

Bally Jute Company Limited

**Annual Reports
With
Accounts**

2013-14

BALLY JUTE COMPANY LIMITED

Board of Directors

Sri A. K. JAIN
Sri S.K. DEY
Sri J.K. KAPILA
Sri P. DEBNATH

Manager

SRI J.K. KAPILA

Auditors

R. KOTHARI & COMPANY
16A, SHAKESPEARE SARANI
KOLKATA - 700 071

Banker

CANARA BANK
PRIME CORPORATE BRANCH
KOLKATA

Registered Office

5, SREE CHARAN SARANI
BALLY, HOWRAH

Bally Jute Company Limited

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting their 32nd Annual Report on the business and operations of the company and audited annual accounts for the financial year ended 31st March, 2014.

Financial Result

	Rs. In Lacs	Year Ended 31.03.2014 Rs. In Lacs
Profit before Interest		905.34
Depreciation		
Less : (a) Interest	334.41	
(b) Depreciation	<u>405.97</u>	<u>740.38</u>
Profit before taxation		164.96
Less : Provision for taxation		
: Current Tax		56.63
		<u>108.33</u>
Add : Deferred Tax	8.51	
: Income Tax for Earlier Year	<u>2.66</u>	<u>11.17</u>
Profit/(Loss) after Tax		119.50
Balance brought forward from previous year		<u>758.05</u>
Balance Carried to Balance Sheet		877.55

OPERATIONS / PERFORMANCE

During the year under review there has been rise of about 9% in sales compared to corresponding previous year as under:

	PRODUCTION	SALES	PBT
2012-13	29085 M.T.	159.56 Crores	1.59 Crores
2013-14	28293 M.T.	173.81 Crores	1.65 Crores

However, the company has been able earn profit before tax of Rs. 1.65 crores marginally higher over its corresponding period. Moreover, the company continues to operate in one segment namely jute goods and the operations have been satisfactory.

EXPORTS:

The exports are marginally down from Rs. 14.61 crores to Rs. 13.71 crores over the corresponding period owing to tough challenges in the international market.

Bally Jute Company Limited

DIVIDEND:

Your Director do not recommend any dividend for the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your company has been able to earn profit before depreciation & tax of Rs. 5.70 crores during the year under review despite difficult year. The demand of jute goods had been adversely affected predominantly by the onetime exemption granted by the Ministry of Food and Public Distribution to various government procurement agencies for consuming the existing stock of plastic bags lying since long thereby leading to curtailment of government orders for meeting the packaging needs during the year under review although the availability of raw jute was easy with stable prices throughout the year. However, during the current year there would be no impact of the said exemption and demand is likely to be robust considering declaration of higher MSP by the government and there seems no dearth of raw jute availability in the current year.

OPPORTUNITIES AND THREADS / RISKS AND CONCERNS

(i) OPPORTUNITIES

- Growing awareness to sustain green environment is pushing environment friendly bio-degradable natural jute fibre over other packaging medium which is a positive for the jute industry.
- Development of jute geo textiles could offer wide scope in road construction industry.
- Robust demand from food procurement agencies with increased food production and procurement.

(ii) THREATS/ RISK AND CONCERNS

- Growing import of jute goods from Bangladesh is posing threat to jute industry.
- Cut throat competition in international market owing to strong presence of Bangladesh.
- High cost of jute bags vis-à-vis alternative packaging material.
- Poor efforts by Government in development of technology for machinery up gradation and mechanization.
- Problem of availability of workers and regular cost increase make it vulnerable to loss of productivity and production.
- Dilution of Jute Packaging Order by the Government.

OUTLOOK:

Jute industry has to operate in a competitive environment but with adequate flexibility to cater both domestic and international markets and constant efforts by the company to control costs at all levels, the company has been able to insulate itself from adverse market conditions. Looking at present scenario the sacking production would constitute major share of company's production. However, on overall basis the prospects of jute industry looks bright in the wake of awareness amongst people all over the world about ecological safety and environmental consciousness. The wide spread criticism for usage of plastic and preference of jute as a bio-degradable eco friendly natural product would further pave way for positive future.

Bally Jute Company Limited

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The company has adequate internal checks and balances so as to provide desired alert signals through installation of ERP system and the same is upgraded on a regular basis. Moreover, the internal audit mechanism is in place to conduct the routine checks on a regular basis throughout the year for better control and efficient management.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The following are the significant areas of financial performance:

(Rs. In lacs)

Particulars	2013-2014	2012-2013
Revenue from Operations (Net)	17381.41	15956.29
Cost of Material Consumed	9333.45	8819.37
Finance Cost	334.41	427.57
Profit After Tax	119.50	103.84
Inventory	3204.65	4343.30

CAUTIONARY STATEMENT:

Statement in this Management Discussion and Analysis Report, describing Company's objective, projection, expectation, estimate or prediction is based on the prevailing Industry position and market conditions which may be different from what is envisaged with regards to future prospects and performance. However, this may undergo changes in future in view of the volatility involved based on weather condition, Government Policy relating to Jute Industry, global demand and market trends.

PUBLIC DEPOSITS:

The company has not accepted any deposits from the Public within the meaning of section 58A of the Companies act 1956 for the year ended 31st March 2014.

DIRECTORS

Mr. Ajit Kumar Jain is a Non-Executive independent director of the company. He joined the Board of Directors of the Company on 04.02.2009. His period of office is liable to determination by retirement of directors by rotation under the erstwhile provisions of the Companies Act, 1956. It is proposed to appoint Mr. Ajit Kumar Jain as an Independent Director under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges, to hold office for five (5) consecutive years for a term upto 31st January 2019. The Company has received a notice in writing from a member along with the deposit of requisite amount proposing the candidature of Mr. Ajit Kumar Jain for the office of Director of the Company.

Mr. Pradip Debnath is a Non-Executive independent director of the company. He joined the Board of Directors of the Company on 08.11.2013. Under Section 161(1) of the Companies Act, 2013 and rules frame there under, Mr. Pradip Debnath holds office only up to the date of this Annual General Meeting of the Company. The Company has received a notice in writing from a member along with the deposit of requisite amount proposing the candidature of Mr. Pradip Debnath for the office of Director of the Company.

To appoint Director in place of Sri Swapan Kumar Dey (holding DIN-02210240) , Who retires by rotation, and being eligible ,offer himself for re-appointment.

ISO CERTIFICATE:

Your Company continues to maintain the Certificates under IS/ISO 9001: 2008, ISO 14001:2004 certification for Environment Management system and B.S.OHSAS 18001:2007 for Occupational Health

Bally Jute Company Limited

& Safety Assurance Series from MS CERT as per standards of JAS – ANZ, Canberra, Australia. The Jute Mill of your company is running in an eco-efficient manner with a clear focus on work place health and safety. The effectiveness of these systems is evident from reduced oil and water consumption, reuse of waste oils and water.

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from Practicing Company Secretary confirming Compliance of the conditions of Corporate Governance and forming part of the report is annexed hereto.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

1. In the preparation of the Financial Statements, the applicable accounting standards have been followed along with the proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them Consistently and made Judgment and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.
4. The Financial Statements have been prepared on a going concern basis.

STATUTORY AUDITORS

The Company, in terms of section 139(1) and (2) of the Act, 2013 is required to appoint an individual as statutory auditor for a term of not more than 5 consecutive years i.e. till the conclusion of sixth annual general meeting, and an audit firm as auditor for not more than two terms of five consecutive years i.e. till the conclusion of eleventh annual general meeting and ratify their appointment, during the period, in every annual general meeting by way of passing of an ordinary resolution till the completion of their terms.

The period, for which any firm has held office as auditor prior to the commencement of the Act, 2013 will be taken into account for calculating the period of five consecutive years, as per the fourth proviso to section 139(2) of the Act, 2013 read with Rule 6(3) of the companies (Audit and Auditors) Rules, 2014.

M/s R. Kothari & Co, Chartered Accountants, who were earlier appointed as statutory auditors of the Company, were functioning as Auditor for more than ten years. Hence they are eligible to be appointed for the transitional period of three years in terms of the aforesaid provisions and rules under the Companies Act 2013.

It is proposed to appoint statutory auditors for the transitional period of three years, subject to the approval and ratification by the shareholders at the AGM, held during the transitional period.

The company has obtained necessary certificate under section 141 of the Act 2013, conveying their eligibility for the above appointment. The audit committee and the Board reviewed their eligibility criteria, as laid down under section 141 of the Act 2013 and recommended their appointment as auditors for the aforesaid period by the members.

COST AUDITORS

The Board of Directors has appointed Messers B.G Chawdhury & Co., Cost Accountants, as cost Auditors for conducting audit of cost accounts maintained by the company in respect of Jute and fix their remuneration based on the recommendation of the Audit Committee. The remuneration payable to Cost Auditors is subject to ratification by shareholders in the ensuing Annual general meeting of the Company. The due date and actual date of filing of the Cost Audit Report of the Company for the financial year 2012-13 were on 27/09/2013 which is within the due date.

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PARTICULARS OF EMPLOYEES:

The information in accordance with the Provisions of Section 217 (2A) of the Companies Act, 1956 read with the Company (Particulars of Employees) Rules 1975, as amended from time to time, is NIL for the report year.

INDUSTRIAL RELATIONS

During the year under review Industrial Relations were cordial and the continued support rendered by the executives, staff and workmen of the company throughout the year is appreciated.

ENVIRONMENT, ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

As required by the Companies (Disclosure of particulars in Report of Directors Rule, 1988 the relevant data pertaining to the conservation of energy etc. are given in Annexure A of this report. Research & Development is being given due importance by the Company and efforts are being made for improvement in productivity and reduction in waste. The information in regard to Foreign Exchange earnings and outgo are as follows:-

i)	Earning in Foreign Currency : Export of goods calculated on F.O.B. Basis	13,71,53,294/-
ii)	Expenditure in Foreign Currency : Import of Raw Jute Travelling Expenses	25,05,346/-

ACKNOWLEDGEMENT.

Your Directors express their sincere thanks for the whole hearted assistance and co-operation received from banks, government authorities, customers, suppliers and members of the company.

The Directors wish to place on record their sincere thanks to all employees for their continued contribution to the performance of the Company.

For and on behalf of the Board of Directors

Jitendra Kumar Kapila
CHAIRMAN

Registered Office,
5, Sree Charan Sarani,
Bally, Howrah..
Dated : 05.09.2014

Bally Jute Company Limited**Annexure "A" To the directors' report**
Form - "A"

	2013-2014 Rs.	2012-2013 Rs.
<u>Power & Fuel Consumption :</u>		
<u>Electricity :</u>		
A) Purchased Units [in hundred]	143,062	148,519
Total Amount [Rs. in thousand]	99,747	100,306
Rate / Unit [Rupees]	6.97	6.75
B) Own Generation :		
Through Diesel Generator Unit		
[in hundred]	113	540
Unit per Litre of Diesel	2.41	2.82
Cost / Unit [Rupees]	17.92	12.64
<u>Coal :</u>		
[Coal is used for generation of Steam in boiler]		
Quantity [Tonnes]	2.70	0.42
Total Cost [Rs. in thousand]	24.17	4.28
Average Rate [Rupees]	8.96	10.11
<u>Consumption Per unit of Production :</u>		
Production : Jute Goods [Tonnes]	28292	29085
Electricity Unit per M.T.	505	511
Coal per M. Ton of Production	0.009	0.001

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REPORT ON CORPORATE GOVERNANCE

The Report containing the details of Corporate Governance System and process at Bally Jute Company Limited in accordance with Clause 49 of the Listing Agreement with Calcutta Stock exchange Limited (CSE).

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes in practice of good Corporate Governance. The Company firmly believes in the values of transparency, professionalism and accountability in its dealing with its customers, dealers, employees and Shareholders and with the every individual who deals and comes in the contact with the Company.

2. BOARD OF DIRECTORS:

a) Composition

As on 31st March, 2014, the Board of Directors had four members comprising of One Director cum Manager and three Non-Executive Directors. The Chairman of the Board is Director cum Manager.

The Directors are liable to retire by rotation.

None of the Director on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. The composition of the Board of Directors, membership of the Directors in other Board and Board Committees are as follows.

Name	Category of Directorship	No. of other Companies Directorships (including Pvt. Ltd. Company	No. of other Board Committee(s) of which he is a member* & Non Executive	No. of other Board Committee(s) of which he is a Chairman*
Mr. J.K.Kapila	Director Cum Manager	7	2	—
Mr. Ajit Kumar Jain	Independent & Non Executive	4	2	2
Mr. Swapan Kumar Dey	Non Executive	—	2	—
Mr. Pradip Debnath	Independent & Non Executive	—	1	—

During the year Twelve Board meetings were held on 18th April'2013, 30th April'2013, 6th May'2013, 22nd May'2013, 30th July, 2013, 29th August'2013, 31st August'2013, 30th September'2013, 31st October'2013, 8th November'2013, 16th January'2014, 31st January '2014.

	No. of Board Meeting Attended	Attendance at last AGM held on
Mr. J.K.Kapila	12	Present
Mr. A.K.Jain	12	Present
Mr. Pradip Debnath	4	Absent
Mr. Swapan Kr.Dey	12	Present

None of the Non-Executive Directors of the Company have any Material pecuniary relationship or transactions with the Company.

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3. COMMITTEES OF BOARD

A) AUDIT COMMITTEE

Terms of Reference

The terms of reference of the Audit Committee are in line with the revised provisions of clause 49 of the Listing Agreement. The broad functions of Audit Committee :

- a. To discuss and review the comment on Internal Audit Reports submitted by Company's Internal Auditor.
- b. To review the progress on implementation of the suggestions made by Internal Auditors.
- c. To discuss and review the observations of Internal Auditors, cost control measures, statutory compliances etc. in various functional areas.
- d. Recommending the appointment and removal of auditors and fixing their remuneration.
- e. Review with the Management the annual, half-yearly and quarterly financial statements before submission to the Board.

(a) Composition, Name of Members and Chairman,

The composition of the Audit Committee is given below :

Name & Designation	Category	No. of Meeting
Chairman / Member	Independent & Non Executive Director	Attended
Mr. A.K.Jain, Director	Chairman	5
Mr. S.K.Dey, Director	Member	5
Mr. J.K.Kapila, Director cum Manager	Member	5

Sri S.K. Agarwal, General Manager cum Company Secretary is the secretary to the Audit Committee.

Five meetings of the Audit Committee were held during the Financial Year 2013-14.

(B) REMUNERATION COMMITTEE

The Company has duly constituted Remuneration Committee in compliance with provisions of the companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time. The remuneration committee recommends the appointment, re-appointment and remuneration payable to Executive Directors and annual increments. The Packages and increments are determined by the committee keeping in view (i) financial position of the Company; (ii) trends in the industry; (iii) appointee's qualification, experience, past performance and past remuneration etc.

The present composition of the Remuneration Committee during the year are as under.

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<u>N a m e</u>	<u>Category</u>
Mr Pradip Debnath	Member
Mr. S.K.Dey	Member
Mr. A.K. Jain	Chairman
Mr. J.K. Kapila	Member

Compensation

The Company has paid remuneration of Rs. 3,42,000/- P.A. along with other perquisites to Sri J.K. Kapila as Director cum Manager during the period under report as admissible within the overall limits specified under Schedule V of the Companies Act, 2013 and as approved by the Shareholders. Non-Executive Directors are not paid any remuneration or sitting fees.

5. Shareholders / Investors Grievance Committee

The Shareholders' / Investors' Grievance Committee comprising the following Directors.

<u>Name</u>	<u>Category</u>
Mr. Pradip Debnath	Member
Mr. S.K.Dey	Member
Mr. A.K.Jain	Chairman
Mr. J.K.Kapila	Member

The details relating to the number of complaints received, number solved to the satisfaction of the shareholders and number of pending complaints have been provided in the shareholders' information section.

4. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings were held as under :

Financial Year	Location	Date	Time	Special Resolution
2010 - 2011	5, Sree Charan Sarani Bally, Howrah	30.09.2011	03.30 P.M.	None
2011 - 2012	- do -	29.09.2012	03.30 P.M.	None
2012 - 2013	- do -	30.09.2013	11.30 A.M.	None

POSTAL BALLOT

No special resolution was passed last year through postal ballot and no special resolution is proposed to be passed through postal ballot presently.

Bally Jute Company Limited

5. DISCLOSURES

- a) The particulars of transaction between the Company and its related Parties as per the Accounting Standard (As-18) are set out in Note No.33 in the notes of the Accounts for the year.
- b) No penalties / strictures have been imposed on the Company by the Stock Exchange / SEBI / Statutory Authorities on any matter related to Capital markets during the last three years.
- c) Whistle Blower Policy :-
The Company at present does not have any Whistle Blower Policy.
- d) The Company has presently not adopted any of the non-mandatory requirements.

6. Code of Conduct:

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. All the Board Members and Senior Management personnel have affirmed compliance with the Code for 2013 - 14. A declaration to this effect duly signed by the Chief Executive Officer forms part of this Annual Report.

7. Means of Communication :

The Company had submitted its Quarterly, Half Yearly and Yearly financial results to the Stock Exchange soon after its approval by the Board and published the same in Leading National News Papers. At present, half yearly report on accounts is not being sent to the Shareholders. No presentations were made to the institutional investors or analysts during the period under review.

8. Particulars of Directors seeking appointment /re-appointment at the 32nd Annual General Meeting of the Company

Name of Director	Mr Ajit Kumar Jain
Date of Birth	20.07.1962
Date of Appointment	04.02.2009
Expertise in specific functional areas	A Chartered Accountant with vast professional experience in various gamuts of audit and other related areas.
List of outside Directorship held	Score Information Technologies Ltd Karma Systech Ltd A.K.K. Vanijya Pvt.Ltd Effect Shield Consultancy Pvt. Ltd
Chairman/Member of the Committee of the Board of Directors of the Company	Chairman-Audit Committee Chairman - Shareholders Grievance Committee
Chairman/Member of the Committee of the Board of Directors of the other Public Company	None
Shareholding of the Non-Executive Director	Nil
Relationship between Directors Inter-se	None

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Name of Director	Pradip Debnath
Date of Birth	01.02.1969
Date of Appointment	08.11.2013
Expertise in specific functional areas	Completed B.Tech and has 22 years experience in Textile Industry.
List of outside Directorship held	None
Chairman/Member of the Committee of the Board of Directors of the Company	Member- Shareholders Grievance Committee
Chairman/Member of the Committee of the Board of Directors of the other Public Company	None
Shareholding of the Non-Executive Director	Nil
Relationship between Directors inter-se	None

Name of Director	Swapan Kumar Dey
Date of Birth	05.03.1952
Date of Appointment	01.06.2012
Expertise in specific functional areas	Textile technologist associated with diversified jute products technology and manufacturing with experience for more than 40 years.
List of outside Directorship held	None.
Chairman/Member of the Committee of the Board of Directors of the Company	Member-Audit Committee Member - Shareholders Grievance Committee
Chairman/Member of the Committee of the Board of Directors of the other Public Company	None
Shareholding of the Non-Executive Director	Nil
Relationship between Directors inter-se	None

9. Means of Communication

The quarterly, half yearly and annual working results of the company are published in newspapers like Financial Express (English) and Arthik Lipi (Bengali).

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10. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

32nd Annual General Meeting will be held on 29th September '2014 at 11.30 A.M. at its Registered Office at 5, Sree Charan Sarani, Bally, Howrah – 711 201

Financial Calendar (2014-2015):
(tentative)

Quarter ending June 30, 2014	:	Second Week of August, 2014
Quarter ending September 30, 2014	:	Second Week of November, 2014
Quarter ending December 31, 2014	:	Second Week of February, 2015
Quarter ending March 31, 2015	:	Second Week of May, 2015

b) Date of Book Closing:

24th September, 2014 To 29th September, 2014 (both day inclusive)

a) Dividend

The board has not recommended any dividend on Equity shares.

d) Listing on Stock Exchange : 1) The Calcutta Stock Exchange Ltd.

e) Demat ISIN in - Not Allotted

f) Registrar and Share Transfer Agent :

ABS Consultants Pvt. Ltd.
"Stephen House", Room No.99
6th Floor, 4, B.B.D. Bag (East),
Kolkata-700 001.

g) Status of Dematerialization of Shares as on 31st March, 2014.

As on 31st March, 2014, entire Equity Shares of the Company are being held in physical Form by the Shareholders.

Distribution of Shareholding as on 31st March, 2014

Slab of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 500	33	58	1228	0.01
501 - 1000	—	—	—	—
1001 - 2000	—	—	—	—
2001 - 3000	12	21	31375	0.24
3001 - 4000	—	—	—	—
4001 - 5000	—	—	—	—
5001 - 10000	—	—	—	—
10001 and above	12	21	12875056	99.75
Total	57	100	12907659	100

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Category of Shareholders as on 31st March, 2014.

Category	No. of Shares	% of Shareholdings
Promoters	12882556	99.81
Institutional Investors	-	-
Body Corporate	-	-
Indian Public	25103	0.19
NRIS / OCBs	-	-
Total	12907659	100

Stock Market Data - There was no trading during the year review and thus High / Low market price data for Stock performance in comparison to the indicatcs cannot be made.

During the period under review, no complaint were received from the shareholders. No share transfer were pending as on 31st March, 2013.

Registered Office : 5,Sree Charan Sarani, Bally, Howrah

Plant Location : -do-

Address for correspondence : -do-

CERTIFICATE FROM PRACTISING COMPANY SECRETARIES REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
BALLY JUTE COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by Bally Jute Company Limited for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

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

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mention Listing Agreement.

On the basis of information and explanation given to us and as per the records maintained in the company, we state that no investor grievances are pending for a period exceeding one month against the company.

We further state 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 : 05.09.2014

For Pramod Agarwal & Co.
Company Secretaries
Pramod Agarwal
(Proprietor)
C.P. No. : 4193

CERTIFICATE FROM THE MANAGER CUM DIRECTOR

I, J. K. Kapila, Director cum Manager do hereby declare that pursuant to the provisions of Clause 49 of the Listing Agreement, all the members of the Board and Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company.

Place : Bally
Date:05/09/2014

Sd/- J.K.Kapila
Chairman

Bally Jute Company Limited

INDEPENDENT AUDITOR'S REPORT

To
The Members
BALLY JUTE COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **BALLY JUTE COMPANY LTD.**, which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 notified under the Companies Act, 1956 read with general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

1. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- a) **Attention is invited to Note No 22 Point (h) of Statement of Significant Accounting Policies regarding Gratuity provided as an expenses in the Statement of Profit and Loss for the year in which the payment for the same has been made, which constitutes a departure from the Accounting Standard 15 - "Employee Benefits" including disclosure requirement under the said standard referred to in Section 211(3C) of the Act. The impact of the same in the financial statement is disclosed in Note No. 24.**
- b) **Attention is invited to Note No. 29 of the Financial Statement regarding the Confirmation of balance from debtors, Loan & Advance and Creditors.**

Qualified Opinion

In our opinion and to best of our information and according to the explanations given to us, **except for the effects of the matter described in the Basis for Qualified Opinion paragraph above**, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

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- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 28 of the Financial Statement which describe regarding the non provision of excise duty on the opening stock of finished goods.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - (b) *Except for the effects of the matter describe in the Basis for Qualified Opinion paragraph*, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, 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 effects of the matter described in the Basis for Qualified Opinion paragraph above*, in our opinion the Balance Sheet, Statement of Profit & Loss and cash flow Statement comply with the Accounting Standard referred to in Section 211(3C) notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - (e) On the basis of written representation received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) clause (g) of the Act.

Place : Kolkata
Dated : 3rd June, 2014

For R. Kothari & Company
(Chartered Accountants)
F.R No.307069 E
K.C.Soni
Partner
Membership No.- 057620

Bally Jute Company Limited

Annexure to the Auditors' Report

With reference to the annexure referred to in paragraph (1) under the heading "Report on Other Legal and Regulatory Requirement" of the Auditors' Report to the Members of Bally Jute Company Limited on the financial statements for the year ended 31st March, 2014. On the basis of such checks as we considered appropriate and accordingly to the information and explanations given to us during the course of our audit, we reported that:

- (i)
 - a. The Company has maintained records showing full particulars including quantitative details and situation of its fixed assets.
 - b. The Fixed Assets have been physically verified by the management during the year according to regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the company and nature of its business. In our opinion and according to the information and explanation given to us, in respect of Assets physically verified discrepancies noticed were not material and have been properly dealt with in the Books of Account.
 - c. During the year, the Company has not disposed off any substantial part of Fixed Assets, which would affect going concern of the company
- (ii)
 - a. In our opinion and according to information and explanation given to us the inventory of finished goods, processed stock and raw material & stores & spares have been physically verified by the Management during the year.
 - b. In our opinion and according to information and explanations given to us, procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. In our opinion and according to the information and explanations given to us the Company has maintained proper record of inventory and no material discrepancies were noticed on physical verification.
- (iii)
 - a. The Company has not granted secured or unsecured loan to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956
 - b. The company has not taken unsecured loan, from a party covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv)

In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and Fixed Assets and sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
- (v)
 - a. To the best of our knowledge and belief and according to the information and explanations given to us we are of the opinion that the transactions that need to be entered into the Register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 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 prevailing market prices at the relevant time.
- (vi)

The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India and provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- (vii)

The Company has an Internal Audit System during the year under review, which in our opinion is commensurate with its size and nature of its business.
- (viii)

We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records for determining whether they are accurate and complete.

Bally Jute Company Limited

- (ix) a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing undisputed statutory dues including Employees State Insurance, Income Tax, Sales Tax, Provident Fund, Investor Education and Protection Fund, Service Tax and any other material statutory due applicable to it and there are no arrears outstanding as at the year end for the period of more than six months from the date they became payable.
b. According to the information and explanations given to us, there is no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2012 for a period of more than six months, from the date they became payable.
c. According to the information and explanations given to us, there are no dues of sales tax, income-tax, custom duty wealth tax, excise duty and Cess which have not been deposited on account of any dispute except Sales Tax demand under appeal amounting Rs. 6,13,97,316/-.
- (x) The company does not have any accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year ended on that date as well as in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or Banks. The Company has not issued debenture.
- (xii) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
- (xiii) In our opinion, the company is not chit fund or nidhi / mutual benefit fund / society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company has maintained proper records of the investments in shares. The shares have been held by the company in its own name except to the exemption granted under Section 49 of the Companies Act, 1956.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans availed by the Company are prima facie applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Financial Statement of the company and after placing reliance on the reasonable assumptions made by the company for classification of long term usages of fund, we are of the opinion that the funds raised by the company on short term basis has not been used for long term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures hence clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) The company has not raised any money by public issues hence clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period.

For R. Kothari & Company
(Chartered Accountants)
F.R. No. 307069E

Place : Kolkata
Dated : 3rd June, 2014

K.C.Soni
Partner
Membership No.- 057620

Bally Jute Company Limited

BALANCE SHEET AS ON 31st MARCH, 2014

(In Rs.)

Particulars	Notes No.	As at 31st March, 2014		As at 31st March, 2013	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
Shareholders' Funds :					
Share Capital	1	129,076,590		129,076,590	
Reserves & Surplus	2	756,786,755	885,863,345	744,836,738	873,913,328
Non-current liabilities					
Long-term borrowings	3	80,000,000		89,862,635	
Deferred tax liabilities (Net)		28,964,007	108,964,007	29,815,353	119,677,988
Current liabilities					
Short-term borrowings	4	217,727,014		259,135,067	
Trade Payables		8,683,086		3,256,345	
Other Current liabilities	5	85,784,281		100,745,807	
Short-term provisions	6	17,089,024	329,283,405	11,692,106	374,829,325
Total			1,324,110,757		1,368,420,641
II. ASSETS					
Non-current assets :					
Fixed Assets					
Tangible Assets	7	865,006,038		867,410,567	
Non-current investments	8	100,000		100,000	
Other non-current assets	9	7,814,	865,113,852	15,628	867,526,195
Current Assets					
Inventories	10	320,464,528		434,329,511	
Trade receivables	11	69,770,340		8,418,490	
Cash & cash equivalents	12	4,103,549		2,862,566	
Short-term loans and advances	13	47,141,905		49,664,983	
Other Current assets	14	17,516,583	458,996,905	5,618,896	500,894,446
Total			1,324,110,757		1,368,420,641

Significant Accounting Policies and accompanying note are integral part of these Financial Statements 1-38

As per our Report this date annexed

For R. Kothari & Company
Chartered Accountants
K.C Soni
M. No. 057620
Place : Kolkata
Dated : 3rd June, 2014

Sanjay Kumar Agarwal
General Manager (F&A) &
Secretary

FOR & ON BEHALF OF BOARD

J.K.Kapila
Director/Manager

A.K.Jain
Director

Bally Jute Company Limited

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2014

(In ₹)

	Particulars	Notes No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	REVENUE			
I	Revenue from Operations	15	1,738,141,160	1,595,628,765
II	Other Income	16	2,384,358	1,270,792
III	TOTAL REVENUE		1,740,525,518	1,596,899,557
IV	EXPENSES			
	Cost of Materials Consumed	17	933,344,748	881,936,678
	Purchase of Stock-in-trade		--	25,274,491
	Change in inventories of finished goods, Work-in-progress and Stock-in-Trade	18	71,371,907	(31,563,480)
	Employee benefits expenses	19	401,653,703	388,214,813
	Finance cost	20	33,441,059	42,757,437
	Depreciation	7	40,597,114	37,676,895
	Other expenses	21	243,621,398	236,701,364
	TOTAL EXPENSES		1,724,029,929	1,580,998,198
V	Profit/(Loss) Before exceptional and extraordinary items and tax (III - IV)		16,495,589	15,901,359
VI	Exceptional Items		--	--
VII	Profit/(Loss) Before extraordinary items and tax (V - VI)		16,495,589	15,901,359
VIII	Extraordinary Items		--	--
IX	Profit/(Loss) before Tax (VII - VIII)		16,495,589	15,901,359
X	Tax Expense			
	- Current Tax		5,663,489	5,619,675
	- Deferred Tax		851,346	307,311
	- Income tax for earlier years		(266,571)	205,004
			4,545,572	5,517,368
XI	Profit/(Loss) for the period from continuing operations (IX-X)		11,950,017	10,383,991
XII	Profit/(Loss) from discontinuing operations		11,950,017	10,383,991
XIII	Profit for the period (XI + XII)			
	Equity Share			
	Basic		0.93	0.80
	Diluted		0.93	0.80

Significant Accounting Policies and accompanying note are integral part of these Financial Statements 1-38

As per our Report this date annexed

For R. Kothari & Company
Chartered Accountants
K.C Soni
M. No. 057620
Place : Kolkata
Dated : 3rd June, 2014

Sanjay Kumar Agarwal
General Manager (F&A) &
Secretary

FOR & ON BEHALF OF BOARD

J.K.Kapila
Director/Manager

A.K.Jain
Director

Bally Jute Company Limited

Notes to the Financial Statements		(In Rs.)		
Particulars	As at 31st March, 2014	As at 31st March, 2013		
1. SHARE CAPITAL				
Authorised :				
13000000 Equity Shares of Rs. 10/- each (Previous Year 13000000 Equity Shares of Rs. 10/- each)	130,000,000	130,000,000		
	130,000,000	130,000,000		
Issued, Subscribed				
12907659 Equity Shares of Rs. 10/- each (Previous Year 12907659 Equity Shares of Rs. 10/- each)	129,076,590	129,076,590		
	129,076,590	129,076,590		
Paid up				
12907659 Equity Shares of Rs. 10/- each (Previous Year 12907659 Equity Shares of Rs. 10/- each)	129,076,590	129,076,590		
	129,076,590	129,076,590		
The company has one class of equity shares having a par value of Rs. 10/- per share. Each Shareholder is eligible for one vote per share held and having same rights as to dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount in proportion to their shareholding.				
The paid up Share Capital includes 1431300 equity Shares of Rs. 10/- each fully paid up issued for consideration other than Cash pursuant to scheme of amalgamation approved by Hon'ble High Court Kolkata vide order dt. 06/07/09.				
The name of Shareholders holding more than 5% shares in the Company and their numbers are as follows :				
NAME OF THE SHAREHOLDERS	As on 31/3/2014		As on 31/03/2013	
	No. Of Shares	%	No. of Shares	%
Ambica Capital Marketing Limited	4,793,073	37.13	4,793,073	37.13
Aspective Tie Up Limited	1,746,000	13.53	1,746,000	13.53
Goldview Financial Services Limited	1,097,533	8.50	1,097,533	8.50
Kshitz Merchandise Pvt. Ltd.	1,686,000	13.06	1,686,000	13.06
Satbichar Vyapaar Limited	1,684,500	13.05	1,684,500	13.05

Bally Jute Company Limited

Notes to the Financial Statements

2. RESERVE AND SURPLUS

Particulars	As at 31st March 2013	Additions Created during the year	Deductions during the year	As at 31st March 2014
Capital Reserve	17,076,393	--	--	17,076,393
Securities Premium Reserve	55,757,782	--	--	55,757,782
General Reserve	596,197,222	--	--	596,197,222
Surplus as per Profit & Loss Account (1)	75,805,341	11,950,017	--	87,755,358
Total	744,836,738	11,950,017	--	756,786,755

Notes	2014	2013
(1) Profit for the year	11,950,017	10,383,991
	11,950,017	10,383,991

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NON-CURRENT LIABILITIES		
3. LONG-TERM BORROWINGS		
Secured		
Loan from Bank		
-Term Loans - Canara Bank	9,365,586	35,862,635
Less :		
Repayable within next 12 months transferred to "other Current Liabilities"	9,365,586	26,000,000
	--	9,862,635
Secured against 1st Charge on the existing Plant & Machinery and EMT of Land and Factory Buildings.		
Terms of Repayment		
Loan - I Sanctioned Rs 900 lacs Repayable in 27 Quarterly Instalments of Rs. 32.00 lacs and final instalment at Rs. 36 lacs starting from 31/10/2007 to 31/07/2014		
Loan - II Sanctioned Rs 632 lacs Repayable in 19 Quarterly Instalments of Rs. 33.00 lacs and final instalment at Rs. 5.24 lacs starting from 31/12/2009 to 30/09/2014		
Unsecured		
Loan from others		
Inter Corporate Deposit	80,000,000	80,000,000
	80,000,000	89,862,635

Bally Jute Company Limited**Notes to the Financial Statements**

(In Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
CURRENT LIABILITIES		
4. SHORT-TERM BORROWINGS		
Secured		
Working Capital loans - Canara Bank	217,727,014	259,135,067
Secured by hypothecation of Raw Materials, Work-in-progress, Finished Goods, Stores & Spares and by way of 1st charge on all the present and future Book debts, outstanding and claim and money recoverable.		
Personal Guarantee of Sri H.C.Kankaria and Sri A.K.Kankaria and Corporate Guarantee of Ambica Jute Mills Ltd.		
	217,727,014	259,135,067
5. OTHER CURRENT LIABILITIES		
Current Maturities of Long-term Debt - Term Loans	9,365,586	26,000,000
Other Payable-employees	6,779,912	6,547,247
Trade Deposits & Advances	4,048,500	314,534
Sales Tax & Withholding taxes payable	1,482,490	1,177,695
Other Payables	64,107,793	66,706,331
	85,784,281	100,745,807
6. SHORT - TERM PROVISIONS		
Income Tax	17,089,024	11,692,106
	17,089,024	11,692,106

Bally Jute Company Limited

Notes to the Financial Statements

7. FIXED ASSETS - TANGIBLE

Description	GROSS BLOCK-COST/BOOK VALUE					DEPRECIATION/AMORTISATION				NET BLOCK	
	Total as at 31st March 2013	Additions/ adjustment during the year	Deductions/ adjustment during the year	Impairment (reversal) during the year	Total as at 31st March 2014	Total as at 31st March 2013	Provided during the year	Deductions/ adjustment during the year	Total as at 31st March 2014	As at 31st March 2014	As at 31st March 2013
Land	349,960,510	-	-	-	349,960,510	-	-	-	-	349,960,510	349,960,510
(a) Freehold											
Buildings	149,202,791	6,709,457	-	-	155,912,248	42,372,757	4,798,321	-	47,171,078	108,741,170	106,830,034
Computer	28,994,276	86,060	-	-	29,080,336	27,979,824	553,781	-	28,533,605	546,731	1,014,452
Plant & Machinery	679,695,681	39,001,358	10,786,000	-	707,911,039	273,855,108	34,624,712	-	308,479,820	399,431,219	405,840,573
Vehicles	2,573,398	2,990,760	-	-	5,564,158	1,374,369	410,558	-	1,784,927	3,779,231	1,199,029
Office Equipments	2,775,232	190,950	-	-	2,966,182	634,199	144,443	-	778,642	2,187,540	2,141,033
Furniture & Fixtures	1,038,677	-	-	-	1,038,677	613,741	65,299	-	679,040	359,637	424,936
TOTAL	1,214,240,565	48,978,585	10,786,000	-	1,252,433,150	346,829,998	40,597,114	-	387,427,112	865,006,038	867,410,567
Previous Year :-	1,147,253,646	67,361,262	80,000	294,343,00	1,214,240,565	309,324,096	37,676,895	170,993.00	346,829,998	867,410,567	

(In Rs.)

Bally Jute Company Limited

Notes to the Financial Statements

			(In Rs.)	(In Rs.)
Particulars			As at 31st March, 2014	As at 31st March, 2013
8. NON CURRENT INVESTMENTS				
Non Trade Investment Unquoted				
Number	Face Value per unit	Name of the Company		
10000 (10000)	Rs. 10	AKK Mercantile Pvt. Ltd. (Fully paid Equity Shares)	100,000	100,000
			100,000	100,000
9. OTHER NON - CURRENT ASSETS				
<u>Unamortized Expenses</u>				
Preliminary Expenses				
Opening Balance			15,628	23,442
Less: Amotization during the year			7,814	7,814
(To be written off in next 12 months Rs. 7814/-)				
			7,814	15,628
CURRENT ASSETS				
10. INVENTORIES (As certified by Management)				
Raw Materials (at Cost)			157,913,260	199,190,102
Work-in-progress (At Cost)			44,308,016	51,859,627
Finished Goods (At Cost or Net realisable value)			97,353,145	161,173,441
Stores & Spares (at weighted average cost)			20,890,107	22,106,341
			320,464,528	434,329,511
11. TRADE RECEIVABLE				
Unsecured (Considered Good)				
Over Six Months			—	—
Other Debts			69,770,340	8,418,490
			69,770,340	8,418,490
12. CASH AND CASH BALANCES				
CASH & CASH EQUIVALENT				
In Current Accounts with Schedule Bank			412,867	217,305
Cash in hand and as Imprest			1,464,832	1,669,386
OTHER BANK BALANCES				
Fixed Deposit as Margin Money with Bank (Maturity less than 12 months)			2,225,850	975,875
			4,103,549	2,862,566

Bally Jute Company Limited

Notes to the Accounts

Particulars	(In Rs.)	(In Rs.)
	As at 31st March, 2014	As at 31st March, 2013
13. SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances Recoverable in cash or kind or for value to be received		
Advances to Employees	6,410,874	12,811,371
Advance to Suppliers	2,816,380	2,628,471
Advances to Others	8,234,441	12,440,281
Deposits	9,413,862	9,413,862
Deposit/Balances with Statutory Authorities	45,395	97,347
Advance Income Tax/TDS	20,220,953	12,273,648
	47,141,905	49,664,980
14 OTHER CURRENT ASSETS		
Other Current Assets	17,516,583	5,618,896
	17,516,583	5,618,896
15. REVENUE FROM OPERATIONS		
Sales of Jute Goods	1,755,797,386	1,611,225,517
Less : Cess Duty	17,656,226	15,596,752
Net Sales	1,738,141,160	1,595,628,765
16. OTHER INCOME		
Dividend	3,814	3,350
Interest Income	1,506,751	905,021
Rent Income	300,000	346,756
Gain (loss) on foreign currency transaction	520,160	-
Miscellaneous Income	53,633	15,665
	2,384,358	1,270,792
17. COST OF MATERIALS CONSUMED		
Opening Stock	199,190,102	189,714,344
Add : Purchase (Net of Sales refer Note No. 27)	892,067,906	891,412,436
Less : Closing Stock	157,913,260	199,190,102
	933,344,748	881,936,678
18. CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Closing Stock in Progress	44,308,016	51,859,627
Closing Stock - Finished Goods	97,353,145	161,173,441
	141,661,161	213,033,068
Opening Stock in Progress	51,859,627	54,492,886
Opening Stock - Finished Goods	161,173,441	126,976,702
	213,033,068	181,469,588
Increase / (Decrease) in Stock	(71,371,907)	31,563,480

Bally Jute Company Limited

Notes to the Accounts

Particulars	(In Rs.)	(In Rs.)
	As at 31st March, 2014	As at 31st March, 2013
19. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages & Allowances	363,113,725	350,064,101
Contribution to Provident & Other Fund	36,634,798	36,070,659
Staff Welfare Expenses	1,905,180	2,080,053
	401,653,703	388,214,813
20. FINANCE COST		
Interest Expenses	33,441,059	35,253,806
Foreign Exchange Fluctuation	—	7,503,631
	33,441,059	42,757,437
21. OTHER EXPENSES		
Store & spares consumed	94,690,119	79,894,359
Power & Fuel	98,179,484	98,674,196
Rent	—	205,000
Repairs to Building	2,277,336	1,014,232
Repairs to Machinery	402,084	788,591
Insurance	10,109,920	9,936,400
Rates & Taxes	1,084,096	845,516
Brokerage & Commission	5,754,319	5,253,581
Auditors Remuneration	286,518	213,484
Miscellaneous Expenses	30,837,522	39,876,005
	243,621,398	236,701,364

Bally Jute Company Limited

NOTE NO. 22

Notes Forming Part of the Accounts for the year ended 31st March, 2014.

SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING OF FINANCIAL STATEMENT :

The Financial statements have been prepared in accordance with historical Cost convention on a going concern and on mercantile basis except in case of Payment of Gunny Claim which is accounted for as and when settled.

The Financial statement are presented in accordance with generally accepted accounting principles in India. All the assets & liabilities have been classified as current or non current as per company's normal operating cycle and other criteria set out in revised Schedule VI to companies Act, 1956. Based on the nature of the product and the time between Revised acquisition of the assets for processing and their realization in cash & cash equivalent, the company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

B. FIXED ASSETS AND DEPRECIATION :

- a) Fixed Assets of the Company have been stated at cost of acquisition , less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.
- b) Depreciation is provided at the rates prescribed under schedule XIV of the companies Act, 1956 on Straight-line basis.

C. INVENTORIES:

Inventory of the Company have been valued as follows:

- | | | | |
|----|---------------------|---|-----------------------------------|
| a) | Raw Material | : | At Cost |
| b) | Jute In Process | : | At Cost. |
| c) | Stores & Spares | : | At Weighted Average Cost. |
| d) | Finished Goods | : | At Cost or Net realisable value. |
| e) | Shares & Securities | : | At Lower of Cost or market price. |

D. REVENUE RECOGNITION :

i) Sale of Product

- a. Sales are Stated at net of cess duty, sales returns & Discounts. Raw material consumed are shown net of Sale of Raw Jute, Stores & Spares consumed are shown as net of Sale of scrap.
- b. Consignment sales are accounted for on the basis of account sales received up to the date of report and balance of stock transfers are treated as consignment sale on the basis of Performa Invoice considering net remittance receivable from Consignee. Adjustments, if required, are made on subsequent receipt of accounts sales.
- c. All Export Sales in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transaction take place.

ii) Dividend and Interest Income

Dividend income is recognized when the company's right to dividend is established which generally coincide as and when received.

Interest income is recognized on a time proportion basis taking into account the amount Outstanding and the rate applicable.

Bally Jute Company Limited

iii) Insurance Claim

The company recognise insurance claims when the recoverability to the claim is established with a reasonable certainty which generally coincide as and when received.

iv) FOREIGN EXCHANGE TRANSACTIONS

Monetary assets and liabilities in foreign currency, outstanding at the close of the year, are converted into Indian currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. The resultant gain or loss, except to the extent it relates to long term monetary items, is charged to the statement of profit and loss. Such gain or loss relating to long term monetary items for financing acquisition of depreciable capital assets, is adjusted to the acquisition cost of such assets and depreciated over its remaining useful life.

E. GOVERNMENT GRANT

- a) Governments grants which are given with reference to the total investment in an undertaking and no repayment is ordinarily expected in respect thereof, the grant are deducted from gross value of assets which can be neither distributed as dividend nor considered as deferred income.
- b) Grant/subsidy linked to the incurrence of revenue expenditure sanctioned by the government under notified scheme are recognized as income on disbursement by the government.

F. INVESTMENT:

Investment is valued at cost and treated as long term investment.

G. BORROWING COST:

Borrowing Cost attributable to the acquisition of a qualifying asset, as defined in AS-16 on borrowing cost, are capitalised as part of Cost of acquisition.

Other borrowing costs are expensed as incurred.

H. RETIREMENT BENEFITS:

- a) Contributions to Provident Fund are accounted for on accrual basis.
- b) Liability in respect of Gratuity provided on cash basis.
- c) Leave liability is being accounted for on accrual basis as calculated by the Management.

I. CONTINGENT LIABILITY

Contingent Liabilities are not provided for but disclosed by way of notes to the account.

J. TAXES ON INCOME:

Current tax is determined on the basis of the amount of tax payable on taxable income for the year. Deferred tax is calculated at current statutory income tax rate and is recognized on timing differences between taxable income & accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other Notes in relation to Financial Statements

- 23. Contingent Liability not provided in respect of Bank Guarantee Rs. 2,86,04,100/- (Previous year 4,61,07,232/-), LC - Rs. 1,50,00,000/- and Claim not acknowledge by the Company for sales tax demand for various financial year under appeal Rs. 6,13,97,316/- (P.Y. Rs. 6,20,193/-)
- 24. Liability of Gratuity has been determined on Actuarial basis as per revised AS-15 as on 31.03.2014 Rs. 18,19,46,981/- (P.Y. Rs.17,10,74,252/- (Revised). The same will be accounted for as and when paid.

Bally Jute Company Limited

25. Auditors Remuneration consists of:

(Excluding Service Tax)

Particulars	Year 2013-14	Year 2012-13
Audit Fees	1,80,000	1,40,000
Tax Audit Fees	75,000	50,000

26. Raw Material Purchases include Purchase of Goods and directly attributable expenses of Rs. 8,00,83,195/- (Previous year Rs. 7,44,82,219/-)

27. Cost of Raw Materials Consumed is shown after adjusting sale of Raw Jute totaling to Rs. 1,97,08,246/- (P.Y. Rs. 1,18,22,055/-) and stores & spares consumed are net of sales of scrap Rs. 62,82,891/-.

28. During the year company has changed the method of valuation of closing stock by including the amount of cess duty payable on such stock at the time of removal which is estimated at Rs. 8,02,543/-. The above provision of cess duty in closing stock is in compliance to AS-2 issued by the ICAI and its consequential impact on the profitability of the company.

29. Balance of advances, Sundry Debtors, Consignment Parties & creditors are subject to confirmation.

30. Payment against supplies from Micro, Medium enterprises are made in accordance with agreed credit terms. To the extent ascertained available information, there was no overdue amounts outstanding at the end of the year.

31. As required under Accounting Standards – 28, the carrying amount of asset does not exceeds its recoverable amount. Hence loss on account of impairment is not recognized.

32. SEGMENT REPORTING

The entire operation of the Company relates to only one segment i.e. Jute Goods. As such there is no separate reportable segment as defined under Accounting Standard-17 issued by the ICAI on segment reporting.

33. RELATED PARTY DISCLOSURE:

Name of the related Parties and relationship with them:

Relationship	Nature of Related Party	Nature of Transaction	Balance Outstanding(Rs)
Subsidiary Company	NIL	NIL	NIL
Associate Company	NIL	NIL	NIL
Company Having Significant Influence	Bally Jute Mills Employee's Provident Fund Trust	47,65,186/-	4,38,124/-
Key Management Personnel	J.K.Kapila (Manager cum Director)	Remuneration	Rs. 3,42,000/-
	Mr. M.R. Yagnik (President)	Remuneration	Rs. 13,82,261/-

34. EARNING PER SHARE:

Earning per Share is calculated by dividing the Profit after Tax, attributable to the Equity Share holders by the weighted average number of Equity Shares Outstanding during the year as below.

Particulars	31.03.2014	31.03.2013
Basic Earning per share (RS.)	0.93	0.80
Diluted Earning per Share (RS.)	0.93	0.80
Nominal Value per share (RS.)	10	10
Profit after Taxation (RS.)	1,19,50,017	1,03,83,991
Weighted average no. of shares		
- For Basic E.P.S	1,29,07,659	1,29,07,659
- For Diluted E.P.S	1,29,07,659	1,29,07,659

Bally Jute Company Limited

35. DEFERRED TAXATION:

In view of Accounting Standards 22 "Accounting for Taxes on Income" issued by the I.C.A.I., Deferred tax Assets for the year amounting to Rs.8,51,346/- has been recognized in the statement of Profit & Loss.

The deferred Tax Assets & Liabilities comprise of tax effect of following timing differences:

Particulars	2013-14 (Rs.)	2012-13 (Rs.)
Opening Balance of Deferred Tax Assets/(Liabilities)	(2,98,15,353)	(3,01,22,664)
Add/Less : Deferred Tax Assets/(Liability) on account of Depreciation	8,51,346	3,07,311
Closing Deferred Tax Liability	(2,89,64,007)	(2,98,15,353)

36.

Sl. No.	Particulars	Value (Rs.)	%	Value (Rs.)	%
i)	Value of Imported and Indigenous Raw Material & Stores (Including Components & Spare Parts) Consumed				
	Raw Material :—				
	-) Imported	—	0.37%	2,962,788	0.34%
	-) Indigenous	933,344,748	99.63%	878,973,890	99.66%
	TOTAL	933,344,748	100%	881,936,678	100%
	Stores :—				
	-) Imported	—	—	—	—
	-) Indigenous	94,690,119	100%	79,894,359	100%
	TOTAL	94,690,119	100%	79,894,359	100%
ii)	Earning in Foreign Currency :				
	Export of goods calculated on F.O.B. Basis	13,71,53,294	—	14,61,34,816	—
iii)	Expenditure in Foreign Currency :				
	Import of Raw Jute	—	—	29,62,788	—
	Travelling Expenses	25,05,346		17,22,000	—

37. Figures are rounded off to the nearest rupee.

38. Previous year figure has been rearranged and regrouped wherever consider necessary.

As per our Report this date annexed

For R. Kothari & Co.
Chartered Accountants
K.C Soni
M. No. 057620
Place : Kolkata
Dated : 3rd June, 2014

Sanjay Kumar Agarwal
General Manager (F&A) &
Secretary

FOR & ON BEHALF OF BOARD

J.K.Kapila
Director/Manager

A.K.Jain
Director

Bally Jute Company Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014				
Particulars	For the Year Ended 31.03.2014		For the Year Ended 31.03.2013	
A. NET PROFIT BEFORE TAX	16,495,589		15,901,359	
ADJUSTED FOR :				
Depreciation	40,597,114		37,676,895	
Dividend Income	(3,814)		(3,350)	
Interest & Finance Charges	33,441,059	90,529,948	42,757,437	96,332,341
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES				
Changes in				
Trade & Other Receivables	(70,726,458)		71,293,087	
Inventories	113,864,883		(43,976,474)	
Trade Payables	(45,545,921)	(2,407,396)	17,409,031	45,325,844
CASH GENERATED FROM OPERATIONS		88,122,552		141,657,985
Direct Taxes paid	(5,396,918)	(5,396,918)	(5,824,679)	(5,824,679)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS				
EXTRA ORDINARY ITEMS				
NET CASH FROM OPERATING ACTIVITIES (A)		82,725,634		135,833,306
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(48,978,585)		(70,423,912)	
Subsidy Receipt	10,786,000		3,266,000	
Dividend Received	3,814	(38,188,771)	3,350	(67,154,562)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		(38,188,771)		(67,154,562)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment & Proceeds from borrowings	(9,862,635)		(26,000,532)	
Preliminary Expenses Paid	7,814		7,814	
Payment of Interest & Finance Charges	(33,441,059)	(43,295,880)	(42,757,437)	(68,750,155)
NET CASH FROM FINANCING ACTIVITIES (C)		(43,295,880)		(68,750,155)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		1,240,983		(71,411)
Cash and Cash Equivalents as at the commencement of the year		2,862,566		2,933,977
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		4,103,549		2,862,566
		1,240,983		(71,411)

As per our Report this date annexed

For R. Kothari & Company
Chartered Accountants
K.C Soni
M. No. 057620
Place : Kolkata
Dated : 3rd June, 2014,

Sanjay Kumar Agarwal
General Manager (F&A) &
Secretary

FOR & ON BEHALF OF BOARD

J.K.Kapila
Director/Manager

A.K.Jain
Director