

A LEGACY
CALLED GLOSTER

ANNUAL REPORT 2011-12



Gloster Limited

Board of Directors : G. D. Bangur, Executive Chairman
Hemant Bangur, Vice Chairman
Bhaskar Mitter
Nandita Sen
R. R. Dash
K. Mahapatra
Dr. Prabir Ray
D. C. Baheti, Executive Director

Company Secretary : Ajay Kumar Agarwal

Bankers : State Bank of India
Yes Bank Ltd.

Auditors : Lovelock & Lewes
Chartered Accountants
Kolkata

Registrar & Share Transfer Agents : Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane
Kolkata - 700 001
Phone : +91 33 2243 5809
Fax : +91 33 2248 4787
E-mail : mdpl@cal.vsnl.net.in

Registered & Administrative Office : 21, Strand Road
Kolkata - 700 001 (India)
Phone : +91 33 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 (India)
Phone : +91 33 2661 8327 / 8271
Fax : +91 33 2661 8940

REPORT
OF THE
FORT GLOSTER
JUTE
MANF^Y CO. L^D

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MANF^Y CO. L^D

1875-1890

1891-1900

1901-1910

1911-1920

1921-1930

1931-1940

A LEGACY
CALLED GLOSTER

THE MANUFACTURING COMPANY
1912

OPERATIONS REPORT

FOR THE YEAR ENDING 31st MARCH 1912

TO THE SHAREHOLDERS

The Directors have the pleasure to announce to the Shareholders that the business of the Company for the year ending 31st March 1912 has been successful and has resulted in a profit of £10,000. The net profit for the year is £10,000, after providing for depreciation of £5,000 and for other reserves of £5,000. The Directors have recommended that a dividend of 10% should be paid on the share capital of £100,000, amounting to £10,000. It is also recommended that a reserve of £5,000 should be set aside for the purpose of providing for contingencies.

The Directors have also recommended that the balance of £5,000 should be carried forward to the credit of the Profit and Loss Account for the year ending 31st March 1913. The Directors have also recommended that the share capital of £100,000 should be increased to £150,000 by the issue of 50,000 new shares of £3 each.

The Directors have also recommended that the share capital of £100,000 should be increased to £150,000 by the issue of 50,000 new shares of £3 each.

The early days (1872 - 1953)

It was 1872. An era when social, political, cultural and economic ideologies started crystallizing to define the future of India.

It was also the year of inception of mills of Gloster by serial entrepreneur Richard Macallister. After an extraordinary first year of operation, the Indian jute industry collapsed in 1875. But the then management of mills of Gloster took the challenge head on and the mills not only survived but also thrived.

They sowed the seeds of what was to become an embodiment of resilience and an institution in its own right. Rest is a history of 140 years.



The Joint Glass Tube Manufacturing Co., Limited.

ANNUAL REPORT

FOR THE YEAR ENDING 31st MARCH 1933

THE DIRECTORS

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The Directors have pleasure in presenting to you the following report on the business of the Company during the year ending 31st March 1933.

The business of the Company during the year has been carried on in accordance with the objects of the Company as set forth in the Memorandum of Association and the Articles of Association.

The results of the business during the year are set forth in the Statement of Profit and Loss and the Balance Sheet, which are printed on pages 2 and 3 respectively.

The Directors have pleasure in stating that the business of the Company during the year has been carried on in accordance with the objects of the Company as set forth in the Memorandum of Association and the Articles of Association.

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Times were changing so was Gloster (1954 - 1990)

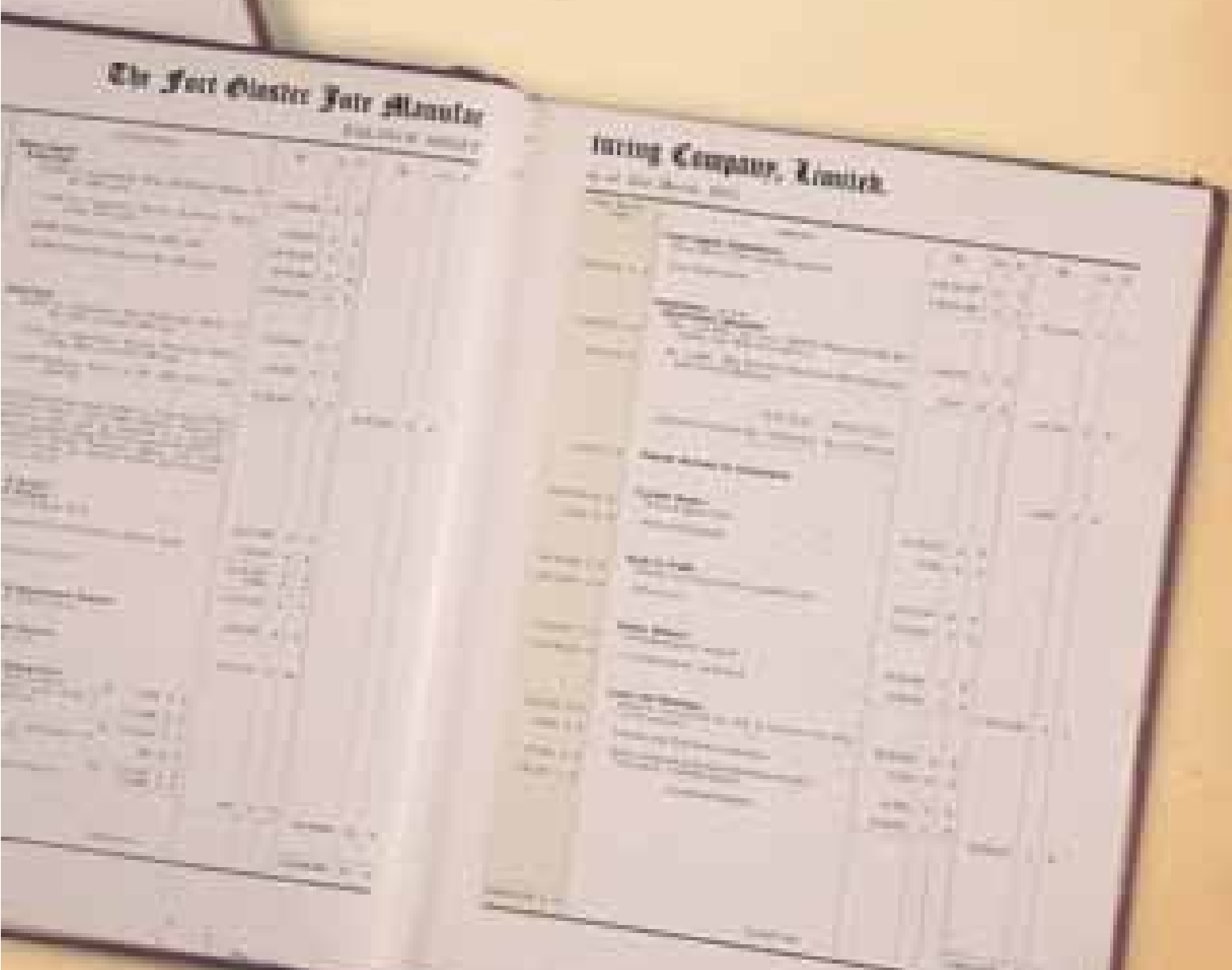
The years following the Independence of the country saw an exodus of British and Scottish owned business from India. In such uncertain times, Indian businessmen took the cudgels of running Industry in an unpredictable and nascent democracy.

The House of Bangurs emerged as one of the leading business conglomerate and took over the mills in the year 1954 through the acquisition of the Managing Agency of Kettlewell Bullen & Co Ltd. The Mills came under the stewardship of R.N. Bangur and P.D. Bangur.

The Indian industry, trade and commerce witnessed a decade of great uncertainty including two costly wars with neighbours.

The Bangurs, however, steered the mills of Gloster towards a glorious future. They enriched the mills, nurtured extraordinary talents and diversified into the venture of manufacturing power cables by dismantling one of the three mills.

Both jute and cable divisions did exceedingly well until the late seventies. The political situation changed thereafter and industrialization and modernization faced unprecedented challenges especially in West Bengal.



GLACOSTER JUTE MILLS LIMITED

GLACOSTER JUTE MILLS

BALANCE SHEET
As at 31st March, 1955

	SHARES	Rs.	1955	Rs.
A. SOURCES OF FUNDS				
(1) Shareholders' Funds				
(a) Capital		25,50,000		25,50,000
(b) Reserves & surplus				
(2) Loans Funds				
(a) Term Loans		1,00,00,000		1,00,00,000
(b) Unsecured Loans		1,00,00,000		1,00,00,000
B. APPLICATION OF FUNDS				
(1) Fixed Assets				
(a) Land & Buildings		1,00,00,000		1,00,00,000
(b) Plant & Machinery		1,00,00,000		1,00,00,000
(c) Investments		1,00,00,000		1,00,00,000
(2) Current Assets, Loans & Advances				
(a) Inventories		1,00,00,000		1,00,00,000
(b) Trade Debtors		1,00,00,000		1,00,00,000
(c) Cash & Bank Balances		1,00,00,000		1,00,00,000
(d) Loans & Advances		1,00,00,000		1,00,00,000
(3) Current Liabilities & Provisions				
(a) Current Liabilities		1,00,00,000		1,00,00,000
(b) Provisions		1,00,00,000		1,00,00,000
Total Current Assets				
		1,00,00,000		1,00,00,000
		1,00,00,000		1,00,00,000

Notes to the Accounts
 Significant Accounting Policies
 The Accounts prepared on double entry on integral part of the Balance Sheet
 100% of the Balance Sheet prepared on the basis of audit data

For Company's Books
 Chartered Accountant
 1,00,00,000/-
 Date

For the Directors
 M. S. BANSAL, Chairman
 M. S. BANSAL
 & C. SINGH
 Directors

March, 1955 (Page 19)

GLACOSTER JUTE MILLS LIMITED

PROFIT & LOSS ACCOUNT
For the period from 1st February, 1952 to 31st March, 1955

INCOME	
Sales	
Other Income	
EXPENDITURE	
Raw Materials, Fuel, Power, Oil and Grease & Spare Parts	
Factory Costs	
Manufacturing, Selling, Distribution, Administrative and other expenses	
Interest	
Depreciation	
PROFIT BEFORE TAXATION	
Provision for Taxation	
PROFIT AFTER TAXATION	
APPROPRIATION	
Proposed Dividend, subject to Audit	
Current Reserve	
Balance carried to Balance Sheet	
Notes to the Accounts Significant Accounting Policies The Accounts prepared on double entry on integral part of the Balance Sheet 100% of the Profit & Loss Account	

March, 1955 (Page 20)



The era of liberalisation and globalisation (1991 onwards)

The advent of nineties saw the country plunged into a financial turmoil, which unleashed the economic Reforms of 1991.

In this era of liberalization and globalisation a more focused approach was the call of the day. Hence the jute division was carved out in the form of Gloster Ltd (formerly Gloster Jute Mills Ltd) in 1992. G.D. Bangur, who inherited control of the company from P.D. Bangur, embarked upon a period of unprecedented expansion and modernization of the mills.

The company under his leadership has gained from strength to strength and is now reckoned as the torchbearer of the Indian jute industry.

With a vastly experienced Board of Directors, ably supported by a team of professionals and dedicated work force, Gloster is poised to take herald of a new future for natural fibre particularly jute, and restore the glory of the golden fibre across the world.

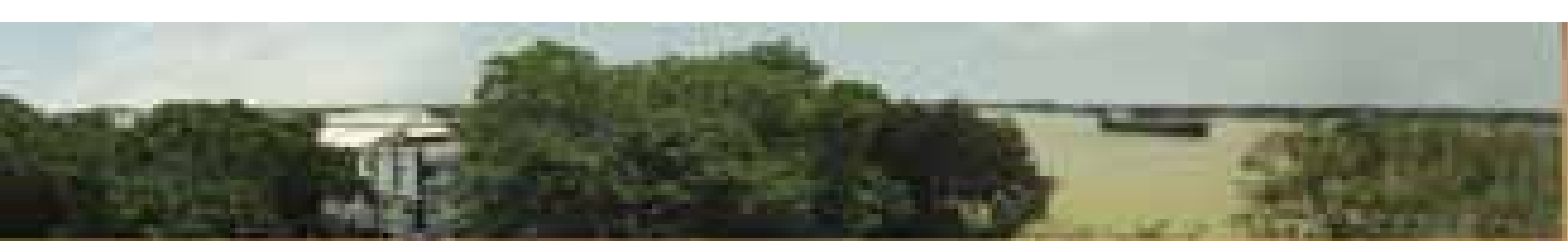


FINANCIAL HIGHLIGHTS

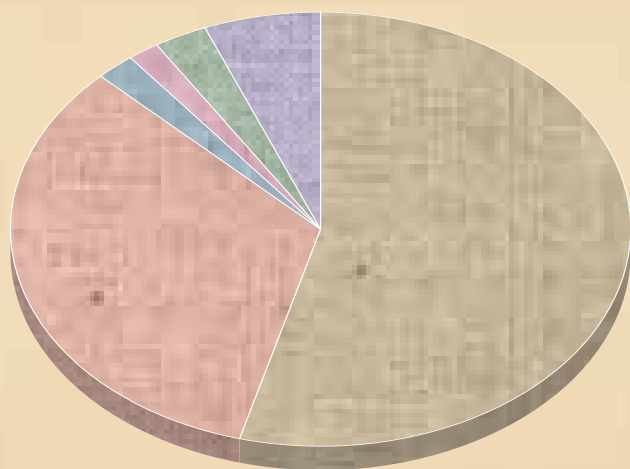
Year Ended	Share Capital	Reserves	Net Worth	Income From Operations	Net Profit	Cash Profit	Earnings Per Share	Cash Earnings Per Share	Book Value	Dividend
	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹)	(₹)	(₹)	(%)
31/03/1993	22	26	48	3,909	30	65	1	2	2	20%
31/03/1998	65	773	838	6,983	331	390	13	15	32	35%
31/03/2003	131	1,869	2,000	11,052	377	505	14	19	76	35%
31/03/2008	131	4,829	4,960	15,816	1,104	1,616	42	62	190	50%
31/03/2009	262	5,521	5,783	16,794	908	1,419	35	54	221	50%
31/03/2010	262	26,884	27,146	19,529	975	1,515	37	58	1,037	60%
31/03/2011	262	27,322	27,584	30,686	1,408	2,010	54	77	1,054	70%
31/03/2012	262	27,861	28,123	30,860	1,894	2,536	72	97	1,075	200%

- Reserves, Networth includes Revaluation Reserves arising on revaluation of certain class of Fixed Assets on 31/03/2010
- Net Worth Includes Deferred Tax.
- Book Value, Earning Per Share & Cash Earning Per Share calculated on expanded Capital for all years.





HISTORICAL DATA

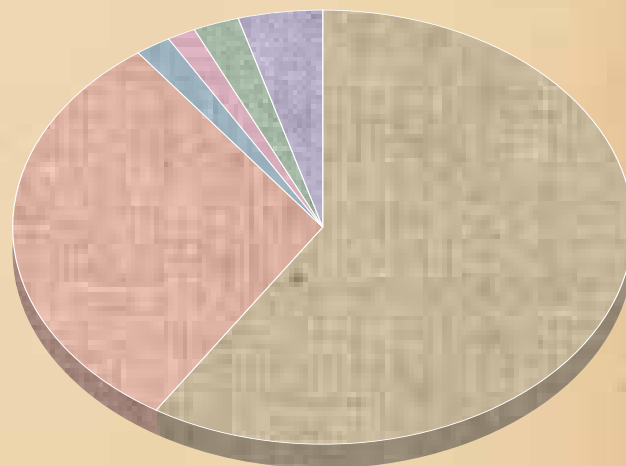


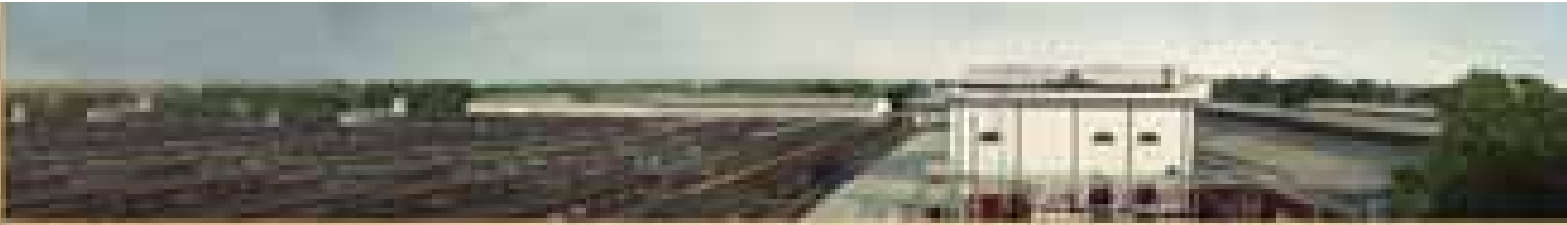
Distribution of Revenue 2011-12

■ Cost of Raw Material	54.24
■ Mfg. & Other Expenses	33.26
■ Depreciation	2.04
■ Finance Cost	1.65
■ Tax	2.78
■ Profit (PAT)	6.03

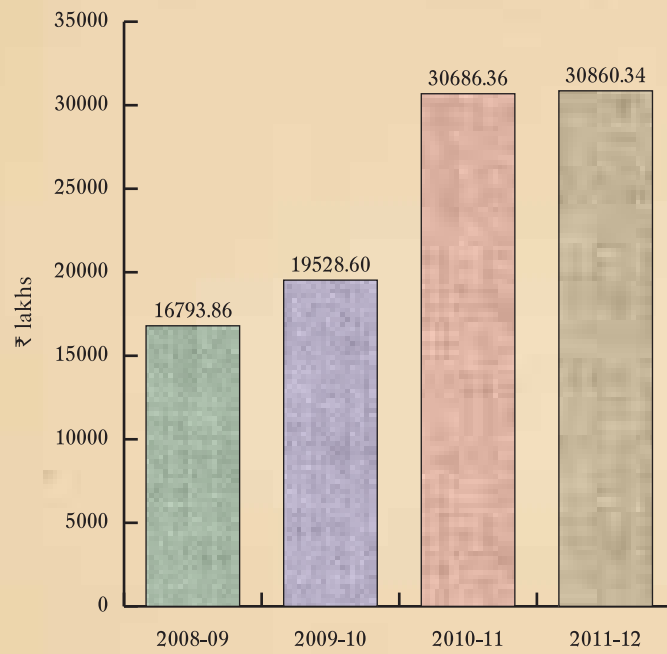
Distribution of Revenue 2010-11

■ Cost of Raw Material	59.03
■ Mfg. & Other Expenses	30.82
■ Depreciation	1.87
■ Finance Cost	1.49
■ Tax	2.40
■ Profit (PAT)	4.39

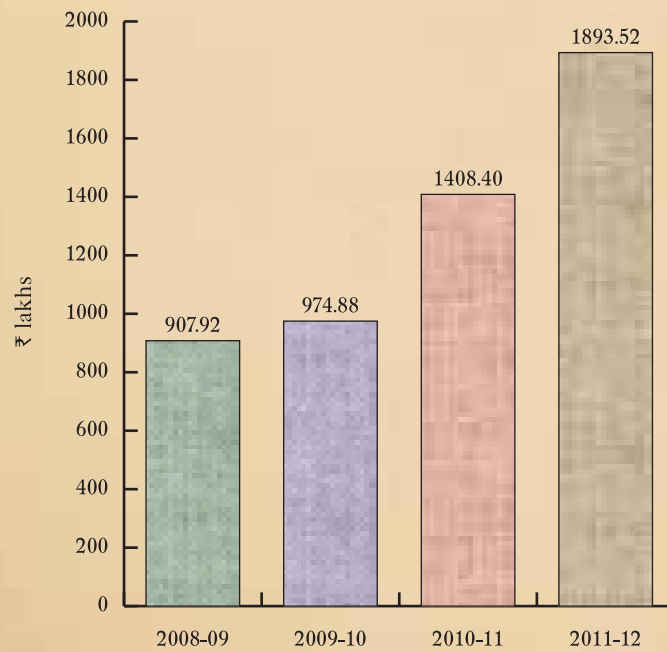


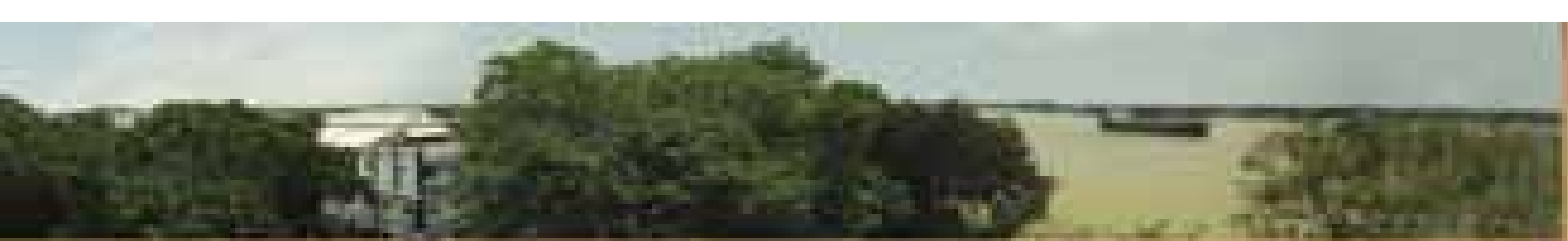


Income From Operations

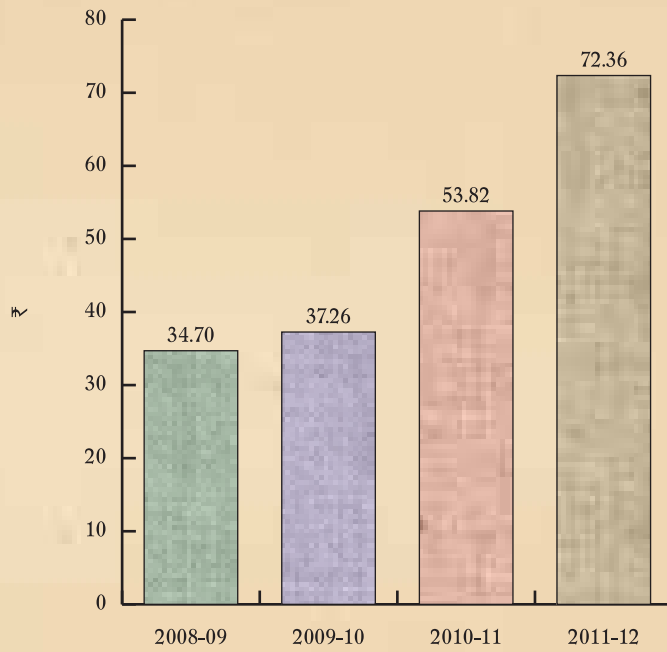


Profit After Tax

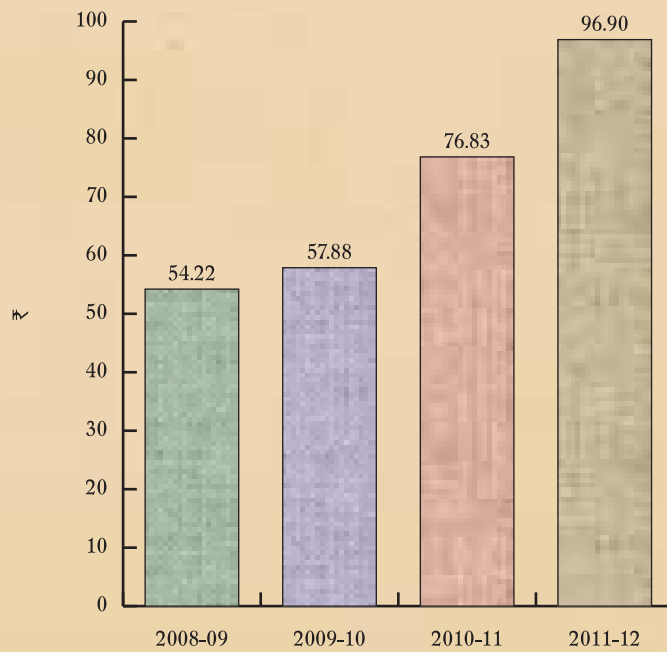


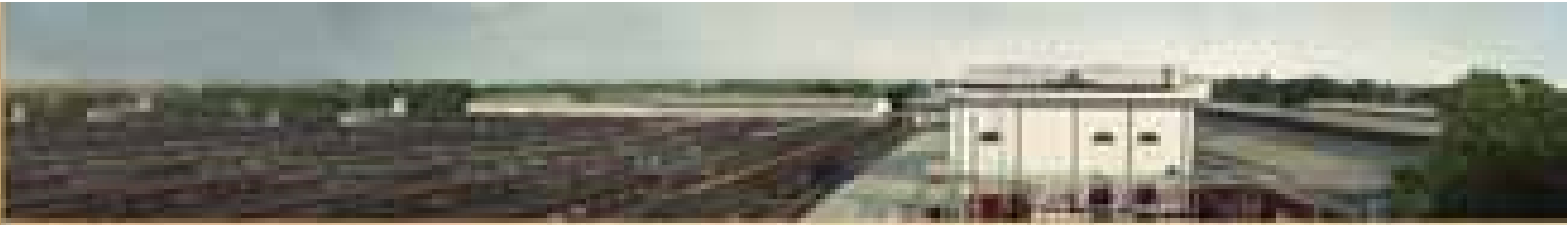


Earnings Per Share

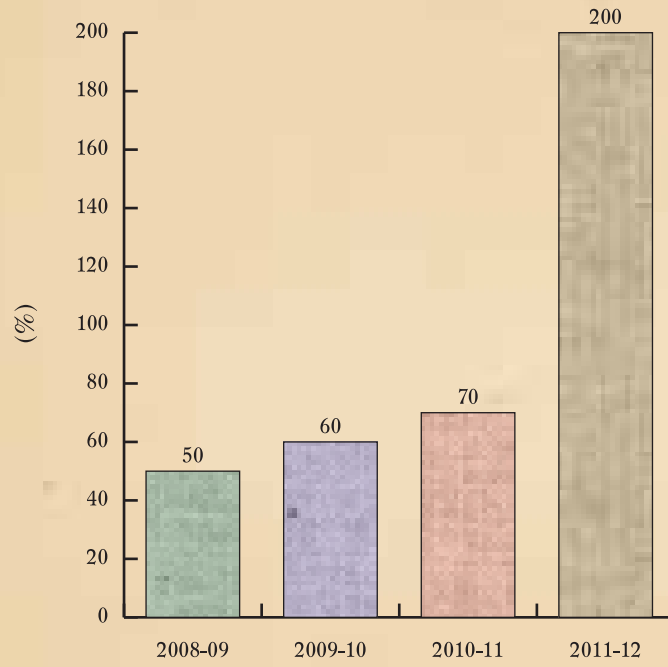


Cash Earnings Per Share

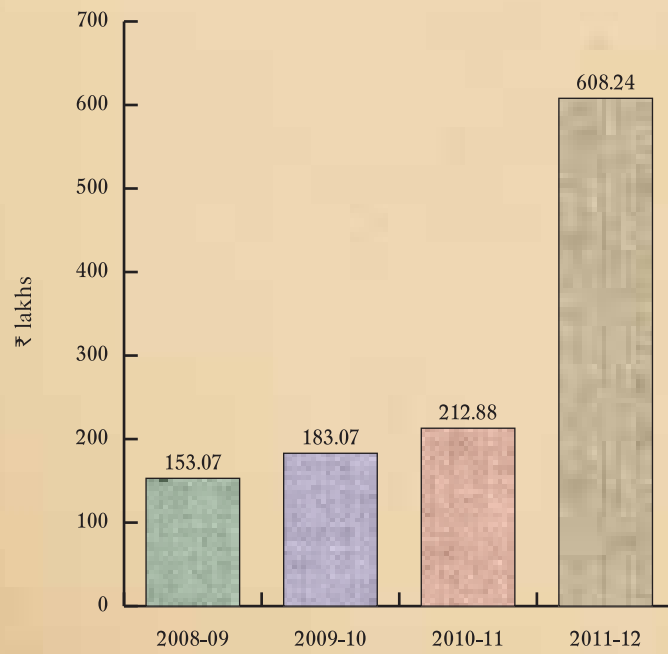




Dividend (%)



Dividend Payout



NOTICE

TO THE MEMBERS

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Gloster Limited will be held on Thursday, the 9th August, 2012 at 11.00 A.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 audited Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend including special dividend on Equity Shares.
3. To appoint a Director in place of Smt. Nandita Sen who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri Krutibas Mahapatra 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 Resolution :

6. **AS AN ORDINARY RESOLUTION:**

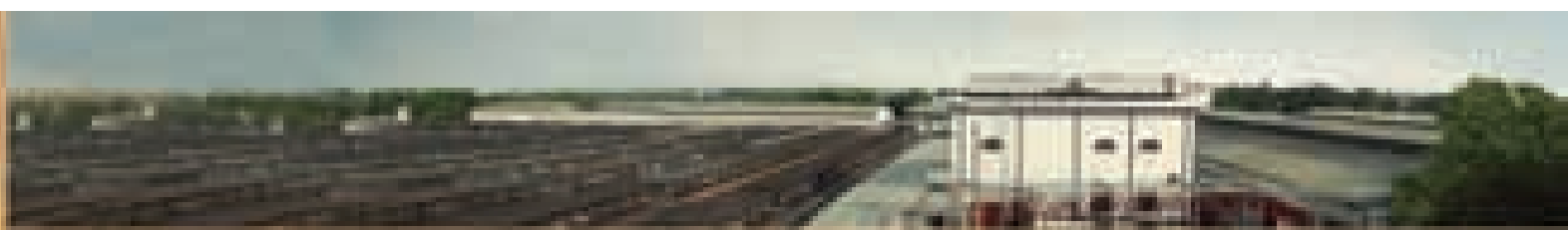
“**RESOLVED THAT** pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, as may be required, the Company hereby approves the re-appointment and the remuneration payable to Shri Dharam Chand Baheti, as a Whole-time Director to be designated as Managing Director of the Company for a period of five years with effect from 27th July, 2012 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 Chairman for the purpose of identification, with authority to the Board of Directors including a Committee thereof, to alter or otherwise vary the same in such manner as may be agreed to between the Board of Directors and Shri Dharam Chand Baheti 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.”

Registered Office:
21, Strand Road
Kolkata – 700 001
Dated: 26th May, 2012

By Order of the Board
Ajay Kumar 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. Proxies in order to be effective should be lodged with the Company at least 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 3rd August, 2012 to 9th August, 2012 (both days inclusive).
4. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, authorising their representative to attend and vote at the Annual General Meeting.
5. Shareholders holding shares in identical order of names in more than one Folio, are requested to write to the Company or to the office of the Registrar & Share Transfer Agents, Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata-700 001 enclosing their share certificates to enable the Company to consolidate their holdings in one single Folio.



6. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/ bank details to the Company or to the office of the Registrar & Share Transfer Agents, Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata-700 001 quoting their Folio Number.
7. The relevant details of Item no. 3, 4 & 6 above pursuant to Clause 49 of the listing agreement are annexed hereto. None of the Directors seeking re-appointment are related to any member of the Board of Directors or to any Management Personnel.
8. Members seeking any information regarding accounts should write to the Company at least seven days before the date of the meeting so as to enable the management to keep the information ready.
9. The dividend as recommended by the Board, if declared at the meeting, will be paid on or after 10th August, 2012 to those members, whose names appear on the Company's Register of Members on 9th August, 2012. 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 hours of business on 2nd August, 2012 for this purpose.
10. 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 National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
11. Dividend for the financial year ended 31st March, 2005, 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, 2005 or any subsequent Financial Years are requested to lodge their claims with the Company's Registrar & 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.
12. For the convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, which is annexed to the Proxy Form. Members are requested to affix their signature at the place provided on the Attendance Slip and hand it over at the entrance.
13. Members who hold shares in dematerialised form are requested to bring their Client ID and DP numbers for quick identification while recording attendance at the meeting.
14. 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.
15. Service of documents through e-mail :
Ministry of Corporate Affairs ("MCA") has vide Circular No. 17/2011 dt. 21.4.2011 allowed the service of documents on members by a Company through electronic mode.

Accordingly the Company proposes to send documents including Annual Report to its members in electronic form at the e-mail address provided by them and/or made available to the Company by their Depositories.

Members who have not yet registered their e.mail id (including those who wish to change their already registered e-mail id) may get the same registered/updated either with their Depositories or by writing to the Company.

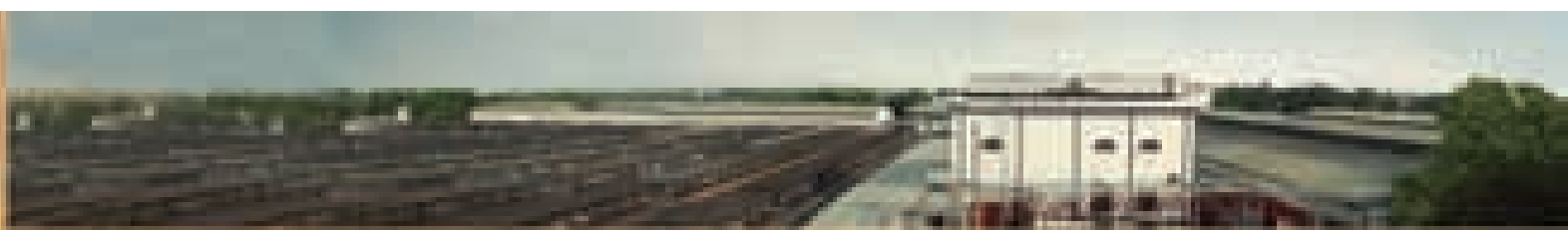
**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE
FORTHCOMING ANNUAL GENERAL MEETING
(In Pursuance of Clause 49 of the Listing Agreement)**

Name	SMT. NANDITA SEN
Date of Birth	17.04.1936
Date of Appointment	28.10.2003
Qualifications	Bachelor of Science, Bachelor of Law (Gold Medalist), Fellow member of the Institute of Chartered Accountants of India; AMP (Advanced Management Program), Harvard Business School, Boston, USA.
Expertise in specific functional areas	Wide experience in Corporate Finance, Taxation & Management. Formerly Senior Executive Vice President of ITC Ltd and Director on the Board of ITC Hotels Ltd and also of various investment companies in the ITC group. Now senior partner in B. Gupta & Co, one of the oldest Firm of Chartered Accountants in India. Past President of Calcutta Management Association

	and Association of Corporate Advisors and Executives. Past President of Rotary Club of Calcutta. Has been actively involved in the various Chambers of Commerce and trade associations like ASSOCHAM / FICCI / Indian Chamber of Commerce / Bengal Chamber of Commerce / Federation of Indian Export Organisation and CII as Chairman &/or Member of expert committees on Taxation / Corporate Laws / Foreign Trade and Economic Affairs. Was invitee to the Management Committees of ASSOCHAM, Bharat Chamber of Commerce and on the Council of Management of All India Management Association (AIMA). Was a Visiting faculty with IIM (Kolkata) / XLRI (Jamshedpur) and IMI (New Delhi).
Directorships in other Companies	Cadworld Infosystems Private Limited Srishti Business Services Private Limited Qualitas AE Services Private Limited
Chairperson/Member of Committees of the Board of other Companies of which she is a Director.	NIL
Shareholding in the Company	100 Shares
Relationship with other Directors	NIL

Name	SHRI KRUTIBAS MAHAPATRA
Date of Birth	24.03.1942
Date of Appointment	27.06.2009
Qualifications	M.A. (Economics), Gold Medalist in Economics
Expertise in specific functional areas	Rich experience in the areas of Corporate Risk & Finance Management. He is the former Executive Director of Life Insurance Corporation of India, former General Manager & Chief Vigilance Officer & Member, Zonal Advisory Committee, National Insurance Company Limited. He was nominated as Insurance Expert by Insurance Regulatory & Development Authority, Hyderabad. He was also a visiting faculty with Academy for Insurance & Finances Limited under IL & FS, Mumbai.
Directorships in other Companies	NIL
Chairman/Member of Committees of the Board of other Companies of which he is a Director.	NIL
Shareholding in the Company	NIL
Relationship with other Directors	NIL

Name	SHRI DHARAM CHAND BAHETI
Date of Birth	02.10.1947
Date of Appointment	27.07.1999
Qualifications	B.Com
Expertise in specific functional areas	Wide Experience in the jute industry with clear conception in Jute manufacturing & marketing. Presently, he is the Chairman of Indian Jute Industries Research Association (IJIRA), Vice Chairman of Jute Products Development and Export Promotion Council (JPDEPC), Member, Committee on Geotextiles, National Jute Board (NJB) and Member,



	Committee on Modernisation, National Jute Manufacturers Corporation Ltd. (NJMC). He was also a Member of high-powered Textile Committee for 12th Five Year Plan, Ministry of Textile, Government of India. He was Chairman of Private Consultative Board of International Jute Study Group (IJSG).
Directorships in other Companies	Gloster Lifestyle Limited Gloster Specialities Limited Gloster Gujrat Limited Jagdishpur Company Limited
Chairman/Member of Committees of the Board of other Companies of which he is a Director.	Nil
Shareholding in the Company	1,580 Shares
Relationship with other Directors	NIL

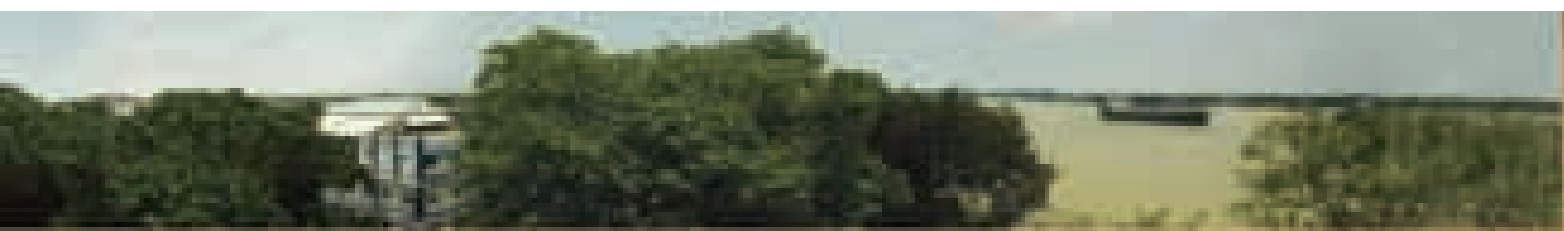
ANNEXURE TO NOTICE

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

Item No.6

Shri Dharam Chand Baheti was re-appointed as a Whole-time Director designated as Executive Director of the Company as per terms & conditions approved by the members at 15th Annual General Meeting of the Company held on 4th August, 2007. Such re-appointment is valid up to 26th July, 2012. The Board of Directors of the Company by a resolution passed on 26th May, 2012 re-appointed Shri Baheti as Whole-time Director to be designated as Managing Director for a further period of five years with effect from 27th July, 2012. The following remuneration and terms & conditions of service as recommended by the Remuneration Committee of Directors and approved by the Board of Directors of the Company at its meeting held on 26th May, 2012 is in accordance with and within the ceiling of maximum remuneration permitted under Schedule XIII to the Companies Act, 1956.

- a) **Salary:** ₹ 2,50,000/- per month in the range of ₹ 2,50,000/- to ₹ 5,00,000/- per month. The Remuneration Committee may review from time to time and recommend to the Board for approval of necessary changes in salary during the tenure of appointment.
- b) **Special Allowance :** ₹ 25,000/- per month.
- c) **Commission :** Such commission on net profits, as may be approved 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.
- d) **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:** Free furnished accommodation at Mill at Bauria.
 - iv) **Medical Benefit:** Reimbursement of medical expenses for self, spouse and dependent children equivalent to one month's salary in a year.



- v) **Leave Travel Assistance:** Reimbursement of actual travelling expenses for self, spouse and dependent children equivalent to one month's salary in a year.
- vi) **Car:** Free use of Company's Car with Driver.
- vii) **Telephone:** Free telephone facility at residence.
- viii) **Leave Encashment:** as per rules of the Company.
- ix) **Club Fees:** Reimbursement of fees of two clubs.
- x) **Personal Accident Insurance:** Reimbursement of all accident premium for self, spouse and dependent children.
- xi) **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.
- xii) **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 Dharam Chand Baheti.

- e) **Minimum Remuneration:** In the event of absence or inadequacy of profits the Whole-time Director to be designated as Managing Director 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.
- f) **Sitting Fees:** Shri Dharam Chand Baheti 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 to be designated as Managing Director, 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 11.00 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 Dharam Chand Baheti is in any way concerned or interested in the said resolution.

The above should also be considered as an abstract of the terms of re-appointment of Shri Dharam Chand Baheti and Memorandum to the nature of concern or interest of the Director in the said re-appointment as required under Section 302 of the Companies Act, 1956.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors take pleasure in presenting the Twentieth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2012.

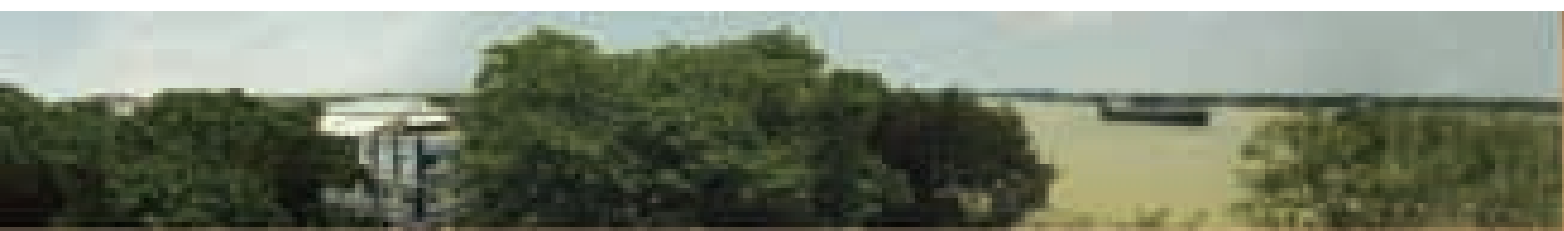
FINANCIAL RESULTS

The highlights of the financial results of the Company for the year ended 31st March, 2012 are as under:

Particulars	(₹ lakhs)	
	Year Ended 31.3.2012	Year Ended 31.3.2011
Revenue from operations	30,860.34	30,686.36
Total Expenses	27,596.46	27,063.45
Operating Profit Before Depreciation & Finance Costs	3,263.88	3,622.91
Finance Costs	518.38	477.18
Depreciation/Amortization	642.05	602.06
Operating Profit After Depreciation & Finance Costs	2,103.45	2,543.67
Other Income	659.82	230.32
Gross Profit before Tax & Exceptional Items	2,763.27	2,773.99
Exceptional Items	—	594.44
Tax Expense (including Deferred Tax)	869.74	771.15
Profit for the year	1,893.53	1,408.40
Balance brought forward from previous year	354.66	259.14
Amount available for appropriation	2,248.19	1,667.55
Appropriations:		
Dividend		
Proposed Dividend	261.67	183.17
Proposed Special Dividend- "20 years of Gloster's Operations"	261.67	—
Total Proposed Dividend	523.34	183.17
Dividend Tax	84.90	29.71
General Reserve	1,100.00	1,100.00
Balance carried to Balance Sheet	539.95	354.66

DIVIDEND

Your Directors have recommended for your approval a dividend of 100% i.e ₹ 10/- per equity share for the year ended 31st March, 2012 and a special dividend- "20 years of Gloster's Operations" of 100% i.e ₹ 10/- per equity share making a total dividend of 200% i.e ₹ 20/- per equity share. The total outflow for dividend will be ₹ 608.24 lakhs including ₹ 84.90 lakhs by way of dividend tax.



OPERATIONS

The production & sales during the year under review has been 51,314 MT & 51,493 MT in comparison to 49,244 MT & 50,414 MT respectively in the immediately preceding year resulting in a growth of 4.2 % and 2.14 % in production and sales respectively.

There was enough carry over of raw jute stocks from the previous year at the start of the on going season. During the same period excess stocks in Bangladesh also encouraged imports of good quality of raw jute at low prices. The jute crop during the current season is also good and thus there has been adequate supply of the crop all through the year. These factors also ensured that the prices of raw jute remained at reasonable levels throughout the season.

The initial forecasts of raw jute crop in the new jute season is good and there would be enough carry over at the end of the year. Prices in the current year are likely to be stable with an upward bias because the minimum support price has been substantially increased by Central Agricultural Ministry from ₹ 1,725 to ₹ 2,250 per quintal for TD5 South Bengal jute.

The year under review saw your Company posting good performance as the Net Profit for the year has gone up to ₹ 1,893.53 lakhs as against ₹ 1,408.40 lakhs during the year 2010-11 registering a growth of 34.45 %.

EXPORTS

Your Company's continuous thrust on developing new products and aggressive export efforts has helped to better its export performance from 9,766 MT in the year 2010-11 to 10,192 MT in the year 2011-12. Though, there was a volume growth in exports, there was lower export realisation as a consequence of drop in raw jute prices. As a result, your Company achieved an export turnover of ₹ 7,795.42 lakhs as against ₹ 7,936.22 lakhs in the previous year. Your Directors are hopeful of a good export performance during the current financial year also.

MODERNISATION

Modernisation of plant for your Company is an ongoing process. The Company has started 4th phase of modernisation whereby old looms and spinning frames are being replaced with new / modern machines. Special thrust is being given to install latest material handling equipments.

SUBSIDIARY COMPANIES

Gloster Lifestyle Limited, Gloster Specialities Limited and Gloster Gujrat Limited are wholly owned subsidiaries of your Company. In terms of the Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, a general exemption has been granted from the compliance of Section 212 of the Companies Act, 1956, requiring holding companies to attach with their balance sheet, a copy of the Balance Sheet, Profit & Loss Account and other documents of each of its subsidiaries, provided that the Board of Directors of such companies have given consent to this effect and that the conditions prescribed in the said Circular are complied with.

Your Board at their meeting held on 26th May, 2012 have decided on not attaching, inter alia, the Balance Sheet, Profit and Loss Account and other relevant reports and statements of its subsidiary companies with the Balance Sheet of your Company as on 31st March, 2012 and have also agreed to comply with the conditions prescribed in the said circular.

In view of the above Circular, the Balance Sheet, Profit and Loss Account and other documents and statements of the aforesaid three subsidiaries have not been attached to the Balance Sheet as on 31st March, 2012 of your Company though a Consolidated Financial Statement has been attached. The Annual Report of the aforesaid subsidiaries will be made available to the shareholders of the Company and its subsidiaries upon receipt of written requests from them. The Annual Reports of the aforesaid subsidiary companies will also be available for inspection by any shareholder at the Registered Office of the Company as well as registered office of the subsidiary companies on any working day during the business hours. In compliance



with the requirements of the aforesaid circular, a statement showing relevant details for the year ended 31st March, 2012 of the wholly owned subsidiaries of the Company have been included in the Consolidated Financial Statements of the Company which forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

The Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity. As required under Clause 49 of the Listing Agreement of Stock Exchanges, a report on Corporate Governance and a certificate from the practicing Company Secretary, confirming compliance with the requirements of the Corporate Governance are annexed as part of this Report.

DEPOSITORY SYSTEM

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

DIRECTORS

The Board of Directors of the Company has elevated Shri Hemant Bangur as Vice Chairman of the Company with effect from 26th May, 2012.

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Smt. Nandita Sen and Shri Krutibas Mahapatra, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri Dharam Chand Baheti was re-appointed as Whole-time Director to be designated as Managing Director of the Company with effect from 27th July, 2012 on the term & conditions as mentioned in the resolution which is being placed before you for your consideration at the ensuing Annual General Meeting and your Directors recomened passing of the same.

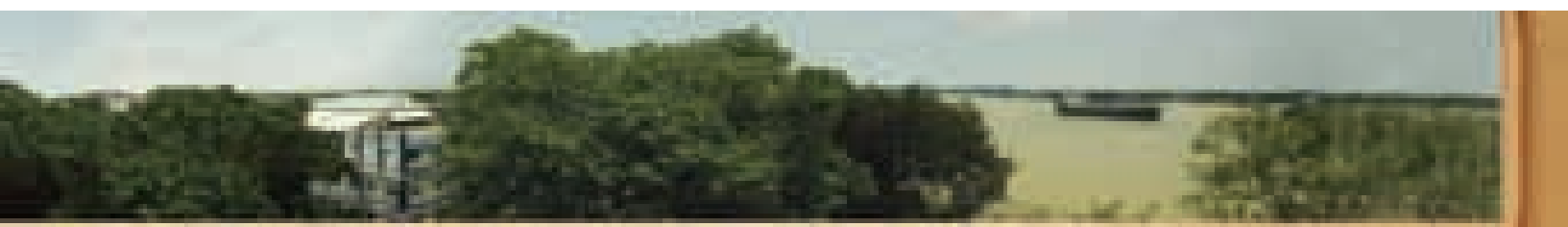
AUDITORS

Messers Lovelock & Lewes, Chartered Accountants, Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment to audit the accounts of the Company for the financial Year 2012-13. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the companies Act, 1956.

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. The Cost Audit Report for the financial year 2010-2011 has been filed within due date. 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 2012-13.

STATEMENT ON AUDITORS' COMMENT

During the previous year an incident of fire had occurred at the mills on 29th March, 2011. In the year ended 31st March, 2011, the loss on account of fire was fully accounted for but the corresponding claim on the insurance company could not be recognised in the absence of any indication of the quantum of loss acceptable to the insurance company. In the year under review, an interim



report of the surveyor has been received and the assessment of loss as per the report is as per the claim made by us. As such the amount has now been recognised pending settlement of claim by the insurance company.

CREDIT RATING

Various bank facilities of the Company are rated by CRISIL Limited based on Basel II norms followed by the banks under the guidelines of Reserve Bank of India. The Company is enjoying ratings of adequate safety – “A-(Pronounced A minus)” with a “stable” outlook and strong safety – “P2+(Pronounced P two plus)” for the long term and short term bank facilities respectively since beginning.

During the year under review, ratings for all existing bank facilities have been reviewed and fresh bank facilities, present & proposed have been rated by CRISIL Limited.

The Company has been assigned the same ratings of adequate safety – “A-(Pronounced A minus)” with a “stable” outlook and strong safety – “P2+(Pronounced P two plus)” for the long term and short term, present and proposed bank facilities respectively.

CONSOLIDATED FINANCIAL STATEMENTS

As required by the Listing Agreement with the Stock Exchanges, the Consolidated Financial Statements prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India are attached.

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

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are set out in Annexure “B” to the Report.

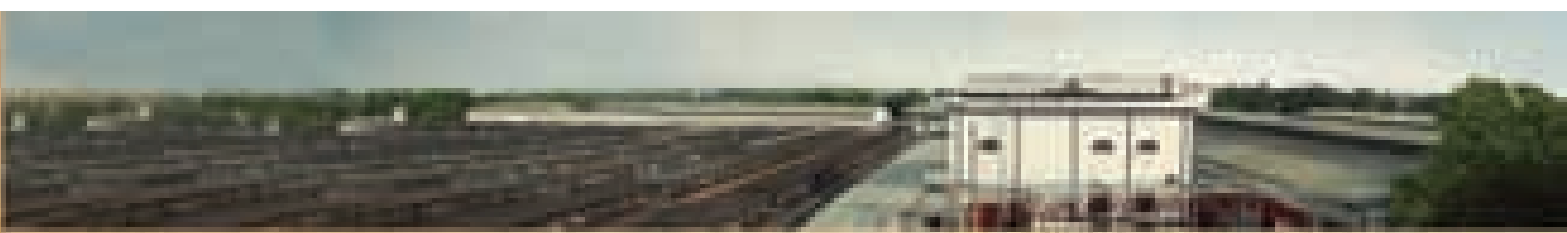
DIRECTORS RESPONSIBILITY STATEMENT

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 have been followed along with proper explanations for material departures.
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) that the Directors have 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 have 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. Your Company has been awarded with OHSAS 18001:2007 Certificate by the BSI India for operating Occupational Health & Safety Management System in the factory for manufacturing goods.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has an innate desire and zeal to contribute towards the welfare and social upliftment of the community. The Company continues to support the following CSR initiatives:

- Continuously running & maintaining school and public utilities in the areas around the factory.
- Sponsored community development programmes undertaken by various Welfare Trusts in Kolkata.

APPRECIATION

Your Directors wish to place on record their sincere appreciation for the commitment and contribution of its employees, without whose hard work, solidarity, and support your Company's achievements would not have been possible. 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 exchanges, for their continued support and faith reposed in the Company.

For & on behalf of the Board

Place : Kolkata

Dated : 26th May, 2012

G. D. BANGUR

Executive Chairman



From the Board Room

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 Further installation of LED light in place of fluorescent tubes in drawing, winding & export yarn section.
- 2 Further installation of Super Energy Efficient motors in twisting section.
- 3 Installed modern humidity & temperature controller system in export yarn section.
- 4 Solar water heater installed for staff quarters.
- 5 Replaced reciprocating old compressor by screw compressor.

FORM A

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

(I) POWER & FUEL CONSUMPTION

	2011-12	2010-11
1 Electricity		
a) Purchased		
Units (KWH) (in lakhs)	232.59	229.09
Total Amount (₹ In lakhs)	1,523.90	1,217.82
Rate/Unit (₹)	6.55	5.32
b) Own Generation		
i) Through Captive Power Plant		
Units (KWH) (in lakhs)	Nil	Nil
Unit per ltr. of Diesel Oil	Nil	Nil
Cost/Unit (₹)	Nil	Nil
ii) Through Diesel Generator		
Units (KWH) (in lakhs)	1.79	2.31
Unit per ltr. of Diesel Oil	2.52	2.41
Cost/Unit (₹)	17.66	17.05
iii) Through Steam Turbine/Generator	Nil	Nil
2 Coal		
Consumption (MT)	142.21	471.02
Total Cost (₹ In lakhs)	13.28	21.44
Average Rate/MT (₹)	9,340.22	4,451.60
3 Furnace Oil for Power Plant		
Consumption (KL)	Nil	Nil
Average Rate/Litre (₹)	Nil	Nil
4 Furnace/Diesel Oil for Boiler		
Consumption (KL)	4.31	101.48
Average Rate/Litre (₹)	40.31	37.24
(II) CONSUMPTION PER MT OF PRODUCTION		
Electricity (Units)	456.75	469.91
(Both purchased & generated)		
Coal (Kgs.)	2.77	9.56

B. Technology Absorption, Adaptation & Innovation

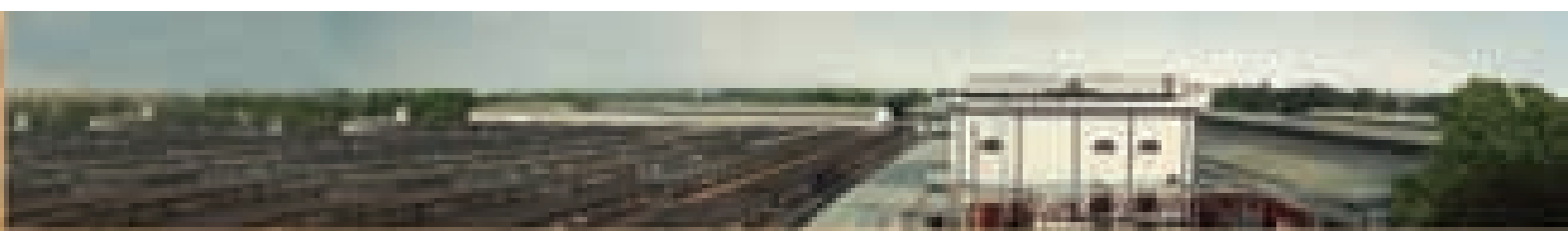
- 1 Installation of particulate suspension reduction system in Batching & Preparing Section.
- 2 New Effluent Treatment Plant is in advanced stage of installation with modern facilities and zero discharge. An amount of ₹ 74 lakhs has already been invested.
- 3 Various types of Material Handling Equipments including goods lift, scissor lifts and conveyor system have been introduced inside the plant.
- 4 Automatic Beam Stakers have been installed.
- 5 Old technology spinning frames & looms are gradually being replaced by modern spinning frames & high speed rapier looms.

C. Foreign Exchange Earnings & Outgo

- a) Total Foreign Exchange earned
- b) Total Foreign Exchange used

Information contained in

Note 42
Note 39 & 40



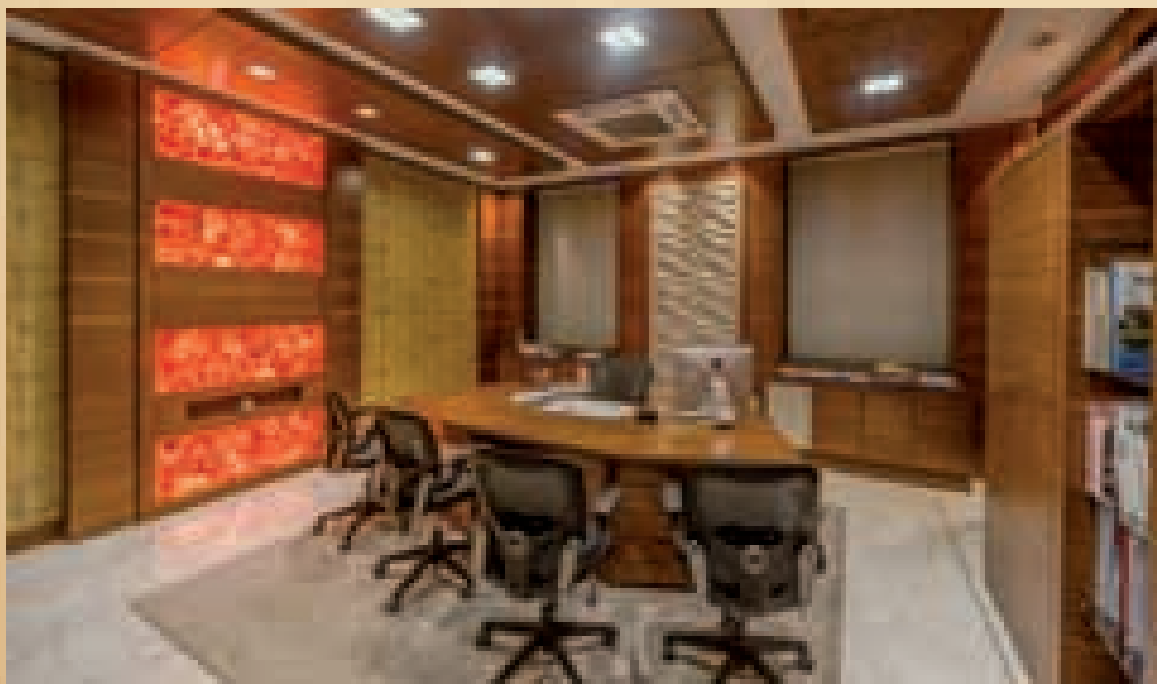
ANNEXURE “B” TO THE DIRECTORS REPORT

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, 2012.

Name	Designation/ Nature of Duties	Gross Remuneration (₹)	Qualifi- cation	Experi- ence (Years)	Date of Commencement of Employment	Age (Years)	Last Employment held Name of the Company Designation
Gopal Das Bangur	Executive Chairman	1,43,18,311	B. Com.	41	12.04.2000	65	Joonktollie Tea and Industries Limited President
Dharam Chand Baheti	Executive Director	74,15,606	B.Com.	45	01.04.1992	64	Fort Gloster Industries Limited Works Manager

NOTES:

1. Remuneration includes salary, allowances, medical benefits, commission, Company's contribution to provident fund, superannuation fund, gratuity fund, Provision for Leave encashment and value of perquisites.
2. Employment is contractual subject to termination by notice by either side.



Director's Chamber

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 30.06.2012.

b) Opportunities and Threats / Risks & Concerns

Opportunities

- Weakening of rupee may offer opportunity for export of jute products at attractive prices.
- Jute, being bio-degradable and pollution free commodity, should continue to get preference over other substitute products in view of rising concern for environment and global warming;
- Decrease in crude oil prices may help to contain the cost of input from petroleum products;
- The industry continues to get incentives for modernisation and technological upgradation of manufacturing facilities under different schemes as below:
 - (i) The Technology Upgradation Fund Scheme (TUF Scheme) for modernisation/expansion, under the Ministry of Textiles, the Government of India has been extended;
 - (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% on Basic Price. The upper limit of the subsidy is limited to ₹ 350 lakhs per Company.

Risk & Concern / Threat

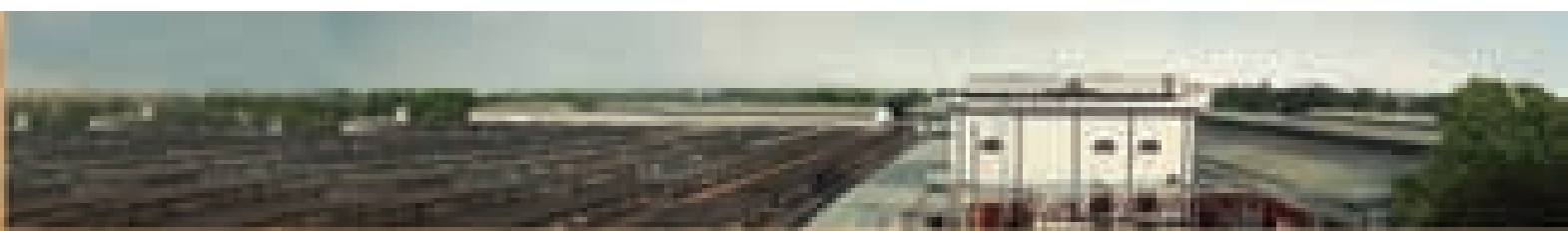
- With recession in economies world over in general and Eurozone in particular, demand for jute products may face challenges;
- Availability of Raw jute, being an agricultural produce, may vary and thereby may adversely affect the performance;
- Increased employee cost subsequent to Tripartite Settlement executed on 12th February, 2010 and ever increasing dearness allowance, will lead to increase in the cost of production;
- Increased power cost due to frequent revision in power tariff by CESC will have an adverse effect on production cost;
- Stiff competition from Bangladesh due to huge adverse differentials in wage, power cost and export subsidy offered by Government of Bangladesh on jute goods;
- Competition from cheaper substitute synthetic packaging materials;
- High inflation and higher rate of interest may affect demand and shall lead to increase in cost of funds;

c) Segment-wise or product-wise performance

The Company is engaged in the business of manufacturing Jute goods and is managed organizationally 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 :

(₹ lakhs)

Particulars	Inside India		Outside India		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Segment revenue by location of customers	22,742.27	22,501.99	7,795.42	7,936.22	30,537.69	30,438.21
Carrying amount of segment assets	838.14	687.76	356.50	287.72	1,194.64	975.48
Carrying amount of segment liabilities	127.17	110.55	58.03	22.62	185.20	133.17
Additions to tangible and intangible assets					841.77	1,147.82



d) Outlook

The initial forecast of raw jute crop for the up coming season is encouraging and there would be enough carry over stock at the end of the current season. The Central Agricultural Ministry has increased the minimum support price by more than ₹ 500/- per quintal from ₹ 1,725/- to ₹ 2,250/- per quintal for TD5 South Bengal jute. These factors would enable the prices to remain stable with an upward bias, during the year. Your company, always, takes steps to build and maintain adequate raw jute stock at appropriate time during the season.

The 3rd phase of modernisation has been completed and the Company has taken up 4th phase of modernisation during the year under review. Your Company has made further progress in the promotional shopping / utility bags and jute made ups segment during the year.

Your management will continue to make all efforts and is hopeful to be able to improve the overall 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 optimisation 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:

(₹ lakhs)			
Particulars	2011-12	2010-11	Increase / (Decrease)
Revenue from operations	30,860.34	30,686.36	173.98
Raw material cost	17,035.73	18,298.54	(1,262.81)
Finance costs	518.38	477.18	41.20
Profit for the year	1,893.53	1,408.40	485.13
Inventories	5,551.29	7,462.00	(1,910.71)
Capital investment	841.77	1,147.82	(306.05)

g) Human Resources & Industrial Relations

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

Your Company is committed to achieve and maintain highest standards of corporate governance on sustained basis so as to be an exemplary corporate citizen. Corporate Governance provides corporates with a framework to pursue the objectives of the organisation effectively. Your Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company, which are pre-requisites for attaining sustainable growth in this competitive corporate world.

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 always committed to good Corporate Governance and application of best management practices for safeguarding the interest of all stakeholders. The principles of transparency and integrity are reflected in its activities. Your company seeks to focus on regulatory compliances, complying with all the provisions of listing agreement and applicable Corporate Governance Norms with all the modifications within the prescribed time, thereby giving stress on essential pre-requisites of corporate governance.

2. BOARD OF DIRECTORS

COMPOSITION AND CATEGORY

In accordance with the law, the Board of Directors is the supreme management body of the company. The Board provides leadership, strategic guidance and independent view to the company's management while discharging its responsibilities. The Board consists of distinguished persons having requisite knowledge and expertise in business & industry, corporate finance, taxation, legal matters, risk management 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

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 Ltd) in which Chairman / Chairperson / Member	
			Chairman / Chairperson	Member @
Shri Gopal Das Bangur	Promoter Executive Chairman	5	1	2
Shri Hemant Bangur	Promoter Non-Executive	12	Nil	Nil
Shri Bhaskar Mitter	Independent Non-Executive	3	2	6
Smt. Nandita Sen	Independent Non-Executive	Nil	Nil	Nil
Shri Rehati Ranjan Dash	Independent Non-Executive	Nil	Nil	Nil
Shri Krutibas Mahapatra	Independent Non-Executive	Nil	Nil	Nil
Dr. Prabir Ray	Independent Non-Executive	Nil	Nil	Nil
Shri Dharam Chand Baheti	Non-Promoter Executive	4	Nil	Nil

(#) - 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 business and the financial performance of the company. The yearly calendar of the meetings is finalized before the beginning of the year and additional meetings are held when necessary. 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 function is not limited to matters requiring statutorily the Board's approval. The Board is involved in all the important decisions relating to the company and policy matters, strategic business plans, new avenues of investment and expansion, 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. The Minutes of the Board Meetings of the subsidiary companies are also regularly placed before the Board Meetings of the Company.

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

During the financial year ended 31st March, 2012, four Board Meetings were held on 12th May, 2011, 6th August, 2011, 15th November, 2011, and 14th February, 2012. 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 6th August, 2011
Shri Gopal Das Bangur	3	Yes
Shri Hemant Bangur	4	Yes
Shri Bhaskar Mitter	3	Yes
Smt. Nandita Sen	4	Yes
Shri Rebati Ranjan Dash	2	No
Shri Krutibas Mahapatra	4	Yes
Dr. Prabir Ray	4	Yes
Shri Dharam Chand Baheti	4	Yes

3. AUDIT COMMITTEE

BROAD TERMS OF REFERENCE

The Audit Committee assists the Board in discharging its responsibilities regarding compliance with legal and regulatory requirements, the quality and integrity of the accounting, auditing, reporting practices & financial disclosures of the Company. 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;
- Reviewing the financial statements & in particular investments made by the unlisted subsidiaries of the Company.

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 31st March, 2012.

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 the members of the Committee are well versed with finance & accounts, legal matters, company law, corporate affairs and general business practices. The Committee is empowered to seek any information it requires from any employee or to obtain legal or other independent professional advice when considered necessary. 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 Meeting 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 Hemant Bangur	Member	Non-Executive
Shri Bhaskar Mitter	Member	Independent, Non-Executive
Shri Krutibas Mahapatra	Member	Independent, Non-Executive

MEETINGS AND ATTENDANCE

During the financial year ended 31st March, 2012, four Audit Committee Meetings were held on 12th May, 2011, 6th August, 2011, 15th November, 2011, and 14th February, 2012. The Audit Committee also met prior to the finalisation of accounts for the year ended 31st March, 2012.

The attendance at the Audit Committee Meetings is as under:

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

The Company Secretary was present at all the above meetings.

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

The Remuneration Committee is constituted to formulate and recommend to the Board from time to time, a compensation structure for the Whole-time Directors of the Company. The terms of reference of the Committee includes:

- Reviewing the overall compensation policy, service agreements and other employment conditions of Whole-time Directors;
- Reviewing the performance of the Whole-time 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 Krutibas Mahapatra	Chairman	Independent, Non-Executive
Shri Hemant Bangur	Member	Non-Executive
Shri Bhaskar Mitter	Member	Independent, Non-Executive
Smt Nandita Sen	Member	Independent, Non-Executive

MEETINGS AND ATTENDANCE

During the financial year ended 31st March 2012, two Remuneration Committee Meetings were held on 12th May, 2011 and 15th November, 2011.

The attendance at the Remuneration Committee Meetings is as under:

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

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 Eighteenth Annual General Meeting of the Company held on 29th September, 2010, 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 year commencing from 1st April, 2010, actual amount as approved by the Board. 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.

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 recommended by the Remuneration Committee 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, 2012

NON-EXECUTIVE DIRECTORS

Name of the Director	Commission * ₹	Sitting Fees ₹
Shri Hemant Bangur	3,00,000	72,000
Shri Bhaskar Mitter	3,00,000	56,000
Smt Nandita Sen	3,00,000	72,000
Shri Rebati Ranjan Dash	3,00,000#	16,000#
Shri Krutibas Mahapatra	3,00,000	72,000
Dr. Prabir Ray	3,00,000	32,000

* Payable in 2012-13 for 2011 -12

Amount paid /payable to LIC of India

WHOLE-TIME DIRECTORS

Name of the Director	Salary ₹	Benefits ₹	Commission * ₹	Service Contract
Shri Gopal Das Bangur	49,50,000	18,68,311	75,00,000	3 Years
Shri Dharam Chand Baheti	23,40,000	20,75,606	30,00,000	5 Years

* Payable in 2012-13 for 2011 -12

5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

FUNCTIONS

The Board of Gloster 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, rematerialised, 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 Registrar & Share Transfer Agents, 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: -

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

Share transfer formalities is done fortnightly by the Registrar & Share Transfer Agents, 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 & Share Transfer Agents, M/s. 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
Shri Bhaskar Mitter	Member	Independent, Non-Executive
Smt Nandita Sen	Member	Independent, Non-Executive
Shri Krutibas Mahapatra	Member	Independent, Non-Executive

COMPLIANCE OFFICER

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

MEETING AND ATTENDANCE

During the financial year ended 31st March 2012, four Shareholders' / Investors' Grievances Committee meetings were held on 12th May, 2011, 6th August, 2011, 15th November, 2011, and 14th February, 2012.

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
Shri Bhaskar Mitter	3
Smt. Nandita Sen	4
Shri Krutibas Mahapatra	4

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 31st March, 2012 were 1. There were no complaints outstanding as on 31st March, 2012. The number of share transfers and requests for dematerialisation pending as on 31st March, 2012 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. SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

7. CEO / CFO CERTIFICATION

As required by Clause 49 V of the Listing Agreement, the CEO / CFO Certificate signed by Shri Gopal Das Bangur, CEO and Shri Ajay Kumar Agarwal, CFO was placed before the Board of Directors at their meeting held on 26th May, 2012.

8. GENERAL BODY MEETINGS

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

Financial Year	Date of Meeting	Type	Location of the Meeting	Time
2008-09	22nd August, 2009	AGM	Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020	11.00 A.M.
2009-10	29th September, 2010	AGM	Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020	02.30 P.M.
2010-11	6th August, 2011	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	Change of Name of the Company	Commission to Non-Executive Director	Commencement of Business u/s 149(2A)
22nd August, 2009	AGM	Yes	–	–	–
29th September, 2010	AGM	–	Yes	Yes	–
6th August, 2011	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.

9. 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, 2012 and a declaration to this effect signed by Shri Gopal Das Bangur, Executive Chairman is forming part of this report.

10. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of Insider Trading by Company insiders. The code, inter alia, prohibits purchase and / or sale of shares of the company by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the company.

11. 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.36 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.

12. 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.

13. GENERAL SHAREHOLDER INFORMATION

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

14. COMPLIANCE CERTIFICATE

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Gloster Code of Conduct for the year ended 31st March, 2012.

Place : Kolkata
Dated : 26th May, 2012

For Gloster Limited
Gopal Das Bangur
Executive Chairman

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

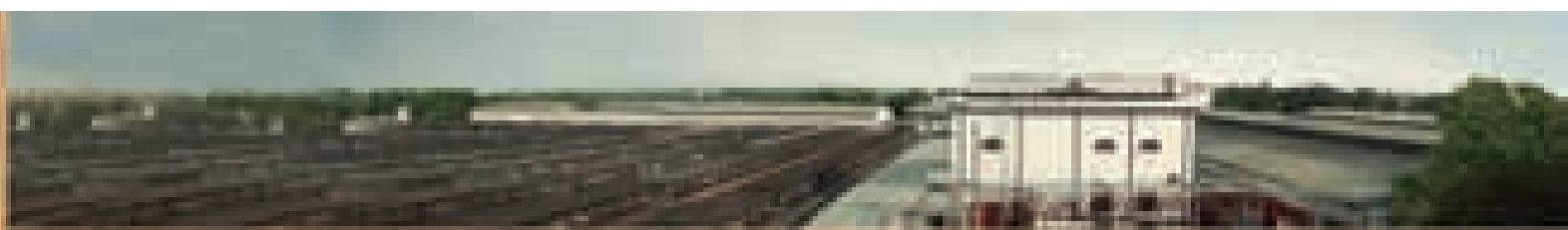
UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To The Members of Gloster Limited

I have examined the compliance of the conditions of Corporate Governance by Gloster Limited for the financial year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. 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
Date : 26th May, 2012

Sweety Kapoor
Practicing Company Secretary
Membership No. FCS 6410, CP No.5738



SHAREHOLDER INFORMATION

REGISTERED OFFICE : 21, Strand Road, Kolkata – 700 001, Telephone no : +91 33 2230 9601(4 lines)

ANNUAL GENERAL MEETING : **Date and Time**: 9th, August, 2012 at 11.00 A.M

Venue : Shripati Singhanian Hall, Rotary Sadan,
94/2, Chowringhee Road, Kolkata 700 020

FINANCIAL CALENDAR

Financial reporting for the quarter ending June 30, 2012 : Mid August, 2012
 Financial reporting for the half year ending September 30, 2012 : Mid November, 2012
 Financial reporting for the quarter ending December 31, 2012 : Mid February, 2013
 Financial reporting for the year ending March 31, 2013 : End May, 2013

DATE OF BOOK CLOSURE: 3rd August, 2012 to 9th August, 2012 (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 10th August, 2012 to those members, whose names appear on the Company's Register of Members as holders of equity shares in physical form on 9th August, 2012. 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 2nd August, 2012.

LISTING ON STOCK EXCHANGE

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

Annual Listing Fees as prescribed have been paid to the Calcutta Stock Exchange for the year 2012-2013.

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

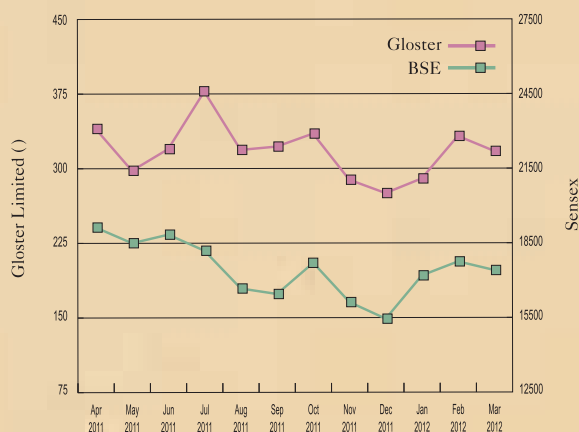
STOCK MARKET DATA

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.

	BSE		
	HIGH (₹)	Low (₹)	Volume (No of Shares)
APRIL, 2011	377.80	305.00	16,170
MAY, 2011	374.45	290.00	6,044
JUNE, 2011	357.00	265.00	12,437
JULY, 2011	411.80	310.10	20,173
AUGUST, 2011	389.50	305.00	15,631
SEPTEMBER, 2011	349.50	267.00	1,95,004
OCTOBER, 2011	366.00	311.70	12,243
NOVEMBER, 2011	349.90	275.10	42,131
DECEMBER, 2011	311.00	265.00	8,921
JANUARY, 2012	313.95	276.00	17,219
FEBRUARY, 2012	372.00	286.10	61,176
MARCH, 2012	349.45	307.00	64,732

PARTICULARS	BSE
No. of Shares traded	4,71,881
Highest Share Price (₹)	411.80
Lowest Share Price (₹)	265.00
Closing share price as on 31st March, 2012 (₹)	317.30
Market Capitalisation as on 31st March, 2012 (₹)	8,302.85 lakhs

Movement of Gloster Share Price With BSE Sensex
 (Based on Monthly Closing of BSE Sensex & Gloster)



REGISTRAR & SHARE TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd floor,
Kolkata 700 001
Tel: +91 33 2243 5809
Fax: +91 33 2248 4787
e-mail : mdpl@cal.vsnl.net.in

SHARE TRANSFER SYSTEM

The transfer of shares in physical form is processed and completed by M/s. 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 31ST MARCH, 2012

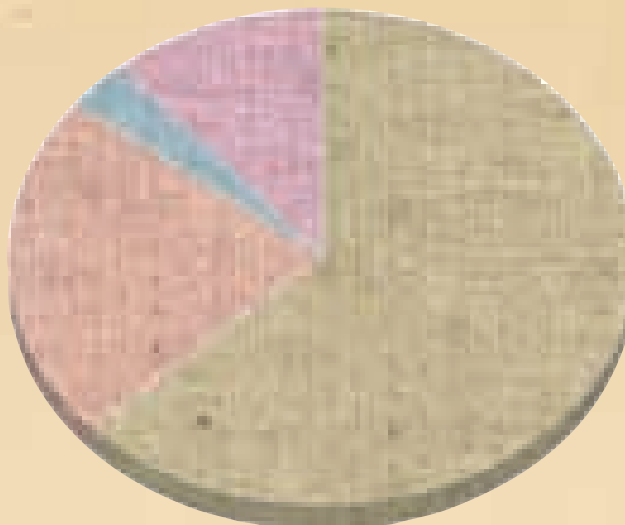
No. of equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	1,861	93.38	1,46,052	5.58
501 to 1000	59	2.96	43,252	1.65
1001 to 2000	37	1.86	54,716	2.09
2001 to 3000	12	0.60	29,851	1.14
3001 to 4000	3	0.15	10,672	0.41
4001 to 5000	1	0.05	4,372	0.17
5001 to 10000	3	0.15	20,180	0.77
10001 and above.	17	0.85	23,07,625	88.19
GRAND TOTAL	1,993	100.00	26,16,720	100.00

SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012

CATEGORY	NO. OF SHARES HELD	% OF SHARE CAPITAL
A. PROMOTER'S HOLDING		
Promoters		
a. Indian Promoters	16,47,906	62.97
b. Foreign Promoters	—	—
Sub-total	16,47,906	62.97
B. NON-PROMOTER'S HOLDING		
1. Institutional Investors		
a. Mutual Funds and UTI	—	—
b. Banks, Financial Institutions, Insurance Companies	5,93,178	22.67
c. FIs	—	—
Sub-total	5,93,178	22.67
2. Others		
a. Bodies Corporate	86,613	3.31
b. Indian Public	2,85,682	10.92
c. NRIs	3,341	0.13
Sub-total	3,75,636	14.36
GRAND TOTAL	26,16,720	100.00

SHAREHOLDING PATTERN

Promoters	– 62.97%
Banks, Financial Institutions and Insurance Companies	– 22.67%
Bodies Corporate	– 3.31%
General Public and Others	– 11.05%



DEMATERIALISATION OF SHARES AND LIQUIDITY

97.60% of the equity shares of the Company have been dematerialised as on 31st March, 2012. 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 DEMATERIALISATION AS ON 31ST MARCH, 2012

PARTICULARS	NO. OF SHARES	% TO TOTAL CAPITAL	NO. OF ACCOUNTS
National Securities Depository Limited	21,63,062	82.66	1,055
Central Depository Services (India) Limited	3,90,800	14.94	428
Total Dematerialised	25,53,862	97.60	1,483
Physical	62,858	2.40	510
Grand Total	26,16,720	100.00	1,993

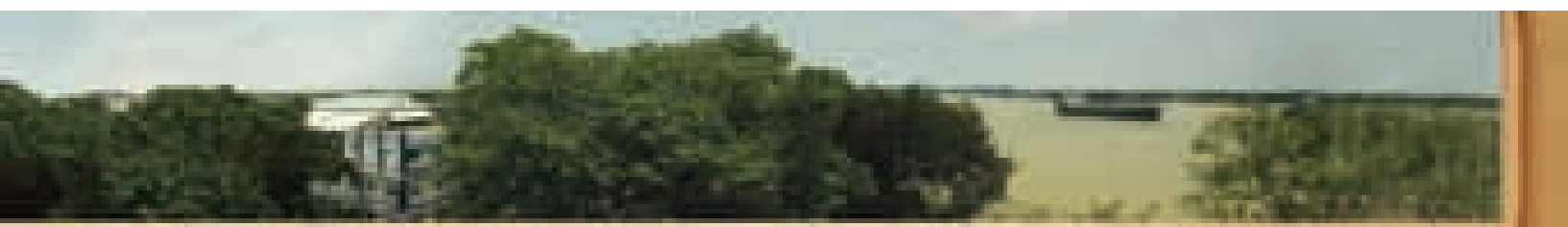
OUTSTANDING GDRS / ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

– 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
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
2009-2010	29th September, 2010	4th November, 2017
2010-2011	6th August, 2011	11th September, 2018



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 & Share Transfer Agents.

ELECTRONIC CLEARING SERVICE

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 National Electronic Clearing Services (NECS) to the investors wherever NECS and bank details are available, in the absence of NECS 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 : +91 33 2243 5809 Fax: +91 33 2248 4787 E-mail : mdpl@cal.vsnl.net.in	21, Strand Road, Kolkata-700 001 Tel: +91 33 2230 9601 (4 lines) Fax: +91 33 2210 6167, 2231 4222 E-mail: info@glosterjute.com shares@glosterjute.com

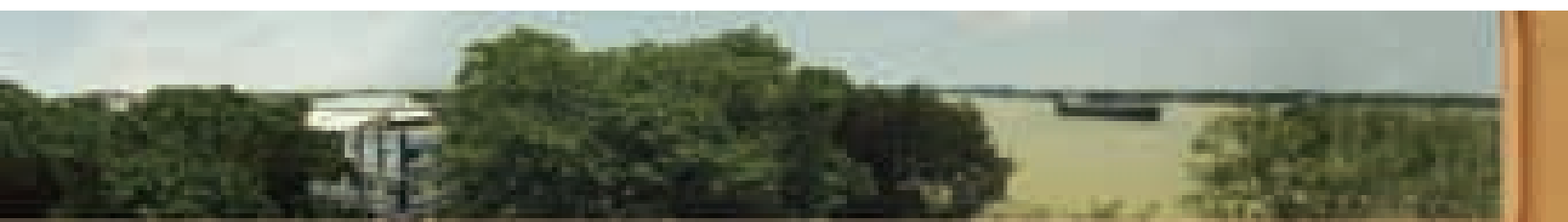
RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital 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 LIMITED

1. We have audited the attached Balance Sheet of Gloster Limited (the "Company") as at 31st March, 2012, and the related Statement of Profit and Loss 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. *We draw your attention to Note 24 on Notes to Accounts, in relation to the recognition of ₹ 546.00 lakhs towards compensation from insurance company towards loss of certain items of inventory due to fire during the year ended 31st March, 2011, in spite of the awaited approval of the insurance claim and uncertainties as to the amount that may be approved by the insurance company; which does not meet the requirement to consider prudence in selection of accounting policies, as set out in Accounting Standard 1 – "Disclosure of Accounting Policies". Had the aforesaid insurance claim not been recognised in keeping with the consideration of prudence, Other Income would have been ₹ 113.82 lakhs instead of the reported amount of ₹ 659.82 lakhs, profit before tax for the year would have been ₹ 2,217.27 lakhs instead of the reported amount of ₹ 2,763.27 lakhs, current tax for the year would have been ₹ 754.85 lakhs instead of the reported amount of ₹ 932 lakhs, profit after tax for the year would have been ₹ 1,524.68 lakhs instead of the reported amount of ₹ 1,893.53 lakhs, earnings per share (basic and diluted) would have been ₹ 58.27 instead of the reported amount of ₹ 72.36 per share, Current Assets would have been ₹ 8,772.43 lakhs instead of the reported amount of ₹ 9,318.43 lakhs, Short Term Provisions would have been ₹ 812.06 lakhs instead of the reported amount of ₹ 989.21 lakhs and Reserves & Surplus would have been ₹ 26,885.54 lakhs instead of the reported amount of ₹ 27,254.39 lakhs.*
5. 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) Except for the effects of the matter referred to in paragraph 4 above, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- 
- (d) Except for the matter referred to in paragraph 4 above, in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 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 *except for the effects of the matter referred to in paragraph 4 above*, 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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.

Kolkata

Date: 26th May, 2012

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

Prabal Kr. Sarkar
Partner
Membership No. 52340



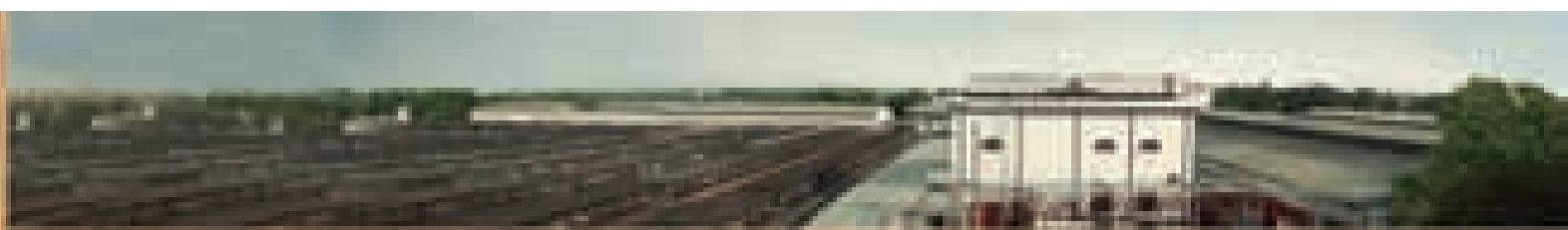
ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gloster Limited on the financial statements as of and for the year ended 31st March, 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of four 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 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. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable.
(b) The Company has taken unsecured loan, from one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregated to ₹ 95.98 lakhs and ₹ 95.98 lakhs, respectively.
(c) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
(d) In respect of the aforesaid loan, the Company is regular in repaying the principal amounts, as stipulated, and is also regular in payment of interest, as applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business 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 system.
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.

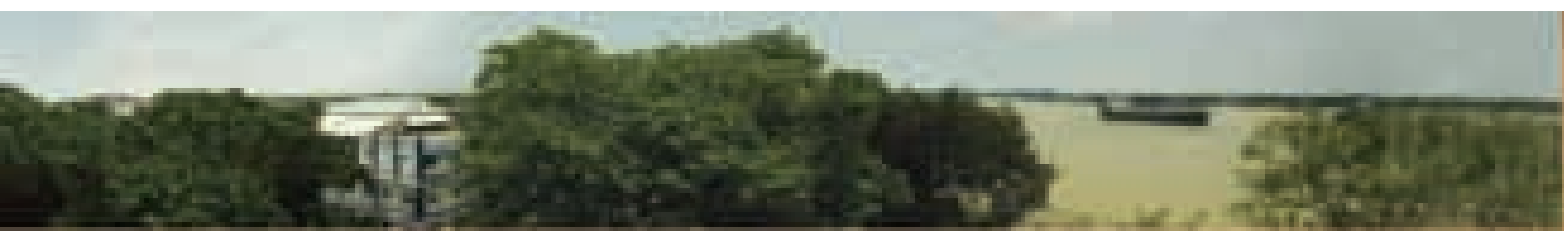
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to 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 the 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 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 and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax as at 31st March, 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	9,210	1995-1996	Appellate and Revisional Board of Commercial Taxes, West Bengal
Central Sales Tax Act, 1956	Central Sales Tax	2,91,540	2001-2002	Calcutta High Court
Central Sales Tax Act, 1956	Central Sales Tax	1,19,610	2002-2003	Calcutta High Court
West Bengal Sales Tax Act, 1994	West Bengal Sales Tax	3,00,900	2002-2003	West Bengal Taxation Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	4,43,167	2003-2004	Calcutta High Court
West Bengal Sales Tax Act, 1994	West Bengal Sales Tax	9,45,191	2003-2004	West Bengal Taxation Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	2,38,951	2004-2005	Appellate and Revisional Board of Commercial Taxes, West Bengal



Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
West Bengal Sales Tax Act, 1994	West Bengal Sales Tax	5,04,168	2004-2005	Appellate and Revisional Board of Commercial Taxes, West Bengal
Central Sales Tax Act, 1956	Central Sales Tax	8,44,112	2005-2006	Appellate and Revisional Board of Commercial Taxes, West Bengal
Central Sales Tax Act, 1956	Central Sales Tax	3,56,169	2006-2007	Appellate Authority
West Bengal VAT Act, 2003	West Bengal Sales Tax	34,87,307	2006-2007	Appellate Authority
Central Sales Tax Act, 1956	Central Sales Tax	7,76,075	2008-2009	Appellate Authority
West Bengal VAT Act, 2003	West Bengal Sales Tax	39,89,206	2008-2009	Appellate Authority

10. The Company has no accumulated losses.
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. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
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, the term loans have been applied, on an overall basis, 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 a 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 does not have any debentures outstanding as at the 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 any such case by the Management.

Place : Kolkata
Dated : 26h May, 2012

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. 52340

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	261.67	261.67
Reserves and Surplus	4	27,254.39	26,652.53
		27,516.06	26,914.20
Non-current Liabilities			
Long-term borrowings	5	589.88	786.87
Deferred tax liabilities (net)	6	606.75	669.02
Other long term liability	7	95.51	-
Long-term provisions	8	110.12	97.52
		1,402.26	1,553.41
Current Liabilities			
Short-term borrowings	9	4,220.00	5,236.16
Trade Payables	10	417.98	538.45
Other current liabilities	11	1,718.43	1,650.25
Short-term provisions	12	989.21	489.23
		7,345.62	7,914.09
Total		36,263.94	36,381.70
ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	13	25,178.65	25,647.03
Intangible assets	14	12.08	8.23
Capital work-in-progress		340.15	531.50
Non-current investments	15	820.30	15.30
Long-term loans and advances	16	594.33	578.01
		26,945.51	26,780.07
Current assets			
Current investments	17	200.00	-
Inventories	18	5,551.29	7,462.00
Trade Receivables	19	1,194.64	975.48
Cash and Bank balances	20	1,357.15	324.34
Short-term loans and advances	21	987.42	812.55
Other current assets	22	27.93	27.26
		9,318.43	9,601.63
Total		36,263.94	36,381.70
Corporate Information	1		
Summary of significant accounting policies	2		

The notes are an integral part of these financial statements.
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. 52340

Ajay Kumar Agarwal
Company Secretary

G. D. Bangur Executive Chairman
Hemant Bangur Vice Chairman
Bhaskar Mitter
Nandita Sen
R. R. Dash Directors
K. Mahapatra
Prabir Ray
D. C. Baheti Executive Director

Place : Kolkata
Dated : 26th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
INCOME			
Revenue from operations (gross)	23	31,089.02	30,910.28
Less: Excise Duty and R & D cess		228.68	223.92
Revenue from operations (net)		30,860.34	30,686.36
Other Income	24	659.82	230.32
Total Revenue		31,520.16	30,916.68
EXPENSES			
Cost of materials consumed	25	17,035.73	18,298.54
Purchase of traded goods		-	646.62
Changes in inventories of finished goods, stock-in-process and semi -finished goods	26	113.25	(1,178.23)
Employee benefits expense	27	4,921.33	4,530.94
Finance costs	28	518.38	477.18
Depreciation and amortization expense	29	642.05	602.06
Other expenses	30	5,526.15	4,765.58
Total Expenses		28,756.89	28,142.69
Profit before exceptional items and tax		2,763.27	2,773.99
Exceptional items	31	-	594.44
Profit before tax		2,763.27	2,179.55
Tax expense			
Current tax		932.00	735.00
Deferred tax		(62.26)	36.15
Total Tax expenses		869.74	771.15
Profit for the year		1,893.53	1,408.40
Earnings per equity share [nominal value per share ₹ 10 (31-03-2011 - ₹ 10)]			
Basic & Diluted	32	72.36	53.82
Corporate Information	1		
Summary of significant accounting policies	2		

The notes are an integral part of these financial statements.

This is the statement of Profit & Loss referred to in our report of even date.

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

Prabal Kr. Sarkar
Partner
Membership No. 52340

Ajay Kumar Agarwal
Company Secretary

G. D. Bangur Executive Chairman
Hemant Bangur Vice Chairman
Bhaskar Mitter
Nandita Sen
R. R. Dash Directors
K. Mahapatra
Prabir Ray
D. C. Baheti Executive Director

Place : Kolkata
Dated : 26th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year Ended 31st March, 2012		Year Ended 31st March, 2011	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
A. Cash Flow from Operating Activities				
Net profit before tax		2,763.27		2,179.56
Adjustments for :				
Depreciation and Amortisation Expenses	642.05		602.05	
Interest Expenses	491.91		439.61	
Net Profit on sale of Fixed Assets	(20.67)		(49.32)	
Net gain on sale of current investments	(0.01)		(6.66)	
Unrealised (Gain) / Loss on exchange (net)	(17.62)		0.24	
Interest Income	(41.09)		(82.00)	
Dividend income on current investments	(2.20)		(3.18)	
Bad Debts written off	5.54		-	
Provision for employee benefits (net)	(60.50)		(40.88)	
Loss of stock damaged in fire	-		594.44	
Insurance claim receivable	(546.00)		-	
Liabilities no longer required written back	(2.46)		(11.99)	
Wealth Tax	-		0.03	
Provision for diminution in value of investments written back	(20.00)		-	
Investments written off	20.00		-	
		448.95		1,442.35
Operating profit before working capital changes		3,212.22		3,621.91
Adjustments for :				
Decrease/(Increase) in Inventories	1,910.71		(3,378.30)	
Decrease/(Increase) in Trade Receivables	(207.08)		(66.82)	
Decrease/(Increase) in Other Receivables	364.08		(424.65)	
(Decrease)/Increase in Trade and Other Payables	168.41		(1,103.07)	
		2,236.12		(4,978.17)
Cash generated from operations		5,448.34		(1,356.26)
Income Taxes paid (including Wealth Tax)		(754.29)		(932.06)
Net Cash from Operating Activities	A	4,694.05		(2,288.32)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(670.74)		(1,136.52)	
Sale of Fixed Assets	27.16		77.56	
Purchase of Current Investments	(780.00)		(4,745.00)	
Purchase of Long Term Investments in Subsidiaries [Refer note (c) below]	(805.00)		-	
Sale of Current Investments	580.01		4,751.66	
Interest received	40.42		81.25	
Dividend received	2.20		3.18	
Short-term loans given to Subsidiaries	(1,145.00)		-	
Short-term loans repaid by Subsidiaries	1,145.00		-	
Net Cash used in Investing Activities	B	(1,605.95)		(962.54)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year Ended 31st March, 2012		Year Ended 31st March, 2011	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
C. Cash Flow from Financing Activities				
Net proceeds / repayment of				
Short-term Borrowings	(1,048.09)		2,913.69	
Proceeds from Long-term Borrowings	304.96		1,243.28	
Repayment of Long-term Bank Borrowings	(594.73)		(295.99)	
Interest paid	(508.32)		(423.06)	
Dividend paid	(179.40)		(158.44)	
Dividend Taxes paid	(29.71)		(26.08)	
Net Cash used in Financing Activities		(2,055.29)		3,253.40
Net Increase in Cash & Cash Equivalents(A+B+C)		1,032.81		2.55
Cash and Cash Equivalents (Opening Balance)		324.34		321.79
Cash and Cash Equivalents (Closing Balance)	1,357.15		324.34	

Notes

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard -3, on Cash Flow Statement as per Companies Accounting Standard Rules, 2006.
- Closing balance of Cash and Cash Equivalents represent "Cash and Bank balances" and includes ₹ 12.76 lakhs (31.03.2011 ₹ 8.99 lakhs) lying in designated accounts with banks on account of unclaimed dividends and ₹ 127.87 lakhs (31.03.2011 ₹ 101.16 lakhs) on account of margin money deposits which are not available for use by the Company.
- The entire investments in subsidiaries has been made through cash & cash equivalents.
- Previous year's figures have been regrouped/ rearranged wherever necessary.

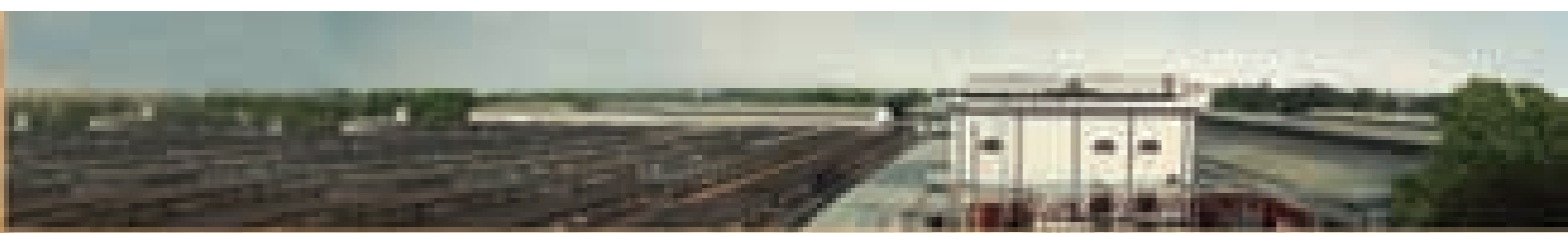
This is the Cash Flow statement referred to in our report of even date.

Place : Kolkata
Dated : 26th May, 2012

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. 52340

Ajay Kumar Agarwal
Company Secretary

G. D. Bangur Executive Chairman
Hemant Bangur Vice Chairman
Bhaskar Mitter
Nandita Sen
R. R. Dash
K. Mahapatra
Prabir Ray Directors
D. C. Baheti Executive Director



Notes to the Financial Statements

1. Corporate Information

Gloster Limited is a public company incorporated on 18th February, 1992 under the provisions of the Companies Act, 1956. Gloster is a leading manufacturer & exporter of all types of Jute & Jute allied products, Woven & Non-Woven Jute Geotextiles, Treated Fabric-Rot Proof, Fire Retardant, Jute Products for Interior Decoration & Packaging of Industrial & Agricultural Produce. The Company also produces Jute & Cotton Shopping Bags & Made Ups. Gloster exports Jute goods to various countries spread over the World. The Company's manufacturing facilities are located at Bauria on the banks of Holy Ganges in West Bengal. The Equity shares of the Company are listed on The Calcutta Stock Exchange Ltd. (CSE). Bombay Stock Exchange Ltd. (BSE) has permitted the Equity shares of the Company for trading under the "B" group.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention, except for certain tangible assets acquired before 31st March, 2010 which are carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

2.3 Tangible Assets and Depreciation

a) All items of land, building and plant and machinery at company's factory at Bauria, Howrah are revalued and restated at valuation by an approved valuer at net 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.



Notes to the Financial Statements

- b) Other tangible 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. No depreciation is provided on Freehold Land.
- d) Profit and Loss on disposal of tangible assets is recognised in the Statement of Profit and Loss.
- e) An impairment loss is recognized where applicable when the carrying value of tangible asset exceeds its market value or value in use whichever is higher.

2.4 Intangible Assets and Amortization

- a) Intangible assets are stated at cost of acquisition including duties, taxes and expenses incidental to acquisition and installation.
- b) Intangible assets comprising of computer software is depreciated on straight line method over a period of five years.
- c) Profit and Loss on disposal of Intangible assets is recognised in the statement of Profit and Loss.
- d) An impairment loss is recognized where applicable when the carrying value of intangible asset exceeds its market value or value in use whichever is higher.

2.5 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

Dividend income is recognised when the right to receive dividend is established

2.6 Subsidy and Export incentive

Subsidy and export incentive 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 Statement of Profit and Loss. 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.

2.7 Inventories

Raw materials, Stores and Spares parts and components 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.



Notes to the Financial Statements

2.8 Employee Benefit

a) 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.

b) Defined Benefit Plans

The Company provides for gratuity covering eligible employees in accordance with Payment of Gratuity Act, 1972.

Accrued liability determined based on actuarial valuation (using the Projected Unit Credit Method) as at the year end in respect of future payment of gratuities are charged against revenue every year.

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

c) Compensated absences

Accrued liability in respect of leave encashment benefit on retirement is accounted for on the basis of actuarial valuation (using the Projected Unit Credit Method) as at the year end and charged to revenue every year.

Compensated absences comprising of entitlement to accumulation of Sick Leave is provided for based on actuarial valuation at the end of the year.

d) Other 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.

2.9 Research & Development Cess and Excise Duty

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

2.10 Sales

Sales is stated net of sales tax. Sale is recognised on transfer of substantial risks and rewards of ownership in goods to the buyer.



Notes to the Financial Statements

2.11 Interest Income

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

2.12 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 Statement of Profit and Loss .

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.

2.13 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.

2.14 Borrowing Cost

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.

2.15 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.

Notes to the Financial Statements

3. Share Capital

Authorised

2,50,00,000 (31-03-2011 - 2,50,00,000)
Equity Shares of ₹ 10/- each

Issued, Subscribed and Fully Paid-up

26,16,720 (31-03-2011 - 26,16,720)
Equity Shares of ₹ 10/- each

Total

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
2,500.00	2,500.00
261.67	261.67
261.67	261.67

(a) Reconciliation of number of equity shares

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	₹ lakhs	No. of Shares	₹ lakhs
Balance as at the beginning and end of the year	26,16,720	261.67	26,16,720	261.67

(b) Rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of equity shares are eligible to receive the remaining assets of the company after distribution of all the preferential amounts, in proportion to their shareholding.

(c) Shares allotted as fully paid up by way of bonus shares and pursuant to contract(s) without payment being received in cash

	As at 31st March, 2012	As at 31st March, 2011
	No. of Shares	No. of Shares
Equity shares allotted as fully paid -up pursuant to contract (s) without payment being received in cash	2,17,360	2,17,360
Equity shares allotted as fully paid up bonus share by way of capitalisation of General Reserve in 2002-03	6,54,180	6,54,180
Equity shares allotted as fully paid up bonus share by way of capitalisation of General Reserve in 2008-09	13,08,360	13,08,360

(d) Details of shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% Holding	No. of Shares	% Holding
Life Insurance Corporation of India	5,88,890	22.50	6,19,036	23.66%
Kettlewell Bullen & Company Limited	4,61,972	17.65	4,12,880	15.78%
The Oriental Company Limited	3,77,504	14.43	3,77,504	14.43%
Madhav Trading Corporation Limited	2,52,117	9.63	2,52,117	9.63%
Joonktollie Tea & Industries Limited	—	—	1,54,232	5.89%
Credwyn Holdings (India) Pvt. Limited	1,79,465	6.86	1,50,668	5.76%

Notes to the Financial Statements

4. Reserves and Surplus

Capital Reserve

Securities Premium Account

Revaluation reserve

Balance as at the beginning of the year

Less:

- i) Amount transferred to the Statement of Profit and Loss as reduction from depreciation and amortization expense
- ii) Adjustment on account of disposal of Tangible Assets
Less: Depreciation on account of disposal of Tangible Assets

Balance as at the end of the year

General Reserve

Balance as at the beginning of the year

Add:

Transferred from Surplus in the Statement of Profit and Loss during the year

Balance as at the end of the year

Surplus in the Statement of Profit and Loss

Balance as at the beginning of the year

Profit for the year

Less : Appropriations

- i) Proposed dividend on equity shares for the year- ₹ 10/- per share (2010-11- ₹ 7/- per share)
- ii) Proposed as Special dividend- "20 years of Gloster's Operations" on equity shares for the year ₹ 10/- per share (2010-11- ₹ nil per share)

Total Dividend

Dividend distribution tax on proposed dividend on equity shares transfer to General Reserve

Balance as at the end of the year

Total

	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
Capital Reserve	150.00	150.00
Securities Premium Account	174.45	174.45
Revaluation reserve		
Balance as at the beginning of the year	19,790.54	20,584.43
Less:		
i) Amount transferred to the Statement of Profit and Loss as reduction from depreciation and amortization expense	652.47	657.45
ii) Adjustment on account of disposal of Tangible Assets	37.55	140.07
Less: Depreciation on account of disposal of Tangible Assets	6.59 30.96	3.63 136.44
Balance as at the end of the year	19,107.11	19,790.54
General Reserve		
Balance as at the beginning of the year	6,182.88	5,082.88
Add:		
Transferred from Surplus in the Statement of Profit and Loss during the year	1,100.00	1,100.00
Balance as at the end of the year	7,282.88	6,182.88
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	354.66	259.14
Profit for the year	1,893.53	1,408.40
Less : Appropriations		
i) Proposed dividend on equity shares for the year- ₹ 10/- per share (2010-11- ₹ 7/- per share)	261.67	183.17
ii) Proposed as Special dividend- "20 years of Gloster's Operations" on equity shares for the year ₹ 10/- per share (2010-11- ₹ nil per share)	261.67	-
Total Dividend	523.34	183.17
Dividend distribution tax on proposed dividend on equity shares transfer to General Reserve	84.90	29.71
	1,100.00	1,100.00
Balance as at the end of the year	539.95	354.66
Total	27,254.39	26,652.53

Notes to the Financial Statements

5. Long-term borrowings

Secured

Term Loans

From Banks [Refer note (a) below]

Unsecured

Term Loans

Other Loan [Refer note (b) below]

Total

	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
From Banks [Refer note (a) below]	532.44	786.87
Other Loan [Refer note (b) below]	57.44	–
Total	589.88	786.87

(a) Nature of security and terms of repayment for secured borrowings (including current maturities of Long Term borrowings in note – 11)

Nature of Security	Terms of repayment
Term loan from banks amounting to ₹ NIL (31.03.2011 ₹ 61.65 lakhs) are secured by equitable mortgage of factory land and building, hypothecation of all plant & machinery and all other fixed assets of the Company and also guaranteed by Kettlewell Bullen & Company Limited.	Repayable in 28 equal quarterly instalments beginning from 8th June 2004 along with interest of 12.25% p.a.
Term loan from banks amounting to ₹ 79.63 lakhs (31.03.2011 ₹ 265.83 lakhs) are secured by equitable mortgage of factory land and building, hypothecation of all plant & machinery and all other fixed assets of the Company and also guaranteed by Kettlewell Bullen & Company Limited.	Repayable in 23 equal quarterly instalments beginning from 2nd May 2007 along with interest of 13.75% p.a.
Term loan from banks amounting to ₹ 700.90 lakhs (31.03.2011 ₹ 850.27 lakhs) are secured by equitable mortgage of factory land and building, hypothecation of all plant & machinery and all other fixed assets of the Company and also guaranteed by and Kettlewell Bullen & Company Limited.	Repayable in 25 equal quarterly instalments beginning from March 2011 along with interest of 11.75% p.a.
Term loan from banks amounting to ₹ 41.43 lakhs (31.03.2011 ₹ 73.36 lakhs) are secured by hypothecation of the assets acquired under the loan	Repayable in 36 equal monthly instalments from the date of the loan along with interest of 8.40 % p.a.
(b) Term of re-payment for Unsecured Borrowing	Terms of repayment
Other Loan	Repayable in 26 equal quarterly instalments beginning from third quarter of 2012-13 along with interest of 16.00 % p.a.

Notes to the Financial Statements

6. Deferred tax liabilities (net)	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
Deferred tax liabilities		
Depreciation	628.46	694.03
Deferred tax assets		
Provision for leave encashment	10.97	14.01
Other timing differences	10.74	11.00
	21.71	25.01
Total [Refer note (a) below]	606.75	669.02

(a) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

7. Other long term liability	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
Other long term liability	95.51	-
Total	95.51	-

8. Long-term provisions	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
Provision for Employee Benefits (also refer note 27)		
Provision for Compensated absences	110.12	97.52
Total	110.12	97.52

9. Short-term borrowings	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
Secured		
Cash Credit from Banks [Refer note (a) and (b) below]	2,778.99	3,647.07
Working Capital Loan from Banks [Refer note (a) below]	950.00	500.00
Loan from Life Insurance Corporation of India [Refer note (c) below]	491.01	339.09
	4,220.00	4,486.16
Unsecured		
Other Loans	-	750.00
Total	4,220.00	5,236.16

Notes:

- (a) Cash Credit and Working Capital Loan amounting to ₹ 2,778.99 lakhs (31.03.2011 ₹ 3,047.07 lakhs) and ₹ 950 lakhs (31.03.2011 ₹ 500 lakhs) respectively are secured by hypothecation of stock of raw material, stock-in-process, finished goods, stores & consumables, book debts and other current assets of the Company.
- (b) Cash Credit amounting ₹ 2,778.99 lakhs (31.03.2011 ₹ 2,375.86 lakhs) is also guaranteed by Kettlewell Bullen & Company Limited.
- (c) Loan from Life Insurance Corporation of India amounting to ₹ 491.01 lakhs (31.03.2011- ₹ 339.09 lakhs) is secured against insurance policies.

Notes to the Financial Statements

10. Trade Payables

Trade payables (Refer note 38 for details of dues to Micro, Small and Medium Enterprises)

Total

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
417.98	538.45
417.98	538.45

11. Other current liabilities

Current maturities of long-term debt (also refer note 5)
 Advances received from customers
 Interest accrued and due on borrowings
 Interest accrued but not due on borrowings
 Unpaid Dividends [Refer note (a) below]
 Statutory dues
 Directors' commission
 Electricity dues
 Others

Total

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
317.77	442.90
185.20	133.17
10.28	25.59
7.28	8.38
12.76	8.99
35.64	39.70
123.00	80.00
167.08	102.92
859.42	808.60
1,718.43	1,650.25

(a) There are no amounts due for payment for the Investor Education and Protection Fund under Section 205 C of the Companies Act, 1956 as at the end of the year.

12. Short-term provisions

Provision for Employee Benefits (also refer note 26)

Provision for Gratuity

Provision for compensated absences

Other Provisions

Proposed Dividend

Provision for Dividend Distribution Tax

Provision for Taxation (Net)

Total

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
60.94	140.45
42.01	35.59
523.34	183.17
84.90	29.71
278.02	100.31
989.21	489.23

Notes to the Financial Statements

13. Tangible assets

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost / Valuation as at 1st April, 2011 [Note(a)] ₹ lakhs	Additions during the Year ₹ lakhs	Sale/Adjustment during the Year [Note(b)] ₹ lakhs	Cost / Valuation as at 31st March, 2012 ₹ lakhs	For the year ₹ lakhs	Sale/Adjustment during the Year ₹ lakhs	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
Freehold Land	10,521.53	-	-	10,521.53	-	-	10,521.53	10,521.53
Buildings	7,471.06	252.06	20.00	7,703.12	244.96	-	840.88	6,862.24
Tube wells	5.60	-	-	5.60	0.18	-	3.65	1.95
Plant and Equipment	11,726.51	334.91	197.79	11,863.63	1,010.13	18.88	4,899.08	7,818.68
Electric Installation	300.18	30.65	-	330.83	14.29	-	91.04	223.43
Furniture and Fixtures	49.40	309.03	-	358.43	2.40	-	17.21	34.59
Office Equipment	55.09	75.96	-	131.05	2.58	-	22.71	34.96
Launches	0.04	-	-	0.04	-	-	0.03	0.01
Vehicles	165.52	22.71	7.69	180.54	16.04	3.48	41.52	136.56
TOTAL:	30,294.93	1,025.32	225.48	31,094.77	1,290.58	22.36	5,916.12	25,178.65
Previous year	29,576.95	992.88	274.90	30,294.93	1,255.64	93.57	4,647.90	25,647.04

(a) Consequent on revaluation of the Land, Buildings, Plant & Machinery at Company's factory at Bauria, Howrah by the Board at net replacement value as at 31.03.2010 as per valuation report of an approved valuer, the said assets were restated as at 31.03.2010 resulting in increase in the net book value of Land by ₹ 10,409.03 lakhs, Building by ₹ 4,772.03 lakhs and Plant & Machinery by ₹ 5,403.38 lakhs which has been credited to Revaluation Reserve.

(b) Adjustment to Plant & Machinery includes Subsidy received ₹ 145.69 lakhs (2010-11 ₹ 16.65 lakhs) and adjustment to Building includes Subsidy received of ₹ 20.00 lakhs (2010-11 nil).

14. Intangible assets

Particulars	GROSS BLOCK			AMORTIZATION			NET BLOCK	
	Cost / Valuation as at 1st April, 2011 ₹ lakhs	Additions during the Year ₹ lakhs	Sale/Adjustment during the Year ₹ lakhs	Cost / Valuation as at 31st March, 2012 ₹ lakhs	For the year ₹ lakhs	Sale/Adjustment during the Year ₹ lakhs	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
Computer Software	19.34	7.80	-	27.14	3.95	-	15.06	8.23
TOTAL:	19.34	7.80	-	27.14	3.95	-	15.06	8.23
Previous year	19.34	-	-	19.34	3.87	-	11.11	8.23

Notes to the Financial Statements

15. Non-current investments

Trade Investments (valued at cost unless stated otherwise)

Unquoted Equity instruments

Investment in Subsidiary

Gloster Lifestyle Limited

40,00,000 (31.03.2011 - nil)

Equity Shares of ₹ 10/- each fully Paid-Up

400.00

—

Gloster Specialities Limited

40,00,000 (31.03.2011 - nil)

Equity Shares of ₹ 10/- each fully Paid-Up

400.00

—

Gloster Gujrat Limited

50,000 (31.03.2011 - nil)

Equity Shares of ₹ 10/- each fully Paid-Up

5.00

—

Investment in Associate

Gloster Ultimo Limited

Nil (31.03.11 – 24,999) Equity Shares of £ 1 each fully Paid-Up

—

20.00

Other Investment (valued at cost unless stated otherwise)

Quoted Equity instruments

The Cochin Malabar Estates & Industries Limited

15,000 (31.03.2011 – 15,000)

Equity Shares of ₹ 10/- each fully Paid-Up

27.03

27.03

Total

832.03

47.03

Less : Provision for diminution in value of investments

11.73

31.73

Total

820.30

15.30

Aggregate amount of quoted investments

27.03

27.03

Market Value of quoted investments

8.27

15.30

Aggregate amount of unquoted investments

805.00

20.00

Notes to the Financial Statements

16. Long-term loans and advances

Unsecured, considered good (unless otherwise stated)

Capital Advance

Security Deposits

Total

	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
	9.27	5.34
	585.06	572.67
	594.33	578.01

17. Current investments

At cost or fair value, whichever is less

Unquoted

Investment in Mutual fund

UTI Treasury Advantage Fund -
Institutional Plan - Dividend Option
19,995.718 Units (31.03.2011- nil)

Total

	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
	200.00	-
	200.00	-

18. Inventories (Valued at lower of cost and net realisable value)

Raw materials

Stock-in-process

Semi Finished Goods

Finished Goods (includes in transit
₹ 326.17 lakhs, 31.03.2011 : ₹ 204.75 lakhs)

Stores and Spares

Total

	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
	2,163.57	4,102.30
	795.69	636.78
	218.89	434.67
	1,612.89	1,669.27
	760.25	618.98
	5,551.29	7,462.00

Notes to the Financial Statements

19. Trade Receivables

Unsecured, considered good

Outstanding for a period exceeding six months from the date they are due for payment

Others

Total

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
15.79	7.75
1,178.85	967.73
1,194.64	975.48

20. Cash and Bank balances

Cash and cash equivalents

Cash on hand

Balances with Banks :

In current accounts

Margin money deposits [Refer note (a) below]

Other Bank balances

Unpaid dividend account

Total

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
19.35	7.70
1,197.17	206.49
127.87	101.16
1,344.39	315.35
12.76	8.99
1,357.15	324.34

(a) Includes deposit of ₹ 0.21 lakh (31.03.2011 ₹ 0.46 lakh) with maturity of more than 12 months.

21. Short-term loans and advances

Unsecured, considered good (unless otherwise stated)

Security Deposits

Other Loans and Advances

Advances recoverable in cash or in kind or for value to be received

Prepaid Expenses

Balances with Government Authorities

Total

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
99.58	106.79
805.26	646.23
76.90	53.60
5.68	5.93
987.42	812.55

22. Other current assets

Unsecured, considered good

Interest accrued on security deposits

Interest subsidy receivable

Total

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
13.07	12.40
14.86	14.86
27.93	27.26

Notes to the Financial Statements

23. Revenue from operations

	Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
Sale of products		
Finished goods	30,766.38	29,815.00
Traded goods	–	847.13
	30,766.38	30,662.13
Other operating revenues		
Export incentive	322.64	248.15
Revenue from operations (gross)	31,089.02	30,910.28
Less : Excise duty and R&D Cess	228.68	223.92
Total	30,860.34	30,686.36

24. Other Income

	Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
Interest Income on		
Bank deposits	14.05	0.60
Other deposits	27.04	81.39
Dividend Income on current investments	2.20	3.18
Rent	2.97	2.99
Net Profit on sale of fixed asset	20.67	49.32
Net Gain on sale of current investments	0.01	6.66
Liabilities no longer required written back	2.46	11.99
Exchange differences (net)	12.06	60.56
Provision for Diminution in value of Investments written back	20.00	–
Miscellaneous Income [Refer note (a) below]	558.36	13.63
Total	659.82	230.32

(a) Miscellaneous Income includes Insurance claim receivable amounting to ₹ 546.00 lakhs.

25. Cost of materials consumed

	Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
Inventory at the beginning of the year	4,102.30	2,619.94
Add : Purchases (net) [Refer note (a) below]	15,097.00	19,780.90
	19,199.30	22,400.84
Less : Inventory at the end of the year	2,163.57	4,102.30
Total	17,035.73	18,298.54

(a) Purchases is net of discount received on prompt payment of supplier's bills amounting to ₹130.48 lakhs (2010-11 - ₹ 161.77 lakhs)

Notes to the Financial Statements

26. Changes in inventories of finished goods, stock-in-process and semi-finished goods

Inventories at the end of the year

Stock-in-Process

Semi- Finished Goods

Finished Goods

Total (A)

Less :

Inventories at the beginning of the year

Stock-in-Process

Semi- Finished Goods

Finished Goods

Total (B)

(Increase)/Decrease in inventories (B–A)

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
795.69	636.79
218.89	434.66
1,612.89	1,669.27
2,627.47	2,740.72
636.79	272.56
434.66	202.33
1,669.27	1,087.60
2,740.72	1,562.49
113.25	(1,178.23)

27. Employees benefits expense

Salaries, Wages & Bonus

Contribution to Provident and Other Funds

[Refer notes (a) and (b) below]

Workmen and Staff Welfare expenses

Total

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
4,194.50	3,782.28
597.57	641.61
129.26	107.05
4,921.33	4,530.94

Notes :

(a) Defined contribution plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

Employer's Contribution to Provident Fund

Employer's Contribution to Pension Fund

Employer's Contribution to Superannuation Fund

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
78.92	66.32
226.69	214.57
41.76	36.77

The Provident Fund is managed by the Company in line with the Provident Fund and Miscellaneous Provision Act, 1952. The Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provision Act, 1952. Condition for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest declared by the trust vis-a-vis statutory rate. The contribution by the Employer and Employees together with the interest accumulated are payable to the employees at the time of their separation from the company or retirement, whichever is earlier.

Notes to the Financial Statements

(b) Defined Benefit Plans

- (i) **Gratuity** : The employees' gratuity fund scheme managed by a Trust (Birla Sun Life Insurance Company Limited) is a defined benefit plan. Every employee is entitled to a benefit equivalent to fifteen day's salary last drawn for each completed year of service in line with Payment of Gratuity Act,1972. The same is payable at the time of separation from the company or retirement, whichever is earlier. This benefits vest after five year of continuous service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Sl. No.	Description	Gratuity (Funded)	
		31st March, 2012 ₹ lakhs	31st March, 2011 ₹ lakhs
(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	2,175.07	1,992.46
	Current Service Cost	127.59	116.24
	Interest Cost	173.90	158.84
	Actuarial (Gains)/Losses	(116.91)	18.30
	Benefits Paid	(108.67)	(110.77)
	Present Value of Obligation at the end of the year	2,250.98	2,175.07
(b)	Reconciliation of the Opening and Closing balances of Plan Assets		
	Fair Value of Plan Assets at the beginning of the year	2,034.62	1,782.29
	Expected Return on Plan Assets	164.04	146.56
	Actuarial Gains/(Losses)	(40.40)	6.37
	Contributions	140.45	210.17
	Benefits paid	(108.67)	(110.77)
	Fair Value of Plan Assets at the end of the year	2,190.04	2,034.62
(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	2,250.98	2,175.07
	Fair Value of Plan Assets at the end of the year	2,190.04	2,034.62
	Assets/(Liabilities) recognized in the Balance Sheet	(60.94)	(140.45)
(d)	Expense recognised in the Profit and Loss Account		
	Current Service Cost	127.59	116.24
	Interest Cost	173.90	158.84
	Actual Return on Plan Assets	(164.04)	(146.56)
	Actuarial (Gains)/Losses	(76.51)	11.93
	Total Expense recognized	60.94	140.45
(e)	Category of Plan Assets :		
	Fund with Birla Sun Life Insurance Co.Ltd.	2,190.04	2,034.62
	Total	2,190.04	2,034.62
(f)	Actuarial Assumptions		
	Discount Rate (Per annum)	8.60%	8.20%
	Expected Rate of Return on Assets (Per annum)	8.00%	8.00%
	Salary Escalation	5.50%	5.50%
	Mortality Rate		

In accordance with standard table
LIC (1994-96) ultimate

Notes to the Financial Statements

Notes:

- 1) The estimates 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
- 2) The Company made annual contributions to the insurer of an amount as determined by actuarial valuation. Company was not informed of the investments made by the insurer or the break-down of plan assets by investment type.
- 3) The table below illustrates experience adjustment disclosure as per para 120 (n) (ii) of Accounting Standard 15 – Employee Benefits.

	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	(2,250.98)	(2,175.07)	(1,992.46)	(1,605.41)	(1,458.93)
Plan assets	2,190.04	2,034.62	1,782.29	1,503.60	1,406.79
Surplus / (Deficit)	(60.94)	(140.45)	(210.17)	(101.81)	(52.14)
Experience adjustments on plan liabilities	30.95	(18.30)	(270.77)	(165.70)	N.A.
Experience adjustments on plan assets	(40.40)	6.37	97.77	(20.54)	N.A.

28. Finance costs

Interest Expenses
Other borrowing costs

Total

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
491.91	439.61
26.47	37.57
518.38	477.18

29. Depreciation and amortization expense

Depreciation on Tangible assets
Amortization of Intangible assets

Less : Recoupment from Revaluation Reserve

Total

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
1,290.58	1,255.64
3.95	3.87
1,294.53	1,259.51
652.48	657.45
642.05	602.06

Notes to the Financial Statements

30. Other expenses

	Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
Consumption of stores and spare parts (net) [Refer note (a) below]	1,873.61	1,618.58
Power and fuel	1,604.27	1,338.33
Rent	71.61	89.09
Repairs to building	43.64	38.10
Repairs to machinery	4.03	3.27
Repairs - others	43.44	32.95
Insurance	229.63	83.92
Rates and Taxes	27.83	18.82
Processing Charges	400.49	355.53
Freight and Delivery Charges	398.05	456.98
Research and Development Cess and Excise Duty [Refer note (b) below]	87.98	80.88
Export Duty Cess and Toll Charges	64.54	66.52
Brokerage and Commission	182.30	193.23
Bad Debts written off	5.54	-
Investments written off	20.00	-
Miscellaneous Expenses [Refer note (c) below]	469.19	389.38
Total	5,526.15	4,765.58

Notes :

(a) Expenses capitalised as a part of Fixed Assets/Capital work-in-progress

Consumption of stores and spare parts

	Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
	348.16	233.37

b) Includes Excise Duty and Research & Development Cess ("R & D Cess") related to the difference between the closing stock and opening stock of finished goods ₹ 0.46 lakh (31st March, 2011 ₹ 5.97 lakhs)

c) Miscellaneous Expenses includes remuneration to auditors for :

	Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
Audit Fees	8.00	8.00
Other Services	4.75	3.50
Reimbursement of expenses	1.73	1.34
Total	14.48	12.84

Notes to the Financial Statements

31. Exceptional items

Loss due to fire

Total

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
–	594.44
–	594.44

32. Earnings per share (EPS)

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

Particulars

Net Profit after tax

Weighted average number of shares outstanding

Basic and Diluted EPS (₹)

Face value per share (₹)

A

B

A/B

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
1,893.53	1,408.41
26,16,720	26,16,720
72.36	53.82
10.00	10.00

33. Contingent liabilities

a) Claims against the company not acknowledged as debts :

Sales tax matter

ESI matter

b) Export bills discounted with bank

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
141.05	94.93
45.57	45.57
352.44	143.81

34. Capital commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for :

Tangible assets

Intangible assets

As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
100.62	73.76
–	5.08
100.62	78.84

Notes to the Financial Statements

35. 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	Within India		Outside India		Total	
	31st March, 2012 ₹ lakhs	31st March, 2011 ₹ lakhs	31st March, 2012 ₹ lakhs	31st March, 2011 ₹ lakhs	31st March, 2012 ₹ lakhs	31st March, 2011 ₹ lakhs
Segment revenue by location of customers	22,742.27	22,501.99	7,795.42	7,936.22	30,537.69	30,438.21
Carrying amount of segment assets	838.14	687.76	356.50	287.72	1,194.64	975.48
Carrying amount of segment liabilities	127.17	110.55	58.03	22.62	185.20	133.17
Additions to tangible and intangible assets					841.77	1,147.82

36. Related Party Disclosures

Names of Related Parties and nature of relationship

- a) Subsidiary Companies
 - Gloster Lifestyle Limited
 - Gloster Specialities Limited
 - Gloster Gujrat Limited
- b) Key Management Personnel
 - Shri G D Bangur
 - Shri D C Baheti
- c) Relatives of Key Management Personnel with whom transactions took place during the year
 - Shri Hemant Bangur
- d) Enterprise over which Key Management Personnel have significant influence.
 - Joonktollee Tea & Industries Limited
 - Kettlewell Bullen & Company Limited
- (e) Associate Company
 - Gloster Ultimo Limited (upto 30.03.2012)

Notes to the Financial Statements

Transactions with related parties are as follows :

Particulars	Year	Subsidiary Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprise over which Key Management Personnel have significant influence	Associate Company
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
A Transactions during the year						
1 Remuneration Paid	2011-12	-	217.34	3.72	-	-
	2010-11	-	171.80	3.14	-	-
2 Dividend Paid	2011-12	-	2.53	1.06	39.70	-
	2010-11	-	2.17	0.91	34.03	-
3 Rent Paid	2011-12	-	-	-	13.24	-
	2010-11	-	-	-	13.24	-
4 Deposit Given	2011-12	-	-	-	-	-
	2010-11	-	-	-	100.00	-
5 Loan Given	2011-12	1,145.00	-	-	-	-
	2010-11	-	-	-	-	-
6 Sales	2011-12	-	-	-	34.07	-
	2010-11	-	-	-	38.91	-
7 Loan Given Received Back	2011-12	1,145.00	-	-	-	-
	2010-11	-	-	-	-	-
8. Investments made	2011-12	805.00	-	-	-	-
	2010-11	-	-	-	-	-
9. Investments written off	2011-12	-	-	-	-	20.00
	2010-11	-	-	-	-	-
B Outstanding balance at year end						
1 Investments	2011-12	805.00	-	-	-	-
	2010-11	-	-	-	-	20.00
2 Deposits	2011-12	-	-	-	400.00	-
	2010-11	-	-	-	400.00	-

Notes to the Financial Statements

37. Derivative instruments and unhedged foreign currency exposure

- (a) The Company uses Forward Exchange Contracts to hedge its exposures in foreign currency. Forward Exchange Contracts outstanding as at year ended :

Nature of Exposure	As at 31st March, 2012 lakhs	As at 31st March, 2011 lakhs
Forward Contracts to sell USD	3.21	4.92
Forward Contracts to sell GBP	0.69	0.35
Forward Contracts to sell EURO	0.29	0.62
Forward Contracts to buy USD	–	11.84

- (b) Particulars of unhedged foreign currency exposures as at year end are as below :

Nature of Exposure	As at 31st March, 2012 lakhs	As at 31st March, 2011 lakhs
Export Trade receivables (in USD)	1.79	–
Export Trade receivables (in GBP)	0.21	–
Export Trade receivables (in EURO)	0.11	0.65
Import Trade payables (in USD)	4.49	3.23

Note : The above Forward Exchange Contracts and unhedged foreign currency exposures pertains to receivables and payables as appearing in the Balance Sheet.

38. Dues to micro and small enterprises

The company has certain dues to Suppliers registered under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act') are as follows :-

Sl. No.	Particulars	As at 31st March, 2012 ₹ lakhs	As at 31st March, 2011 ₹ lakhs
1	The principal amount remaining unpaid to any supplier as at the year end	2.10	1.16
	The interest remaining unpaid to any supplier as at the year end	0.40	0.15
2	Principal amounts paid to suppliers beyond the appointed day during the year	22.64	7.44
	Interest paid under Section 16 of the MSMED Act, to suppliers during the year	–	–
3	The amount of 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 the MSMED Act, 2006	–	–
4	The amount of interest accrued and remaining unpaid at the end of the year	0.24	0.09
5	The amount of 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 MSMED Act, 2006	0.40	0.15

Included in SI No 1 above is ₹ 0.24 lakh (31.03.2011-₹ 0.09 lakh) being interest on principal amount remaining unpaid as at the beginning of the accounting year.

Note: The information has been given in respect of such vendors to the extent they could be identified as “ Micro, Small & Medium “ enterprises on the basis of information available with the company.

Notes to the Financial Statements

39. Value of imports calculated on CIF basis

Stores, Spare parts and Components
Capital Goods
Raw Materials

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
113.18	133.17
95.45	264.46
4,949.43	4,049.99

40. Expenditure in foreign currency

Interest
Other expenses
Total

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
5.12	6.28
47.49	13.14
52.61	19.42

41. Imported and indigenous raw materials, stores , spare parts and components consumed

Raw materials

Indigenous
Imported

Stores, spare parts and components

Indigenous
Imported

Stores and spare parts consumed
includes value of stores written
off during the year

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	%	₹ lakhs	%	₹ lakhs
Indigenous	63.61	10,837.25	88.94	16,275.27
Imported	36.39	6,198.48	11.06	2,023.27
	100.00	17,035.73	100.00	18,298.54
Indigenous	95.04	1,780.62	91.98	1,488.78
Imported	4.96	92.99	8.02	129.80
	100.00	1,873.61	100.00	1,618.58
Stores and spare parts consumed includes value of stores written off during the year	-	-	-	0.26

Notes to the Financial Statements

42. Earnings in foreign currency

Export on F.O.B basis

Year ended 31st March, 2012 ₹ lakhs	Year ended 31st March, 2011 ₹ lakhs
7,516.83	7,591.26

43. 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 Limited (Formerly : 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.

44. **Information pursuant to clause 32 of the listing agreement with stock exchange :**
Loans to wholly owned subsidiary companies are as under:

	Balance as at 31st March, 2012 ₹ lakhs	Maximum amount outstanding during the year ended 31st March, 2012 ₹ lakhs
Interest free		
(a) Gloster Lifestyle Limited	nil	10.00
(b) Gloster Specialities Limited	nil	1,135.00

45. The financial statement for the Year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act 1956, the financial statement for the year ended 31st March, 2012 are prepared as per Revised Schedule-VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact the recognition and measurement principles followed for preparation of Financial Statement.

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

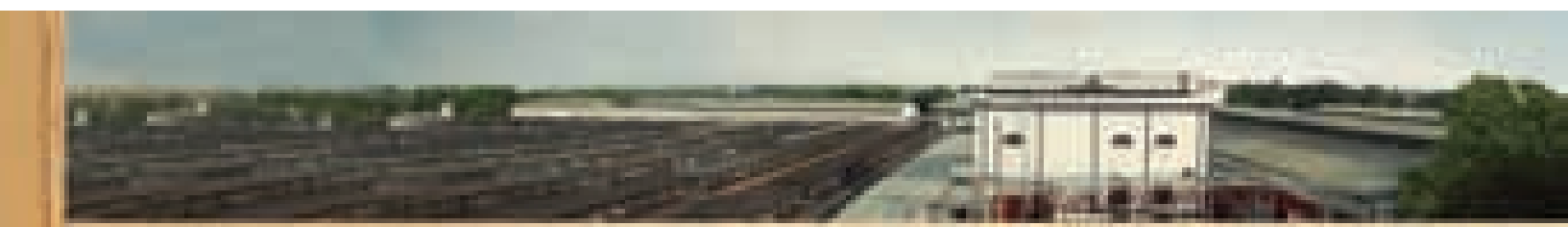
For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. 52340

Ajay Kumar Agarwal
Company Secretary

G. D. Bangur Executive Chairman
Hemant Bangur Vice Chairman
Bhaskar Mitter
Nandita Sen
R. R. Dash Directors
K. Mahapatra
Prabir Ray
D. C. Baheti Executive Director

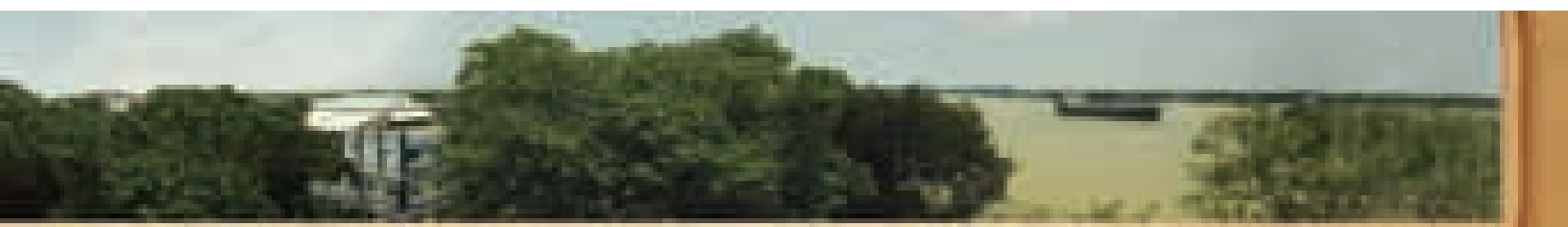
Place : Kolkata
Dated : 26th May, 2012



AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GLOSTER LIMITED

The Board of Directors of Gloster Limited

1. We have audited the attached consolidated Balance Sheet of Gloster Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) as at 31st March, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated 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. We did not audit the financial statements of three subsidiaries included in the consolidated financial statements, which constitute total assets of ₹ (-) 2.09 lakhs and net assets of ₹ (-) 2.12 lakhs as at 31st March, 2012, total revenue of ₹ 22.50, net loss of ₹ 2.12 lakhs and net cash flows amounting to ₹ 50.03 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. *We draw your attention to Note 24 on Notes to Accounts, in relation to the recognition of ₹ 546.00 lakhs towards compensation from insurance company towards loss of certain items of inventory due to fire during the year ended 31st March, 2011, in spite of the awaited approval of the insurance claim and uncertainties as to the amount that may be approved by the insurance company; which does not meet the requirement to consider prudence in selection of accounting policies, as set out in Accounting Standard 1 – "Disclosure of Accounting Policies". Had the aforesaid insurance claim not been recognised in keeping with the consideration of prudence, Other Income would have been ₹ 136.32 lakhs instead of the reported amount of ₹ 682.32 lakhs, profit before tax for the year would have been ₹ 2,216.04 lakhs instead of the reported amount of ₹ 2,762.04 lakhs, current tax for the year would have been ₹ 755.74 lakhs instead of the reported amount of ₹ 932.89 lakhs, profit after tax for the year would have been ₹ 1,522.56 lakhs instead of the reported amount*



of ₹ 1,891.41 lakhs, earnings per share (basic and diluted) would have been ₹ 58.19 instead of the reported amount of ₹ 72.28 per share, Current Assets would have been ₹ 8,833.62 lakhs instead of the reported amount of ₹ 9,379.62 lakhs, Short Term Provisions would have been ₹ 811.82 lakhs instead of the reported amount of ₹ 988.97 lakhs and Reserves & Surplus would have been ₹ 26,883.42 lakhs instead of the reported amount of ₹ 27,252.27 lakhs.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, subject to our remarks in paragraph 5 above, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date: and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Place : Kolkata
Dated : 26h May, 2012

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. 52340

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note	As at 31st March, 2012 ₹ lakhs
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	3	261.67
Reserves and Surplus	4	27,252.27
		27,513.94
Non-current Liabilities		
Long-term borrowings	5	589.88
Deferred tax liabilities (net)	6	606.75
Other long term liability	7	95.51
Long-term provisions	8	110.12
		1,402.26
Current Liabilities		
Short-term borrowings	9	4,220.00
Trade Payables	10	417.98
Other current liabilities	11	1,718.70
Short-term provisions	12	988.97
		7,345.65
Total		36,261.85
ASSETS		
Non-current Assets		
Fixed assets		
Tangible assets	13	25,178.65
Intangible assets	14	12.08
Capital work-in-progress		340.15
Non-current investments	15	757.02
Long-term loans and advances	16	594.33
		26,882.23
Current assets		
Current investments	17	200.00
Inventories	18	5,551.29
Trade Receivables	19	1,194.64
Cash and Bank balances	20	1,407.18
Short-term loans and advances	21	987.42
Other current assets	22	39.09
		9,379.62
Total		36,261.85

Corporate Information

Summary of significant accounting policies

The notes are an integral part of these financial statements.

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. 52340

Ajay Kumar Agarwal
Company Secretary

G. D. Bangur Executive Chairman
Hemant Bangur Vice Chairman
Bhaskar Mitter
Nandita Sen
R. R. Dash Directors
K. Mahapatra
Prabir Ray
D. C. Baheti Executive Director

Place : Kolkata
Dated : 26th May, 2012

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	Year ended 31st March, 2012 ₹ lakhs
INCOME		
Revenue from operations (gross)	23	31,089.02
Less: Excise Duty and R & D Cess		228.68
Revenue from operations (net)		30,860.34
Other Income	24	682.32
Total Revenue		31,542.66
EXPENSES		
Cost of materials consumed	25	17,035.73
Changes in inventories of finished goods, stock-in-process and semi -finished goods	26	113.25
Employee benefits expense	27	4,921.33
Finance costs	28	531.61
Depreciation and amortization expense	29	642.05
Other expenses	30	5,536.65
Total Expenses		28,780.62
Profit before tax		2,762.04
Tax expense		
Current tax		932.89
Deferred tax		(62.26)
Total Tax expenses		870.63
Profit for the year		1,891.41
Earnings per equity share [nominal value per share ₹ 10]		
Basic & Diluted	31	72.28
Corporate Information	1	
Summary of significant accounting policies	2	

The notes are an integral part of these financial statements.

This is the statement of Profit & Loss referred to in our report of even date.

Place : Kolkata
Dated : 26th May, 2012

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

Prabal Kr. Sarkar
Partner
Membership No. 52340

Ajay Kumar Agarwal
Company Secretary

G. D. Bangur	Executive Chairman
Hemant Bangur	Vice Chairman
Bhaskar Mitter	Directors
Nandita Sen	
R. R. Dash	
K. Mahapatra	
Prabir Ray	
D. C. Baheti	Executive Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year Ended 31st March, 2012	
	₹ lakhs	₹ lakhs
A. Cash Flow from Operating Activities		
Net profit before tax		2,762.04
Adjustments for :		
Depreciation and Amortisation Expenses	642.05	
Interest Expenses	505.14	
Net Profit on sale of Fixed Assets	(20.67)	
Net gain on sale of current investments	(0.01)	
Unrealised (Gain) / Loss on exchange (net)	(17.62)	
Interest Income	(63.59)	
Dividend income on current investments	(2.20)	
Bad Debts written off	5.54	
Provision for employee benefits (net)	(60.50)	
Insurance claim receivable	(546.00)	
Liabilities no longer required written back	(2.46)	
Provision for diminution in value of investments written back	(20.00)	
Investments written off	20.00	
		439.68
Operating profit before working capital changes		3,201.72
Adjustments for :		
Decrease/(Increase) in Inventories	1,910.71	
Decrease/(Increase) in Trade Receivables	(207.08)	
Decrease/(Increase) in Other Receivables	364.08	
(Decrease)/Increase in Trade and Other Payables	168.68	
		2,236.39
Cash generated from operations		5,438.11
Income Taxes paid (including Wealth Tax)		(755.42)
Net Cash from Operating Activities	A	4,682.69
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(670.74)	
Sale of Fixed Assets	27.16	
Purchase of Current Investments	(1,521.72)	
Sale of Current Investments	580.01	
Interest received	51.76	
Dividend received	2.20	
Net Cash used in Investing activities	B	(1,531.33)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year Ended 31st March, 2012	
	₹ lakhs	₹ lakhs
C. Cash Flow from Financing Activities		
Net proceeds / repayment of Short-term Borrowings	(1,048.09)	
Proceeds from Long-term Borrowings	304.96	
Repayment of Long-term Bank Borrowing	(594.73)	
Interest paid	(521.55)	
Dividend paid	(179.40)	
Dividend Taxes paid	(29.71)	
Net Cash used in Financing Activities		(2,068.52)
Net Increase in Cash and Cash Equivalents	C (A+B+C)	1,082.84
Cash and Cash Equivalents (Opening Balance)		324.34
Cash and Cash Equivalents (Closing Balance)		1,407.18

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard -3, on Cash Flow Statement as per Companies Accounting Standard Rules, 2006.
- Closing balance of Cash and Cash Equivalents represent "Cash and Bank balances" and includes ₹ 12.76 lakhs lying in designated accounts with banks on account of unclaimed dividends and ₹ 127.87 lakhs on account of margin money deposits which are not available for use by the Company.
- This being the first year of preparation of consolidated cash flow statement, comparative figures for the previous year are not available.

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

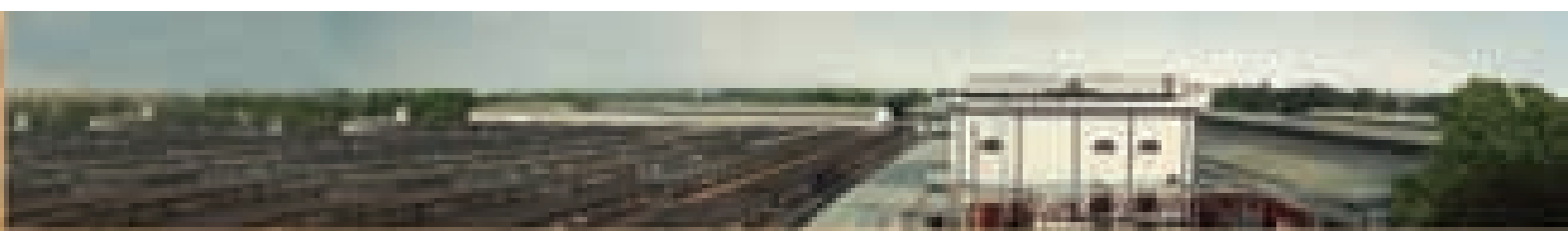
Place : Kolkata
Dated : 26th May, 2012

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

Prabal Kr. Sarkar
Partner
Membership No. 52340

Ajay Kumar Agarwal
Company Secretary

G. D. Bangur	Executive Chairman
Hemant Bangur	Vice Chairman
Bhaskar Mitter	Directors
Nandita Sen	
R. R. Dash	
K. Mahapatra	
Prabir Ray	
D. C. Baheti	Executive Director



Notes to the Consolidated Financial Statements

1. Corporate Information

Gloster Limited (parent Company) is a public company incorporated on 18th February, 1992 under the provisions of the Companies Act, 1956. Gloster is a leading manufacturer & exporter of all types of Jute & Jute allied products, Woven & Non-Woven Jute Geotextiles, Treated Fabric-Rot Proof, Fire Retardant, Jute Products for Interior Decoration & Packaging of Industrial & Agricultural Produce. The Company also produces Jute & Cotton Shopping Bags & Made Ups. Gloster exports Jute goods to various countries spread over the World. The Company's manufacturing facilities are located at Bauria on the banks of Holy Ganges in West Bengal. The Equity shares of the Company are listed on The Calcutta Stock Exchange Ltd. (CSE). Bombay Stock Exchange Ltd. (BSE) has permitted the Equity shares of the Company for trading under the "B" group.

The subsidiary companies considered in the preparation of consolidated financial statements are :

Name of the company	Country of Incorporation	% of Holding as at 31st March, 2012
Gloster Lifestyle Limited	India	100%
Gloster Specialities Limited	India	100%
Gloster Gujrat Limited	India	100%

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statement comprises of financial statements of Gloster Limited (the Parent) and its subsidiary companies. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention, except for certain tangible assets acquired by the parent company before 31st March, 2010 which are carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act , 1956.

The Financial statements of the parent company and its subsidiaries as described in note no 1 have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. All significant intra group balances and transactions have been eliminated on consolidation.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same maner as the parent company's financial statements.

All assets and liabilities have been classified as current or non-current as per group normal operating cycle and other criteria set out in the schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

2.2 Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although



Notes to the Consolidated Financial Statements

these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

2.3 Tangible assets and Depreciation

- a) All items of land, building and plant and machinery at parent company's factory at Bauria, Howrah are revalued and restated at valuation by an approved valuer at net 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 tangible 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. No depreciation is provided on Freehold Land.
- d) Profit and Loss on disposal of tangible assets is recognised in the statement of consolidated Profit and Loss
- e) An impairment loss is recognized where applicable when the carrying value of tangible asset exceeds its market value or value in use whichever is higher.

2.4 Intangible assets and Amortization

- a) Intangible assets are stated at cost of acquisition including duties, taxes and expenses incidental to acquisition and installation.
- b) Intangible assets comprising of computer software is depreciated on straight line method over a period of five years.
- c) Profit and Loss on disposal of Intangible assets is recognised in the statement of consolidated Profit and Loss.
- d) An impairment loss is recognized where applicable when the carrying value of intangible asset exceeds its market value or value in use whichever is higher.

2.5 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.

Dividend income is recognised when the right to receive dividend is established.

2.6 Subsidy and Export incentive

Subsidy and export incentive 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 statement of consolidated profit and loss. 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.



Notes to the Consolidated Financial Statements

2.7 Inventories

Raw materials, Stores and Spares parts and components 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.

2.8 Employee Benefit

a) Defined Contribution Plans

The group 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 parent 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 parent Company.

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

b) Defined Benefit Plans

The group provides for gratuity covering eligible employees in accordance with Payment of Gratuity Act, 1972

Accrued liability determined based on actuarial valuation (using the Projected Unit Credit Method) as at the year end in respect of future payment of gratuities are charged against revenue every year.

Actuarial gains and losses are recognized immediately in the statement of consolidated Profit and Loss.

c) Compensated absences

Accrued liability in respect of leave encashment benefit on retirement is accounted for on the basis of actuarial valuation (using the Projected Unit Credit Method) as at the year end and charged to revenue every year.

Compensated absences comprising of entitlement to accumulation of Sick Leave is provided for based on actuarial valuation (using the Projected Unit Credit Method) as at the end of the year.

Accumulated compensated absences, which are expected to be availed or encashed within 12 month from the end of the year are treated as short term employee benefits and the balance are treated as other long term employee benefits.

Actuarial gains and losses are recognized immediately in the statement of consolidated Profit and Loss.

d) Other Short Term Employee Benefits

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

2.9 Research & Development Cess and Excise duty

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



Notes to the Consolidated Financial Statements

2.10 Sales

Sales is stated net of sales tax. Sale are recognised on transfer of substantial risks and rewards of ownership in the goods to the buyer.

2.11 Interest Income

Interest Income is recognised on a time proportion basis taking in to account the amount outstanding and the applicable interest rate.

2.12 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 Statement of Profit and Loss .

Derivative Instruments

The group 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.

2.13 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.

2.14 Borrowing Cost

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.

2.15 Provisions and Contingent Liabilities

The group 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.

Notes to the Consolidated Financial Statements

3. Share Capital

Authorised

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

Issued, Subscribed and Fully Paid-up

26,16,720 Equity Shares of ₹ 10/- each

Total

As at 31st March, 2012	
₹ lakhs	
	2,500.00
	261.67
	261.67

(a) Reconciliation of number of equity shares

Balance as at the beginning and end of the year

As at 31st March, 2012	
No. of Shares	₹ lakhs
26,16,720	261.67

(b) Rights attached to equity shares

The parent company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of equity shares are eligible to receive the remaining assets of the company after distribution of all the preferential amounts, in proportion to their shareholding.

(c) Shares allotted as fully paid up by way of bonus shares and pursuant to contract(s) without payment being received in cash.

Equity shares allotted as fully paid -up pursuant contract(s) without payment being received in cash
 Equity shares allotted as fully paid up bonus share by way of capitalisation of General Reserve in 2002-03
 Equity shares allotted as fully paid up bonus share by way of capitalisation of General Reserve in 2008-09

As at 31st March, 2012	
No. of Shares	
	2,17,360
	6,54,180
	13,08,360

(d) Details of shares held by shareholders holding more than 5% of the aggregate equity shares in the parent company

Life Insurance Corporation of India
 Kettlewell Bullen & Company Limited
 The Oriental Company Limited
 Madhav Trading Corporation Limited
 Credwyn Holdings (India) Pvt. Limited

As at 31st March, 2012	
No. of Shares	% holding
5,88,890	22.50
4,61,972	17.65
3,77,504	14.43
2,52,117	9.63
1,79,465	6.86

Notes to the Consolidated Financial Statements

4. Reserves and Surplus

	As at 31st March, 2012 ₹ lakhs
Capital Reserve	150.00
Securities Premium Account	174.45
Revaluation Reserve	
Balance as at the beginning of the year	19,790.54
Less:	
i) Amount transferred to the statement of profit and loss as reduction from depreciation and amortization expense	652.47
ii) Adjustment on account of disposal of Tangible Assets	37.55
Less : Depreciation on account of disposal of Tangible Assets	6.59
Balance as at the end of the year	19,107.11
General Reserve	
Balance as at the beginning of the year	6,182.88
Add:	
Transferred from Surplus in the statement of profit and loss during the year	1,100.00
Balance as at the end of the year	7,282.88
Surplus in the statement of profit and loss	
Balance as at the beginning of the year	354.66
Profit for the year	1,891.41
Less : Appropriations	
Proposed dividend on equity shares for the year ₹ 10/- per share	261.67
Proposed as a Special dividend- "20 years of Gloster's Operation" on equity shares for the year ₹ 10/- per share	261.67
Total Dividend	523.34
Dividend distribution tax on proposed dividend on equity shares	84.90
Transfer to General Reserve	1,100.00
Balance as at the end of the year	537.83
Total	27,252.27

Notes to the Consolidated Financial Statements

5. Long-term borrowings

As at 31st March, 2012 ₹ lakhs
532.44
57.44
589.88

Secured

Term Loans

From Banks [Refer note (a) below]

Unsecured

Term Loans

Other Loan [Refer note (b) below]

Total

a) Nature of security and terms of repayment for secured borrowings (including current maturities of Long-term borrowings in note - 11)

Nature of Security	Terms of repayment
Term loan from banks amounting to ₹ 79.63. lakhs are secured by equitable mortgage of factory land and building, hypothecation of all plant & machinery and all other fixed assets of the Company and also guaranteed by Kettlewell Bullen & Company Limited	Repayable in 23 equal quarterly instalments beginning from 2nd May 2007 along with interest of 13.75% p.a.
Term loan from banks amounting to ₹ 700.90 lakhs are secured by equitable mortgage of factory land and building, hypothecation of all plant & machinery and all other fixed assets of the Company and also guaranteed by Kettlewell Bullen & Company Limited	Repayable in 25 equal quarterly instalments beginning from March 2011 along with interest of 11.75% p.a.
Term loan from banks amounting to ₹ 41.43 lakhs are secured by hypothecation of the assets acquired under the loan	Repayable in 36 equal monthly instalments from the date of the loan along with interest of 8.40 % p.a.
(b) Term of re-payment for Unsecured Borrowing	Terms of repayment
Other Loan	Repayable in 26 equal quarterly instalments beginning from third quarter of 2012-13 along with interest of 16.00 % p.a.

6. Deferred tax liabilities (net)

As at 31st March, 2012 ₹ lakhs
628.46
10.97
10.74
21.71
606.75

Deferred tax liabilities

Depreciation

Deferred tax assets

Provision for leave encashment

Other timing differences

Total [Refer note (a) below]

(a) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws

Notes to the Consolidated Financial Statements

7. Other long-term liability	As at 31st March, 2012 ₹ lakhs
Other long term liability	95.51
Total	95.51
8. Long-term provisions	As at 31st March, 2012 ₹ lakhs
Provision for Employee Benefits (also refer note 27)	
Provision for Compensated absences	110.12
Total	110.12
9. Short-term borrowings	As at 31st March, 2012 ₹ lakhs
Secured	
Cash Credit from Banks [Refer note (a) & (b) below]	2,778.99
Working Capital Loan from Banks [Refer note (a) below]	950.00
Loan from Life Insurance Corporation of India [Refer note (c) below]	491.01
Total	4,220.00
Note:	
(a) Cash Credit and Working Capital Loan amounting to ₹ 2,778.99 lakhs and ₹ 950 lakhs respectively are secured by hypothecation of stock of raw material, stock-in-process, finished goods, stores & consumables, book debts and other current assets of the Company	
(b) Cash Credit amounting to ₹ 2,778.99 lakhs is also guaranteed by Kettlewell Bullen & Company Limited.	
(c) Loan from Life Insurance Corporation of India amounting to ₹ 491.01 lakhs secured against Insurance Policies.	
10. Trade Payables	As at 31st March, 2012 ₹ lakhs
Trade payables (Refer note 37 for details of dues to Micro, Small and Medium Enterprises)	417.98
Total	417.98

Notes to the Consolidated Financial Statements

11. Other current liabilities

	As at 31st March, 2012 ₹ lakhs
Current maturities of long-term debt (also refer note 5)	317.77
Advances received from customers	185.20
Interest accrued and due on borrowings	10.28
Interest accrued but not due on borrowings	7.28
Unpaid Dividends [Refer note (a) below]	12.76
Statutory dues	35.91
Directors' commission	123.00
Electricity dues	167.08
Others	859.42
Total	1,718.70

(a) There are no amounts due for payment for the Investor Education and Protection Fund under Section 205 C of the Companies Act, 1956 as at the end of the year.

12. Short-term provisions

	As at 31st March, 2012 ₹ lakhs
Provision for Employee Benefits (also refer note 27)	
Provision for Gratuity	60.94
Provision for compensated absences	42.01
Other Provisions	
Proposed Dividend	523.34
Provision for Dividend Distribution Tax	84.90
Provision for Taxation (Net)	277.78
Total	988.97

Notes to the Consolidated Financial Statements

13. Tangible assets

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK
	Cost / Valuation as at 1st April, 2011 [note (a)] ₹ lakhs	Additions during the year ₹ lakhs	Sale / Adjustment during the year [note (b)] ₹ lakhs	Cost / valuation as at 31st March, 2012 ₹ lakhs	For the Year ₹ lakhs	Sale / Adjustment during the year ₹ lakhs	As at 31st March, 2012 ₹ lakhs
Freehold Land	10,521.53	-	-	10,521.53	-	-	10,521.53
Buildings	7,471.06	252.06	20.00	7,703.12	244.96	-	6,862.24
Tubewells	5.60	-	-	5.60	0.18	-	1.95
Plant and Equipment	11,726.51	334.91	197.79	11,863.63	1,010.13	18.88	6,964.55
Electric Installation	300.18	30.65	-	330.83	14.29	-	239.79
Furniture and Fixtures	49.40	309.03	-	358.43	2.40	-	341.22
Office Equipment	55.09	75.96	-	131.05	2.58	-	108.34
Launches	0.04	-	-	0.04	-	-	0.01
Vehicles	165.52	22.71	7.69	180.54	16.04	3.48	139.02
TOTAL :	30,294.93	1,025.32	225.48	31,094.77	1,290.58	22.36	25,178.65

(a) Consequent on revaluation of the Land, Buildings, Plant & Machinery at parent Company's factory at Bauria, Howrah by the Board at net replacement value as at 31st March, 2010 as per valuation report of an approved valuer, the said assets were restated as at 31.03.2010 resulting in increase in the net book value of Land by ₹ 10,409.03 lakhs, by ₹ 4,772.03 lakhs and Plant & Machinery by ₹ 5,403.38 lakhs which has been credited to Revaluation Reserve.

(b) Adjustment to Plant & Machinery includes Subsidy received ₹ 145.69 lakhs and adjustment to Building includes Subsidy received of ₹ 20.00 lakhs . .

14. Intangible assets

Particulars	GROSS BLOCK			AMORTIZATION			NET BLOCK
	Cost as at 1st April, 2011 ₹ lakhs	Additions during the year ₹ lakhs	Sale / Adjustment during the year ₹ lakhs	Cost as at 31st March, 2012 ₹ lakhs	For the Year ₹ lakhs	Sale / Adjustment during the year ₹ lakhs	As at 31st March, 2012 ₹ lakhs
Computer Software	19.34	7.80	-	27.14	3.95	-	12.08
TOTAL :	19.34	7.80	-	27.14	3.95	-	12.08

Notes to the Consolidated Financial Statements

15. Non-current investments

As at 31st March, 2012 ₹ lakhs
Other Investment (valued at cost unless stated otherwise)
Quoted Equity instruments
The Cochin Malabar Estates and Industries Limited 15,000 Equity Shares of ₹ 10/- each fully Paid-Up (Net of provision for other than temporary diminution aggregating to ₹ 11.73 lakhs)
15.30
Quoted Bonds
National Highways Authority of India 74,172 Secured Redeemable Non Convertible Tax Free Bonds of ₹ 1,000/- each fully paid up.
741.72
Total
757.02
Aggregate amount of quoted investments
757.62
Market Value of quoted investments
767.32
Aggregate Provision for diminution in value of investments
11.73

16. Long-term loans and advances

As at 31st March, 2012 ₹ lakhs
Unsecured, considered good (unless otherwise stated)
Capital Advance
9.27
Security Deposits
585.06
Total
594.33

17. Current investments

As at 31st March, 2012 ₹ lakhs
At cost or fair value, which ever is less
Unquoted
Investment in Mutual fund
UTI Treasury Advantage Fund -Institutional Plan - Dividend Option – 19,995. 718 Units
200.00
Total
200.00

Notes to the Consolidated Financial Statements

18. Inventories (Valued at lower of cost and net realisable value)

Raw materials	
Stock-in-process	
Semi Finished Goods	
Finished Goods (includes in transit ₹ 326.17 lakhs)	
Stores and Spares	
Total	

As at 31st March, 2012 ₹ lakhs
2,163.57
795.69
218.89
1,612.89
760.25
5,551.29

19. Trade Receivables

Unsecured, considered good

Outstanding for a period exceeding six months from the date they are due for payment	
Others	

Total

As at 31st March, 2012 ₹ lakhs
15.79
1178.85
1,194.64

20. Cash and Bank balances

Cash and cash equivalents

Cash on hand	
Balances with Banks :	
In current accounts	
Margin money deposits [Refer note (a) below]	

Other Bank balances

Unpaid dividend account	
-------------------------	--

Total

As at 31st March, 2012 ₹ lakhs
19.35
1,247.20
127.87
1,394.42
12.76
1,407.18

(a) Includes deposit of ₹ 0.21 lakh with maturity of more than 12 months.

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 ₹ lakhs
21. Short-term loans and advances	
Unsecured, considered good (unless otherwise stated)	
Security Deposits	99.58
Other Loans and Advances	
Advances recoverable in cash or in kind or for value to be received	805.26
Prepaid Expenses	76.90
Balances with Government Authorities	5.68
Total	987.42

	As at 31st March, 2012 ₹ lakhs
22. Other current assets	
Unsecured, considered good	
Interest accrued on security deposits	13.07
Interest subsidy receivable	14.86
Interest accrued on bonds	11.16
Total	39.09

	Year ended 31st March, 2012 ₹ lakhs
23. Revenue from operations	
Sale of products	
Finished goods	30,766.38
Traded goods	—
	30,766.38
Other operating revenues	
Export incentive	322.64
Revenue from operations (gross)	31,089.02
Less : Excise Duty and R&D Cess	228.68
Total	30,860.34

Notes to the Consolidated Financial Statements

24. Other Income

	Year ended 31st March, 2012 ₹ lakhs
Interest Income on	
Bank deposits	15.03
Other deposits	27.04
Investments	21.52
Dividend Income on current investments	2.20
Rent	2.97
Net Profit on sale of fixed asset	20.67
Net Gain on sale of current investments	0.01
Liabilities no longer required written back	2.46
Exchange differences (net)	12.06
Provision for Diminution in value of Investment written back	20.00
Miscellaneous Income [Refer note (a) below]	558.36
Total	682.32

(a) Miscellaneous Income includes Insurance claim receivable amounting to ₹ 546.00 lakhs.

25. Cost of materials consumed

	Year ended 31st March, 2012 ₹ lakhs
Inventory at the beginning of the year	4,102.30
Add : Purchases (net) [Refer note (a) below]	15,097.00
	19,199.30
Less : Inventory at the end of the year	2,163.57
Total	17,035.73

(a) Purchases is net of discount received on prompt payment of supplier's bills Amounting to ₹ 130.48 lakhs.

Notes to the Consolidated Financial Statements

26. Changes in inventories of finished goods, stock-in-process and semi-finished goods

Inventories at the end of the year

Stock-in-Process
Semi- Finished Goods
Finished Goods

Total (A)

Less :

Inventories at the beginning of the year

Stock-in-Process
Semi- Finished Goods
Finished Goods

Total (B)

(Increase)/decrease in inventories (B-A)

Year ended 31st March, 2012 ₹ lakhs
795.69
218.89
1,612.89
2,627.47
636.79
434.66
1,669.27
2,740.72
113.25

27. Employees benefits expense

Salaries, Wages & Bonus
Contribution to Provident and Other Funds [Refer notes (a) and (b) below]
Workmen and Staff Welfare expenses

Total

Year Ended 31st March, 2012 ₹ lakhs
4,194.50
597.57
129.26
4,921.33

Notes :

(a) Defined contribution plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

Employer's Contribution to Provident Fund
Employer's Contribution to Pension Fund
Employer's Contribution to Superannuation Fund

Year Ended 31st March, 2012 ₹ lakhs
78.92
226.69
41.76

The Provident Fund is managed by the Parent Company in line with the Provident Fund and Miscellaneous Provision Act, 1952. The Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provision Act, 1952. Condition for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest declared by the trust vis-a-vis statutory rate. The contribution by the Employer and Employees together with the interest accumulated there on are payable to employees at the time of their separation from the company or retirement, whichever is earlier.

Notes to the Consolidated Financial Statements

(b) Defined Benefit Plans

- (i) **Gratuity** : The employees' gratuity fund scheme managed by a Trust (Birla Sun Life Insurance Company Limited) is a defined benefit plan. Every employee is entitled to a benefit equivalent to fifteen day's salary last drawn for each completed year of service in line with Payment of Gratuity Act,1972. The same is payable at the time of separation from the company or retirement, whichever is earlier. This benefits vest after five year of continuous service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Sl. No.	Description	Gratuity (Funded) 31st March, 2012 ₹ lakhs
(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	2,157.07
	Current Service Cost	127.59
	Interest Cost	173.90
	Actuarial (Gains)/Losses	(116.91)
	Benefits Paid	(108.67)
	Present Value of Obligation at the end of the year	2,250.98
(b)	Reconciliation of the Opening and Closing balances of Plan Assets	
	Fair Value of Plan Assets at the beginning of the year	2,034.62
	Expected Return on Plan Assets	164.04
	Actuarial Gains/(Losses)	(40.40)
	Contributions	140.45
	Benefits paid	(108.67)
	Fair Value of Plan Assets at the end of the year	2,190.04
(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	75.91
	Fair Value of Plan Assets at the end of the year	155.42
	Assets/(Liabilities) recognized in the Balance Sheet	(60.94)
(d)	Expense recognised in the Profit and Loss Account	
	Current Service Cost	127.59
	Interest Cost	173.90
	Actual Return on Plan Assets	(164.04)
	Actuarial (Gains)/Losses	(76.51)
	Total Expense recognized	60.94
(e)	Category of Plan Assets :	
	Fund with Birla Sun Life Insurance Co.Ltd.	2,190.04
	Total	2,190.04
(f)	Actuarial Assumptions	
	Discount Rate (Per annum)	8.60%
	Expected Rate of Return on Assets (Per annum)	8.00%
	Salary Escalation	5.50%
	Mortality Rate	
		In accordance with standard table LIC (1994-96) ultimate

Notes to the Consolidated Financial Statements

Notes:

- 1) The estimates 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
- 2) The Company made annual contributions to the insurer of an amount as determined by actuarial valuation. Company was not informed of the investments made by the insurer or the break-down of plan assets by investment type
- 3) The table below illustrates experience adjustment disclosure as per para 120 (n) (ii) of Accounting Standard 15 – Employee Benefits.

27(b). Defined Benefit Plans

Defined benefit obligation

Plan assets

Surplus / (deficit)

Experience adjustments on plan liabilities

Experience adjustments on plan assets

Year Ended 31st March, 2012 ₹ lakhs
(2,250.98)
2,190.04
(60.94)
30.95
(40.40)

28. Finance costs

Interest expenses

Other borrowing costs

Total

Year Ended 31st March, 2012 ₹ lakhs
505.14
26.47
531.61

29. Depreciation and amortization expense

Depreciation on Tangible assets

Amortization of Intangible assets

Less : Recoupment from Revaluation Reserve

Total

Year Ended 31st March, 2012 ₹ lakhs
1,290.58
3.95
1,294.53
652.48
642.05

Notes to the Consolidated Financial Statements

30. Other expenses

Consumption of stores and spare parts net [Refer note (a) below]	1873.61
Power and fuel	1604.27
Rent	71.61
Repairs to building	43.64
Repairs to machinery	4.03
Repairs - others	43.44
Insurance	229.63
Rates and Taxes	27.92
Processing Charges	400.49
Freight and Delivery Charges	398.05
Research and Development Cess and Excise Duty [Refer note (b) below]	87.98
Export Duty Cess and Toll Charges	64.54
Brokerage and Commission	182.30
Bad Debts written off	5.54
Investments written off	20.00
Miscellaneous Expenses	479.60

Total

5,536.65

Notes :

(a) Expenses capitalised as a part of Fixed Assets / Capital work-in-progress

Consumption of stores and spare parts

Total

348.16

348.16

(b) Includes Excise Duty and Research & Development Cess ("R & D Cess") related to the difference between the closing stock and opening stock of finished goods ₹ 0.46 lakh.

31. Earnings per share (EPS)

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

Particulars		Year Ended 31st March, 2012 ₹ lakhs
Net Profit after tax	A	1,891.41
Weighted average number of shares outstanding	B	2,616,720
Basic and Diluted EPS (₹)	A/B	72.28
Face value per share (₹)		10.00

Notes to the Consolidated Financial Statements

32. Contingent liabilities

- a) Claims against the company not acknowledged as debts :
- Sales tax matter
 - ESI matter
- b) Export bills discounted with bank

As at 31st March, 2012 ₹ lakhs
141.05
45.57
352.44

33. Capital commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for
Tangible assets

As at 31st March, 2012 ₹ lakhs
100.62

34. Information in accordance with Accounting Standard 17 on Segment Reporting

The parent 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	Within India	Outside India	Total
	31st March, 2012 ₹ lakhs	31st March, 2012 ₹ lakhs	31st March, 2012 ₹ lakhs
Segment revenue by location of customers	22,742.27	7,795.42	30,537.69
Carrying amount of segment assets	838.14	356.50	1,194.64
Carrying amount of segment liabilities	127.17	58.03	185.20
Additions to tangible and intangible assets			841.77

35. Related Party Disclosures

Names of Related Parties and nature of relationships

- a) Key Management Personnel of parent Company
Shri G D Bangur
Shri D C Baheti
- b) Relatives of Key Management Personnel of parent Company with whom transactions took place during the year Shri Hemant Bangur
- c) Enterprise over which Key Management Personnel of parent Company have significant influence
Joonktollee Tea & Industries Limited.
Kettlewell Bullen & Company Limited.
- d) Associate Company
Gloster Ultimo Limited (upto 30.03.2012)

Notes to the Consolidated Financial Statements

Transactions with related parties are as follows:

	Particulars	Year	Key Management Personnel	Relative of Key Management Ltd.	Enterprise over which Key Management Personnel have significant influence	Associate Company
			₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
A	Transactions during the year					
1	Remuneration Paid	2011-12	217.62	4.00	–	–
2	Dividend Paid	2011-12	2.53	1.06	39.70	–
3	Rent Paid	2011-12	–	–	13.24	–
4	Deposit Given	2011-12	–	–	–	–
5	Sales	2011-12	–	–	34.07	–
6	Investments written off	2011-12	–	–	–	20.00
B	Outstanding balance at year end					
1	Deposits	2011-12	–	–	400.00	–

36. The parent Company had sought permission for filing of return under Urban Land (Ceiling and Regulation) Act 1976, upon the demerger of and vesting into Gloster Limited (Formerly : 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.

37. This being the first year of preparation of consolidated Financial Statement, Comparative figures for the previous year is not available.

Place : Kolkata
Dated : 26th May, 2012

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

Prabal Kr. Sarkar
Partner
Membership No. 52340

Ajay Kumar Agarwal
Company Secretary

G. D. Bangur Executive Chairman
Hemant Bangur Vice Chairman
Bhaskar Mitter
Nandita Sen
R. R. Dash Directors
K. Mahapatra
Prabir Ray
D. C. Baheti Executive Director



The details of subsidiaries in terms of general circular no. 2/2011 dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, is as under

(₹ lakhs)

	Gloster Lifestyle Limited	Gloster Specialities Limited	Gloster Gujrat Limited
Share Capital	400.00	400.00	5.00
Reserves and Surplus	(6.84)	5.77	(1.05)
Total Assets	393.25	406.18	4.04
Total Liabilities	393.25	406.18	4.04
Long Term Investments	370.86	370.86	–
Turnover	–	–	–
Profit / (Loss) before Taxation	(6.84)	6.66	(1.05)
Provision for Taxation	–	0.89	–
Profit / (Loss) after Taxation	(6.84)	5.77	(1.05)
Proposed Dividend	–	–	–
Reporting Currency	INDIAN RUPEES	INDIAN RUPEES	INDIAN RUPEES

Note :

The Company shall provide to any member on request the Annual Accounts of the subsidiaries and other related information at any point of time. Copies of the Annual Accounts of the subsidiaries shall be available for inspection by any member at the Registered Office of the Company and its subsidiaries on any working day during normal business hours.

NECS MANDATE FORM

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

Maheshwari Datamatics Pvt. Ltd.

Unit : Gloster Limited
6, Mangoe Lane
2nd Floor, Kolkata - 700 001

For Shares held in Electronic Mode
should inform respective DPs

Dear Sirs,

Change in mode of payment to NECS

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

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 :
.....
.....

Signature of Nominee

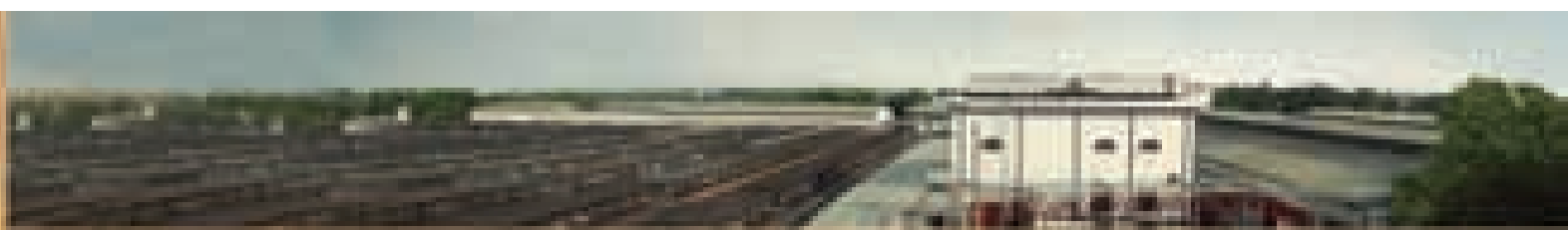
Date of Birth*

(*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 (Please) 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 NECS 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 NECS.

Signature of the first / sole shareholder.

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

Signature :
Name :
Address :

Date :
Signature :
Name :
Address :
Date :

Signature of the two witnesses

.....
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 Share Certificates and in that event the name and address of the Guardian shall, be given by the holder.
3. The nominee shall not be Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, or a Power of Attorney holder.

GLOSTER LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the Twentieth Annual General Meeting of the Members of the Company at Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 at 11 A.M. on Thursday, the 9th August, 2012.

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 LIMITED

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

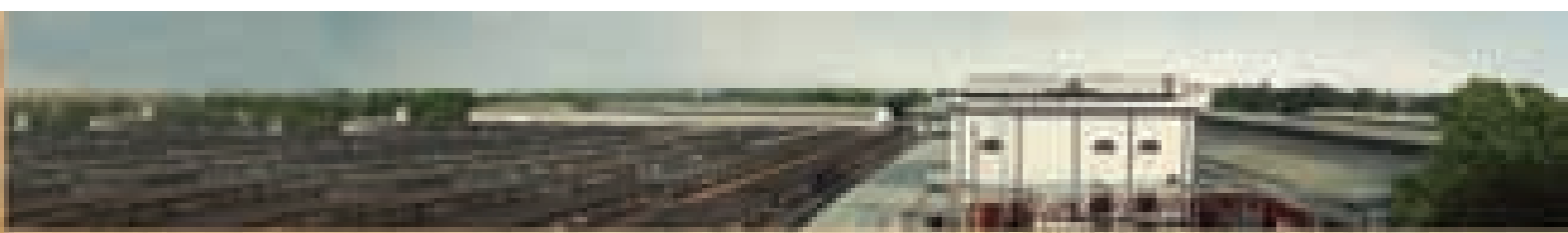
as my / our Proxy to attend and vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Thursday, the 9th August, 2012 and at any adjournment thereof.

Signed this day of2012

Signature _____

NOTE : The Proxy in order to be effective should be duly stamped, completed and 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.

Affix One
₹
Revenue
Stamp







Night view of mills and temple at Bauria.



Gloster Limited

21 Strand Road, Kolkata 700 001, West Bengal (India)
Phone +91 33 2230 9601 Fax +91 33 2210 6167, 2231 4222
Email info@glosterjute.com Web www.glosterjute.com