

**THE GANGES MANUFACTURING COMPANY LIMITED**

**DIRECTORS**

RAVINDRA KUMAR PODDAR  
*Chairman*

SANJAY KUMAR OSATWAL  
*Managing Director*

DILIP DATTA

PRANAB KALYAN BANERJEE

PRADEEP KUMAR TRIPATHI

**COMPANY SECRETARY**

RAM KARAN GUPTA

**REGISTERED  
OFFICE**

CHATTERJEE INTERNATIONAL CENTRE  
33A, JAWAHAR LAL NEHRU ROAD  
6TH FLOOR, FLAT NO. A-1  
KOLKATA 700 071  
Phone : 2226 - 6283, 2226 - 0883, 4012 - 3123  
Fax No. : 2288-7591  
email : info@gangesjute.co.in

**MILLS**

P.O.BANSBERIA (Dist. Hooghly), W.B.

**AUDITORS**

S.S.KOTHARI & CO.  
*Chartered Accountants*

**BANKERS**

INDUSIND BANK

**REGISTRAR & TRANSFER  
AGENT**

NICHE TECHNOLOGIES (P) LIMITED  
D-511 BAGREE MARKET,  
71 B.R.B. BASU ROAD  
KOLKATA - 700 001  
Phone : 2234-3576

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **Notice of Annual General Meeting**

Notice is hereby given that the Ninety Eighth Annual General Meeting of The Ganges Manufacturing Company Limited will be held at 'Sitaram Sekseria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata 700 017 on Saturday, the 27th day of December 2014 at 10.00 A.M. to transact the following business.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2014 along with the Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Sri Pradeep Kumar Tripathi (DIN : 06519781) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

4. To appoint Shri Pranab Kalyan Banerjee (DIN: 00313523) as an Independent Director and in this regard to consider and if thought fit, to pass the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Pranab Kalyan Banerjee (DIN: 00313523), who was appointed as a Director liable to retire by rotation and in whose respect the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto 31st March, 2019."

5. To appoint Shri Dilip Datta (DIN: 00406151) as an Independent Director and in this regard to consider and if thought fit, to pass the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Dilip Datta (DIN: 00406151), who was appointed as a Director liable to retire by rotation and in whose respect the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto 31st March, 2019."

6. To Consider and if thought fit, to pass, with or without modification(s), the following Resolutions as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to borrow moneys and obtain loans in any manner from time to time for the business of the Company as may be required from any one or more of the Company's Bankers and/or from any one or more other persons, firms, bodies corporate, financial institutions, Government of West Bengal or other government bodies, whether by way of cash credit, advance, term loans or otherwise in any manner,

## **THE GANGES MANUFACTURING COMPANY LIMITED**

whether secured or unsecured and upon such terms and conditions as they may deem fit and as may be necessary in accordance with the provisions of the Rehabilitation Scheme sanctioned by the Board for Industrial and Financial Reconstruction notwithstanding that the moneys borrowed/to be borrowed together with the moneys already borrowed and outstanding (apart from temporary loans obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital and Free Reserves, that is to say, Reserves not set apart for any specific purpose provided that the total of such borrowing outstanding at any time shall not exceed a sum of Rs. 100 Crores. (Rupees One Hundred Crores Only).”

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to section 148 and all other applicable provisions of the Companies Act, 2013 ('Act') and Companies (Audit and Auditors Rules), 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force) the remuneration of Rs.30,000 plus applicable taxes and re-imburement of out of pocket expenses payable to M/s D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), who has been appointed by the Board of Directors of the Company as Cost Auditor to conduct an audit of the cost accounting records maintained by the Company for the year ending 31st March, 2015 be and is hereby ratified.”

### **NOTES :**

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote in his place. The proxy need not be a member of the Company. Proxies to be valid must be deposited at the Registered Office of the Company at least 48 hours earlier of the time fixed for Annual General Meeting.  
  
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Members holding shares in physical form are requested to notify change in their registered address mentioning full address in block letters with Pin Code of the Post Office and bank particulars to the Company's Registrar and Share Transfer Agent and in case their shares are held in electronic form, this information should be given to their Depository Participants immediately.
4. The Register of Members and Share Transfer Register of the Company will remain closed from 23<sup>rd</sup> December 2014 to 27<sup>th</sup> December 2014 (both days inclusive).
5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting. A member desirous of getting any information on the accounts of the company is requested to send the queries to the Company at least 10 days prior to the meeting, so that proper information can be made available at the meeting.
6. 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.
7. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit details in the prescribed Form SH 13 for this purpose.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

8. Note on Director seeking re-appointment at the ensuing Annual General Meeting:

Name	Sri Pradeep Kumar Tripathi
Date of Birth	20-01-1969
Date of Appointment	19-02-2013
Directorships in other Companies	Nil
Chairmanship/Member of committees of the Board of other Companies of which he is a Director	Nil
Shareholding in the Company	Nil

### **ANNEXURE TO NOTICE**

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto.

#### **Item no 4 and 5**

Mr. Pranab Kalyan Banerjee and Mr. Dilip Datta were appointed Non-Executive Directors of the Company and are liable to retire by rotation. The Board of Directors at its meeting held on 3rd November 2014 has proposed to appoint them as Independent Directors under Section 149 of the Act and clause 49 of the Listing Agreement to hold office for a term of five consecutive years from the date of this Annual General Meeting subject to the approval of the members.

Further, pursuant to the provisions of Section 152(6) of the Act, the term of the Independent Directors shall not be liable to retire by rotation.

Mr. Pranab Kalyan Banerjee and Mr. Dilip Datta are not disqualified from being appointed as Independent Directors in terms of Section 164 of the Act and have given their consent to act as Independent Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Pranab Kalyan Banerjee and Mr. Dilip Datta for the office of Directors of the Company.

The Company has also received declarations from Mr. Pranab Kalyan Banerjee and Mr. Dilip Datta that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Pranab Kalyan Banerjee and Mr. Dilip Datta fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement and they are independent of the Management.

Copy of the draft letters for respective appointments of Mr. Pranab Kalyan Banerjee and Mr. Dilip Datta as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Sri Pranab Kalyan Banerjee and Sri Dilip Kumar Datta may be deemed to be interested in the respective Resolutions. Except that no other Directors, Key Managerial Personnel of the Company, their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Ordinary Resolutions set out at Item Nos. 4 and 5 of the Notice for approval by the shareholders.

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### **Item No 6**

The shareholders at the General Meeting held on 30th December 1993 had accorded their consent under section 293(1)(d) of the Companies Act, 1956 to the Board of Directors for borrowings upto Rs. 50 crores. As per the reliefs and concessions envisaged in the Rehabilitation Scheme sanctioned by the Board for Industrial and Financial Reconstruction certain term liabilities are to be repaid on deferred basis.

In view of the above and the future requirements of the Company, it is proposed to authorise the Board of Directors as per section 180(1)(c) of the Companies Act, 2013 to borrow sums not exceeding Rs. 100 crores. Members' consent by way of a Special Resolution is required in this respect. The Board recommends the resolution in the interest of the Company. The Directors may be deemed to be interested in the Resolution to the extent money is borrowed from them, their relatives, their associates or related parties.

### **Item No 7**

The Board, has approved the appointment of M/s. D. Radhakrishnan & Co. the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 at a remuneration of Rs. 30,000/- plus out-of-pocket expenses. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration of Rs. Rs.30,000/- plus out-of-pocket expenses payable to M/s. D. Radhakrishnan & Co the Cost Auditor for the financial year ending March 31, 2015.

No Directors, Key Managerial Personnel of the Company, their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Dated: 3rd November, 2014.  
Registered Office:  
Chatterjee International Centre,  
33A, Jawaharlal Nehru Road  
Flat No. A-1, 6th Floor,  
Kolkata -700 071

By Order of the Board  
for The Ganges Manufacturing Company Limited

RAM KARAN GUPTA  
Secretary

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **Directors' Report**

#### **TO THE SHAREHOLDERS**

The Directors present herewith the Ninety Eighth Annual Report together with audited Statements of Accounts of the Company for the year ended 31st March 2014.

#### **OPERATIONS :**

During the year, the Company's total turnover was Rs.31,318.82 lacs (previous year Rs. 34,316.48 lacs). The Company has earned operational profits of Rs.156.02 lacs before exceptional items and taxation as against Rs.468.69 lacs in the previous year. The production during the year under review was 56,068 tonnes as compared to 68,012 tonnes in the previous year.

There was an acute shortage of workers during the year. Besides there was a shortage of Government orders during the year. The cumulative effect of the above factors resulted in loss of production due to under-utilisation of capacity as we were forced to reduce working of operating days a week in part of the period under review. As a result of loss of production and comparatively higher operating cost there was a pressure on operating margins.

#### **DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- 1) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 profits or loss of the Company for the year under review;
- 3) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2014 on a 'going concern' basis.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

##### **a) Industry Structure and Developments**

The Indian Jute Industry remained largely affected due to the Government's decision to further dilute The Jute Packaging Material Act, 1987 in respect of mandatory jute packaging for sugar to 20% from 40%. Drop in demand for food grains packaging has resulted in increase in Finished Goods inventories as well. Drastic production cuts have been effected in almost all mills in the industry with some mills forced to suspend production. The Indian Jute Mills Association has requested various State Government and Central Government authorities for restoration of 100% reservation for packaging of food grains and sugar in jute bags.

Export of jute yarn has declined due to competition from subsidized Bangladeshi exports. Bangladeshi yarn exporters enjoy a 10% export subsidy on Jute goods. Significantly higher labour and power costs along with the extra export subsidy granted by Bangladesh Government to the local Jute Industry in Bangladesh, are making the Indian Jute Industry uncompetitive.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **b) Opportunities and Threats/ Risks and Concerns**

#### **Opportunities**

Being a natural, renewable, biodegradable and eco-friendly product, Jute is suitable for minimising the ecological problems that are increasingly visible due to non-biodegradable toxic waste generated out of synthetics like HDPE/PP etc. Jute is versatile and with the right application development has prospects of usage as geo-textiles, carpet yarns, apparel, composites, decoratives, upholstery furnishings, and also non-wovens for both technical and non technical purposes. With global shifts in favour of sustainability, jute can feature high in terms of consumer preference subject to creation of the required awareness levels.

#### **Threats/Risks**

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

- i) Unprecedented absenteeism of workmen in jute mills resulting not only in idle capacity but also resulting in substantially lower productivity in the absence of skilled workers. Willful absenteeism without prior notice is a cause of serious concern.
- ii) Multiple trade unions are one of the major problems faced by the jute industry. Resolution of issues related to workmen is both time consuming and difficult.
- iii) Continuous increase in Dearness Allowance of workers, without any corresponding increase in productivity, which is already substantially higher than competitors at Bangladesh.
- iv) The industry is facing challenges of high production cost and poor supply-chain management. Lack of technological advancement in the Indian industry for manufacturing jute products and high costs of inputs keeps export prices high and erodes competitiveness.
- v) Competition from Bangladesh, which enjoys substantial benefits of lower wages and power cost, apart from getting sizeable Government assistance for exports.
- vi) Unabated imports of jute goods from Bangladesh to India have a dampening effect on prices of Indian Jute goods and consequently effect margins.
- vii) Inadequate Research & Development (R&D) efforts and the dearth of new innovation is a cause for concern.
- viii) As an agriculture product, availability of raw jute depends on the vagaries of nature. Adverse weather conditions may adversely affect raw jute pricing and availability.
- ix) Volatility in exchange rates poses problems for management and risks mitigation.
- x) Growing competition with cheaper synthetics.

### **c) Segment-wise or Product-wise Performance**

As the Company's business activities remain within a single primary business segment of Jute goods, the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable.

### **d) Outlook**

During the current year, Raw Jute crop is expected to be lower than last year. The export market, however, particularly Jute Yarn, is likely remain depressed. The local demand will be commensurate to growth in foodgrains output. Absenteeism and consequent loss in productivity and production, as already mentioned earlier, is a cause of serious concern notwithstanding higher wages cost, as a result of inflation, continuing to remain at inordinately high levels. Continuous modernization/expansion should help your Company towards reduction in cost.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **e) Internal Control System and their adequacy**

The Company has an adequate system of internal controls, which not only ensure proper and timely recording and reporting of transaction but also provide avenue for exercising effective safe guards over Company's Assets.

### **f) Cautionary Statement**

Statements made above in this section of the report with regard to future outlook and performance are based on the prevailing industry scenario and market conditions as envisaged. However, this may undergo changes in future in view of the volatility involved based on weather condition, Government Policy relating to Jute Industry, global situation and market trends.

### **ISO CERTIFICATION :**

The Company has been recertified under ISO 9001:2008 for Quality Management System for all its products which is valid till 8th September, 2017.

The Company has been recertified under ISO 14001:2004 for its Environmental Management Systems and this certificate is valid till 8th September, 2017.

The Company has been recertified under OHSAS 18001:2007 for its Occupational Health & Safety Management Systems and this certificate is valid till 8th September, 2017.

### **ENVIRONMENT AND SAFETY :**

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

### **CORPORATE GOVERNANCE :**

A report on the matters specified in the code of Corporate Governance as provided in the clause 49 of the listing agreement of the Calcutta Stock Exchange along with a certificate from the Company's Auditors confirming compliance, is annexed and forms part of this Report.

### **MANAGEMENT/DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company, Sri Pradeep Kumar Tripathi retires by rotation from office of directorship at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Sri Dilip Datta and Sri Pranab Kalyan Banerjee being eligible offer themselves for appointment as Independent Directors for five years with effect from the date of the ensuing Annual General Meeting (AGM) of your Company till 31st March, 2019. The Company received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

Company's working is being closely monitored by the Management Committee which meets from time to time to review the working of the Company.



## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

As required under Section 217(1)(e) of the Companies Act, 1956 details relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure attached hereto and form a part of this Report.

### **PARTICULARS OF EMPLOYEES :**

The Company has no employee in the category as specified in the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended).

### **AUDITORS' REPORT :**

Observations of the Auditors have been suitably explained in the notes to financial statements which are self-explanatory.

### **AUDITORS :**

Messrs S. S. Kothari & Co., Chartered Accountants (Firm Registration No. 302034E), the Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Audit Committee and the Board recommends the re-appointment of M/s. S. S. Kothari & Co., Chartered Accountants as Statutory Auditors of the Company.

### **COST AUDIT :**

In terms of Section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014, on the recommendation of Audit Committee, the Board of Directors had appointed M/s D. Radhakrishnan & Co., Cost Accountants (Registration No. 000018), being eligible and having sought re-appointment, as cost auditor of the Company, for a remuneration of Rs.30,000/- plus applicable taxes and re-imbursment of out of pocket expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2014 and ending on 31st March 2015 as required in terms of directive issued by Cost Audit Branch, Ministry of Corporate Affairs, Government of India.

As required under Section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to cost auditor is being placed at the ensuing annual general meeting for ratification by the members.

M/s D. Radhakrishnan & Co., Cost Accountants have furnished a declaration as required under Section 141(3)(g) read with Section 148(3) and 148(5) of the Companies Act, 2013.

### **ACKNOWLEDGMENT :**

The Directors place on record their appreciation for the efficient and dedicated services rendered by the employees at all levels. The Directors also place on record their appreciation for the support and cooperation extended by the Shareholders of the Company and look forward to their continued support.

On behalf of the Board

**R. K. PODDAR**

Chairman

Kolkata, the 3rd day November, 2014.

# THE GANGES MANUFACTURING COMPANY LIMITED

## Annexure to the Directors' Report

Statement containing particulars pursuant to Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

### 1. CONSERVATION OF ENERGY:

(a) The Company during the year under review had continued its efforts in minimizing Energy Consumption by adding energy-efficient electrical gadgets and appliances. The following areas were identified to reach out to the goal of Energy Conservation for optimum operational efficiency and cost effectiveness:

- i) To achieve higher Power Factor, Maximum Demand kept within limit.
- ii) Introduced energy-efficient, innovative and improved Motors, Gadgets and Appliances.
- iii) Utilization of Machineries and Ancilliary Equipments to the optimum, ensuring downtime at barest minimum.
- iv) Maintenance of all machines to make them energy efficient and minimize losses.

(b) Required data with regard to Conservation of Energy are furnished below :

#### A. POWER AND FUEL CONSUMPTION

	Current Year	Previous Year
<b>i) Electricity</b>		
a) Purchase KWH (in '000)	20,549	16,116
Total amount (Rs. in lacs)	1499.20	1203.64
Rate per KWH (in Rs.)	7.30	7.47
b) Own Generation		
Through Diesel Generators		
KWH (in '000)	48	19
KWH per Ltr. of Diesel Oil	3.14	2.83
Cost of KWH (in Rs.)	22.78	51.94
<b>ii) Coal</b>		
Quantity (MT)	673	789
Total Cost (Rs. in lacs)	39.88	55.00
Average Rate (Rs./MT)	5928.62	6973.99
Cost per M.T. of Production	71.12	80.87

#### B. Consumption per M.T. of Production

Electricity (in KWH)	367.36	337.24
Coal (in Kgs.)	12.00	11.60

### 2. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Process improvement and product development is an on going process in the fully equipped Research & Development set up of the Company with a view to absorb the emerging technological innovations to catch up with shifting global market scenario by offering products to satisfy the preference of end-users in the domestic and overseas markets.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

The Company is a member of the Indian Jute Industries Research Association (IJIRA) and National Jute Board (NJB), the prime research body for the jute industry and are getting the benefits of Research and Development made by the Association. The Company contributes to the Indian Jute Research Association for research and development.

The Company is licenced to manufacture and market in overseas markets Hydro-Carbon-Free Jute Products (HCFJP) for Food Grade Jute Products (FGJP) under licence granted by IJIRA.

Technologists of the Company continued to interact with its customers and outside R&D Centers to have a track on the new products and technology for incorporating their valued suggestions in manufacturing process to establish consistency and reliability of the products quality to match with the requirement of the end-users.

### **3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Continuous efforts are made not only for traditional exports but also for introduction of new products. Foreign Exchange earnings and outgo are as under:

	(Rs. in Lacs) <b>Current Year</b>	(Rs. in Lacs) <b>Previous Year</b>
i) Total Foreign Exchange Used	26.87	49.40
ii) Total Foreign Exchange Earned	696.98	94.84

On behalf of the Board  
**R. K. PODDAR**  
Chairman

Kolkata, the 3rd day November, 2014.

# THE GANGES MANUFACTURING COMPANY LIMITED

## Annexure to the Directors' Report for the year ended 31st March 2014

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

#### 1. Company's Philosophy on Corporate Governance

The Company's Philosophy on Corporate Governance is in the direction of improvement across various functional areas. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis.

#### 2. Board of Directors

The Board of Directors comprises of Five Directors of whom one is Chairman (Executive Director), one is Managing Director and three are Non-Executive independent directors.

None of the Directors are member of more than 10 committees and chairman of more than 5 committees (as specified in clause 49), across all the companies in which they are a Director.

Six Board Meetings were held during the year ended 31st March, 2014 viz. on 5th June, 2013, 26th July, 2013, 8th August, 2013, 23rd October, 2013, 15th November, 2013 and 31st January, 2014. The last Annual General Meeting of the Company was held on 23rd September 2013.

Attendance of each of the Directors at the Board meetings and the last Annual General Meeting (AGM) and also number of other directorships & membership of Board Committees are as follows:

Name of Directors	Nature of Directorship	No. of Board Meetings Attended	Whether attended last AGM?	No. of other Director-Ship	Committee	
					Member	Chairman
Sri R. K. Poddar	Executive Chairman	6	Yes	5	Nil	2
Sri S. K. Osatwal	Managing Director	6	Yes	3	3	Nil
Sri Dilip Datta	Non-Executive Independent Director	5	Yes	2	1	1
Sri P. K. Banerjee	Non-Executive Independent Director	6	Yes	1	2	1
Sri P. K. Tripathi	Non-Executive Independent Director	Nil - Leave of absence granted	NA	Nil	Nil	Nil

#### 3. Audit Committee

##### a) Terms of reference

The terms of reference cover all areas provided in clause 49 of the listing agreement. The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their remuneration, to review and discuss with the Auditors about internal control system, the scope of Audit including the observation of the Auditors.

## THE GANGES MANUFACTURING COMPANY LIMITED

### b) Composition

The Audit Committee of the Company consists of three Directors. The representative of Internal / Concurrent Auditor is a permanent invitee. The Company Secretary of the Company acts the Secretary of the Committee. The Committee met 5 times during the year to deliberate on various matters. The attendance of the members at the meetings is stated below :

Name of Directors	Category	No. of Meetings attended during the year 2013-14
Sri Dilip Datta, Chairman	Non-Executive and Independent	5
Sri P. K. Banerjee	Non-Executive and Independent	5
Sri S. K. Osatwal	Managing Director	5

### 4. Remuneration Committee

The Company has not constituted a permanent remuneration committee. The remuneration paid to executive Directors was recommended by the Board of Directors and approved by the shareholders in an earlier year. The non - executive Directors are paid sitting fee for every meeting of the Board / Committee attended by them.

The details of remuneration paid to the Executive and Non-Executive Directors during the year 2013-2014 are given below :

#### a) Executive Directors

Name	Salary Rupees	Commission Rupees	Perquisites Rupees	Retirement benefits Rupees
Sri. R. K. Poddar	8,57,976	Nil	39,600	72,000
Sri. S. K. Osatwal	8,57,976	Nil	42,000	72,000

#### b) Non- Executive Directors

Name	Sitting Fees Rupees	Commission Rupees
Sri Dilip Datta	26,000	Nil
Sri P. K. Banerjee	30,000	Nil
Sri P. K. Tripathi	Nil	Nil

### 5. Shareholders' Grievance Committee

#### a) Terms of Reference

To look into the investors' complaints, if any, and to redress the same expeditiously.

## THE GANGES MANUFACTURING COMPANY LIMITED

### b) Composition

The Board has formed a Shareholders' Grievance Committee under the Chairmanship of Sri P. K. Banerjee and Sri S.K. Osatwal being the member of the Committee. The Secretary of the Company acts as the Secretary of the Committee and is the Compliance Officer. There were no complaints received from the shareholders during the year ended 31<sup>st</sup> March 2014. The Committee had 4 meetings during the year, the attendance of the members at the meetings is stated below:

Name of Directors	Category	No. of Meetings Attended
Sri P K Banerjee, Chairman	Non-Executive	4
Sri S.K. Osatwal	Managing Director	4

There is no grievance pending as on date.

### 6. Share Transfer Committee

The Board has delegated the powers to approve the transfer of shares to Share Transfer Committee. Seven meetings of the Committee were held for approving the Share Transfers during the year 2013-2014.

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Sri R. K. Poddar, Chairman	7	7
Sri S. K. Osatwal, Managing Director	7	7

### 7. Code of Conduct

The Company has adopted code of conduct and ethics for Directors and senior management. The Code had been circulated to all the members of the Board and senior management. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the CEO of the Company appointed in terms of the Companies Act, 1956 (i.e. the CEO within the meaning of clause 49-V of the listing agreement) is given below :

"It is hereby declared that the Company has obtained from all members of the Board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the Company for the year 2013-2014".

Ravindra Kumar Poddar  
CEO

### 8. CEO/CFO certification

A certificate from the Chief Executive Officer and the finance head on the financial statements of the Company was placed before the Board.

### 9. General Body Meetings

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

Financial Year	Date	Time	Location
2012-2013	23-09-13	10:00 A.M.	"Sitaram Sekseria Auditorium", Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017.
2011-2012	25-09-12	10:00 A.M.	"Sitaram Sekseria Auditorium", Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017.
2010-2011	29-09-11	10:00 A.M.	"Sitaram Sekseria Auditorium", Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017.

## THE GANGES MANUFACTURING COMPANY LIMITED

No Special Resolution was required to be put through ballot at the last AGM.

No Special Resolutions on matters requiring postal ballot are placed for shareholders' approval at the ensuing AGM.

### 10. Disclosures

During the year, no transactions of a material nature were made by the Company with the promoters, the Directors or the management, or their subsidiaries or their relatives that may have potential conflict with the interests of the Company at large. Transactions with the related parties are disclosed in Note no.26 to the accounts for the year ended 31st March, 2014.

No strictures/penalties have been imposed on the Company by the Stock Exchange or The Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.

### 11. General Shareholders' Information

- |   |   |
|---|---|
| a. Annual General Meeting :<br>Date, Time and Venue   | 27th December, 2014 at 10.00A. M. at "Sitaram Sekseria Auditorium", Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017   |
| b. Date of Book Closure   | 23rd December 2014 to 27th December 2014 (Both days inclusive)  |
| c. Listing on Stock Exchange  | The Calcutta Stock Exchange Association Ltd.<br>7, Lyons Range, Kolkata 700 001<br>The listing fee for the year 2014-15 has been paid in time.  |
| d. Demat ISIN Number of CDSL  | INE827E01010  |
| e. Market Price Data  | No trading took place during the year 2013-2014.  |
| f. Registrar and Transfer Agents  | M/s. Niche Technologies Private Limited<br>D-511, Bagree Market, 71, B.R.B.Basu Road,<br>Kolkata - 700 001  |
| g. Share Transfer System  | Information has been given at the end-clause 9(g).  |
| h. Distribution of Shareholding as on 31st March 2014   | Information has been given at the end-clause 9(h).  |
| i. Dematerialisation of Shares and liquidity  | As on 31st March 2014, 39,779 Shares were dematerialised and balance shares were held in physical form.   |
| j. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity | Not issued  |
| k. Plant Location   | The Jute mill of the Company is located at Bansberia, Dist. Hooghly, West Bengal  |
| l. Address for Correspondence   | The Company's Registered Office is situated at Kolkata. Shareholders correspondence may be directed to<br><b>Compliance Officer :</b><br>Mr. Ram Karan Gupta (Company Secretary)<br>The Ganges Manufacturing Co. Ltd.<br>Chatterjee International Centre,<br>6th Floor, Flat No A-1<br>33-A, Jawaharlal Nehru Road, Kolkata - 700 071 |

## THE GANGES MANUFACTURING COMPANY LIMITED

### Information pursuant to clause 9(g)

#### Share Transfer System

The Company has appointed Niche Technologies Private Limited as Registrar and Share Transfer Agents in order to have common agency for share registry and other allied work. Share transfers in physical form are being done by the said Registrar on regular basis effective from the date of appointment. The share transfers are approved in accordance with the powers delegated by the Board of Directors to the Share Transfer Committee and Secretary. After transfers are registered, the share certificates are despatched within stipulated period to the transferees. Practising Company Secretary checks the system and certificate to the effect is filed with the Stock Exchange.

### Information pursuant to clause 9(h)

#### a) Distribution of Shareholding as on 31st March 2014

No. of Share	SHARE HOLDERS		SHARE HOLDING	
	Nos.	% to Total	Nos.	% to Total
Upto 500	1410	91.44	211813	5.79
501-1000	80	5.19	61989	1.69
1001-2000	22	1.43	34323	0.94
2001-3000	5	0.32	12650	0.35
3001-4000	3	0.19	10904	0.30
4001-5000	2	0.13	9100	0.25
5001-10000	1	0.07	9000	0.25
Above 10001	19	1.23	3309487	90.43
TOTAL	1542	100	3659266	100

#### b) Categories of Shareholders as on 31st March 2014

Category	SHARE HOLDING	
	No. of Shares	% of Paid up Capital
Financial Institutions	48590	1.33
Bodies Corporate	2833246	77.43
Directors & Relatives	471399	12.88
Others	306031	8.36
TOTAL	3659266	100

On behalf of the Board

**R. K. PODDAR**

*Chairman*

Kolkata, the 3rd day of November, 2014.



**THE GANGES MANUFACTURING COMPANY LIMITED**

**Auditors' Certificate on Compliance with The Conditions of Corporate Governance Under Clause 49 of the Listing Agreement**

**To  
The Members of The Ganges Manufacturing Company Limited**

We have examined the compliance of conditions of Corporate Governance by The Ganges Manufacturing Company Limited (the Company) for the year ended 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the Company with the Calcutta Stock Exchange Limited.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

We have been explained that no investor grievances are pending for a period exceeding 30 days against the Company as per the records maintained by the Company.

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

"Centre Point"  
21, Old Court House Street  
Kolkata - 700 001

For S.S. KOTHARI & CO.  
*Chartered Accountants*  
(Registration No. 302034E)

Kolkata, the 3rd day of November 2014

R.K.ROY CHAUDHURY  
*Partner*  
Membership No. 8816

# **THE GANGES MANUFACTURING COMPANY LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

**To The Members of The Ganges Manufacturing Company Limited**

### **1. Report on the Financial Statements**

We have audited the accompanying financial statements of The Ganges Manufacturing Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### **2. Management's Responsibility for the Financial Statements**

The Company's 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 notified under the "Companies Act, 1956" (the "Act") read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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.

### **3. 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 and other applicable authoritative pronouncements 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.

4. 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 judgment, 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 entity'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.

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

### **6. Basis for Qualified Opinion**

*We report that No Provision has been made on account of :*

- i) Sundry Debtors considered doubtful amounting to Rs.81.30 lacs.*
- ii) Accrued Gratuity and Leave Encashment liabilities of Rs. 290.44 lacs for the year based on actuarial valuation and also unprovided liability upto 31st March 2013 for Rs. 2,620.53 lacs (Refer note no 37) required as per AS 15.*

## THE GANGES MANUFACTURING COMPANY LIMITED

*Effect of the forgoing to the extent determinable is that Sundry Debtors are overstated by Rs. 81.30 lacs and liabilities are understated by Rs. 2,910.98 lacs with corresponding effect of over statement of Profit by Rs. 371.75 lacs for the year and under statement of accumulated loss by Rs. 2,992.28 lacs.*

### 7. Qualified Opinion

*Subject to Para 6 above, in our opinion and to the best of our information and according to the explanations given to us, the accompanying 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 of the Company for the year ended on that date; and*
- (c) *in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.*

### 8. Report on Other Legal and Regulatory Requirements

As required by "The Companies (Auditor's Report) Order, 2003" as amended by "The Companies (Auditor's Report) (Amendment) Order, 2004", issued by the Central Government of India in terms of subsection (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according 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.

### 9. 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 purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) *Subject to Para 6 above, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.*
- e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

"Centre Point"  
21, Old Court House Street  
Kolkata - 700 001

For S.S. KOTHARI & CO.  
Chartered Accountants  
(Registration No. 302034E)

R.K.ROY CHAUDHURY  
Partner  
Membership No. 8816

The 3rd day of November 2014

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets. However, valuation of certain assets acquired prior to 1<sup>st</sup> April 1957, has been made on estimated basis as per physical verification and information available from Books of Account.
- (b) The Fixed Assets have been physically verified by the management according to regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to size of the Company and nature of its business. In our opinion and according to the information and explanations given to us, discrepancies noticed in respect of assets physically verified 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 its Fixed Assets.
- ii) (a) In our opinion and according to the information and explanations given to us, the inventory of finished goods, process stock, raw material and stores & spares have been physically verified by the management during the year at reasonable intervals except for the quantities of goods in transit.
- (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification between physical stock and book records.
- iii) (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 Companies Act, 1956.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties 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 internal control procedures are generally adequate and 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. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there is no contract or arrangement referred to in Section 301 of the Act which needs to be entered in the register required to be maintained under that Section.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.

## THE GANGES MANUFACTURING COMPANY LIMITED

- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii) To the best of our knowledge and according to the information given to us the Central Government has prescribed maintenance of cost records under Section 209(I)(d) of the Companies Act, 1956 for the products of the Company.

We have broadly reviewed the accounts and records maintained by the Company in respect of manufacture of Jute goods pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209(I)(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. We have not made a detailed examination of the records with a view to determine whether they are accurate and complete.

- ix) (a) According to the information and explanations given to us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Excise Duty, Custom Duty, Cess and other material statutory dues as applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us there are no dues of Custom Duty, Income Tax, Wealth Tax and Service Tax, which have not been deposited as on 31st March, 2014 on account of any dispute. However, following statutory dues on account of Sales Tax and Excise Duty were not deposited on account of dispute as on 31st March, 2014.

Sl. No.	Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
1.	<b>EXCISE DUTY</b> Central Excise Act, 1944	EXCISE DUTY	37,74,160	28-09-1996 to 28-02-1997	Customs, Excise & Service Tax Appellate Tribunal
2.	<b>WEST BENGAL SALES TAX</b> West Bengal Sales Tax Act, 1994	SALES TAX & INTEREST	12,57,364  57,31,929	31-03-2001  31-03-2005	Sales Tax Appellate Authority Sales Tax Revision Board

**THE GANGES MANUFACTURING COMPANY LIMITED**

Sl. No.	Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
3.	<b>VALUE ADDED TAX</b> West Bengal VAT Act, 2003	VAT & INTEREST	69,693	31-03-2009	Sales Tax Revision Board Sales Tax Appellate Authority
			39,24,742	31-03-2011	
4.	<b>CENTRAL SALES TAX</b> Central Sales Tax Act, 1956	SALES TAX & INTEREST	43,48,453	31-03-2001	Sales Tax Appellate Authority High Court Kolkata
			8,05,573	31-03-2004	
			4,77,26,585	31-03-2005	Sales Tax Revision Board Sales Tax Assessing Authority
			8,34,038	31-03-2006	
			8,35,810	31-03-2008	Sales Tax Revision Board Sales Tax Revision Board
			24,37,712	31-03-2009	
			5,68,038	31-03-2010	Sales Tax Revision Board Sales Tax Appellate Authority
			1,67,77,506	31-03-2011	

- x) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash loss during the financial year and in the immediately preceding financial year (Subject to Para 6 above).
- xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan from bank or financial institutions and the company has also not issued any debentures.
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

**THE GANGES MANUFACTURING COMPANY LIMITED**

- xvi) The Company has not taken any term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not raised funds on short term basis. However, the fund generated by decrease in net current assets has been used for long term application of funds.
- xviii) The Company has not made any allotment of shares during the year.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issue during the year.
- 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 year.

“Centre Point”  
21, Old Court House Street  
Kolkata - 700 001

For S.S. KOTHARI & CO.  
*Chartered Accountants*  
(Registration No. 302034E)

R.K.ROY CHAUDHURY  
*Partner*  
Membership No. 8816

The 3rd day of November 2014

# THE GANGES MANUFACTURING COMPANY LIMITED

Balance Sheet As At 31st March, 2014

Amount in Rupees

	Note	As at 31-03-2014	As at 31-03-2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	3,65,92,660	3,65,92,660
Reserves & Surplus	2	(12,70,53,022)	(21,77,74,334)
		<u>(9,04,60,362)</u>	<u>(18,11,81,674)</u>
<b>Deferred Government Grants</b>	3	1,27,01,220	1,11,98,820
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities	4	2,91,91,225	2,39,99,696
Long Term Provisions	5	22,20,69,066	22,20,69,066
		<u>25,12,60,291</u>	<u>24,60,68,762</u>
<b>Current Liabilities</b>			
Trade Payables	6	57,53,70,359	37,77,15,869
Other Current Liabilities	7	24,31,16,913	38,73,23,890
		<u>81,84,87,272</u>	<u>76,50,39,759</u>
<b>TOTAL</b>		<u><b>99,19,88,421</b></u>	<u><b>84,11,25,667</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
a) Tangible Assets	8	15,42,63,369	14,31,36,836
b) Capital Work in Progress	8	64,51,645	50,45,493
		<u>16,07,15,014</u>	<u>14,81,82,329</u>
Non Current Investments	9	6,000	6,000
Long Term Loans and Advances	10	1,01,94,906	89,29,956
		<u>17,09,15,920</u>	<u>15,71,18,285</u>
<b>Current Assets</b>			
Inventories	11	41,10,94,487	30,94,35,520
Trade Receivables	12	37,55,70,904	32,09,84,266
Cash & Bank Balances	13	1,57,42,737	1,35,35,599
Short Term Loans and Advances	14	1,60,00,037	3,94,54,116
Other Current Assets	15	26,64,336	5,97,881
		<u>82,10,72,501</u>	<u>68,40,07,382</u>
<b>TOTAL</b>		<u><b>99,19,88,421</b></u>	<u><b>84,11,25,667</b></u>

Notes forming part of the Financial Statements **1 to 43**

In terms of our Report of even date

For S.S.KOTHARI & CO

Chartered Accountants

Registration No. 302034E

R.K.Roy Chaudhury

Partner

Membership No. 8816

Kolkata, the 3rd day of November, 2014.

RAM KARAN GUPTA  
Secretary

R. K. PODDAR - Chairman

S. K. OSATWAL - Managing Director

P. K. BANERJEE - Director

DILIP DATTA - Director



**THE GANGES MANUFACTURING COMPANY LIMITED**

Statement of Profit & Loss For The Year Ended 31st March, 2014

Amount in Rupees

	Note	2014	2013
<b>INCOME</b>			
Revenue from Operations	16	3,13,18,81,582	3,43,16,48,023
Other Income	17	4,23,23,681	3,55,27,570
<b>Total Revenue</b>		<b><u>3,17,42,05,263</u></b>	<b><u>3,46,71,75,593</u></b>
<b>EXPENSES</b>			
Cost of Materials Consumed	18.1	2,00,14,56,297	2,54,54,06,222
Purchase for Traded Goods	18.2	8,08,73,756	0
Changes in Inventories	19	(3,46,31,400)	(12,98,22,035)
Employee Benefits Expense	20	74,25,95,968	69,16,08,203
Finance Costs	21	41,36,106	41,39,976
Depreciation	8	1,69,49,891	1,53,12,843
Other Expenses	22	34,72,23,127	29,36,61,371
<b>Total Expenses</b>		<b><u>3,15,86,03,745</u></b>	<b><u>3,42,03,06,580</u></b>
<b>Profit/(Loss) Before Exceptional Items</b>		1,56,01,518	4,68,69,013
<b>Exceptional Items</b>			
Liabilities Written Back	40	12,49,51,213	0
<b>Profit/(Loss) Before Tax</b>		14,05,52,731	4,68,69,013
Current Tax Expense		4,41,74,261	1,12,35,360
Deferred Tax Expense / (Credit)		51,91,529	25,33,514
Income Tax for earlier Year		4,65,629	0
<b>Profit/(Loss) for the year</b>		<b>9,07,21,312</b>	<b>3,31,00,139</b>
Earnings Per Share of Rs. 10/- each - Basic and Diluted	23	24.79	9.05
Notes forming part of the Financial Statements	1 to 43		

In terms of our Report of even date  
For S.S.KOTHARI & CO  
Chartered Accountants

Registration No. 302034E

R.K.Roy Chaudhury  
Partner

Membership No. 8816  
Kolkata, the 3rd day of November, 2014.

RAM KARAN GUPTA  
Secretary

R. K. PODDAR - Chairman  
S. K. OSATWAL - Managing Director  
P. K. BANERJEE - Director  
DILIP DATTA - Director

# THE GANGES MANUFACTURING COMPANY LIMITED

## Cash Flow Statement For The Year Ended 31st March, 2014

	Amount in Rupees			
	2014	2014	2013	2013
<b>A. Cash Flow from Operating Activities</b>				
Net Profit / Loss Before Tax		14,05,52,731		4,68,69,013
Adjustment for				
- Depreciation	1,69,49,891		1,53,12,843	
- Interest Charged	41,36,106		41,39,976	
- Interest Received	(2,30,06,376)		(1,99,09,312)	
- Deferred Government Grant Allocation	(26,11,600)		(27,20,840)	
- (Profit)/Loss on Sale of Fixed Assets	(75,44,376)	(1,20,76,355)	(33,37,245)	(65,14,578)
Operating profit before working capital changes		12,84,76,376		4,03,54,435
Adjustment for				
- Trade Receivable	(5,45,86,638)		(8,44,16,959)	
- Inventories	(10,16,58,967)		12,47,309	
- Loan & Advances (Long Term & Short Term)	2,21,89,129		(1,41,80,267)	
- Other Current Assets	(20,66,455)		(3,47,519)	
- Trade Payables	19,76,54,490		8,08,48,763	
- Other Current Liabilities	(14,42,06,977)	(8,26,75,418)	(74,15,836)	(2,42,64,509)
Cash generated from operations		4,58,00,958		1,60,89,926
Direct Taxes Paid		(4,46,39,890)		(1,12,35,360)
Cash flow before Extraordinary items		11,61,068		48,54,566
Extraordinary Items		0		0
Net Cash from Operating Activities		11,61,068		48,54,566
<b>B. Cash Flow From Investing Activities</b>				
Purchase of fixed assets		(3,05,10,438)		(3,70,95,729)
Sale of fixed assets		85,72,238		39,96,569
Deferred Government Grant		41,14,000		46,60,200
Interest Received		2,30,06,376		1,99,09,312
Net cash used in investing activities		51,82,176		(85,29,648)
<b>C. Cash Flow from financing activities</b>				
Interest Paid (Net)		(41,36,106)		(41,39,976)
Net Cash used from financing activities		(41,36,106)		(41,39,976)
Net increase in cash and cash equivalents (A+B+C)		22,07,138		(78,15,058)
Cash and cash equivalents - Opening Balance		1,35,35,599		2,13,50,657
Cash and cash equivalents - Closing Balance		1,57,42,737		1,35,35,599
<b>Notes :</b>				
<b>Cash and Cash equivalents include:</b>				
Cash Balances		41,09,648		30,17,772
Bank Balances		1,16,33,089		1,05,17,827
		1,57,42,737		1,35,35,599

In terms of our Report of even date

For S.S.KOTHARI & CO

Chartered Accountants

Registration No. 302034E

R.K.Roy Chaudhury

Partner

Membership No. 8816

Kolkata, the 3rd day of November, 2014.

RAM KARAN GUPTA

Secretary

R. K. PODDAR - Chairman

S. K. OSATWAL - Managing Director

P. K. BANERJEE - Director

DILIP DATTA - Director

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

Amount in Rupees

	As at 31-03-2014	As at 31-03-2013
<b>NOTE 1 : SHARE CAPITAL</b>		
<b>i) Authorised</b>		
a) 36,90,000 (P.Y. 36,90,000) Equity Shares of Rs.10/- each	3,69,00,000	3,69,00,000
b) 3,10,000 (P.Y. 3,10,000) 10.4% Cumulative Redeemable Preference Shares of Rs.10/- each	31,00,000	31,00,000
<b>Total</b>	4,00,00,000	4,00,00,000
<b>ii) Issued, Subscribed &amp; Paid up (fully paid up)</b>		
36,59,266 (P.Y. 36,59,266) Equity Shares of Rs.10/- each	3,65,92,660	3,65,92,660
<b>Total</b>	3,65,92,660	3,65,92,660

Notes :

**i) Reconciliation of Number of Shares**

	As at 31-03-2014		As at 31-03-2013	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Equity Shares of Rs.10/- each				
Opening Balance	36,59,266	3,65,92,660	36,59,266	3,65,92,660
Changes during the year	0	0	0	0
Closing Balance	36,59,266	3,65,92,660	36,59,266	3,65,92,660

**ii) Rights, Preferences and Restriction attached to Shares**

**Equity Shares**

The Company has only one class of Equity Shares of face value of Rs.10/- each. Holders of equity shares are entitled to one vote per share and equal right to dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

iii) No Shares have been allotted for consideration other than cash during the period of preceding 5 years.

**iv) Issued, Subscribed and Paid-up Share Capital includes :**

Equity Shares held by Shareholders holding more than 5% of the aggregate shares.

	As at 31-03-2014	As at 31-03-2013
<b>Equity Shares of Rs.10/- each</b>	No.of Shares	No.of Shares
Lyons Corporate Market Ltd.	6,50,000	6,50,000
Millennium Holding Pvt. Ltd.	4,50,050	4,50,050
Celestial Holdings Pvt. Ltd.	4,50,000	4,50,000
Celestial Consultants Pvt. Ltd.	4,50,000	4,50,000
Chariot Eximp Ltd.	2,77,756	2,77,756
Osatwal Jute & Gunny Sales Pvt. Ltd.	2,20,000	2,20,000
Rochak Distributors Pvt. Ltd.	2,20,000	2,20,000

# THE GANGES MANUFACTURING COMPANY LIMITED

## Notes Forming Part of the Financial Statements

Amount in Rupees

	As at 31-03-2014	As at 31-03-2013
<b>NOTE 2 : RESERVES AND SURPLUS</b>		
<b>i) Capital Reserve</b>		
As per last Balance Sheet	1,44,75,000	1,44,75,000
Changes during the year	0	0
Closing Balance	<u>1,44,75,000</u>	<u>1,44,75,000</u>
<b>ii) Surplus / (Deficit) in Statement of Profit &amp; Loss</b>		
Opening Balance	(23,22,49,334)	(26,53,49,473)
Add : Net Profit / (Loss) for the year	9,07,21,312	3,31,00,139
Closing Balance	<u>(14,15,28,022)</u>	<u>(23,22,49,334)</u>
<b>Total</b>	<b>(12,70,53,022)</b>	<b>(21,77,74,334)</b>
<b>NOTE 3 : DEFERRED GOVERNMENT GRANTS</b>		
Opening Balance	1,11,98,820	92,59,460
Add : During the year	41,14,000	46,60,200
Less : Transferred to Deferred Government Grant Allocation Account	26,11,600	27,20,840
Closing Balance	<u>1,27,01,220</u>	<u>1,11,98,820</u>
<i>(Please Refer Note No. 41)</i>		
<b>NOTE 4 : DEFERRED TAX LIABILITIES</b>		
Tax Impact of difference between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax law		
Opening Balance	2,39,99,696	2,14,66,182
Changes for the year	51,91,529	25,33,514
Closing Balance	<u>2,91,91,225</u>	<u>2,39,99,696</u>
<b>NOTE 5 : LONG TERM PROVISIONS</b>		
<b>i) Provisions for Employee Benefits</b>		
Provision for Gratuity (on Actuarial Valuation)	22,20,69,066	22,20,69,066
<b>Total</b>	<u>22,20,69,066</u>	<u>22,20,69,066</u>
<i>(Please Refer Note No.37)</i>		

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

Amount in Rupees

	As at 31-03-2014	As at 31-03-2013
<b>NOTE 6 : TRADE PAYABLES</b>		
<b>Trade Payables</b>		
i) Due to Micro, Small and Medium Enterprises	0	0
ii) Due to Others	57,53,70,359	37,77,15,869
<b>Total</b>	57,53,70,359	37,77,15,869

(Please Refer Note No.28)

### NOTE 7 : OTHER CURRENT LIABILITIES

i) Current Maturities of Long Term Borrowings	4,72,68,980	4,72,68,980
ii) Interest Accrued and due on borrowings	7,91,74,837	7,50,38,801
iii) Advances from Customers	68,64,311	1,22,643
iv) Payable to Employees	6,30,07,123	9,07,83,076
v) Statutory Liabilities	1,17,71,905	13,51,14,392
vi) Deposits	1,36,320	1,21,320
vii) Other Liabilities	3,48,93,437	3,88,74,678
<b>Total</b>	24,31,16,913	38,73,23,890

Notes :

i) Current Maturities of Long Term Borrowings

**Secured**

Government of West Bengal

4,72,68,980      4,72,68,980

- a) Loan from Government of West Bengal received under Rehabilitation Scheme for payment of Arrear Sales Tax and Raw Jute Tax dues, secured by residual charge on the fixed Assets of the Company, present and future.
- b) Loan of Rs. 3,84,07,000 was repayable in 32 quarterly installments. The last installment was due on 30-09-2005. The Company has defaulted in repayment and the entire outstanding amount has become payable as on Balance Sheet date.
- c) Loan of Rs. 88,61,980 was repayable in 32 quarterly installments. The last installment was due on 01-10-2009. The Company has defaulted in repayment and the entire outstanding amount has become payable as on Balance Sheet date.

ii) Interest Accrued and due on borrowings

Due on loans from Government of West Bengal

7,91,74,837      7,50,38,801

## Notes Forming Part of the Financial Statements

Amount in Rupees

## NOTE 8 : FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions	Disposals / Adjustments	As at 31.03.2014	As at 01.04.2013	For the year	Disposals/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>Tangible Assets</b>										
Freehold Land	7,17,988	0	0	7,17,988	0	0	0	0	7,17,988	7,17,988
Buildings	1,76,32,262	10,64,299	0	1,86,96,561	71,68,591	4,96,282	0	76,64,873	1,10,31,688	1,04,63,671
Plant & Machinery	28,57,63,356	2,38,69,314	32,42,417	30,63,90,253	17,80,91,883	1,41,75,567	24,83,328	18,97,84,122	11,66,06,131	10,76,71,473
Works Auxiliaries	2,45,40,131	32,89,518	0	2,78,29,649	93,57,421	10,56,775	0	1,04,14,196	1,74,15,453	1,51,82,710
Furniture/Fixtures & Office Equipments	2,08,07,902	8,81,155	0	2,16,89,057	1,38,95,380	6,17,594	0	1,45,12,974	71,76,083	69,12,522
Motor Vehicles and Material Handling Equipments	63,10,221	0	17,70,949	45,39,272	41,21,749	6,03,673	15,02,176	32,23,246	13,16,026	21,88,472
<b>TOTAL</b>	<b>35,57,71,860</b>	<b>2,91,04,286</b>	<b>50,13,366</b>	<b>37,98,62,780</b>	<b>21,26,35,024</b>	<b>1,69,49,891</b>	<b>39,85,504</b>	<b>22,55,99,411</b>	<b>15,42,63,369</b>	<b>14,31,36,836</b>
Capital Work in Progress	50,45,493	36,24,836	22,18,684	64,51,645	0	0	0	0	64,51,645	50,45,493
<b>GRAND TOTAL</b>	<b>36,08,17,353</b>	<b>3,27,29,122</b>	<b>72,32,050</b>	<b>38,63,14,425</b>	<b>21,26,35,024</b>	<b>1,69,49,891</b>	<b>39,85,504</b>	<b>22,55,99,411</b>	<b>16,07,15,014</b>	<b>14,81,82,329</b>
Previous Year	32,95,98,884	3,85,50,979	73,32,510	36,08,17,353	20,25,40,117	1,53,12,843	52,17,936	21,26,35,024	14,81,82,329	12,70,58,767

Note : Please refer Note No.43

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

Amount in Rupees

	As at 31-03-2014	As at 31-03-2013
<b>NOTE 9 : NON CURRENT INVESTMENTS</b>		
<b>Long Term (at Cost)</b>		
<b>Non-Trade, Unquoted</b>		
1170 Equity Shares of Rs.10/- each of Woodlands	6,000	6,000
Multispeciality Hospitals Ltd - Fully Paid up (Previous Year - 1170 Equity Shares of Rs.10/- each of Woodlands Multispeciality Hospitals Limited - Fully paid up)		
<b>Total</b>	6,000	6,000
Note :		
i) Aggregate amount of unquoted Investments	6,000	6,000
<b>NOTE 10 : LONG TERM LOANS AND ADVANCES</b>		
<i>(Unsecured, Considered Good)</i>		
i) Advances	30,29,668	33,37,199
ii) Capital Advances	17,35,500	5,66,623
iii) Advances to Suppliers	26,58,342	16,30,000
iv) Income Tax Refundable	13,36,933	17,27,284
v) Advance Vat Paid - Refundable	12,31,372	15,00,000
vi) Deposits	2,03,091	1,68,850
<b>Total</b>	1,01,94,906	89,29,956
<b>NOTE 11 : INVENTORIES</b>		
<i>(At lower of cost or net realisable value)</i>		
i) Raw Material	14,91,25,547	8,26,41,753
ii) Process Stock	2,70,45,108	2,63,81,233
iii) Finished Goods	22,02,32,128	18,62,64,603
iv) Stores, Accessories and Spares Parts	1,46,91,704	1,41,47,931
<b>Total</b>	41,10,94,487	30,94,35,520
Note : Finished Goods include Stock in Transit	1,55,49,614	1,67,79,269
<b>NOTE 12 : TRADE RECEIVABLES</b>		
<i>(Unsecured)</i>		
Trade Receivables		
i) Outstanding for more than Six months		
a) Considered Good	3,09,59,183	4,69,00,965
b) Considered Doubtful	81,30,363	81,30,363
	3,90,89,546	5,50,31,328
ii) Others	33,64,81,358	26,59,52,938
<b>Total</b>	37,55,70,904	32,09,84,266

**THE GANGES MANUFACTURING COMPANY LIMITED****Notes Forming Part of the Financial Statements**

Amount in Rupees

	As at 31-03-2014	As at 31-03-2013
<b>NOTE 13 : CASH AND CASH BALANCES</b>		
i) Cash on Hand	41,09,648	30,17,772
ii) Cheques, Drafts on Hand	1,95,437	90,056
iii) Balances with Banks		
a) In Current Accounts	26,86,807	23,40,326
b) In Fixed Deposits (Including accrued Interest)	87,50,845	80,87,445
- with more than 12 months Original Maturity		
<b>Total</b>	<u>1,57,42,737</u>	<u>1,35,35,599</u>

Note :

Fixed deposits of Rs. 87,50,845/- with Punjab National Bank have been pledged with the bank as margin money for issuing Bank Guarantees and/or Letter of Credit for the company.

**NOTE 14 : SHORT TERM LOANS AND ADVANCES***(Unsecured , Considered Good)*

i) Advances	67,59,796	1,67,84,197
ii) Advances to Suppliers	57,13,053	54,65,804
iii) Balances with Government Authorities	4,55,935	1,49,97,034
iv) Advance Income Tax (net of provision)	12,24,812	7,55,572
v) Deposits with ESIC (under dispute)	18,46,441	14,51,509
<b>Total</b>	<u>1,60,00,037</u>	<u>3,94,54,116</u>

Note :

i) Balances with Government Authorities include Vat Input credit available	2,26,538	1,47,91,484
ii) Advance Income Tax comprises of : Advance Income Tax/Tax deducted at source	4,53,99,073	1,19,90,932
Less : Provision for Income Tax	4,41,74,261	1,12,35,360
	<u>12,24,812</u>	<u>7,55,572</u>

**NOTE 15 : OTHER CURRENT ASSETS***(Unsecured , Considered Good)***Export Incentives Receivable**

Duty Draw Back Receivable

	26,64,336	5,97,881
<b>Total</b>	<u>26,64,336</u>	<u>5,97,881</u>

**NOTE 16 : REVENUE FROM OPERATIONS**

	2014	2013
i) Sale of Products (Jute Goods)	3,15,83,25,618	3,46,63,62,137
Less : Cess Duty	(3,07,06,003)	(3,53,11,995)
	<u>3,12,76,19,615</u>	<u>3,43,10,50,142</u>
ii) Other Operating Revenues		
Export Incentives	42,61,967	5,97,881
<b>Total</b>	<u>3,13,18,81,582</u>	<u>3,43,16,48,023</u>



## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

Amount in Rupees

	<b>2014</b>	<b>2013</b>
<b>NOTE 17 : OTHER INCOME</b>		
i) Rent Received	50,34,711	47,57,465
ii) Interest Income	2,30,06,376	1,99,09,312
iii) Interest on Income Tax	61,573	0
iv) Gains on Foreign Currency Translations (net)	10,63,843	0
v) Liabilities Written Back	0	27,299
vi) Sale of Scrap	28,56,890	47,70,631
vii) Profit on Sale of Fixed Assets	75,44,376	33,37,245
viii) Deferred Government Grants Allocation A/c	26,11,600	27,20,840
ix) Other Non Operating Income	1,44,312	4,778
<b>Total</b>	<b>4,23,23,681</b>	<b>3,55,27,570</b>
<b>NOTE 18.1 : COST OF MATERIALS CONSUMED</b>		
<b>Opening Stock</b>		
Raw Jute	7,99,32,638	21,37,04,191
Raw Material - Others	27,09,115	20,22,458
	<b>8,26,41,753</b>	<b>21,57,26,649</b>
<b>Add : Purchases</b>		
Jute Purchased including expenses	1,61,75,60,465	1,43,57,05,982
Yarn/Cloth Purchased including expenses	41,69,73,782	1,01,86,84,436
Raw Material - Others	4,31,81,501	5,09,05,076
	<b>2,07,77,15,748</b>	<b>2,50,52,95,494</b>
Less : Sale of Jute	0	8,51,40,800
Less : Sale of Jute Waste	87,95,882	77,10,123
Less : Sale of Raw Material - Others	9,79,775	1,23,245
	<b>97,75,657</b>	<b>9,29,74,168</b>
<b>Less : Closing Stock</b>		
Raw Jute	12,49,61,630	7,99,32,638
Yarn Stock	2,24,19,866	0
Raw Material - Others	17,44,051	27,09,115
	<b>14,91,25,547</b>	<b>8,26,41,753</b>
<b>Total</b>	<b>2,00,14,56,297</b>	<b>2,54,54,06,222</b>
<b>NOTE 18.2 : PURCHASE OF TRADED GOODS</b>		
Yarn/ Twine/ Cloth Purchased	8,08,73,756	0
<b>Total</b>	<b>8,08,73,756</b>	<b>0</b>
<b>NOTE 19 : CHANGES IN INVENTORIES</b>		
<b>Opening Stock</b>		
Finished Goods	18,62,64,603	6,45,84,589
Process Stock	2,63,81,233	1,82,39,212
	<b>21,26,45,836</b>	<b>8,28,23,801</b>
<b>Closing Stock</b>		
Finished Goods	22,02,32,128	18,62,64,603
Process Stock	2,70,45,108	2,63,81,233
	<b>24,72,77,236</b>	<b>21,26,45,836</b>
Net (Increase) / decrease in stock	<b>(3,46,31,400)</b>	<b>(12,98,22,035)</b>

**THE GANGES MANUFACTURING COMPANY LIMITED**  
**Notes Forming Part of the Financial Statements**

Amount in Rupees

	<b>2014</b>	<b>2013</b>
<b>NOTE 20 : EMPLOYEE BENEFITS EXPENSE</b>		
i) Salaries, Wages, Bonus and Gratuity	67,09,63,482	62,24,29,806
ii) Contribution to Provident and Other Funds	6,43,73,411	6,15,30,003
iii) Welfare Expenses	72,59,075	76,48,394
<b>Total</b>	<u>74,25,95,968</u>	<u>69,16,08,203</u>

**NOTE 21 : FINANCE COSTS**

Interest Expense		
Interest on Borrowings	41,36,106	41,39,976
<b>Total</b>	<u>41,36,106</u>	<u>41,39,976</u>

**NOTE 22 : OTHER EXPENSES**

i) Consumption of Stores	6,56,53,848	6,59,86,707
ii) Power & Fuel	15,49,92,234	12,68,30,569
iii) Brokerage & Consignment Sales Expenses	10,20,751	13,00,778
iv) Repairs to Roads and Buildings	62,36,374	42,51,250
v) Repairs to Plant & Machinery	1,76,59,193	1,74,86,603
vi) Export Freight, Shipping & Other Charges	27,76,249	4,98,757
vii) Other Manufacturing & Selling Expenses	6,71,48,724	4,78,69,783
viii) Loss on Foreign Currency Translations (Net)	0	39,072
ix) Excise Duty Paid (against disputed demand)	0	4,00,000
x) Cess Duty Paid (Net)	5,73,115	(5,617)
xi) Rates & Taxes	27,06,209	59,12,864
xii) Insurance	5,34,768	5,07,267
xiii) Subscription	8,93,975	7,00,577
xiv) Other Administrative Expenses	2,67,44,345	2,17,06,761
xv) Director's Fee	56,000	56,000
xvi) Auditor's Remuneration		
For Audit Fees	1,50,000	1,00,000
For Tax Audit	50,000	20,000
For Other Services	19,663	0
For Reimbursement of Expenses	7,680	0
<b>Total</b>	<u>34,72,23,127</u>	<u>29,36,61,371</u>

**NOTE 23 : EARNING PER SHARE (EPS)**

The Computation of EPS is set out below :

**Earnings**

Net Profit / (Loss) for the Period	9,07,21,312	3,31,00,139
------------------------------------	-------------	-------------

**Shares**

Number of Shares at the beginning of the period	36,59,266	36,59,266
Add : Shares issued during the period	0	0
Total No. of Equity Shares outstanding at the end of the period	36,59,266	36,59,266
Weighted average number of equity shares outstanding	36,59,266	36,59,266
Earnings per share of par value Rs. 10/- Basic & Diluted (Rs)	24.79	9.05

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

#### NOTE 24 : SIGNIFICANT ACCOUNTING POLICIES

##### 24.1 Revenue Recognition

Accounts are being maintained under historical cost convention as going concern on accrual basis. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles. 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 the relevant provisions of the Companies Act, 1956.

Revenue is recognised on completion of contract /delivery of goods.

##### 24.2 Fixed Assets

Fixed Assets are capitalised at the cost of acquisition together with related expenditure for erection, if any. Depreciation on original value of the assets are provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 as amended.

##### 24.3 Inventories:

Method of Valuation :-

Stock of finished goods - At lower of average cost or net realisable value

Stock of raw materials - At lower of average cost or market value

Process Stock - At estimated cost

Stock of stores and spare parts - At average cost

Stock of Caddies, thread waste etc - At estimated realisable value

##### 24.4 Retirement Benefit

- i. Liability on account of Gratuity for employees already retired are accounted for on accrual basis.
- ii. Gratuity in respect of existing employees are provided on the basis of actuarial valuation at the year end.
- iii. Leave Encashment Benefits - Accumulated leave are not generally allowed to be encashed as a matter of policy of the Company. However, in exceptional cases and at the discretion of the Management leave encashment is granted and the same is accounted for on cash basis.

##### 24.5 Foreign Currency Translation

Transaction in foreign currencies are normally recorded at exchange rate prevailing at the time of transactions. Income or loss arising out of fluctuations in the exchange rates are recognized in the Profit and Loss Statement in the period in which they arise.

Monetary items in foreign currencies at the year end are translated at year end rates. Any income or loss on account of exchange differences on such translations is recognized in the Profit & Loss Statement.

##### 24.6 Investments

Investments are treated as Long Term Investment and are carried at cost.

##### 24.7 Claims

Insurance claims are accounted for on settlement thereof.

##### 24.8 Export Market Benefits

Export Market Benefits are recognised on certainty of realisable value thereof.

##### 24.9 Taxes on Income

Provision for current tax is made on the basis of estimated taxable Income for the current accounting year in accordance with the Income Tax Act, 1961. The deferred tax liability for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantively enacted as at the balance sheet date. Deferred tax assets arising from timing differences are recognised only to the extent there is reasonable certainty of its realisation in future. Deferred tax assets are not recognised unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realised.

**THE GANGES MANUFACTURING COMPANY LIMITED**  
**Notes Forming Part of the Financial Statements**

**24.10 Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its estimated/ assessed recoverable value. An impairment loss is charged to the Profit and Loss statement in the year in which the asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimated recoverable amount.

**24.11 Government Grants**

Capital Incentives received are accounted for under Income Approach method following the Accounting Standard 12 on "Accounting for Government Grants" issued by The Institute of Chartered Accountants of India. Accordingly the incentives are credited under the head "Deferred Government Grant". The Deferred Government Grant is allocated to income over the useful life of the asset in proportion to the depreciation on related assets is charged and is recognised in the Profit & Loss statement under the head "Deferred Government Grant Allocation Account".

Reimbursement of expenses for any capital expenditure under any employee welfare scheme is reduced from the cost incurred on the same.

**24.12 Contingent Liabilities**

Contingent Liabilities, if any, are not provided for and are separately disclosed in the "Notes on Account".

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>25. Contingent Liabilities not provided for in respect of :</b>		
i) Claims against the Company not acknowledged as debts :		
Demands under dispute pending in appeals		
(a) Commercial Taxes	8,53,17,443	8,19,06,795
(b) Excise Duty	37,74,160	37,74,160
(Net of deposit of Rs.13,75,534 paid and debited to Profit & Loss statement in earlier years)		
(c) Land Revenue	7,24,507	7,24,507
(Net of advances of Rs.1,00,000 paid and debited to Profit and Loss statement in earlier year)		
(d) Employees State Insurance	38,43,303	44,88,871
(Net of Rs.18,46,441 deposited against disputed demand and Rs. 64,135 paid and debited to Profit & Loss Statement in earlier years, Previous Year Rs.14,51,509)		
<p>The Management feels that the claims are not likely to succeed and hence not provided in the accounts. However, the consequential effect of the claims is dependent on disposal of appeals.</p>		
ii) Secured against Fixed Deposits of the Company :		
Letter of Credit Outstanding	2,60,671	15,82,780
iii) Against Securities provided by third parties :		
Guarantees given by banks	10,27,45,517	12,12,20,125
Letter of Credit Outstanding	0	1,17,19,000
iv) Estimated Amount of Contracts remaining to be executed on Capital Account (net of Advances) and not provided for	4,87,36,906	4,27,80,647

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

26. Related Party Disclosures as required under AS 18 issued by the Institute of Chartered Accountants of India.

a) List of Related Parties :

Key Management Personnel

i)	Mr. Ravindra Kumar Poddar	Chairman
ii)	Mr. Sanjay Kumar Osatwal	Managing Director

b) Transactions with Related Parties :

Type of Related Parties	Description of the nature of the transactions	Volume of transactions during 2013-14 (Rs.)	Volume of transactions during 2012-13 (Rs.)
Key Management Personnel	Remuneration	19,41,552	19,41,552

27. As the business activity falls within one reportable segment namely "Jute Goods" there is no segment wise information to report as per the Accounting Standard 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India.

28. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006, and hence disclosure relating to amounts unpaid at the year end, interest paid / payable under this Act have not been given.

		2014	2013
29.	Expenditure in Foreign Currency :		
	Travelling Expenses	Rupees 26,11,960	29,45,242
	Human Resource Development	Rupees Nil	19,88,814
30.	Earnings in Foreign Exchange :		
	F.O.B. Value of Exports	Rupees 6,84,61,964	93,47,827
31.	Consumption of Raw Material :		
	Raw Jute, Yarn, Twine, Cloth etc	Rupees 1,95,82,89,507	2,49,53,11,048
	Raw Materials - Others	Rupees 4,31,66,790	5,00,95,174
		<u>2,00,14,56,297</u>	<u>2,54,54,06,222</u>
32.	Consumption of Raw Material :		
	Indigenous	Rupees 2,00,14,56,297 (100.00%)	2,34,87,32,224 (92.27%)
	Imported	Rupees 0 (0.00%)	19,66,73,998 (07.73%)
		<u>2,00,14,56,297</u>	<u>2,54,54,06,222</u>
33.	Consumption of Stores and Spares :		
	Indigenous	Rupees 9,18,91,156 (98.64%)	9,01,89,270 (100.00%)
	Imported	Rupees 12,62,559 (1.36%)	0 (0.00%)
		<u>9,31,53,715</u>	<u>9,01,89,270</u>

*Out of the above consumption, following amounts have been debited to respective heads of account :*

Repairs to Buildings	Rupees 60,26,374	42,51,250
Repairs to Machinery	Rupees 1,75,13,610	1,73,37,168
Power & Fuel	Rupees 1,31,631	6,78,171
Motor Vehicle Expenses	Rupees Nil	5,713
Welfare Expenses	Rupees 3,66,995	2,79,256
Material Handling Equipments Expenses	Rupees 34,61,257	16,51,005

# THE GANGES MANUFACTURING COMPANY LIMITED

## Notes Forming Part of the Financial Statements

		2014	2013
34. C.I.F. Value of Imports :			
Raw Materials	Rupees	Nil	19,66,73,998
Capital Goods	Rupees	Nil	Nil
35. The Cess payable amounting to Rs.21,08,230 (Previous year Rs. 17,45,698 ) on closing stock of finished goods has not been provided in the accounts. However, this will not have any impact on Profit for the year.			
36. Other Liabilities - under Note 7 include cheques overissued amounting to Rs.13,92,949 (P.Y. Rs. 9,26,880)			

### 37. Defined Benefit Plans :

As per Actuarial valuation as on 31st March, 2014 and recognised in the financial statements in respect of Defined Employee Benefit Schemes

#### 37.1 Gratuity

Description	Gratuity (Unfunded) 2014 Rs.	Gratuity (Unfunded) 2013 Rs.
<b>a) Reconciliation of Opening Balances of the Present Value of the Defined Benefit Obligation</b>		
Present Value of Obligation at the beginning of the year	41,44,02,218	37,46,11,554
Current Service Cost	2,07,31,258	1,83,35,085
Interest Cost	3,85,16,165	3,55,05,620
Amortization of Past Service Cost	0	0
Actuarial (Gains) / Losses	26,87,854	1,32,16,350
Benefit Paid	(3,48,24,933)	(2,72,66,391)
<b>Present Value of Obligation at the end of the year</b>	<b>44,15,12,562</b>	<b>41,44,02,218</b>
<b>b) Reconciliation of the Opening Balance of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	0	0
Actual Return of Plan Assets	0	0
Actuarial (Gains) / Losses	0	0
Contributions	3,48,24,933	2,72,66,391
Benefit Paid	(3,48,24,933)	(2,72,66,391)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>0</b>	<b>0</b>
<b>c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets</b>		
Present Value of obligations at the end of the year	44,15,12,562	41,44,02,218
Fair Value of Plan Assets at the end of the year	0	0
Assets/(Liabilities) to be recognized in the Balance Sheet	(44,15,12,562)	(41,44,02,218)
Assets/(Liabilities) recognized in the Balance Sheet	(22,20,69,066)	(22,20,69,066)
Assets/(Liabilities) unprovided in the Balance Sheet	(21,94,43,496)	(19,23,33,152)

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

d) **Expenses recognised in the Profit and Loss Statement**

Current Service Cost	2,07,31,258	1,83,35,085
Interest Cost	3,85,16,165	3,55,05,620
Actual Return on Plan Assets	0	0
Amortization of Past Service Cost	0	0
Actuarial (Gains) / Losses	26,87,854	1,32,16,350
Total Expenses to be recognized	6,19,35,277	6,70,57,055
Expenses recognized	3,48,24,933	2,72,66,391
Expenses unprovided for the year	2,71,10,344	3,97,90,664

e) **Actuarial Assumptions**

Discount Rate ( Per Annum)	8.25	8.25
Expected Rate of Return of Assets (Per annum)	NA	NA

Mortality Rate In accordance with standard table  
IALM (2006-08) ultimate

### 37.2 Leave Encashment

Description	Leave encashment (Unfunded) 2014 Rs.	Leave encashment (Unfunded) 2013 Rs.
<b>a) Reconciliation of Opening Balances of the Present Value of the Defined Benefit Obligation</b>		
Present Value of Obligation at the beginning of the year	6,97,20,554	5,72,53,053
Current Service Cost	18,84,232	68,05,744
Interest Cost	63,61,882	50,78,944
Amortization of Past Service Cost	0	0
Actuarial (Gains) / Losses	1,34,30,958	1,70,88,127
Benefit Paid	(1,97,43,029)	(1,65,05,314)
<b>Present Value of Obligation at the end of the year</b>	<b>7,16,54,597</b>	<b>6,97,20,554</b>
<b>b) Reconciliation of the Opening Balance of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	0	0
Actual Return of Plan Assets	0	0
Actuarial (Gains) / Losses	0	0
Contributions	1,97,43,029	1,65,05,314
Benefit Paid	(1,97,43,029)	(1,65,05,314)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>0</b>	<b>0</b>
<b>c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets</b>		
Present Value of obligations at the end of the year	7,16,54,597	6,97,20,554
Fair Value of Plan Assets at the end of the year	0	0
Assets/(Liabilities) to be recognized in the Balance Sheet	(7,16,54,597)	(6,97,20,554)
Assets/(Liabilities) recognized in the Balance Sheet	0	0
Assets/(Liabilities) unprovided in the Balance Sheet	(7,16,54,597)	(6,97,20,554)

**THE GANGES MANUFACTURING COMPANY LIMITED**  
**Notes Forming Part of the Financial Statements**

d) **Expenses recognised in the Profit and Loss Statement**

Current Service Cost	18,84,232	68,05,744
Interest Cost	63,61,882	50,78,944
Actual Return on Plan Assets	0	0
Amortization of Past Service Cost	0	0
Actuarial (Gains) / Losses	1,34,30,958	1,70,88,127
Total Expenses to be recognized	2,16,77,072	2,89,72,815
Expenses recognized	1,97,43,029	1,65,05,314
Expenses unprovided for the year	19,34,043	1,24,67,501

e) **Actuarial Assumptions**

Discount Rate ( Per Annum)	8.25	8.25
Expected Rate of Return of Assets (Per annum)	NA	NA

Mortality Rate In accordance with standard table IALM (2006-08) Ultimate

**Notes :**

- a) 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.
- b) Amount recognized as an expense :  
 Salaries, Wages, Bonus and Gratuity in Note 20 include actual payments of Leave Encashment amounting to Rs.1,97,43,029 (Previous Year Rs.1,65,05,314) and gratuity paid/provided on actual liability basis amounting to Rs.3,48,24,933 (Previous Year Rs.2,72,66,391) during the year.
- c) The total accrued unprovided liability of existing employees as on 31<sup>st</sup> March 2014 for future payments determined as per actuarial valuation for Gratuity amounts to Rs 21,94,43,496 (Previous Year Rs. 19,23,33,152) and for leave encashment amounts to Rs. 7,16,54,597 (Previous Year Rs. 6,97,20,554). The accrued liability of Rs. 22,20,69,066 for Provision for Gratuity (on Actuarial Basis) in Note 5 is provided only upto 31-03-2006.
38. In the opinion of the management, there is no Impairment Loss in Value of assets based on the assessment of their recoverable value carried out by the technical persons.
39. During an earlier year One Time Settlement (OTS) had been arrived at between the Company and Central Bank of India in full and final settlement of all the dues of the Bank up to the date of settlement and had been paid in full. A joint petition for withdrawal of recovery proceedings against the Company is pending before the Debt Recovery Tribunal, Kolkata.
40. The Company had been granted registration by the Government of West Bengal under West Bengal Incentive Scheme, 1993 according to which benefit of deferment/remission of sales tax were available to the Company. Based on legal opinion, now the Company has been advised that the said amount is no longer repayable. Accordingly, the Board of Directors has decided to write back the amount of Rs. 1249.51 lacs which relates to period upto April 2000 as "Liabilities written back" under the head "Exceptional Items" in the Statement of Profit and Loss.



## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

41. Capital Incentive from National Jute Board under Acquisition of Plant & Machinery (Capital Subsidy) Scheme – under Jute Technology Mission has been accounted for under Income Approach method following the Accounting Standard 12 on “Accounting for Government Grants” issued by The Institute of Chartered Accountants of India. Accordingly the incentive has been credited under the “Deferred Government Grant”. The Deferred Government Grant is allocated to income over the useful life of the asset in proportion in which depreciation on related assets is charged. Such proportionate allocation of deferred income for the year has been recognized in the profit & loss statement under the head “Deferred Government Grant Allocation Account” in note 17.
42. The Company is a Sick Industrial Company within the meaning of Clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985 and had made reference to the Board for Industrial and Financial Reconstruction under Section 15 of the Act. The Board has sanctioned Rehabilitation Scheme under its Order dated 30th March 1993.
43. Figures for previous year have been re-cast/rearranged where necessary.

Notes forming part of the Financial Statements      **1 to 43**

In terms of our Report of even date

For S.S.KOTHARI & CO

Chartered Accountants

Registration No. 302034E

R.K.Roy Chaudhury

Partner

Membership No. 8816

Kolkata, the 3rd day of November, 2014.

RAM KARAN GUPTA

Secretary

R. K. PODDAR - Chairman

S. K. OSATWAL - Managing Director

P. K. BANERJEE - Director

DILIP DATTA - Director

**THE GANGES MANUFACTURING COMPANY LIMITED**  
**NOTES**

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**THE GANGES MANUFACTURING COMPANY LIMITED**

**Regd. Office :**

Chatterjee International Centre, 33A, Jawaharlal Nehru Road, 6th Floor, Kolkata - 700 071

**PROXY FORM**

Regd. Folio No.....

DP ID No. ....

Client ID No.....

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/ members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my /our proxy to attend and vote for me / us on my/our behalf at the 98th Annual General Meeting of the Company to be held on Saturday, the 27th day of December, 2014 at 10 A.M., at Sitaram Sekseria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata 700 017 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Affix Rs. 1/-  
Revenue  
Stamp

Notes : Signature.....

- 1. This form 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 meeting.

**THE GANGES MANUFACTURING COMPANY LIMITED**

**ATTENDANCE SLIP**

**98th Annual General Meeting - Saturday, 27th December, 2014,10:00 A.M.**

Regd. Folio No.....

DP ID No. ....

Client ID No.....

I hereby record my presence at the 98th Annual General Meeting of the Company at Sitaram Sekseria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata 700 017 at 10.00 A.M. on Saturday, the 27th day of December, 2014.

Member's /Proxy Name (in Block Letters)

Member's / Proxy Signature

Note : Please fill in this Attendance Slip and hand it over at the Entrance of the Hall