

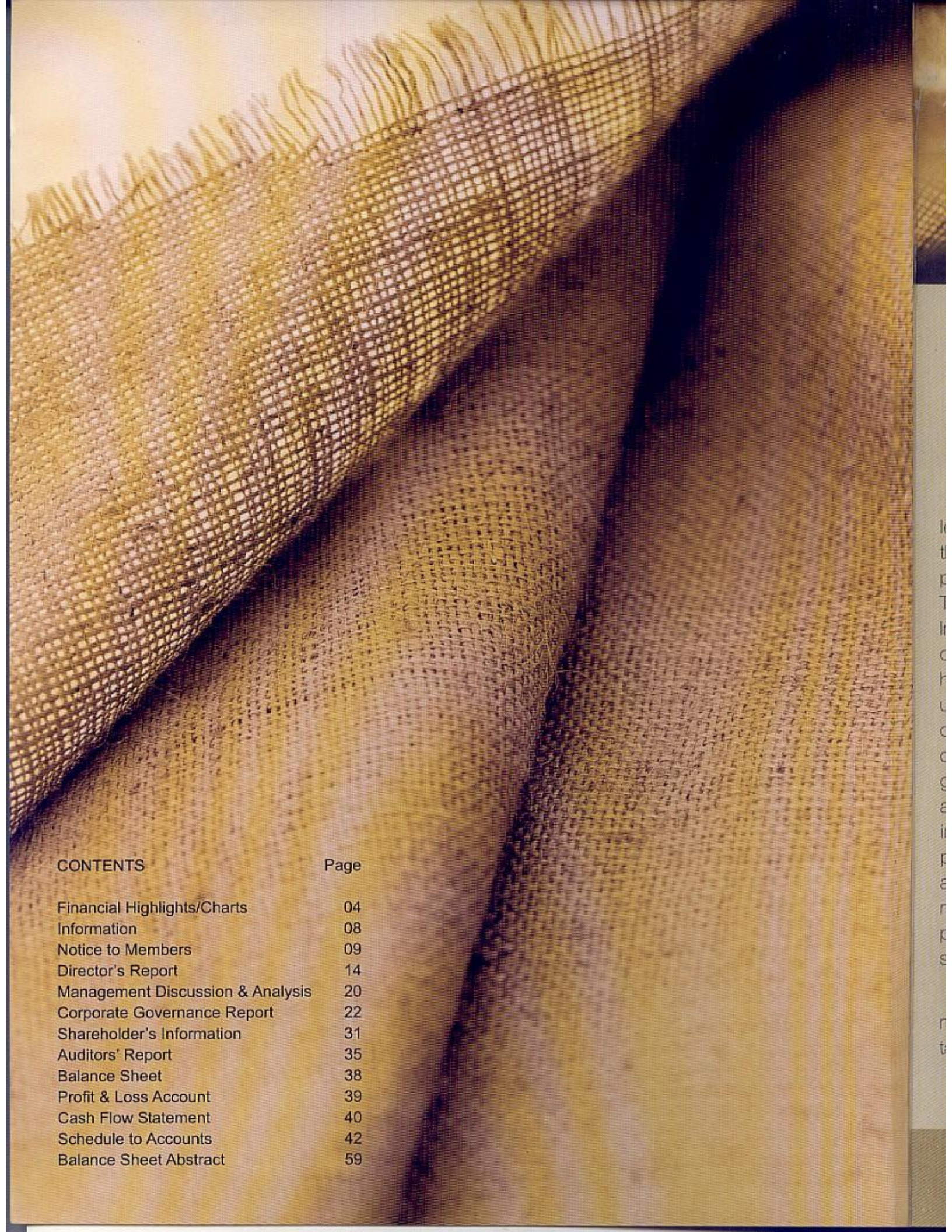
An enriched business.
An enriched earth.

Annual Report
2009-2010



Gloster Jute Mills Limited

A Recognised Export House



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The future is jute

Jute industry can well be defined as one of the least polluting industry. It not only provides one of the most potent opportunities to cope with the critical problem of joblessness but also ecological imbalance. The United Nations proclaimed 2009 to be the International Year of Natural Fibres to raise the profile of jute and other natural fibres. This endeavor has helped jute attain new landmarks in terms of its usage. In the wake of rising environmental concerns on the use of synthetics, there is an increased demand of eco-friendly and re-usable jute products globally. Jute products, which were once primarily associated with dowdy sacks are now finding importance world over with various diversified products like decoratives, carpets, rugs. Designers and handicraft artisans are using the natural fibre for making a variety of fashionable products such as party bags, stylish clutch bags, trendy rucksacks, shopping bags, wine bags, wall hangings.

To keep pace with the times Gloster has modernized and expanded its factory. Gloster has taken steps to extend its product line by introducing

better designs and adopting new marketing strategies. Gloster has been exploring various solutions to improve process technology and expand its product base to woo the international buyers. Keeping in view the increasing market demand for green products, Gloster is largely focusing on the optimum usage of eco-friendly geo-jute and soil savers. In addition, Gloster is also working towards increasing productivity and diversifying product range.





Experience entwined with expertise

Experience, expertise and an ability to read the future, it is particularly these reasons that have kept Gloster Jute Mills Limited way ahead of others. The present management with over 55 years of combined experience in the golden fibre industry is the mainstay of everyday's mammoth exercises.

The main Unit was established in the year 1872 under Fort Gloster Jute Manufacturing Co. Ltd. The present management had taken over in the year 1954. The name of the Company was subsequently changed to Fort Gloster Industries Limited. Gloster Jute Mills Limited was incepted on February 18, 1992 for taking over all the assets and liabilities of the Jute Division of the parent company Fort Gloster Industries Limited.

Gloster at present has two manufacturing units along with one standby Captive Power Plant. The new mill unit is in operation since inception. The Ananya Unit and standby Captive Power Plant has started operations in the year 2003.

To keep up with the expectations of time, Gloster Jute Mills has reinvented itself from time to time. The

factory located in Bauria, Howrah, has been expanded and extensively modernized to produce value added diversified jute products that includes floor covering, geo-textiles, processed, decorative and industrial fabrics, food grade quality jute cloth and bags apart from traditional jute products including yarn. On the way came ISO Certification and Star Export House status. Ananya Unit has been certified and operates, ISO 14001:2004, 9001:2008 and OHSAS 18001:2007, the only such unit in the world.

Prestigious certifications

- Quality Management System IS/ISO 9001: 2008 by Bureau of Indian Standards
- Environmental Management System ISO 14001: 2004 by BSI India
- Occupational Health and Safety Management System BS OHSAS 18001: 2007 by BSI India
- Quality Management System ISO 9001: 2008 by BSI India
- Organic Jute Agricultural Production certificate by IMO Control Private Limited, Bangalore



▲ New facilities for resident staff



▲ New industrial building under construction

Financial Highlights

Year Ended	Share Capital (₹ In Lacs)	Reserves (₹ In Lacs)	Net Worth (₹ In Lacs)	Income From Operations (₹ In Lacs)	Net Profit (₹ In Lacs)	Cash Profit (₹ In Lacs)	Earning Per Share (₹)	Cash Earning Per Share (₹)	Book Value Per Share (₹)	Dividend (%)
31/3/98	65	773	839	6,983	331	390	12.63	14.91	32	35%
31/3/03	131	1,869	1,994	11,052	379	507	14.47	19.36	76	35%
31/3/04	131	2,195	2,391	12,134	306	559	11.71	21.37	91	35%
31/3/05	131	2,749	3,146	12,373	405	700	15.47	26.77	120	35%
31/3/06	131	3,169	3,611	13,579	436	800	16.68	30.58	138	40%
31/3/07	131	3,750	4,261	12,771	423	874	16.18	33.41	163	40%
31/3/08	131	4,829	5,407	15,816	1,104	1,616	42.17	61.76	207	50%
31/3/09	262	5,521	6,168	16,794	908	1,419	34.70	54.22	236	50%
31/3//10	262	26,884	27,517	19,529	975	1,515	37.26	57.88	1,052	60%

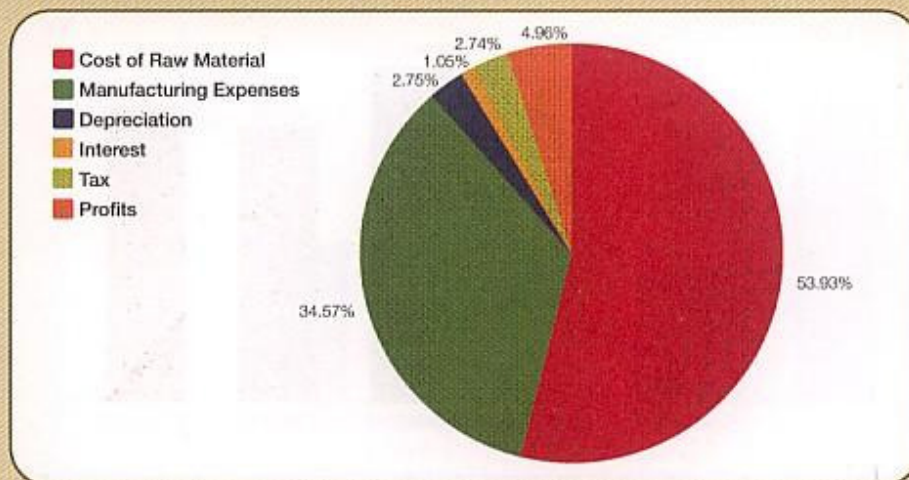
◆ Subsequent to revaluation of certain class of Fixed Assets as on 31/03/2010 the Fixed Assets has increased by ₹ 20,584.14 lacs and an identical amount has been transferred to Revaluation Reserve.

◆ Net Worth Includes Deferred Tax.

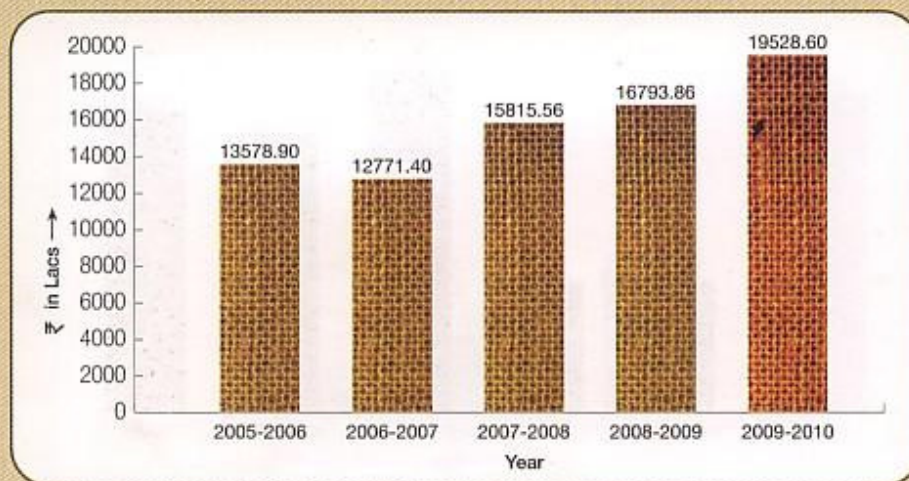
◆ Book Value, Earning Per Share & Cash Earning Per Share calculated on expanded Capital for all years.

Historical Data

Distribution of Revenue 2009-10

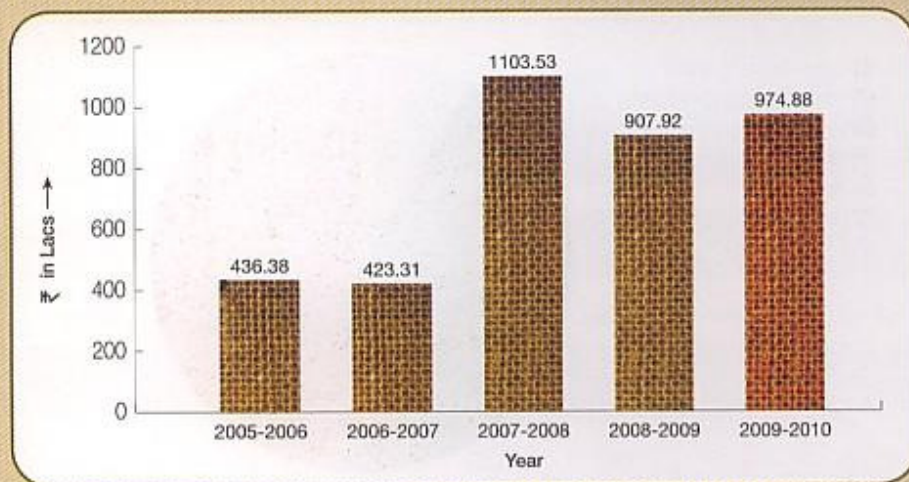


Income from operations

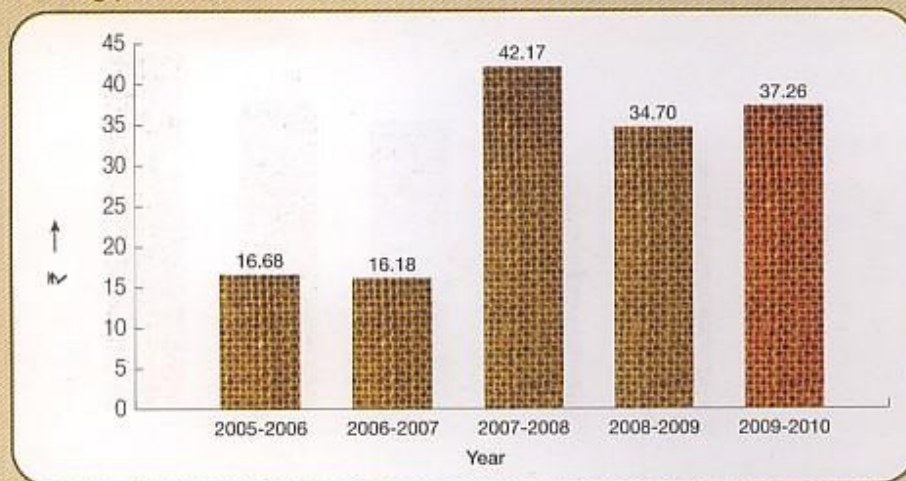




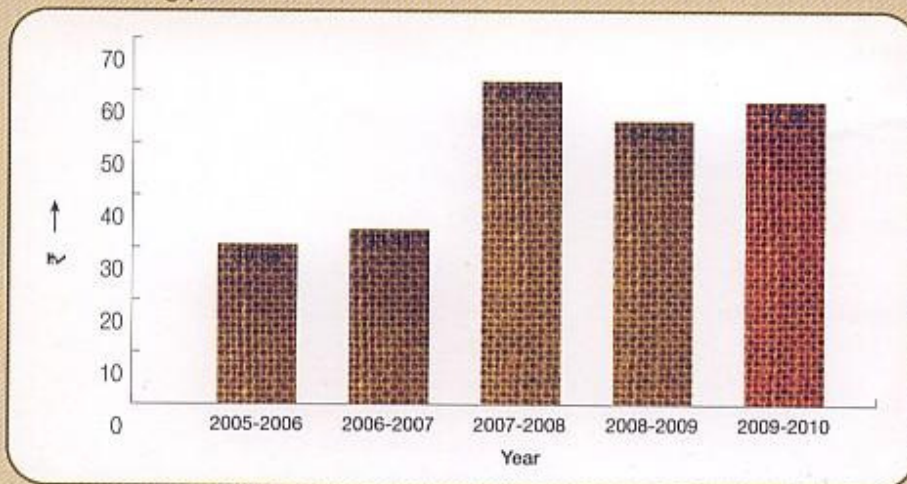
Profit after Tax



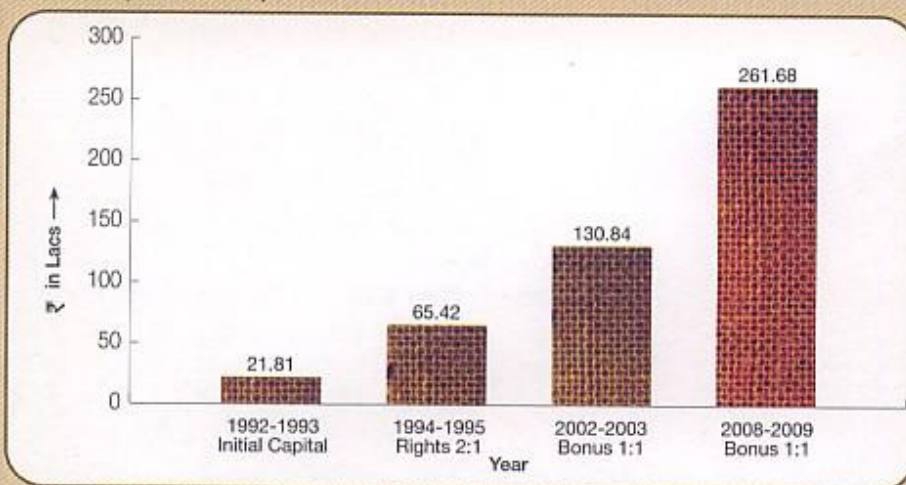
Earning per Share



Cash Earning per Share



Share Capital Builtup



Board of Directors	:	G. D. Bangur, Executive Chairman Hemant Bangur Bhaskar Mitter Nandita Sen Dr. Prabir Ray R. R. Dash K. Mahapatra D. C. Baheti, Executive Director
Company Secretary	:	Ajay Agarwal
Bankers	:	State Bank of India
Auditors	:	Lovelock & Lewes Chartered Accountants Kolkata
Registrars & Transfer Agents	:	Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane Kolkata - 700 001 Phone : 033-2243-5809 Fax : 033-2248-4787 E-mail : mdpl@vsnl.net.in
Registered & Administrative Office	:	21, Strand Road Kolkata - 700 001 (India) Phone : 033-2230 9601 (4 lines) Fax : 91 33 2210 6167, 2231 4222 E-mail : info@glosterjute.com Website : www.glosterjute.com
Mills	:	P. O. Fort Gloster Bauria, Howrah - 711 310 West Bengal Phone : 2661 8327 / 8271, Fax : 2661 8940

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Gloster Jute Mills Limited will be held on Wednesday the 29th September, 2010 at 2.30 P.M. at Shripati Singhania Hall, Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700 020 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2010, the Balance Sheet as on that date and the Report of the Directors and the Auditors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Hemant Bangur who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Bhaskar Mitter who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
“**RESOLVED THAT** Messrs Lovelock & Lewes, Chartered Accountants, the retiring Auditors of the Company be and are hereby re-appointed as statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed in this behalf by the Board of Directors of the Company.”

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following Resolutions :-

6. AS AN ORDINARY RESOLUTION :

“**RESOLVED THAT** pursuant to the provisions of section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the appointment and remuneration payable to Shri G.D. Bangur as a Whole-time Director designated as Executive Chairman of the Company for a period of three years with effect from 12th April, 2010 on the terms and conditions as set out in the draft agreement proposed to be entered into by the Company with him, a copy whereof is placed before this meeting and duly initialed by the Executive Director for the purpose of identification, with authority to the Board of Directors on recommendation of Remuneration Committee to alter or otherwise vary the same in such manner as may be agreed to between the Board of Directors and Shri G.D. Bangur as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, as existing or as amended, modified or re-enacted from time to time.”

7. AS A SPECIAL RESOLUTION :

“**RESOLVED THAT** subject to approval of the Central Government pursuant to section 21 of the Companies Act, 1956, the name of the Company be changed from “Gloster Jute Mills Limited” to “Gloster Limited” and immediately upon the said change in the name of the company becoming complete and effective, the new name be substituted for the existing name wherever it appears including in the Memorandum and Articles of Association of the Company.”

8. AS A SPECIAL RESOLUTION :

“**RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the payment of a commission up to and not exceeding 1% (one percent) per annum of the net profits of the Company, computed in the manner referred to in Section 198(1) of the said act, amongst the Non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner as may be decided by the Board of Directors for a period of five years commencing from 1st April, 2010.”

Registered Office:
21, Strand Road
Kolkata – 700 001
Dated: 7th August, 2010

By Order of the Board
Ajay Agarwal
Company Secretary



NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The relevant details of Item no. 3 & 4 above pursuant to Clause 49 of the listing agreement are annexed hereto.
3. Proxies in order to be effective should be lodged with the Company at least 48 hours before the commencement of the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2010 to 29th September, 2010 (both days inclusive).
5. The dividend as recommended by the Board, if declared at the meeting, will be paid on or after 30th September, 2010 to those members whose names appear on the Company's Register of Members on 29th September, 2010. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on the closing of 22nd September, 2010 for this purpose.
6. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
7. Dividend for the financial year ended 31st March, 2003, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government later this year, pursuant to the provisions of Section 205C of the Companies Act, 1956. Members, who have not yet encashed their dividend warrants for the financial year ended 31st March, 2003 or any subsequent Financial Years are requested to lodge their claims with the Company's Registrar and Share Transfer Agents without delay. Members are advised that no claims shall lie against the said fund or the Company for the amounts of dividends so transferred to the said Fund.
8. Members who hold shares in dematerialized form are requested to bring their Client ID and DP numbers for quick identification while recording attendance at the meeting.
9. 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 requests in Form 2 B to the Registrar and Share Transfer Agents.
10. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed.

DETAILS OF DIRECTORS RETIRING BY ROTATION & SEEKING REAPPOINTMENT
(In Pursuance of Clause 49 of the Listing Agreement)

Name	Shri Hemant Bangur
Date of Birth	21.04.1972
Date of Appointment	03.04.2000
Qualifications	Post Graduate in International Trade
Expertise in specific functional areas	Rich & wide experience in Jute & Plantation industry
Directorships in other Companies	Joonktollee Tea & Industries Limited Jagdishpur Company Limited The Cochin Malabar Estates & Industries Limited Luxmi Asbestos Products Limited PDGD Investments & Trading Private Limited Madhav Trading Corporation Limited The Cambay Investment Corporation Limited The Kamla Company Limited Bombay Agency Company Private Limited Credwyn Holdings (I) Private Limited
Chairman/Member of Committees of the Board of other Companies of which he is a Director.	Nil
Shareholding in the Company	15133 Shares

Name	Shri Bhaskar Mitter
Date of Birth	11.10.1919
Date of Appointment	23.12.1993
Qualifications	Barrister at Law (London)
Expertise in specific functional areas	Eminent professional and business leader having more than 6 decades of wide and varied experience over the whole range of business operations in the industry. He is the former Chairman of Andrew Yule Group, CESC Ltd.and BOC Ltd.
Directorships in other Companies	Exide Industries Limited Eveready Industries India Limited Graphite India Limited
Chairman/Member of Committees of the Board of other Companies of which he is a Director.	Eveready Industries India Limited Remuneration Committee - Chairman Shareholders/Investors Grievance Committee-Chairman Audit Committee - Member Exide Industries Limited Remuneration Committee -Member Shareholders/Grievance Redressal Committee - Chairman Audit Committee - Member Graphite India Limited Investors Grievance Committee - Member Audit Committee - Member
Shareholding in the Company	NIL

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

Shri G.D.Bangur aged 63 years is a commerce graduate and has to his credit more than four decades of wide experience in jute industry. He has been associated with the company since its inception. Shri Bangur has had an outstanding career in the Company with a rich and varied experience of jute industry. He with his leadership qualities and ability to motivate is expected to take the Company to new heights.

Shri G.D. Bangur was re-appointed as Managing Director of the Company as per terms & conditions approved by the members at 13th Annual General Meeting of the Company held on 20th August, 2005 for a period of five years. The Board of Directors of the Company have appointed Shri Bangur as Whole-time Director designated as Executive Chairman for a period of three years with effect from 12th April, 2010 on the terms & conditions as contained in the draft Agreement to be entered into between the Company and Shri Bangur, details of which are set out below and recommended by the Remuneration Committee and the same is in accordance with and within the ceiling of maximum remuneration permitted under Schedule XIII to the Companies Act, 1956:

- a) **Salary** : ₹ 3,00,000/ (Rupees three lacs only) per month. The Remuneration Committee may review and determine from time to time and recommend to the Board necessary changes in salary during the tenure of appointment.
- b) **Commission** : Such commission on net profits, as may be decided by the Board of Directors in its absolute discretion on recommendations of the Remuneration Committee for each financial year or part thereof, subject however, that the total remuneration i.e. salary, perquisites and commission in any one financial year shall not exceed the limits prescribed or as may be prescribed from time to time, under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Act, as may for the time being be in force.
- c) **Perquisites & Benefits:**
 - i) **Provident & Super Annuation Fund** : Company's contribution towards Provident Fund and Superannuation or Annuity Fund as per rules of the Company.
 - ii) **Gratuity** : As per rules of the Company.
 - iii) **Housing** : Hired furnished accommodation with gas, electricity, furniture, water and furnishings or house rent allowance in lieu of accommodation together with reimbursement of expenses and/or allowances for utilization of gas, electricity, furniture, water, furnishings and repairs subject to a maximum of 25% of salary per month.
 - iv) **Medical Benefit** : Reimbursement of medical expenses for self, spouse and dependent children equivalent to one month's salary in a year.
 - v) **Leave** : As per rules of the Company.
 - vi) **Leave Travel Assistance** : Reimbursement of actual traveling expenses for self, spouse and dependent children equivalent to one month's salary in a year.
 - vii) **Car** : Free use of Company's Car with Driver.
 - viii) **Telephone** : Free telephone facility at residence.
 - ix) **Leave Encashment** : as per rules of the Company.
 - x) **Club Fees** : Re-imburement of fees of 2 (two) clubs including entrance and life membership fees.
 - xi) **Personal Accident Insurance** : Reimbursement of all accident premium for self, spouse and dependent children subject to a maximum of ₹ 4,000/- in a year.
 - xii) **Reimbursement of expenses** : Reimbursement of all entertainment, traveling, hotel and other expenses incurred during the course of and in connection with the business of the Company.
 - xiii) **Any other perquisites** as may be allowed by the Board on recommendation of Remuneration Committee.

The provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephones and use of car for private purposes shall be billed by the Company to Shri G.D. Bangur.

d) Minimum Remuneration:

That in the event of absence or inadequacy of profits the Whole-time Director designated as Executive Chairman shall be entitled to receive a remuneration including allowances, perquisites etc as are recommended by the Remuneration Committee to the Board of Directors but not exceeding the limits as may be prescribed in the Schedule XIII of the Companies Act, 1956 as amended from time to time as minimum remuneration.

e) Sitting Fees:

That Shri G.D. Bangur shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

Apart from the above terms and conditions governing remuneration, the draft agreement contains further terms and conditions as the terms of office, the powers and duties of the Whole-time Director designated as Executive Chairman, provision for earlier termination of the appointment by either party by three months notice in writing to other party etc.

The copy of the draft agreement referred to in the proposed ordinary resolution is available for inspection of the members at the registered office of the company on all working days between 11 A.M.to 1.00 P.M. upto the date of Annual General Meeting.

The Resolution set out in item no. 6 is to accord such approval.

None of the Directors except Shri G.D. Bangur and Shri Hemant Bangur is in any way concerned or interested in the said resolution.

The above should also be considered as an abstract of the terms of appointment of Sri G. D. Bangur and a Memorandum as to the nature of concern or interest of the Director in the said appointment as required under Section 302 of the Companies Act, 1956.

Item No. 7

Your Company was incorporated in the year 1992 with the main object to acquire and take over jute mill division of "Fort Gloster Industries Limited" on a going concern basis which was incorporated in 1872. The Research & Development Section of your Company is continuously engaged in developing diversified and value added products. Your Company apart from dealing in and manufacturing conventional product made of jute is also engaged in various types of diversified products like, yarn, fabric blended with cotton and man-made fiber and apparel and the products of your Company are well received in local and international markets and your company foresees good future for various items made of cotton, silk and flex apart from jute. All the products of your Company made of jute, cotton and other man-made fiber and various value added products comprising of cotton, fiber other than jute are sold under the brand name of "Gloster". Some of the value-added products being manufactured by your Company contains fibre other than jute. The word "Gloster" is being used by your Company on all its products which has enjoyed significant amount of satisfaction in the mind of the customers. The present name of your Company reflects that your Company is dealing in jute and jute items only.

In view of the increasing demand of various products manufactured by your Company made of cotton, silk and flex as well as all value added products, it is thought that proposed name "Gloster Limited" will be of substantial help to the Company to expand its market. The proposed name will reflect wide range of products of different materials and hence, it has been thought appropriate to drop the word "Jute Mills" from the existing name of the Company.

The Resolution set out in item no. 7 is to accord such approval.

None of the Directors of your Company is interested in the said Resolution.

Item No. 8

Pursuant to the provisions of Section 309 of the Companies Act, 1956, the Members of the Company at the 13th Annual General Meeting of the Company held on 20th August, 2005, had approved the payment of commission to the Non-Executive Directors of the Company for a period of five years with effect from 1st April, 2005. Such approval of the members is in force for a period of five years i.e. upto 31st March, 2010.

The members are requested to approve the payment of commission to the Non-Executive Directors of the Company for a further period of five years commencing from 1st April, 2010. The payment of commission would be in addition to the sitting fees payable for attending Board / Committee Meetings.

The Resolution set out in item no. 8 is to accord such approval.

All the Non-Executive Directors of the Company are concerned or interested in the said resolution.

DIRECTORS' REPORT

DEAR SHAREHOLDERS

Your Directors take pleasure in presenting the Eighteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

The highlights of the financial results of the Company for the year ended 31st March, 2010 are as under :

(₹ In lacs)

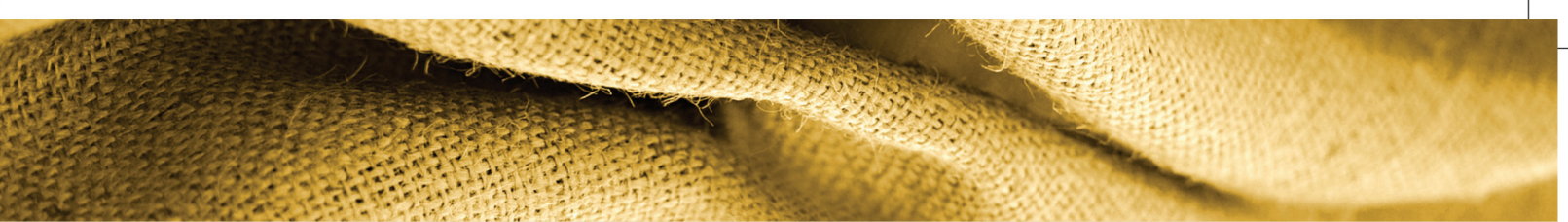
Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
Sales and Related Income	19,528.60	16,793.86
Total Expenditure	17,364.64	14,776.96
Operating Profit Before Depreciation & Interest	2,163.96	2,016.90
Interest	206.69	267.18
Depreciation	539.76	510.94
Operating Profit After Depreciation & Interest	1,417.51	1,238.78
Other Income	95.71	247.38
Gross Profit before Tax	1,513.22	1,486.16
Provision for Taxation (including Deferred Tax & Fringe Benefit Tax)	538.35	578.24
Profit after Tax	974.87	907.92
Balance brought forward from previous year	217.34	212.49
Amount available for appropriation	1,192.21	1,120.41
Appropriations:		
Proposed Dividend	157.00	130.84
Dividend Tax	26.07	22.23
General Reserve	750.00	750.00
Balance carried to Balance Sheet	259.14	217.34

DIVIDEND

Your Directors have recommended for your approval a dividend of 60% i.e ₹ 6/- per equity share for the year ended 31st March, 2010. The total outflow for dividend will be ₹ 183.07 lacs including ₹ 26.07 lacs by way of dividend tax.

OPERATIONS

There was an industry wide strike of 62 days in the second half of the year which has adversely affected the operations of the Company. However, due to firm demand of jute goods at remunerative prices, the Net Profit for the year has gone up marginally to ₹ 974.87 lacs in comparison to ₹ 907.92 lacs during the year 2008-09. Further the production & sales during the year under review has been 41,225 MT & 42,511 MT in comparison to 44,792 MT & 44,862 MT respectively during the year 2008-09. In the above context the performance of the Company has been satisfactory during the year.



The year under review witnessed raw jute prices prevailing at higher levels even during the jute season and saw exorbitant rise later during the year because of lower supply of raw jute due to crop shortage. However, proactive purchase policies helped the Company to maintain sufficient stock levels and reduce the average cost of procurement.

The jute crop forecast for the current year is higher than last year. However, the prices of the raw jute in the current year are likely to be firm with an upward bias due to very low carried over stock of raw jute.

Subsequent to the de-bonding of the EOU during the year under review, the performance of the Ananya Unit has improved significantly in comparison to the year 2008-09.

EXPORTS

During the year under review the export has been ₹ 4,029.52 lacs as against ₹ 4,081.31 lacs in the previous year. Export would have been even higher but for the industry wide strike and continued global economic recession, export maximization and increased share in global market continue to remain the thrust area of your Company. Your directors are hopeful of a further improvement in export performance in future, barring unforeseen circumstances.

REVALUATION OF FIXED ASSETS

The management of the Company felt the need to revalue certain class of Fixed Assets of the Company in order to reflect the true value of these assets as on the date of the Balance Sheet as on 31st March 2010. The revaluation was done by an approved valuer. The net replacement value of these assets, which have been revalued as at 31st March, 2010 stand at ₹26,103.22 lacs as against ₹ 5,518.78 lacs computed on the historical cost basis and increase in the net book value of ₹20,584.44 lacs has been credited to Revaluation Reserve.

MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report has been annexed as part of the Annual Report.

CORPORATE GOVERNANCE

The Company is committed to the application of best management practices, compliances with law, adherence to ethical standards and discharge of social responsibilities. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance and a certificate from the practicing Company Secretary regarding compliance of the same has been annexed as part of the Annual Report.

DEPOSITORY SYSTEM

As the members are aware, your Company's shares are tradable compulsorily in electronic form. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

DIRECTORS

Shri G. D. Bangur was appointed as Whole-time Director designated as Executive Chairman w.e.f. 12th April, 2010 on the terms & conditions as mentioned in the resolution which is being placed before you for your consideration at the ensuing Annual General Meeting and your Directors recommend passing of the same.

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956 Shri Hemant Bangur and Shri Bhaskar Mitter, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

Messers Lovelock & Lewes, Chartered Accountants, who are Statutory Auditors of the Company hold office up to the forthcoming annual General Meeting and are recommended for reappointment to audit the accounts of the Company for the financial Year 2010-11. As required under the provisions of the Section 224(1B) of the Companies Act, 1956, the company has obtained written confirmation from Messers Lovelock & Lewes that their appointment if made would be in conformity with the limits specified in the Section.

As per the requirement of Central Government and pursuant to Section 233B of the Companies Act, 1956 your Company carries out an audit of cost records every year. Subject to the approval of the Central Government, the Company has appointed M/s D. Radhakrishnan & Co., Cost Accountants to audit the cost accounts for the financial year 2010-11.

CREDIT RATING

During the year various bank facilities enjoyed by the Company has been rated by CRISIL Limited based on Basel II norms followed by the banks under the guidelines of Reserve Bank of India. CRISIL Limited has assigned ratings of adequate safety – “A-(Pronounced A minus)” and strong safety – “P2+(Pronounced P two plus)” for the long term and short term bank facilities of the Company respectively. CRISIL Limited has also assigned a “stable” outlook for the long-term bank facilities of the Company.

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

Additional information as required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the prescribed form in Annexure “A” to the Report.

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, particulars of employees are set out in Annexure “B” to the Report.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:


- i) that in the preparation of Annual Accounts, the applicable Standards had been followed along with proper explanations for material departures.
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors had prepared the annual accounts on a going concern basis.

ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is committed to Corporate Social Responsibility in line with Sustainable Development commitments. The Company undertook the following CSR activities during the year:

- 
- Sponsored community projects undertaken by Rotary Club of Calcutta Welfare Trust and Maheshwari Seva Trust, Kolkata.
 - Contributed towards 'Shakti' an initiative under Rishi Chaitanya Trust to educate & empower girls who are deprived of education for lack of fund.
 - Encouraged sports person for winning silver medal at the Asian Rowing Championship in Taipei, China by awarding special prize.
 - Extended financial assistance in expansion of local school and religious places near the factory.
 - Constructed roads in local rural areas near factory.
 - Running a primary school in the local area.
 - Providing 'mid day' free meal everyday to more than 50 physically challenged persons.

APPRECIATION

Your directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry despite increased competition from several existing and new players.

TRADE RELATIONS

The Board desires to place on record its appreciation for the support and co-operation that the Company has received from suppliers, brokers, customers and others associated with the Company as its enterprise partners. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be Company's endeavour to build and nurture strong links with trade, based on mutuality, respect and co-operation with each other.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all investors, customers, vendors, bankers, regulatory and government authorities and stock exchange, for their continued support.

Place : Kolkata
Dated : 7th August, 2010

For & on behalf of the Board

G. D. BANGUR
Executive Chairman

ANNEXURE “A” TO THE DIRECTORS REPORT

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- 1 Installed online steam flow meter for optimisation of generation and consumption of steam.
- 2 For efficient circulation of fresh air in the factory shed turbo ventilators have been installed.
- 3 Installed Demand Controller for reducing Maximum Demand.
- 4 Installed Capacitors to increase Power Factor.

FORM A

Form for disclosure of particulars with respect to conservation of energy.

(I) POWER & FUEL CONSUMPTION

	2009-10	2008-09
1. Electricity		
a) Purchased		
Units (KWH) (in Lacs)	174.22	191.61
Total Amount (₹ In Lacs)	798.51	771.62
Rate/Unit (₹)	4.58	4.03
b) Own Generation		
i) Through Captive Power Plant		
Units (KWH) (in Lacs)	Nil	Nil
Unit per ltr. of Diesel Oil	Nil	Nil
Cost/Unit (₹)	Nil	Nil
ii) Through Diesel Generator		
Units (KWH) (in Lacs)	5.10	5.29
Unit per ltr. of Diesel Oil	2.65	3.07
Cost/Unit (₹)	13.36	11.73
iii) Through Steam Turbine/Generator	NA	NA
2. Coal		
Consumption (MT)	178.00	209.00
Total Cost (₹ In lacs)	8.62	8.92
Average Rate/MT (₹)	4,846.52	4,268.30
3. Furnace Oil for Power Plant		
Consumption (KL)	Nil	Nil
Average Rate/Litre (₹)	Nil	Nil
4. Furnace Oil for Boiler		
Consumption (KL)	139.72	113.75
Average Rate/Litre (₹)	28.36	31.84
(II) CONSUMPTION PER MT OF PRODUCTION		
Electricity (Units)	448	438
(Both purchased & generated)		
Coal (Kgs.)	4.44	5.00

B. Technology Absorption, Adaptation & Innovation

- 1 Modernisation is an on going process. The company has taken up replacement of old Loom with Rapier/High Speed Looms and replacement of old Spinning frames.
- 2 The Company has successfully developed the usage of Jute Geo-textile in Rural Road construction in association with CRR, JMDC/NJB and IJIRA. We have also received accreditation of one of our geo-textile product by Indian Road Congress.
- 3 Our Ananya Unit has been accredited under ISO 9000/2008.
- 4 Installed Solar Water Heating System for reducing energy consumption on trial basis. Solar lighting system has been put for trial purposes apart from successfully implementation of solar water heating system for Residential area.
- 5 The Company is still continuing the process of implementing “Clean Air & Environment” and Clean Development Mechanism (CDM) projects.

C. Foreign Exchange Earnings & Outgo

- a) Total Foreign Exchange earned
 - b) Total Foreign Exchange used
- Information contained
in Schedule 18

ANNEXURE “B” TO THE DIRECTORS REPORT

Statement of Particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors Report for the year ended 31st March, 2010.

Name	Designation/ Nature of Duties	Gross Remuneration (₹)	Qualifi- cation	Experi- ence	Date of Commencement of Employment	Age	Last Employment held Name of the Company Designation
Bangur G D	Executive Chairman	73,94,223	B. Com.	39	12.04.2000	63	Joonktollee Tea and Industries Limited President
Baheti D C	Executive Director	37,24,324	B. Com.	35	18.02.1992	62	None

NOTES:

1. Remuneration includes salary, allowances, medical benefits, commission, Company's contribution to provident fund, superannuation fund and value of perquisites but excludes contribution to gratuity fund on the basis of actuarial valuation for which separate figure is not available.
2. Employment is contractual subject to termination by notice by either side.

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry structure and developments:

By a notification during the year under review the Government of India has maintained the compulsory packing of food grains and sugar at 100% under Jute Packaging Materials (Compulsory use for Packing Commodities) Act, 1987 (JPMA), which is valid upto 30.06.2010.

An industry-wide strike was called by the Trade Unions during the year from 14th December, 2009. The Strike was called off from 14th February, 2010, after a Tripartite Settlement executed on 12th February, 2010 .

b) Opportunities and Threats/Risks & Concerns :

Opportunities

- Improvement in US and other world economies should bring in fresh opportunities;
- Continuous increase in domestic agricultural produce should result in increased requirement of jute packaging materials, if the JPMA is continued;
- In view of rising concern for global warming, jute being environment friendly commodity, should get preference over other substitutes;
- The industry continues to get incentives for modernization and technological upgradation of manufacturing facilities under different schemes as below :
 - (i) The Technology Upgradation Fund Scheme (TUF Scheme) for modernization/expansion, under the Ministry of Textiles, the Government of India has been extended upto 2012;
 - (ii) National Jute Board (NJB) Scheme for Acquisition of Machinery & Plant (Capital subsidy) for Jute Industry under scheme no.6.4 of the Mini Mission - IV of the Jute Technology Mission @ 20%. The upper limit of the subsidy is limited to ₹ 350 lakhs per Company.

Risk & Concern/ Threat :

- Increase in raw jute prices and its availability may adversely affect the production and profitability;
- Steep rise in employee cost subsequent to Tripartite Settlement executed on 12th February, 2010;
- Duty free import of jute goods from Bangladesh may adversely affect the domestic market.
- Competition from Bangladesh in export market due to inherent disadvantage to local industry due to higher wage & power cost and huge export subsidy being given by Bangladesh Government;
- Competition from cheap substitute from the synthetic packaging industry.
- Firming up of interest rates leading to increase in cost of funds;
- High volatility in exchange rates may adversely affect the profitability;

c) Segment-wise or product-wise performance:

The Company is engaged in the business of manufacturing Jute goods and is managed organisationally as a single unit. Accordingly the company has only one business. However, the Company has customers in India as well as outside India and thus segment reporting on the Geographical location of its customers is as below:

(₹ in lacs)

Particulars	Inside India		Outside India		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sales	15,186.90	12,430.52	4,081.31	4,029.52	19,268.21	16,460.04
Carrying amount of segment assets (Sundry Debtors)	365.36	502.15	546.28	217.97	911.64	720.12
Purchase of Tangible & Intangible Assets	—	—	—	—	763.57	553.05

d) Outlook:

The jute crop forecast for the current year is better than last year. However, the prices of the raw jute in the current year, on an average, are likely to remain firm with an upward bias, due to very low carried over stock of raw jute from last jute season. The Company is taking steps to build and maintain adequate raw jute stock in order to meet production of its order book at reasonable price by proactive purchase.

After completing the 2nd phase of modernization your Company has taken up the 3rd phase of modernization which includes (i) partial replacement of spinning frames and looms, (ii) construction of new factory building, (iii) modernization of sack sewing section and (iv) construction of sanitary facility for workmen. The financial closure for the project has been done.

Improvement in US and other world economies may bring in fresh business opportunities.

Your management will make all efforts and is hopeful to be able to improve the economic performance of the Company in the years to come.

e) Internal control systems and their adequacy :

The Company has adequate internal control system which provides reasonable assurance with regard to safeguarding the Company's assets, promoting operational efficiency by cost control, preventing revenue leakages and ensuring adequate financial and accounting controls and compliance with various statutory provisions. A qualified and independent Audit committee of the Board of directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them.

A summary of audit Observations and Action Taken Reports are placed before the audit Committee on a periodical basis, for review.

The Company has a well-defined integrated software system connecting its registered office and plant and providing improved MIS system and optimization of resources with inbuilt controls covering the business and supply-chain.

f) Discussion on financial performance with respect to operational performance:

The following are the significant areas of financial performance:

₹ in lacs			
Particulars	2009-10	2008-09	(Increase)/ Decrease
Sales	19,528.60	16,793.86	2,734.74
Raw material cost	10,082.95	8,228.63	1,854.32
Interest Expenses	206.69	267.18	(60.49)
Profit after tax	974.88	907.92	66.96
Inventory	4,678.13	3,493.36	1184.77
Capital Investment	763.57	553.05	210.52

g) Human Resources & Industrial Relations:

An industry-wide strike was called by the Trade Unions during the year. The Strike was called off from 14th February, 2010, after a Tripartite Settlement executed on 12th February, 2010. Salient points of the said settlement are given below:

- (i) The industry has agreed to make payment of 277 points of DA @ of ₹ 1.90 per point, out of 627 points of arrear D.A. i.e. ₹ 1,191/- for 208 hours w.e.f. 1st February, 2010 & remaining 350 points of D.A. shall be paid in five installments as agreed.
- (ii) The management has also agreed to pay 169 points of D.A @ ₹ 1.90 per point which is due w.e.f. 1st February, 2010.
- (iii) The demand for grades & scales of pay for the workers & the related matters shall be referred to a Wage Board to be constituted by the State Government within a period of three months from the day of settlement.

The Company is continuing its efforts through training to enhance competence of its manpower to make them more resourceful in their present job and also to prepare them for future roles. The Company has also introduced staff welfare scheme under which benefits are provided to deserving members of staff.

h) Cautionary statement:

Statements made in this section of the report are based on assumptions and expectations of further events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference include finished goods prices, raw material cost and its availability, change in Government regulations, tax laws, economic developments within the country and other factors such as litigation.



CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate Governance is crucial to the very existence of a company as it builds confidence and trust, which eventually leads to a more stable and sustained resource flows and long-term partnership with its investors and other stakeholders. The importance of Corporate Governance lies in the contribution it makes to the overall growth and direction of the business, management accountability and transparency and above all, equitable treatment for its stakeholders.

The detailed report on implementation by the Company, of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company is committed to good Corporate Governance in all its activities and processes. Corporate Governance refers to the blend of laws, regulations and voluntary practices. It is the application of the best management practices, compliance of law and adherence to ethical standards to achieve the organization goal of enhancing stakeholder value. Strong Corporate Governance is indispensable for safeguarding the interest of all the stakeholders.

Your Company is fully compliant with the requirements of the Listing Agreements and applicable Corporate Governance norms and is committed to ensuring compliance with all modifications within the prescribed time.

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, legal and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors, meets with the requirements of Clause 49 (1) (A) of the Listing Agreement. The number of Independent Directors is more than one-half of the total number of Directors.

The present strength of the Board of Directors is eight, whose composition is given below:

- one Promoter, Executive Director
- one Promoter, Non-Executive Director
- one Non-Promoter, Executive Director
- five Independent, Non-Executive Directors, out of which one Director representing LIC of India (as an investor)

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he/she is a member/Chairman/Chairperson are as under:

Name of Director	Category of Directorship	Directorship in other companies (#)	No. of Board Committees (other than Gloster Jute Mills Ltd) in which Chairman / Chairperson/Member	
			Chairman/ Chairperson	Member @
Shri Gopal Das Bangur	Promoter Executive	11	NIL	NIL
Shri Hemant Bangur	Promoter Non-Executive	6	NIL	NIL
Shri Bhaskar Mitter	Independent Non-Executive	3	2	6
Smt. Nandita Sen	Independent Non-Executive	NIL	NIL	NIL
Dr. Prabir Ray	Independent Non-Executive	NIL	NIL	NIL
Shri D. C. Baheti	Non-Promoter Executive	1	NIL	NIL
Shri Rebati Ranjan Dash	Independent Non-Executive	1	NIL	NIL
Shri Krutibas Mahapatra*	Independent Non-Executive	NIL	NIL	NIL

*Appointed Director w.e.f. 27th June, 2009

(#) - Excludes Alternate Directorships, Directorships in Indian Private Limited companies and foreign companies and membership of Managing Committees of various bodies.

(@) - Member includes Chairman/Chairperson

Only memberships of Audit Committee and Shareholder's / Investors' Grievances Committee are considered.

BOARD PROCEDURE

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board papers, comprising the agenda backed by comprehensive background information are circulated to the Directors in advance and, in exceptional cases, the same is tabled at the Board Meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The information as specified in Annexure I A to the existing Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is regularly made available to the Board wherever applicable.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, new investments, compliance with statutory/regulatory requirements, major accounting provisions and write-offs are considered by the Board.

The Minutes of the Board Meetings are circulated to all Directors and confirmed at subsequent Meeting.

The Minutes of Audit Committee and other Committees of the Board are regularly placed before the Board.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

During the financial year ended 31st March, 2010, five Board Meetings were held on 28th April, 2009, 27th June, 2009, 27th July, 2009, 22nd October, 2009, and 27th January, 2010. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under:

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 22nd August, 2009
Shri Gopal Das Bangur	5	No
Shri Bhaskar Mitter	4	Yes
Shri Hemant Bangur	5	Yes
Smt. Nandita Sen	5	No
Dr Prabir Ray	4	No
Shri D.C. Baheti	5	No
Shri Rebati Ranjan Dash	4	Yes
Shri K. Mahapatra*	4	Yes

*Appointed to be a member of the Board effective 27th, June, 2009.

3. AUDIT COMMITTEE:

BROAD TERMS OF REFERENCE

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The terms of reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49 (II) of the Listing Agreement and as specified by the Board of Directors of the Company and inter-alia includes:

- Reviewing the Company's financial reporting process and disclosure of financial information.
- Recommending the appointment, re-appointment and removal of statutory auditors, fixation of audit and other fees.
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.
- Reviewing the adequacy of internal control systems and internal audit function, ensuring compliance of internal control systems and reviewing the Company's financial and risk management policies.
- Reviewing the reports furnished by the internal auditors and statutory auditors and ensure suitable follow-up thereon.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India during the year. Compliance of the AS as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2010.

COMPOSITION

The Audit Committee comprises of four Non-Executive Directors, three of whom are Independent Directors and one of whom is non-Independent Director. The Audit Committee is constituted in accordance with the provisions of Clause 49 (II) (A) of the Listing Agreement and the Companies Act, 1956. All these Directors possess knowledge of corporate finance, accounts and company law. The Executive Director of the Company is specially invited at the meetings of the Committee, whenever required. The Statutory Auditors and the Internal Auditors are also invited to the Meetings whenever required. The quorum for the Audit Committee Meetings is two members. The Company Secretary acts as Secretary to the Committee.

The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meetings. The composition of the Audit Committee is as follows:

Name of the Director	Position	Category
Smt Nandita Sen	Chairperson	Independent, Non-Executive
Shri K. Mahapatra*	Member	Independent, Non-Executive
Shri Hemant Bangur	Member	Non-Executive
Shri Bhaskar Mitter	Member	Independent, Non-Executive

* Nominated as member of the Committee with effect from 27th July, 2009

MEETINGS AND ATTENDANCE

During the financial year ended 31st March, 2010, five Audit Committee Meetings were held on 28th April, 2009, 27th June, 2009, 27th July, 2009, 22nd October, 2009 and 27th January, 2010. The Audit Committee also met prior to the finalization of accounts for the year ended 31st March, 2010.

The attendance at the Audit Committee Meetings is as under:

Name of the Director	No. of meetings attended
Smt. Nandita Sen	5
Shri K. Mahapatra*	2
Shri Hemant Bangur	5
Shri Bhaskar Mitter	4

* Nominated as member of the Committee with effect from 27th July 2009.

The Company Secretary was present at all the above meetings.

The Chairperson of the Audit Committee, being outside the country, did not attend the 17th Annual General Meeting held on 22nd August, 2009.

INTERNAL AUDITORS

The Company has appointed a firm of Chartered Accountants as Internal Auditors to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

4. REMUNERATION COMMITTEE:

BRIEF DESCRIPTION OF TERMS OF REFERENCE

- Reviewing the overall compensation policy, service agreements and other employment conditions of Wholetime Directors.
- Reviewing the performance of the Wholetime Directors and recommending to the Board the quantum of annual increments and annual commission.

COMPOSITION

The Remuneration Committee comprises of four Directors, of whom, three are independent, Non-Executive Directors and one Promoter, Non-Executive Director. The Chairman of the Committee is a Director nominated by the Board.

The composition of the Remuneration Committee is as follows:

Name of the Director	Position	Category
Shri K. Mahapatra*	Chairman	Independent, Non-Executive
Smt Nandita Sen	Member	Independent, Non-Executive
Shri Hemant Bangur	Member	Non-Executive
Shri Bhaskar Mitter	Member	Independent, Non-Executive

* Nominated as member of the Committee with effect from 27th July, 2009.

MEETINGS AND ATTENDANCE

During the financial year ended 31st March 2010, two Remuneration Committee Meetings were held on 27th June 2009 and 22nd October 2009.

The attendance at the Remuneration Committee Meetings is as under:

Name of the Director	No. of meetings attended
Shri K. Mahapatra*	1
Smt Nandita Sen	2
Shri Hemant Bangur	2
Shri Bhaskar Mitter	1

*Nominated as member of the Committee with effect from 27th July, 2009

The Company Secretary was present at all the above meetings.

REMUNERATION POLICY

A Remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Commission and Sitting fees. In terms of the shareholders' approval given at the thirteenth Annual General meeting of the Company held on 20th August, 2005, commission is payable at a rate upto and not exceeding 1% per annum of the net profits of the Company as specifically computed for this purpose for a five year period for the financial years commencing from 1st April, 2005. Non-Executive Directors are paid sitting fees @ ₹ 8,000 for each meeting of the Board and ₹ 4,000 for any committee thereof attended by them. The compensation of Non-Executive Directors is approved by the Board.

B. Remuneration to Whole-time Directors

The appointment of Whole-time Directors are governed by resolutions passed by the Board of Directors and shareholders of the Company, which covers the terms of such appointment, payment of remuneration to Whole-time Directors, which are governed by the respective Agreements executed between them and the Company. Remuneration paid to Whole-time Directors are recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at General Meetings. The remuneration package of Whole-time Directors comprises of salary, perquisites and allowances, commission and contributions to Provident and other Funds as approved by the shareholders at General Meetings. Annual increments are decided by the Remuneration Committee and recommended to the Board for approval thereof.

Presently, the Company does not have any stock option plan or performance linked incentives for its Directors.

DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2010.

NON-EXECUTIVE DIRECTORS

Name of the Director	Commission * ₹	Sitting Fees ₹
Shri Hemant Bangur	2,08,274	84,000
Shri Bhaskar Mitter	2,08,274	64,000
Shri K. Mahapatra	1,58,630	52,000
Shri R.R.Dash	2,08,274 #	32,000#
Smt Nandita Sen	2,08,274	84,000
Dr Prabir Ray	2,08,274	32,000

* Payable in 2010 -11

Amount paid/payable to LIC of India

WHOLE-TIME DIRECTORS

Name of the Director	Salary ₹	Benefits ₹	Commission ₹	Service Contract
Shri G.D. Bangur	21,00,000/-	12,94,223/-	40,00,000	5 Years
Shri D.C. Baheti	15,00,000/-	7,24,324/-	15,00,000	5 Years

5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE:

FUNCTIONS

The Board of Gloster Jute Mills Limited has constituted a Committee of Directors, which inter-alia also functions as 'Shareholders'/Investors' Grievances Committee', consisting of four members, chaired by a Non-Executive Director.

The Committee deals with various matters relating to:

- transfer/transmission/transposition of shares;
- consolidation/splitting of folios;
- issue of share certificates for lost, sub-divided, consolidated, rematerialized, defaced, etc;
- review of shares dematerialised and all other related matters;
- investors' grievances and redressal mechanism and recommend measures to improve the level of investor services.

The Committee has delegated its functions to its Share Transfer Registrars, M/s. Maheshwari Datamatics Pvt Ltd to redress shareholders grievances and provide a periodical report to the said committee at every meeting about the grievances received, solved and pending in addition to their existing functions as follows: -

- to approve share transfers
- to issue duplicate shares against lost or mutilated share certificates
- to issue shares against consolidation and sub-division.
- to send a summary of complaints redressed on fortnightly basis
- to send periodical report on transfers & transmission processed, duplicate share certificates issued.

Share transfer formalities is done fortnightly by the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd. The Compliance Officer is authorised to give effect to share transfers as approved by the Registrars & Share Transfer Agents.

The Share Department of the company and the Registrar and Share Transfer Agents, Maheshwari Datamatics Pvt. Ltd. attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Department of Company Affairs, Registrar of Companies etc.

The Minutes of the Shareholders'/Investors' Grievances Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and e-mail addresses to facilitate prompt action.

COMPOSITION

The composition of the Committee of Directors is as under:

Name of the Director	Position	Category
Shri Hemant Bangur	Chairman	Promoter, Non-Executive
Smt Nandita Sen	Member	Independent, Non-Executive
Shri Bhaskar Mitter	Member	Independent, Non-Executive
Shri K. Mahapatra*	Member	Independent, Non-Executive

* Nominated as member of the Committee with effect from 27th July, 2009

COMPLIANCE OFFICER

The Board has designated Shri Ajay Agarwal, Manager Finance & Company Secretary as the Compliance Officer.

MEETING AND ATTENDANCE

During the financial year ended 31st March 2010, four Shareholders'/Investors' Grievances Committee meetings were held on 28th April 2009, 27th June, 2009, 22nd October 2009 and 27th January 2010.

The number of meetings attended by each of the members is as under:

Name of the Director	No. of meetings attended
Shri Hemant Bangur	4
Smt. Nandita Sen	4
Shri K. Mahapatra	2
Shri Bhaskar Mitter	3

DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS

The total number of complaints received, and replied to the satisfaction of the shareholders during the year ended March 31, 2010 were 2. There were no complaints outstanding as on March 31, 2010. The number of share transfers and requests for dematerialization pending as on March 31, 2010 were Nil.

Shareholders'/Investors' complaints and other correspondence are normally attended to within twenty one working days except where constrained by disputes or legal impediments.

6. CEO/CFO CERTIFICATION

As required by Clause 49 V of the Listing Agreement, the CEO/CFO Certificate signed by Shri G.D. Bangur, CEO and Shri Ajay Agarwal, CFO was placed before the Board of Directors at their meeting held on 26 th May 2010.

7. GENERAL BODY MEETINGS:

A. Location and time, where last three Annual General Meetings (AGM) were held is given below :

Financial Year	Date Meeting	Type	Location of the Meeting	Time
2006- 07	4th August, 07	AGM	Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020	11.00 A.M.
2007- 08	25th August, 08	AGM	Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020	11.00 A.M.
2008- 09	22nd August, 09	AGM	Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020	11.00 A.M.

B. Special Resolutions Passed at last three Annual General Meetings (AGM) :

Date of Meeting	Type	Reappointment of Statutory Auditor	Further Issue of Shares
4th August, 07	AGM	Yes	Yes
25th August, 08	AGM	Yes	-
22nd August, 09	AGM	Yes	-

The above resolutions were put to vote by show of hands and were passed unanimously.

C. Passing of Resolutions by Postal Ballot:

No resolution was put through postal ballot at the last three Annual General Meetings and no resolution is proposed to be passed through Postal Ballot at the ensuing Annual General Meeting.

8. CODE OF CONDUCT:

The Board of Directors has adopted the Code of Conduct and Ethics for Directors and Senior Management. The said Code has been communicated to the Directors and the members of the Senior Management. The Code has also been displayed on the Company's website-www.glosterjute.com. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year ended 31st March, 2010 and a declaration to this effect signed by Shri G.D.Bangur, Executive Chairman is forming part of this report.

The Company has adopted "Code of Conduct for Prevention of Insider Trading" (The Code) pursuant to the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended. The Code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company.

9. DISCLOSURES:

a. Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Transactions with related parties as per requirements of Accounting Standard AS 18 are disclosed in Note No.9 of Schedule 18 to the Accounts in the Annual Report.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI, Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

c. Non-mandatory requirements.

Adoption of Non-mandatory requirements of Clause 49 of the listing Agreement are being reviewed by the Board from time to time and adopted wherever necessary.

10. MEANS OF COMMUNICATION:

- (i) The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the Proforma prescribed by Clause 41 of the Listing Agreement
- (ii) The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in one of the prominent business dailies and a local language newspaper. Presently the same are not sent to the shareholders separately.
- (iii) The Company's financial results and official news releases are displayed on the Company's website www.glosterjute.com
- (iv) No formal presentations were made to the institutional investors and analysts during the year under review.
- (v) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

11. GENERAL SHAREHOLDER INFORMATION :

Detailed information in this regard is provided in the section 'Shareholder Information' which forms part of this Annual Report.

12. COMPLIANCE CERTIFICATE

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Management Personnel have affirmed compliance with Gloster Jute Code of Conduct for the year ended March 31, 2010.

Place : Kolkata
Dated : 7th August, 2010

For Gloster Jute Mills Limited
G. D. Bangur
Executive Chairman

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To The Members of Gloster Jute Mills Limited

I have examined the compliance of the conditions of Corporate Governance by Gloster Jute Mills Limited for the financial year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange (s). The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the 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 the opinion on the financial statements of the Company. In my opinion and based on the relevant records and documents maintained by the Company and furnished to me for the review and information and explanations given to me by the Company, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement. I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Kolkata.
Dated: 7th August, 2010

Sweety Kapoor
Practising Company Secretary
Membership No. ACS 11915, CP No.5738

SHAREHOLDER INFORMATION

REGISTERED OFFICE : 21, Strand Road, Kolkata – 700 001, Telephone no : 2230-9601(4 lines)

ANNUAL GENERAL MEETING : **Date and Time** : September, 29th, 2010 at 2.30 p.m.
Venue : Shripati Singhania Hall, Rotary Sadan,
 94/2, Chowringhee Road, Kolkata-700 020

FINANCIAL CALENDAR :

Financial reporting for the quarter ending June 30, 2010 : Mid August, 2010
 Financial reporting for the half year ending September 30, 2010 : Mid November, 2010
 Financial reporting for the quarter ending December 31, 2010 : Mid February, 2011
 Financial reporting for the year ending March 31, 2011 : End May, 2011

DATE OF BOOK CLOSURE : September, 23rd, 2010 to September, 29th, 2010 (both days inclusive)

DIVIDEND :

The dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid at par on or after September, 30th, 2010 to those members whose names appear on the Company's Register of Members as holders of equity shares in physical form on September, 29th 2010. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose as on the closing hours of business on September, 22nd, 2010.

LISTING ON STOCK EXCHANGE :

The Equity shares of the Company are listed on The Calcutta Stock Exchange (CSE). BSE has permitted the Equity shares of the Company for trading under the "B" group with effect from May 6, 2008

Annual Listing Fees as prescribed have been paid to The Calcutta Stock Exchange for the year 2010-2011.

STOCK CODE : CSE –10017076
 BSE— 590085
 Demat ISIN No. For NSDL and CDSL - INE652C01016

STOCK MARKET DATA :

There were no transactions in the equity shares of the Company listed at The Calcutta Stock Exchange, hence monthly high and low quotations and volume of shares traded on the Bombay Stock Exchange during the year are only given.

MONTH	BSE		
	HIGH (₹)	Low (₹)	Volume (No of Shares)
APRIL, 2009	133.00	91.00	6,326
MAY, 2009	178.85	107.00	7,521
JUNE, 2009	208.00	155.45	8,751
JULY, 2009	185.95	140.65	4,485
AUGUST, 2009	178.70	145.00	7,222
SEPTEMBER, 2009	224.80	160.00	14,881
OCTOBER, 2009	259.00	173.20	30,259
NOVEMBER, 2009	323.95	192.00	17,748
DECEMBER, 2009	307.60	258.05	9,931
JANUARY, 2010	384.50	277.50	13,010
FEBRUARY, 2010	319.00	260.10	3,424
MARCH, 2010	290.00	203.05	69,385

PARTICULARS	BSE
No. of Shares traded	1,92,943
Highest Share Price (₹)	384.50
Lowest Share Price (₹)	91.00
Closing share price as on 31st March, 2010 (₹)	225.00
Market Capitalisation as on 31 st March, 2010 (₹)	5,887.62 lacs.

REGISTRAR AND SHARE TRANSFER AGENTS:

Maheshwari Datamatics Pvt.Ltd.
 6, Mangoe Lane, 2nd floor, Kolkata 700 001.
 Tel : 033-2243-5809
 Fax : 033-2248-4787
 e-mail : mdpl@cal.vsnl.net.in

SHARE TRANSFER SYSTEM:

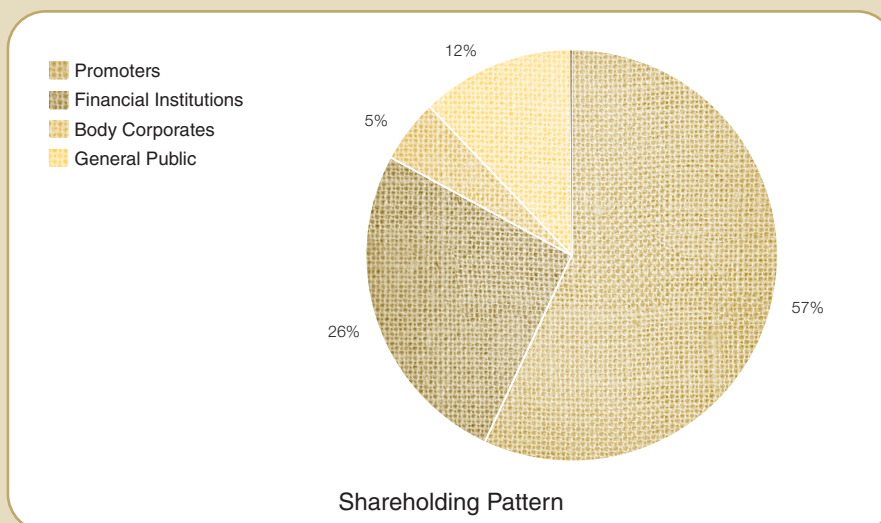
The transfer of shares in physical form is processed and completed by Maheshwari Datamatics Private Limited every fortnight provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Agreement with the Stock Exchanges, a practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2010:

No. of equityShares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	1,369	92.25	1,14,139	4.36
501 to 1000	50	3.37	35,661	1.36
1001 to 2000	35	2.36	51,746	1.98
2001 to 3000	6	0.40	14,419	0.55
3001 to 4000	4	0.27	14,000	0.53
4001 to 5000	3	0.20	12,962	0.50
5001 to 10000	2	0.14	17,520	0.67
10001 and above.	15	1.01	23,56,273	90.05
GRAND TOTAL	1,484	100.00	26,16,720	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2010:

CATEGORY	NO. OF SHARES HELD	% OF SHARE CAPITAL
A PROMOTER'S HOLDING		
1. Promoters		
a. Indian Promoters	14,89,817	56.94
b. Foreign Promoters	—	—
Sub-total	14,89,817	56.94
B. NON-PROMOTER'S HOLDING		
2. Institutional Investors		
a. Mutual Funds and UTI	—	—
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-government Institutions)	6,79,300	25.96
c. FII's	—	—
Sub-total	6,79,300	25.96
3. OTHERS		
a. Bodies Corporate	1,30,074	4.97
b. Indian Public	3,14,817	12.03
c. NRIs/OCBs	2,712	0.10
d. Any Other	—	—
Sub-total	4,47,603	17.10
GRAND TOTAL	26,16,720	100.00



DEMATERIALIZATION OF SHARES AND LIQUIDITY:

96.8805% of the equity shares of the Company have been dematerialized as on 31st March, 2010. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have the option to dematerialise their shares with either of the depositories.

STATUS OF DEMATERIALIZATION AS ON MARCH 31, 2010:

PARTICULARS	NO. OF SHARES	% TO TOTAL CAPITAL	NO. OF ACCOUNTS
National Securities Depository Limited	24,25,306	92.68	681
Central Depository Services (India) Limited	1,09,785	4.20	261
Total Dematerialised	25,35,091	96.88	942
Physical	81,629	3.12	542
Grand Total	26,16,720	100.00	1,484

OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

- NOT APPLICABLE

UNCLAIMED DIVIDENDS :

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF:

Financial Year	Date of declaration of dividend	Due Date for transfer to IEPF
2002-2003	27th September, 2003	2nd November, 2010
2003-2004	14th August, 2004	19th September, 2011
2004-2005	20th August, 2005	25th September, 2012
2005-2006	29th July, 2006	3rd September, 2013
2006-2007	4th August, 2007	9th September, 2014
2007-2008	25th August, 2008	30th September, 2015
2008-2009	22nd August, 2009	27th September, 2016

Members who have so far not encashed their dividend warrants are requested to have the same revalidated to avoid transfer to IEPF.

NOMINATION:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

ELECTRONIC CLEARING SERVICE:

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for crediting dividends through Electronic Clearing Services (ECS) to the investors wherever ECS and bank details are available, in the absence of ECS facility, the Company is required to print the bank account details on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the Depository Account, may notify their DPs about any change in the Bank Account details.

PLANT LOCATION :

P.O Fort Gloster
Bauria, Howrah-711310
West Bengal

ADDRESS FOR CORRESPONDENCE :

Registrar & Share Transfer Agents	Registered Office
Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd floor Kolkata 700 001. Tel :033-2243-5809 Fax: 033-22484787 E-mail : mdpl@cal.vsnl.in	21,Strand Road, Kolkata-700001 Tel:- 033-22309601 (4 lines) Fax:-91-33-22106167,22314222 E-mail: info@glosterjute.com shares@glosterjute.com

SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL:

As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretariat Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

AUDITORS' REPORT TO THE MEMBERS OF GLOSTER JUTE MILLS LIMITED

1. We have audited the attached Balance Sheet of Gloster Jute Mills Limited (the "Company") as at 31st March, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with the 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 a 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report 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 those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Lovelock & Lewes**

Firm Registration Number: 301056E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership Number.52340

Kolkata

August 7, 2010

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gloster Jute Mills Limited on the financial statements for the year ended 31st March, 2010]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been verified with balance confirmations and subsequent sales record. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly paragraphs 4(iii) (b), (c) and (d) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations in general, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year 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 within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, cess and other material statutory dues as applicable with the appropriate authorities. There are no undisputed amount payable in respect of the above as at 31st March 2010 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income-tax and Sales-tax as at 31st March, 2010 which have not been deposited on account of a dispute, are as follows -

Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax	2,15,947	1995-1996	Appellate and Revisional Board of Commercial Taxes, West Bengal
West Bengal Sales Tax	2,16,402	2000-2001	Appellate and Revisional Board of Commercial Taxes, West Bengal
Central Sales Tax	2,91,540	2001-2002	Calcutta High Court
West Bengal Sales Tax	1,68,599	2001-2002	West Bengal Taxation Tribunal
Central Sales Tax	1,19,610	2002-2003	Calcutta High Court
West Bengal Sales Tax	3,00,900	2002-2003	West Bengal Taxation Tribunal
Central Sales Tax	33,66,556	2003-2004	Appellate and Revisional Board of Commercial Taxes, West Bengal
West Bengal Sales Tax	16,32,754	2003-2004	Appellate and Revisional Board of Commercial Taxes, West Bengal
Central Sales Tax	20,38,951	2004-2005	Appellate and Revisional Board of Commercial Taxes, West Bengal
West Bengal Sales Tax	5,04,168	2004-2005	Appellate and Revisional Board of Commercial Taxes, West Bengal
Central Sales Tax	8,44,112	2005-2006	Appellate and Revisional Board of Commercial Taxes, West Bengal
Income Tax	19,41,295	2005-2006	Income Tax Appellate Tribunal
Income Tax	43,70,486	2006-2007	Commissioner of Income Tax (Appeals)
Income Tax	43,09,910	2007-2008	Commissioner of Income Tax (Appeals)

10. The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. 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. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to it.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year and neither does it have any debentures outstanding at year end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Lovelock & Lewes
 Firm Registration Number: 301056E
 Chartered Accountants
Prabal Kr. Sarkar
 Partner
 Membership Number.52340

Place : Kolkata
 Dated : 7th August, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

		SCHEDULE	As at 31.03.2010 ₹	As at 31.03.2009 ₹
SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Capital	1		2,61,67,200	2,61,67,200
b) Reserves & Surplus	2		2,62,50,90,950	48,74,67,281
			2,65,12,58,150	51,36,34,481
2. Loan Funds				
Secured Loans	3		26,26,48,479	30,32,60,911
			26,26,48,479	30,32,60,911
3. Deferred Tax Liability (net) (Refer Note No. 7 on Schedule - 18)				
			6,32,86,549	6,46,51,633
			2,97,71,93,178	88,15,47,025
APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross Block	4		2,95,96,29,709	86,42,74,956
b) Less : Depreciation			34,93,07,323	29,93,80,506
c) Net Block			2,61,03,22,386	56,48,94,450
d) Capital Work in Progress			3,76,55,806	1,00,30,214
			2,64,79,78,192	57,49,24,664
2. Investments				
	5		15,30,000	35,30,295
3. Current Assets, Loans and Advances				
a) Inventories	6		46,78,12,942	34,93,36,394
b) Sundry Debtors	7		9,11,64,202	7,20,12,175
c) Cash & Bank Balances	8		3,21,79,303	63,27,013
d) Other Current Assets	9		26,51,333	33,85,531
e) Loans & Advances	10		9,73,97,866	7,39,84,395
			69,12,05,646	50,50,45,508
Less: Current Liabilities & Provisions				
a) Current Liabilities	11		28,40,34,305	14,99,39,538
b) Provisions	12		7,94,86,355	5,20,13,904
			36,35,20,660	20,19,53,442
Net Current Assets				
			32,76,84,986	30,30,92,066
			2,97,71,93,178	88,15,47,025

Notes on Accounts 18

Significant Accounting Policies 19

The Schedules referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date.

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. 52430

Ajay Agarwal
Company Secretary

G D Bangur
Hemant Bangur
Bhaskar Mitter
Nandita Sen
Prabir Ray
K. Mahaptra
D C Baheti

Executive Chairman

Directors

Executive Director

Place : Kolkata

Dated : 7th August, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	2009-10 ₹	2008-09 ₹
INCOME			
Sales		1,94,16,95,669	1,65,81,17,861
Less : R&D Cess		1,48,74,644	1,21,13,669
		1,92,68,21,025	1,64,60,04,192
Related Income		2,60,39,371	3,33,81,722
Sales & Related Income		1,95,28,60,396	1,67,93,85,914
Other Income	13	95,71,659	2,47,38,738
		1,96,24,32,055	1,70,41,24,652
EXPENDITURE			
Raw Materials, Finished Goods and Stores & Spare parts	14	1,17,76,22,373	91,63,39,401
Manufacturing, Selling, Distributing, Administrative and Other Expenses	15	54,61,75,045	54,88,98,202
Interest (Net)	16	2,06,69,107	2,67,18,209
Directors' Remuneration	17	1,26,66,547	1,24,58,816
Depreciation		5,39,76,383	5,10,94,395
		1,81,11,09,455	1,55,55,09,023
PROFIT BEFORE TAXATION			
		15,13,22,600	14,86,15,629
Provision For Taxation			
Current tax		5,52,00,000	5,03,00,000
Fringe benefit tax		—	7,00,000
Deferred tax		(13,65,084)	68,23,444
PROFIT AFTER TAXATION			
		9,74,87,684	9,07,92,185
Balance of Profit from Previous Year		2,17,33,933	2,12,48,906
AVAILABLE FOR APPROPRIATION			
		11,92,21,617	11,20,41,091
APPROPRIATION			
General Reserve		7,50,00,000	7,50,00,000
Proposed Dividend		1,57,00,320	1,30,83,600
Tax on Proposed Dividend		26,07,627	22,23,558
Balance Carried to Balance Sheet		2,59,13,670	2,17,33,933
		11,92,21,617	11,20,41,091
Earning per Share (Basic and Diluted) (Refer Note No. 14 on Schedule 18)		37	35
Nominal value of shares		10	10
Notes on Accounts	18		
Significant Accounting Policies	19		

The Schedules referred to above form an integral part of the Profit & Loss Account
This is the Profit & Loss Account referred to in our report of even date.

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. 52430

Ajay Agarwal
Company Secretary

G D Bangur
Hemant Bangur
Bhaskar Mitter
Nandita Sen
Prabir Ray
K. Mahaptra
D C Baheti

Executive Chairman

Directors

Executive Director

Place : Kolkata
Dated : 7th August, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	2009-10		2008-09	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities				
Net profit before tax		15,13,22,600		14,86,15,629
Adjustments for :				
Depreciation	5,39,76,383		5,10,94,395	
Interest Expense	2,25,42,749		2,81,88,733	
Profit on sale of fixed assets	(38,362)		(6,62,599)	
Loss/(Profit) on sale of current investments other than trade	(8,74,480)		(11,864)	
Unrealised (Gain) / Loss on exchange (net)	(17,68,483)		(4,70,563)	
Interest Income	(18,73,642)		(14,70,524)	
Dividend on short term investments other than trade	(6,538)		(18,109)	
Bad Debts written off	—		3,50,748	
Provision for employee benefits (net)	1,20,74,762		1,02,50,000	
Provision for diminution in value of investments	20,00,295		—	
Loss of stock damaged in fire	6,58,659		81,54,554	
Liabilities written back	(15,564)		(9,72,093)	
Wealth Tax	24,050		21,000	
		86,699,829		9,44,53,678
Operating profit before working capital changes		238,022,429		24,30,69,307
Adjustments for :				
Decrease/(Increase) in Inventories	(11,91,35,207)		(9,66,72,192)	
Decrease/(Increase) in Receivables	(1,99,80,095)		(90,64,107)	
Decrease/(Increase) in Loans & Advances	(2,23,89,009)		1,28,42,071	
(Decrease)/Increase in Trade Payables	13,43,74,498		(67,05,901)	
		(2,71,29,813)		(9,96,00,129)
Cash generated from operations		21,08,92,616		14,34,69,178
Income Taxes paid (including Wealth Tax and Fringe Benefit Tax)		(4,28,27,150)		(5,38,29,420)
Net Cash from Operating Activities	A	16,80,65,466		8,96,39,758
B. Cash Flow from investing activities				
Purchase of fixed assets	(7,06,82,472)		(5,19,04,431)	
Sale of Fixed Assets	21,34,855		19,14,349	
Purchase of Current Investments	(37,50,00,000)		(2,80,00,000)	
Sale of Current Investments	37,58,74,480		2,80,11,864	
Interest received	15,83,378		13,01,844	
Dividend received	6,538		18,109	
Net Cash used in Investing activities	B	(6,60,83,221)		(4,86,58,265)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	2009-10		2008-09	
	₹	₹	₹	₹
C. Cash Flow from Financing Activities				
Proceeds from Short term Bank Borrowings(net)	1,15,38,408		6,13,60,042	
Proceeds from Long term Bank Borrowings	50,09,727		3,96,45,154	
Repayment of Long Term Bank Borrowing	(4,27,76,000)		(6,25,65,464)	
Repayment of Long Term Borrowing	(1,31,96,860)		—	
Repayment of Short Term Borrowing (net)	—		(4,50,00,000)	
Interest paid	(2,20,51,686)		(2,86,40,661)	
Dividend paid	(1,24,29,986)		(64,92,173)	
Dividend Taxes paid	(22,23,558)		(11,11,779)	
Net Cash used in Financing Activities		(7,61,29,955)		(4,28,04,881)
Net Increase in Cash and Cash Equivalents (A+B+C)		2,58,52,290		(18,23,388)
Cash and Cash Equivalents (Opening Balance)*		63,27,013		81,50,401
Cash and Cash Equivalents (Closing Balance) *		3,21,79,303		63,27,013

* Refer Schedule 8 to accounts

The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard -3.

Cash and cash equivalents include ₹ 31,29,220/- (Year ended 31st March, 2009 - ₹ 3,29,220) which are not available for use at the year end by the Company.

Schedules referred to above form an integral part of the cash flow statement.

Previous year's figures have been regrouped/ rearranged wherever necessary.

This is the Cash Flow statement referred to in our report of even date.

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. 52430

Ajay Agarwal
Company Secretary

G D Bangur Executive Chairman
Hemant Bangur
Bhaskar Mitter Directors
Nandita Sen
Prabir Ray
K. Mahaptra
D C Baheti Executive Director

Place : Kolkata
Dated : 7th August, 2010

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010

SCHEDULE 1

SHARE CAPITAL

Authorised

2,50,00,000 Equity Shares of ₹ 10/- Each

Issued And Subscribed

26,16,720 Equity Shares of ₹10/- Each Fully Paid-Up

Of the above:

1. 2,17,360 Equity Shares of ₹ 10/- each fully paid-up issued for consideration other than cash.
2. 6,54,180 Equity Shares were allotted as fully paid up bonus share by way of capitalisation of General Reserve in 2002-03
3. 13,08,360 Equity Shares were allotted as fully paid up bonus share by way of capitalisation of General Reserve in 2008-09

SCHEDULE 2

RESERVES AND SURPLUS

Capital Reserve

Share Premium Account

Revaluation Reserve

General Reserve

As per Last Balance Sheet

Less: Issue of Bonus Share

Add : Amount Transferred from Profit & Loss Account

Profit & Loss Account

Balance at Credit

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
	25,00,00,000	25,00,00,000
	2,61,67,200	2,61,67,200
	2,61,67,200	2,61,67,200
	150,00,000	1,50,00,000
	1,74,44,800	1,74,44,800
	2,05,84,43,932	—
	43,32,88,548	37,13,72,148
	—	(1,30,83,600)
	750,00,000	7,50,00,000
	50,82,88,548	43,32,88,548
	2,59,13,670	2,17,33,933
	2,62,50,90,950	48,74,67,281

SCHEDULE 3

SECURED LOANS

From Banks

Cash Credit etc.

Secured by hypothecation of Stock of Raw Material, Stock in Process, Finished Goods, Stores & Consumables, Book Debts and other Current Assets of the Company and collaterally secured by equitable mortgage over the Land & Building and hypothecation of movable Plant and Machinery and also guaranteed by Kettlewell Bullen & Co.Ltd.

(Includes interest accrued and due ₹ 10,06,040/- 2008-09 ₹ Nil)

19,97,88,667

18,91,34,103

Term Loan

Secured by equitable mortgage of Factory land and hypothecation of certain Plant & Machinery and other fixed assets acquired. Collaterally secured by hypothecation of Stock of Raw Material, Stock in Process, Finished Goods, Book Debts and other Current Assets of the Company and extension of mortgage charge over the immovable assets of the Company and also guaranteed by Kettlewell Bullen & Co. Ltd.

(Includes interest accrued and due ₹ 7,02,233/- 2008-09 ₹ 10,06,096/-)

5,94,22,085

10,09,29,948

From Life Insurance Corporation of India

Secured against Insurance policies

—

1,31,96,860

Car Loan

Secured by hypothecation of the assets acquired under the loan

34,37,727

—

26,26,48,479

30,32,60,911

SCHEDULE 4

FIXED ASSETS FOR THE YEAR ENDED 31st MARCH, 2010

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 1st April 2009	Additions during Year	Amount* Added on Revaluation	Revaluation cost as at 31st March 2010	As at 1st April 2009	For the year ending during the Year	Sale/Adjustment during the Year	As at 31st March 2010	As at 31st March 2010	As at 31st March 2009
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
TANGIBLE ASSETS										
1. Freehold Land	1,12,49,913	—	1,04,09,03,087	105,21,53,000	—	—	—	—	1,05,21,53,000	1,12,49,913
2. Buildings	23,80,81,130	1,26,37,525	47,72,03,088	72,79,21,743	2,79,72,166	79,20,576	—	3,59,92,742	69,20,29,001	21,01,08,964
3. Tubewells	5,59,629	—	—	5,59,629	3,10,116	18,263	—	3,28,379	2,31,250	2,49,513
4. Plant & Machinery	56,73,70,618	2,92,14,370	54,03,37,757	1,12,70,67,152	26,12,75,160	4,29,88,822	30,92,414	30,11,71,568	82,58,95,584	30,60,95,458
5. Electric Installation	2,99,53,005	65,416	—	3,00,18,421	48,24,146	14,24,956	—	62,49,102	2,37,69,319	2,51,28,859
6. Railway Siding	113	—	—	113	102	6	—	108	5	11
7. Furniture, Fittings & Other Office Equipments etc.	68,90,414	22,62,360	—	90,58,268	26,53,225	4,30,081	27,424	30,55,882	60,02,386	42,37,189
8. Launches	4,497	—	—	4,497	2,550	150	—	2,700	1,797	1,947
9. Motor Cars, Lorries & Cycles	83,67,786	44,15,461	—	1,09,12,535	19,99,482	8,13,017	9,29,728	18,82,771	90,29,764	63,68,304
INTANGIBLE ASSETS										
1. Computer - Software	17,97,851	1,36,500	—	19,34,351	3,43,559	3,80,512	—	7,24,071	12,10,280	14,54,292
TOTAL:	86,42,74,956	4,87,31,632	2,05,84,43,932	2,95,96,29,709	29,93,80,506	5,39,76,383	40,49,566	34,93,07,323	2,61,03,22,386	56,48,94,450
PREVIOUS YEAR	7,99,488,490	6,86,75,485	—	86,42,74,956	24,95,79,384	5,10,94,395	12,93,273	29,93,80,506	56,48,94,450	

* Consequent on revaluation of the land, buildings, Plant & Machinery at company's factory at Bauria, Howrah by the Board at current replacement value as at 31st March, 2010 as per valuation Report of an approved valuer, the said assets have been restated as at 31.03.2010 resulting in increase in the net Book value of these assets by ₹ 2,05,84,43,932/- which has been credited to Revaluation Reserve.

** Includes subsidy received ₹ 56,74,752/- (2008-2009 ₹ 34,00,127/-) and Cost of Debonding Charges on Conversion of 100% EOU to a Domestic Tariff Area Unit ₹ Nil (2008-2009 ₹ 20,56,129/-).

SCHEDULE 5

INVESTMENTS, AT COST

(Long Term)

Trade Investment

Unquoted

Gloster Ultimo Ltd
24,999 Equity Shares of £ 1 each fully Paid-Up

Other Than Trade

Quoted Equity Shares

The Cochin Malabar Estates & Industries Ltd
15,000 Shares of ₹ 10/- each fully Paid-Up

Less : Provision for diminution in value of investments

Market Value *

Quoted Investments

* As per last available quotations where quotations as on 31.3.2010 were not available .

SCHEDULE 6

INVENTORIES

Stores & Spare Parts
Raw Materials
Finished Goods
Semi-Finished Goods
Stock-in-Process

SCHEDULE 7

SUNDRY DEBTORS

UNSECURED - Considered Good

Debts Outstanding for more than six months
Other Debts

SCHEDULE 8

CASH AND BANK BALANCES

Cash-in-hand
Balance with Scheduled Banks :
In Current Accounts
In Deposit Accounts
(On Account of Margin Money)

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
	20,00,295	20,00,295
	27,03,000	27,03,000
	47,03,295	47,03,295
	31,73,295	11,73,000
	15,30,000	35,30,295
	15,30,000	15,30,000
	4,95,70,005	3,75,23,040
	26,19,93,991	15,73,52,420
	10,87,59,910	7,90,71,939
	2,02,33,475	3,81,35,948
	2,72,55,561	3,72,53,047
	46,78,12,942	34,93,36,394
	1,10,753	—
	9,10,53,449	7,20,12,175
	9,11,64,202	7,20,12,175
	22,88,719	21,78,473
	2,67,61,364	38,19,320
	31,29,220	3,29,220
	3,21,79,303	63,27,013

SCHEDULE 9

OTHER CURRENT ASSETS

Unsecured Considered Good

Interest Subsidy Receivable		
Interest accrued on deposit		

SCHEDULE 10

LOANS AND ADVANCES

Unsecured Considered Good

Advances Recoverable in cash or in kind or for value to be received		
Deposits		
Balances with Customs, Port Trust, Excise Authorities etc.		

SCHEDULE 11

CURRENT LIABILITIES

Sundry Creditors		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note No.11 on Schedule -18)		
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Advances Received from Customers		
Other Liabilities		
Interest accrued but not due on loans		

SCHEDULE 12

PROVISIONS

Provision for Taxation (Net of Advance Tax)		
Proposed Dividend		
Provision for Corporate Dividend Tax		
Provision for Employee Benefits		

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
SCHEDULE 9		
OTHER CURRENT ASSETS		
Unsecured Considered Good		
Interest Subsidy Receivable	14,86,357	25,10,819
Interest accrued on deposit	11,64,976	8,74,712
	26,51,333	33,85,531
SCHEDULE 10		
LOANS AND ADVANCES		
Unsecured Considered Good		
Advances Recoverable in cash or in kind or for value to be received	4,99,34,476	2,90,15,905
Deposits	4,68,95,042	4,48,14,250
Balances with Customs, Port Trust, Excise Authorities etc.	5,68,348	1,54,240
	9,73,97,866	7,39,84,395
SCHEDULE 11		
CURRENT LIABILITIES		
Sundry Creditors		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note No.11 on Schedule -18)	1,12,801	23,775
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	23,15,30,630	13,28,55,798
Advances Received from Customers	1,68,67,363	66,68,550
Other Liabilities	3,54,39,050	1,00,94,698
Interest accrued but not due on loans	84,461	2,96,717
	28,40,34,305	14,99,39,538
SCHEDULE 12		
PROVISIONS		
Provision for Taxation (Net of Advance Tax)	2,97,33,408	1,73,36,508
Proposed Dividend	1,57,00,320	1,30,83,600
Provision for Corporate Dividend Tax	26,07,627	22,23,558
Provision for Employee Benefits	3,14,45,000	1,93,70,238
	7,94,86,355	5,20,13,904

Schedules annexed to and forming part of the Profit & Loss Account for the period ended 31st March, 2010

	2009-10 ₹	2008-09 ₹
SCHEDULE 13		
OTHER INCOME		
Miscellaneous Income	58,37,343	10,30,797
Rent	2,39,790	4,93,316
Dividend on Current Investment other than trade	6,538	18,109
Liability no longer required written back	15,564	9,72,093
Profit on sale of Fixed Assets (Net)	38,362	6,62,599
Gain on exchange (Net)	25,59,582	1,14,82,603
Provision for employee benefits written back	-	23,00,000
Profit on sale of Current Investments other than trade (net)	8,74,480	11,864
Interest Subsidy under WBIS/TUFS	-	1,67,357
Keyman Insurance Realised	-	76,00,000
	95,71,659	2,47,38,738
SCHEDULE 14		
RAW MATERIALS, FINISHED GOODS AND STORES & SPARE PARTS		
Raw Materials Consumed		
Opening Stock	15,75,27,279	12,61,15,593
Purchases	1,11,27,61,396	85,40,99,720
	1,27,02,88,675	98,02,15,313
Closing Stock	26,19,93,991	15,73,52,420
Consumption	1,00,82,94,684	82,28,62,893
Stores & Spare Parts Consumed	12,02,27,485	13,02,94,623
	1,12,85,22,169	95,31,57,516
(Increase) / Decrease in Stock		
Stock at Close :		
Finished Goods	10,87,59,910	7,90,71,939
Semi-Finished Goods	2,02,33,475	3,81,35,948
Stock-In-Process	2,72,55,561	3,72,53,047
	15,62,48,946	15,44,60,934
Less : Opening Stock		
Finished Goods	7,90,71,939	6,22,31,101
Semi-Finished Goods	3,81,35,948	1,59,23,835
Stock-In-Process	3,72,53,047	3,31,64,679
	15,44,60,934	11,13,19,615
	(17,88,012)	(4,31,41,319)
Goods Purchased for resale	5,08,88,216	63,23,204
	1,17,76,22,373	91,63,39,401

SCHEDULE 15

MANUFACTURING, SELLING, DISTRIBUTION, ADMINISTRATIVE AND OTHER EXPENSES

	2009-10 ₹	2008-09 ₹
Power and Fuel	9,72,76,367	9,42,30,559
Rent	55,86,082	46,18,884
Rates & Taxes	15,81,650	23,43,345
Building Repairs	37,73,407	32,16,964
Machinery Repairs	5,16,869	8,13,949
General Repairs & Maintenance	31,11,108	33,16,076
Salaries, Wages & Bonus	25,94,18,828	26,62,96,259
Contribution to Provident & other Funds	5,63,44,920	4,75,54,364
Workmen & Staff Welfare Expenses	70,20,805	65,16,018
Insurance	89,11,080	1,01,89,667
Miscellaneous Expenses	3,15,19,205	2,80,82,878
Processing Charges	2,26,24,302	2,12,02,356
Freight & Delivery Charges	2,24,20,143	2,97,44,976
Research & Development Cess	43,58,697	46,79,161
Export Duty Cess & Toll Charges	39,24,629	37,75,566
Brokerage	1,51,27,999	1,36,43,477
Provision for Diminution in value of investments	20,00,295	—
Rebate on Export Sale	—	1,68,401
Loss of Stock damaged by fire	6,58,659	81,54,554
Bad Debts Written Off	—	3,50,748
	54,61,75,045	54,88,98,202

SCHEDULE 16

INTEREST

Interest		
On Fixed Loans	1,46,53,883	1,35,81,620
On Others	78,88,866	1,46,07,113
	2,25,42,749	2,81,88,733
Less : Interest Received on deposit (Gross)	18,73,642	14,70,524
[Tax Deducted at Source ₹ 1,57,704/- (2008-09 ₹ 3,63,782/-)]		
	2,06,69,107	2,67,18,209

SCHEDULE 17

DIRECTORS' REMUNERATION

	2009-10 ₹	2008-09 ₹
Computation of Net Profit for the purpose of Directors' Commission		
Profit before Taxation as per Profit & Loss Account	15,13,22,600	14,86,15,629
Add: Directors' Remuneration	1,26,66,547	1,24,58,816
Wealth Tax	24,050	21,000
Provision for Diminution in value of investments	20,00,295	—
	16,60,13,492	16,10,95,445
Less: Capital Profit on Sale of Fixed Assets	1,42,031	11,87,870
	16,58,71,461	15,99,07,575
Managing Director's Commission	40,00,000	50,00,000
Executive Director's Commission	15,00,000	15,00,000
Non Whole Time Directors' Commission	12,00,000	9,00,000
Directors' Fee	3,48,000	2,62,000
Director's Remuneration *		
Salaries & Allowances	42,45,000	35,70,000
Contribution to Provident & Other Fund	9,00,000	7,50,000
Perquisites	4,73,547	4,76,816
	1,26,66,547	1,24,58,816
Remuneration to whole time directors restricted upto 10% of Net Profit	1,65,87,146	1,59,90,757
Overall Remuneration to all directors restricted upto 11% of Net Profit	1,82,45,861	1,75,89,833

* The above does not include provision for gratuity and leave encashment as the same are not available for individual employees.

SCHEDULE 18

Notes annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date.

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
1 Estimated Value of Capital Commitments not provided for:		
Tangible Assets	2,90,82,855	20,12,405
Intangible Assets	5,08,000	5,17,500
2 Contingent Liabilities :		
a) Sales Tax related to non submission of Declaration forms	96,99,539	4,54,38,900
b) Export Bills Discounted with Bank	70,39,975	59,06,299
c) For ESI Matter	45,57,291	45,57,291
The future cash outflow on account of the above can not be determined at this stage.		
3 Miscellaneous Expenses include Remuneration to Auditors for		
i) Audit Fee	6,00,000	6,00,000
ii) Other Services	2,25,000	4,65,000
iii) Reimbursement of Expenses (including Service Tax)	92,765	1,43,700
4 Additional Information pursuant to the provisions of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956		
i) * Installed Capacity	Unit	
Looms	Nos. 1,099	1,029
Spindles	Nos. 13,618	13,618

* As certified by the Company's Technical Experts.

Note : Licensed capacity has not been disclosed as separate license for manufacture of jute products is no longer required.

ii) Information about Production, Stock and Turnover of Finished Goods.

Year	*Production		Opening Stock		***Closing Stock		**Turnover	
	MT	MT	₹	MT	₹	MT	₹	
2009-10	41,225	2,125	7,90,71,939	2,648	10,87,59,910	42,511	1,92,68,21,025	
2008-09	44,792	2,034	6,22,31,101	2,125	7,90,71,939	44,862	1,64,60,04,192	

* Excluding 269 MT (2008-09 - 314 MT) Pack Sheet produced for internal Consumption.

* Excluding 2,790 MT (2008-09 -528 MT) of Jute Yarn produced and used for consumption at Ananya Unit

* Excluding nil MT (2008-09 -40 MT) of Hessian Cloth produced and used for consumption at New Mill Unit

**Turnover includes purchase of 1,426 MT (2008-09- 161 MT) Finished Goods for resale.

***Closing Stock includes purchase of 383 MT (2008-09- nil) Finished Goods for resale.

	2009-2010 MT	2008-2009 MT	2009-2010 ₹	2008-2009 ₹
iii) Purchase of Finished Goods for resale	1,809	161	5,08,88,216	63,23,204
iv) Raw Materials Consumption				
Jute	41,531	47,856	94,11,63,281	75,82,56,138
Other raw materials			6,71,31,403	6,46,06,755
Total			1,00,82,94,684	82,28,62,893

	2009-10 MT	2008-2009 MT	2009-2010 ₹	2008-2009 ₹
v) Consumption of				
a) Raw Materials	%	%		
Indigenous	93.32	96.68	95,35,07,957	80,67,57,465
Imported	6.68	3.32	6,82,53,515	2,77,24,744
	100	100	1,02,17,61,472	83,44,82,209
b) Stores, Spare Parts and Components				
Indigenous	94.19	92.41	11,32,39,005	12,04,11,076
Imported	5.81	7.59	69,88,480	98,83,547
	100	100	12,02,27,485	13,02,94,623
c) Stores & Spare Parts consumed includes value of stores written off during the year ₹ 4,68,070/- (2008-09 ₹ Nil)				
vi) C.I.F Value of Imports				
Spare Parts & Components			96,53,957	1,08,77,376
Capital Goods			2,25,37,739	1,03,86,259
Raw Materials			7,77,48,805	3,28,31,119
vii) Expenditure in Foreign Currency in respect of				
Travelling			7,31,956	2,73,557
Others			4,930	54,779
viii) Earnings in Foreign Exchange on account of Export of Goods calculated on F.O.B Basis			39,35,38,735	38,25,31,301

5 The Company had sought permission for filing of return under Urban Land (Ceiling and Regulation) Act 1976, upon the demerger of and vesting into Gloster Jute Mills Limited of the erstwhile Jute Division of Fort Gloster Industries Limited. Such permission was granted and the Company has filed its return in respect of the same. The Company has claimed exemption under Section 20(1) of the said Act and has also offered to transfer part of the Company property to the Government of West Bengal, decision in respect of which is still pending.

6 Information in accordance with Accounting Standard 17 on Segment Reporting :

The Company is engaged in the business of manufacturing Jute goods and is managed organisationally as a single unit. Accordingly the company has only one business segment. However, it has customers in India as well as outside India and thus segment reporting based on the Geographical location of its customers is as follows.

Particulars	Inside India		Outside India		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	₹	₹	₹	₹	₹	₹
Sales	1,51,86,90,255	1,24,30,51,967	40,81,30,770	40,29,52,225	1,92,68,21,025	1,64,60,04,192
Carrying amount of segment assets (Sundry Debtors)	3,65,35,838	5,02,15,125	5,46,28,364	2,17,97,050	9,11,64,202	7,20,12,175
Purchase of Tangible and Intangible assets	—	—	—	—	7,63,57,224	5,53,04,558

7 Deferred Tax Liabilities (net) is attributable to the following:

	2009-10 ₹	2008-09 ₹
Depreciation	(6,52,67,396)	(6,59,65,317)
Provision for unencashed leave	8,55,435	1,88,273
43 B Item	11,25,412	11,25,411
Total	(6,32,86,549)	(6,46,51,633)

8 Consumption of raw materials is net of discount received on prompt payment of suppliers bills amounting to ₹ 1,34,66,788/- (Previous year- ₹ 1,16,19,316/-).

9 Related party disclosures:-

(i) Enterprise where control exists

NIL

(ii) Other related parties with whom the company had transactions

a) Key Management Personnel

Shri G D Bangur

Shri D C Baheti

b) Relative of Key Management Personnel

Shri P D Bangur

Shri Hemant Bangur

Smt. Pushpa Devi Bangur

Smt. Vinita Bangur

Master Pranov Bangur

c) Enterprise over which Key Management Personnel have significant influence-

Joonktollee Tea & Industries Limited

Kettlewell Bullen & Company Limited

The Phospate Company Limited*

Port Shipping Company Limited*

The Oriental Company Limited

The Kamla Company Limited

Laxmi Asbestos Products Limited*

Marwar Textile (Agency) Limited*

PDGD Investments & Trading Private Limited*

Jagdishpur Company Limited*

The Cochin Malabar Estates & Industries Limited*

Madhav Trading Corporation Limited

The Cambay Investment Corporation Limited

Bombay Agency Company Private Limited*

Credwyn Holdings (I) Private Limited

Devendra Finvest & Holding (P) Limited*

Kherapati Vanijya Limited*

Wind Power Vinimay (P) Limited

Gopal Das Bangur HUF

Hemant Bangur HUF

d) Associates

Gloster Ultimo Limited*

*No transaction during the year

(ii) Transactions with related parties are as follows :

Particulars	Year	Asso- ciate (₹)	Key Management Personnel (₹)	Relative of Key Management Personnel (₹)	Enterprise over which Key Management Personnel have significant influence							Others (₹)		
					Credwyn Holding (I) Pvt Ltd (₹)	Kherapati Varijiya Ltd (₹)	Wind Power Vinimay Pvt Ltd. (₹)	Kettlewell Bullen & Co Ltd. (₹)	The Kamla Co Ltd (₹)	The Cochin Malabar Estates & Incl.Ltd (₹)	The Oriental Co. Ltd (₹)			
1 Remuneration Paid	2009-10	—	1,11,18,547	2,84,000	—	—	—	—	—	—	—	—	—	—
	2008-09	—	1,12,96,816	2,46,000	—	—	—	—	—	—	—	—	—	—
2 Loans Repaid during the year	2009-10	—	—	—	—	—	—	—	—	—	—	—	—	—
	2008-09	—	—	—	1,00,00,000	—	—	2,00,00,000	—	—	—	—	—	—
3 Interest paid during the year	2009-10	—	—	—	—	—	—	—	—	—	—	—	—	—
	2008-09	—	—	—	3,46,576	5,15,343	6,81,096	—	—	—	—	—	—	—
4 Dividend Paid	2009-10	—	1,80,720	2,44,160	7,53,340	—	16,120	20,64,400	—	—	—	18,87,520	23,10,725	—
	2008-09	—	19,200	19,970	3,76,670	—	8,060	10,32,200	—	—	—	9,43,760	10,53,840	—
5 Rent Paid	2009-10	—	—	—	—	—	—	13,23,600	—	—	—	—	—	—
	2008-09	—	—	—	—	—	—	11,49,780	—	—	—	—	—	—
6 Deposit Given	2009-10	—	—	—	—	—	—	—	—	—	—	—	—	—
	2008-09	—	—	—	—	—	—	1,00,00,000	—	—	—	—	—	—
7 Reimbursement of Expenses	2009-10	—	—	—	—	—	—	—	—	24,06,919	—	—	—	—
	2008-09	—	—	—	—	—	—	—	69,270	15,45,522	—	—	—	—
8 Sales	2009-10	—	—	—	—	—	—	—	—	—	—	—	26,92,150	—
	2008-09	—	—	—	—	—	—	—	—	—	—	—	34,35,163	—
9 Outstanding balance payable at year end :														
(i) Investment	2009-10	20,00,295	—	—	—	—	—	—	—	—	27,03,000	—	—	—
	2008-09	20,00,295	—	—	—	—	—	—	—	—	27,03,000	—	—	—
(ii) Deposit	2009-10	—	—	—	—	—	—	3,00,00,000	—	—	—	—	—	—
	2008-09	—	—	—	—	—	—	3,00,00,000	—	—	—	—	—	—
(iii) Advance	2009-10	80	—	—	—	—	—	—	—	—	—	—	—	—
	2008-09	80	—	—	—	—	—	—	—	—	—	—	—	—

10 During the year, the Company has acquired and sold the following investments :-

Name of Investment	No. of Units		₹	
	2009-10	2008-09	2009-10	2008-09
SBI Magnum Insta Cash Fund	47,53,980.7577	11,94,008.4655	9,60,00,000	20,00,000
Reliance Medium Term Growth Fund	—	2,32,623.0560	—	40,00,000
Birla Sun Life Liquid Plus Fund	—	3,99,728.1840	—	40,00,000
Reliance Liquid-Treasury Plan-Institutional Option-Growth Option-Growth Plan	77,05,623.3640	—	17,00,00,000	—
Reliance Money Manager-Retail Option-Growth Plan	19,704.9140	—	2,40,00,000	—
Reliance Money Manager-Institutional Option-Growth Option-Growth Plan	60,929.0560	—	7,50,00,000	—
SBI -Premier Liquid Fund - Institutional - Growth	6,90,979.9478	—	1,00,00,000	—

11 Disclosure pursuant to section 22 of “The Micro, Small and Medium Enterprises Development Act, 2006” is as follows :-

S.No.	Particulars	2009-10 ₹	2008-09 ₹
(i)	Principal Amount remaining unpaid at the end of the year Interest due thereon remaining unpaid as at the end of year	1,06,135 109	18,250 186
(ii)	Delayed payment of principal amount paid beyond the appointed day during the year Interest actually paid under section 16 of the Act, during the year	41,822 —	2,46,802 —
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	—	—
(iv)	Interest accrued at the end of the year Interest remaining unpaid, out of above, as at the end of the year	6,667 6,667	5,525 5,525
(v)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Act	7,408	5,794

12 Defined Benefit Plans :

As per Actuarial valuation as on 31st March, 2010 and recognised in the financial statements in respect of Defined Employee Benefit Schemes.

Sl. No.	Description	Gratuity (Funded)		
		2009-10 ₹	2008-09 ₹	2007-08 ₹
(a)	Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation			
	Present Value of Obligation at the beginning of the year	16,05,41,405	14,58,93,405	12,50,44,645
	Current Service Cost	94,80,000	1,00,58,000	76,80,478
	Interest Cost	1,25,11,000	1,13,81,000	96,71,450
	Actuarial (Gains)/Losses	2,10,65,000	4,61,000	1,17,99,856
	Benefits Paid	(43,51,000)	(72,52,000)	(83,03,024)
	Present Value of Obligation at the end of the year	19,92,46,405	16,05,41,405	14,58,93,405

Sl. No.	Description	Gratuity (Funded)		
		2009-10 ₹	2008-09 ₹	2007-08 ₹
(b)	Reconciliation of the Opening and Closing balances of Plan Assets			
	Fair Value of Plan Assets at the beginning of the year	15,03,60,000	14,06,79,195	12,34,19,999
	Expected Return on Plan Assets	1,22,62,000	1,12,73,000	98,73,599
	Actuarial Gains/(Losses)	97,77,000	(20,54,000)	54,47,621
	Contributions	1,01,81,000	77,14,000	1,02,41,000
	Benefits paid	(43,51,000)	(72,52,000)	(83,03,024)
	Fair Value of Plan Assets at the end of the year	17,82,29,000	15,03,60,195	14,06,79,195
(c)	Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets			
	Present Value of Obligation at the end of the year	19,92,46,405	16,05,41,405	14,58,93,405
	Fair Value of Plan Assets at the end of the year	17,82,29,000	15,03,60,195	14,06,79,195
	Assets/(Liabilities) recognized in the Balance Sheet	(2,10,17,405)	(1,01,81,210)	(52,14,210)
(d)	Expense recognised in the Profit and Loss Account			
	Current Service Cost	94,80,000	1,00,58,000	76,80,478
	Interest Cost	1,25,11,000	1,13,81,000	96,71,450
	Actual Return on Plan Assets	(1,22,62,000)	(1,12,73,000)	(98,73,599)
	Actuarial (Gains)/Losses	1,12,88,000	25,15,000	63,52,235
	Total Expense recognized	2,10,17,000	1,26,81,000	1,38,30,564
(e)	Category of Plan Assets :			
	Fund with Birla Sun Life Insurance Company Limited	17,82,29,000	15,03,60,195	14,06,79,195
	Total	17,82,29,000	15,03,60,195	14,06,79,195
(f)	Actuarial Assumptions			
	Discount Rate (Per annum)	8.20	7.90	8.00
	Expected Rate of Return on Assets (Per annum)	8.00	8.00	8.00
	Salary Escalation	5.50	5.50	6.50
	Mortality Rate	In accordance with standard table LIC (1994-96) ultimate		

Notes:

- (a) The estimate of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investment of funds during the estimated term of the obligation.
- (b) This being the third year of adoption of Accounting Standard 15 (Revised 2005) on Employees Benefits, only the current year and last two previous year figures have been given. The amount of present value of the obligations, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the two years prior to the previous year 2007-08 are not available and therefore not disclosed.
- (c) Amount recognized as an expense:
- Salaries ,Wages and Bonus in Schedule 16 includes Provision for Leave encashment ₹ 25,16,726. (2008-09 ₹34,92,634)
 - Contribution to Provident and other funds in Schedule 16 includes Gratuity Fund contribution of ₹ 2,10,17,000 (2008-09 ₹ 1,26,81,000.)
 - Workmen & Staff Welfare Expenses in Schedule 16 includes Provision for Sick Leave encashment ₹ 73,762 .(2008-09 ₹ Nil)
 - Contribution to provident and other funds in Schedule 16 includes ₹ 2,49,09,184 (2008-09 ₹ 2,34,60,662) towards contribution to defined contribution plans viz. Provident Fund, Pension Fund, Superannuation Fund.

- 13 (a) The Company uses Forward Exchange Contracts to hedge its exposures in foreign currency. The transactions outstanding as at year end are as under:

Nature of Exposure	Currency pair	Buy		Sell	
		2009-10	2008-09	2009-10	2008-09
Exports	USD/INR	—	—	29,46,274	11,50,000
	GBP/INR	—	—	40,384	—
	EUR/INR	—	—	1,80,000	—
Buyers Credit	USD/INR	3,27,413	—	—	—

- (b) Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise as at year end:

Nature of Exposure	Currency pair	Buy		Sell	
		2009-10	2008-09	2009-10	2008-09
Receivables	USD/INR	—	—	12,81,784	4,39,592
	GBP/INR	—	—	29,433	—
	EUR/INR	—	—	21,928	—
Payables	USD/INR	7,80,103	—	—	—

14 Earnings Per Share

Net profit for the year has been used as the numerator and number of shares has been used as denominator for calculating the basic and diluted earnings per share.

Particulars	2009-10 ₹	2008-09 ₹
Net Profit After Tax	9,74,87,684	9,07,92,185
Weighted average number of shares used as denominator for Basic and Diluted earnings per share	26,16,720	26,16,720
Basic and Diluted earnings per share of ₹ 10/- each (in ₹)	37	35

- 15 Previous year's figures have been rearranged and/ or regrouped wherever necessary to make them comparable with that of current year.

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICY STATEMENT

The Financial Statements are prepared to comply in all material respects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956

ACCOUNTING CONVENTION

The Accounts are prepared under the historical cost convention modified by the revaluation of certain fixed assets.

FIXED ASSETS AND DEPRECIATION

- a) All items of land, buildings and plant and machinery at company's factory at Bauria, Howrah are revalued and restated at valuation by an approved valuer at current replacement cost as at 31st March, 2010. The appreciation in the net book value of these assets over their book value has been credited to Revaluation Reserve.
- b) Other fixed assets are stated at cost of acquisition including inward freight, duties, taxes and expenses incidental to acquisition and installation.
- c) Depreciation is provided at Straight line method at rates specified in Schedule XIV of the Companies Act, 1956. In respect of revalued assets, the incremental depreciation on account of revaluation is recouped from Revaluation Reserve. No depreciation is provided on Freehold Land.
- d) Intangible assets comprising of computer software is depreciated on straight line method over a period of five years.
- e) Profit & Loss on disposal of Fixed Assets is recognized in Profit & Loss Account.
- f) An impairment loss is recognized where applicable when the carrying value of fixed asset exceeds its market value or value in use whichever is higher.

INVESTMENTS

Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

Current investments are stated at lower of cost and fair value.

Dividends are accounted for as and when declared.

SUBSIDY & EXPORT BENEFIT

Subsidy and Export Benefits are accounted for when no significant uncertainty exists regarding its collectibility. Subsidy / grant that relate to specific fixed assets are deducted from the cost of the relevant fixed asset. Subsidy receivable against any expenditure is recognized in the profit and loss account. Subsidy received / receivable which is in the nature of promoters contribution i.e. they are given with reference to the total investment/capital outlay in an undertaking is credited to Capital Reserve.

INVENTORIES

Raw Jute and Stores and Spare parts are valued at cost (cost being determined on weighted average basis) or at net realizable value whichever is lower.

Semi-finished goods and stock-in-process are valued at raw materials cost plus labour and overheads apportioned on an estimated basis depending upon the stages of completion or at net realizable value whichever is lower.

Finished goods are valued at cost or at net realizable value whichever is lower. Cost includes all direct cost and applicable manufacturing and administrative overheads.

EMPLOYEE BENEFITS

Defined Contribution Plans

The Company contributes to Provident Funds which are administered by duly constituted and approved independent Trust / Government and such contributions are charged against revenue every year. In respect of Provident Fund Contributions made to an independent Trust administered by the Company, the interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall if any shall be made good by the Company.

The Company operates a Superannuation Scheme for certain employees and contributions by the Company under the scheme, is charged against revenue every year.

Defined Benefit Plans

Accrued liability determined based on actuarial valuation as at the year end in respect of future payment of gratuities are charged against revenue every year.

Accrued liability in respect of leave encashment benefit on retirement is accounted for on the basis of actuarial valuation as at the year end and charged to revenue every year.

Long Term Employee Benefits

Accrued liability in respect of leave encashment benefit on retirement is accounted for on the basis of actuarial valuation as at the year end and charged to revenue every year.

Other long term employee benefits comprising of entitlement to accumulation of Sick Leave is provided for based on actuarial valuation carried out in accordance with revised Accounting Standard 15 as at the end of the year

Short Term Employee Benefits

Short Term Employee Benefits are recognised as an expense as per the Company's schemes based on expected obligation on an undiscounted basis.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

RESEARCH & DEVELOPMENT CESS

Research & Development Cess on manufactured goods are accounted for at the time of their clearance from the factory. Research and Development Cess in respect of manufactured goods lying at the year end are included in inventory after creating suitable provision for the same.

SALES

Turnover is stated net of sales tax. Sale is recognised on transfer of property in goods to the buyer.

FOREIGN CURRENCY TRANSACTION

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of the transactions. Exchange differences arising on settlement of transactions and/or restatements are dealt with in the Profit and Loss Account.

Derivative Instruments

The Company uses derivative financial instruments such as forward exchange contracts, currency swaps etc. to hedge its risks associated with foreign currency fluctuations relating to the underlying transactions, highly probable forecast transactions and firm commitments. In respect of Forward Exchange Contracts with underlying transactions, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract. Other Derivative contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements. Any profit or losses arising on cancellation of derivative instruments are recognised as income or expenses for the period.

TAXATION

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and laws.

Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized unless there is reasonable certainty and virtual certainty in case of unabsorbed loss and depreciation, that sufficient future taxable income will be available against which such deferred tax assets will be realized. Deferred tax Assets is reviewed at each Balance Sheet date to reassess its realization.

Fringe benefit tax is determined as the amount of tax payable in respect of value of fringe benefits for the year based on applicable tax rates and laws.

BORROWING COSTS

Borrowing costs are capitalized as part of the cost of qualifying assets when it is probable that they will result in future economic benefits to the enterprise and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

PROVISIONS AND CONTINGENT LIABILITIES

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

Signatures to Schedules 1 to 19

For **Lovelock & Lewes**

Firm Registration No. 301056E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership No. 52430

G D Bangur

Hemant Bangur

Bhaskar Mitter

Nandita Sen

Prabir Ray

K. Mahaptra

D C Baheti

Executive Chairman

Directors

Executive Director

Place : Kolkata

Dated: : 7th August, 2010

Ajay Agarwal

Company Secretary

Information pursuant to part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract And Company's General Business Profile

I. Registration Details

CIN No.	L17119WB1992PLC054454	State Code	21
Balance Sheet Date	31.03.2010		

II Capital Raised during the year (Amount in ₹ Thousands)

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

III. Position of Mobilisation and deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	29,77,193	Total Assets	29,77,193
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Sources of Funds

Paid Up Capital	26,167	Reserves & Surplus	26,25,091
Secured Loans	2,62,648	Unsecured Loans	Nil
Deferred Tax Liability	63,287		

Application of Funds

Net Fixed Assets	26,47,978	Investments	1,530
Net Current Assets	3,27,685	Misc. Expenditure	Nil

IV. Performance of the Company (Amount in ₹ Thousands)

Turnover	19,62,432	Total Expenditure	18,11,110
Profit before tax	1,51,322	Profit after tax	97,487
Earning per share (in ₹)	37	Dividend Rate %	60%

V. Generic Name of the Principal Product of Company

Item Code No. (ITC Code)	630510.00	Product Description	JUTE GOODS
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ECS MANDATE FORM

(For Shares held in Physical Mode
please complete the form and mail to

Maheshwari Datamatics Pvt. Ltd.

Unit : Gloster Jute Mills Ltd.
6, Mangoe Lane
2nd Floor, Kolkata - 700 001

Shares held in Electronic Mode
should inform respective DPs

Dear Sirs,

Change in mode of payment to ECS

I hereby consent to have the amount of dividend on my equity shares credited through the Electronic Clearing Service (ECS).

The particulars are :

1. Folio No. / Client ID No./DPID No.
(Folio No. given in equity share certificate(s) / Customer ID Nos. given by your DPs)
2. Shareholder's Name
3. Shareholder's Address

P.T.O

Form 2B THE COMPANIES ACT, 1956

[See Rules 4CCC and 50]

NOMINATION FORM

(To be filled in by individual applying singly or jointly)

(If jointly, only upto two persons)

I/We
and
the holders of Share Certificate(s) bearing Folio No. of
M/s.
wish to make nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in
respect of Share Certificate shall vest in the event of my/our death.

Name and Address of Nominee

Name :

Address :

Date of Birth*

(*to be furnished in case the nominee is a minor)

** The Nominee is a minor whose guardian is

Name and Address

..... P.T.O

4. Income Tax Permanent Account Nos.10 Digits (for issue of TDS certificate)
(PAN should be latest and correct)

5. Particulars of the Bank

- Bank Name
- Branch Name and Address
- Telephone Nos. of Bank
- Mention the 9 digit-code number of the Bank and branch appearing on the MICR cheque issued by the Bank

.....
.....
(Please attach the photocopy of a cheque or a cancelled bank cheque issued by your bank for verifying the accuracy of the code number.)

- Account type Savings [] Current [] Cash Credit []
- Account number (as appearing on the MICR cheque book)

6. Date from which the mandate should be effective

I hereby, declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information or non availability of ECS facility with company's banks at my place / city.

I would not hold the Company / Registrar & Share Transfer Agents of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through ECS.

Signature of the first / sole shareholder.

.....
(** To be deleted if not applicable)

Signature :
Name :
Address :

Date :
Signature :
Name :
Address :
Date :

Signature of the two witness

.....
Name and Address Signature with date

1.
2.

.....
Instructions :

1. The Nomination can be made by individuals only by applying/holding Share Certificates on their own behalf singly or jointly up to two persons. Non-individuals including Society, Trust, Body Corporate, Partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the Share certificates are held jointly all joint holders will sign the nomination form.
2. A minor can be nominated by a holder or Shre Certificates and in that event the name and address of the Guardian shall, be given by the holder.
3. The nominee shall not a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, or a Power of Attorney holder.

GLOSTER JUTE MILLS LTD.

Regd. Office : 21 Strand Road, Kolkata - 700 001

ATTENDANCE SLIP

I hereby record my presence at the Eighteenth Annual General Meeting of the Members of the company at Shripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 at 2.30 P.M. on Wednesday, the 29th September, 2010

Folio No. / DP-ID & Client ID :

No. of Shares held :

Name of Member(s) / Proxy :

Signature of Member / Proxy :

- Notes :
1. Shareholder's/ Proxy holder wishing to attend the meeting must bring the attendance Slip to the meeting and hand over at the entrance duly signed.
 2. Shareholder / Proxy holder desiring to attend and meeting should bring his copy of the annual Report for reference at the meeting.

GLOSTER JUTE MILLS LTD.

Regd. Office : 21 Strand Road, Kolkata - 700 001

PROXY

Folio No. / DP-ID & Client ID : No. of Shares held :

I/We..... of

..... being a member/s of the above named company,

hereby appoint of

or failing him of

as my / our Proxy to attend and vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Wednesday, the 29th September, 2010 and at any adjournment thereof.

Signed this day of2010

Signature _____

Affix One
₹
Revenue
Stamp

NOTE : The Proxy in order to be effective should be duly stamped, completed any signed and must be deposited at the registered Office of the company not less than 48 hours before the time for holding the aforesaid Meeting. the Proxy need not be a member of the company.

