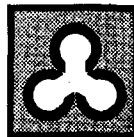


ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2009



**Group
Cheviot**

CHEVIOT COMPANY LIMITED

CHAIRMAN (EMERITUS)

B. D. KANORIA

BOARD OF DIRECTORS

H. V. KANORIA - *Chairman and Managing Director, Chief Executive Officer*

N. K. KEJRIWAL - *Wholetime Director*

P. K. BHATTACHARJEE

N. NAYAR

S. DHANDHANIA

P. K. KHAITAN

**VICE PRESIDENT & SECRETARY,
CHIEF FINANCIAL OFFICER**

D. K. MOHTA

AUDITORS

JAIN & CO.
Chartered Accountants

BANKERS

STATE BANK OF INDIA
AXIS BANK LTD.

REGISTERED OFFICE

24, PARK STREET
MAGMA HOUSE (9TH FLOOR)
KOLKATA - 700 016

WORKS

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

CONTENTS

NOTICE	2 - 4
DIRECTORS' REPORT	5 - 20
AUDITORS' REPORT	21 - 23
BALANCE SHEET	24
PROFIT & LOSS ACCOUNT	25
CASH FLOW STATEMENT	26
SCHEDULES TO ACCOUNTS	27 - 44

CHEVIOT COMPANY LIMITED

NOTICE

TO THE MEMBERS

Notice is hereby given that the Annual General Meeting 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 Thursday, the 23rd July, 2009 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2009 and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the financial year ended 31st March, 2009.
3. To appoint a Director in place of Mr. P. K. Bhattacharjee, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s Jain & Co., Chartered Accountants, as the Auditors of the Company on a remuneration to be mutually agreed upon with the Board of Directors.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII thereto, approval of the Company be and is hereby accorded to the re-appointment of Mr. Nawal Kishore Kejriwal (Mr. Kejriwal) as Wholetime Director of the Company for a period of 3 years with effect from 1st June, 2009 upon the terms and conditions as to remuneration and otherwise as set out in the letter of re-appointment (a draft of which signed by the Chairman and Managing Director for identification was laid on the table) to be issued to Mr. Kejriwal."

"FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during the aforesaid period of three years, the Company will pay Mr. Kejriwal remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required."

Registered Office :
24, Park Street,
Magma House, (9th Floor)
Kolkata - 700 016
Dated : 9th May, 2009

By Order of the Board,
CHEVIOT COMPANY LIMITED
D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

NOTES:

1. **The Register of Members and the Share Transfer Register of the Company will remain closed from Saturday 18th July, 2009 to Thursday 23rd July, 2009 (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 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 Meeting.**
3. Members are requested to bring the attendance slip along with their copy of Annual Report with them at the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Dividend, as recommended by the Board of Directors, if declared at the meeting will be paid on or before 22nd August, 2009 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, 17th July, 2009. 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 17th July, 2009 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

NOTICE (Contd.)

6. Dividend which remain unpaid/unclaimed over a period of seven years will have to be transferred by the Company to "Investor Education and Protection Fund" of the Central Government under Sections 205A & 205C of the Companies Act, 1956. Accordingly, all unpaid/unclaimed amounts in respect of dividends paid by the Company for the financial year ended 31st March, 2001 have been transferred to the said fund. Unpaid/unclaimed dividend for the financial year ended 31st March, 2002 will become due for transfer during September, 2009. Shareholders are advised to encash the unpaid dividend warrants before transfer to the above referred fund. Members shall not be able to claim in respect of their unpaid/unclaimed dividend from the said fund.
7. Securities and Exchange Board of India (SEBI) has made it mandatory for all the Companies to use the bank accounts details furnished by the Depositories for distributing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and bank details are available. Members are advised to avail ECS facility whereby the dividend will be directly credited electronically to their respective Bank Accounts. Members holding the Company's shares in dematerialised mode are requested to provide ECS particulars to their respective Depository Participants, if they have not done so already. Members holding the Company's shares in physical form who have not opted for ECS are requested to provide their ECS particulars in the enclosed '**ECS Mandate Form**' and forward the same duly filled in and signed to the Company's Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Private Limited, at the earliest to avail this facility.
8. Members holding shares in physical form are requested to intimate change in their registered address and bank particulars to the Company's Registrar and Share Transfer Agent and the members holding their shares in electronic form are requested to provide this information to their Depository Participants immediately.
9. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at least 10 (Ten) days in advance of the meeting i.e. by 13th July, 2009, so that proper information can be made available at the meeting.
10. Members who hold shares in dematerialised form are requested to bring their Client ID and DP numbers for quick identification while recording attendance at the meeting.
11. Pursuant to the provisions of Section 109A of the Companies Act, 1956, members are entitled to make a nomination and are requested to send their request in Form 2B to the Company's Registrar and Share Transfer Agent.
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. Notes on Directors seeking appointment/re-appointment at the ensuing Annual General Meeting :
 - a) Mr. P. K. Bhattacharjee (Mr. Bhattacharjee), aged 70 years is a director of the Company since 30.07.2001. Mr. Bhattacharjee is M.A. (Gold Medalist), CAIIB. He has held senior positions in State Bank of India and was its Deputy Managing Director at the time of his retirement.
Other Directorships : 1. Quippo Infrastructure Equipment Ltd. 2. Stesalit Ltd. 3. Global Investment Trust Ltd. 4. Kanco Enterprises Ltd. 5. M. S. M. Energy Ltd. 6. Suryachakra Power Corporation Ltd. 7. Dhanus Technologies Ltd. 8. Kilburn Chemicals Ltd. 9. Kaushalya Infrastructure Development Corporation Ltd. 10. SBI Home Finance Ltd.
Membership of the Committee of the Board of other Companies :
1. Quippo Infrastructure Equipments Ltd. (Audit Committee), 2. SBI Home Finance Ltd. (Audit Committee), 3. Kilburn Chemicals Ltd. (Audit Committee).
Chairman : 1. Kanco Enterprises Ltd. (Audit Committee), 2. Suryachakra Power Corporation Ltd. (Audit Committee).
Number of Shares held in the Company : Nil
 - b) Mr. N. K. Kejriwal (Mr. Kejriwal), aged 67 years, is holding position of the Wholetime Director of the Company from 1.6.1988. Mr. Kejriwal is a Commerce Graduate and has a bachelor's degree in law. He is having vast experience of 42 years of Management and Administration.
Other Directorship : Ginnia Traders Pvt. Ltd.
Membership of the Committee of the Board of other Companies : Nil
Number of Shares held in the Company : 300
14. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.

CHEVIOT COMPANY LIMITED

NOTICE (Contd.)

ANNEXURE TO NOTICE

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956

ITEM No. 5

The present term of office of Mr. Nawal Kishore Kejriwal (Mr. Kejriwal), Wholetime Director of the Company will expire on 31st May, 2009.

Mr Kejriwal has been associated with the company for the last several years in his capacity as Wholetime Director. In view of his experience and useful contribution made to the Company's growth, a resolution was passed on 9th May, 2009 by the Board of Directors renewing his appointment as Wholetime Director for a further period of three years with effect from 1st June, 2009 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 : Rs 1,00,000 per month or such other sum not exceeding Rs. 1,25,000 per month as determined by the Chairman and Managing Director from time to time.
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 : The Wholetime Director shall also be entitled to unfurnished residential accommodation, furnishing allowance, payment of medical expenses, leave travel concession for self and family, personal accident insurance, provision of car, Surrender Value of Keyman Insurance Policy, telephone at residence as perquisites restricted to an amount equal to the annual salary or such other sum as determined by the Chairman & Managing Director from time to time. 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 Sections 198 and 309 of the Companies Act, 1956.

4. Mr. Kejriwal will also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above :-
 - (a) The Company's contribution towards Provident Fund as per the Rules of the Company but restricted to the extent this is not taxable under the Income Tax Act, 1961.
 - (b) Gratuity not exceeding one-half month's salary for each completed year of service.
 - (c) Leave on full pay and allowances as per Rules of the Company but not exceeding one month's leave for every eleven months of service.
5. Mr. Kejriwal shall not be paid any sitting fee for attending the meeting of the Board or any Committee thereof.
6. In the event that the Company in any financial year during the aforesaid period, 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 XIII of the Companies Act, 1956 or any modification or reenactment thereof as minimum remuneration, subject to such approvals as may be required.
7. 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.
8. Mr. Kejriwal will not, so long as he functions as a Wholetime Director, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future. His appointment shall cease and determine on any contravention of this condition.
9. Mr. Kejriwal and the Company shall have right to terminate the appointment by giving three months' prior notice in writing to the other.

The copy of the draft letter of re-appointment referred to in the proposed Ordinary Resolution may be inspected by any Member at the Registered Office of the Company on any working day prior to the date of the meeting between 11.00 a.m. and 1.00 p.m. and will also be available for inspection at the Annual General Meeting.

The Board recommends that the proposed Ordinary Resolution be accepted by the Company.

Except Mr. Kejriwal, no other director of the Company is interested or concerned in the Resolution.

The above should also be considered as an abstract of the terms of the re-appointment of Mr. Kejriwal and a Memorandum as to the nature of the concern and interest of the Directors in the said re-appointment in terms of Section 302(7) of the Companies Act, 1956.

Registered Office :
24, Park Street,
Magma House, (9th Floor)
Kolkata - 700 016
Dated : 9th May, 2009

By Order of the Board,
CHEVIOT COMPANY LIMITED
D. K. Mohta
Vice President & Secretary,
Chief Financial Officer

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting their Annual Report and Audited Accounts of the Company for the year ended 31st March, 2009.

Amount in Rs. Lakhs

FINANCIAL RESULTS

Year ended March 31	2009	2008
Operating results after charging depreciation show a profit of	2259.50	2251.72
Add : Other Income /(Loss)	(374.19)	691.23
Resulting in Gross profit of	1885.31	2942.95
From which have been deducted :		
Provision for taxation	608.10	696.00
Provision for deferred taxation	(13.30)	(3.22)
Fringe benefit tax	8.50	6.10
Taxation for earlier years (net)	84.45	44.97
Leaving Profit after taxation of	1197.56	2199.10
Balance brought forward from previous year	370.82	399.52
Making a total of	<u>1568.38</u>	<u>2598.62</u>
Which has been appropriated by the Directors as under :		
Proposed dividend	270.68	451.13
Tax on distributed profits	46.00	76.67
Transfer to General Reserve	900.00	1700.00
Balance to be carried forward	351.70	370.82
	<u>1568.38</u>	<u>2598.62</u>

DIVIDEND

The Directors are pleased to recommend for your consideration payment of dividend of Rs. 6/- per ordinary share of the face value of Rs. 10/- each for the year ended 31st March, 2009.

OPERATIONS

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

(Rs. in Lakhs)

	Current year	Previous year
Total Sales	18669.18	17635.65
Export Sales (C.I.F. Value)	11306.60	11022.92
Operating Profit	2259.50	2251.72
Other Income/(Loss)	(374.19)	691.23
Profit before Taxation	1885.31	2942.95
Profit after Taxation	1197.56	2199.10
Earnings per share of face value of Rs.10/- (Rs.)	26.55	48.75

The production during the year was 42,874 M.Tonnes as compared to 47,961 M.Tonnes in the previous year. The loss in production was due to industry wide strike from 1.12.2008 to 18.12.2008. In addition, there was steep increase in prices of raw jute during the later part of the year. It is, however, a matter of satisfaction that despite lower production and increase in prices of raw jute, the

CHEVIOT COMPANY LIMITED

DIRECTORS' REPORT (Contd.)

operating profit was maintained, being Rs.2259.50 lakhs for the year as against Rs 2251.72 lakhs during the previous year mainly due to satisfactory market conditions till 3rd quarter of the year under review.

The year witnessed the world going through a severe recession due to global economic meltdown the likes of which have not been seen in several years. Arising out of the impact of recession, worldwide housing sector was most severely affected resulting in sharp fall in demand from housing sector. As the products exported by your company are used in housing sectors, exports of the Company were hit hard and were down in terms of quantity. Effect on export slump started from 1st quarter of 2009 only and hence the impact on full year's working was only marginal. However, the bottom line was affected due to losses under the head 'Other Income' which were largely attributable to the sale of investments. Accordingly, the profit before taxation was lower by Rs.1057.64 lakhs, being Rs.1885.31 lakhs for the year as against Rs.2942.95 lakhs during the previous year.

In line with current market scenario, the company has reduced its focus on non traditional jute products like industrial jute yarn and is gradually shifting to manufacture and sale more traditional jute products like Sacking.

During the year under review, Company got its Export Oriented Unit situated at Budge- Budge de-bonded from 100% EOU Scheme and the Company is now operating a single domestic unit combining the operations of the erstwhile EOU and DTA at its factory at Budge-Budge. However, operations at Company's Export Oriented Unit at Falta Special Economic Zone continues, albeit with reduced working due to lack of export orders leading to idle capacity.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure and developments

The compulsory packing at 100% for both food grains and sugar under Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA) presently continues. However, the Government of India dilutes the order from time to time allowing use of HDPE / PP Bags for packing food grains and sugar. It is urged that continuation of JPMA without dilution is vital to the Jute Industry.

There has been good domestic demand of traditional jute products from food procurement agencies. However, Industry faced shortage of raw jute and resultant high prices.

On the export front, the global economic crisis precipitated sharp fall in export of jute goods from India. Industry has pleaded with the government to consider incentive measures to enable the exporters to overcome the present crisis.

b) Opportunities and Threats / Risk and concerns

Following are the major areas of risks and concerns for the Jute Industry-

- Unprecedented increase in prices of raw jute and its poor availability even at higher prices;
- Recession in the world market affecting worldwide housing sectors most severely leading to sharp fall in export orders of non traditional jute goods;
- Increase in wage costs on account of Tripartite Settlement executed on 18.12.2008;
- Complete withdrawal of duty on import of jute goods in India from Bangladesh posing threat to Indian Jute Goods market;
- Cut throat competition from Bangladesh putting pressure on Indian Jute Goods in world market.

c) Segment-wise or product-wise performance

The Company continues to operate through two business segments namely, a) Jute Goods and b) Captive Power Generation. However, captive power generation is not a reportable segment in terms of the criterion laid down in paragraph 27 of the AS-17 as the revenue/results/assets of this segment are not more than the threshold limit of 10% of the total segment revenue/results/assets.

The following disclosure under Geographical segment has, however, been considered :-

	Current Year [Rs in lakhs]		Previous Year [Rs in lakhs]	
	Within India	Outside India	Within India	Outside India
☐ Sales	7362.58	11306.60	6612.73	11022.92
☐ Carrying amount of Segment assets	25785.83	—	25568.85	—
☐ Capital expenditure	813.35	—	1068.65	—

DIRECTORS' REPORT (Contd.)

d) Outlook

Jute Industry is passing through a difficult period facing declining exports and high prices of raw jute apart from other areas of risks and concerns as enumerated under para b) above. The export slump which started from 1st quarter of 2009 continues and is likely to have negative impact on the current year's working. However, it is widely believed that after arrival of new crop for the season 2009-10, the present high prices of raw jute may reduce but in the wake of hot and dry unfavourable weather conditions, the new crop may not be sufficient and prices may not reduce to reasonable levels.

Efforts are on to control costs in all possible areas. Initiatives to increase presence in domestic markets are continuing in order to effectively face the emerging challenges consequent to depressed global market scenario.

By and large, the company has to operate in difficult market conditions and outlook for the current year presently seems gloomy. Profitability is likely to remain under pressure.

e) Internal control systems and their adequacy

The Company has a proper internal control system in all spheres of its activities which is supplemented by well defined programme of internal audits. The financial and operating controls of the Company are reviewed by the Internal Auditors whose findings are periodically deliberated at the meetings of the Audit Committee of the Board. Compliances with various laws and regulations are also monitored.

f) Discussion on financial performance with respect to operational performance

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

- Sale of jute goods was Rs.18669.18 lakhs during the year as compared to Rs. 17635.65 lakhs during previous year;
- Operating profit of the Company during the year was Rs. 2259.50 lakhs against Rs. 2251.72 lakhs during previous year. However, the bottom line was sharply affected due to losses under the head 'Other Income' as reported above;
- Interest expenses were higher at Rs. 84.37 lakhs during the year as against Rs. 67.72 lakhs in previous year. The increase in interest cost is mainly due to provision of interest in pursuance to sales tax demand;
- Inventories have marginally decreased by Rs. 85.98 lakhs being Rs.2884.26 lakhs as at 31.3.2009 as against Rs. 2970.24 lakhs as at 31.3.2008;
- The Company has invested Rs. 813.35 lakhs in fixed assets inclusive of capital advances given during the year.

g) Material developments in Human Resources/Industrial Relations front, including number of people employed

The industry wide 18 days strike as mentioned above was finally settled by way of execution of Tripartite Settlement executed on 18.12.2008 which inter-alia provides to pay a sum of Rs.500/- per month to each eligible workman as ad hoc payment. Industrial relations were affected during the period of strike.

The Company continues to impart in house training to workers employed at new scale of pay to bring about all round improvement in their working and knowledge. The Company also continues its various staff welfare schemes. As on 31.3.2009, the Company had 4403 employees on its rolls.

h) Cautionary statement

Statement made in this section of the report is based on the prevailing position in the jute industry and market conditions. Actual results might differ from what we perceive with regard to company's outlook and performance.

CORPORATE GOVERNANCE DISCLOSURE

In compliance with the requirement of clause 49 of the Listing Agreement with the Stock Exchange, a separate report on the Corporate Governance along with a certificate from the statutory auditors on its compliance is set out in the Annexure, which forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, your Directors make the following statement to the best of their knowledge and belief that :

- i. in the preparation of annual accounts, the Company has followed all the applicable accounting standards for the year under review;

CHEVIOT COMPANY LIMITED

DIRECTORS' REPORT (Contd.)

- ii. they have made judgements and estimates that are reasonable and prudent and have selected such accounting policies and applied them consistently to give true and fair view of the state of affairs of the Company for the year ended 31st March, 2009 and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis.

PARTICULARS OF CONSERVATION OF ENERGY ETC.

Information required under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are given in Annexure forming part of this report.

PERSONNEL

The details of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure forming part of this report.

DIRECTORS

In accordance with Article 97 of the Articles of Association of the Company, Mr. Parag Keshar Bhattacharjee, a Non-Executive Director, retires from the Board by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

The term of Mr. N.K. Kejriwal (Mr. Kejriwal), as Wholetime Director is expiring on 31st May, 2009. The Board of Directors have re-appointed Mr. Kejriwal as Wholetime Director of the Company for a further period of 3 years with effect from 1st June, 2009. Mr. Kejriwal's re-appointment and remuneration are being placed before you for your approval at the ensuing Annual General Meeting and your Directors recommend the passing of the same.

Brief particulars of the said directors have been given in the Notice convening Annual General Meeting.

AUDITORS

The statutory auditors, Messers Jain & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and offer themselves for re-appointment. The Company has received a certificate from the above Auditors to the effect that re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956. The Board recommends that M/s Jain & Co., Chartered Accountants be appointed as Auditors of the Company and Board be authorised to fix their remuneration.

Messers D. Radhakrishnan & Co., Cost Accountants, have been appointed, subject to requisite approval of the Central Government, to conduct an audit of the Cost Accounts maintained by the Company for the year ending 31st March, 2010, as per directives of the Central Government.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the continued co-operation and support extended by Export Import Bank of India, State Bank of India, Axis Bank Ltd., the Company's business associates and employees at all levels.

The Directors are also thankful to the shareholders of the Company for their continued support and confidence in the Company and its management.

On behalf of the Board

H. V. KANORIA

*Chairman and Managing Director,
Chief Executive Officer*

Kolkata, 9th May, 2009

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange]

1. Company's philosophy on Code of Governance

The Company's philosophy on corporate governance is aimed at conducting its affairs in fair and ethical manner and is guided by a strong emphasis on transparency, accountability and integrity to create value that can be sustained over the long term for shareholders, customers and employees.

2. Board of Directors

a) Composition

The Board of Directors consist of six directors of whom one is promoter director (Chairman and Managing Director), one is Wholetime Director and four are independent non-executive directors.

Mr. P. K. Khaitan, a non-executive director of the Company is a partner of M/s Khaitan & Co., who have a professional relationship with the Company. The legal & professional charges of Rs. 2.37 lakhs that was paid to them during the year is not considered to be of material nature so as to affect the independence of judgement of Mr. Khaitan as a director of the Company.

No Director is related to any other Director on the Board.

b) Details of attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) with particulars of their other Directorships and Chairmanships/Memberships of Board/Committees.

Name of the Directors	Position	Attendance Particulars		No. of other directorships and other committee memberships/chairmanships held		
		Board Meetings	Last AGM held on [07.08.2008]	Directorships #	Committee Memberships	Committee Chairmanships
Mr. H. V. Kanoria	Chairman and Managing Director, Chief Executive Officer (Promoter Director)	5	Yes	5	Nil	Nil
Mr. N. K. Kejriwal	Wholetime Director	4	Yes	1	Nil	Nil
Mr. P. K. Bhattacharjee	Independent Non-Executive	4	No	10	5	2
Mr. N. Nayar	Independent Non-Executive	4	Yes	11	Nil	Nil
Mr. S. Dhandhanja	Independent Non-Executive	5	Yes	9	1	Nil
Mr. P. K. Khaitan	Independent Non-Executive	4	No	14	3	1

Includes Alternate Directorship and Directorship in Private Limited Companies.

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

Five Board Meetings were held during the year ended 31st March, 2009 viz. on 29th April, 2008, 30th May, 2008, 23rd July, 2008, 24th October, 2008, and 29th January, 2009. The maximum gap between any two meetings was less than four months.

d) Brief Details of Directors seeking appointment/re-appointment

The brief details of directors seeking re-appointment are appended to the Notice convening the ensuing Annual General Meeting.

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

3. Audit Committee

a) Composition

The present composition of the Audit Committee is as follows :

Name of the Directors	Designation	Category
Mr. N. Nayar	Chairman	Non-Executive & Independent
Mr. P. K. Bhattacharjee	Member	Non-Executive & Independent
Mr. S. Dhandhanian	Member	Non-Executive & Independent

All the members of the Committee have rich experience and knowledge of financial and accounting area.

b) Meetings and attendance

Four meetings of the Audit Committee were held on 22nd May, 2008, 23rd July, 2008, 24th October, 2008 and 29th January, 2009.

Name of the Directors	Number of Meetings attended
Mr. N. Nayar	4
Mr. P. K. Bhattacharjee	3
Mr. S. Dhandhanian	4

Mr. D. K. Mohta, Vice President & Secretary acts as the Secretary to the Committee.

The Statutory Auditors, Internal Auditors and Cost Auditors are invitees to all meetings of the Audit Committee. The Chairman of the Audit Committee was present at the Annual General Meeting held on 7th August, 2008. Minutes of each Audit Committee are placed before the Board for noting.

The maximum gap between any two meetings was less than four months.

c) Terms of Reference

The role and terms of reference of the Audit Committee are in accordance with the provisions as specified under sub-clause (D) of Clause 49 II of the listing agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The role of the audit committee includes the following :

- Overall assessment 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.
- Reviewing, with the management, the quarterly and annual financial statements before submission to the Board for approval.
- Reviewing the adequacy of the internal control systems with the management.
- Discussion with internal auditors of any significant finding and follow up thereon.
- Reviewing the findings of the Internal Auditors and to discuss these periodically with the Company's officials relating to internal control procedures.
- 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.
- Reviewing the compliances with Stock Exchange and other legal requirements relating to financial statements.
- Recommending the appointment and removal of statutory auditors and fixation of audit fees.
- Reviewing the Company's Financial and Risk Management Policies.
- Disclosure of any related party transactions.
- Reviewing the Compliances of the Accounting Standards.

4. Remuneration Committee

a) Remuneration Policy

The Board of Directors fixes the remuneration of the Executive Directors. The terms of remuneration of Executive Directors are approved by the shareholders. Therefore, the Remuneration Committee, being a non-mandatory requirement has not been formed.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

b) Details of remuneration paid to the Directors

Details of remuneration of Executive Directors for the year ended 31st March, 2009 : (Rs. in Lakhs)

Name of the Directors	Salary	Commission	Contribution to Provident Fund	Estimated value of other Perquisites	Tenure of appointment
Mr. H. V. Kanoria	18.00	94.50	1.80	10.37	5 years from 01.08.2005
Mr. N. K. Kejriwal	12.00	15.00	1.20	4.68	3 years from 01.06.2006

The appointment of the executive directors is governed by the Articles of Association of the Company and the Resolutions passed 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 for the year ended 31st March 2009 : (Rs. in Lakhs)

Non-Executive Directors	Sitting fees	Commission
Mr. S. Dhandhanian	0.10	1.00
Mr. P. K. Bhattacharjee	0.08	1.00
Mr. N. Nayar	0.08	1.00
Mr. P. K. Khaitan*	0.08	1.00

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

The remuneration to non-executive directors is decided by the Board of Directors of the Company within the limits stipulated by the Special Resolution passed by the members at the Annual General Meeting. The payment of remuneration to non-executive directors is made on ad-hoc basis.

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

None of the non-executive directors hold any share in the Company.

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

5. Shareholders/Investors Grievance Committee

a) Composition

The present composition of Shareholders/Investors Grievance Committee is as follows :

Name of the Directors	Designation	Category
Mr. S. Dhandhanian	Chairman	Non-Executive & Independent
Mr. P. K. Bhattacharjee	Member	Non-Executive & Independent
Mr. N. K. Kejriwal	Member	Wholetime Director

b) Meetings and attendance

Four meetings of the Shareholders/Investors Grievance Committee were held on 30th May, 2008, 23rd July, 2008, 24th October, 2008 and 29th January, 2009.

Name of the Directors	Number of Meetings attended
Mr. S. Dhandhanian	4
Mr. P. K. Bhattacharjee	4
Mr. N. K. Kejriwal	3

c) Scope of Shareholders/Investors Grievance Committee

The Committee deals with matter relating to approval of transfers and transmissions, issue of duplicate share certificates, split and consolidation of certificates, dematerialisation and rematerialisation requests, monitoring of shareholders complaints with respect to non- receipt of annual reports, duplicate dividend warrants and revalidation of dividend warrants.

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Committee also reviews redressal of Shareholders and Investors grievances and reviews the performance of the Registrar and Share Transfer Agent of the Company.

During the year under review, 122 queries/complaints were received from the shareholders, all of which have been redressed to the satisfaction of 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/mails.

d) Compliance Officer

Mr. D. K. Mohta, Vice President & Secretary acts as a Secretary to the Committee and is the Compliance Officer of the Company.

6. General Body Meetings

a) Location and date / time where last three Annual General Meetings (AGM) were held and No. of Special Resolution passed :

Financial Year	Location	Date	Time	No. of Special Resolution Passed
2005-2006	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani (4th Floor) Kolkata - 700 017	8th August, 2006	11.00 a.m.	Nil
2006-2007	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani (4th Floor) Kolkata - 700 017	26th June, 2007	11.00 a.m.	One
2007-2008	The Sitaram Seksaria Auditorium Bharatiya Bhasha Parishad 36A, Shakespeare Sarani (4th Floor) Kolkata - 700 017	7th August, 2008	11.00 a.m.	One

Postal Ballot

No special resolution was put through postal ballot last year. There is no special resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting on 23rd July, 2009.

7. Disclosures

- There are no related party transactions of material nature made by Company with its Promoters, Directors or their relatives etc. that may have potential conflict with the interests of Company at large. The Register of Contracts containing the transactions in which the directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed in Note No. 22 of Schedule 19 to the accounts for the year ended 31st March, 2009. The Audit Committee reviews the related party transactions.
- During the last three years, no penalty or stricture have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority for non-compliance of any matter related to the capital market.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

8. Means of Communication

- The financial results of the company are sent to the Stock Exchange and published in newspapers as required under Clause 41 of the Listing Agreement. Half-yearly report is not sent to each household of shareholders.
- Quarterly financial results are normally published in Business Standard in its all India editions (in English) and Aajkal (in Bengali).
- Unaudited quarterly and audited annual financial results, shareholding pattern etc. are uploaded in EDIFAR Website "www.sebiedifar.nic.in". The results are also made available on the website of the Company "www.groupcheviot.net" at the end of each quarter.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

- The Company has not made any presentation to institutional investors or to the analysts during the year under review.
- The Management Discussion & Analysis Report forms part of the Directors' Report.

9. General Shareholder Information

a) AGM : Date, Time and Venue	23rd July, 2009 at 11.00 a.m. at The Sitaram Seksaria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017
b) Financial Calendar (Tentative)	I. Financial Year : April to March II. First quarter results : last week of July, 2009 III. Half yearly results : last week of October, 2009 IV. Third quarter results : last week of January, 2010 V. Year ending results : last week of June, 2010
c) Book Closing Period	18th July, 2009 to 23rd July, 2009 (both days inclusive)
d) Dividend payment due date	22nd August, 2009.
e) Listing on Stock Exchanges (Equity Shares)	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Listing Fees for the year 2009-2010 has been paid to the above Stock Exchange.
f) Stock Code-Physical Demat ISIN Number for NSDL and CDSL	526817 on Bombay Stock Exchange Limited INE974B01016
g) Market Price data : High, Low during each month in last financial year	Information has been given at the end of Clause 9.
h) Stock performance of the Company in comparison to BSE Sensex (April, 2008 to March, 2009)	Information has been given at the end of Clause 9.
i) Registrar and Share Transfer Agent	Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 Phone : 033-2243 5029/5809, Fax : 033-2248 4787 E-Mail : mdpl@cal.vsnl.net.in
j) Share Transfer System	Information has been given at the end of Clause 9.
k) Distribution of Shareholding as on 31st March, 2009	Information has been given at the end of Clause 9.
l) Dematerialisation of shares and liquidity	As on 31st March, 2009, 33.24% of the Company's paid-up share capital representing 14,99,498 shares is held in dematerialised form, out of which 66.50% is held by non-promoter category.
m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	Not issued.
n) 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)
o) Address for Correspondence	Cheviot Company Limited 24, Park Street (9th Floor), Magma House, Kolkata - 700 016 Phone : 033-3291 9624/25/28 Fax : 033-2249 7269 E-mail : cheviot@chevjute.com Investor service e-mail id.: investorservices@chevjute.com Website : www.groupcheviot.net

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

Information in respect of Clause 9 (g)

Market Price data : High, Low during 2008-2009 is given in the table below :

Month	Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)
April, 2008	263.55	221.90
May, 2008	244.20	217.35
June, 2008	244.15	217.10
July, 2008	260.10	224.75
August, 2008	250.95	229.35
September, 2008	238.25	198.95
October, 2008	216.90	152.85
November, 2008	192.00	133.35
December, 2008	158.95	134.15
January, 2009	155.50	129.50
February, 2009	129.70	111.80
March, 2009	115.15	99.00

Information in respect of Clause 9 (h)

Stock performance of the Company in comparison to BSE Sensex (April, 2008 to March, 2009)

Month	Company' share price At Bombay Stock Exchange Limited	Bombay Stock Exchange Limited
	High(Rs.)	BSE Sensex - High
April, 2008	263.55	17378.46
May, 2008	244.20	17600.12
June, 2008	244.15	16063.18
July, 2008	260.10	14942.28
August, 2008	250.95	15503.92
September, 2008	238.25	15049.86
October, 2008	216.90	13055.67
November, 2008	192.00	10631.12
December, 2008	158.95	10099.91
January, 2009	155.50	10335.93
February, 2009	129.70	9647.47
March, 2009	115.15	10048.49

Information in respect of Clause 9 (j)

Share Transfer System

Share transfers in physical and demat form are being processed by the Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Pvt. Ltd. on regular basis. The transfer/transmission of shares are approved in accordance with the powers delegated by the Board of Directors to the Chairman and Managing Director, Wholetime Director and Vice President & Secretary.

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

As stipulated by SEBI, Mr. S. D. Basu, a Qualified Practicing Company Secretary carries 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 Bombay Stock Exchange.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

Information in respect of Clause 9 (k)

a) Distribution of Shareholding as on 31st March, 2009

Number of Ordinary Shares held	Number of Shares	Percentage of Shareholding	Number of Shareholders/ folios	Percentage of Shareholders
Up to 500	588272	13.0401	6131	94.6580
501 to 1000	129496	2.8705	175	2.7019
1001 to 2000	145637	3.2283	101	1.5594
2001 to 3000	75458	1.6727	29	0.4477
3001 to 4000	26025	0.5769	7	0.1081
4001 to 5000	31571	0.6998	7	0.1081
5001 to 10000	92528	2.0511	14	0.2161
10001 and above	3422263	75.8606	13	0.2007
Total	4511250	100.0000	6477	100.0000
Physical Mode	3011752	66.7609	1742	26.8952
Demat Mode	1499498	33.2391	4735	73.1048

b) Shareholding Pattern as on 31st March, 2009

Category Code	Category of Shareholder	Total Number of Shares	% of Shares
(A)	Shareholding of Promoter and Promoter Group (As per MRTP Act, 1969)		
1	Indian		
(a)	Individuals/Hindu Undivided family:		
	Mr. Harsh Vardhan Kanoria	2,59,803	5.7590
	Mrs. Malati Kanoria	2,85,150	6.3209
	Master Utkarsh Kanoria	1,70,191	3.7726
	Mrs. Madhavi Agrawal	0	0.0000
	Mrs. Ishita Mohatta	0	0.0000
(b)	Central Govt./State Govt.(s)	0	0.0000
(c)	Bodies Corporate:		
	Harsh Investments Private Limited (Holding Company)	25,74,081	57.0592
	Abhyadoot Finance & Investments Private Limited	9,000	0.1995
	Cheviot International Limited	150	0.0033
	Cheviot Agro Industries Limited	300	0.0066
	Powertone Trading Company Private Limited	600	0.0133
	Elite (India) Private Limited	0	0.0000
	Bright & Shine Micro Products Private Limited	0	0.0000
	Jan Priya Trust	0	0.0000
(d)	Financial Institutions/Banks	0	0.0000
(e)	Any Others (specify)	0	0.0000
	Sub-Total (A) (1)	32,99,275	73.1344

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

Category Code	Category of Shareholder	Total Number of Shares	% of Shares
2	Foreign		
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0.0000
(b)	Bodies Corporate	0	0.0000
(c)	Institutions	0	0.0000
(d)	Any other (specify)	0	0.0000
	Sub-Total (A) (2)	0	0.0000
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	32,99,275	73.1344
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds/UTI	416	0.0092
(b)	Financial Institutions/Banks	7,530	0.1669
(c)	Central Govt./State Govt.(s)	0	0.0000
(d)	Venture Capital Funds	0	0.0000
(e)	Insurance Companies	0	0.0000
(f)	Foreign Institutional Investors	15,153	0.3359
(g)	Foreign Venture Capital Investors	0	0.0000
(h)	Any Other (specify)	0	0.0000
	Sub-Total (B) (1)	23,099	0.5120
2	Non-Institutions		
(a)	Bodies Corporate	1,78,369	3.9539
(b)	Individuals		
	i. Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	9,50,063	21.0599
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	0	0.0000
(c)	Any Other (specify)		
(c-i)	Non-Resident Individual	53,188	1.1790
(c-ii)	Foreign National	7,256	0.1608
	Sub-Total (B) (2)	11,88,876	26.3536
	Total Public Shareholding (B) = (B) (1) + (B) (2)	12,11,975	26.8656
	TOTAL (A) + (B)	45,11,250	100.0000
(C)	Shares held by Custodians and against which Depository Receipt have been issued	0	0.0000
	GRAND TOTAL (A)+(B)+(C)	45,11,250	100.0000

10. Declaration on Compliance with Code of Conduct

The Board has formulated a Code of Conduct for all its members and Senior Management of the Company which has been posted on the website of the Company.

All the Directors and Senior Management Personnel have given annual affirmation of compliance with the code of conduct.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

REPORT ON CORPORATE GOVERNANCE (Contd.)

11. Mandatory and non-mandatory requirements

Status of Compliance of the mandatory requirements:

The Company has adopted all mandatory requirements of compliance on Corporate Governance. A Certificate from Mr. H. V. Kanoria, Chairman and Managing Director, Chief Executive Officer and Mr. D. K. Mohta, Vice President and Secretary, Chief Financial Officer, on the financial statements and the cash flow statement for the year ended 31st March, 2009 was placed before the Board. The auditors' certificate regarding Compliance of Corporate Governance by the Company is annexed to the Directors' Report.

Status of Compliance of the non-mandatory requirements:

Non-mandatory suggestions for having chairman's office for a non-executive Chairman is not applicable as the Chairman of the Company is an Executive Director. The Company has unqualified financial statements during the year ended 31.03.2009 from the auditors. The Company has not adopted non-mandatory suggestions for sending six-monthly information to each household of shareholders, to have a Remuneration Committee, training of Board Members, tenure of independent directors on the Board of the Company, mechanism for evaluating the performance of non-executive Board Members and Whistle Blower Policy.

Kolkata, 9th May, 2009

On behalf of the Board
H. V. KANORIA
Chairman and Managing Director,
Chief Executive Officer

CHEVIOT COMPANY LIMITED

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of Cheviot Company Limited

We have examined the compliance of conditions of Corporate Governance by Cheviot Company Limited (the Company) for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We 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.

P-21/22, Radhabazar Street
Kolkata - 700 001
Dated the 9th day of May, 2009

For Jain & Co.
Chartered Accountants
P. K. JAIN
Partner
Membership No. 52018

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Information pursuant to Section 217(1)(e) of the Companies Act, 1956

A. Conservation of Energy

(a) Energy conservation measures taken :

The Company has taken following measures for conservation of energy :

- i) Installation of Power Capacitor at the load end to improve line power factor;
- ii) Installation of Proximity Switch and Circuitry to minimize idle run of motor;
- iii) Installation of mirror optic reflector as replacement of conventional TL reflector;
- iv) Modification of conventional spinning frames;
- v) Replacement of 40 watt tube light with 36 watt tube light and conventional choke with electronic ballast;
- vi) Replacement of old conventional breaker card machines with new high productivity energy efficient breaker card machines;
- vii) Regular monitoring of steam, boiler and compressor to reduce losses.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy :

During the year under review, energy audit was carried out by an outside agency and requisite investments as suggested by them are being made. Besides, the investment proposal in following areas for reduction of consumption of energy continues :

- i) Modification of conventional spinning frames;
- ii) Replacement of conventional chokes by electronic ballast;
- iii) Installation of proximity switch and requisite circuitry in all spinning frames.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

The adoption of energy conservation measures indicated above have resulted in savings of energy consumption with its consequential effect on the cost of production of goods.

(d) **FORM A**

(a) **Power & Fuel Consumption**

	Current Year	Previous Year
1. Electricity		
a) Purchased from Public Utility :		
i) From CESC :		
Units (000Kwh)	1,93.74	2,12.81
Amount (Rs. in Lakhs)	816.74	836.13
Rate/Unit (Rs.)	4.22	3.93
ii) From WBSEB		
Units (000Kwh)	10.39	12.57
Amount (Rs. in Lakhs)	41.99	49.94
Rate/unit (Rs.)	4.04	3.97
b) Generation Through CPP Generator		
Units (000 Kwh)	2.64	2.21
Units per litre of Furnace Oil	4.27	4.15
Cost/Unit (Rs.)	9.30	8.38
c) Own Generation Through Diesel Generator		
Units (000 Kwh)	5.45	2.57
Units per litre of Diesel Oil	3.26	3.16
Cost/Unit (Rs.)	11.94	12.51
2. Coal		
(B & C grades used for generation of steam in boiler)		
Quantity (M.Tonnes)	20	32
Total Cost (Rs. in Lakhs)	0.85	1.20
Average Rate (Rs.)	4,285	3,798
3. Furnace Oil		
Used in CPP & Oil Fired Boiler		
Quantity (K. Ltrs.)	413	458
Total Amount (Rs. in Lakhs)	104.70	92.02
Average Rate (Rs.)	25.37	20.09
(b) Consumption per Unit of production		
Production of Jute Goods (M. Tonnes)	42,874	47,961
Electricity per M.Tonne of Production (Units)	495	480
Furnace Oil per M.Tonne of Production (Ltrs.)	10	10
Coal (B&C Grades) per M. Tonne of production (Kg)	0.47	0.66

CHEVIOT COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 (Contd.)

B. Technology Absorption

(e) FORM B

Research & Development (R & D)

Specific areas in which R&D carried out by the Company, benefits derived as a results of R&D and future plan of action :

There is no specific area where R&D has been carried out by the Company.

Technology absorption, adaptation and innovation

- (i) Efforts in brief, made towards technology absorption, adaptation and innovation : Efforts are continuously made to procure and install latest machines/equipments by keeping track of development taking place in the field of technology.
- (ii) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, substitutions etc. : Enhancement of operational efficiency and improvement in quality.
- (iii) Details of imported technology : No technology has been imported.

C. Foreign Exchange Earnings and outgo

- (f) Activities relating to exports initiatives taken to increase exports, development of new export markets for products and services and export plans. : In view of global meltdown and worldwide recessionary conditions, export demands have been greatly affected. The overseas markets have become unfavourable and there is uncertainty in its improvement in near future. However, the Company is in continuous touch with its overseas customers and is taking all possible measures to meet their requirements.

(g) Total foreign exchange used and earned

Amounts in Rs. Lakhs

(i) Used	Rs. 1,925.30
(ii) Earned	Rs. 11,306.60

Particulars of employees under Section 217(2A) of the Companies Act, 1956 for the year ended 31st March, 2009

Name/Age	Remuneration (Rs. in Lakhs)	Designation/ Nature of duties	Qualification & Experience (Years)	Date of commencement of employment	Last employment
Mr. H.V. Kanoria (53 years)	124.67	Chairman and Managing Director, Chief Executive Officer Management, subject to control, direction and superintendence of Board of Directors	B.Com (35 years)	01.04.1981	Bengal Tea & Industries Ltd. Wholetime Director (3 years)
Mr. N.K. Kejriwal (67 Years)	32.88	Wholetime Director Incharge of Company's manufacturing activities	B.Com L.L.B. (42 years)	15.03.1980	Shalimar Wires & Industries Ltd. Sales Manager (4 years)

- Notes : 1. Remuneration includes salary, allowances, Company's contribution to provident fund, leave travel concession, re-imbursement of medical expenses, commission on net profits and value of certain perquisites evaluated on the basis of Income Tax Act & Rules.
2. Appointments of the Chairman and Managing Director & Wholetime Director are contractual.

On behalf of the Board
H. V. KANORIA
Chairman and Managing Director,
Chief Executive Officer

Kolkata, 9th May, 2009

AUDITORS' REPORT

TO THE MEMBERS OF CHEVIOT COMPANY LIMITED

We have audited the attached Balance Sheet of Cheviot Company Limited as at 31st March, 2009 and the related Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we state that :
 - a) We have 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 appears from our examination of such books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement of the Company comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of representations received from the directors of the Company, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 19 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - ii. In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

P-21/22, Radhabazar Street
Kolkata - 700 001
Dated the 9th day of May, 2009

For Jain & Co.
Chartered Accountants
P. K. JAIN
Partner
Membership No. 52018

ANNEXURE TO THE AUDITORS' REPORT

1. a) The Company has maintained proper records showing full particulars including quantitative details and location of the Fixed Assets.
 - b) There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
 - c) The Company has not disposed off substantial part of fixed assets during the year.
2. a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
3. The Company has not accepted/granted any loans during the year from/to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness was noticed in the internal control system.
5. a) According to the information and explanations given to us, contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
 - b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. On the basis of records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 have been maintained by the Company. However, we are not required to carry out and have not carried out any detailed examination of such accounts and records.
9. a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess and other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March, 2009, for a period of more than six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

b) According to the records of the Company, the following dues are not deposited on account of disputes pending at various forums :

Name of the Statute	Nature of dues	Amount (Rs. in Lakhs)	Year/Period to which amount relates	Forum where dispute is pending
Sales Tax Act	Assessment dues	1.05	1984-85	Reference Level
		0.22	1993-94	Revision Level
		1.12	1997-98	Revision Level
		3.39	1998-99	Revision Level
		6.66	2002-03	Assessment Stage
		0.98	2003-04	Revision Level
		76.77	2005-06	Appeal Level
Central Excise Act	Excise duty including Penalty	1078.35	April, 2005 to August, 2006	CESTAT
	Total	<u>1168.54</u>		

10. The Company has not incurred cash loss in the current year and in the immediately preceding financial year and there are no accumulated losses in the Balance Sheet as on 31st March, 2009.
11. Based on the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to any financial institutions or banks.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or society the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company
15. According to the information and explanations received, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
16. According to the information and explanations received, the term loans were applied for the purpose for which the loans were obtained.
17. Based on our examination of the records and according to the information and explanations received, the Company has not applied short term borrowings for long term use.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. As per the information and explanations given to us, no fraud on or by the Company has been noticed during the year.

P-21/22, Radhabazar Street
Kolkata - 700 001
Dated the 9th day of May, 2009

For Jain & Co.
Chartered Accountants
P. K. JAIN
Partner
Membership No. 52018

CHEVIOT COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH 2009

	Schedule	Current year	Amount in Rs. Lakhs Previous year
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	451.48	451.48
Reserves & surplus	2	23,150.95	22,321.94
		<u>23,602.43</u>	<u>22,773.42</u>
Loan Funds			
Secured loans	3	515.92	777.28
Total		<u>24,118.35</u>	<u>23,550.70</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	23,518.57	23,275.59
Less : Depreciation		13,411.40	13,248.34
Net block		<u>10,107.17</u>	<u>10,027.25</u>
Capital work-in-progress		878.18	673.51
		<u>10,985.35</u>	<u>10,700.76</u>
Investments	5	7,529.20	9,615.78
Deferred Tax Assets (net) (Refer note 24 of Schedule 19)		57.72	44.42
Current Assets, Loans & Advances			
Inventories	6	2,884.26	2,970.24
Sundry debtors	7	1,262.02	1,016.79
Cash & bank balances	8	641.58	484.54
Other current assets	9	115.42	279.34
Loans & advances	10	2,310.28	456.98
		<u>7,213.56</u>	<u>5,207.89</u>
Less : Current Liabilities & Provisions			
Liabilities	11	1,128.54	1,350.93
Provisions	12	538.94	667.22
		<u>1,667.48</u>	<u>2,018.15</u>
Net Current Assets		<u>5,546.08</u>	<u>3,189.74</u>
Total		<u>24,118.35</u>	<u>23,550.70</u>
Notes on the Accounts	19		

Schedules 1 to 12 and Schedule 19 referred to above form an integral part of the Balance Sheet

Per our report attached
For Jain & Co.
Chartered Accountants
P. K. JAIN
Partner - M. No. 52018
Kolkata the 9th day of May, 2009

D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

On behalf of the Board
H. V. KANORIA
Chairman & Managing Director,
Chief Executive Officer
N. K. KEJRIWAL
Wholtime Director
N. NAYAR
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule	Current year	Amount in Rs. Lakhs Previous year
INCOME			
Sales and related income	13	18,988.39	17,970.04
Other income	14	(374.19)	691.23
		<u>18,614.20</u>	<u>18,661.27</u>
EXPENDITURE			
Cost of materials		8,204.57	7,804.77
(Increase)/decrease in stock	15	117.43	(454.77)
Employees' cost	16	3,087.50	3,299.52
Manufacturing, selling & other expenses	17	4,792.33	4,563.66
Interest	18	84.37	67.72
Depreciation		486.03	489.43
Less : Transferred from revaluation reserve		<u>43.34</u>	<u>52.01</u>
		<u>16,728.89</u>	<u>15,718.32</u>
Profit before taxation		1,885.31	2,942.95
Provision for taxation		(608.10)	(696.00)
Provision for deferred tax		13.30	3.22
Provision for fringe benefit tax		(8.50)	(6.10)
Taxation for earlier years (net)		<u>(84.45)</u>	<u>(44.97)</u>
Profit after taxation		1,197.56	2,199.10
Profit brought forward from last account		<u>370.82</u>	<u>399.52</u>
Surplus available for appropriation		<u>1,568.38</u>	<u>2,598.62</u>
APPROPRIATIONS			
Proposed dividend		270.68	451.13
Corporate dividend tax		46.00	76.67
Transferred to General Reserve		900.00	1,700.00
Surplus carried to Reserves & Surplus		<u>351.70</u>	<u>370.82</u>
		<u>1,568.38</u>	<u>2,598.62</u>
Earnings per share			
Basic and diluted in Rs. (Refer note 23 of Schedule 19)		26.55	48.75

Notes on the Accounts

19

Schedules 13 to 19 referred to above form an integral part of the Profit & Loss Account

Per our report attached
For Jain & Co.
Chartered Accountants
P. K. JAIN
Partner - M. No. 52018
Kolkata the 9th day of May, 2009

D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

On behalf of the Board
H. V. KANORIA
Chairman & Managing Director,
Chief Executive Officer
N. K. KEJRIWAL
Wholetime Director
N. NAYAR
Director

CHEVIOT COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Current year	Amount in Rs. Lakhs	
		Previous year	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extra ordinary items	1,885.31		2,942.95
Adjustments for			
Depreciation	442.69	437.42	
Unrealised foreign exchange differences (gain)/loss	(0.32)	5.16	
Profit on sale of fixed assets (net)	(2.26)	(22.75)	
Fixed assets written off	6.49	—	
Loss/(Profit) on sale of investments (net)	451.89	(577.15)	
Interest income	(33.50)	(16.33)	
Dividend income	(38.89)	(71.20)	
Interest charged	84.37	67.72	
Miscellaneous receipts	(3.05)	(3.80)	(180.93)
Operating Profit before working capital changes	2,792.73		2,762.02
Adjustments for			
Trade and other receivables	(18.31)	(43.20)	
Inventories	85.98	(691.20)	
Trade payables & provisions	(272.00)	589.23	(145.17)
Cash generated from operations	2,588.40		2,616.85
Direct taxes paid (including tax on distributed profit & net of refund)	(634.15)		(669.26)
Net cash from operating activities	1,954.25		1,947.59
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(813.35)		(1,068.65)
Capital subsidy received	42.92		69.37
Sale of fixed assets	10.47		30.05
Purchase/Sale of investments (net)	1,634.69		(295.05)
Advance against immovable property	(2,026.04)		(135.00)
Miscellaneous receipts	2.70		3.45
Interest received	23.03		13.11
Dividend received	38.92		83.44
Net cash used in investing activities	(1,086.66)		(1,299.28)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term borrowings	(25.00)		(25.00)
Decrease in short term borrowings	(236.36)		(385.46)
Dividend paid	(444.13)		(42.24)
Interest paid	(37.40)		(18.34)
Interest subsidy received	32.04		—
Net cash used in financing activities	(710.85)		(471.04)
Net increase in cash & cash equivalents (A+B+C)	156.74		177.27
Cash and cash equivalents (Opening balance)	484.69		307.42
Cash and cash equivalents (Closing balance)	641.43		484.69

Notes to the Cash Flow Statement

1. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts

Cash in hand and balance with banks	436.22	284.54
Term Deposits (under lien)	205.36	200.00
Cash and cash equivalents	641.58	484.54
Effect of exchange rate changes	(0.15)	0.15
Cash and cash equivalents as restated	641.43	484.69

2. Figures in brackets represent outflows.

Per our report attached
For Jain & Co.
Chartered Accountants
P. K. JAIN
Partner - M. No. 52018
Kolkata the 9th day of May, 2009

D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

On behalf of the Board
H. V. KANORIA
Chairman & Managing Director,
Chief Executive Officer

N. K. KEJRIWAL
Wholetime Director

N. NAYAR
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1

	Amount in Rs. Lakhs	
	Current year	Previous year
SHARE CAPITAL		
Authorised		
70,00,000 (Previous year 70,00,000) Ordinary Shares of Rs. 10 each	700.00	700.00
Issued, Subscribed and Fully Paid-Up		
Ordinary Shares		
45,11,250 (Previous year 45,11,250) Ordinary Shares of Rs. 10 each	451.13	451.13
Of the above :		
42,000 shares were allotted as fully paid up by way of bonus shares on capitalisation of reserve created by writing up fixed assets of the Company's erstwhile 'Delta Unit' on 31st May, 1948		
Shares worth Rs. 41.03 had been allotted pursuant to a contract without payment being received in cash		
15,03,750 shares were allotted as fully paid up bonus shares by capitalisation of general reserve		
25,74,081 shares are held by the Holding Company, Harsh Investments Private Limited.		
Add : Forfeited Shares (Amount originally paid up)	0.35	0.35
	<u>451.48</u>	<u>451.48</u>

SCHEDULE 2

RESERVES & SURPLUS	Opening Balance	Additions	Withdrawals	Closing Balance
Capital Reserve	0.24	—	—	0.24
Capital Redemption Reserve	9.92	—	—	9.92
Securities Premium Account	1,242.50	—	—	1,242.50
Revaluation Reserve	6,986.46	—	51.87	6,934.59
General Reserve	13,712.00	900.00	—	14,612.00
Surplus in Profit & Loss Account	370.82	—	19.12	351.70
	<u>22,321.94</u>	<u>900.00</u>	<u>70.99</u>	<u>23,150.95</u>

SCHEDULE 3

SECURED LOANS

A) From State Bank of India		
On cash credit account	159.07	92.28
On export packing credit account	356.85	660.00
B) From Export Import Bank of India *	—	25.00
	<u>515.92</u>	<u>777.28</u>

Security in respect of each of the above is given in seriatim.

- A) Secured by hypothecation of stocks, book debts and certain other assets on first charge basis and by mortgage of immovable properties both present & future by deposit of title deeds (excluding specific land & dwelling units constructed thereon both present & future), subject to prior charge created in favour of Export Import Bank of India.
- B) Secured by mortgage of all immovable properties both present & future by deposit of title deeds (excluding specific land & dwelling units constructed thereon both present & future) on first charge basis and by hypothecation of all movable assets (other than book debts), subject to prior charge created in favour of State Bank of India.

* Charge favouring Export Import Bank of India has been satisfied during the year.

CHEVIOT COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 4

Amount in Rs. Lakhs

FIXED ASSETS

PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Estimated Cost/Revaluation and/or Book Value as at 31st March, 2008	Additions during the year	Increase on Revaluation	Deduction/Adjustment during the year	Estimated Cost/Revaluation and/or Book Value as at 31st March, 2009	Upto 31st March, 2008	For the year	Deduction,	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Freehold Land	6257.10	—	—	—	6,257.10	—	—	—	—	6,257.10	6,257.10
Leasehold Land	23.16	—	—	—	23.16	2.17	0.25	—	2.42	20.74	20.99
Buildings	5,849.81	58.40	—	—	5,908.21	3,670.63	111.36	—	3,781.99	2,126.22	2,179.18
Plant & Machinery	9,723.63	311.17	—	317.44	9,717.36	8,598.83	273.69	282.92	8,589.60	1,127.76	1,124.80
Furniture & Fittings	202.05	155.46	—	—	357.51	112.44	28.50	—	140.94	216.57	89.61
Motor Cars & Others Vehicles	86.78	27.53	—	33.67	80.64	47.83	12.52	26.20	34.15	46.49	38.95
Accounting Machines	186.04	37.13	—	14.59	208.58	150.96	18.94	13.85	156.05	52.53	35.08
Electrical Installations	778.54	17.15	—	—	795.69	543.61	33.26	—	576.87	218.82	234.93
Specialised Software (Other than internally generated)	38.58	—	—	—	38.58	26.15	3.48	—	29.63	8.95	12.43
Internal Telephone	—	—	—	—	—	—	—	—	—	—	—
Exchange	15.27	1.84	—	—	17.11	7.68	1.37	—	9.05	8.06	7.59
Tube Wells	5.76	—	—	—	5.76	2.37	0.13	—	2.50	3.26	3.39
Sprinkler Installations	108.79	—	—	—	108.79	85.60	2.53	—	88.13	20.66	23.19
Arms	0.08	—	—	—	0.08	0.07	—	—	0.07	0.01	0.01
Total	23,275.59	608.68	—	365.70	23,518.57	13,248.34	486.03	322.97	13,411.40	10,107.17	10,027.25
Previous year	19,931.54	510.63	3,075.24	241.82	23,275.59	12,905.76	489.43	146.85	13,248.34	—	—
Capital work-in-progress at cost and advance payments against capital expenditure	—	—	—	—	—	—	—	—	—	878.18	673.51
										10,985.35	10,700.76

SCHEDULE 5

Current year

Previous year

INVESTMENTS

A. Long Term Investments (At Cost)

1. Other Than Trade (Quoted)

a) Equity Shares

(Equity Shares of Face Value of Rs. 10 each, fully paid up unless otherwise stated)

Aditya Birla Nuvo Limited

NIL Equity Shares (Previous year 1,932 Equity Shares) — 14.31

Bharat Heavy Electricals Limited

16,000 Equity Shares (Previous year 26,000 Equity Shares) 307.51 499.71

Cheviot International Limited

20 Equity Shares (Previous year 20 Equity Shares) — —

Crompton Greaves Limited

NIL Equity Shares of Face Value of Rs.2 each (Previous year 10,000 Equity Shares) — 16.68

DLF Limited

10,000 Equity Shares of Face Value of Rs.2 each (Previous year 10,000 Equity Shares) 86.81 86.81

GMR Infrastructure Limited

NIL Equity Shares of Face Value of Rs.2 each (Previous year 3,75,000 Equity Shares) — 287.52

Grasim Industries Limited

10,000 Equity Shares (Previous year 15,000 Equity Shares) 147.39 221.08

ICICI Bank Limited

50,000 Equity Shares (Previous year 50,000 Equity Shares) 484.16 484.16

Kotak Mahindra Bank Limited

NIL Equity Shares (Previous year 40,000 Equity Shares) — 463.24

Carried over

1,025.87

2,073.51

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 5 (Contd.)

	Amount in Rs. Lakhs	
	Current year	Previous year
Brought Forward	1,025.87	2,073.51
KPIT Cummins Infosystems Limited		
21,250 Equity Shares of Face Value of Rs. 2 each (Previous year 21,250 Equity Shares)	24.79	24.79
Larsen & Tubro Limited		
20,000 Equity Shares of Face Value of Rs.2 each (Previous year 10,000 Equity Shares) (Received 10,000 Bonus Shares during the year)	346.90	346.90
National Thermal Power Corporation Limited		
1,25,000 Equity Shares (Previous year 1,25,000 Equity Shares)	300.26	300.26
NIIT Limited		
50,000 Equity Shares of Face Value of Rs.2 each (Previous year 1,50,000 Equity Shares)	72.21	216.64
Power Grid Corporation of India Limited		
NIL Equity Shares (Previous year 2,60,000 Equity Shares)	—	276.24
Rashtriya Chemicals & Fertilizers Limited		
NIL Equity Shares (Previous year 2,00,000 Equity Shares)	—	180.29
Reliance Capital Limited		
30,000 Equity Shares (Previous year 40,000 Equity Shares)	353.21	470.95
Reliance Communication Limited		
50,000 Equity Shares of Face Value of Rs.5 each (Previous year 50,000 Equity Shares)	392.05	392.05
Reliance Infrastructure Limited (Previously known as Reliance Energy Limited)		
24,000 Equity Shares (Previous year 24,000 Equity Shares)	372.38	372.38
Reliance Natural Resources Limited		
NIL Equity Shares (Previous year 50,000 Equity Shares)	—	89.14
Ruchi Soya Industries Limited		
NIL Equity Shares of Face Value of Rs.2 each (Previous year 10,000 Equity Shares)	—	9.35
Sesa Goa Limited		
2,40,000 Equity Shares of Face Value of Re.1 each (Previous year 12,000 Equity Shares of Face Value of Rs.10 each) (12,000 Equity shares of Face Value of Rs. 10 each converted into 1,20,000 Equity Shares of Face Value of Re.1 each and 1,20,000 Bonus Equity Shares received during the year)	364.87	364.87
State Bank of India		
26,000 Equity Shares (Previous year 20,000 Equity Shares)	471.70	376.30
Television Eighteen India Limited		
25,000 Equity Shares of Face Value of Rs.5 each (Previous year 50,000 Equity Shares)	115.88	231.75
The Lakshmi Vilas Bank Limited		
NIL Equity Shares (Previous year 50,087 Equity Shares)	—	34.04
b) Debentures		
5 Debentures (Previous year 5 Debentures) of DSP Merrill Lynch Capital Ltd. Series 2006/AP - Redeemable NCDs of Face Value of Rs.10,00,000 each, fully paid-up	51.50	51.50
3 Debentures (Previous year 3 Debentures) of Citicorp Finance (India) Ltd. - Debenture Series-155 of Face Value of Rs.50,00,000 each, fully paid-up	154.50	154.50
10 Debentures (Previous year NIL Debenture) of Deutsche Investments India Private Ltd.- Redeemable Non-Convertible Secured Debentures of Face Value of Rs.10,00,000 each, fully paid-up	101.97	—
200 Debentures (Previous year NIL Debenture) of DSP Merrill Lynch Capital Ltd. Series 2008/DN, Non-Convertible Secured Debentures of Face Value of Rs.1,00,000 each, fully paid-up	204.00	—
Carried over	<u>4,352.09</u>	<u>5,965.46</u>

CHEVIOT COMPANY LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 5 (Contd.)

		Amount in Rs. Lakhs	
		Current year	Previous year
Brought Forward		4,352.09	5,965.46
2. Other Than Trade (Unquoted)			
(a) Mutual Funds			
(Units of the Face Value of Rs.10 each, unless otherwise stated)			
Birla Sun Life Mutual Fund			
NIL	Units (Previous year 2,000,000.000 Units) of Birla FTP-INSTL- Series - R - Growth	—	200.00
NIL	Units (Previous year NIL Units) of Birla Sun Life Cash Plus - Instl. - Growth (433,783.022 Units Purchased and Sold during the year)	—	—
875,303.229	Units (Previous year NIL Units) of Birla Sun Life Income Fund - Growth	301.79	—
608,398.331	Units (Previous year NIL Units) of Birla Sun Life Savings Fund Instl. - Growth	100.00	—
630,409.703	Units (Previous year NIL Units) of Birla Sun Life Short Term Fund - Retail - Growth	100.00	—
Deutsche Mutual Fund			
NIL	Units (Previous year 2,000,000.000 Units) of DWS Fixed Term Fund Series 25-Institutional Plan-Growth Option	—	200.00
Fidelity International Mutual Fund			
1,149,774.184	Units (Previous year NIL Units) of Fidelity Ultra Short Term Debt Fund - Institutional - Growth Option	125.00	—
Fortis Investments (Previously known as ABN AMRO Mutual Fund)			
NIL	Units (Previous year 2,000,000.000 Units) of Fortis FTP Ser 10 Plan F Inst. Growth (Previously known as ABN AMRO FTP Ser 10 Plan F Inst.Growth)	—	200.00
Franklin Templeton Mutual Fund			
NIL	Units (Previous year 2,000,000.000 Units) of Templeton Fixed Horizon Fund - Series I 13 Months Plan - Institutional- Growth	—	200.00
HDFC Mutual Fund			
2,000,000.000	Units (Previous year 2,000,000.000 Units) of HDFC Long Term Equity Fund - Dividend	200.00	200.00
919,677.955	Units (Previous year NIL Units) of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	175.00	—
HSBC Mutual Fund			
NIL	Units (Previous year 2,000,000.000 Units) of HSBC Fixed Term Series 23 - Inst.- Growth	—	200.00
ICICI Prudential Mutual Fund			
866,551.127	Units (Previous year 866,551.127 Units) of EDWRD ICICI Prudential Equity & Derivatives Fund-Wealth Optimiser Regular Dividend	100.00	100.00
828,117.942	Units (Previous year NIL Units) of ICICI Prudential Institutional Income Plan Growth	250.00	—
JM Financial Mutual Fund			
1,000,000.000	Units (Previous year 1,000,000.000 Units) of JM Core 11 Fund - Series 1 - Dividend Plan (291)	100.00	100.00
NIL	Units (Previous year NIL Units) of JM Money Manager Fund Super Plan - Growth (170) (3,580,475.666 Units Purchased and Sold during the year)	—	—
Kotak Mutual Fund			
500,000.000	Units (Previous year 500,000.000 Units) of Kotak Indo World Infrastructure Fund - Dividend	50.00	50.00
2,000,000.000	Units (Previous year 2,000,000.000 Units) of Kotak Flexi Fund of Funds Series II (Dividend)	200.00	200.00
2,000,000.000	Units (Previous year 2,000,000.000 Units) of Kotak Dynamic Assets Allocation - Growth	200.00	200.00
NIL	Units (Previous year 2,000,000.000 Units) of Kotak FMP 13M Series 1 Institutional - Growth	—	200.00
1,083,306.251	Units (Previous year NIL Units) of Kotak Floater Long Term - Growth	150.00	—
Carried over		<u>6,403.88</u>	<u>8,015.46</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 5 (Contd.)

	Amount in Rs. Lakhs	
	Current year	Previous year
Brought Forward	6,403.88	8,015.46
LIC Mutual Fund		
NIL Units (Previous year NIL units) of LICMF Income Plus Fund - Growth Plan (12,193,406.346 Units purchased and sold during the year)	—	—
NIL Units (Previous year NIL units) of LICMF Floating Rate Fund -Short Term Plan - Growth Plan (4,706,816.005 Units purchased and sold during the year)	—	—
Reliance Mutual Fund		
NIL Units (Previous year 2,000,000.000 Units) of Reliance Fixed Horizon Fund-Retail Plan C -Series I Growth Option	—	200.00
NIL Units (Previous year 1,991,984.255 Units) of Reliance Floating Rate Fund - Growth Plan - Growth Option (Purchased 1,180,089.529 Units and Sold 3,172,073.784 Units during the year)	—	250.00
NIL Units (Previous year 2,962,962.963 Units) of Reliance Natural Resource Fund - Dividend Plan	—	300.00
NIL Units (Previous year 3,669,859.444 Units) of Reliance Monthly Interval Fund - Series I - Institutional Growth Plan	—	400.00
NIL Units (Previous year 2,000,000.000 Units) of Reliance Fixed Horizon Fund - VI- Series 3 - Institutional Growth	—	200.00
1,025,574.896 Units (Previous year NIL Units) of Reliance Income Fund - Retail Plan - Growth Plan - Growth Option	300.00	—
837,693.996 Units (Previous year NIL Units) of Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	150.00	—
Sundaram BNP Paribas Mutual Fund		
500,000.000 Units (Previous year 500,000.000 Units) of Sundaram BNP Paribas Energy Opportunities Fund - Dividend	50.00	50.00
Tata Mutual Fund		
NIL Units (Previous year 2,000,000.000 Units) of TATA Fixed Horizon Fund Series 6 - Scheme C -Growth option	—	200.00
1,147,719.100 Units (Previous year NIL Units) of TATA Floater Fund - Growth (Purchased 2,807,483.911 Units and 1,659,764.811 Units Sold during the year)	150.00	—
1,832,203.524 Units (Previous year NIL Units) of TATA Short Term Bond Fund - Growth	300.00	—
UTI MUTUAL FUND		
7,817.913 Units (Previous year NIL Units) of UTI Treasury Advantage Fund - Growth Plan of Face Value of Rs.1000 each	175.00	—
(b) Debentures		
Woodlands Medical Centre Limited		
319 Debentures (Previous year 319 Debentures) 5% Non-Redeemable Registered Debenture Stock, of Rs. 100 each, fully paid up	0.32	0.32
Total Long Term Investments	<u>7,529.20</u>	<u>9,615.78</u>
B. Current Investments (At lower of cost or fair value)	—	—
Total Current Investments	—	—
Total Investments (A + B)	<u>7,529.20</u>	<u>9,615.78</u>
Aggregate Book value of Unquoted Investments	3,177.11	3,650.32
Aggregate Book value of Quoted Investments	4,352.09	5,965.46
Aggregate Market value of Quoted Investments	2,291.73	5,590.20

CHEVIOT COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 6

	Amount in Rs. Lakhs	
	Current year	Previous year
INVENTORIES		
Stores & spare parts	239.74	139.85
Loose tools	0.62	0.35
Finished goods	753.49	996.18
Raw materials	1,577.93	1,646.64
Work-in-progress	312.48	187.22
	<u>2,884.26</u>	<u>2,970.24</u>

SCHEDULE 7

SUNDRY DEBTORS

(Unsecured, considered good)		
Debts over six months	16.98	8.17
Other debts	1,245.04	1,008.62
	<u>1,262.02</u>	<u>1,016.79</u>

SCHEDULE 8

CASH & BANK BALANCES

Cash in hand	7.85	6.91
Balances with scheduled banks –		
In current accounts	289.44	245.69
In dividend accounts	37.45	30.46
Redemption of preference shares account	1.01	1.01
Fractional share proceeds accounts	0.47	0.47
Term deposits	305.36	200.00
{under lien Rs. 205.36 (Previous year Rs. 200.00)}		
	<u>641.58</u>	<u>484.54</u>

SCHEDULE 9

OTHER CURRENT ASSETS

(Unsecured, considered good)		
Security deposits	9.98	5.73
{Include Rs. 0.02 (Previous year Rs. 0.02) in National Savings Certificate and Rs. 0.02 (Previous year Rs. 0.02) in Post Office Savings Bank Accounts}		
Accrued related income	89.64	201.57
Subsidy receivable	15.39	71.75
Accrued interest on term deposits	0.41	0.29
	<u>115.42</u>	<u>279.34</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE 10

	Amount in Rs. Lakhs	
	Current year	Previous year
LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	2,309.38	397.33
Advance payment of tax & refunds due (net of provision)	—	55.53
Balances with customs, excise, port trusts etc.	0.90	4.12
	<u>2,310.28</u>	<u>456.98</u>

SCHEDULE 11

LIABILITIES

Sundry creditors		
Due to Micro & Small Enterprises	—	—
Due to others	1,089.61	1,318.91
Unpaid dividends*	37.45	30.46
Preference shares redemption proceeds unclaimed	1.01	1.01
Fractional share proceeds unclaimed	0.47	0.47
Interest accrued but not due on loan	—	0.08
	<u>1,128.54</u>	<u>1,350.93</u>

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

SCHEDULE 12

PROVISIONS

Unencashed leave	143.05	139.42
Taxation (net of advance tax)	79.21	—
Dividend	270.68	451.13
Tax on proposed dividend	46.00	76.67
	<u>538.94</u>	<u>667.22</u>

CHEVIOT COMPANY LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 13

	Amount in Rs. Lakhs	
	Current year	Previous year
SALES AND RELATED INCOME		
Sales	18,669.18	17,635.65
Related income	319.21	334.39
	<u>18,988.39</u>	<u>17,970.04</u>
 Sales in Quantity - Jute goods (M. Tonnes)	 44,140	 46,448

SCHEDULE 14

OTHER INCOME

Interest received (gross)		
On term deposits	28.22	15.08
On debentures	—	0.02
Others	5.28	1.23
{Tax deducted Rs. 6.06 (Previous year Rs. 3.28)}	<u>33.50</u>	<u>16.33</u>
Dividend income		
- On long term investments	38.89	71.20
- On current investments	—	—
Profit on sale of fixed assets (net)	2.26	22.75
(Loss)/Profit on sale of investments (net)		
- On long term investments	(451.89)	577.15
- On current investments	—	—
Miscellaneous receipts	3.05	3.80
{Tax deducted Rs. 0.35 (Previous year Rs. 0.35)}	<u>(374.19)</u>	<u>691.23</u>

SCHEDULE 15

(INCREASE)/DECREASE IN STOCK

Closing stock		
Work-in-progress	312.48	187.22
Finished goods	753.49	996.18
	<u>1,065.97</u>	<u>1,183.40</u>
Opening stock		
Work-in-progress	187.22	240.87
Finished goods	996.18	487.76
	<u>1,183.40</u>	<u>728.63</u>
(Increase)/decrease in stock	<u>117.43</u>	<u>(454.77)</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (Contd.)

SCHEDULE 16

	Amount in Rs. Lakhs	
	Current year	Previous year
EMPLOYEES' COST		
Salary, wages, bonus & commission	2,693.83	2,879.06
Contribution to provident & other funds	219.32	221.38
Medical and welfare expenses	66.67	58.30
Contribution to employees' state insurance scheme	98.28	110.36
Gratuity	9.40	30.42
	<u>3,087.50</u>	<u>3,299.52</u>

SCHEDULE 17

MANUFACTURING, SELLING & OTHER EXPENSES

Stores and spare parts consumed		1,388.10		1,197.08
Repairs and maintenance				
Buildings	90.86		94.61	
Plant & machinery	64.90		83.73	
Others	<u>59.33</u>	215.09	<u>36.20</u>	214.54
Power & fuel		1,047.25		1,013.06
Rent		28.86		29.11
Rates & taxes		135.92		255.78
Insurance		28.35		49.85
Delivery charges		1,028.51		952.01
Brokerage & commission		11.46		12.85
Claims & damages		9.74		10.79
Consignment sales expenses (Note 6 of Schedule 19)		138.58		163.09
Miscellaneous expenses		449.25		410.66
Donation		300.10		250.03
Auditors' remuneration				
Audit fees	2.21		2.24	
In any other manner	2.14		2.38	
Out of pocket expenses	<u>0.28</u>	4.63	<u>0.19</u>	4.81
Fixed assets written off		6.49		—
		<u>4,792.33</u>		<u>4,563.66</u>

SCHEDULE 18

INTEREST

Term loan		1.17		1.92
Others		83.20		65.80
		<u>84.37</u>		<u>67.72</u>

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19

NOTES ON THE ACCOUNTS

Amount in Rs. Lakhs

1. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING

- i) The company follows mercantile system of accounting and recognises income and expenditure on accrual basis.
- ii) The accounts have been prepared in accordance with historical cost convention modified by revaluation of certain fixed assets.

b. FIXED ASSETS

- i) Fixed Assets, other than those revalued, are stated at cost / book value less depreciation and capital subsidy.
- ii) Cost includes incidental expenses of acquisition / installation and financial cost relating to borrowed funds attributable to construction / acquisition of fixed assets for the period up to commencement of commercial production / assets put into use.
- iii) In respect of revalued assets, the difference between written down values of the assets as on the date of revaluation and the then replacement value is transferred to revaluation reserve.
- iv) Intangible assets comprising of specialised software is stated at cost less accumulated amortisation.

c. DEPRECIATION

Depreciation on the company's fixed assets has been charged on the following basis :

- i) On assets added up to 30th November, 1975, on assets pertaining to Export Oriented Units and on assets added on and after 1st April, 1999 except Land & Building - written down value method at the applicable rates specified in Schedule XIV of the Companies Act, 1956.
- ii) On assets added from 1st December, 1975 to 31st March, 1999 and on Land & Building excluding Leasehold Land & assets pertaining to Export Oriented Units- Straight Line Method under Section 205 (2) (b) of the Companies Act, 1956 at the applicable rates specified in Schedule XIV of the Companies Act, 1956.
- iii) Cost of Leasehold Land is being amortised over the period of lease.
- iv) In respect of revalued assets, the difference of depreciation on revalued amount and on written down value, is withdrawn from revaluation reserve.
- v) Specialised Software is being amortised over a period of ten years under Straight Line Method.
- vi) Depreciation on amounts capitalised on account of foreign exchange fluctuation is provided prospectively over the residual life of the assets.
- vii) On assets individually costing less than Rs. 0.05, depreciation at the rate of 100% is being provided, subject to aggregate actual cost of individual item of plant and machinery costing Rs. 0.05 or less being less than 10% of total cost of plant and machinery.

d. INVESTMENTS

Long term investments are valued at cost less permanent diminution in value, if any. Current investments are valued at lower of cost and fair value.

e. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency, other than those relating to fixed assets, are recorded in equivalent rupee value at rates existing at the time at which transactions take place. Year end balances in current assets and liabilities are restated at the year end exchange rate and the resultant translation gains / losses, if any, arising thereon are credited / charged to the profit and loss account. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the rate on the date of the transaction is recognised as income or expense in the profit and loss account over the life of the contract.

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

f. INVENTORIES

- i) Raw materials, stores and spare parts 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 is computed on a weighted average basis.
- ii) 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, cess and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on weighted average basis.

Adequate provision is made for obsolete and slow-moving stocks, wherever necessary.

g. RETIREMENT BENEFITS

i) Defined Contribution Plans

Contributions to provident fund, pension scheme and employees state insurance scheme are defined contribution schemes and are charged to the Profit & Loss account 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 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.

ii) Defined Benefit Plans

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of each financial year using projected unit credit method.

Short term compensated absences are recognised on an undiscounted, accrual basis during the period when the employee renders service. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains / losses are recognised immediately in the statement of profit and loss account.

h. SALES AND RELATED INCOME

- i) Sales include freight, insurance and exchange gain or loss arising thereon, but are net of cess invoiced to customers.
- ii) Income generated out of and related to company's normal operations is considered as related income.

i. GOVERNMENT GRANTS

Grants from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Capital subsidies are shown as deduction from the gross value of the specific fixed assets. Revenue grants related to export incentives are shown under the head of related income and other grants are deducted from the related expense.

j. PROVISIONS FOR CURRENT TAX & DEFERRED TAX

Provision for current tax is computed after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between book profits and taxable profits is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred tax asset is recognised and carried forward to the extent that there is a reasonable certainty that the asset will be realised in future.

k. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is to be charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss, if recognised in any accounting period, is reversible if there is any change in the estimate of recoverable amount.

l. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

2. CONTINGENT LIABILITIES NOT PROVIDED FOR

- i. Sales tax in dispute - Rs. 14.90 (Previous year Rs. 23.24) under appeal and not acknowledged as debt.
 - ii. Excise duty including penalty in dispute - Rs. 1,078.35 (Previous year Rs. 1,078.35) and interest thereon (amount not yet quantified) under appeal before CESTAT, of which Rs. 847.12 being barred by limitation as per legal opinion has not been acknowledged as debt and balance being Rs. 231.23 and interest thereon of Rs. 50.04 have been provided for in previous year accounts as a prudent measure.
 - iii. Counter guarantees for bonds executed by State Bank of India - Rs. 226.39 (Previous year Rs. 175.22)
3. Based on the valuation report by a Chartered Engineer, an external valuer, the Company's Freehold land has been revalued on appraisal method at Rs. 6,257.10 on 31st March, 2008 resulting in increase in the net book value of the assets of Rs. 3,075.24 by a corresponding credit to revaluation reserve account.
 4. Capital commitments not provided for at the date of this Balance Sheet are estimated at Rs.1,873.85 (Previous year Rs. 4,266.16) after netting of advances paid.
 5. Based on the information available with the company, the principal amount due to Micro and Small Enterprises, as defined under the Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) is Rs. Nil (Previous year Rs. Nil). Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.
 6. Consignment sales expenses, disclosed in Schedule – 17, comprise of cess, rent, rates and taxes, insurance, delivery charges, brokerage & commission and miscellaneous expenses, the amount of brokerage and commission being Rs.15.43 (Previous year Rs. 17.70).
 7. Total stores and spare parts consumed during the year are Rs. 1,596.61 (Previous year Rs. 1,340.26) and include Rs. 208.51 (Previous year Rs. 143.18) debited to relevant expense heads.
 8. Government grants received by the company comprise of capital subsidy of Rs. 19.50 (Previous year Rs. 87.66), export incentives of Rs. 218.14 (Previous year Rs. 191.94) and other revenue grants of Rs. Nil (Previous year Rs. 1.76).
 9. Fixed assets amounting to Rs. 6.49 has been written off during the year as no longer usable.
 10. Remaining amortisation period of specialised software comprising of Oracle ERP software, considered material, is one year of which the carrying amount is Rs. 2.38 (Previous year Rs. 4.80) as on 31.03.2009.
 11. Exchange difference (net) amounting to Rs. 168.96 (Previous year Rs. 37.72) have been credited to respective revenue heads in the profit and loss account. Such difference includes exchange loss on outstanding forward contracts amounting to Rs. Nil (Previous year Rs. 94.13).

In respect of outstanding forward contracts the premium received amounting to Rs. Nil (Previous year Rs. 8.11) has been credited to profit & loss account. Premium on outstanding forward exchange rate contracts to be recognised in the subsequent year amounts to Rs. Nil (Previous year Rs. 6.56).

12. Disclosure pursuant to Accounting Standard (AS) – 15 (Revised 2005) "Employee Benefits"

- i) Effective 1st April, 2007, the company has adopted Accounting Standard 15 (revised 2005) on "Employee Benefits" issued by Institute of Chartered Accountants of India (ICAI).

ii) Defined Contribution Plans

The Company has during the year recognised an expense of Rs. 317.60 (Previous year Rs. 331.74) towards defined contribution plans.

Out of the total contribution, made for employees' provident fund, a sum of Rs. 59.73 (Previous year Rs. 49.34) 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.

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

iii) Defined Benefit Plans

The defined benefit plan in respect of gratuity, being fully funded by the company, is as follows :

	31.03.2009	31.03.2008
a. Change in defined benefit obligation :		
Present value of obligation, at the beginning of the year	1,287.92	1,278.53
Current service cost	81.27	99.15
Interest cost	102.93	144.32
Benefits paid	(89.85)	(108.30)
Actuarial (gain)/loss	(96.98)	(125.78)
Present value of obligation, at the end of the year	<u>1,285.29</u>	<u>1,287.92</u>
b. Change in fair value of plan assets :		
Plan assets at the beginning of the year	1,318.77	1,127.80
Expected return on plan assets	106.02	97.86
Contributions by the employer	25.00	212.00
Actuarial gain/(loss)	(28.20)	(10.59)
Benefits paid	(89.85)	(108.30)
Plan assets at the end of the year	<u>1,331.74</u>	<u>1,318.77</u>
c. Amount recognised in Balance Sheet :		
Present value of defined benefit obligation	1,285.29	1,287.92
Fair value of plan assets	1,331.74	1,318.77
Net assets recognised in Balance Sheet	<u>46.45</u>	<u>30.85</u>
d. Expenses recognised in the Profit & Loss Account :		
Current service cost	81.27	99.15
Interest cost	102.93	144.32
Expected return on plan assets	(106.02)	(97.86)
Net actuarial (gain)/loss	(68.78)	(115.19)
Total expenses	<u>9.40</u>	<u>30.42</u>
e. Constitution of plan assets as a percentage of total plan assets :		
Government of India/Government of India guaranteed Securities	35.88%	34.19%
State Government/State Government guaranteed Securities	20.81%	19.45%
Bonds	40.11%	43.06%
Cash at bank and receivables (net)	3.20%	3.30%
Total	<u>100.00%</u>	<u>100.00%</u>
f. Principal actuarial assumptions at the Balance Sheet date :		
Discount rate (%)	8.00%	7.50%
Salary escalation (%)	5.00%	5.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.

g. General description of the defined plans :

a) 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.

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

b) Leave plan

Eligible employees can carry forward and encash leave on superannuation, death, permanent disablement and on resignation/termination of employment in accordance with the Company's scheme subject to a maximum of 45 days depending on the grade/category of employee.

13. Director's Remuneration

	Current year		Previous year	
Executive Directors				
Salary	30.00		29.00	
Commission	109.50		109.50	
Contribution to provident fund	3.00		2.90	
Estimated value of other perquisites	15.05	157.55	15.58	156.98
Non Executive Directors				
Fees	0.34		0.40	
Commission	4.00	4.34	4.00	4.40
		161.89		161.38

Computation of Net Profit under Section 198 read with Section 309 (5) of the Companies Act, 1956 for the purpose of calculating Directors' Remuneration.

Profit as per Profit & Loss Account	1,885.31
Add : Directors' Remuneration	161.89
	2,047.20
Add : Loss on sale of investments (net)	451.89
Profit for the purpose of Directors' Remuneration	2,499.09
Directors' Commission within overall Remuneration	
Executive Directors	109.50
Non-Executive Directors	4.00
	113.50

14. Particulars in respect of Goods Manufactured

	Current year		Previous year	
i) Class of goods manufactured	a)	Jute Goods		Jute Goods
	b)	Power		Power
ii) * Licensed capacity				
EOU, Budge Budge (Debonded during the year) (in M. Tonnes-per annum)		4,800		4,800
EOU, Falta SEZ (in Meters-per annum) - Jute Fabric (in M. Tonnes-per annum) - Jute Yarn		1,40,90,000 4,400		1,40,90,000 4,400
iii) ** Installed capacity (As certified by the management)				
Jute goods (in M. Tonnes)		64,280		64,034
Power (in MW)		3.14		3.14
iv) Production				
Jute goods (in M. Tonnes)		42,874		47,961
*** Power (in Units)		2,63,704		2,20,650

Note : Production is net of captive consumption

Jute goods (in M. Tonnes)	219	221
Power (in Units)	9,892	8,234

* The licensed capacity has been given only for Export Oriented Unit Falta, SEZ in accordance with letter of permission issued. Such particulars are not applicable in respect of other units.

** Includes figures pertaining to EOU at Falta, SEZ.

*** Used in Inter-unit captive consumption.

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

15. Particulars in respect of Finished Stocks

<u>Particulars</u>	<u>Current year</u>		<u>Previous year</u>	
	<u>Quantity M.Tonnes</u>	<u>Amount</u>	<u>Quantity M.Tonnes</u>	<u>Amount</u>
Closing stock	1,807	753.49	3,073	996.18
Opening stock	3,073	996.18	1,587	487.76

16. a) Consumption of Raw Materials

<u>Class of Materials</u>	<u>Quantity M.Tonnes</u>	<u>Amount</u>	<u>Quantity M.Tonnes</u>	<u>Amount</u>
Raw Jute	44,149	7,494.60	47,176	6,639.77
Jute Yarn	1,610	709.97	2,836	1,165.00
	<u>45,759</u>	<u>8,204.57</u>	<u>50,012</u>	<u>7,804.77</u>

b) Value of Raw Materials and Stores (including spare parts and components) consumed

<u>Raw Materials</u>	<u>Current year</u>		<u>Previous year</u>	
	<u>Value</u>	<u>Percentage</u>	<u>Value</u>	<u>Percentage</u>
Imported	1,438.67	17.54	1,682.71	21.56
Indigenous	6,765.90	82.46	6,122.06	78.44
	<u>8,204.57</u>	<u>100.00</u>	<u>7,804.77</u>	<u>100.00</u>
<u>Stores & Spare Parts</u>				
Imported	98.59	6.18	86.13	6.43
Indigenous	1,498.02	93.82	1,254.13	93.57
	<u>1,596.61</u>	<u>100.00</u>	<u>1,340.26</u>	<u>100.00</u>

17. C.I.F. Value of Imports during the year

	<u>Current year</u>	<u>Previous year</u>
Raw materials	1,277.63	1,566.65
General stores	153.41	72.87
Capital goods	271.03	16.85
	<u>1,702.07</u>	<u>1,656.37</u>

18. Expenditures in Foreign Currency

Travelling	11.88	6.08
Delivery charges	197.27	155.96
Others	14.08	11.34
	<u>223.23</u>	<u>173.38</u>

19. Earnings in Foreign Currency

F.O.B. Value of Exports	10,387.88	10,156.75
-------------------------	-----------	-----------

20. Particulars relating to Dividend paid to Non-Resident Shareholders

Number of non-resident Shareholders	103	—
Number of shares held by them	77,929	—
Dividend relating to the year	2007-08	—
Amount of dividend (Rs.)	7.79	—
Amount remitted in foreign currency (Rs.)	—	—

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

21. Segment reporting as per Accounting Standard (AS) - 17 issued by the ICAI for the year ended 31st March, 2009

The Company operates through two business segments namely Jute Goods and Captive Power Generation. However, Captive Power Generation is not a reportable segment in terms of the criteria laid down in paragraph 27 of the aforesaid AS-17, as the revenue/results/assets of this segment are not more than the threshold limit of 10% of the total segment revenue/results/assets and as such the disclosure requirements as required by AS-17 are not applicable in respect of business segment. However, the geographical segments considered for disclosure are as under :

	Current year		Previous year	
	<u>Within India</u>	<u>Outside India</u>	<u>Within India</u>	<u>Outside India</u>
a. Sale	7,362.58	11,306.60	6,612.73	11,022.92
b. Carrying amount of segment assets	25,785.83	—	25,568.85	—
c. Capital expenditure	813.35	—	1,068.65	—

22. Related Party Disclosures

Related party disclosures, as required by AS -18 as issued by the ICAI for the year ended 31st March, 2009 are as follows :

A. Relationships

1) Controlling Group

i) Holding Company

Harsh Investments Private Limited

ii) Others

- a) Abhyadoot Finance & Investments Private Limited
- b) Cheviot Agro Industries Limited
- c) Cheviot International Limited
- d) Manorath Mercantiles Private Limited (Merged with Harsh Investments Pvt. Ltd.)
- e) Powertone Trading Co. Private Limited
- f) Mr. H. V. Kanoria
- g) Mrs. Malati Kanoria (Wife of Mr. H. V. Kanoria)
- h) Master Utkarsh Kanoria (Son of Mr. H. V. Kanoria)

2) Associate

Jan Priya Trust

3) Key Management Personnel

- a) Mr. H. V. Kanoria
- b) Mr. N. K. Kejriwal
- c) Mr. D. Majumdar
- d) Mr. D. K. Mohta
- e) Mr. P. K. Chatterjee
- f) Mr. P. C. Kothari
- g) Mr. M. K. Patni
- h) Mr. M. R. Yagnik (Resigned during the year)
- i) Mr. S. Datta
- j) Mr. A. K. Das

4) Relative of Key Management Personnel

Mrs. Bimla Kejriwal (Wife of Mr. N. K. Kejriwal)

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Lakhs

B. The following transactions were carried out with the related parties in the ordinary course of business.

	Controlling Group	Associate	Key Management Personnel	Relative of Key Management Personnel	Total
Rendering of services	2.76	—	—	—	2.76
	(2.82)	—	—	—	(2.82)
Receiving of services	—	—	246.99 *	2.40	249.39
	—	—	(273.31)	(2.40)	(275.71)
Finance including loans	—	—	8.80	—	8.80
	—	—	(7.00)	—	(7.00)
Dividend paid	329.93	—	0.08	0.03	330.04
	—	—	—	—	—
Donation paid	—	300.00	—	—	300.00
	—	(250.00)	—	—	(250.00)
Sale of fixed assets	—	—	0.02	—	0.02
	—	—	—	—	—
Outstanding finance including loans	—	—	3.46	—	3.46
	—	—	(6.26)	—	(6.26)

No amount has been written off or written back during the year in respect of related party transactions.

* Includes remuneration paid to Mr. H. V. Kanoria.

23. Statement showing calculation of earnings per share as per Accounting Standard 20 issued by ICAI

	Current year	Previous year
a) Net Profit after taxation as per Profit & Loss Account	1,197.56	2,199.10
b) Weighted average number of Ordinary Shares	45,11,250	45,11,250
c) Earnings per share (Basic & diluted)	Rs. 26.55	Rs. 48.75

24. The break up of major components of Deferred Tax Assets & Liabilities calculated in accordance with Accounting Standard 22 issued by the ICAI is as under :

Deferred tax assets being the tax components		
Expenses allowable against taxable income in future years	107.14	95.19
Deferred tax liabilities being the tax components		
Timing difference in depreciable assets	49.42	50.77
Net difference of deferred tax assets and liabilities	57.72	44.42

25. The Company is maintaining separate books of account for its different undertakings viz., DTA, EOU (Debonded during the year) and Captive Power Plant at Budge Budge and EOU at Falta Special Economic Zone.

26. Previous year's figures have been re-grouped/re-arranged wherever necessary to make them comparable.

CHEVIOT COMPANY LIMITED

SCHEDULE TO ACCOUNTS

SCHEDULE 19 (Contd.)

Amount in Rs. Thousands

27. Additional Information Under Part IV of Schedule VI of the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile

I. Registration details

Registration No.	1409	State Code	21
Balance Sheet date	31.03.2009		

II. Capital raised during the year

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	25,785,83	Total Assets	25,785,83
-------------------	-----------	--------------	-----------

Sources of Funds

Paid up Capital	451,48
Reserves & Surplus	23,150,95
Secured Loans	515,92
Unsecured Loans	Nil
Deferred Tax Liability	Nil

Application of Funds

Net Fixed Assets	10,985,35
Investments	7,529,20
Net Current Assets	5,546,08
Misc. Expenditure	Nil
Deferred Tax Asset	57,72

IV. Performance of Company

Turnover*	18,614,20	Profit before Tax	1,885,31
Total Expenditure	16,728,89	Profit after Tax	1,197,56
Earnings per Share (Rs.)	26.55	Dividend Rate (%)	60

* Including other income

V. Generic Names of three Principal Products/Services of Company (As per Monetary Terms)

Item Code No. (ITC Code)	6 3 0 5 1 0 . 4 0
Product Description	S A C K I N G B A G
Item Code No. (ITC Code)	5 3 0 7 2 0 . 0 0
Product Description	J U T E Y A R N
Item Code No. (ITC Code)	5 3 1 0 1 0 . 1 3
Product Description	H E S S I A N C L O T H

Signatures to Schedules 1 to 19

Per our report attached
For Jain & Co.
Chartered Accountants
P. K. JAIN
Partner - M. No. 52018
Kolkata the 9th day of May, 2009

D. K. MOHTA
Vice President & Secretary,
Chief Financial Officer

On behalf of the Board
H. V. KANORIA
Chairman & Managing Director,
Chief Executive Officer
N. K. KEJRIWAL
Wholetime Director
N. NAYAR
Director

Maheshwari Datamatics Pvt. Ltd.
Unit : **Cheviot Company Limited**
6, Mangoe Lane, (2nd Floor)
Kolkata - 700 001

Re : Payment of Dividend Through ECS

- # I wish to participate in the Electronic Clearing Service (ECS) introduced by the Reserve Bank of India.
- # I do not wish to participate in the ECS. However, kindly print the bank particulars given below on the Dividend Warrant being issued to me.

1. Reg. Folio No. : _____
2. Particulars of Bank
- a. Name of the Bank : _____
- b. Branch Address : _____
- * c. 9 digit Code Number of the Bank and Branch as appearing on the MICR Cheque issued by the bank :

--	--	--	--	--	--	--	--	--
- d. Account type (Please tick) : Savings Current Cash Credit
- e. Ledger Folio No. (if any) of your bank account : _____
- f. Account No. : _____

I hereby declare that the particulars given above are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

Date : _____

Signature of the first holder

- * The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.
- # Delete whichever is not applicable.

CHEVIOT COMPANY LIMITED

Registered Office :
24, Park Street, Magma House, (9th Floor)
Kolkata - 700 016

FORM OF PROXY

I/We
of
..... being a Member(s) of the above named Company,
hereby appoint
of
or failing him
of as my/our proxy to vote for me/us on
my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the 23rd July, 2009, at 11 a.m. and at any
adjournment thereof.

Signed this day of 2009

Signature

Affix
Revenue
Stamp

Folio No.

DP ID No.....

Client ID No.....

Note : This Form of Proxy must be deposited at the Registered Office of the Company, 24 Park Street, Magma House, (9th Floor), Kolkata - 700 016, not later than 48 hours before the time for holding the meeting.

CHEVIOT COMPANY LIMITED

KOLKATA

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

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 Thursday, the 23rd July, 2009 at 11 a.m.

Full Name of Member/Proxy
attending the meeting

Full Name of First Holder
(if Joint Holder/Proxy attending)

FOLIO No.

DP ID No.

Client ID No.

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

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

BOOK POST

If undelivered please return to :

CHEVIOT COMPANY LIMITED

24, PARK STREET, MAGMA HOUSE, 9TH FLOOR
KOLKATA - 700 016