty | | None | | |
| | Punishment | | | | |
| | Compounding | | | | |

ANNEXURE III TO THE BOARD'S REPORT

(₹ in Lakhs)

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 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 during the year have reduced consumption of energy : |
| | | (i) Modification of conventional spinning frames; |
| | | (ii) Replacement of 36W tube lights with energy efficient LED 20w/18w tube lamps; |
| | | (iii) Replacement of 150W SON Lamps with energy efficient LED 40W street light; |
| | | (iv) Replacement of induction motors with EFF-1 category motor and conventional pumps with new gear pump; |
| | | (v) Monitoring of optimum loading on motor and re-sizing of motor capacity; |
| | | (vi) Insulation of steam pipe line and air-compressor pipe line, wherever necessary; |
| (ii) | The steps taken by the Company for utilising alternate sources of energy | Following steps are taken by the Company for utilising alternate sources of energy : |
| | | (i) Optimum use of natural lighting during day time and safelux system to get the factory premises illuminated; |
| | | (ii) Use of jute waste in Boilers. |
| (iii) | The capital investment on energy conservation equipments | During the year under review, there was no capital investment on energy conservation equipments. All energy conservation measures were consumable in nature. |

B. Technology Absorption

| | | |
|-------|---|---|
| (i) | The efforts made towards technology absorption | The Company keeps track of technological development in plant and machineries which are useful for Jute Industry and takes required measures for upgradation. |
| (ii) | The benefits derived like product improvement, cost reduction, product development or import substitution | (i) Reduction in cost of maintenance; |
| | | (ii) Better productivity and operational efficiency. |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - | No technology has been imported during the last three years. |
| | 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; and | |
| (iv) | the expenditure incurred on research and development | The Company does not have in-house research and development facility and therefore no expenditure has been incurred in this regard. |

C. Foreign Exchange earnings and outgo :

- (i) Foreign exchange earned in terms of actual inflow : ₹ 13,125.57
(ii) Foreign exchange outgo in terms of actual outflow : ₹ 2,375.78

For and on behalf of the Board
CHEVIOT COMPANY LIMITED
Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN : 00060259

Place : Kolkata
Date : 23th May, 2018

ANNEXURE IV TO THE BOARD'S REPORT

(₹ in Lakhs)

Annual Report on Corporate Social Responsibility (CSR) activities containing particulars given in Annexure as per Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 :

| | | | | | | | |
|---------|---|--|---|--|--|---|--|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-site to the CSR policy and projects or programs : | | In accordance with the Company's CSR policy, the CSR Programs were undertaken during the year 2017-18 in the field of promoting education, healthcare, women empowerment, employment enhancing vocational skills and benefits for the dependents of arms forces. The CSR Policy is available on Company's website (http://www.groupcheviot.net/investors-jute/corporate-governance-jute/) | | | | |
| 2. | The Composition of the CSR Committee : | | The CSR Committee consists of following members : 1. Mrs. Malati Kanoria (Non-Executive Director) – Chairperson 2. Mr. Padam Kumar Khaitan (Independent Director) – Member 3. Mr. Sushil Kumar Dhandhanja (Independent Director) – Member | | | | |
| 3. | Average net profit of the Company for last three financial years : | | ₹ 4,519.28 | | | | |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : | | ₹ 90.39 | | | | |
| 5. | Details of CSR spent during the financial year (a) Total amount to be spent for the financial year : (b) Amount unspent, if any : (c) Manner in which the amount spent during the financial year is detailed below : | | ₹ 90.39 ₹ NIL | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Sl. No. | CSR Project or activity identified | Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended) | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
| 5a. | For promoting healthcare | Cl. (i) Healthcare | 1. Local Area 2. Budge Budge, 24 Parganas (South), West Bengal, India | ₹1.35 | ₹1.35* | ₹1.35 | Direct |
| 5b. | For promoting education | Cl. (ii) Education | 1. Local Area 2. Budge Budge, 24 Parganas (South), West Bengal, India | ₹23.00 | ₹22.97* | ₹22.97 | Direct |
| 5c. | For promoting education | Cl. (ii) Education | 1. Local Area 2. Falta, Kalatalahat, 24 Parganas (South), West Bengal, India | ₹15.86 | ₹15.75* | ₹15.75 | Direct |
| 5d. | For empowering women | Cl. (iii) Empowering Women | 1. Local Area 2. Budge Budge, 24 Parganas (South), West Bengal, India | ₹8.20 | ₹8.17* | ₹8.17 | Direct |
| 5e. | For benefit of armed forces dependents | Cl. (vi) Benefit of armed forces dependents | 1. Others 2. Across various States and Districts in India | ₹12.50 | ₹12.50* | ₹12.50 | Direct |
| 5f. | For promoting education | Cl. (ii) Education | 1. Local Area 2. Gangarampur, D.H. Road, Dist. 24 Parganas (South), West Bengal, India | ₹5.00 | ₹5.00* | ₹5.00 | Through Implementing Agency: Ramakrishna Sarada Mission, Gangarampur |

ANNEXURE IV TO THE BOARD'S REPORT (Contd.)

(₹ in Lakhs)

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---------|---|--|---|---|--|---|---|
| Sl. No. | CSR Project or activity identified | Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended) | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
| 5g. | For promoting nationally recognised sports | Cl. (vii) Sports | 1. Others 2. Pune, Maharastra, India | ₹10.75 | ₹ 10.75* | ₹10.75 | Through Implementing Agency: Lakshya Institute |
| 5h. | For empowering women | Cl. (iii) Empowering Women | 1. Local Area 2. Kolkata, West Bengal, India | ₹4.00 | ₹4.00* | ₹4.00 | Through Implementing Agency: Hope Kolkata Foundation |
| 5i. | For employment enhancing vocation skills | Cl. (ii) Education | 1. Local Area 2. Kolkata, West Bengal, India | ₹ 2.12 | ₹ 2.12* | ₹ 2.12 | Through Implementing Agency: Vivo Healthcare Private Limited |
| 5j. | For promoting education | Cl. (ii) Education | 1. Local Area 2. Budge Budge, 24 Parganas (South), West Bengal, India | ₹ 0.95 | ₹ 0.95* | ₹ 0.95 | Through Implementing Agency: Society for woman assistance and people in need organisation |
| 5k. | For promoting healthcare | Cl. (i) Healthcare | 1. Others 2. New Delhi, India | ₹ 5.00 | ₹ 5.00* | ₹ 5.00 | Through Implementing Agency: Bocharanwasi Shri Akshar Purushottam Public Charitable Trust |
| 5l. | For promoting education | Cl. (ii) Education | 1. Others 2. Shahpur, Maharashtra, India | ₹ 2.00 | ₹ 2.00* | ₹ 2.00 | Through Implementing Agency: Archana Trust |
| Total | | | | ₹ 90.73 | ₹ 90.56 | ₹ 90.56 | |
| 6. | In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report : | | | Not applicable | | | |
| 7. | A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company : | | | The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company. | | | |

*Represents direct expenditure on projects or programs, Overheads Nil.

Place : Kolkata
Date : 23rd May, 2018

Harsh Vardhan Kanoria
Chairman and Managing Director,
Chief Executive Officer
DIN: 00060259

Malati Kanoria
Non-Executive Director,
Chairperson of CSR Committee
DIN: 00253241

ANNEXURE V TO THE BOARD'S REPORT

STATEMENT OF DISCLOSURE OF REMUNERATION PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| | | |
|--------------|---|--------------------------------|
| (i) | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year: | |
| | Directors | Ratio |
| | Mr. Harsh Vardhan Kanoria, Chairman and Managing Director, Chief Executive Officer | 243:1 |
| | Mr. Utkarsh Kanoria, Wholetime Director | 204:1 |
| | Mr. Nawal Kishore Kejriwal, Wholetime Director | 36:1 |
| | Mrs. Malati Kanoria, Non Executive Director | 3:1 |
| | Mr. Navin Nayar, Independent Director | 3:1 |
| | Mr. Sushil Kumar Dhandhanania, Independent Director | 3:1 |
| | Mr. Padam Kumar Khaitan, Independent Director | 3:1 |
| | Mr. Parag Keshar Bhattacharjee, Independent Director | 3:1 |
| (ii) | The percentage increase in remuneration of each director, chief financial officer, chief executive officer, company secretary in the financial year: | |
| | Directors / Key Managerial Personnel | % Increase / (Decrease) |
| | Mr. Harsh Vardhan Kanoria, Chairman and Managing Director, Chief Executive Officer | 34% |
| | Mr. Utkarsh Kanoria, Wholetime Director | # |
| | Mr. Nawal Kishore Kejriwal, Wholetime Director | (15)% |
| | Mrs. Malati Kanoria, Non Executive Director | (2)% |
| | Mr. Navin Nayar, Independent Director | (1)% |
| | Mr. Sushil Kumar Dhandhanania, Independent Director | 1% |
| | Mr. Padam Kumar Khaitan, Independent Director | 1% |
| | Mr. Parag Keshar Bhattacharjee, Independent Director | (1)% |
| | Mr. Madhup Kumar Patni, Chief Financial Officer | 7% |
| | Mr. Aditya Banerjee, Company Secretary | 24% |
| (iii) | The percentage increase in the median remuneration of employees in the financial year : | (2)% |
| (iv) | The number of permanent employees on the rolls of Company : (as on 31st March, 2018) | 3926 employees |
| (v) | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: The average percentile increase in the salaries of employees other than the managerial personnel in the last financial year was around 4% as compared to 23% increase in the remuneration of managerial personnel (excluding the remuneration of managerial personnel appointed during the year). The increase in managerial remuneration is mainly due to payment of higher commission as compared to previous year. There was no exceptional increase in the managerial remuneration which remains within the limits approved by the members and the ceilings prescribed under the Companies Act, 2013. | |
| (vi) | Affirmation that the remuneration is as per the remuneration policy of the Company: The Company affirms that the remuneration paid to employees, who are covered under Remuneration Policy, is in accordance with the Remuneration Policy of the Company. | |

Since Mr. Utkarsh Kanoria, Wholetime Director of the Company was appointed w.e.f. 24th May, 2017, the information is not comparable.

For and on behalf of the Board
CHEVIOT COMPANY LIMITED

Harsh Vardhan Kanoria

Chairman and Managing Director,

Chief Executive Officer

DIN: 00060259

Place : Kolkata
 Date : 23rd May, 2018

ANNEXURE VI TO THE BOARD'S REPORT

Form No. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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,
CHEVIOT COMPANY LIMITED
24, PARK STREET, "MAGMA HOUSE"
9th FLOOR, KOLKATA-700016
WEST BENGAL

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. CHEVIOT COMPANY LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ("the audit period") complied with the 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 Company for the financial year ended on 31st March, 2018 according to the provisions of :

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) 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;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :-
 - (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, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the audit period);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable to the Company during the audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the audit period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client (Not Applicable to the Company during the audit period);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the audit period);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (as amended);
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations /guidelines/circulars issued by SEBI from time to time, to the extent applicable.

We further report that having regard to the compliance system prevailing in the Company and as per the representation made by the Management, the Company has complied with the following laws applicable specifically to the Company :

- (a) The Jute Manufactures Cess Act, 1983 and the rules made thereunder (upto 30th June, 2017);
- (b) Jute & Jute Textiles Control Orders 2000 & 2016 (as applicable) issued under Essential Commodities Act, 1955;
- (c) Indian Boilers Act, 1923 and the rules made thereunder;
- (d) The Special Economic Zones Act, 2005 and the rules made thereunder.

ANNEXURE VI TO THE BOARD'S REPORT (Contd.)

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreement entered into by the Company with BSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that :

The Board of directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors. The changes in the composition of Board of directors during the period under review and the composition of Board of directors of the Company is in conformity with the provisions of the Act.

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.

Decisions at the Board meetings were carried out unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company had,

- i. made Buy Back of ordinary shares representing 4.43 % of the total number of fully paid up ordinary share capital of the Company as on 31st March, 2017, after obtaining approval of Board of directors of the Company in meeting held on 24th May, 2017.
- ii. appointed Mr. Utkarsh Kanoria as Whole-time Director of the Company for a period of five years with effect from 24th May, 2017 after obtaining approval of shareholders in the Annual General Meeting held on 25th August, 2017.

This Report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this Report.

For **MR & Associates**
Company Secretaries

[M R Goenka]
Partner

FCS No. : 4515
C P No. : 2551

Place : Kolkata
Date : 23rd May, 2018

"ANNEXURE – A"

To,
The Members,
CHEVIOT COMPANY LIMITED

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

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct 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 and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
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.

For **MR & Associates**
Company Secretaries

[M R Goenka]
Partner

FCS No. : 4515
C P No. : 2551

Place : Kolkata
Date : 23rd May, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHEVIOT COMPANY LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **CHEVIOT COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015, as amended, and other accounting principles generally accepted in India.

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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative announcements issued by Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
5. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in

INDEPENDENT AUDITORS' REPORT (Contd.)

conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

7. The corresponding financial information of the Company as at and for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on the previously issued financial statements for the years ended 31st March, 2017 and 31st March, 2016, prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, on which an unmodified opinion was expressed vide their audit report dated 24th May, 2017 and 25th May, 2016 respectively which is also explained in Note No. 55 to the attached financial statements. These financial statements have been adjusted for differences in accounting principles to comply with Ind AS and such adjustments on transition to Ind AS which has been approved by the Company's Board of Directors have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
9. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable 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 purposes 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as stated in Note No. 43 to the financial statement;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

INDEPENDENT AUDITORS' REPORT *(Contd.)*

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31st March 2018.

Place : Kolkata
Date : 23rd May, 2018

For **Singhi & Co.,**
Chartered Accountants
Firm's Registration No. 302049E
Ankit Dhelia
Partner
Membership No. 069178

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Annexure 'A' to the Independent Auditors Report

(Referred to in paragraph 8 with the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date in respect to Statutory Audit of Cheviot Company Limited for the year ended 31st March, 2018)

We report that:

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, fixed assets have been physically verified during the year by the management at reasonable intervals and no material discrepancies have been noticed on such physical verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. However, the company is in the process of registration of certain portion of land at Budge Budge in its name.
- ii. In respect of inventories, physical verification has been conducted at reasonable intervals during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanation given to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records. Inventories lying with outside parties have been confirmed by them at the year end.
- iii. The Company has not granted any loan to parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3(iii) of the order is not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from public during the year. Accordingly, clause 3(v) of the order is not applicable to the Company.
- vi. We have broadly reviewed the accounts and records maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013. We are of the opinion, that prime-facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the same.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the dues of sales tax, income tax, duty of customs, duty of excise, service tax and value added tax which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March, 2018 are as under :-

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

(₹ in Lakhs)

| Name of the statute | Nature of dues | Amount (₹) | Period to which the amount relates | Forum where dispute is pending |
|---|-------------------|------------|------------------------------------|--------------------------------|
| West Bengal Sales Tax Act, 1994 | Sales Tax | 0.22 | F.Y.1993-94 | Revision Level |
| Income Tax Act, 1961 | Income Tax | 6.36 | F.Y.2009-10 | Assessing Officer |
| | | 36.24 | F.Y. 2010-11 | Appeal Level |
| | | 3.45 | F.Y. 2011-12 | Tribunal Level |
| | | 15.81 | F.Y. 2012-13 | Appeal Level |
| | | 19.62 | F.Y. 2013-14 | Appeal Level |
| Central Excise Act, 1944 | Excise Duty | 4,764.37 | March-11 to February-13 | Tribunal Level |
| Central Sales Tax Act, 1956 | Central Sales Tax | 1.52 | F.Y. 2014-15 | Revision Level |
| Service Tax under the Finance Act, 1994 | Service Tax | 0.81 | F.Y. 2015-16 | Commissioner Level |

- viii. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks or financial institutions. There were no debentures outstanding at any time during the year.
- ix. The Company had raised money during the year by way of term loans and the same has been applied for the purpose for which it was raised. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Singhi & Co.,**

Chartered Accountants

Firm's Registration No. 302049E

Ankit Dhelia

Partner

Membership No. 069178

Place : Kolkata

Date : 23rd May, 2018

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

Annexure - 'B' to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Cheviot Company Limited** ("the Company") as at 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT *(Contd.)*

be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For **Singhi & Co.,**
Chartered Accountants
Firm's Registration No. 302049E
Ankit Dhelia
Partner
Membership No. 069178

Place : Kolkata
Date : 23rd May, 2018

BALANCE SHEET

as at 31st March, 2018

(₹ in Lakhs)

| Particulars | Notes | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|-------|-----------------------|-----------------------|----------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, plant and equipment | 6 | 14,779.13 | 14,849.35 | 14,510.43 |
| (b) Capital work-in-progress | | 62.67 | 39.77 | 80.94 |
| (c) Investment property | 7 | 22.70 | 23.14 | 23.59 |
| (d) Other intangible assets | 8 | 64.02 | 112.28 | 118.65 |
| (e) Intangible assets under development | | - | 1.00 | 1.00 |
| (f) Financial assets | | | | |
| (i) Investments | 9 | 21,445.70 | 20,859.11 | 16,770.42 |
| (ii) Loans | 10 | 36.71 | 35.56 | 34.50 |
| (iii) Other financial assets | 11 | 221.87 | 233.55 | 328.32 |
| (g) Non-current tax assets (net) | 12 | 1.05 | 5.77 | 5.77 |
| (h) Other non-current assets | 13 | 102.82 | 110.78 | 129.02 |
| Total non-current assets | | 36,736.67 | 36,270.31 | 32,002.64 |
| Current assets | | | | |
| (a) Inventories | 14 | 6,141.71 | 6,004.57 | 5,928.92 |
| (b) Financial assets | | | | |
| (i) Investments | 15 | 5,057.20 | 3,733.75 | 3,038.81 |
| (ii) Trade receivables | 16 | 3,823.62 | 3,090.04 | 2,970.27 |
| (iii) Cash and cash equivalents | 17 | 903.37 | 966.76 | 724.01 |
| (iv) Other bank balances other than Note - 17 | 18 | 194.43 | 185.23 | 117.13 |
| (v) Other financial assets | 19 | 190.99 | 248.00 | 213.14 |
| (c) Other current assets | 20 | 1,447.18 | 1,423.69 | 1,280.70 |
| Total current assets | | 17,758.50 | 15,652.04 | 14,272.98 |
| TOTAL ASSETS | | 54,495.17 | 51,922.35 | 46,275.62 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity share capital | 21 | 431.48 | 451.48 | 451.48 |
| (b) Other equity | 22 | 49,607.72 | 47,005.36 | 41,847.19 |
| Total equity | | 50,039.20 | 47,456.84 | 42,298.67 |
| Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 23 | 85.46 | 2.78 | - |
| (ii) Other financial liabilities | 24 | 21.78 | 0.30 | 0.27 |
| (b) Deferred tax liabilities (net) | 25 | 969.91 | 912.30 | 662.24 |
| (c) Other non-current liabilities | 26 | 140.80 | 137.15 | 94.37 |
| Total non-current liabilities | | 1,217.95 | 1,052.53 | 756.88 |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 27 | 458.93 | 1,329.62 | 1,259.24 |
| (ii) Trade payables | 28 | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | 1.21 | 0.02 | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 559.94 | 526.79 | 305.12 |
| (iii) Other financial liabilities | 29 | 1,132.59 | 758.60 | 771.12 |
| (b) Other current liabilities | 30 | 390.15 | 290.30 | 375.88 |
| (c) Provisions | 31 | 492.04 | 491.75 | 479.15 |
| (d) Current tax liabilities (net) | 32 | 203.16 | 15.90 | 29.56 |
| Total current liabilities | | 3,238.02 | 3,412.98 | 3,220.07 |
| TOTAL EQUITY & LIABILITIES | | 54,495.17 | 51,922.35 | 46,275.62 |
| Basis of accounting | 2 | | | |
| Significant accounting policies | 3 | | | |
| Significant judgement & key estimate | 5 | | | |

The notes are integral part of the financial statements

As per our report attached

For **Singhi & Co.**

Chartered Accountants

Firm's Registration No. : 302049E

Ankit Dhelia

Partner

Membership No. 069178

Dated the 23rd day of May, 2018

CA Madhup Kumar Patni
Chief Financial Officer**CS Aditya Banerjee**
Company Secretary

For and on behalf of the Board

Harsh Vardhan Kanoria - Chairman and Managing Director,
Chief Executive Officer**Nawal Kishore Kejriwal**
Utkarsh Kanoria | Wholtime Director**Navin Nayar** - Director

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Notes | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|--|-------|---------------------------------------|---------------------------------------|
| I Revenue from operations | 33 | 37,611.67 | 39,354.15 |
| II Other income | 34 | 2,398.49 | 3,075.43 |
| III Total income (I+II) | | 40,010.16 | 42,429.58 |
| IV Expenses | | | |
| Cost of materials consumed | 35 | 18,548.57 | 21,459.75 |
| Changes in inventories of finished goods and work-in-progress | 36 | 257.12 | 255.00 |
| Employee benefits expense | 37 | 6,753.80 | 6,391.27 |
| Finance costs | 38 | 89.04 | 61.88 |
| Depreciation and amortisation expense | 39 | 436.77 | 791.82 |
| Other expenses | 40 | 6,527.25 | 6,887.59 |
| Total expenses (IV) | | 32,612.55 | 35,847.31 |
| V Profit before exceptional items and tax (III-IV) | | 7,397.61 | 6,582.27 |
| VI Add : Exceptional items | | | |
| Indirect taxes for earlier year | | - | 60.51 |
| VII Profit before tax (V+VI) | | 7,397.61 | 6,642.78 |
| VIII Tax expense | 41 | | |
| a) Current tax | | 1,881.73 | 1,382.62 |
| b) Deferred tax | | 103.61 | 312.17 |
| c) Tax for earlier years (net) | | 4.66 | (0.06) |
| IX Profit for the year (VII- VIII) | | 5,407.61 | 4,948.05 |
| X Other comprehensive income | | | |
| A. Items that will not be reclassified to profit or loss | | | |
| (i) Remeasurement of defined benefit plans | | 191.48 | 238.05 |
| (ii) Equity instruments through other comprehensive income | | 99.90 | (8.01) |
| (iii) Income tax relating to items that will not be reclassified to profit or loss | | 19.48 | 18.10 |
| B. Items that will be reclassified to profit or loss | | | |
| (i) Debt instruments through other comprehensive income | | 6.88 | 18.79 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | 0.79 | 2.17 |
| XI Other comprehensive income for the year [(A(i+ii-iii) +B(i-ii))] | | 277.99 | 228.56 |
| XII Total comprehensive income for the year (IX+XI) | | 5,685.60 | 5,176.61 |
| XIII Earnings per ordinary share (Face value of ₹ 10 /- each) | | | |
| Basic earnings per share (in ₹) | | 122.76 | 109.68 |
| Diluted earnings per share (in ₹) | | 122.76 | 109.68 |
| Basis of accounting | 2 | | |
| Significant accounting policies | 3 | | |
| Significant judgement & key estimate | 5 | | |

The notes are integral part of the financial statements

As per our report attached

For **Singhi & Co.**

Chartered Accountants

Firm's Registration No. : 302049E

Ankit Dhelia

Partner

Membership No. 069178

Dated the 23rd day of May, 2018

CA Madhup Kumar Patni
Chief Financial Officer**CS Aditya Banerjee**
Company Secretary

For and on behalf of the Board

Harsh Vardhan Kanoria - Chairman and Managing Director,
Chief Executive Officer**Nawal Kishore Kejriwal** |
Utkarsh Kanoria | Wholetime Director**Navin Nayar** - Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2018

(₹ in Lakhs)

a) Equity share capital

| Particulars | Amount |
|--|--------|
| Balance as at 1st April 2016 | 451.48 |
| Add: Changes in equity share capital during the year | - |
| Balance as at 31st March 2017 | 451.48 |
| Less: Changes in equity share capital during the year [Refer Note 21(f)] | 20.00 |
| Balance as at 31st March 2018 | 431.48 |

b) Other equity

| Particulars | Reserves & surplus | | | | | | Items of other comprehensive income | | | | Total |
|--|--------------------|----------------------------|-----------------|----------------------------|---|-------------------|--|--|---------------------|--|-----------|
| | Capital reserve | Securities premium account | General reserve | Capital redemption reserve | Special economic zone re-investment reserve account | Retained earnings | Equity instrument through other comprehensive income | Debt instrument through other comprehensive income | Revaluation surplus | Remeasurement of defined benefit plans | |
| Balance as at 1st April, 2016 | 0.24 | 1,242.50 | 28,823.76 | 9.92 | 628.26 | 2,090.53 | (43.78) | 44.68 | 9,051.08 | - | 41,847.19 |
| Profit for the year | - | - | - | - | - | 4,948.05 | - | - | - | - | 4,948.05 |
| Other comprehensive income (net of taxes) * | - | - | - | - | - | - | (8.01) | 16.62 | 64.28 | 155.67 | 228.56 |
| Total comprehensive income | - | - | - | - | - | 4,948.05 | (8.01) | 16.62 | 64.28 | 155.67 | 5,176.61 |
| Transfer to general reserve | - | - | 4,200.00 | - | - | (4,200.00) | - | - | - | - | - |
| Reclassification from other comprehensive income to retained earnings | - | - | - | - | - | (50.96) | 50.96 | - | - | - | - |
| Reclassified from other comprehensive income to statement of profit and loss | - | - | - | - | - | - | - | (18.44) | - | - | (18.44) |
| Transfer from other comprehensive income (remeasurement gain/loss net of tax) to retained earnings | - | - | - | - | - | 155.67 | - | - | - | (155.67) | - |
| Transfer to/ from special economic zone re-investment reserve account | - | - | 164.54 | - | 135.46 | (300.00) | - | - | - | - | - |
| Balance as at 31st March, 2017 | 0.24 | 1,242.50 | 33,188.30 | 9.92 | 763.72 | 2,643.29 | (0.83) | 42.86 | 9,115.36 | - | 47,005.36 |

* Figures in revaluation surplus column represents impact of deferred tax.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2018 (Contd.)

(₹ in Lakhs)

| Particulars | Reserves & surplus | | | | | | Items of other comprehensive income | | | | Total |
|--|--------------------|----------------------------|-----------------|----------------------------|---|-------------------|--|--|---------------------|---|------------|
| | Capital reserve | Securities premium account | General reserve | Capital redemption reserve | Special economic zone re-investment reserve account | Retained earnings | Equity instrument through other comprehensive income | Debt instrument through other comprehensive income | Revaluation surplus | Remeasure-ment of defined benefit plans | |
| Balance as at 31st March, 2017 | 0.24 | 1,242.50 | 33,188.30 | 9.92 | 763.72 | 2,643.29 | (0.83) | 42.86 | 9,115.36 | - | 47,005.36 |
| Profit for the year | - | - | - | - | - | 5,407.61 | - | - | - | - | 5,407.61 |
| Other comprehensive income (net of taxes)* | - | - | - | - | - | - | 99.90 | 6.09 | 46.79 | 125.21 | 277.99 |
| Total comprehensive income | - | - | - | - | - | 5,407.61 | 99.90 | 6.09 | 46.79 | 125.21 | 5,685.60 |
| Dividend paid | - | - | - | - | - | (45.11) | - | - | - | - | (45.11) |
| Dividend distribution tax | - | - | - | - | - | (9.18) | - | - | - | - | (9.18) |
| Transfer/utilisation on account of buyback of ordinary shares (Refer Note - 21(f)) | - | (1,242.50) | (1,757.50) | 20.00 | - | - | - | - | - | - | (2,980.00) |
| Transfer to general reserve | - | - | 4,500.00 | - | - | (4,500.00) | - | - | - | - | - |
| Reclassification from other comprehensive income to retained earnings | - | - | - | - | - | 63.93 | (63.93) | - | - | - | - |
| Reclassified from other comprehensive income to statement of profit and loss | - | - | - | - | - | - | - | (48.95) | - | - | (48.95) |
| Transfer from other comprehensive income (remeasurement gain/loss net of tax) to retained earnings | - | - | - | - | - | 125.21 | - | - | - | (125.21) | - |
| Transfer from Special economic zone re-investment reserve account | - | - | 181.43 | - | (181.43) | - | - | - | - | - | - |
| Balance as at 31st March, 2018 | 0.24 | - | 36,112.23 | 29.92 | 582.29 | 3,685.75 | 35.14 | - | 9,162.15 | - | 49,607.72 |

* Figures in revaluation surplus column represents impact of deferred tax.

The notes are integral part of the financial statements

As per our report attached
For **Singhi & Co.**
Chartered Accountants
Firm's Registration No. : 302049E
Ankit Dhelia
Partner
Membership No. 069178
Dated the 23rd day of May, 2018

For and on behalf of the Board
Harsh Vardhan Kanoria - Chairman and Managing Director,
Chief Executive Officer
Nawal Kishore Kejriwal | **Utkarsh Kanoria**
Wholetime Director
Navin Nayar - Director

CA Madhup Kumar Patni
Chief Financial Officer
CS Aditya Banerjee
Company Secretary

STATEMENT OF CASH FLOW

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2018 | | For the year ended 31st March, 2017 | |
|---|--|-------------|--|-------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net profit before tax as per statement of profit and loss | | 7,397.61 | | 6,642.78 |
| Adjustments for : | | | | |
| Depreciation and amortisation expense | 436.77 | | 791.82 | |
| Unrealised foreign exchange (gain)/loss | (23.29) | | (22.53) | |
| Income from deferred revenue grant | (27.64) | | (65.54) | |
| Net gain on sale of investments measured at FVTPL | (321.40) | | (677.64) | |
| Net gain on fair value changes of investments measured at FVTPL | (507.64) | | (922.24) | |
| Net gain on OCI items reclassified to statement of profit and loss | (48.95) | | (18.44) | |
| Profit on sale of property, plant and equipment (net) | (9.76) | | (20.35) | |
| Interest income | (487.77) | | (645.81) | |
| Dividend income | (831.19) | | (475.16) | |
| Rental income | (6.00) | | (9.00) | |
| Property, plant and equipment and other intangible assets written off | 16.23 | | 1.01 | |
| Bad debt written off | - | | 11.96 | |
| Provision for doubtful receivables written back | - | | (11.96) | |
| Finance costs | 89.04 | | 61.88 | |
| Liabilities written back | (5.64) | (1,727.24) | (24.26) | (2,026.26) |
| Operating profit before working capital changes | | 5,670.37 | | 4,616.52 |
| Adjustments for : | | | | |
| (Increase)/decrease in inventories | (137.14) | | (75.65) | |
| (Increase)/decrease in trade receivables | (727.67) | | (141.12) | |
| (Increase)/decrease in other financial assets | 83.27 | | 11.34 | |
| (Increase)/decrease in other assets | 205.30 | | (3.17) | |
| Increase/(decrease) in trade payables | 37.19 | | 249.69 | |
| Increase/(decrease) in other financial liabilities | 377.18 | | (4.83) | |
| Increase/(decrease) in provisions | 0.29 | | 12.60 | |
| Increase/(decrease) in other liabilities | 101.76 | (59.82) | (68.72) | (19.86) |
| Cash generated from operations | | 5,610.55 | | 4,596.66 |
| Direct taxes paid | | (1,760.83) | | (1,474.91) |
| Net cash from operating activities | | 3,849.72 | | 3,121.75 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment and other intangible assets (including changes in capital work-in-progress, capital advances/creditors) | | (351.36) | | (1,022.29) |
| Capital subsidy received | | - | | 137.61 |
| Sale of property, plant and equipment | | 15.95 | | 37.81 |
| Purchase of investments | | (16,021.86) | | (17,578.15) |
| Sale of investments | | 15,047.12 | | 14,553.76 |
| Investment in fixed deposits with a maturity more than 90 days | | (16.59) | | - |
| Rent received | | 5.40 | | 8.10 |
| Interest received | | 482.98 | | 479.48 |
| Dividend received | | 829.78 | | 475.16 |
| Net cash (used in) investing activities | | (8.58) | | (2,908.52) |

STATEMENT OF CASH FLOW

for the year ended 31st March, 2018 (Contd.)

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|--|--|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payment for buyback of ordinary shares | (3,000.00) | - |
| Proceeds from non-current borrowings | 120.00 | 25.00 |
| Repayment of non-current borrowings | (22.32) | (7.41) |
| Payment of finance lease obligations | (0.30) | - |
| (Repayment of)/proceeds from current borrowings (net) | (870.69) | 70.38 |
| Dividend paid | (45.11) | - |
| Dividend distribution tax paid | (9.18) | - |
| Interest and other finance charges paid | (84.90) | (61.72) |
| Net cash (used in)/from financing activities | (3,912.50) | 26.25 |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (71.36) | 239.48 |
| Cash and cash equivalents (opening balance) | 966.76 | 724.01 |
| Effect of exchange rate changes on cash and cash equivalents | 7.97 | 3.27 |
| Cash and cash equivalents (closing balance) (Refer Note - 17) | 903.37 | 966.76 |
| Notes : | | |
| 1. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts : | | |
| Cash on hand | 3.99 | 3.24 |
| Balances with banks | | |
| - in current accounts | 899.38 | 963.52 |
| Cash and cash equivalents (closing balance) | 903.37 | 966.76 |
| 2. The above cash flow statement has been prepared under 'Indirect Method' as set out in Ind AS - 7, "Statement of Cash Flows". | | |
| 3. Statement of reconciliation of financing activities : | | |
| Particulars | Borrowings (Non-current) (including current maturities) | Borrowings (Current) |
| Balance as at 1st April, 2017 (including interest accrued thereon) | 17.59 | 1,329.62 |
| Cash flow (net) | 97.68 | (870.69) |
| Non-cash changes | | |
| - Fair value changes | - | - |
| Interest expense | 9.00 | 54.45 |
| Interest paid | (8.67) | (54.45) |
| Balance as at 31st March, 2018 (including interest accrued thereon) | 115.60 | 458.93 |
| 4. Previous GAAP figures have been reclassified/regrouped to conform the presentation requirements under Ind AS and the requirements laid down in Division II of the Schedule III of the Companies Act, 2013. | | |

The notes are integral part of the financial statements

As per our report attached
For **Singhi & Co.**
Chartered Accountants
Firm's Registration No. : 302049E
Ankit Dhelia
Partner
Membership No. 069178
Dated the 23rd day of May, 2018

CA Madhup Kumar Patni
Chief Financial Officer
CS Aditya Banerjee
Company Secretary

For and on behalf of the Board
Harsh Vardhan Kanoria - Chairman and Managing Director,
Chief Executive Officer
Nawal Kishore Kejriwal | Wholetime Director
Utkarsh Kanoria
Navin Nayar - Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

1. CORPORATE AND GENERAL INFORMATION

Cheviot Company Limited (the "Company") is a listed Public Limited Company incorporated in India. The Company has its registered office at 24, Park Street, Magma House, 9th Floor, Kolkata - 700016.

The Company manufactures jute products with flexibility to cater to both domestic and international market. The Company is renowned for manufacturing superior quality Hessian fabrics and jute shopping bags for export market at the Export Oriented Unit situated at Falta Special Economic Zone in the state of West Bengal, India.

2. BASIS OF ACCOUNTING

2.1. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), other relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements for all the periods up to and including the year ended 31st March, 2017, were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India, which includes the accounting standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act (collectively referred to as "Indian GAAP"). These financial statements for the year ended 31st March, 2018 are the first Ind AS compliant Financial Statements with comparatives, prepared under Ind AS. The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet as at 1st April, 2016 throughout all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First Time Adoption of Indian Accounting Standards".

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 55. Company's certain Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arising from events and transactions before the date of transition to Ind-AS were recognised directly through retained earnings / other equity as at 1st April, 2016 as required by Ind- AS 101.

The financial statements of the Company for the year ended 31st March, 2018 have been approved and authorized for issue by the Board of Directors in their meeting held on 23rd May, 2018.

2.2. Basis of Measurement

The financial statements have been prepared on historical cost convention, except for following:

- Financial assets and liabilities (including derivative instruments) that are measured at fair value/ amortised cost;
- Freehold land on revaluation model;
- Non-current assets held for sale are measured at the lower of the carrying amounts and fair value less cost to sell;
- Defined benefit plans are measured at fair value.

2.3. Functional and Presentation Currency

The financial statements have been presented in Indian Rupees (₹), which is also the Company's functional currency. All financial information presented in (₹) has been rounded off to the nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

2.4. Use of Estimates and Judgements

The preparation of financial statements require judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period prospectively in which the results are known/ materialised.

2.5. Current Vs Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

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for the year ended 31st March, 2018

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements are given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

3.1. Inventories

- Raw materials, stores and spares and loose tools are valued at lower of cost and net realisable value. However, items held for use in the production of inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase, non-refundable taxes and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on weighted average basis.
- Work-in-progress and finished goods are valued at lower of cost and net realisable value. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on weighted average basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale. Net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods.
- Adequate provision is made for obsolete and slow-moving stocks, wherever necessary.

3.2. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

3.3. Income Tax

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

a) Current Tax

Current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities based on tax rates and tax laws that have been enacted or substantively enacted, at the end of the reporting period.

b) Deferred Tax

- Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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- Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base). Deferred tax is also recognised for carry forward of unused tax losses and unused tax credits.
- Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.
- The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.
- Deferred tax relating to items recognised outside the statement of profit and loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.4. Property, Plant and Equipment

a) Recognition and Measurement

- Property, plant and equipment, except freehold land, held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation/amortisation and accumulated impairment losses (if any).
- Freehold land has been stated at revalued amount. The difference between carrying amount of such land and fair value less any impairment loss is shown as revaluation surplus net of deferred tax under the head other equity. The changes in fair value of land is recognised in other comprehensive income net of deferred tax and accumulated in other equity under the head revaluation surplus. The revaluation surplus shall be transferred to retained earnings when the asset is derecognised.
- Cost of an item of property, plant and equipment acquired comprises its purchase price, including non-refundable import duties and taxes, after deducting any trade discounts and rebates, borrowing cost, if capitalisation criteria is met and any directly attributable costs of bringing the assets to its working condition and location for its intended use and present value of any estimated cost of dismantling and removing the item and restoring the site on which it is located.
- In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use, and estimated cost of dismantling and removing the item and restoring the site on which it is located. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition are also added to the cost of self-constructed assets.
- If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
- Profit or loss arising on the disposal of property, plant and equipment are recognised in the statement of profit and loss.

b) Subsequent Expenditure

- Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.
- Major inspection/ repairs/ overhauling expenses are recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any unamortised part of the previously recognised expenses of similar nature is derecognised.

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c) Depreciation and Amortisation

- Depreciation on property, plant and equipment is provided on straight line method at the rates determined based on the useful lives of respective assets as prescribed in the Schedule II of the Act.
- Each part of items of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Certain components of property, plant and equipment as identified by the Company have been depreciated at their respective useful lives ranging between 4 and 10 years.
- Leasehold land is amortised on a straight line basis over the period of lease.
- Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed of).
- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

d) Disposal of Assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

e) Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

f) Capital Work-in-Progress

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production. Advances given towards acquisition or construction of property, plant and equipment outstanding at each reporting date are disclosed as Capital Advances under "Other Non-Current Assets".

3.5. Leases

a) Determining whether an arrangement contains a lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, (or contains), a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered prior to the date of transition, the Company has determined whether the arrangement contains a lease on the basis of facts and circumstances existing on the date of transition.

b) Company as lessor

• Finance Lease

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognised as revenue in the period in which they are earned.

• Operating Lease

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease except where scheduled increase in rent compensates the Company with expected inflationary costs.

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c) Company as Lessee

• Finance Lease

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease Payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly to the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

• Operating Lease

Assets acquired on leases where a significant portion of risk and reward is retained by the lessor are classified as operating leases. Lease rental are charged to statement of profit and loss on a straight-line basis over the lease term, except where scheduled increase in rent compensates the lessor with expected inflationary costs.

3.6. Revenue Recognition

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.
- The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement.

a) Sale of Goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances, trade discounts and volume rebates.

b) Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income (FVTOCI), interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

c) Dividend Income

Dividend income from investments is recognised when the Company's right to receive payment has been established.

d) Other Operating Revenue

Export incentives and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the incentive will be received.

3.7. Employee Benefits

a) Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period.

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b) Other Long Term Employee Benefits

The liabilities for earned leaves that are not expected to be settled wholly within twelve months are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the rate of Government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as the result of experience adjustment and changes in actuarial assumptions are recognised in the statement of profit and loss.

c) Post Employment Benefits

The Company operates the following post employment schemes:

• Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognised for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the rate of Government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

• Defined Contribution Plan

Defined contributions to Provident Fund, Pension Scheme and Employees' State Insurance Scheme are defined contribution schemes and are charged to the statement of profit and loss of the year. The Company makes specified monthly contributions towards employees provident fund to a trust administered by the Company as well as to provident fund plan operated by the Regional Provident Fund Commissioner. The minimum rate of interest which is payable every year by the trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

d) Termination Benefit

Expenditure incurred on Voluntary Retirement Scheme is charged to the statement of profit and loss immediately.

3.8. Government Grants

Government grants are recognised at their fair values when there is reasonable assurance that the grants will be received and the Company will comply with all the attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed or netted off with related expenses. Grants related to purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to profit or loss on a straight line basis over the expected useful life of the related asset and presented within other operating revenue.

3.9. Foreign Currency Transactions

- Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognised in profit or loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the

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cost of those qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the statement of profit and loss within finance costs.

- Non-monetary items are not retranslated at period end and are measured at historical cost (translated using the exchange rate at the transaction date).

3.10. Borrowing Cost

- Borrowing Costs consist of interest and other costs that an entity incurs in connection with the borrowings of funds. Borrowing costs also includes exchange difference to the extent regarded as an adjustment to the borrowing costs.
- Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of that asset that necessarily takes a substantial period of time to complete and prepare the asset for its intended use or sale. The Company considers a period of twelve months or more as a substantial period of time.
- Transaction costs in respect of long term borrowing are amortised over the tenure of respective loans using Effective Interest Rate (EIR) method. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

3.11. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

- **Recognition and Initial Measurement:**

All financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instruments. A financial asset is initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

- **Classification and Subsequent Measurement:**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Measured at amortised cost;
- Measured at fair value through other comprehensive income (FVTOCI);
- Measured at fair value through profit or loss (FVTPL); and
- Equity Instruments measured at fair value through other comprehensive income (FVTOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

- Measured at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

- Measured at FVTOCI

A financial asset is measured at the FVTOCI if both the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling the financial assets; and
- The asset's contractual cash flows represent SPPI.

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Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognised in the statement of profit and loss in interest income. Where the asset is disposed of, the cumulative gain or loss previously accumulated in other comprehensive income reserve is transferred in the statement of profit and loss.

➤ Measured at FVTPL

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as FVTPL. In addition, the Company may elect to designate a financial asset, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. Financial asset included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. Interest / dividend income on financial instruments measured at FVTPL are presented separately under other income.

➤ Equity Instruments measured at FVTOCI

All equity investments in scope of Ind AS – 109 are measured at fair value. Equity instruments which are, held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. In case the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no reclassification of the amounts from OCI to the statement of profit and loss, even on sale of investment.

- **Derecognition**

The Company derecognises a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

- **Impairment of Financial Assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b) Financial Liabilities

- **Recognition and Initial Measurement**

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

- **Subsequent Measurement**

Financial liabilities are measured subsequently at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

- **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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for the year ended 31st March, 2018

- **Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

- c) **Derivative Financial Instruments**

The Company enters into derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage its exposure to interest rate and foreign exchange rate risks. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit or loss immediately.

3.12. Impairment of Non-Financial Assets

- The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).
- An impairment loss is recognised as an expense in the statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting period is reversed if there has been an improvement in recoverable amount.

3.13. Provisions, Contingent Liabilities and Contingent Assets

- a) **Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous Contracts:

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

- b) **Contingent Liabilities**

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in other notes to financial statements.

- c) **Contingent Assets**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised though are disclosed, where an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

3.14. Intangible Assets

a) Recognition and Measurement

Intangible assets comprise of computer software, expected to provide future enduring economic benefits are stated at cost less accumulated amortisation and impairment, if any. Cost comprises purchase price, non-refundable taxes, duties, and incidental expenses after deducting trade discounts and rebates related to the acquisition and installation of the assets.

b) Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. All other expenditure is recognised in the statement of profit and loss.

c) Amortisation

- Intangible assets are amortised over a period of five years under straight line method.
- The amortisation period and the amortisation method are reviewed at least at the end of each financial year. If the expected useful life of the assets is significantly different from previous estimates, the amortisation period is changed accordingly.

d) Intangible Assets under Development

Intangible assets under development is stated at cost which includes expenses incurred in connection with development of intangible assets in so far as such expenses relate to the period prior to the getting the assets ready for use.

3.15. Investment properties

- Investment property is property (comprising land or building or both) held to earn rental income or for capital appreciation or both, but not for sale in ordinary course of business, used in the production or supply of goods or services or for administrative purposes.
- Upon initial recognition, an investment property is measured at cost. Subsequently they are stated in the balance sheet at cost, less accumulated depreciation/amortisation and accumulated impairment losses, if any.
- Any gain or loss on disposal of investment property is determined as the difference between net disposal proceeds and the carrying amount of the property and is recognised in the statement of profit and loss.
- The depreciable investment property i.e., buildings, are depreciated on a straight line method at a rate determined based on the useful life as provided under Schedule II of the Act.
- Leasehold land is amortised on a straight line basis over the period of lease.
- Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from the use and no future economic benefit is expected from their disposal. The net difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

3.16. Non-current assets (or disposal groups) held for sale and discontinued operations

- Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of the carrying amount and the fair value less cost to sell.
- An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.
- Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Non-current assets (or disposal group) classified as held for sale are presented separately in the balance sheet. Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item in statement of profit and loss.

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for the year ended 31st March, 2018

3.17. Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period are adjusted for the effects of all dilutive potential ordinary shares.

3.18. Cash dividend distribution to equity holders

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3.19. Measurement of Fair Values

A number of the accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 — Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided by the management of the Company considering the requirements of Ind AS and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

3.20. New Standards / Amendments to Existing Standard issued but not yet effective upto the date of issuance of the Company's financial statements are disclosed below.

On 28th March, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - revenue from contracts with customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company w.e.f. 1st April 2018.

- Ind AS 115-Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from contract with customers. The principle of Ind AS 115 is that an entity should recognise revenue that demonstrates the transfer of promised goods and services to the customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Based on preliminary assessment performed by the Company, the impact of the application of the standard is not expected to be material.

- Amendment to existing issued Ind AS:
 - Ind AS 12 - Income Taxes;
 - Ind AS 21 - The Effects of Changes in Foreign Exchange Rates;
 - Ind AS 28 - Investment in Associates and Joint Ventures; and
 - Ind AS 112 - Disclosure of Interests in Other Entities.

The impact of the above standards on the financial statements, as assessed by the Company, is not expected to be material.

4. Rounding of Amounts

All amounts disclosed in financial statements and notes have been rounded off to nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

5. Significant Judgements and Key sources of Estimation in applying Accounting Policies

Information about significant judgements and key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

a) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

b) Useful lives of depreciable/ amortisable assets (property, plant and equipment and intangible assets)

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.

c) Classification of Leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

d) Defined Benefit Obligation (DBO)

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

e) Provisions and Contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

f) Impairment of Financial Assets

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

g) Allowances for Doubtful Debts

The Company makes allowances for doubtful debts through appropriate estimations of irrecoverable amount. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

h) Fair value measurement of financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The input to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

6. PROPERTY, PLANT AND EQUIPMENT

| Particulars | Land | | Buildings | Plant and machinery | Electrical installations and equipments | Furniture and fixtures | Vehicles | Office equipments | Total |
|--|-----------------|--------------|-----------------|---------------------|---|------------------------|---------------|-------------------|------------------|
| | Freehold | Leasehold | | | | | | | |
| Cost | | | | | | | | | |
| As at 1st April, 2016 | 9,647.26 | 15.60 | 7,664.20 | 11,656.46 | 1,394.42 | 339.87 | 139.51 | 312.57 | 31,169.89 |
| Additions | - | - | 233.86 | 755.37 | 47.51 | 8.41 | 38.14 | 49.47 | 1,132.76 |
| Disposals | - | - | - | 240.74 | 23.12 | - | 13.26 | 89.83 | 366.95 |
| As at 31st March, 2017 | 9,647.26 | 15.60 | 7,898.06 | 12,171.09 | 1,418.81 | 348.28 | 164.39 | 272.21 | 31,935.70 |
| Additions | - | - | - | 245.80 | 38.54 | - | 13.67 | 21.27 | 319.28 |
| Disposals | - | - | 1.81 | 54.22 | 10.60 | 0.82 | 29.84 | 23.43 | 120.72 |
| As at 31st March, 2018 | 9,647.26 | 15.60 | 7,896.25 | 12,362.67 | 1,446.75 | 347.46 | 148.22 | 270.05 | 32,134.26 |
| Accumulated depreciation/amortisation | | | | | | | | | |
| As at 1st April, 2016 | - | 2.21 | 4,620.23 | 10,071.57 | 1,293.31 | 300.28 | 78.09 | 293.77 | 16,659.46 |
| Charge for the year | - | 0.16 | 120.79 | 585.23 | 20.26 | 11.34 | 25.26 | 12.51 | 775.55 |
| Disposals | - | - | - | 229.83 | 20.27 | - | 9.85 | 88.71 | 348.66 |
| As at 31st March, 2017 | - | 2.37 | 4,741.02 | 10,426.97 | 1,293.30 | 311.62 | 93.50 | 217.57 | 17,086.35 |
| Charge for the year | - | 0.16 | 102.99 | 233.49 | 13.37 | 6.36 | 11.33 | 12.69 | 380.39 |
| Disposals | - | - | 1.55 | 51.25 | 10.21 | 0.82 | 24.98 | 22.80 | 111.61 |
| As at 31st March, 2018 | - | 2.53 | 4,842.46 | 10,609.21 | 1,296.46 | 317.16 | 79.85 | 207.46 | 17,355.13 |
| Net Block | | | | | | | | | |
| As at 1st April, 2016 | 9,647.26 | 13.39 | 3,043.97 | 1,584.89 | 101.11 | 39.59 | 61.42 | 18.80 | 14,510.43 |
| As at 31st March, 2017 | 9,647.26 | 13.23 | 3,157.04 | 1,744.12 | 125.51 | 36.66 | 70.89 | 54.64 | 14,849.35 |
| As at 31st March, 2018 | 9,647.26 | 13.07 | 3,053.79 | 1,753.46 | 150.29 | 30.30 | 68.37 | 62.59 | 14,779.13 |

Notes :

- 1) Refer Note - 23 & 27 for information on property, plant and equipment pledged as security by the Company.
- 2) Refer Note - 43 for disclosure on contractual commitment for acquisition of property, plant and equipment.
- 3) Based on the valuation report by a Chartered Engineer, an external valuer, freehold land having original cost of ₹ 3.11 was revalued in the years ended 31st March, 1997, 31st March, 2003, 31st March, 2008 and 31st March, 2016 and the resultant increase was ₹ 1,548.11, ₹ 1,630.64, ₹ 3,075.24 and ₹ 3,390.16 respectively with last revalued amount at ₹ 9,647.26.
- 4) Property, plant and equipment has been carried in accordance with Previous GAAP carrying values with suitable changes as per Ind AS requirement at the date of transition except freehold land where revaluation model as adopted in Previous GAAP has been continued on the date of transition.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

7. INVESTMENT PROPERTY

| Particulars | Leasehold land | Building | Total |
|--|----------------|----------|-------|
| Cost | | | |
| As at 1st April, 2016* | 5.76 | 17.83 | 23.59 |
| Additions | - | - | - |
| As at 31st March, 2017 | 5.76 | 17.83 | 23.59 |
| Additions | - | - | - |
| As at 31st March, 2018 | 5.76 | 17.83 | 23.59 |
| Accumulated amortisation/depreciation | | | |
| As at 1st April, 2016* | - | - | - |
| Charge for the year | 0.09 | 0.36 | 0.45 |
| As at 31st March, 2017 | 0.09 | 0.36 | 0.45 |
| Charge for the year | 0.09 | 0.35 | 0.44 |
| As at 31st March, 2018 | 0.18 | 0.71 | 0.89 |
| Net Block | | | |
| As at 1st April, 2016 | 5.76 | 17.83 | 23.59 |
| As at 31st March, 2017 | 5.67 | 17.47 | 23.14 |
| As at 31st March, 2018 | 5.58 | 17.12 | 22.70 |

* Represents deemed cost on the date of transition to Ind AS.

Notes :

(i) Contractual obligations

There are no contractual obligation to purchase, construct or develop investment property or for its repair, maintenance or enhancement.

(ii) Amount recognised in profit and loss for investment properties

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|---------------------------------------|---------------------------------------|
| Rental income | 6.00 | 9.00 |
| Less: Direct operating expenses that generate rental income | 0.10 | 0.09 |
| Less: Direct operating expenses that did not generate rental income | - | - |
| Profit from leasing of investment properties before depreciation | 5.90 | 8.91 |
| Less: Amortisation/depreciation | 0.44 | 0.45 |
| Profit from leasing of investment properties | 5.46 | 8.46 |

(iii) Fair value of investment properties

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|-------------|--------------------------|--------------------------|-------------------------|
| Land | 324.00 | 291.60 | 262.44 |
| Building | 93.00 | 83.70 | 75.33 |
| | 417.00 | 375.30 | 337.77 |

The above fair value has been arrived on the basis of valuation performed by an external independent valuer having appropriate professional qualification and recent experience in the valuation of properties in relevant location.

(iv) Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

8. OTHER INTANGIBLE ASSETS

| Particulars | Computer Software |
|---------------------------------|-------------------|
| Cost | |
| As at 1st April, 2016* | 118.65 |
| Additions | 9.63 |
| Disposals | 0.24 |
| As at 31st March, 2017 | 128.04 |
| Additions | 20.99 |
| Disposals | 34.24 |
| As at 31st March, 2018 | 114.79 |
| Accumulated amortisation | |
| As at 1st April, 2016* | - |
| Charge for the year | 15.82 |
| Disposals | 0.06 |
| As at 31st March, 2017 | 15.76 |
| Charge for the year | 55.94 |
| Disposals | 20.93 |
| As at 31st March, 2018 | 50.77 |
| Net Block | |
| As at 1st April, 2016 | 118.65 |
| As at 31st March, 2017 | 112.28 |
| As at 31st March, 2018 | 64.02 |

* Represents deemed cost on the date of transition to Ind AS.

Refer Note - 43 for disclosure on contractual commitment for acquisition of other intangible assets.

9. INVESTMENTS (NON-CURRENT)

| Particulars | Face Value per share/unit (₹) | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-------------------------------|-----------------------|----------|-----------------------|----------|----------------------|----------|
| | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount |
| (fully paid up unless otherwise stated) | | | | | | | |
| A. INVESTMENTS AT AMORTISED COST | | | | | | | |
| Investments in Debentures or Bonds (Quoted) | | | | | | | |
| Housing and Urban Development Corporation Limited | | | | | | | |
| 7.83% Tax Free Bonds, Series B (Option II), 11-NOV-2026 | 100,000 | 200 | 200.00 | 200 | 200.00 | 200 | 200.00 |
| 8.51% Tax Free Bonds, Tranche-I, Series 2A, 25-OCT-2028 | 1,000 | 20,000 | 200.00 | 20,000 | 200.00 | 20,000 | 200.00 |
| India Infrastructure Finance Company Limited | | | | | | | |
| 8.66% Tax Free Bonds, Tranche II, Series 3A, 22-JAN-2034 | 1,000 | 50,000 | 500.00 | 50,000 | 500.00 | 50,000 | 500.00 |
| 8.55% Tax Free Bonds, Tranche III, Series 3A, 27-MAR-2034 | 1,000 | 30,000 | 300.00 | 30,000 | 300.00 | 30,000 | 300.00 |
| Indian Railway Finance Corporation Limited | | | | | | | |
| 6.70% Tax Free Bonds, Series 68 B, 08-MAR-2020 | 100,000 | 300 | 300.89 | 300 | 301.22 | 300 | 301.50 |
| 6.32% Tax Free Bonds, Series 73 A, 20-DEC-2017 | 100,000 | – | – | – | – | – | 200.00 |
| 6.72% Tax Free Bonds, Series 73 B, 20-DEC-2020 | 100,000 | 200 | 200.00 | 200 | 200.00 | 200 | 200.00 |
| Indian Renewable Energy Development Agency Limited | | | | | | | |
| 8.55% Tax Free Bonds, Tranche I, Series IIIA, 13-MAR-2034 | 1,000 | 40,000 | 400.00 | 40,000 | 400.00 | 40,000 | 400.00 |
| Carried Over ... | | | 2,100.89 | | 2,101.22 | | 2,301.50 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Face Value per share/unit (₹) | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|--|-------------------------------|-----------------------|-----------------|-----------------------|-----------------|----------------------|-----------------|
| | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount |
| Brought Forward ... | | | 2,100.89 | | 2,101.22 | | 2,301.50 |
| National Highway Authority of India | | | | | | | |
| 7.28% Tax Free Bonds, Series - II B, 18-SEP-2030 | 1,000,000 | 20 | 200.17 | 20 | 200.14 | 20 | 200.26 |
| 8.30% Tax Free Bonds, Tranche 1, Series 2 (II), 25-JAN-2027 | 1,000 | 4,945 | 49.45 | 4,945 | 49.45 | 4,945 | 49.45 |
| 8.50% Tax Free Bonds, Tranche I, Series IIA, 05-FEB-2029 | 1,000 | 40,000 | 400.00 | 40,000 | 400.00 | 40,000 | 400.00 |
| National Housing Bank | | | | | | | |
| 8.76% Tax Free Bonds, Tranche I, Series 3A, 13-JAN-2034 | 5,000 | 6,166 | 314.41 | 6,166 | 314.60 | 6,166 | 314.73 |
| 8.65% Tax Free Bonds, Tranche II, Series 3A, 24-MAR-2034 | 5,000 | 6,384 | 319.20 | 6,384 | 319.20 | 6,384 | 319.20 |
| National Thermal Power Corporation Limited | | | | | | | |
| 8.66% Tax Free Bonds, Series 3A, 16-DEC-2033 | 1,000 | 31,665 | 316.65 | 31,665 | 316.65 | 31,665 | 316.65 |
| 7.37% Tax Free Bonds, Series 3A, 05-OCT-2035 | 1,000 | 4,997 | 49.97 | 4,997 | 49.97 | 4,997 | 49.97 |
| Power Finance Corporation Limited | | | | | | | |
| 8.16% Tax Free Bonds, Series 80 B, 25-NOV-2026 | 100,000 | 400 | 400.00 | 400 | 400.00 | 400 | 400.00 |
| 7.35% Tax Free Bonds, Series 3A, 17-OCT-2035 | 1,000 | 2,567 | 25.67 | 2,567 | 25.67 | 2,567 | 25.67 |
| Rural Electrification Corporation Limited | | | | | | | |
| 8.46% Tax Free Bonds, Tranche I, Series 2A, 24-SEP-2028 | 1,000 | 50,000 | 500.00 | 50,000 | 500.00 | 50,000 | 500.00 |
| Subtotal | | | 4,676.41 | | 4,676.90 | | 4,877.43 |
| Investments in Preference Share (Quoted) | | | | | | | |
| Infrastructure Leasing & Financial Services Limited | | | | | | | |
| 16.46% Non-Convertible Redeemable Cumulative Preference Shares | 7,500 | 1,360 | 204.00 | 1,360 | 204.00 | 1,360 | 204.00 |
| Subtotal | | | 204.00 | | 204.00 | | 204.00 |
| Subtotal (A) | | | 4,880.41 | | 4,880.90 | | 5,081.43 |
| B. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME | | | | | | | |
| Investments in Debentures or Bonds (Quoted) | | | | | | | |
| National Bank for Agriculture and Rural Development | | | | | | | |
| Zero Coupon Bond Series BNB JAN 2019 | 20,000 | – | – | 4,700 | 833.48 | 8,500 | 1,382.15 |
| Rural Electrification Corporation Limited | | | | | | | |
| Zero Coupon Bonds, 15-DEC-2020 | 30,000 | – | – | 2,000 | 462.26 | 2,000 | 417.37 |
| Subtotal | | | – | | 1,295.74 | | 1,799.52 |
| Investments in Equity Instruments (Quoted) | | | | | | | |
| Infosys Limited | 5 | 4,786 | 54.17 | 5,000 | 51.11 | 5,000 | 60.90 |
| Petronet LNG Limited | 10 | 92,000 | 212.47 | – | – | – | – |
| Reliance Communications Limited | 5 | – | – | – | – | 10,000 | 5.00 |
| Reliance Industries Limited | 10 | 25,000 | 220.68 | – | – | – | – |
| Reliance Infrastructure Limited | 10 | – | – | – | – | 2,500 | 13.34 |
| Subtotal | | | 487.32 | | 51.11 | | 79.24 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Face Value per share/unit (₹) | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-------------------------------|-----------------------|-----------------|-----------------------|-----------------|----------------------|-----------------|
| | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount |
| Investments in Equity Instruments (Unquoted) | | | | | | | |
| Cheviot International Limited | 10 | 20 | – | 20 | – | 20 | – |
| Woodlands Multispeciality Hospital Limited | 10 | 3,190 | 0.32 | 3,190 | 0.32 | 3,190 | 0.32 |
| Subtotal | | | 0.32 | | 0.32 | | 0.32 |
| Subtotal (B) | | | 487.64 | | 1,347.17 | | 1,879.08 |
| C. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | | | | |
| Investment in Preference Share (Quoted) | | | | | | | |
| Zee Entertainment Enterprises Limited | | | | | | | |
| 6.00% Non-Convertible Bonus Preference Shares | 6** | 8,000,000 | 452.40 * | 8,000,000 | 605.44 | 6,000,000 | 529.92 |
| (** 20% of the original face value is redeemable at par every year starting from 05/03/2018 which is shown under Current Investments) | | | | | | | |
| Subtotal | | | 452.40 | | 605.44 | | 529.92 |
| Investments in Mutual Funds (Quoted) | | | | | | | |
| Aditya Birla Sun Life Mutual Fund | | | | | | | |
| Aditya Birla Sun Life Fixed Term Plan - Series - PG (1148 days)- Direct-Growth | 10 | 5,000,000.000 | 505.34 | – | – | – | – |
| DSP BlackRock Mutual Fund | | | | | | | |
| DSP BlackRock FMP - Series 196 - 37M - Direct - Growth | 10 | 5,000,000.000 | 589.29 | 5,000,000.000 | 543.10 | – | – |
| HDFC Mutual Fund | | | | | | | |
| HDFC FMP 1875D August 2013 (1) Series 27 - Direct - Growth | 10 | – | – * | 5,000,000.000 | 716.79 | 5,000,000.000 | 655.85 |
| HDFC FMP 1167D January 2016 (1) Series 35 - Direct Growth | 10 | 5,000,000.000 | 596.76 | 5,000,000.000 | 557.53 | 5,000,000.000 | 508.64 |
| HDFC FMP 1114D March 2016 (1) Series 35 - Direct - Growth | 10 | 5,000,000.000 | 588.78 | 5,000,000.000 | 549.95 | – | – |
| HDFC FMP 1309D September 2016 (1) Series 37 - Regular Growth | 10 | 5,000,000.000 | 569.92 | 5,000,000.000 | 526.33 | – | – |
| HDFC FMP 3360D March 2014 (1) Series 30 Regular Growth | 10 | 8,400,000.000 | 1,095.23 | – | – | – | – |
| ICICI Prudential Mutual Fund | | | | | | | |
| ICICI Prudential FMP Series 69 - 1821 Days - Plan I - Regular-Cumulative | 10 | – | – * | 5,000,000.000 | 687.20 | 5,000,000.000 | 635.14 |
| ICICI Prudential FMP Series 77 - 1151 Days - Plan S - Direct - Cumulative | 10 | – | – * | 2,000,000.000 | 227.71 | 2,000,000.000 | 209.57 |
| ICICI Prudential FMP Series 82 - 1136 Days - Plan P - Cumulative | 10 | 5,000,000.000 | 501.22 | – | – | – | – |
| IDFC Mutual Fund | | | | | | | |
| IDFC Fixed Term Plan Series 131 Direct Growth | 10 | 7,000,000.000 | 749.55 | 7,000,000.000 | 701.11 | – | – |
| Kotak Mahindra Mutual Fund | | | | | | | |
| Kotak FMP Series 181 Direct - Growth | 10 | 3,000,000.000 | 361.91 | 3,000,000.000 | 338.15 | 3,000,000.000 | 309.19 |
| Kotak FMP Series 202 Direct - Growth | 10 | 5,000,000.000 | 534.74 | 5,000,000.000 | 501.07 | – | – |
| Kotak FMP Series 221 Direct - Growth | 10 | 5,000,000.000 | 501.77 | – | – | – | – |
| L&T Mutual Fund | | | | | | | |
| L&T FMP Series XIV Scheme A (1233D) - Growth | 10 | 3,000,000.000 | 328.83 | 3,000,000.000 | 304.88 | – | – |
| Carried Over ... | | | 6,923.34 | | 5,653.82 | | 2,318.39 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Face Value per share/unit (₹) | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-------------------------------|-----------------------|-----------------|-----------------------|-----------------|----------------------|-----------------|
| | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount |
| Brought Forward ... | | | 6,923.34 | | 5,653.82 | | 2,318.39 |
| Reliance Mutual Fund | | | | | | | |
| Reliance Capital Builder Fund II - Series A - Dividend Payout | 10 | — | — | — | — | 3,000,000.000 | 263.33 |
| Reliance Fixed Horizon Fund XXVIII Series 14 Growth | 10 | — | — * | 3,000,000.000 | 362.82 | 3,000,000.000 | 329.19 |
| Reliance Fixed Horizon Fund XXVIII Series 18 Direct Growth | 10 | — | — * | 2,000,000.000 | 240.91 | 2,000,000.000 | 217.88 |
| Reliance Fixed Horizon Fund - XXXII - Series 4 - Direct Growth | 10 | 3,000,000.000 | 337.94 | 3,000,000.000 | 309.32 | — | — |
| Reliance Fixed Horizon Fund - XXXIII - Series 3 - Direct Growth | 10 | 4,000,000.000 | 430.35 | 4,000,000.000 | 403.03 | — | — |
| Reliance Fixed Horizon Fund - XXXIV - Series 2 - Direct Growth | 10 | 1,650,000.000 | 174.65 | — | — | — | — |
| Reliance Fixed Horizon Fund - XXXVI - Series 6 - Direct Growth | 10 | 5,000,000.000 | 505.29 | — | — | — | — |
| UTI Mutual Fund | | | | | | | |
| UTI Fixed Term Income Fund Series XXII - VIII (1099 Days) - Direct Growth | 10 | — | — * | 3,000,000.000 | 349.87 | 3,000,000.000 | 318.44 |
| Subtotal | | | 8,371.57 | | 7,319.77 | | 3,447.23 |
| Investments in Mutual Funds (Unquoted) | | | | | | | |
| Aditya Birla Sun Life Mutual Fund | | | | | | | |
| Aditya Birla Sun Life India Reforms Fund - Regular - Dividend Payout | 10 | — | — | — | — | 5,239,765.204 | 578.99 |
| Aditya Birla Sun Life India Reforms Fund - Direct - Dividend Payout | 10 | — | — | 4,016,805.113 | 726.64 | — | — |
| Aditya Birla Sun Life Frontline Equity Fund - Regular - Dividend Payout | 10 | — | — | — | — | 2,742,583.223 | 647.25 |
| Aditya Birla Sun Life Frontline Equity Fund - Direct - Dividend Payout | 10 | 1,796,672.614 | 880.73 | 1,796,672.614 | 803.83 | — | — |
| Edelweiss Mutual Fund | | | | | | | |
| Edelweiss Government Securities Fund - Regular Plan - Growth | 10 | — | — | 4,433,803.316 | 606.75 | 4,433,803.316 | 552.70 |
| Franklin Templeton Mutual Fund | | | | | | | |
| Franklin India High Growth Companies Fund - Dividend Payout | 10 | — | — | 810,110.175 | 195.79 | 810,110.175 | 170.04 |
| Franklin India High Growth Companies Fund - Direct Dividend Payout | 10 | — | — | 1,137,820.391 | 289.53 | 1,137,820.391 | 247.46 |
| HDFC Mutual Fund | | | | | | | |
| HDFC Equity Fund - Dividend Payout | 10 | — | — | — | — | 1,726,932.322 | 742.81 |
| HDFC Equity Fund - Direct - Dividend Payout | 10 | 1,827,458.694 | 964.93 | 1,827,458.694 | 972.23 | — | — |
| HDFC Medium Term Opportunities Fund - Direct - Growth | 10 | 2,632,077.657 | 510.83 | — | — | — | — |
| HDFC Mid-Cap Opportunities Fund - Dividend Payout | 10 | — | — | — | — | 767,548.068 | 183.54 |
| HDFC Mid-Cap Opportunities Fund - Direct - Dividend Payout | 10 | 713,754.868 | 265.69 | 713,754.868 | 254.70 | — | — |
| HDFC Gilt Fund Long Term - Growth | 10 | — | — | — | — | 703,687.675 | 212.90 |
| ICICI Prudential Mutual Fund | | | | | | | |
| ICICI Prudential Gilt Fund Investment Plan - PF Option - Regular | 10 | — | — | — | — | 728,175.665 | 212.93 |
| ICICI Prudential Value Discovery Fund - Regular - Dividend Payout | 10 | — | — | — | — | 1,602,728.191 | 453.89 |
| ICICI Prudential Value Discovery Fund - Direct - Dividend Payout | 10 | 1,101,125.314 | 541.09 | 1,101,125.314 | 548.14 | — | — |
| ICICI Prudential Dynamic - Regular - Dividend Payout | 10 | — | — | — | — | 2,152,217.612 | 424.50 |
| ICICI Prudential Dynamic - Direct - Dividend Payout | 10 | 2,145,850.672 | 576.05 | 2,099,818.987 | 559.59 | — | — |
| Indiabulls Mutual Fund | | | | | | | |
| Indiabulls Blue Chip Fund - Existing Plan - Dividend Payout | 10 | 6,747,638.333 | 744.94 | — | — | — | — |
| Carried Over ... | | | 4,484.26 | | 4,957.20 | | 4,427.01 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Face Value per share/unit (₹) | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-------------------------------|-----------------------|------------------|-----------------------|------------------|----------------------|------------------|
| | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount |
| Brought Forward ... | | | 4,484.26 | | 4,957.20 | | 4,427.01 |
| JM Financial Mutual Fund | | | | | | | |
| JM Arbitrage Advantage Fund- Direct - Annual Bonus option - Bonus units | 10 | — | — | — | — | 954,993.397 | 102.76 |
| Reliance Mutual Fund | | | | | | | |
| Reliance Equity Opportunities Fund - Regular - Dividend Payout | 10 | — | — | — | — | 2,906,451.846 | 785.97 |
| Reliance Equity Opportunities Fund - Direct - Dividend Payout | 10 | 2,652,712.993 | 944.73 | 2,652,712.993 | 946.60 | — | — |
| SBI Mutual Fund | | | | | | | |
| SBI Blue Chip Fund- Direct - Dividend Payout | 10 | — | — | 3,108,779.687 | 702.03 | 2,639,349.013 | 517.02 |
| Subtotal | | | 5,428.99 | | 6,605.83 | | 5,832.76 |
| Investments in Alternative Investment Fund (Unquoted) | | | | | | | |
| DSP BlackRock Alternate Investment Fund | | | | | | | |
| DSP BlackRock India Enhanced Equity Fund | 100 | 500,000.000 | 521.35 | — | — | — | — |
| Edelweiss Alternate Investment Fund | | | | | | | |
| Edelweiss Alpha Fund | 1,000 | 20,000.000 | 209.68 | — | — | — | — |
| IIFL Asset Management # | | | | | | | |
| IIFL Special Opportunities Fund | 10 | 1,424,354.969 | 163.07 | 500,000.000 | 50.00 | — | — |
| IIFL Special Opportunities Fund Series 5 | 10 | 1,029,892.913 | 101.07 | — | — | — | — |
| IIFL India Housing Fund | 10 | 2,494,761.002 | 250.12 | — | — | — | — |
| IIFL Re-organize India Equity Fund | 10 | 994,917.200 | 87.81 | 500,000.000 | 50.00 | — | — |
| White Oak India Alternate Investment Fund | | | | | | | |
| White Oak India Equity Fund | 10 | 4,822,958.103 | 491.59 | — | — | — | — |
| Subtotal | | | 1,824.69 | | 100.00 | | — |
| Subtotal (C) | | | 16,077.65 | | 14,631.04 | | 9,809.91 |
| TOTAL (A+B+C) | | | 21,445.70 | | 20,859.11 | | 16,770.42 |
| Aggregate Book Value of Quoted Investments | | | 14,191.70 | | 14,152.96 | | 10,937.34 |
| Aggregate Fair Value of Quoted Investments | | | 15,011.22 | | 15,004.63 | | 11,502.39 |
| Aggregate amount of Unquoted Investments | | | 7,254.00 | | 6,706.15 | | 5,833.08 |

* Current year figures/ part figures have been shown under Current Investments (Refer Note 15) as these are maturing within 12 months from the reporting date.

Refer Note - 43 for disclosure on contractual commitment for acquisition of Investments.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

10. LOANS

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Unsecured, considered good unless otherwise stated | | | |
| Security deposits* | 36.71 | 35.56 | 34.50 |
| | 36.71 | 35.56 | 34.50 |

* Represents Interest-bearing security deposits.

11. OTHER FINANCIAL ASSETS (NON-CURRENT)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Fixed deposit accounts with bank (maturity over 12 months)* | 200.29 | 200.36 | 299.55 |
| Interest accrued on investments, fixed and security deposits | 0.81 | 0.65 | 0.53 |
| Security deposits | 11.51 | 11.57 | 11.56 |
| Advances given to employees | 9.26 | 20.97 | 16.68 |
| | 221.87 | 233.55 | 328.32 |

* Under lien towards margin money and / or security against borrowings.

12. NON-CURRENT TAX ASSETS (NET)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Advance income tax and refund due (net of provision) | 1.05 | 5.77 | 5.77 |
| | 1.05 | 5.77 | 5.77 |

13. OTHER NON-CURRENT ASSETS

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|--------------------------|--------------------------|-------------------------|
| Capital advances | 6.22 | 6.25 | 76.57 |
| Others | | | |
| - Prepaid expense | 3.18 | 3.29 | 10.79 |
| - Indirect tax refundable (net of provision of ₹ 7.48, 31st March, 2017 ₹ 7.48; 1st April, 2016 ₹ 7.48) | 93.42 | 101.24 | 41.66 |
| | 102.82 | 110.78 | 129.02 |

14. INVENTORIES

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| (Valued at lower of cost and net realisable value) | | | |
| Raw materials | 3,806.86 | 3,461.25 | 3,174.57 |
| Work-in-progress | 798.25 | 576.76 | 610.38 |
| Finished goods | 1,220.31 | 1,698.92 | 1,920.30 |
| Stores and spares | 315.45 | 266.67 | 223.07 |
| Loose tools | 0.84 | 0.97 | 0.60 |
| | 6,141.71 | 6,004.57 | 5,928.92 |
| The above includes goods in transit as under: | | | |
| Finished goods | 124.90 | 127.69 | 52.93 |
| Stores and spares | - | - | 3.83 |
| | 124.90 | 127.69 | 56.76 |

Mode of valuation - Refer Note 3.1 of significant accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

15. INVESTMENTS (CURRENT)

| Particulars | Face Value per share/unit (₹) | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-------------------------------|-----------------------|----------|-----------------------|--------|----------------------|----------|
| | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount |
| (fully paid up unless otherwise stated) | | | | | | | |
| A. INVESTMENTS AT AMORTISED COST | | | | | | | |
| Investments in Debentures or Bonds (Quoted) | | | | | | | |
| Indian Railway Finance Corporation Limited | | | | | | | |
| 6.30% Tax Free Bonds, Series 68 A, 08-MAR-2017 | 100,000 | — | — | — | — | 100 | 100.00 |
| 6.32% Tax Free Bonds, Series 73 A, 20-DEC-2017 | 100,000 | — | — | 200 | 200.00 | — | — |
| Subtotal (A) | | | — | | 200.00 | | 100.00 |
| B. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | | | | |
| Investment in Debentures (Quoted) | | | | | | | |
| India Infoline Finance Limited | | | | | | | |
| Nifty Linked Debenture 04-JUL-2016 | 100,000 | — | — | — | — | 160 | 224.78 |
| Subtotal | | | — | | — | | 224.78 |
| Investment in Preference Share (Quoted) | | | | | | | |
| Zee Entertainment Enterprises Limited | | | | | | | |
| 6.00% Non Convertible Bonus Preference Shares | 2** | 8,000,000 | 150.80 * | 8,000,000 | 151.36 | — | — |
| (** Refer Note 9 (C)) | | | | | | | |
| Subtotal | | | 150.80 | | 151.36 | | — |
| Investments in Mutual Funds (Quoted) | | | | | | | |
| Aditya Birla Sun Life Mutual Fund | | | | | | | |
| Aditya Birla Sun Life Fixed Term Plan - Series EN - Growth | 10 | — | — | — | — | 2,000,000.000 | 289.64 |
| HDFC Mutual Fund | | | | | | | |
| HDFC FMP 1875D August 2013 (1) Series 27 - Direct - Growth | 10 | 5,000,000.000 | 765.17 * | — | — | — | — |
| ICICI Prudential Mutual Fund | | | | | | | |
| ICICI Prudential FMP Series 69 - 1821 Days Plan I Cumulative | 10 | 5,000,000.000 | 735.59 * | — | — | — | — |
| ICICI Prudential FMP Series 77 - 1151 Days Plan S Direct Cumulative | 10 | 2,000,000.000 | 244.13 * | — | — | — | — |
| L&T Mutual Fund | | | | | | | |
| L&T FMP - VII (March 1124D A) - Growth | 10 | — | — | — | — | 5,000,000.000 | 653.12 |
| Reliance Mutual Fund | | | | | | | |
| Reliance Fixed Horizon Fund - XXIII - Series 8 - Growth Plan | 10 | — | — | — | — | 5,000,000.000 | 632.62 |
| Reliance Fixed Horizon Fund - XXIV - Series 2 - Growth Plan | 10 | — | — | — | — | 5,000,000.000 | 638.17 |
| Reliance Capital Builder Fund II- Series A - Dividend Payout | 10 | — | — | 3,000,000.000 | 357.29 | — | — |
| Reliance Fixed Horizon Fund XXVIII Series 14 - Growth | 10 | 3,000,000.000 | 391.29 * | — | — | — | — |
| Reliance Fixed Horizon Fund XXVIII Series 18 - Direct - Growth | 10 | 2,000,000.000 | 260.92 * | — | — | — | — |
| UTI Mutual Fund | | | | | | | |
| UTI Fixed Term Income Fund Series XXII - VIII (1099 Days) - Direct - Growth | 10 | 3,000,000.000 | 376.30 * | — | — | — | — |
| Subtotal | | | 2,773.40 | | 357.29 | | 2,213.55 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018 (Contd.)

(₹ in Lakhs)

| Particulars | Face Value per share/unit (₹) | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|--|-------------------------------|-----------------------|-----------------|-----------------------|-----------------|----------------------|-----------------|
| | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount |
| Investments in Mutual Funds (Unquoted) | | | | | | | |
| Aditya Birla Sun Life Mutual Fund | | | | | | | |
| Aditya Birla Sun Life Cash Plus - Direct - Growth | 100 | – | – | 503,782.772 | 1,316.43 | 205,694.450 | 500.48 |
| Aditya Birla Sun Life Savings Fund - Direct - Growth | 100 | 145,467.410 | 500.30 | – | – | – | – |
| Edelweiss Mutual Fund | | | | | | | |
| Edelweiss Arbitrage Fund - Monthly Dividend Payout | 10 | 8,934,256.181 | 1,117.07 | – | – | – | – |
| ICICI Prudential Mutual Fund | | | | | | | |
| ICICI Prudential Liquid - Direct - Growth | 100 | – | – | 498,659.645 | 1,200.36 | – | – |
| ICICI Prudential Flexible Income - Direct - Growth | 100 | 153,881.428 | 515.63 | – | – | – | – |
| SBI Mutual Fund | | | | | | | |
| SBI Premier Liquid Fund - Direct - Growth | 1,000 | – | – | 19,915.679 | 508.31 | – | – |
| Subtotal | | | 2,133.00 | | 3,025.10 | | 500.48 |
| Subtotal (B) | | | 5,057.20 | | 3,533.75 | | 2,938.81 |
| TOTAL (A+B) | | | 5,057.20 | | 3,733.75 | | 3,038.81 |
| Aggregate Book Value of Quoted Investments | | | 2,924.20 | | 708.65 | | 2,538.33 |
| Aggregate Fair Value of Quoted Investments | | | 2,924.20 | | 707.80 | | 2,537.57 |
| Aggregate amount of Unquoted Investments | | | 2,133.00 | | 3,025.10 | | 500.48 |

* Represents transfer from non-current investments (Refer Note - 9) as these are maturing within 12 months from the reporting date.

16. TRADE RECEIVABLES

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|-----------------------|-----------------------|----------------------|
| Unsecured, considered good | 3,823.62 | 3,090.04 | 2,970.27 |
| Unsecured, considered doubtful | – | – | 11.96 |
| Less: Allowance for doubtful receivables | – | – | (11.96) |
| | 3,823.62 | 3,090.04 | 2,970.27 |

There are no amount receivable from directors and officers of the Company.

17. CASH AND CASH EQUIVALENTS

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|-----------------------|-----------------------|-----------------------|----------------------|
| Balances with banks | | | |
| - in current accounts | 899.38 | 963.52 | 715.55 |
| Cash on hand | 3.99 | 3.24 | 8.46 |
| | 903.37 | 966.76 | 724.01 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

18. OTHER BANK BALANCES OTHER THAN NOTE - 17

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Fixed deposits having maturity less than 12 months * | 117.94 | 101.28 | 2.09 |
| Unpaid dividend accounts | 76.05 | 83.51 | 114.60 |
| Fractional bonus share account | 0.44 | 0.44 | 0.44 |
| | 194.43 | 185.23 | 117.13 |

* Under lien ₹ 17.94 (31st March, 2017 ₹ 101.28; 1st April, 2016 ₹ 2.09) towards margin money and / or security against borrowings.

Fixed deposit accounts with maturity of more than 12 months amounting to ₹ 200.29 (31st March, 2017 ₹ 200.36; 1st April, 2016 ₹ 299.55) being non-current has been shown under the head other financial assets (non-current) (Refer Note 11).

19. OTHER FINANCIAL ASSETS (CURRENT)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Interest accrued on investments, fixed and security deposits | 157.82 | 156.72 | 142.97 |
| Advances given to employees | 16.81 | 17.61 | 54.71 |
| Mark to market gain on forward contract receivables | 12.13 | 36.83 | - |
| Other receivables * | 4.23 | 36.84 | 15.46 |
| | 190.99 | 248.00 | 213.14 |

* Includes primarily amount receivable against insurance claim/refund of insurance premium.

20. OTHER CURRENT ASSETS

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Advance against supply of goods and services | 33.35 | 43.73 | 79.51 |
| <u>Others</u> | | | |
| -Excess of plan assets over defined benefit obligation (Refer Note - 47) | 375.74 | 408.35 | 383.38 |
| -Government grants receivable | 563.40 | 515.76 | 368.29 |
| -Indirect taxes paid against demand | 185.62 | 185.62 | 185.65 |
| -Excise duty paid under protest * | 110.73 | 110.73 | 110.73 |
| -Balances with Government authorities | 27.62 | 0.02 | 0.01 |
| -Prepaid expense | 108.70 | 144.45 | 144.51 |
| -Indirect tax refundable | 37.59 | 12.73 | 5.92 |
| -Other advances | 4.43 | 2.30 | 2.70 |
| | 1,447.18 | 1,423.69 | 1,280.70 |

* Amount paid "Under Protest" pursuant to the final order dated 16th March, 2010 of the Tribunal against which an appeal is pending before the Hon'ble Supreme Court.

There are no outstanding debts from directors or other officers of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

21. EQUITY SHARE CAPITAL

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|--|-----------------------|--------|-----------------------|--------|----------------------|--------|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| Authorised share capital | | | | | | |
| Ordinary shares of ₹ 10/- each | 7,000,000 | 700.00 | 7,000,000 | 700.00 | 7,000,000 | 700.00 |
| Issued and subscribed share capital | | | | | | |
| Ordinary shares of ₹ 10/- each fully paid up | 4,311,250 | 431.13 | 4,511,250 | 451.13 | 4,511,250 | 451.13 |
| Ordinary shares of ₹ 10/- each not fully paid up and forfeited (amount originally paid up) | | 0.35 | | 0.35 | | 0.35 |
| | 4,311,250 | 431.48 | 4,511,250 | 451.48 | 4,511,250 | 451.48 |

a) Reconciliation of the number of ordinary shares at the beginning and at the end of the year

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | |
|--|-----------------------|--------|-----------------------|--------|
| | No. of Shares | Amount | No. of Shares | Amount |
| At the beginning of the year | 4,511,250 | 451.13 | 4,511,250 | 451.13 |
| Add: Issued during the year | - | - | - | - |
| Less: Buyback of shares (Refer Note (f) below) | 200,000 | 20.00 | - | - |
| At the end of the year | 4,311,250 | 431.13 | 4,511,250 | 451.13 |

b) Terms/ rights attached to ordinary shares :

The Company has only one class of ordinary shares having a par value of ₹ 10/- per share. Each holder of ordinary shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of ordinary shares held by the shareholders.

c) Shareholding pattern with respect of Holding Company

| Name of Shareholders | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|-----------|-----------------------|-----------|----------------------|-----------|
| | No. of Shares | % Holding | No. of Shares | % Holding | No. of Shares | % Holding |
| Ordinary Shares of ₹ 10/- each, fully paid up | | | | | | |
| Harsh Investments Private Limited | 2,468,297 | 57.25% | 2,574,081 | 57.06% | 2,574,081 | 57.06% |

d) Details of shareholders holding more than 5% shares in the Company

| Name of Shareholders | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|-----------|-----------------------|-----------|----------------------|-----------|
| | No. of Shares | % Holding | No. of Shares | % Holding | No. of Shares | % Holding |
| Ordinary shares of ₹ 10/- each, fully paid up | | | | | | |
| Harsh Investments Private Limited (Holding Company) | 2,468,297 | 57.25% | 2,574,081 | 57.06% | 2,574,081 | 57.06% |
| Mr. Harsh Vardhan Kanoria | 320,569 | 7.44% | 343,840 | 7.62% | 343,840 | 7.62% |
| Mrs. Malati Kanoria | 265,851 | 6.17% | 285,150 | 6.32% | 285,150 | 6.32% |

As per records of the Company, including its register of shareholders / members as on 31st March, 2018, the above shareholding represents legal ownership of shares.

- e) The Company has neither allotted any ordinary shares against consideration other than cash nor has issued any bonus shares during the period of five years preceding the date at which the Balance Sheet is prepared.
- f) During the year ended 31st March, 2018, the Company has concluded the buyback of 2,00,000 ordinary shares as approved by the Board of Directors at its meeting held on 24th May, 2017. This has resulted in a total cash outflow of ₹ 3,000.00.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

The Company has funded the buyback from its securities premium account and general reserve amounting to ₹ 1,242.50 and ₹ 1,737.50 respectively. In accordance with Section 69 of the Companies Act, 2013, the Company has created capital redemption reserve of ₹ 20.00 equal to nominal value of shares bought back as an appropriation from general reserve.

Consequent to such buyback, share capital has been reduced by ₹ 20.00.

- g) No ordinary shares have been reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.
- h) No securities convertible into equity/ preference shares have been issued by the Company during the year.
- i) No calls are unpaid by any director or officer of the Company during the year.

22. OTHER EQUITY

| Particulars | Note Reference | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|----------------|-----------------------|-----------------------|----------------------|
| Capital reserve | 22.1 | 0.24 | 0.24 | 0.24 |
| Securities premium account | 22.2 | - | 1,242.50 | 1,242.50 |
| General reserve | 22.3 | 36,112.23 | 33,188.30 | 28,823.76 |
| Capital redemption reserve | 22.4 | 29.92 | 9.92 | 9.92 |
| Special economic zone re-investment reserve account | 22.5 | 582.29 | 763.72 | 628.26 |
| Retained earnings | 22.6 | 3,685.75 | 2,643.29 | 2,090.53 |
| Other comprehensive income reserve | 22.7 | 9,197.29 | 9,157.39 | 9,051.98 |
| | | 49,607.72 | 47,005.36 | 41,847.19 |

22.1 Capital reserve

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--------------------------------------|-----------------------|-----------------------|
| Balance at the beginning of the year | 0.24 | 0.24 |
| Add: Changes during the year | - | - |
| Balance at the end of the year | 0.24 | 0.24 |

22.2 Securities premium account

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--|-----------------------|-----------------------|
| Balance at the beginning of the year | 1,242.50 | 1,242.50 |
| Less: Utilised on buyback of ordinary shares | 1,242.50 | - |
| Balance at the end of the year | - | 1,242.50 |

22.3 General reserve

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|-----------------------|-----------------------|
| Balance at the beginning of the year | 33,188.30 | 28,823.76 |
| Add: Transfer from retained earnings | 4,500.00 | 4,200.00 |
| Add : Transfer from special economic zone re-investment reserve account | 181.43 | 164.54 |
| Less: Utilised on buyback of ordinary shares | 1,737.50 | - |
| Less: Transfer to capital redemption reserve pursuant to buyback of ordinary shares | 20.00 | - |
| Balance at the end of the year | 36,112.23 | 33,188.30 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

22.4 Capital redemption reserve

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|--------------------------|--------------------------|
| Balance at the beginning of the year | 9.92 | 9.92 |
| Add: Transfer from general reserve pursuant to buyback of ordinary shares | 20.00 | - |
| Balance at the end of the year | 29.92 | 9.92 |

22.5 Special economic zone re-investment reserve account

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|--------------------------|--------------------------|
| Balance at the beginning of the year | 763.72 | 628.26 |
| Add : Transfer from retained earnings | - | 300.00 |
| Less : Transfer to general reserve upon utilisation | 92.71 | 111.28 |
| Less: Unutilised amount transferred to general reserve on expiry of a period of three years | 88.72 | 53.26 |
| Balance at the end of the year | 582.29 | 763.72 |

22.6 Retained earnings

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|--------------------------|--------------------------|
| Balance at the beginning of the year | 2,643.29 | 2,090.53 |
| Add: Profit for the year | 5,407.61 | 4,948.05 |
| Add: Transfer from other comprehensive income - Remeasurement of defined benefit plans (net of tax) | 125.21 | 155.67 |
| Add : Transfer from other comprehensive income on reclassification of equity instruments | 63.93 | (50.96) |
| Less: <u>Appropriations</u> | | |
| Dividend paid during the year | 45.11 | - |
| Dividend distribution tax | 9.18 | - |
| Transfer to general reserve | 4,500.00 | 4,200.00 |
| Transfer to special economic zone re-investment reserve account | - | 300.00 |
| Balance at the end of the year | 3,685.75 | 2,643.29 |

22.7 Other comprehensive income reserve

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--|--------------------------|--------------------------|
| a) Equity instrument through other comprehensive income | | |
| Balance at the beginning of the year | (0.83) | (43.78) |
| Add: Change in fair value | 99.90 | (8.01) |
| Less: Deferred tax on above | - | - |
| Less: Transfer to retained earnings on reclassification | 63.93 | (50.96) |
| Balance at the end of the year | 35.14 | (0.83) |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|--------------------------|--------------------------|
| b) Debt instrument through other comprehensive income | | |
| Balance at the beginning of the year | 42.86 | 44.68 |
| Add: Change in fair value | 6.88 | 18.79 |
| Less: Deferred tax on above | 0.79 | 2.17 |
| Less: Reclassification from other comprehensive income to statement of profit and loss (net of tax) | 48.95 | 18.44 |
| Balance at the end of the year | - | 42.86 |
| c) Revaluation surplus | | |
| Balance at the beginning of the year (net of deferred tax) | 9,115.36 | 9,051.08 |
| Add : Change during the year | - | - |
| Add: Impact of deferred tax | 46.79 | 64.28 |
| Balance at the end of the year | 9,162.15 | 9,115.36 |
| d) Remeasurement of defined benefit plans | | |
| Balance at the beginning of the year | - | - |
| Add: Remeasurement gain | 191.48 | 238.05 |
| Less: Current tax on above | 66.27 | 82.38 |
| Less: Transferred to retained earnings | 125.21 | 155.67 |
| Balance at the end of the year | - | - |
| Total of other comprehensive income reserve (a + b + c +d) | 9,197.29 | 9,157.39 |

Nature and purpose of other reserves

Capital reserve

Capital reserve represents capital profits appropriated as per erstwhile Companies Act, 1956 arising on sale of fixed assets during the year ended 30th November, 1985 and 31st March, 1992. This reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Securities premium account

Securities premium account represents the premium received on issue of shares. This reserve had been utilised in accordance with the provisions of the Companies Act, 2013 in the current year.

General reserve

General reserve represents the reserve created through annual transfer of net profit at a specified percentage in accordance with the provisions of the erstwhile Companies Act, 1956. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn, though the Company may voluntarily transfer such percentage of its profits for the financial year, as it may consider appropriate. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve

Capital redemption reserve represents the reserve created during the year ended 30th November, 1981 as a result of redemption of cumulative preference share capital of the Company. Further, the Company has recognised capital redemption reserve on buyback of ordinary shares from the general reserve during financial year ended as on 31st March, 2018 with the nominal amount of the ordinary shares bought back as per the applicable provisions of the Companies Act, 2013. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

Special economic zone re-investment reserve account

Special economic zone re-investment reserve account has been created out of the profit of SEZ unit in terms of the provisions of Section 10AA of the Income Tax Act, 1961. This reserve can be utilised by the Company towards outflows as prescribed under the Section 10AA of the Income Tax Act, 1961.

Retained earnings

This reserve represents the cumulative profits of the Company. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Other comprehensive income reserve

Equity instrument through other comprehensive income

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at fair value through other comprehensive income net of amounts reclassified to retained earnings.

Debt instrument through other comprehensive income

This represents the cumulative gains and losses arising on the fair valuation of debt instruments measured at fair value through other comprehensive income net of amounts reclassified to statement of profit and loss.

Revaluation surplus

Revaluation surplus represents the revaluation gain, net of deferred tax, on upward valuation of freehold land.

Remeasurement of defined benefit plans

Remeasurement of defined benefit plans comprises actuarial gains and losses and return on plan asset (excluding interest income) which are recognised in other comprehensive income and then immediately transferred to retained earnings.

23. BORROWINGS (NON-CURRENT)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|--------------------------|--------------------------|-------------------------|
| Term Loan (secured) | | | |
| From Export Import Bank of India | 77.77 | 17.59 | - |
| From State Bank of India | 37.50 | - | - |
| | 115.27 | 17.59 | - |
| Less: Current portion (disclosed under other financial liabilities- Refer Note - 29) | 29.81 | 14.81 | - |
| | 85.46 | 2.78 | - |

- Loan from Export Import Bank of India is secured by hypothecation of all movable fixed assets on first charge basis and all current assets on second charge basis and by mortgage of specific immovable properties both present and future by deposit of title deeds on first charge basis.
- Outstanding amount including current maturities of loan taken from Export Import Bank of India is repayable in 21 equal quarterly installments of ₹ 3.70 each by April, 2023. Rate of interest is LTMLR plus 1% p.a, effective rate @ 10.00% p.a. (31st March, 2017 : 10.45% p.a.)
- Loan from State Bank of India is against lien on fixed deposit.
- Outstanding amount including current maturities of loan taken from State Bank of India is repayable in 30 equal monthly installments of ₹ 1.25 each by September, 2020. Rate of interest is 10.25% p.a.
- No loans have been guaranteed by the directors of the Company.
- There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

24. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|--------------------------|--------------------------|-------------------------|
| Long term maturities of finance lease obligations | 0.03 | 0.30 | 0.27 |
| Security deposits from contractors | 21.75 | - | - |
| | 21.78 | 0.30 | 0.27 |

25. DEFERRED TAX LIABILITIES (NET)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Deferred tax liabilities | | | |
| Arising on account of : | | | |
| Depreciable assets | 503.92 | 455.97 | 442.50 |
| Fair value gain on financial instrument | 206.39 | 199.28 | 140.24 |
| Mark to market gain/(loss) on forward contract | 4.24 | 6.97 | (11.58) |
| On revaluation of freehold land | 482.00 | 528.79 | 593.07 |
| Reserve created u/s 10AA of the Income Tax Act, 1961 | 89.90 | 117.22 | - |
| | 1,286.45 | 1,308.23 | 1,164.23 |
| Deferred tax assets | | | |
| Arising on account of : | | | |
| Disallowances under the Income Tax Act, 1961 | 137.16 | 135.59 | 135.13 |
| Deferred revenue grant | 57.67 | 56.51 | 47.54 |
| Carried forward losses under Income Tax Act, 1961 | 121.71 | 203.83 | 319.32 |
| | 316.54 | 395.93 | 501.99 |
| Deferred tax liabilities (net) | 969.91 | 912.30 | 662.24 |

25.1 Movement in deferred tax assets and liabilities during the year ended 31st March, 2017 and 31st March, 2018

| Particulars | As at 1st April 2016 | Recognised in statement of profit and loss | Recognised in other comprehensive income* | As at 31st March 2017 |
|--|-------------------------|--|--|-----------------------------|
| Deferred tax liabilities | | | | |
| Arising on account of : | | | | |
| Depreciable assets | 442.50 | 13.47 | - | 455.97 |
| Fair value gain on financial instrument | 140.24 | 56.87 | 2.17 | 199.28 |
| Mark to market gain/(loss) on forward contract | (11.58) | 18.55 | - | 6.97 |
| On revaluation of freehold land | 593.07 | - | (64.28) | 528.79 |
| Reserve created u/s 10AA of the Income Tax Act, 1961 | - | 117.22 | - | 117.22 |
| | 1,164.23 | 206.11 | (62.11) | 1,308.23 |
| Deferred tax assets | | | | |
| Arising on account of : | | | | |
| Disallowances under the Income Tax Act, 1961 | 135.13 | 0.46 | - | 135.59 |
| Deferred revenue grant | 47.54 | 8.97 | - | 56.51 |
| Carried forward losses under Income Tax Act, 1961 | 319.32 | (115.49) | - | 203.83 |
| | 501.99 | (106.06) | - | 395.93 |
| | 662.24 | 312.17 | (62.11) | 912.30 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | As at 1st April 2017 | Recognised in statement of profit and loss | Recognised in other comprehensive income* | As at 31st March 2018 |
|--|-------------------------|--|--|-----------------------------|
| Deferred tax liabilities | | | | |
| Arising on account of : | | | | |
| Depreciable assets | 455.97 | 47.95 | - | 503.92 |
| Fair value gain on financial instrument | 199.28 | 6.32 | 0.79 | 206.39 |
| Mark to market gain/(loss) on forward contract | 6.97 | (2.73) | - | 4.24 |
| On revaluation of freehold land | 528.79 | - | (46.79) | 482.00 |
| Reserve created u/s 10AA of the Income Tax Act, 1961 | 117.22 | (27.32) | - | 89.90 |
| | 1,308.23 | 24.22 | (46.00) | 1,286.45 |
| Deferred tax assets | | | | |
| Arising on account of : | | | | |
| Disallowances under the Income Tax Act, 1961 | 135.59 | 1.57 | - | 137.16 |
| Deferred revenue grant | 56.51 | 1.16 | - | 57.67 |
| Carried forward losses under Income Tax Act, 1961 | 203.83 | (82.12) | - | 121.71 |
| | 395.93 | (79.39) | - | 316.54 |
| | 912.30 | 103.61 | (46.00) | 969.91 |

* Excludes ₹ 66.27 (F.Y. 2016-17 ₹ 82.38) being income tax on defined benefit obligation considered as current tax.

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority.

26. OTHER NON-CURRENT LIABILITIES

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|------------------------|--------------------------|--------------------------|-------------------------|
| Deferred revenue grant | 140.80 | 137.15 | 94.37 |
| | 140.80 | 137.15 | 94.37 |

(i) Movement of deferred revenue grant

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|--------------------------|--------------------------|
| Balance at the beginning of the year (Non-current and current) | 163.28 | 137.36 |
| Add: Addition during the year | 29.38 | 91.46 |
| Less: Released to statement of profit & loss (Refer Note - 33) | 27.64 | 65.54 |
| Balance at the end of the year (Non-current and current) | 165.02 | 163.28 |
| Non-current deferred revenue | 140.80 | 137.15 |
| Current portion of deferred revenue (Refer Note - 30) | 24.22 | 26.13 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

27. BORROWINGS (CURRENT)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| <u>Working capital demand loan (secured)</u> | | | |
| From State Bank of India: | | | |
| Cash credit | 458.93 | 1,329.62 | 816.64 |
| Pre shipment credit in foreign currency | - | - | 442.60 |
| | 458.93 | 1,329.62 | 1,259.24 |

Terms & conditions :

- Cash credit including preshipment credit in foreign currency are secured by hypothecation of stocks, book debts and certain other assets on first charge basis and all movable fixed assets on second charge basis and by mortgage of specific immovable properties both present and future by deposit of title deeds, subject to prior charge created in favour of Export Import Bank of India.
- Cash credit are repayable on demand and carries interest @ MCLR plus 1.25% p.a., effective rate @ 9.40 % p.a. (31st March, 2017: 10.40 % p.a.; 1st April, 2016: 10.55 % p.a.)
- Preshipment credit are repayable on demand and carries interest @ LIBOR plus 1.30% p.a. as on 1st April, 2016, effective rate @ 2.1461% p.a.
- No loans have been guaranteed by the directors and others.
- There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.

28. TRADE PAYABLES

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Total outstanding dues of micro enterprises and small enterprises (Refer Note 44) | 1.21 | 0.02 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises # | 559.94 | 526.79 | 305.12 |
| | 561.15 | 526.81 | 305.12 |

Includes outstanding dues of directors of the Company of ₹ 18.00 (31st March, 2017 ₹ 18.00; 1st April, 2016 ₹ 18.00).

29. OTHER FINANCIAL LIABILITIES (CURRENT)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Current maturities of long term borrowings (Refer Note - 23) | 29.81 | 14.81 | - |
| Interest accrued but not due on borrowings | 0.33 | - | - |
| Unpaid dividends* | 76.05 | 83.51 | 114.60 |
| Fractional bonus share proceeds unclaimed | 0.44 | 0.44 | 0.44 |
| Capital creditors | 21.43 | 10.65 | 2.04 |
| Mark to market loss on forward contract payable | - | - | 22.56 |
| Employee related liabilities# | 994.19 | 635.18 | 619.33 |
| Others | 10.34 | 14.01 | 12.15 |
| | 1,132.59 | 758.60 | 771.12 |

* No amounts are due and outstanding to be credited to Investor Education and Protection Fund.

Includes outstanding dues of directors and officers of the Company of ₹ 587.80 (31st March, 2017 ₹ 220.31; 1st April 2016 ₹ 229.07).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

30. OTHER CURRENT LIABILITIES

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|-------------------------|--------------------------|--------------------------|-------------------------|
| Advances from customers | 160.69 | 78.83 | 89.60 |
| Deferred revenue grant | 24.22 | 26.13 | 42.99 |
| Statutory dues payable | 205.24 | 185.34 | 243.29 |
| | 390.15 | 290.30 | 375.88 |

31. PROVISIONS

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|-----------------------------|--------------------------|--------------------------|-------------------------|
| Provision for leave | 305.92 | 305.63 | 293.03 |
| Provision for contingencies | 186.12 | 186.12 | 186.12 |
| | 492.04 | 491.75 | 479.15 |

(i) Movement of provisions pursuant to Ind AS 37

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|--------------------------|--------------------------|-------------------------|
| <u>Provision for Contingencies</u> | | | |
| Balance at the beginning of the year | 186.12 | 186.12 | 186.12 |
| Additional provision during the year | - | - | - |
| Provision used during the year | - | - | - |
| Provision reversed during the year | - | - | - |
| Balance at the end of the year | 186.12 | 186.12 | 186.12 |

Provision for contingency represents estimates made mainly for probable claim arising out of dispute in respect of indirect tax pending before the Hon'ble Supreme Court. The probability and timing of the outflow with regard to interest depends on the ultimate settlement / conclusion.

32. CURRENT TAX LIABILITIES (NET)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Provision for taxation (net of payments) | 203.16 | 15.90 | 29.56 |
| | 203.16 | 15.90 | 29.56 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

33. REVENUE FROM OPERATIONS

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|--|---------------------------------------|---------------------------------------|
| Sale of products : | | |
| Finished goods (including jute manufacturing cess) | 36,647.13 | 38,532.74 |
| | 36,647.13 | 38,532.74 |
| Other operating revenues | | |
| Export incentives | 840.70 | 702.45 |
| Income from deferred revenue grant | 27.64 | 65.54 |
| Scrap sale | 49.99 | 49.66 |
| Other operating income | 46.21 | 3.76 |
| | 964.54 | 821.41 |
| | 37,611.67 | 39,354.15 |

34. OTHER INCOME

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|--|---------------------------------------|---------------------------------------|
| Interest income # | | |
| On investments | 457.73 | 615.64 |
| On fixed deposits with banks | 27.43 | 27.56 |
| On other deposits | 2.61 | 2.61 |
| | 487.77 | 645.81 |
| Dividend income | | |
| Dividend from equity instruments measured at FVTOCI | 5.99 | 1.39 |
| Dividend from other investments measured at FVTPL | 825.20 | 473.77 |
| | 831.19 | 475.16 |
| Other non operating income | | |
| Net gain on fair value changes of investments measured at FVTPL | 507.64 | 922.24 |
| Net gain on sale of investments measured at FVTPL | 321.40 | 677.64 |
| Net gain on OCI items reclassified to statement of profit and loss | 48.95 | 18.44 |
| Net gain on foreign currency transactions and translations (other than considered as finance cost) | 142.56 | 223.60 |
| Mark to market gain on derivative financial instruments | 16.91 | 36.84 |
| Profit on sale of property, plant and equipment (net) | 9.76 | 20.35 |
| Provision for doubtful receivables written back | - | 11.96 |
| Other non operating income | 32.31 | 43.39 |
| | 1,079.53 | 1,954.46 |
| | 2,398.49 | 3,075.43 |
| # Interest income comprises interest from :- | | |
| Financial assets measured at amortised cost | 413.02 | 421.15 |
| Financial assets measured at FVTOCI | - | 149.10 |
| Other financial assets (preference shares) measured at FVTPL | 47.32 | 48.00 |
| Deposits with banks - carried at amortised cost | 27.43 | 27.56 |
| | 487.77 | 645.81 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

35. COST OF MATERIALS CONSUMED

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|-------------|---------------------------------------|---------------------------------------|
| Raw jute | 17,002.20 | 19,969.26 |
| Jute yarn | 1,535.60 | 1,470.16 |
| Others | 10.77 | 20.33 |
| | 18,548.57 | 21,459.75 |

36. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|----------------------|---------------------------------------|---------------------------------------|
| Opening stock | | |
| Finished goods | 1,698.92 | 1,920.30 |
| Work-in-progress | 576.76 | 610.38 |
| | 2,275.68 | 2,530.68 |
| Closing stock | | |
| Finished goods | 1,220.31 | 1,698.92 |
| Work-in-progress | 798.25 | 576.76 |
| | 2,018.56 | 2,275.68 |
| | 257.12 | 255.00 |

37. EMPLOYEE BENEFITS EXPENSE

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|---------------------------------------|---------------------------------------|
| Salaries, wages and bonus | 5,856.60 | 5,493.90 |
| Contribution to provident and other funds (Refer Note - 47) | 813.05 | 815.80 |
| Staff welfare expenses | 84.15 | 81.57 |
| | 6,753.80 | 6,391.27 |

38. FINANCE COSTS

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|---------------------------------------|---------------------------------------|
| Interest Expenses | | |
| - On borrowings * | 63.45 | 37.48 |
| - On others | 9.34 | 6.76 |
| Other borrowing costs | 16.25 | 21.12 |
| Applicable net gain on foreign currency transaction and translation | - | (3.48) |
| | 89.04 | 61.88 |

* Includes notional interest on finance lease obligations of ₹ 0.03 (F.Y. 2016-17 ₹ 0.03).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

39. DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|--|---------------------------------------|---------------------------------------|
| Depreciation and amortisation of property, plant and equipment | 380.39 | 775.55 |
| Depreciation and amortisation of investment property | 0.44 | 0.45 |
| Amortisation of intangible assets | 55.94 | 15.82 |
| | 436.77 | 791.82 |

40. OTHER EXPENSES

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|---------------------------------------|---------------------------------------|
| Consumption of stores and spare parts | 2,128.55 | 2,086.29 |
| Power & fuel * | 1,793.21 | 1,641.62 |
| Processing charges | 653.07 | 531.00 |
| Rent | 109.44 | 104.72 |
| Rates and taxes | 25.12 | 21.72 |
| Repairs to buildings | 180.70 | 392.25 |
| Repairs to machinery | 73.65 | 75.34 |
| Repairs to others | 30.12 | 86.60 |
| Insurance | 93.62 | 96.43 |
| Donation | - | 400.00 |
| Expenditure towards CSR (Refer Note - 49) | 90.56 | 81.19 |
| Delivery charges | 648.54 | 468.14 |
| Jute manufacturing cess | 55.93 | 294.58 |
| Property, plant and equipment & other intangible assets written off | 16.23 | 1.01 |
| Bad debts written off | - | 11.96 |
| Payments to auditors (refer note below) | 12.00 | 8.93 |
| Miscellaneous expenses * | 616.51 | 585.81 |
| | 6,527.25 | 6,887.59 |
| Payments to auditors : | | |
| (a) for audit services | 5.75 | 5.18 |
| (b) for other services (includes ₹ 0.41 for erstwhile auditor) | 5.69 | 3.36 |
| (c) for reimbursement of expenses (includes ₹ 0.39 for erstwhile auditor) | 0.56 | 0.39 |
| | 12.00 | 8.93 |

* Net of revenue grant received amounting to ₹ 24.11 (F.Y. 2016-17 ₹ 28.67).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

41. TAX EXPENSE

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|-----------------------------|---------------------------------------|---------------------------------------|
| Current tax | 1,881.73 | 1,382.62 |
| Deferred tax | 103.61 | 312.17 |
| | 1,985.34 | 1,694.79 |
| Tax for earlier years (net) | 4.66 | (0.06) |
| | 1,990.00 | 1,694.73 |

41.1 Reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss :

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|--|---------------------------------------|---------------------------------------|
| Income before income taxes | 7,397.61 | 6,642.78 |
| Indian statutory income tax rate | 34.608% | 34.608% |
| Estimated income tax expenses | 2,560.16 | 2,298.93 |
| Tax effect of adjustments to reconcile expected income tax expense to reported Income tax expense: | | |
| Income exempt from tax | (486.41) | (626.14) |
| Deduction u/s 10AA of the Income Tax Act, 1961 | - | (103.82) |
| Deduction under Chapter VIA of the Income Tax Act, 1961 | (4.79) | (76.66) |
| Impact of reversal of reserve created under Section 10AA of the Income Tax Act, 1961 | 3.38 | 135.65 |
| Expenses disallowed or considered separately | 81.03 | 208.41 |
| Income taxable at special rates | (174.90) | (139.07) |
| Others | 6.87 | (2.51) |
| Total tax effect | (574.82) | (604.14) |
| Tax expenses recognised in statement of profit and loss | 1,985.34 | 1,694.79 |
| Effective tax rate | 26.84% | 25.51% |

42. EARNINGS PER SHARE

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|--|---------------------------------------|---------------------------------------|
| Profit as per statement of profit and loss attributable to ordinary shareholders (a) | 5,407.61 | 4,948.05 |
| Weighted average number of ordinary shares * (in number) (b) | 44,04,949 | 45,11,250 |
| Basic & diluted Earnings per Share (a/b) (nominal value - ₹ 10 per share) (in ₹) | 122.76 | 109.68 |

* Weighted average number of ordinary shares takes into account the weighted average effect of change in number of ordinary shares due to buyback of shares during the year ended 31st March, 2018.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

43. CONTINGENT LIABILITIES & COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|--------------------------|--------------------------|-------------------------|
| Contingent Liabilities : | | | |
| a) Claims against the Company not acknowledged as debts : | | | |
| Income tax in dispute and under appeal | 66.48 | 69.98 | 162.68 |
| Sales tax in dispute and under appeal (Against this ₹ Nil (31st March, 2017 ₹ Nil, 1st April, 2016 ₹ 46.06) has been deposited) | 1.74 | 0.22 | 82.88 |
| Excise duty including penalty in dispute and interest thereon (amount not yet quantified) under appeal before CESTAT being barred by limitation as per legal opinion (Against this ₹ 185.62 (31st March, 2017 ₹ 185.62, 1st April, 2016 ₹ 185.62) has been deposited) | 4,949.99 | 4,949.99 | 4,949.99 |
| Service tax in dispute against show cause notice | 0.81 | 2.80 | 1.44 |
| Wealth tax in dispute and under appeal | - | - | 222.75 |
| Capital and other commitments : | | | |
| a) Estimated amount of contracts remaining to be executed and not provided for (net of advances/amount invested) : | | | |
| Against property, plant and equipment | 2,474.02 | 52.87 | 893.86 |
| Against other intangible assets | - | 4.70 | 6.36 |
| Against investments | 1,000.00 | 300.00 | - |

44. DETAILS OF DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006 INCLUDED IN TRADE PAYABLES

Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent ascertained and as per notification number GSR 679 (E) dated 4th September, 2015.

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year. | 1.21 | 0.02 | - |
| ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | - | - | - |
| iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | - | - | - |
| iv) The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - | - |
| v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - | - |

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

45. CHANGE IN METHOD OF DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT

The Company has been charging depreciation on certain property, plant and equipment on written down value method. However, w.e.f. 1st April, 2017, the Company has changed the method of depreciation from written down value method to straight line method. The management believes that this change will result in more appropriate presentation and will give a systematic basis of depreciation charge, representative of time pattern in which the economic benefits will be derived from the use of these assets. This change has resulted in decrease in depreciation by ₹ 342.85 during the financial year 2017-18 and accordingly profit before tax has increased by ₹ 342.85.

46. DIVIDEND

The Board of Directors at its meeting held on 23rd May, 2018 have recommended a payment of dividend of ₹ 1/- per ordinary share of face value of ₹ 10/- each for the financial year ended 31st March, 2018. The same amounts to ₹ 51.97 (including dividend distribution tax of ₹ 8.86).

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability.

47. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD - 19 'EMPLOYEE BENEFITS' AS NOTIFIED U/S 133 OF THE COMPANIES ACT, 2013

47.1 Defined Contribution Plans

The Company has during the year recognised an expense of ₹ 588.96 (F.Y. 2016-17 ₹ 602.72) towards defined contribution plans.

Out of the total contribution, made for employees' provident fund, a sum of ₹ 87.76 (Previous year ₹ 83.03) has been made to Cheviot Company Limited Employees' Provident Fund while the remaining contribution has been made to the provident fund plan operated by the Regional Provident Fund Commissioner. Further, considering the past track and fair value of the plan assets of the Trust, the Company does not envisage any shortfall in liability towards the interest payable by the Trust at the notified interest rate.

47.2 Defined Benefit Plans

Gratuity Plan

This is a funded defined benefit plan for qualifying employees. The Company makes contributions to the Cheviot Company Limited Employees' Gratuity Trust Fund. Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and on resignation/termination of employment in terms of the provisions of the Payment of Gratuity Act or as per the Company's rule, whichever is more beneficial to the employee.

a) Risk Exposure

Defined benefit plans expose the Company to actuarial risks such as: interest rate risk, salary risk and demographic risk.

- i) **Interest rate risk:** The defined benefit obligation calculated uses a discount rate based on government bonds. If the bond yield falls, the defined benefit obligation will tend to increase.
- ii) **Salary risk:** Higher than expected increase in salary will increase the defined benefit obligation.
- iii) **Demographic risk:** This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefits obligations is not straight forward and depends on the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis, the retirement benefit of the short service employee typically costs less per year as compared to a long service employee.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

b) Changes in present value of obligation

| Particulars | Gratuity (Funded) | |
|--|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| Defined benefit obligation at the beginning of the year | 2,337.03 | 2,353.19 |
| Current service cost | 261.48 | 231.86 |
| Interest cost on defined benefit obligation | 168.51 | 175.88 |
| Actuarial gain and losses arising from | | |
| - Changes in demographic assumptions | - | - |
| - Changes in financial assumptions | 15.95 | 105.16 |
| - Experience adjustment | (246.35) | (246.94) |
| Benefits paid | (180.35) | (282.12) |
| Present value of defined benefit obligation at the end of the year | 2,356.27 | 2,337.03 |

c) Changes in fair value of the plan assets

| Particulars | Gratuity (Funded) | |
|--|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| Fair value of plan assets at the beginning of the year | 2,745.38 | 2,736.57 |
| Interest Income on plan assets | 205.90 | 194.66 |
| Actuarial gain/(loss) through other comprehensive income | (38.92) | 96.27 |
| Employer contributions to the plan | - | - |
| Benefits paid from the plan assets | (180.35) | (282.12) |
| Fair value of plan assets at the end of the year | 2,732.01 | 2,745.38 |

d) Net asset recognised in the Balance Sheet

| Particulars | Gratuity (Funded) | |
|---|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| Present value of defined benefit obligation | 2,356.27 | 2,337.03 |
| Fair value of plan assets | 2,732.01 | 2,745.38 |
| Net asset recognised in the Balance Sheet | 375.74 | 408.35 |

e) Expenses recognised in statement of profit and loss

| Particulars | Gratuity (Funded) | |
|--|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| Current service cost | 261.48 | 231.86 |
| Interest cost | 168.51 | 175.88 |
| Interest income on plan assets | (205.90) | (194.66) |
| Total expenses recognised in statement of profit and loss | 224.09 | 213.08 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

f) Remeasurements recognized in other comprehensive income

| Particulars | Gratuity (Funded) | |
|--|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| Remeasurement (gain)/loss in other comprehensive income due to | | |
| - Changes in demographic assumptions | - | - |
| - Changes in financial assumptions | 15.95 | 105.16 |
| - Experience adjustment | (246.35) | (246.94) |
| Return on plan assets (excluding interest) | (38.92) | 96.27 |
| | (191.48) | (238.05) |

g) Composition of plan assets

| Particulars | Gratuity (Funded) | |
|--|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| Government of India/ Government of India guaranteed securities | 13.66% | 18.02% |
| State Government/ State Government guaranteed securities | 40.20% | 37.40% |
| Bonds | 38.03% | 38.41% |
| Units of money market mutual fund | 0.80% | 0.74% |
| Units of equity linked scheme of mutual fund | 3.66% | 2.16% |
| Cash at bank and receivables (net) | 3.65% | 3.27% |
| | 100.00% | 100.00% |

h) Actuarial assumptions

| Particulars | Gratuity (Funded) | |
|--------------------------------|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| Financial assumptions | | |
| Discount rate | 7.50% | 7.50% |
| Salary escalation rate | 9.00% | 9.00% |
| Demographic assumptions | | |
| Mortality rate | IALM (2006-08) Table | IALM (2006-08) Table |
| Withdrawal rate | 1% to 8% | 1% to 8% |
| Retirement age | 58-75 years | 58-75 years |

- i) The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- j) At 31st March 2018, the weighted average duration of the defined benefit obligation was 6.18 years (31st March, 2017 6.82 years). The distribution of the timing of benefits payment i.e., the maturity analysis of the benefit payments is as follows:

| Particulars | Gratuity (Funded) |
|--|-------------------|
| Expected benefits payment for the year ending on | |
| 31st March 2019 | 90.39 |
| 31st March 2020 | 434.35 |
| 31st March 2021 | 185.15 |
| 31st March 2022 | 146.92 |
| 31st March 2023 to 31st March 2028 | 2,009.20 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

k) The Company expects to contribute ₹ Nil to its gratuity fund in F.Y. 2018-19.

l) Sensitivity analysis

The sensitivity analysis below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation to the amounts shown below:

| Particulars | Gratuity (Funded) | |
|--|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| Effect on DBO due to 1% increase in discount rate | 2,163.27 | 2,140.34 |
| Effect on DBO due to 1% decrease in discount rate | 2,545.96 | 2,549.56 |
| Effect on DBO due to 1% increase in salary escalation rate | 2,548.36 | 2,544.20 |
| Effect on DBO due to 1% decrease in salary escalation rate | 2,158.20 | 2,141.16 |
| Effect on DBO due to 1% increase in withdrawal rate | 2,318.16 | 2,315.99 |
| Effect on DBO due to 1% decrease in withdrawal rate | 2,365.23 | 2,362.73 |

48. SEGMENT REPORTING

48.1 Segment Information

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker (CODM). The Chief Executive Officer of the Company being the CODM, assesses the financial performance and position of the Company and makes strategic decisions. The CODM primarily uses earnings before interest, tax, depreciation and amortisation (EBITDA) as performance measure to assess the performance of the operating segments. However, the CODM also receives information about the segment revenues, segment assets and segment liabilities on regular basis.

48.2 Description of Segment

The Company is engaged in a single business segment i.e. manufacturing and sale of jute goods. Hence, disclosure requirements as required by Ind AS -108 are not applicable in respect of business segment.

48.3 The geographical segments considered for disclosure are as under :

| Particulars | For the year ended 31st March 2018 | | | For the year ended 31st March 2017 | | |
|---|------------------------------------|-----------|-----------|------------------------------------|-----------|-----------|
| | India | Overseas | Total | India | Overseas | Total |
| Revenue | 23,618.01 | 13,029.12 | 36,647.13 | 27,013.33 | 11,519.41 | 38,532.74 |
| Non-current assets other than financial instruments * | 15,032.39 | - | 15,032.39 | 15,142.09 | - | 15,142.09 |

* Non-current assets other than financial instruments include property, plant and equipment, capital work-in-progress, investment property, other intangible assets, intangible assets under development, non-current tax assets (net) and other non-current assets.

48.4 Extent of reliance on major customer

Revenue from Government agencies amounting to ₹ 18,676.14 (50.96% of total revenue); F.Y. 2016-17 ₹ 21,905.71 (56.85% of total revenue) has arisen on sale of jute bags within India.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

49. DISCLOSURES OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE IN LINE WITH THE REQUIREMENT OF GUIDANCE NOTE ON "ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES".

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|---------------------------------------|---------------------------------------|
| Amount of CSR expenditure to be incurred during the year | 90.39 | 80.34 |
| CSR expenditure incurred during the year | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above (Refer Note - 40) | 90.56 | 81.19 |
| Related party transaction as per Ind AS 24 in relation to CSR expenditure | - | 40.00 |

50 LEASES

50.1 Operating lease commitments - Company as lessee

The Company has entered into operating lease for factory land at Falta. The said lease is under renewal process as it has expired in July, 2017. Thus, the required disclosures under operating lease for lease rentals payable within one year, one year to five years and five years and above could not been made.

The Company has paid ₹ 33.88 during the year towards minimum lease payments.

50.2 Finance lease obligation

The Company has entered into finance lease arrangements in respect of land for terms ranging up to 99 years. The legal title to such lands vests with the respective lessors. There are no restrictions imposed by lease arrangements.

The Company has finance lease contracts and the obligation under finance lease are secured by the lessor's title to the leased assets. Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments (MLP) in respect of residential land at Falta are as under :

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|--|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| | Minimum lease payments | Present value of MLP | Minimum lease payments | Present value of MLP | Minimum lease payments | Present value of MLP |
| Within one year* | - | - | 0.30 | 0.28 | - | - |
| After one year but not more than five years* | - | - | - | - | 0.30 | 0.25 |
| More than five years | 1.63 | 0.03 | 1.63 | 0.02 | 1.63 | 0.02 |
| Total minimum lease payments | 1.63 | 0.03 | 1.93 | 0.30 | 1.93 | 0.27 |
| Less: Amounts representing finance charges | 1.60 | | 1.63 | | 1.66 | |
| Present value of minimum lease payments | 0.03 | | 0.30 | | 0.27 | |

*Minimum lease payment of ₹ 0.30 during the F.Y. 2017-18 has been paid upto 31st March, 2018.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

51 RELATED PARTY DISCLOSURES PURSUANT TO IND AS - 24

51.1 List of relationships:

a) Holding Company

Harsh Investments Private Limited (HIPL)

b) Key Management Personnel

Mr. Harsh Vardhan Kanoria, Chairman & Managing Director, Chief Executive Officer

Mr. Utkarsh Kanoria, Wholetime Director (w.e.f. 24th May, 2017)

Mr. Nawal Kishore Kejriwal, Wholetime Director

Mrs. Malati Kanoria, Non-executive Director

Mr. Navin Nayar, Independent Director

Mr. Padam Kumar Khaitan, Independent Director

Mr. Parag Keshar Bhattacharjee, Independent Director

Mr. Sushil Kumar Dhandhanania, Independent Director

c) Relatives of Key Management Personnel

Mr. Utkarsh Kanoria (Son of Mr. Harsh Vardhan Kanoria)

Mrs. Bimla Kejriwal (Wife of Mr. Nawal Kishore Kejriwal)

d) Entities over which Key Management Personnel and relatives of Key Management Personnel have significant influence

Cheviot International Limited (CIL)

Cheviot Agro Industries Private Limited (CAIPL)

Abhyadoot Finance and Investments Private Limited (AFIPL)

Bright & Shine Micro Products Private Limited (BSMPPL)

Jan Priya Trust

Cheviot Foundation

e) Post-employment benefit plan entities

Cheviot Company Limited Employees' Provident Fund

Cheviot Company Limited Employees' Gratuity Trust Fund

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

51.2 Transactions carried out during the year :

| Transaction/nature of relationship | For the year ended 31st March, 2018 | | | | | For the year ended 31st March, 2017 | | | | | Total | |
|--|-------------------------------------|--------------------------|---------------------------------------|---|---------------------------------------|-------------------------------------|-----------------|--------------------------|---------------------------------------|---|-------|---------------------------------------|
| | Holding Company | Key management personnel | Relatives of key management personnel | Entities over which key management personnel & relatives of key management personnel have significant influence | Post-employment benefit plan entities | Total | Holding Company | Key management personnel | Relatives of key management personnel | Entities over which key management personnel & relatives of key management personnel have significant influence | | Post-employment benefit plan entities |
| Sales of goods | - | - | - | 0.98 | - | 0.98 | - | - | - | 0.76 | - | 0.76 |
| Jan Priya Trust | - | - | - | 0.86 | - | 0.86 | - | - | - | 0.76 | - | 0.76 |
| CAIPL | - | - | - | 0.12 | - | 0.12 | - | - | - | - | - | - |
| Rendering of services | 0.48 | - | - | 9.84 | - | 10.32 | 0.48 | - | - | 14.28 | - | 14.76 |
| CIL | - | - | - | 8.10 | - | 8.10 | - | - | - | 12.60 | - | 12.60 |
| CAIPL | - | - | - | 1.44 | - | 1.44 | - | - | - | 1.44 | - | 1.44 |
| HIPL | 0.48 | - | - | - | - | 0.48 | 0.48 | - | - | - | - | 0.48 |
| Others | - | - | - | 0.30 | - | 0.30 | - | - | - | 0.24 | - | 0.24 |
| Receiving of services * | - | 720.62 | 4.35 # | - | - | 724.97 | - | 334.28 | 29.42 | - | - | 363.70 |
| Mr. Harsh Vardhan Kanoria | - | 362.71 | - | - | - | 362.71 | - | 271.59 | - | - | - | 271.59 |
| Mr. Utkarsh Kanoria | - | 304.73 | 4.35 # | - | - | 309.08 | - | - | 29.42 | - | - | 29.42 |
| Mr. Naval Kishore Kejriwal | - | 53.18 | - | - | - | 53.18 | - | 62.69 | - | - | - | 62.69 |
| Commission to non-executive/ independent directors | - | 20.00 | - | - | - | 20.00 | - | 20.00 | - | - | - | 20.00 |
| Mrs. Malati Kanoria | - | 4.00 | - | - | - | 4.00 | - | 4.00 | - | - | - | 4.00 |
| Mr. Navin Nayar | - | 4.00 | - | - | - | 4.00 | - | 4.00 | - | - | - | 4.00 |
| Mr. Padam Kumar Khaitan | - | 4.00 | - | - | - | 4.00 | - | 4.00 | - | - | - | 4.00 |
| Mr. Parag Keshar Bhattacharjee | - | 4.00 | - | - | - | 4.00 | - | 4.00 | - | - | - | 4.00 |
| Mr. Sushil Kumar Dhandhania | - | 4.00 | - | - | - | 4.00 | - | 4.00 | - | - | - | 4.00 |
| Sitting fees paid to non-executive/ independent directors | - | 0.90 | - | - | - | 0.90 | - | 1.00 | - | - | - | 1.00 |
| Mrs. Malati Kanoria | - | 0.15 | - | - | - | 0.15 | - | 0.25 | - | - | - | 0.25 |
| Mr. Navin Nayar | - | 0.20 | - | - | - | 0.20 | - | 0.25 | - | - | - | 0.25 |
| Mr. Padam Kumar Khaitan | - | 0.20 | - | - | - | 0.20 | - | 0.15 | - | - | - | 0.15 |
| Mr. Parag Keshar Bhattacharjee | - | 0.15 | - | - | - | 0.15 | - | 0.20 | - | - | - | 0.20 |
| Mr. Sushil Kumar Dhandhania | - | 0.20 | - | - | - | 0.20 | - | 0.15 | - | - | - | 0.15 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Transaction/nature of relationship | For the year ended 31st March, 2018 | | | | | | For the year ended 31st March, 2017 | | | | | |
|---|-------------------------------------|--------------------------|---------------------------------------|---|---------------------------------------|----------|-------------------------------------|--------------------------|---------------------------------------|---|---------------------------------------|----------|
| | Holding Company | Key management personnel | Relatives of key management personnel | Entities over which key management personnel & relatives of key management personnel have significant influence | Post-employment benefit plan entities | Total | Holding Company | Key management personnel | Relatives of key management personnel | Entities over which key management personnel & relatives of key management personnel have significant influence | Post-employment benefit plan entities | Total |
| <u>Dividend paid</u> | 25.74 | 7.99 | - | 0.10 | - | 33.83 | - | - | - | - | - | - |
| HIPL | 25.74 | - | - | - | - | 25.74 | - | - | - | - | - | - |
| Mr. Harsh Vardhan Kanoria | - | 3.44 | - | - | - | 3.44 | - | - | - | - | - | - |
| Mrs. Malati Kanoria | - | 2.85 | - | - | - | 2.85 | - | - | - | - | - | - |
| Mr. Utkarsh Kanoria | - | 1.70 | - | - | - | 1.70 | - | - | - | - | - | - |
| Others | - | - | - | 0.10 | - | 0.10 | - | - | - | - | - | - |
| <u>Buy-back of shares</u> | 1,586.76 | 811.62 | 0.30 | 6.24 | - | 2,404.92 | - | - | - | - | - | - |
| HIPL | 1,586.76 | - | - | - | - | 1,586.76 | - | - | - | - | - | - |
| Mr. Harsh Vardhan Kanoria | - | 349.07 | - | - | - | 349.07 | - | - | - | - | - | - |
| Mrs. Malati Kanoria | - | 289.48 | - | - | - | 289.48 | - | - | - | - | - | - |
| Mr. Utkarsh Kanoria | - | 172.77 | - | - | - | 172.77 | - | - | - | - | - | - |
| Others | - | 0.30 | 0.30 | 6.24 | - | 6.84 | - | - | - | - | - | - |
| <u>Purchase of Investment</u> | - | - | - | 167.07 | - | 167.07 | - | - | - | - | - | - |
| CIL | - | - | - | 167.07 | - | 167.07 | - | - | - | - | - | - |
| <u>Donation</u> | - | - | - | - | - | - | - | - | 400.00 | - | - | 400.00 |
| Cheviot Foundation | - | - | - | - | - | - | - | - | 400.00 | - | - | 400.00 |
| <u>CSR expenditure</u> | - | - | - | - | - | - | - | - | 40.00 | - | - | 40.00 |
| Jan Priya Trust | - | - | - | - | - | - | - | - | 40.00 | - | - | 40.00 |
| <u>Contributions made (including Employees' share and contribution)</u> | - | - | - | - | 516.00 | 516.00 | - | - | - | 508.25 | - | 508.25 |
| Cheviot Company Limited Employees' Provident Fund | - | - | - | - | 516.00 | 516.00 | - | - | - | 508.25 | - | 508.25 |
| <u>Outstanding against receiving of services</u> | - | 586.00 | - | - | - | 586.00 | - | 219.32 | - | - | - | 219.32 |
| | | | | | | | - | (228.58) | - | - | - | (228.58) |
| Mr. Harsh Vardhan Kanoria | - | 295.00 | - | - | - | 295.00 | - | 204.00 | - | - | - | 204.00 |
| | | | | | | | - | (213.00) | - | - | - | (213.00) |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Transaction/nature of relationship | For the year ended 31st March, 2018 | | | | | For the year ended 31st March, 2017 | | | | | | |
|---|-------------------------------------|--------------------------|---------------------------------------|---|---------------------------------------|-------------------------------------|-----------------|--------------------------|---------------------------------------|---|---------------------------------------|-------|
| | Holding Company | Key management personnel | Relatives of key management personnel | Entities over which key management personnel & relatives of key management personnel have significant influence | Post-employment benefit plan entities | Total | Holding Company | Key management personnel | Relatives of key management personnel | Entities over which key management personnel & relatives of key management personnel have significant influence | Post-employment benefit plan entities | Total |
| Mr. Utkarsh Kanoria | - | 276.00 | - | - | - | 276.00 | - | - | - | - | - | - |
| Mr. Nawal Kishore Kejriwal | - | 15.00 | - | - | - | 15.00 | - | 15.32 | - | - | - | 15.32 |
| <u>Outstanding against Commission to non-executive/ independent directors</u> | - | 18.00 | - | - | - | 18.00 | - | 18.00 | - | - | - | 18.00 |
| Mrs. Malati Kanoria | - | 3.60 | - | - | - | 3.60 | - | 3.60 | - | - | - | 3.60 |
| Mr. Navin Nayar | - | 3.60 | - | - | - | 3.60 | - | 3.60 | - | - | - | 3.60 |
| Mr. Padam Kumar Khaitan | - | 3.60 | - | - | - | 3.60 | - | 3.60 | - | - | - | 3.60 |
| Mr. Parag Keshar Bhattacharjee | - | 3.60 | - | - | - | 3.60 | - | 3.60 | - | - | - | 3.60 |
| Mr. Sushil Kumar Dhandhania | - | 3.60 | - | - | - | 3.60 | - | 3.60 | - | - | - | 3.60 |
| <u>Outstanding against Post employment benefit entities</u> | - | - | - | - | 53.92 | 53.92 | - | - | - | - | 59.42 | 59.42 |
| Cheviot Company Limited Employees' Provident Fund | - | - | - | - | 53.92 | 53.92 | - | - | - | - | 59.42 | 59.42 |

* includes commission paid to Mr. Harsh Vardhan Kanoria - ₹ 295.00 (F.Y. 2016-17 ₹ 204.00), Mr. Utkarsh Kanoria - ₹ 276.00 (F.Y. 2016-17 ₹ Nil) and Mr. Naval Kishore Kejriwal - ₹ 15.00 (F.Y. 2016-17 ₹ 15.00).

amount till 23rd May, 2017

Figures in brackets represent outstanding balance as on 1st April, 2016.

There being no doubtful debts, no provision has been made and no amount has been written off or written back during the year in respect of related party transactions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

51.3 Key Management Personnel Compensation:

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|------------------------------|---------------------------------------|---------------------------------------|
| Short-term employee benefits | 710.00 | 310.33 |
| Post-employment benefits | 10.62 | 23.95 |
| Long-term employee benefits | - | - |
| | 720.62 | 334.28 |

52 PARTICULARS RELATING TO DIVIDEND PAID TO NON-RESIDENT SHAREHOLDERS

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Dividend | | |
| Number of non – resident shareholders | 149 | - |
| Number of shares held by them | 36,536 | - |
| Dividend relating to the year | 2016-17 | - |
| Amount of dividend (₹) | 0.37 | - |

53 CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base to ensure sustained growth in business. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

The Company is predominantly equity financed. Further, the Company has sufficient cash, cash equivalents, current investments and financial assets which are liquid to meet the debts.

54 DISCLOSURE ON FINANCIAL INSTRUMENT

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3.11 to the financial statements.

54.1 Financial Asset and Liabilities (Non current and current)

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | | As at 1st April 2016 | | |
|------------------------------------|---|---|-------------------|---|---|-------------------|---|---|-------------------|
| | Fair value through statement of profit and loss | Fair value through other comprehen- sive income | Amortised cost | Fair value through statement of profit and loss | Fair value through other comprehen- sive income | Amortised cost | Fair value through statement of profit and loss | Fair value through other comprehen- sive income | Amortised cost |
| Financial assets | | | | | | | | | |
| Investments | | | | | | | | | |
| - Equity instruments | - | 487.64 | - | - | 51.43 | - | - | 79.56 | - |
| - Preference shares | 603.20 | - | 204.00 | 756.80 | - | 204.00 | 529.92 | - | 204.00 |
| - Mutual funds | 18,706.96 | - | - | 17,307.99 | - | - | 11,994.02 | - | - |
| - Alternative investments funds | 1,824.69 | - | - | 100.00 | - | - | - | - | - |
| - Debentures and bonds | - | - | 4,676.41 | - | 1,295.74 | 4,876.90 | 224.78 | 1,799.52 | 4,977.43 |
| Loans | - | - | 36.71 | - | - | 35.56 | - | - | 34.50 |
| Trade receivables | - | - | 3,823.62 | - | - | 3,090.04 | - | - | 2,970.27 |
| Cash and cash equivalents | - | - | 903.37 | - | - | 966.76 | - | - | 724.01 |
| Other bank balances | - | - | 194.43 | - | - | 185.23 | - | - | 117.13 |

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for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | | As at 1st April 2016 | | |
|--|---|---|------------------|---|---|-----------------|---|---|-----------------|
| | Fair value through statement of profit and loss | Fair value through other comprehensive income | Amortised cost | Fair value through statement of profit and loss | Fair value through other comprehensive income | Amortised cost | Fair value through statement of profit and loss | Fair value through other comprehensive income | Amortised cost |
| Other financial assets | | | | | | | | | |
| - Fixed deposits accounts with bank (maturity over 12 months) | - | - | 200.29 | - | - | 200.36 | - | - | 299.55 |
| - Interest accrued on investments, fixed and security deposits | - | - | 158.63 | - | - | 157.37 | - | - | 143.50 |
| - Other deposits, advances & receivables | - | - | 41.81 | - | - | 86.99 | - | - | 98.41 |
| - Mark to market gain on forward contract receivables | 12.13 | - | - | 36.83 | - | - | - | - | - |
| Total financial assets | 21,146.98 | 487.64 | 10,239.27 | 18,201.62 | 1,347.17 | 9,803.21 | 12,748.72 | 1,879.08 | 9,568.80 |
| Financial liabilities | | | | | | | | | |
| Borrowings (including current maturities) | - | - | 574.20 | - | - | 1,347.21 | - | - | 1,259.24 |
| Trade payables | - | - | 561.15 | - | - | 526.81 | - | - | 305.12 |
| Other financial liabilities | | | | | | | | | |
| - Long term maturities of finance lease obligations | - | - | 0.03 | - | - | 0.30 | - | - | 0.27 |
| - Interest accrued but not due on borrowings | - | - | 0.33 | - | - | - | - | - | - |
| - Unpaid dividends | - | - | 76.05 | - | - | 83.51 | - | - | 114.60 |
| - Fractional bonus share proceeds unclaimed | - | - | 0.44 | - | - | 0.44 | - | - | 0.44 |
| - Capital creditors | - | - | 21.43 | - | - | 10.65 | - | - | 2.04 |
| - Mark to market loss on forward contract payable | - | - | - | - | - | - | 22.56 | - | - |
| - Employee related liabilities | - | - | 994.19 | - | - | 635.18 | - | - | 619.33 |
| - Security deposits and others | - | - | 32.09 | - | - | 14.01 | - | - | 12.15 |
| Total financial liabilities | - | - | 2,259.91 | - | - | 2,618.11 | 22.56 | - | 2,313.19 |

The fair value of investments measured at amortised cost is as under:

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|----------------------|-----------------------|------------|-----------------------|------------|----------------------|------------|
| | Amortised cost | Fair value | Amortised cost | Fair value | Amortised cost | Fair value |
| Preference shares | 204.00 | 208.99 | 204.00 | 222.27 | 204.00 | 205.96 |
| Debentures and bonds | 4,676.41 | 5,490.94 | 4,876.90 | 5,712.49 | 4,977.43 | 5,543.41 |

The management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, short term borrowings, and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has assessed that the fair value of floating rate instruments approximate their carrying value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

54.2 Fair value Hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities. The mutual fund / alternative investment fund are valued using the closing net asset value.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of all bonds which are not actively traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date. Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty. The fair value of short-term financial assets and liabilities is considered to be approximately equal to its carrying value due to their short term nature. Costs of unquoted equity instruments has been considered as an appropriate estimate of fair value where most recent information to measure fair value is insufficient or if there is a wide range of possible fair value measurements.

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | | As at 1st April 2016 | | |
|--|-----------------------|-----------------|-----------------|-----------------------|-----------------|-----------------|----------------------|-----------------|-----------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| (i) Measured at amortised cost | | | | | | | | | |
| Investments | | | | | | | | | |
| - Preference shares | - | 208.99 | - | - | 222.27 | - | - | 205.96 | - |
| - Debentures and bonds | - | 5,490.94 | - | - | 5,712.49 | - | - | 5,543.41 | - |
| Loans | - | - | 36.71 | - | - | 35.56 | - | - | 34.50 |
| Trade receivables | - | - | 3,823.62 | - | - | 3,090.04 | - | - | 2,970.27 |
| Cash and cash equivalents | - | - | 903.37 | - | - | 966.76 | - | - | 724.01 |
| Other bank balances | - | - | 194.43 | - | - | 185.23 | - | - | 117.13 |
| Other financial assets | | | | | | | | | |
| - Fixed deposits accounts with bank (maturity over 12 months) | - | - | 200.29 | - | - | 200.36 | - | - | 299.55 |
| - Interest accrued on investments, fixed and security deposits | - | - | 158.63 | - | - | 157.37 | - | - | 143.50 |
| - Other deposits, advances & receivables | - | - | 41.81 | - | - | 86.99 | - | - | 98.41 |
| Subtotal | - | 5,699.93 | 5,358.86 | - | 5,934.76 | 4,722.31 | - | 5,749.37 | 4,387.37 |
| (ii) Measured at fair value through profit or loss | | | | | | | | | |
| Investments | | | | | | | | | |
| - Preference shares | 603.20 | - | - | 756.80 | - | - | 529.92 | - | - |
| - Mutual funds | 18,706.96 | - | - | 17,307.99 | - | - | 11,994.02 | - | - |
| - Alternative investments funds | 1,824.69 | - | - | 100.00 | - | - | - | - | - |
| - Debentures and bonds | - | - | - | - | - | - | - | 224.78 | - |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | | As at 1st April 2016 | | |
|--|-----------------------|-----------------|-----------------|-----------------------|-----------------|-----------------|----------------------|-----------------|-----------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Other financial assets | | | | | | | | | |
| - Mark to market gain on forward contract receivables | - | 12.13 | - | - | 36.83 | - | - | - | - |
| Subtotal | 21,134.85 | 12.13 | - | 18,164.79 | 36.83 | - | 12,523.94 | 224.78 | - |
| (iii) Measured at fair value through other comprehensive income | | | | | | | | | |
| Investments | | | | | | | | | |
| - Equity instruments | 487.32 | - | 0.32 | 51.11 | - | 0.32 | 79.24 | - | 0.32 |
| - Debentures and bonds | - | - | - | - | 1,295.74 | - | - | 1,799.52 | - |
| Subtotal | 487.32 | - | 0.32 | 51.11 | 1,295.74 | 0.32 | 79.24 | 1,799.52 | 0.32 |
| Total financial assets | 21,622.17 | 5,712.06 | 5,359.18 | 18,215.90 | 7,267.33 | 4,722.63 | 12,603.18 | 7,773.67 | 4,387.69 |
| Financial liabilities | | | | | | | | | |
| (i) Measured at amortised cost | | | | | | | | | |
| Borrowings (including current maturities) | - | - | 574.20 | - | - | 1,347.21 | - | - | 1,259.24 |
| Trade payables | - | - | 561.15 | - | - | 526.81 | - | - | 305.12 |
| Other financial liabilities | | | | | | | | | |
| - Long term maturities of finance lease obligations | - | - | 0.03 | - | - | 0.30 | - | - | 0.27 |
| - Interest accrued but not due on borrowings | - | - | 0.33 | - | - | - | - | - | - |
| - Unpaid dividends | - | - | 76.05 | - | - | 83.51 | - | - | 114.60 |
| - Fractional bonus share proceeds unclaimed | - | - | 0.44 | - | - | 0.44 | - | - | 0.44 |
| - Capital creditors | - | - | 21.43 | - | - | 10.65 | - | - | 2.04 |
| - Employee related liabilities | - | - | 994.19 | - | - | 635.18 | - | - | 619.33 |
| - Security deposits and others | - | - | 32.09 | - | - | 14.01 | - | - | 12.15 |
| Subtotal | - | - | 2,259.91 | - | - | 2,618.11 | - | - | 2,313.19 |
| (ii) Measured at fair value through profit or loss | | | | | | | | | |
| Other financial liabilities | | | | | | | | | |
| - Mark to market loss on forward contract payable | - | - | - | - | - | - | - | 22.56 | - |
| Subtotal | - | - | - | - | - | - | - | 22.56 | - |
| Total Financial Liabilities | - | - | 2,259.91 | - | - | 2,618.11 | - | 22.56 | 2,313.19 |

There were no transfers between Level 1 and Level 2 during the year.

54.3 Financial Risk Management

The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by the Directors. The different types of risk impacting the fair value of financial instruments are as below:

a) Credit risk

The credit risk is the risk of financial loss arising from counter party failing to discharge an obligation. The credit risk is controlled by analysing credit limits and credit worthiness of customers on continuous basis to whom the credit has been granted, after obtaining necessary approvals for credit.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

i) Trade receivable

Customer credit risk is managed by the Company subject to Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and major customers are generally from Government agencies and in respect of export debtors, terms of shipment is either cash against document or 100% advance against proof of shipments or backed by letter of credit / ECGC coverage. Thus, based on past trends, the Company does not foresee any losses in expected credit loss (ECL). The maximum exposure to credit risk at the reporting date is the carrying value of trade receivable disclosed in Note - 16.

ii) Financial instrument and cash deposit

Credit risk is limited as the Company generally invest in deposits with banks and in bonds of companies having high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investments in debentures, bonds, preference shares and mutual fund units. Counterparty credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

b) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they become due. The Company monitors its risk by determining its liquidity requirement in the short, medium and long term. This is done by drawing up cash forecast for short term and long term needs. The Company manages its liquidity risk in a manner so as to meet its normal financial obligations without any significant delay or stress. Such risk is managed through ensuring operational cash flow while at the same time maintaining adequate cash and cash equivalent position. The management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity monitoring future cash flow and liquidity on a regular basis. Surplus funds not immediately required are invested in certain mutual funds and fixed deposit which provide flexibility to liquidate. Besides, it generally has certain undrawn credit facilities which can be used as and when required; such credit facilities are reviewed at regular basis.

i) Maturity analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date -

| Particulars | On Demand | 0 to 6 Months | More than 6 months to 1 year | More than 1 Year | Total |
|--|-----------------|-----------------|------------------------------|------------------|-----------------|
| As at 31st March, 2018 | | | | | |
| Non-derivative | | | | | |
| Borrowings (including current maturities) (Refer Note - 23, 27 & 29) | 458.93 | 14.91 | 14.90 | 85.46 | 574.20 |
| Trade payables (Refer Note - 28) | - | 561.15 | - | - | 561.15 |
| Other financial liabilities (Refer Note - 24 & 29) | 76.49 | 1,026.29 | - | 21.78 | 1,124.56 |
| | 535.42 | 1,602.35 | 14.90 | 107.24 | 2,259.91 |
| As at 31st March, 2017 | | | | | |
| Non-derivative | | | | | |
| Borrowings (including current maturities) (Refer Note - 23, 27 & 29) | 1,329.62 | 7.41 | 7.40 | 2.78 | 1,347.21 |
| Trade payables (Refer Note - 28) | - | 526.22 | 0.59 | - | 526.81 |
| Other financial liabilities (Refer Note - 24 & 29) | 83.95 | 659.84 | - | 0.30 | 744.09 |
| | 1,413.57 | 1,193.47 | 7.99 | 3.08 | 2,618.11 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | On Demand | 0 to 6 Months | More than 6 months to 1 year | More than 1 Year | Total |
|--|-----------------|---------------|------------------------------|------------------|-----------------|
| As at 1st April, 2016 | | | | | |
| Non-derivative | | | | | |
| Borrowings (including current maturities) (Refer Note - 23, 27 & 29) | 1,259.24 | - | - | - | 1,259.24 |
| Trade payables (Refer Note - 28) | - | 303.97 | 1.15 | - | 305.12 |
| Other financial liabilities (Refer Note - 24 & 29) | 115.04 | 633.52 | - | 0.27 | 748.83 |
| Derivative | | | | | |
| Mark to market loss on forward contract payable (Refer Note - 29) | - | 22.56 | - | - | 22.56 |
| | 1,374.28 | 960.05 | 1.15 | 0.27 | 2,335.75 |

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of following risk: interest rate risk, foreign currency risk, other price risk. Financial instruments affected by market risk include borrowings, trade receivable and trade payable.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to risk due to interest rate fluctuation on its non-current and current borrowings with floating interest rate. Interest rate risk is determined by current market interest rates, projected debt servicing capability and view on future interest rate. Such interest rate risk is actively evaluated and is managed through portfolio diversification and exercise of prepayment/refinancing options where considered necessary.

a) Exposure to interest rate risk

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|----------------------------------|--------------------------|--------------------------|-------------------------|
| Fixed rate instruments | | | |
| Financial assets | 5,838.55 | 7,470.64 | 7,847.01 |
| Financial liabilities | 37.53 | 0.30 | 0.27 |
| Variable rate instruments | | | |
| Financial assets | - | - | 224.78 |
| Financial liabilities | 536.70 | 1,347.21 | 1,259.24 |

b) Interest rate sensitivity

A change in 50 bps in interest rate would have following impact on profit before tax and other equity-

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | |
|---------------------------|-----------------------|-------------------|--------------|-----------------------|-------------------|--------------|
| | Sensitivity | Impact on | | Sensitivity | Impact on | |
| | | Profit before tax | Other equity | | Profit before tax | Other equity |
| Interest rate increase by | 0.50% | -2.68 | -1.75 | 0.50% | -6.74 | -4.41 |
| Interest rate decrease by | 0.50% | 2.68 | 1.75 | 0.50% | 6.74 | 4.41 |

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables remain constant.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has significant foreign currency exposure. To mitigate this risk, foreign exchange exposure against exports are partly hedged by entering into forward contract.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

a) Exposure to foreign currency risk

The Company's exposure to foreign currency risk at the end of the reporting period are as follows:

(i) Unhedged foreign currency exposure

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|--|-----------------------|--------|-----------------------|----------|----------------------|----------|
| | USD / Euro | INR | USD / Euro | INR | USD / Euro | INR |
| Financial assets | | | | | | |
| <i>Trade receivables</i> | | | | | | |
| In USD | 602,695 | 392.02 | 1,732,967 | 1,123.64 | 1,053,085 | 686.25 |
| In EURO | 98,511 | 79.42 | 129,601 | 89.74 | 128,735 | 93.27 |
| <i>Other financial assets</i> | | | | | | |
| In USD | 373,340 | 242.84 | 491,644 | 318.77 | 309,014 | 202.55 |
| In EURO | 182,516 | 147.15 | 226,796 | 157.05 | 206,498 | 151.82 |
| | | 861.43 | | 1,689.20 | | 1,133.89 |
| Financial liabilities | | | | | | |
| <i>Borrowings</i> | | | | | | |
| In USD | - | - | - | - | 662,875 | 442.60 |
| <i>Trade payables and other liabilities</i> | | | | | | |
| In USD | 149,775 | 97.42 | 323,098 | 209.49 | 91,500 | 61.21 |
| In EURO | 186,331 | 150.22 | 2,000 | 1.39 | 14,213 | 10.85 |
| | | 247.64 | | 210.88 | | 514.66 |
| Net exposure in foreign currency (Financial assets - Financial liabilities) | | | | | | |
| In USD | 826,260 | 537.44 | 1,901,513 | 1,232.92 | 607,724 | 384.99 |
| In EURO | 94,696 | 76.35 | 354,397 | 245.40 | 321,020 | 234.24 |
| | | 613.79 | | 1,478.32 | | 619.23 |

(ii) Hedged Foreign Currency Exposure

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|--|-----------------------|----------|-----------------------|--------|----------------------|----------|
| | USD/Euro | INR | USD/Euro | INR | USD/Euro | INR |
| Derivative assets | | | | | | |
| <i>Forward contract against trade receivables</i> | | | | | | |
| In USD | 1,846,000 | 1,200.71 | 300,000 | 194.51 | 182,620 | 119.45 |
| In EURO | - | - | 100,000 | 69.25 | 290,000 | 213.79 |
| <i>Forward contract against firm commitments</i> | | | | | | |
| In USD | 2,254,000 | 1,466.09 | - | - | 500,000 | 333.54 |
| In EURO | - | - | 700,000 | 484.73 | 1,430,000 | 1,036.43 |
| | | 2,666.80 | | 748.49 | | 1,703.21 |
| Derivative liabilities | | | | | | |
| <i>Forward contract - against payable</i> | - | - | - | - | - | - |
| <i>Forward contract - against Firm commitments</i> | - | - | - | - | - | - |
| | | - | | - | | - |
| Net exposure in foreign currency (Financial assets - Financial liabilities) | | | | | | |
| In USD | 4,100,000 | 2,666.80 | 300,000 | 194.51 | 682,620 | 452.99 |
| In EURO | - | - | 800,000 | 553.98 | 1,720,000 | 1,250.22 |
| | | 2,666.80 | | 748.49 | | 1,703.21 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

b) Sensitivity analysis

The analysis is based on assumption that the increase/decrease in foreign currency by 5% with all other variables held constant, on the unhedged foreign currency exposure would have following impact on profit before tax and other equity -

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | |
|-------------------------------|-----------------------|-------------------|--------------|-----------------------|-------------------|--------------|
| | Sensitivity | Impact on | | Sensitivity | Impact on | |
| | | Profit before tax | Other equity | | Profit before tax | Other equity |
| USD Sensitivity - Increase | 5.00% | 26.87 | 17.57 | 5.00% | 61.65 | 40.31 |
| USD Sensitivity - (Decrease) | 5.00% | -26.87 | -17.57 | 5.00% | -61.65 | -40.31 |
| EURO Sensitivity - Increase | 5.00% | 3.82 | 2.50 | 5.00% | 12.27 | 8.02 |
| EURO Sensitivity - (Decrease) | 5.00% | -3.82 | -2.50 | 5.00% | -12.27 | -8.02 |

iii) Other price risk

The Company's exposure to securities price risk arises from investments held by the Company and classified in the balance Sheet either at fair value through OCI or at fair value through profit and loss. Having regard to the nature of securities, intrinsic worth, intent and long term nature of securities held by the Company, fluctuation in their prices are considered acceptable and do not warrant any management.

a) Exposure to other market price risk

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|--------------------------|--------------------------|-------------------------|
| Measured at FVTPL | | | |
| Investment in preference instruments | 603.20 | 756.80 | 529.92 |
| Investment in debentures and bonds | - | - | 224.78 |
| Investment in mutual funds | 18,706.96 | 17,307.99 | 11,994.02 |
| Investment in alternative investment funds | 1,824.69 | 100.00 | - |
| | 21,134.85 | 18,164.79 | 12,748.72 |
| Measured at FVTOCI | | | |
| Investment in equity instruments | 487.64 | 51.43 | 79.56 |
| Investment in debentures and bonds | - | 1,295.74 | 1,799.52 |
| | 487.64 | 1,347.17 | 1,879.08 |
| Total | 21,622.49 | 19,511.96 | 14,627.80 |

b) Sensitivity analysis

The analysis is based on assumption that the increase/decrease by 5% with all other variables held constant would have following impact on profit before tax, other comprehensive income and other equity -

| Particulars | As at 31st March 2018 | | | | As at 31st March 2017 | | | |
|-------------------------|-----------------------|-------------------|----------------------------|--------------|-----------------------|-------------------|----------------------------|--------------|
| | Sensitivity | Impact on | | | Sensitivity | Impact on | | |
| | | Profit before tax | Other comprehensive income | Other equity | | Profit before tax | Other comprehensive income | Other equity |
| Market rate increase by | 5.00% | 1056.74 | 24.38 | 706.97 | 5.00% | 908.24 | 67.36 | 637.96 |
| Market rate decrease by | 5.00% | -1056.74 | -24.38 | -706.97 | 5.00% | -908.24 | -67.36 | -637.96 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

55 FIRST TIME ADOPTION- TRANSITION TO IND AS

Basis for preparation

For all period up to and including the year ended 31st March, 2017, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended 31st March, 2018 are the Company's first annual IND AS financial statements and have been prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS balance sheet as at 1st April, 2016 (the date of transition). This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

55.1 Exceptions and Exemptions Applied

Ind AS 101 "First-time adoption of Indian Accounting Standards" (hereinafter referred to as Ind AS 101) allows first time adopters certain mandatory exceptions and optional exemptions from the retrospective application of certain Ind AS, effective for 1st April, 2016 opening balance sheet. In preparing these financial statements, the Company has applied the below mentioned mandatory exceptions and optional exemptions.

A Mandatory exceptions to retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 "First Time Adoption of Indian Accounting Standards":

i) Estimates

As per para 14 of Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS or at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per para 16 of the standard, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition or at the end of the comparative period. The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statement that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/or FVTOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

ii) De-recognition of financial assets and liabilities

As per para B2 of Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, "Financial Instruments", prospectively for transactions occurring on or after the date of transition to Ind AS. However, para B3 gives an option to the entity to apply the derecognition requirements from a date of its choice if the information required to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the initially accounting for those transactions. The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

iii) Classification and measurement of financial assets

Para B8 - B8C of Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively.

B Optional exemptions from retrospective application

Ind AS 101 "First time Adoption of Indian Accounting Standards" permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Company has accordingly on transition to Ind AS availed the following key exemptions:

i) Property, plant and equipment, intangible assets and investment property

As per Ind AS 101, property, plant and equipment has been carried in accordance with previous GAAP carrying values with suitable changes as per Ind AS requirement at the date of transition except freehold land where revaluation model as adopted in previous GAAP has been continued on the date of transition. Previous GAAP revaluation surplus (other than on freehold land) has been transferred to retained earnings. In case of intangible assets and investment property, previous GAAP carrying value at the date of transition has been considered as deemed cost as per Ind AS 101.

ii) Determining whether an arrangement contains a Lease

Para D9-D9AA of Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 "Leases" for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has applied the above transitional provision and has assessed all the arrangements at the date of transition.

iii) Designation of previously recognised financial instruments

Para D19B of Ind AS 101 permits an entity to designate particular investments in equity instruments as at fair value through other comprehensive income (FVTOCI) based on facts and circumstances at the date of transition to Ind AS (rather at initial recognition). The Company has opted to avail this exemption to designate its investments in equity instruments as FVTOCI on the date of transition.

55.2 Transition to Ind AS - Reconciliations

The following reconciliations provide the explanation and qualification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards".

- Reconciliation of Balance sheet as at 1st April, 2016 (Transition Date) and as at 31st March, 2017
- Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017
- Reconciliation of Statement of Cash Flows for the year ended 31st March, 2017
- Reconciliation of Total Equity as at 1st April, 2016 and 31st March, 2017

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

55.2(a) Effect of Ind AS adoption on the Balance Sheet as at 31st March 2017 and 1st April 2016

| Particulars | Footnote Reference | Balance sheet as at 31st March 2017 | | | Opening balance sheet as at 1st April 2016 | | |
|---|--------------------|--|--------------------------------|------------------|---|--------------------------------|------------------|
| | | Previous GAAP * | Effect of transition to Ind AS | Ind AS | Previous GAAP * | Effect of transition to Ind AS | Ind AS |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| (a) Property, plant and equipment | c,d | 14,259.02 | 590.33 | 14,849.35 | 14,354.05 | 156.38 | 14,510.43 |
| (b) Capital work-in-progress | | 39.77 | - | 39.77 | 80.94 | - | 80.94 |
| (c) Investment property | e | 23.10 | 0.04 | 23.14 | 23.55 | 0.04 | 23.59 |
| (d) Other intangible assets | | 112.28 | - | 112.28 | 118.65 | - | 118.65 |
| (e) Intangible assets under development | | 1.00 | - | 1.00 | 1.00 | - | 1.00 |
| (f) Financial assets | | | | | | | |
| (i) Investments | a(1) | 19,197.56 | 1,661.55 | 20,859.11 | 16,245.54 | 524.88 | 16,770.42 |
| (ii) Loans | a(3) | 37.53 | (1.97) | 35.56 | 37.53 | (3.03) | 34.50 |
| (iii) Other financial assets | | 233.55 | - | 233.55 | 328.32 | - | 328.32 |
| (g) Non-current tax assets (net) | | 5.77 | - | 5.77 | 5.77 | - | 5.77 |
| (h) Other non current assets | a(3) | 110.03 | 0.75 | 110.78 | 127.15 | 1.87 | 129.02 |
| | | 34,019.61 | 2,250.70 | 36,270.31 | 31,322.50 | 680.14 | 32,002.64 |
| Current Assets | | | | | | | |
| (a) Inventories | | 6,004.57 | - | 6,004.57 | 5,928.92 | - | 5,928.92 |
| (b) Financial assets | | | | | | | |
| (i) Investments | a(1) | 3,636.32 | 97.43 | 3,733.75 | 2,503.36 | 535.45 | 3,038.81 |
| (ii) Trade receivables | | 3,090.04 | - | 3,090.04 | 2,970.27 | - | 2,970.27 |
| (iii) Cash and cash equivalents | | 966.76 | - | 966.76 | 724.01 | - | 724.01 |
| (iv) Other bank balances (other than (iii) above) | | 185.23 | - | 185.23 | 117.13 | - | 117.13 |
| (v) Other financial assets | a(1), a(2) | 249.65 | (1.65) | 248.00 | 213.62 | (0.48) | 213.14 |
| (c) Other current assets | a(3) | 1,422.57 | 1.12 | 1,423.69 | 1,279.58 | 1.12 | 1,280.70 |
| | | 15,555.14 | 96.90 | 15,652.04 | 13,736.89 | 536.09 | 14,272.98 |
| Total Assets | | 49,574.75 | 2,347.60 | 51,922.35 | 45,059.39 | 1,216.23 | 46,275.62 |
| EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| (a) Equity share capital | | 451.48 | - | 451.48 | 451.48 | - | 451.48 |
| (b) Other equity | | 45,488.97 | 1,516.39 | 47,005.36 | 41,357.95 | 489.24 | 41,847.19 |
| Total equity | | 45,940.45 | 1,516.39 | 47,456.84 | 41,809.43 | 489.24 | 42,298.67 |
| Non-current liabilities | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | | 2.78 | - | 2.78 | - | - | - |
| (ii) Other financial liabilities | e | - | 0.30 | 0.30 | - | 0.27 | 0.27 |
| (b) Deferred tax liabilities (net) | b | 241.12 | 671.18 | 912.30 | 106.33 | 555.91 | 662.24 |
| (c) Other non-current liabilities | c | - | 137.15 | 137.15 | - | 94.37 | 94.37 |
| | | 243.90 | 808.63 | 1,052.53 | 106.33 | 650.55 | 756.88 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Footnote Reference | Balance sheet as at 31st March 2017 | | | Opening balance sheet as at 1st April 2016 | | |
|-------------------------------------|--------------------|--|--------------------------------|------------------|---|--------------------------------|------------------|
| | | Previous GAAP * | Effect of transition to Ind AS | Ind AS | Previous GAAP * | Effect of transition to Ind AS | Ind AS |
| Current Liabilities | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | | 1,329.62 | - | 1,329.62 | 1,259.24 | - | 1,259.24 |
| (ii) Trade payables | a(2) | 530.36 | (3.55) | 526.81 | 313.21 | (8.09) | 305.12 |
| (iii) Other financial liabilities | a(2) | 758.60 | - | 758.60 | 729.58 | 41.54 | 771.12 |
| (b) Other current liabilities | c | 264.17 | 26.13 | 290.30 | 332.89 | 42.99 | 375.88 |
| (c) Provisions | | 491.75 | - | 491.75 | 479.15 | - | 479.15 |
| (d) Current tax liabilities (net) | | 15.90 | - | 15.90 | 29.56 | - | 29.56 |
| | | 3,390.40 | 22.58 | 3,412.98 | 3,143.63 | 76.44 | 3,220.07 |
| Total liabilities | | 3,634.30 | 831.21 | 4,465.51 | 3,249.96 | 726.99 | 3,976.95 |
| Total equity and liabilities | | 49,574.75 | 2,347.60 | 51,922.35 | 45,059.39 | 1,216.23 | 46,275.62 |

* The Previous GAAP figures have been reclassified to conform to Ind AS presentational requirements for the purpose of this note.

55.2(b) Effect of Ind AS adoption on the Statement of Profit & Loss for the year ended 31st March 2017

| Particulars | Footnote Reference | Year ended 31st March 2017 | | |
|---|--------------------|----------------------------|--------------------------------|------------------|
| | | Previous GAAP * | Effect of transition to Ind AS | Ind AS |
| Income | | | | |
| Revenue from operations | c | 39,288.61 | 65.54 | 39,354.15 |
| Other income | a, d | 2,334.79 | 740.64 | 3,075.43 |
| Total Income | | 41,623.40 | 806.18 | 42,429.58 |
| Expenses | | | | |
| Cost of materials consumed | | 21,459.75 | - | 21,459.75 |
| Changes in inventories of finished goods and work-in-progress | | 255.00 | - | 255.00 |
| Employee benefits expense | f | 6,153.22 | 238.05 | 6,391.27 |
| Finance costs | e | 61.85 | 0.03 | 61.88 |
| Depreciation and amortisation expense | c, d | 712.15 | 79.67 | 791.82 |
| Other expenses | a(3) | 6,886.57 | 1.02 | 6,887.59 |
| TOTAL | | 35,528.54 | 318.77 | 35,847.31 |
| Profit before exceptional items and tax | | 6,094.86 | 487.41 | 6,582.27 |
| Exceptional Items : | | | | |
| Indirect taxes for earlier years | | 60.51 | - | 60.51 |
| Profit before tax | | 6,155.37 | 487.41 | 6,642.78 |
| Tax expense : | | | | |
| Current tax | f | 1,465.00 | (82.38) | 1,382.62 |
| Deferred tax | b | 134.79 | 177.38 | 312.17 |
| Tax for earlier years (net) | | (0.06) | - | (0.06) |
| Profit for the year | | 4,555.64 | 392.41 | 4,948.05 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Footnote Reference | Year ended 31st March 2017 | | |
|--|--------------------|----------------------------|--------------------------------|-----------------|
| | | Previous GAAP * | Effect of transition to Ind AS | Ind AS |
| Other comprehensive income | | | | |
| A. Items that will not be reclassified to profit or loss | | | | |
| (i) Remeasurement of defined benefit plans | f | - | 238.05 | 238.05 |
| (ii) Equity instruments through other comprehensive income | a(1) | - | (8.01) | (8.01) |
| (iii) Income tax relating to items that will not be reclassified to profit or loss | b, f | - | 18.10 | 18.10 |
| B. Items that will be reclassified to profit or loss | | | | |
| (i) Debt instruments through other comprehensive income | a(1) | - | 18.79 | 18.79 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | b | - | 2.17 | 2.17 |
| Other comprehensive income for the year | | - | 228.56 | 228.56 |
| Total comprehensive income for the year | | 4,555.64 | 620.97 | 5,176.61 |

* The Previous GAAP figures have been reclassified to conform to Ind AS presentational requirements for the purpose of this note.

55.2(c) Effect of Ind AS adoption on the statement of cashflows for the year ended 31st March 2017

| Particulars | Previous GAAP | Effect of transition to Ind AS | Ind AS |
|--|---------------|--------------------------------|---------------|
| Net cash flow from operating activities | 3,125.05 | (3.30) | 3,121.75 |
| Net cash (used in) investing activities | (2,911.82) | 3.30 | (2,908.52) |
| Net cash flow from financing activities | 26.25 | - | 26.25 |
| Net increase in cash and cash equivalents | 239.48 | - | 239.48 |
| Cash and cash equivalents as at beginning of the Year | 724.01 | - | 724.01 |
| Effect of exchange rate changes on cash and cash equivalents | 3.27 | - | 3.27 |
| Cash and cash equivalents as at end of the Year | 966.76 | - | 966.76 |

55.2(d) Reconciliation of Total Equity as at 31st March 2017 and 1st April 2016

| Particulars | Footnote Reference | As at 31st March 2017 | As at 1st April 2016 |
|---|--------------------|-----------------------|----------------------|
| Total Equity as reported under previous GAAP | | 45,940.45 | 41,809.43 |
| Fair valuation of financial instruments through profit and loss | a(1) | 1,716.99 | 1,058.94 |
| Fair valuation of financial instruments through other comprehensive income | a(1) | 42.03 | 0.90 |
| Impact of carrying cost and deferred revenue grant on property, plant and equipment | c,d | 426.97 | 18.95 |
| Fair valuation of derivative instruments | a(2) | 2.36 | (33.45) |
| Others | a(3), e | (0.78) | (0.19) |
| Tax on above | b | (671.18) | (555.91) |
| Total Equity as per Ind AS | | 47,456.84 | 42,298.67 |

Footnotes:

a) Fair valuation of Financial Instruments

- Under the Indian GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated/ certain debt instruments measured as FVTOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31st March 2017.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(₹ in Lakhs)

Fair value changes with respect to investments in equity instruments designated as FVTOCI have been recognised in FVTOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31st March 2017.

Fair value changes with respect to certain investments in debt instruments measured as FVTOCI have been recognised in FVTOCI – Debt investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31st March 2017.

- 2) Derivative Financial Instrument : Under Ind AS, mark to market gain/loss on restatement of forward contract as at the reporting date has been recognized in the statement of profit and loss.
- 3) Under the Indian GAAP, interest free security deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent which has been amortised over it's lease term as rent expense. The discounted value of the security deposits is increased over the period of lease term by recognising the notional interest income.

b) Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of other equity as at the date of transition and subsequently in the profit and loss or other comprehensive income for the year ended 31st March, 2017.

c) Deferred Revenue / Government Grant

Under Indian GAAP, grants received from government agencies against specific property, plant and equipment are adjusted to the cost of the assets. Under Ind AS, the same has been presented as deferred revenue being amortised in the statement of profit and loss over the periods and in proportion to depreciation on related assets.

d) Property, Plant and Equipment

Considering the impact of Note No. 55.1 – B(i) the carrying value of property, plant and equipment has been increased by ₹ 424.62. Accordingly, charge on depreciation has increased by ₹ 17.41 and profit on sale of property, plant and equipment is lower by ₹ 2.46.

e) Lease

As per Ind AS 17, “Leases”, the Company has assessed certain long term arrangements, fulfilment of which is dependant on use of specified assets and where the Company has the right to control the use of such assets for being in the nature of a lease.

This resulted in certain arrangements being treated as a lease and classified as finance lease. The impact on total equity and profit and loss is on account of timing difference in recognition of expenses under the lease accounting model as compared to those recognised under the Previous GAAP.

f) Remeasurement benefit of defined benefit plans

Under the Indian GAAP, remeasurement benefit of defined plans (gratuity) was recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such remeasurement benefits relating to defined benefit plans is recognised in other comprehensive income as per the requirements of Ind AS 19. Consequently, the related tax effect of the same has also been recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

g) Reclassification

The Company has done the following reclassifications as per the requirements of Ind-AS:

- 1) Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.
 - 2) Under Indian GAAP, investment properties were presented as part of Property, Plant and Equipment. Under Ind AS, investment properties have been separately presented on the face of the balance sheet.
 - 3) Jute manufacturing cess on sales was earlier netted off with Revenue from Operations, now the Revenue from Operations is representing gross figure with a corresponding increase in expenses.
56. Previous GAAP figures have been reclassified/regrouped to conform the presentation requirements under Ind AS and the requirements laid down in Division II of the Schedule III of the Companies Act, 2013.

As per our report attached

For **Singhi & Co.**

Chartered Accountants

Firm's Registration No. : 302049E

Ankit Dhelia

Partner

Membership No. 069178

Dated the 23rd day of May, 2018

CA Madhup Kumar Patni
Chief Financial Officer

CS Aditya Banerjee
Company Secretary

For and on behalf of the Board

Harsh Vardhan Kanoria - Chairman and Managing Director,
Chief Executive Officer

Nawal Kishore Kejriwal |
Wholetime Director

Utkarsh Kanoria

Navin Nayar - Director



CHEVIOT COMPANY LIMITED

CIN : L65993WB1897PLC001409

Registered and Administrative Office

24, Park Street, 'Magma House', (9th Floor), Kolkata- 700 016

Ph: 82320 87911/12/13; Fax: (033) 2249-7269/2217-2488

Email: cheviot@chevjute.com Website: www.groupcheviot.net

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the above named Company held at The Sitaram Seksaria Auditorium of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017 on Friday, 10th August, 2018 at 11.00 a.m.

Folio/DP ID & Client ID No. :

Name of the Member :

Number of Shares :

Name(s) of joint holder(s), if any :

Address :

.....
Name of Proxy (in BLOCK LETTERS)

.....
Signature of the Member/Proxy
(To be signed at the time of handing over this slip)

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



CHEVIOT COMPANY LIMITED

CIN : L65993WB1897PLC001409

Registered and Administrative Office

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PROXY FORM FORM MGT- 11

[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 :

E-mail ID :

Folio No/ Client ID : DP ID :

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

(1) Name : Address :

E-mail ID : Signature : or failing him/her;

(2) Name : Address :

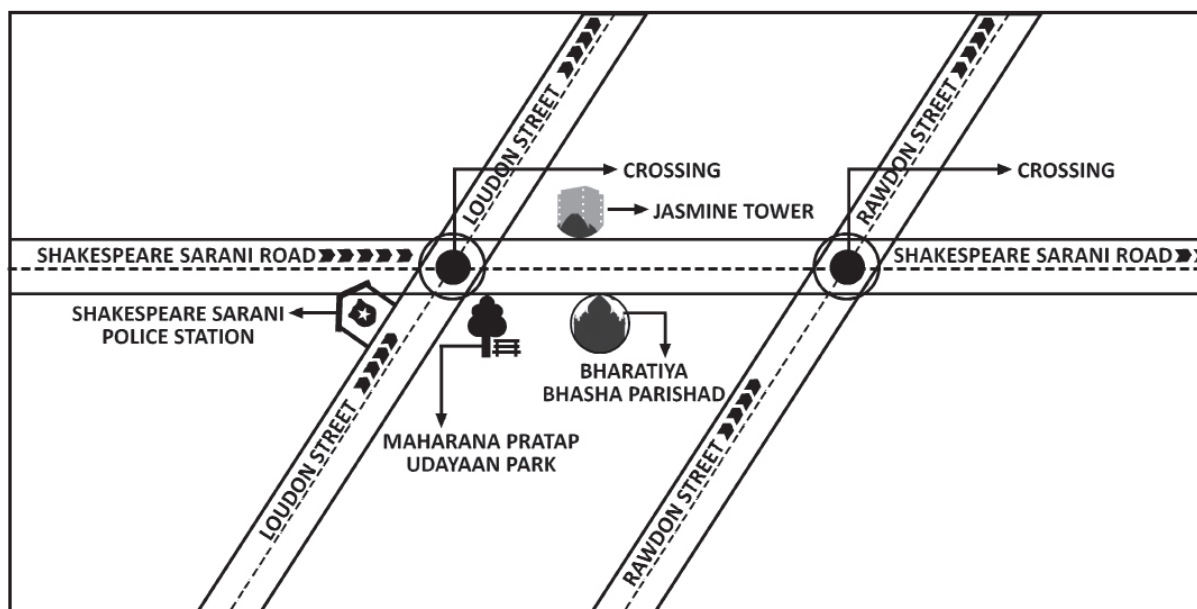
E-mail ID : Signature : or failing him/her;

(3) Name : Address :

E-mail ID : Signature : or failing him/her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the annual general meeting of the Company, to be held on the 10th day of August, 2018 at 11.00 a.m. at the Sitaram Seksaria Auditorium of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017 and at any adjournment thereof in respect of such resolutions as are indicated below :

ROUTE MAP TO THE VENUE OF THE AGM OF CHEVIOT COMPANY LIMITED



VENUE - Bharatiya Bhasha Parishad 36A, Shakespeare Sarani, Kolkata - 700 017

Route Map not to scale

| Resolution No. | Resolutions | Optional* | |
|-------------------|--|-----------|---------|
| Ordinary Business | | For | Against |
| 1. | Consider and adopt Audited Financial Statements, Reports of the Board of directors and auditors thereon | | |
| 2. | Declaration of dividend on ordinary shares | | |
| 3. | Re-appointment of Mr. Nawal Kishore Kejriwal, who retires by rotation and, being eligible, offers himself for re-appointment | | |
| Special Business | | | |
| 4. | Re-appointment of Mr. Nawal Kishore Kejriwal as Wholetime Director for a further period of one year w.e.f. 1st June, 2018 | | |
| 5. | Re-appointment of Mr. Navin Nayar as an Independent Director for the second term of five years w.e.f. 1st April, 2019 | | |
| 6. | Re-appointment of Mr. Padam Kumar Khaitan as an Independent Director for the second term of five years w.e.f. 1st April, 2019 | | |
| 7. | Re-appointment of Mr. Sushil Kumar Dhandhanias as an Independent Director for the second term of five years w.e.f. 1st April, 2019 | | |
| 8. | Consent to keep Register of Members and other documents at the office of M/s Maheshwari Datamatics Private Limited, Registrar and Share Transfer Agent of the Company at 23, R. N. Mukherjee Road, 5th Floor, Kolkata - 700 001 instead of the Registered Office of the Company. | | |
| 9. | Ratification of the remuneration payable to M/s. D. Radhakrishnan & Co., Cost Accountants, for the financial year ending 31st March, 2019 | | |
| 10. | Issue of fully paid-up bonus ordinary shares by capitalisation of profits of the Company | | |

Signed thisday of2018

Signature of Shareholder (s).....

Signature of Proxy holder(s).....

Affix
Revenue
Stamp

Note :

1. 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 AGM.
2. For the resolutions, notes and statement on special business please refer to the Notice of the AGM.
- *3. It is optional to put a 'X' in the appropriate column against the resolutions indicated to the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.



A glimpse of the Budge Budge Plant, West Bengal



A glimpse of the Falta Plant, West Bengal

BOOK POST

If undelivered, please return to :

Cheviot Company Limited

Magma House (9th Floor)

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