

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **BOARD OF DIRECTORS**

MR. RAVINDRA KUMAR PODDAR - *Chairman and CEO - DIN : 00240643*

MR. SANJAY KUMAR OSATWAL - *Managing Director and CFO - DIN : 00248585*

MR. DILIP DATTA - *Independent Director - DIN : 00406151*

MR. PRANAB KALYAN BANERJEE - *Independent Director - DIN : 00313523*

MR. PRADEEP KUMAR TRIPATHI - *Non Executive Director - DIN : 06519781*

MRS. MADHU JAIN - *Non Executive Director - DIN : 07129506*

### **COMPANY SECRETARY**

MR. 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 : 2288-7591

E-MAIL : [info@gangesjute.co.in](mailto:info@gangesjute.co.in)

WEBSITE : [www.gangesjute.co.in](http://www.gangesjute.co.in)

CIN : L51909WB1916PLC002713

### **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**  
**Directors' Report**

**TO THE MEMBERS**

Your Directors have pleasure in presenting 101<sup>th</sup> Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2017.

**FINANCIAL RESULTS**

(Rs. in Lacs)

Particulars	2016 - 2017	2015 - 2016
Profit/(Loss) before Interest, Depreciation & Taxes	778.69	518.94
Less : Finance Costs	41.37	41.36
Less : Depreciation and Amortisation	242.96	245.32
Profit / (Loss) before Exceptional Items and Taxation	494.36	232.26
(Less) / Add : Exceptional Items	-	-
Profit / (Loss) before Tax	494.36	232.26
Less : Tax Expenses		
Tax Expenses (including earlier years)	194.48	4.77
Deferred Tax	(41.48)	(20.98)
Profit / (Loss) for the year	341.36	248.47
Add : Balances as per last financial statements	(1397.19)	(1645.66)
Closing Balance	(1055.83)	(1397.19)

**PERFORMANCE HIGHLIGHT :**

During the year under review the Company's total turnover was Rs. 33,689.55 lacs (previous year Rs. 36,953.30 lacs). The Company has operational profit of Rs. 494.36 lacs before exceptional items and taxation as against operational Profit of Rs. 232.26 lacs in the previous year. The production during the year under review was 41,040 tonnes as compared to 47,283 tonnes in the previous year.

**DIVIDEND :**

In view of the brought forward losses, the directors do not recommend any dividend for the financial year 2016-17.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

**a) Industry Structure and Developments**

As per current norms under Jute Packaging Materials (Compulsory use in packing Commodities) Act, 1987 (JPMA), 90% of total food grains and 20% of sugar are to be packed in Jute bags. Of late, Jute Industry is surprised to note the recommendation made by the Standing Advisory Committee on jute to Government of India for dilution of compulsory packaging norm for food grains from 90% to 85% in the 2017-18 procurement season. Industry earnestly pleads to the Government to consider continuation of existing norms of packaging without any dilution in the larger interest of Jute Industry which has been providing livelihood to large number of farmers and workers.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

In the wake of good weather conditions, the availability of raw jute was comfortable due to better crop in Jute Season 2016-17 and prices which were prevailing at unprecedented higher levels, gradually settled down to reasonable level.

In order to promote the exports of Jute Goods from India, Government is continuing the rewards in the form of duty free scrips of 5% of realised FOB value in free foreign currency under Merchandise Exports from India Scheme (MEIS). Besides, National Jute Board is also continuing with various workers' welfare schemes. Incentives scheme for acquisition of plant and machinery valid up to 31st March, 2017 is expected to be further extended.

### **b) Opportunities and Threats**

#### **Opportunities**

- i) Awareness to use eco-friendly, bio-degradable jute goods across the world will keep jute goods always in demand.
- ii) Being a natural, renewable, biodegradable and eco- friendly product, Jute is suitable for minimizing the ecological problems that are increasingly visible due to non-biodegradable toxic waste generated out of synthetics like HDPE/PP etc.
- iii) Steps taken by the Government of India to assist the jute mills to upgrade old/obsolete machineries and to promote jute diversified products will provide opportunity to increase market of jute goods.

#### **Threats**

- i) Attempt initiated for dilution of JPMA may lead to its phase out in future.
- ii) Lack of incentive to farmers to take up jute cultivation on regular basis affects the jute crop.
- iii) Continuous increases in wage cost due to upward revision in base rate as well as dearness allowances is a major threat in view of the labour-intensive nature of the Jute industry.
- iv) Hard work required in Jute Industry drive away new generation of workers to opt for alternate opportunities.

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

As the Company's business activities remain with 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**

Jute crop for the season 2017-18 is expected to be better mainly on account of good weather conditions. Moreover, the carryover from last season being comfortable would provide more availability of raw jute. These positive factors are expected to keep the prices of raw jute under check and marginally lower than last year. However, import of raw jute will depend mainly on export policy of Bangladesh Government and various other allied factors.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

Export markets remaining sluggish, traditional jute sacking products will constitute major share in the Company's revenue. The Company endeavours to control other input costs in all possible manners.

The Company will continue its business strategy of catering to demand from both domestic and overseas markets and will strive to control costs with focus on all round business development. Barring unforeseen circumstances, the outlook for the current year appears to be promising.

### **e) Risks and Concerns**

The key elements of business risks identified by the Company and its mitigation measures are as under

- **Competition risk and mitigation measures**

Bangladesh jute manufacturers enjoy substantial cost advantage in the form of lower wage and power cost vis a vis Indian manufacturers of jute products. Thus they continue to provide strong competition in the international market. In order to survive and mitigate the said risk, the Company is making continuous efforts to improve operational efficiency and reduce costs in all possible areas.

- **Economic environment and market conditions risk and mitigation measures**

Despite jute products being environmental friendly and enjoying statutory protection for mandatory use for specified products, alternate packaging materials like HDPE/Polypropylene are used as substitute in the packaging market due to the latter being cost effective. To mitigate this risk of using environmental harmful packaging material and to face competition effectively, the Company is making efforts to increase varied use of jute goods and explore avenues to penetrate into new markets. Besides, efforts are being made to develop lighter products of jute goods.

- **Business operations risk and mitigation measures**

Some of the business operations risks and their mitigation measures are outlined below :

**Revenue concentration:** The Company generates revenue from domestic as well as indirect export sales. Demand in domestic market is largely dependent on government orders. In export market, India face severe competition from Bangladesh. To overcome this risk, the Company is making efforts to increase its customer base by establishing contacts and visiting foreign buyers, focusing on manufacture of value added and diversified jute products.

**Raw Materials :** Availability of raw jute depends on crop size which in turn largely depends on weather conditions. The Company follows a policy of regular procurement of raw jute in a planned manner linked with production and order position to mitigate the risk of shortage of raw jute, if any.

**Manpower:** Shortage of workers and the rate of absenteeism continue to provide challenge leading to idle capacity. To mitigate such risk, the Company is continuously providing required in-house training to freshers and suitably incentivising good performers from time to time. Besides, the Company also carry out modernization and automation of manufacturing process, wherever possible.

## THE GANGES MANUFACTURING COMPANY LIMITED

### 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 situations 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 System 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.

### SHARES :

#### a. Buyback of Securities

The Company has not bought back any of its securities during the year under review.

#### b. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

#### c. Bonus Shares

No Bonus Shares were issued during the year under review.

#### d. Employees Stock Option Plan

The Company has not provided any Stock Option Scheme to the employees.

#### e. Shares with Differential Rights

No Equity Shares with differential rights were issued during the year under review.

### TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

During the year under review the Company was not required to transfer any amount to Investors Education and Protection fund under Section 125(2) of the Companies Act, 2013.

### CORPORATE GOVERNANCE :

As the paid-up Equity Share Capital of the Company is less than Rs. 10 Crores and its Networth is less than Rs.25 crores, provisions relating to Corporate Governance is not applicable to your Company. However, adequate steps have been taken for better Corporate Governance.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **CORPORATE SOCIAL RESPONSIBILITY :**

The Board of Directors of the Company has devised a CSR Policy at its Board Meeting held on 25<sup>th</sup> July, 2014 which inter-alia states the constitution of the CSR Committee and CSR activities to be taken up by the Company.

The present constitution of the committee is as follows:

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Category</b>	<b>Designation in the Committee</b>
1.	Mr. Dilip Datta	Non-Executive Independent Director	Chairman
2.	Mr. R K Poddar	Chairman	Member
3.	Mr. S K Osatwal	Managing Director	Member

However, CSR in terms of Section 135 of the Companies Act, 2013 was not mandated by the Board in view of the current economic situation in the Jute industry.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES :**

The Company has not entered into any contract or arrangement with related parties referred in the section (1) of section 188 of the Companies Act 2013 during the year under review.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013 :**

During the year, the Company has granted loan to a Company within the limit specified under Section 186 of the Companies Act, 2013. However, the Company has realised the loan given during the year and has no outstanding of loan at the year end. The Company has not given any guarantees or provided any security during the year.

### **EXTRACT OF THE ANNUAL RETURN :**

The extract of the Annual Return in Form No. MGT – 9 is furnished in Annexure 'A' and is attached to this Report.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL :**

A notice has been received from a shareholder along with requisite deposit proposing appointment of Ms. Madhu Jain, Non-Executive Director, as an Independent Director of the Company for a period of Five years with effect from the date of ensuing Annual General Meeting.

The Company has received requisite declaration from all the Independent Directors under section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as provided in sub-section (6).

Sri Sanjay Kumar Osatwal (DIN No. 00248585) retires at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **BOARD EVALUATION :**

Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee and Nomination and Remuneration Committee.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The exercise was carried out through a structured evaluation process covering various aspects of the board functioning such as composition of the board & committees, experience & competencies, performance of specific duties & obligations, attendance of the meetings, governance issues etc. Separate exercise was carried out to evaluate the performance of individual directors who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

### **NOMINATION AND REMUNERATION POLICY :**

The Nomination and Remuneration policy has been constituted mainly for the purposes of recommending the Company's policy on remuneration package for the Managing/Executive Directors, reviewing the structure, design and implementation of remuneration policy in respect of Key Management Personnel. One meeting of Nomination and Remuneration Committee was held during the year on 7th November 2016.

The composition of the Nomination and Remuneration Committee is as follows:-

<b>Sl. No.</b>	<b>Name of the Committee Members</b>	<b>Nature of Directorship</b>	<b>Membership</b>
1.	Mr. P K Banerjee	Non Executive Independent Director	Chairman
2.	Mr. Dilip Datta	Non Executive Independent Director	Member
3.	Mr. P K Tripathi	Non Executive Director	Member

### **AUDIT COMMITTEE :**

The Audit Committee comprises of Mr. Dilip Datta (Non – Executive Independent Director), as Chairman, Mr. P.K Banerjee (Non – Executive Independent Director) and Mr. S.K. Osatwal (Managing Director) as members. All the meetings of the committee were duly held and attended by the members.

The recommendations of the Audit Committee have been accepted by the Board.

5 (Five) meetings of the Audit Committee were held during the year on 11th April, 2016, 4th July, 2016, 1st August, 2016, 14th September, 2016 and 10th January, 2017.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **MEETINGS :**

#### **(A) BOARD MEETINGS :**

During the year under review, 6 (Six) Board Meetings were held on 11th April, 2016, 4th July 2016, 1st August 2016, 14th September 2016, 7th November, 2016 and 21st February, 2017. The attendance of each Director is as under:

<b>Sl. No.</b>	<b>Name of the Directors</b>	<b>No. of Meeting Attended</b>
1.	<i>Mr. R K Poddar</i>	6
2.	<i>Mr. S K Osatwal</i>	6
3.	<i>Mr. D Datta</i>	6
4.	<i>Mr. P K Banerjee</i>	6
5.	<i>Mr. P K Tripathi</i>	6
6.	<i>Ms. Madhu Jain</i>	6

#### **(B) GENERAL MEETINGS :**

During the year, Annual General Meeting was held on 29<sup>th</sup> September, 2016. No Extra-ordinary General Meeting was held during the year.

#### **DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 :**

The required details are provided in Annexure 'B' annexed to this Report.

#### **DISCLOSURE UNDER RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 :**

The required details are provided in Annexure 'C' annexed to this Report.

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

In terms of section 134(5) of the Companies Act 2013, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit/loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;



## **THE GANGES MANUFACTURING COMPANY LIMITED**

- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **CODE OF CONDUCT :**

The Company has a Code of Conduct which is applicable to directors and management personnel of the Company. The Company believes in conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Code lays down the standard procedure of business conduct which is expected to be followed by the directors and management personnel in their business dealings and in particular on matters relating integrity in the work place, in business practices and complying with applicable laws etc.

All the directors and management personnel have submitted declaration confirming compliance with the code.

### **RISK MANAGEMENT POLICY :**

Pursuant to section 134(3) (n) of the Companies Act, 2013, the Board of directors of the Company has adopted a Risk Management Policy of the Company. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across group wide Risk Management, Internal Control and Internal Audit methodologies and processes.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY :**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

### **PREVENTION OF INSIDER TRADING :**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

All the Board of Directors and designated employees have confirmed compliance with the Code.

### **INTERNAL FINANCIAL CONTROLS :**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

During the year the company appointed Mitra Kundu & Basu, Chartered Accountants, Kolkata as an Internal Auditor. The firm is authorized by the Audit Committee to assess the adequacy and compliance of internal control process, statutory requirements etc. The Audit Committee met regularly to review reports submitted by the Internal Auditor. The Audit Committee upon discussion with Internal Auditor set up applicable control measures for the Company.

### **SIGNIFICANT AND MATERIAL ORDERS BY REGULATORS :**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### **MATERIAL CHANGES :**

There are no material changes and commitments affecting the financial position of the Company between the date of financial year of the Company and date of the report. There is no change in the nature of business of the Company.

### **STATUTORY AUDITORS :**

At the 100th Annual General Meeting held on 29th September, 2016, members had appointed M/s S.S. Kothari & Company, Chartered Accountants, (Firm Registration No. 302034E) Statutory Auditors, to hold office till the conclusion of the ensuing Annual General Meeting.

Pursuant to provisions of Companies Act, 2013 the term of M/s S.S. Kothari & Company shall be completed at the conclusion of ensuing Annual General Meeting and they are not eligible for reappointment.

The Board recommends the appointment of M/s Khandelwal Ray & Company, Chartered Accountants, (Firm Registration No. 302035E), as Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of sixth consecutive Annual General Meeting to be held in 2022, subject to ratification by members at every Annual General Meeting of Company.

The Company has received confirmation from M/s Khandelwal Ray & Company, Chartered Accountants, (Firm Registration No. 302035E), to the effect that their appointment, if made at the ensuing Annual General Meeting, would be in terms of section 139 and 141 of the Companies Act, 2013 and rules made there under.

### **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 30000/- 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, 2017 and ending on 31st March, 2018 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.

## **THE GANGES MANUFACTURING COMPANY LIMITED**

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 'D' and is attached to this report.

### **SECRETARIAL AUDIT :**

The Company has appointed Sri Babu Lal Patni (FCS 2304), a Practising Company Secretary to conduct Secretarial Audit pursuant to section 204 of the Companies Act, 2013. Their report in form MR-3 is attached to this report as Annexure 'E'.

As regards his observation made in the Secretarial Audit we are to state that the necessary steps are being taken to comply with the requirements.

### **SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY :**

The Company has no Subsidiary, Associate or Joint Venture Company.

### **DEPOSITS :**

During the year under review, your Company did not accept any deposits within the meaning of section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

### **SOCIAL OBLIGATION :**

Your Company has taken up and is constantly in touch with the various socio-economic projects for uplifting standards of living of the people in and around its estate where it operates.

### **LISTING ARRANGEMENTS :**

The Equity Shares of the Company continued to be listed on the Calcutta Stock Exchange. The annual listing fees of CSE have been paid upto the date.

### **GENERAL :**

Your Director further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **ACKNOWLEDGEMENTS :**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

By Order of the Board  
**R. K. PODDAR**  
Chairman and CEO  
(DIN : 00240643)

Kolkata, the 16th day of May, 2017.

# THE GANGES MANUFACTURING COMPANY LIMITED

## ANNEXURE - "A"

### FORM NO. MGT - 9

#### Extract of Annual Report as on the Financial year ended on 31st March, 2017

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014 ]

#### 1. REGISTRATION AND OTHER DETAILS :-

1.	CIN	L51909WB1916PLC002713
2.	Registration Date	20th August, 1916
3.	Name of the Company	The Ganges Manufacturing Company Limited
4.	Category / Sub Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered Office and Contact details	33A, Jawaharlal Nehru Road, Kolkata - 700 071
6.	Whether Listed Company - Yes / No	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Niche Technologies (P) Ltd D-511 Bagree Market, 71, BRB Basu Road, Kolkata-700001, Phone-2234-3576

#### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :-

All the business activities contributing 10% or more of the total turnover of the company shall be stated :-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1.	Jute Products	630510.04	100%

#### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :-

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
NONE					

**THE GANGES MANUFACTURING COMPANY LIMITED**

**4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-Wise Shareholding :-**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the Year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. PROMOTERS</b>									
<b>1. Indian</b>									
a) Individual/HUF	0	4,71,399	4,71,399	12.88%	0	4,71,399	4,71,399	12.88%	0.00%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	0	4,71,399	4,71,399	12.88%	0	4,71,399	4,71,399	12.88%	0.00%
<b>2. Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	0	4,71,399	4,71,399	12.88%	0	4,71,399	4,71,399	12.88%	0.00%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	35,700	12,290	47,990	1.31%	35,700	12,290	47,990	1.31%	0.00%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Co.	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	35,700	12,290	47,990	1.31%	35,700	12,290	47,990	1.31%	0.00%

## THE GANGES MANUFACTURING COMPANY LIMITED

### 4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-Wise Shareholding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the Year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares year	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	0	28,32,886	28,32,886	77.42%	0	28,32,886	28,32,886	77.42%	0.00%
ii) Overseas									
b) Individuals									
i) Individuals shareholders holding nominal share capital upto Rs.1 lakh	5,415	2,94,016	2,99,431	8.18%	5,830	2,93,601	2,99,431	8.18%	0.00%
ii) Individuals shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
c) Other (specify) - NRI	0	7,560	7,560	0.21%	-	7,560	7,560	0.21%	0.00%
<b>Sub-total (B) (2)</b>	5,415	31,34,462	31,39,877	85.81%	5,830	31,34,047	31,39,877	85.81%	0.00%
<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	41,115	31,46,752	31,87,867	87.12%	41,530	31,46,337	31,87,867	87.12%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	41,115	36,18,151	36,59,266	100.00%	41,530	36,17,736	36,59,266	100.00%	0.00%

#### ii) Shareholding of Promoters :-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledge/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1.	Anand Chand Osatwal	46,900	1.28%	0.00 %	46,900	1.28%	0.00%	0.00%
2.	Uma Shankar Poddar	106	0.00%	0.00 %	106	0.00%	0.00%	0.00%
3.	Sudha Poddar	100	0.00%	0.00 %	100	0.00%	0.00%	0.00%
4.	Shanti Devi Poddar	100	0.00%	0.00 %	100	0.00%	0.00%	0.00%
5.	Ravindra Kumar Poddar	1,79,054	4.89%	0.00 %	1,79,054	4.89%	0.00%	0.00%
6.	Manju Poddar	38,000	1.04%	0.00 %	38,000	1.04%	0.00%	0.00%

## THE GANGES MANUFACTURING COMPANY LIMITED

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of Shares of the Company	% of Shares Pledge/ encumbered to total Shares	No. of Shares	% of Shares of the Company	% of Shares Pledge/ encumbered to total Shares	
7.	Suraj Poddar	508	0.01%	0.00 %	508	0.01%	0.00 %	0.00 %
8.	Sanjay Kumar Osatwal	40,234	1.10%	0.00 %	40,234	1.10%	0.00 %	0.00 %
9.	Sunil Chand Osatwal	25,797	0.70%	0.00 %	25,797	0.70%	0.00 %	0.00 %
10.	Manju Osatwal	34,350	0.94%	0.00 %	34,350	0.94%	0.00 %	0.00 %
11.	Roy Chand Osatwal	52,100	1.42%	0.00 %	52,100	1.42%	0.00 %	0.00 %
12.	Snehlata Osatwal	42,600	1.16%	0.00 %	42,600	1.16%	0.00 %	0.00 %
13.	Anuja Osatwal	3,950	0.11%	0.00 %	3,950	0.11%	0.00 %	0.00 %
14.	Debjani Osatwal	1,500	0.04%	0.00 %	1,500	0.04%	0.00 %	0.00 %
15.	Rajesh Kumar Osatwal	4,600	0.13%	0.00 %	4,600	0.13%	0.00 %	0.00 %
16.	Bimla Kumari Osatwal	1,500	0.04%	0.00 %	1,500	0.04%	0.00 %	0.00 %
	Total	4,71,399	12.88%		4,71,399	12.88%		

### (iii) Change in Promoter's Shareholding (Please specify, if there is no change) :-

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
	At the beginning of the year	There is no change in Promoter's shareholding			
	Date wise Increase/decrease in Promoters share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the end of the year				

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
	For Each of the Top 10 Shareholders				
1.	Lyons Corporate Market Limited	6,50,000	17.76%	6,50,000	17.76%
2.	Millennium Holding (P) Limited	4,50,050	12.30%	4,50,050	12.30%
3.	Celestial Holdings (P) Limited	4,50,000	12.30%	4,50,000	12.30%
4.	Celestial Consultants (P) Limited	4,50,000	12.30%	4,50,000	12.30%
5.	Chariot Eximp Limited	2,77,756	7.59%	2,77,756	7.59%

## THE GANGES MANUFACTURING COMPANY LIMITED

### (iv) Shareholding Pattern of top ten Shareholders (other than, Directors, Promoters and Holders of GDRs and ADRs) :

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
6.	Rochak Distributors (P) Limited	2,20,000	6.01%	2,20,000	6.01%
7.	Osatwal Jute & Gunny Sales (P) Ltd.	2,20,000	6.01%	2,20,000	6.01%
8.	Primax Fiscal Services Limited	1,00,000	2.73%	1,00,000	2.73%
9.	Life Insurance Corporation of India	21,200	0.58%	21,200	0.58%
10.	Admin.of the specified Undertaking	14,500	0.40%	14,500	0.40%

### (v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For Each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
1.	Ravindra Kumar Poddar	1,79,054	4.89%	1,79,054	4.89%
2.	Sanjay Kumar Osatwal	40,234	1.10%	40,234	1.10%

### 5. INDEBTEDNESS :-

#### Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4,72,68,980	0	0	4,72,68,980
ii) Interest due but not paid	8,74,46,913	0	0	8,74,46,913
iii) Interest accrued but not due	0	0	0	0
<b>Total(i+ii+iii)</b>	<b>13,47,15,893</b>	<b>0</b>	<b>0</b>	<b>13,47,15,893</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	41,36,040	0	0	41,36,040
Reduction	0	0	0	0
Net Change	41,36,040	0	0	41,36,040
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,72,68,980	0	0	4,72,68,980
ii) Interest due but not paid	9,15,82,953	0	0	9,15,82,953
iii) Interest accrued but not due	0	0	0	0
<b>Total(i+ii+iii)</b>	<b>13,88,51,933</b>	<b>0</b>	<b>0</b>	<b>13,88,51,933</b>



## THE GANGES MANUFACTURING COMPANY LIMITED

### 6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### (A) Remuneration to Managing Director, Whole Time Director and /or Manager :-

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Shri R K Poddar Chairman and CEO	Shri S K Osatwal MD and CFO	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	35,99,920	41,34,920	77,34,840
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	6,37,088	42,705	6,79,793
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of Profit	0	0	0
	- others, specify	0	0	0
5.	Others, Please specify	0	0	0
	Total (A)	42,37,008	41,77,625	84,14,633
	Ceiling as per the Act			

#### (B) Remuneration to Other Directors :

Sl. No.	Particulars of Remuneration	Name of the Directors		Total Amount
1.	Independent Directors	Shri D Datta	Shri P K Banerjee	
	Fee for attending board and committee meetings	32,000	32,000	64,000
	Commission	0	0	0
	Others, Please specify	0	0	0
	Total (1)	32,000	32,000	64,000
2.	Other Non - Executive Directors	Shri P K Tripathi	Smt Madhu Jain	
	Fee for attending board and committee meetings	12,000	12,000	24,000
	Commission	0	0	0
	Others, Please specify	0	0	0
	Total (2)	12,000	12,000	24,000
	Total (B) = (1+2)			88,000
	Total Managerial Remuneration			85,02,633
	Overall Ceiling as per the Act			

**THE GANGES MANUFACTURING COMPANY LIMITED**

**(C) Remuneration to Key Managerial Personnel other than MD / Manager / WTD :**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Ram Karan Gupta Company Secretary	Total
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,59,992	2,59,992
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission		
	- as % of Profit	0	0
	- others, specify	0	0
5.	Others, Please specify	0	0
	Total	2,59,992	2,59,992

**7. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment Compounding Fees imposed	Authority (RD/NCLT/ Court)	Appeal Made if any (give details)
A. COMPANY Penalty Punishment Compounding			Nil		
B. DIRECTORS Penalty Punishment Compounding			Nil		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			Nil		

By Order of the Board  
**R. K. PODDAR**  
 Chairman and CEO  
 (DIN : 00240643)

Kolkata, the 16th day of May, 2017.

## THE GANGES MANUFACTURING COMPANY LIMITED

### ANNEXURE - "B"

#### INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

#### (1) Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year:

Median remuneration of all the employees of the Company for the financial year 2016-2017 Rs.1,06,143

The percentage increase in the median remuneration of employees in the financial year 3.24%

The Number of permanent employees on the rolls of Company as on 31st March, 2017 5573

Name of Director/KMP	Remuneration of Director/KMP for the financial year 2016 - 2017 (Rs.)	Ratio of remuneration to median remuneration of all employees	% increase in remuneration in the financial year 2016 - 2017
<b>Non - Executive Director</b>			
Mr Pradeep Kumar Tripathi	12,000	0.11 : 1	50.00%
Ms Madhu Jain	12,000	0.11 : 1	100.00%
<b>Independent Directors</b>			
Mr Dilip Datta	32,000	0.30 : 1	60.00%
Mr Pranab Kalyan Banerjee	32,000	0.30 : 1	45.45%
<b>Executive Directors/KMP</b>			
Mr Ravindra Kumar Poddar, Chairman	42,37,008	39.92 : 1	41.23%
Mr Sanjay Kumar Osatwal, Managing Director & CFO	41,77,625	39.36 : 1	39.28%
Mr Ram Karan Gupta, Company Secretary	2,59,992	2.45 : 1	8.33%

#### Notes:

The ratio of remuneration to median remuneration is based on remuneration paid during the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

#### (2) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile made in the salaries of employees other than the Key managerial personnel in the last financial year i.e. 2016-17 was 3.24% where as the increase made in the Key managerial remuneration for the same financial year was 39.03%.

Based on performance and the industry norms for senior managerial personnel, the Nomination and Remuneration Committee recommended higher remuneration to Chairman and Managing Director of the Company, which are within the limits as set out under section 197 and rules made there under of the Companies Act, 2013.

#### (3) Remuneration is as per the remuneration policy of the Company.

**THE GANGES MANUFACTURING COMPANY LIMITED**  
ANNEXURE - "C"

INFORMATION AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) & 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

A. List of top 10 Employees:-

Name of the Employee	Designation	Remuneration Received*	Nature of Employment, Whether contractual or otherwise	Qualifications and Experience	Date of Commencement of Employment	Age (Years)	Last Employment held before joining the Company	Name of the Director of the Company who is relative
Ravindra Kumar Poddar	Chairman	42,37,008	Contractual	B.Com, 44 Years	07-04-1993	64	Naihati Jute Mills Co. Ltd	N.A.
Sanjay Kumar Osatwal	MD/CFO	41,77,625	Contractual	B.Com, 31 Years	07-04-1993	55	N.A.	N.A.
J K Behera	General Manager	15,08,377	Contractual	B.SC (Hons), Jute Tech 36 Years	09-04-1997	60	Gondalpara Jute Mills	N.A.
Tapas Kundu	Chief Executive Works	9,84,974	Contractual	BSC, Jute Tech, 36 Years	11-05-2010	61	Bally Jute Co Ltd.	N.A.
Vinod Kumar Khaitan	Manager EDP	8,49,799	Contractual	B.Com, 31 Years	15-07-1993	57	Auckland Jute Mills	N.A.
Rakesh Kumar Jhahharia	Commerial Manager	8,44,735	Contractual	B.Com, 29 Years	01-07-2003	48	Lexus Shares & Stock Brokers (P) Limited	N.A.
Sidhnath Goswami	Development Manager	7,85,485	Contractual	BSC, 36 Years	28-02-2009	61	Naihati Jute Mills Co. Ltd	N.A.
Man Bahadur Singh	Production Manager	7,63,548	Contractual	B.A. 26 Years	11-04-2000	52	Gloster Jute Mills	N.A.
Ashok Kumar Jain	Assistant Manager Stores	7,61,765	Contractual	B.Com, 31 Years	16-05-1993	60	Meghna Jute Mills	N.A.
Gopal Agarwal	Senior Executive (HO)	7,37,288	Contractual	B.Com, 26 Years	01-11-1995	52	Heera Metals Limited	N.A.

**THE GANGES MANUFACTURING COMPANY LIMITED**

\* Remuneration includes salary, allowances, bonus and value of certain perquisites evaluated on the basis of Income Tax Act and Rules.

- B. There is no employee employed throughout the financial year who was in receipt of remuneration in excess of one crore and two lacs rupees per annum.
- C. There is no employee employed for a part of the financial year who was in receipt of remuneration in excess of eight lacs and fifty thousand rupees per month.

By Order of the Board  
**R. K. PODDAR**  
Chairman and CEO  
(DIN : 00240643)

Kolkata, the 16th day of May, 2017.

# THE GANGES MANUFACTURING COMPANY LIMITED

## ANNEXURE - "D"

### INFORMATION UNDER SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES 2014 AND FORMING PART OF THE BOARD'S REPORT.

#### 1. CONSERVATION OF ENERGY

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 Ancillary Equipments to the optimum, ensuring downtime at barest minimum.
- iv) Maintenance of all machines to make them energy efficient and minimize losses.

#### 2. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Process improvement and product development is an ongoing 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 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 licensed 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) Current Year	(Rs. in Lacs) Previous Year
i) Total Foreign Exchange Used	41.34	67.97
ii) Total Foreign Exchange Earned	Nil	Nil

By Order of the Board  
**R. K. PODDAR**  
Chairman and CEO  
(DIN : 00240643)

Kolkata, the 16th day of May, 2017.

**THE GANGES MANUFACTURING COMPANY LIMITED**

**ANNEXURE - "E"**

**BABU LAL PATNI**  
**COMPANY SECRETARY**

51, NALINI SETT ROAD  
5<sup>TH</sup> FLOOR, ROOM NO 19  
KOLKATA – 700 007  
TEL NO: 2259-7715/7716  
email id: patnibl@yahoo.com

**FORM No MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
The Ganges Manufacturing Co Ltd  
33A, Jawahar Lal Nehru Road  
Kolkata-700071

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Ganges Manufacturing Co Ltd (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of The Ganges Manufacturing Co Ltd's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 generally complied with the statutory provisions listed hereunder and also the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by The Ganges Manufacturing Co Ltd ("the company") for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit Period).
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

## **THE GANGES MANUFACTURING COMPANY LIMITED**

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period).
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period).
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period).
- f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period).
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the Audit Period).
- vi) The other laws that are applicable and complied by the Company are:
  - i) The Jute Packaging Materials Act, 1987
  - ii) The Essential Commodities Act, 1955

I have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) Listing Agreement entered into by the Company with the Calcutta Stock Exchange.
- iii) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except some cases subject to the following observation:

**The Company has not complied with some of the provisions of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and the Listing Agreement entered into by the Company with Calcutta Stock Exchange.**



## THE GANGES MANUFACTURING COMPANY LIMITED

### I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of Board of Directors during the year.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member views, if any, are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and process in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Place: Kolkata**  
**Dated: 12<sup>th</sup> May, 2017**

<b>Name of the Company</b>	
<b>Secretary in practice:</b>	<b>BABU LAL PATNI</b>
<b>FCS No</b> :	<b>2304</b>
<b>C.P.No.</b> :	<b>1321</b>

### **Note:**

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**THE GANGES MANUFACTURING COMPANY LIMITED**

BABU LAL PATNI  
COMPANY SECRETARY

51, NALINI SETT ROAD  
5<sup>TH</sup> FLOOR, ROOM NO 19  
KOLKATA – 700 007  
TEL NO: 2259-7715/7716  
email id: patnibl@yahoo.com

**‘Annexure A’**

To,  
The Members,  
The Ganges Manufacturing Co Ltd  
33A, Jawahar Lal Nehru Road  
Kolkata-700071

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Place: Kolkata**  
**Dated: 12<sup>th</sup> May, 2017**

<b>Name of the Company</b>	
<b>Secretary in practice:</b>	<b>BABU LAL PATNI</b>
<b>FCS No</b> :	<b>2304</b>
<b>C.P.No.</b> :	<b>1321</b>

## 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, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **8. Basis for Qualified Opinion**

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

*Unprovided Accrued Gratuity and Leave Encashment liabilities upto 31st March 2017 aggregating to Rs.2832.81 lacs based on actuarial valuation, as against Rs.2730.79 lacs upto 31st March 2016, which is not in compliance with the requirement of AS 15. (Refer note no. 35)*

*Effect of the forgoing to the extent determinable is that liabilities are understated by Rs. 2832.81 lacs with corresponding effect of overstatement of Reserves & Surplus to the same extent and overstatement of profits for the year to the extent of Rs. 102.02 lacs.*

### **9. Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements except stated in the basis of qualification 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 of the state of affairs of the Company as at March 31, 2017, its profits and its cash flows for the year ended on that date.*

### **10. Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 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 to the information and explanations given to us, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

### **11. As required by Section 143(3) of the Act, we report that:**

- a) We have sought and 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) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 *except AS 15 as stated above.*
- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f) Our report on adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, has been given in Annexure "B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

## **THE GANGES MANUFACTURING COMPANY LIMITED**

- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer note no. 24).
- ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. In our opinion these are in accordance with the books of accounts maintained by the Company. (Refer note no. 38)

“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 16th day of May, 2017

### **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.  
(b) There is a regular program of physical verification by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) (a) Inventories excluding those lying in transit have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) No material discrepancies were noticed on verification, between the physical stocks and book records, and the same have been properly dealt with in the books of account.
- iii) The Company has not granted any loans during the year to the parties covered in the register maintained under section 189 of the Companies Act. Accordingly the provisions of paragraph 3(iii) (a), (b) & (c) are not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans and investments made.
- v) The Company has not accepted any deposits from the public during the year within the meaning of sections 73 to 76 of the Act and the rules framed there under to the extent notified. Therefore, paragraph 3(v) of the Order is not applicable.
- vi) On the basis of records produced, we were of the opinion that, prima facie, the cost records prescribed by the Central Government under section 148 (1) of the Act have been maintained by the Company. However, we are not required to carry out and have not carried out any detailed examination of such cost records.

## THE GANGES MANUFACTURING COMPANY LIMITED

- vii) (a) According to the information and explanations given to us and the records examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Value Added Tax, Excise Duty and Cess and any other material statutory dues, as applicable, with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March, 2017, 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 and Service Tax, which have not been deposited as on 31<sup>st</sup> March, 2017 on account of any dispute. However, following statutory dues on account of Income Tax, Value Added Tax, Central Sales Tax, Excise Duty and Cess were not deposited on account of dispute as on 31<sup>st</sup> March, 2017 :-

Sl. No.	Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
1.	<b><u>EXCISE DUTY AND CESS</u></b> Central Excise Act, 1944	EXCISE DUTY	37,74,160	28-09-1996 to 28-02-1997	Customs, Excise & Service Tax Appellate Tribunal
	Central Excise Act, 1944	JUTE CESS	4,35,035	April 2010 to January 2015	Commissioner Appeal (II) Kolkata
	Central Excise Act, 1944	JUTE CESS	1,44,518	February 2015 to December 2015	Commissioner Appeal (II) Kolkata
	Central Excise Act, 1944	JUTE CESS	7,97,260	April 2012 to March 2016	Commissioner Appeal (II) Kolkata
	Central Excise Act, 1944	EXCISE DUTY & PENALTY	63,23,01,264	March 2011 to February 2013	Calcutta High Court
2.	<b><u>VALUE ADDED TAX</u></b> West Bengal VAT Act, 2003	VAT & INTEREST	8,655	31-03-2009	Sales Tax Taxation Tribunal
			31,73,607	31-03-2011	Sales Tax Revision Board
			29,46,720	31-03-2012	Sales Tax Revision Board
			33,55,683	31-03-2013	Sales Tax Revision Board
			27,87,910	31-03-2014	Sales Tax Appellate Authority
3.	<b><u>CENTRAL SALES TAX</u></b> Central Sales Tax Act, 1956	SALES TAX & INTEREST	8,35,810	31-03-2008	Sales Tax Revision Board
			14,75,751	31-03-2009	Sales Tax Revision Board

**THE GANGES MANUFACTURING COMPANY LIMITED**

			10,95,769	31-03-2011	Sales Tax Revision Board
			65,11,946	31-03-2012	Sales Tax Revision Board
			28,68,858	31-03-2013	Sales Tax Revision Board
			3,94,89,862	31-03-2014	Sales Tax Appellate Authority
4.	<b>INCOME TAX</b> Income Tax Act, 1961	INCOME TAX	11,49,120	AY 2013-14	Commissioner of Income Tax (Appeals)
		INCOME TAX	8,76,290	AY 2014-15	Commissioner of Income Tax (Appeals)

- viii) Based on the information and explanations given to us, the Company has defaulted in repayment of loans of Rs.4.72 crores (excluding interest of Rs.9.16 crores) taken from Government of West Bengal. (Refer Note No. 7(i)).
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, paragraph 3(ix) of the Order is not applicable.
- x) Based on audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, paragraph 3(xiv) of the order is not applicable.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Therefore paragraph 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

“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 16th day of May, 2017

## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of The Ganges Manufacturing Company Limited (“the Company”) as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.



## **THE GANGES MANUFACTURING COMPANY LIMITED**

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

The 16th day of May, 2017

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

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

**THE GANGES MANUFACTURING COMPANY LIMITED**

Balance Sheet As At 31st March, 2017

Amount in Rupees

	Note	As at 31-03-2017	As at 31-03-2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	3,65,92,660	3,65,92,660
Reserves & Surplus	2	(9,11,07,974)	(12,52,43,520)
		<u>(5,45,15,314)</u>	<u>(8,86,50,860)</u>
<b>Deferred Government Grants</b>	3	81,61,591	1,14,06,440
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities	4	2,36,26,619	2,77,74,326
Long Term Provisions	5	22,20,69,066	22,20,69,066
		<u>24,56,95,685</u>	<u>24,98,43,392</u>
<b>Current Liabilities</b>			
Trade Payables	6	5,74,77,115	46,18,13,872
Other Current Liabilities	7	31,96,41,271	30,19,45,169
		<u>37,71,18,386</u>	<u>76,37,59,041</u>
<b>TOTAL</b>		<u><b>57,64,60,348</b></u>	<u><b>93,63,58,013</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
a) Tangible Assets	8	13,43,98,550	14,51,56,446
b) Capital Work in Progress	8	82,10,649	1,14,31,139
		<u>14,26,09,199</u>	<u>15,65,87,585</u>
Non Current Investments	9	6,000	6,000
Long Term Loans and Advances	10	85,05,987	54,61,750
		<u>15,11,21,186</u>	<u>16,20,55,335</u>
<b>Current Assets</b>			
Inventories	11	23,34,93,079	47,14,18,846
Trade Receivables	12	13,87,16,508	24,20,95,613
Cash & Cash Equivalents	13	1,71,72,716	1,37,33,354
Short Term Loans and Advances	14	3,59,56,859	4,70,54,865
		<u>42,53,39,162</u>	<u>77,43,02,678</u>
<b>TOTAL</b>		<u><b>57,64,60,348</b></u>	<u><b>93,63,58,013</b></u>

Notes forming part of the Financial Statements

1 to 40

In terms of our Report of even date  
For S.S.KOTHARI & CO.Ravindra Kumar Poddar  
Chairman and CEO  
(DIN : 00240643)Sanjay Kumar Osatwal  
Managing Director and CFO  
(DIN : 00248585)

Chartered Accountants

Registration No. 302034E

R.K.Roy Chaudhury

Pranab Kalyan Banerjee  
DirectorDilip Datta  
Director

Partner

(DIN : 00313523)

(DIN : 00406151)

Membership No. 8816

Kolkata, The 16th day of May, 2017.

Ram Karan Gupta  
Secretary

**THE GANGES MANUFACTURING COMPANY LIMITED**

Statement of Profit & Loss For The Year Ended 31st March, 2017

Amount in Rupees

	Note	2017	2016
<b>INCOME</b>			
Revenue from Operations	15	3,36,89,55,054	3,69,53,30,493
Other Income	16	4,95,80,946	3,18,44,995
<b>Total Revenue</b>		<b><u>3,41,85,36,000</u></b>	<b><u>3,72,71,75,488</u></b>
<b>EXPENSES</b>			
Cost of Materials Consumed	17.1	2,24,45,69,496	2,51,99,63,857
Purchase of Traded Goods	17.2	0	4,25,96,179
Changes in Inventories	18	6,11,56,189	(2,33,65,797)
Employee Benefits Expense	19	76,20,93,117	82,83,72,456
Finance Costs	20	41,37,145	41,36,233
Depreciation	8	2,42,96,176	2,45,32,319
Other Expenses	21	27,28,47,589	30,77,14,231
<b>Total Expenses</b>		<b><u>3,36,90,99,712</u></b>	<b><u>3,70,39,49,478</u></b>
<b>Profit/(Loss) Before Tax</b>		4,94,36,288	2,32,26,010
Current Tax Expense		1,93,86,430	4,77,200
Deferred Tax Expense / (Credit)		(41,47,707)	(20,98,315)
Income Tax for earlier Year		62,019	0
<b>Profit/(Loss) for the years</b>		<b>3,41,35,546</b>	<b>2,48,47,125</b>
Earnings Per Share of Rs.10/- each - Basic and Diluted	22	9.33	6.79

Notes forming part of the Financial Statements **1 to 40**

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 16th day of May, 2017.

Ravindra Kumar Poddar  
Chairman and CEO  
(DIN : 00240643)

Pranab Kalyan Banerjee  
Director  
(DIN : 00313523)

Sanjay Kumar Osatwal  
Managing Director and CFO  
(DIN : 00248585)

Dilip Datta  
Director  
(DIN : 00406151)

Ram Karan Gupta  
Secretary

# THE GANGES MANUFACTURING COMPANY LIMITED

## Cash Flow Statement For The Year Ended 31st March, 2017

Amount in Rupees

### A. Cash Flow from Operating Activities

Net Profit / Loss Before Tax	4,94,36,288		2,32,26,010
Adjustment for			
- Depreciation	2,42,96,176		2,45,32,319
- Interest Charged	41,37,145		41,36,233
- Interest Received	(3,37,05,622)		(1,85,45,058)
- Deferred Government Grant Allocation	(32,44,849)		(26,43,860)
- (Profit)/Loss on Sale of Fixed Assets	<u>(18,90,417)</u>	<u>(1,04,07,567)</u>	<u>(7,79,443)</u>
Operating profit before working capital changes	3,90,28,721		2,99,26,201
Adjustment for			
- Trade Receivable	10,33,79,105		(9,99,68,671)
- Inventories	23,79,25,767		(7,53,16,456)
- Loan & Advances (Long Term & Short Term)	80,53,769		(1,20,23,413)
- Other Current Assets	0		2,11,62,778
- Trade Payables	(40,43,36,757)		6,93,90,871
- Other Current Liabilities	<u>1,76,96,102</u>	<u>(3,72,82,014)</u>	<u>7,27,81,634</u>
Cash generated from operations	17,46,707		59,52,944
Direct Taxes Paid	<u>(1,94,48,449)</u>		<u>(4,77,200)</u>
Net Cash from Operating Activities	<u>(1,77,01,742)</u>		<u>54,75,744</u>

### B. Cash Flow From Investing Activities

Purchase of fixed assets	(1,03,27,373)		(1,44,10,200)
Sale of fixed assets	19,00,000		24,93,610
Interest Received	<u>3,37,05,622</u>		<u>1,85,45,058</u>
Net cash used from investing activities	<u>2,52,78,249</u>		<u>66,28,468</u>

### C. Cash Flow from financing activities

Interest Paid (Net)	<u>(41,37,145)</u>		<u>(41,36,233)</u>
Net Cash used in financing activities	<u>(41,37,145)</u>		<u>(41,36,233)</u>
Net increase in cash and cash equivalents (A+B+C)	<u>34,39,362</u>		<u>79,67,979</u>
Cash and cash equivalents - Opening Balance	1,37,33,354		57,65,375
Cash and cash equivalents - Closing Balance	1,71,72,716		1,37,33,354

#### Notes :

#### Cash and Cash equivalents include:

Cash Balances	40,84,956		61,36,461
Bank Balances	1,30,87,760		75,96,893
	<u>1,71,72,716</u>		<u>1,37,33,354</u>

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 16th day of May, 2017.

Ravindra Kumar Poddar  
Chairman and CEO  
(DIN : 00240643)

Pranab Kalyan Banerjee  
Director  
(DIN : 00313523)

Sanjay Kumar Osatwal  
Managing Director and CFO  
(DIN : 00248585)

Dilip Datta  
Director  
(DIN : 00406151)

Ram Karan Gupta  
Secretary

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

Amount in Rupees

	As at 31-03-2017	As at 31-03-2016
<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 31-03-2017		As at 31-03-2016	
	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 31-03-2017	As at 31-03-2016
<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 Holdings 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 31-03-2017	As at 31-03-2016
<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	(13,97,18,520)	(16,45,65,645)
Add : Net Profit / (Loss) for the year	3,41,35,546	2,48,47,125
Closing Balance	<u>(10,55,82,974)</u>	<u>(13,97,18,520)</u>
<b>Total</b>	<b>(9,11,07,974)</b>	<b>(12,52,43,520)</b>
<b>NOTE 3 : DEFERRED GOVERNMENT GRANTS</b>		
Opening Balance	1,14,06,440	1,40,50,300
Add : During the year	0	0
Less : Transferred to Deferred Government Grant Allocation Account	32,44,849	26,43,860
Closing Balance	<u>81,61,591</u>	<u>1,14,06,440</u>
<i>(Please Refer Note No. 37)</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	2,77,74,326	2,98,72,641
Changes for the year	(41,47,707)	(20,98,315)
Closing Balance	<u>2,36,26,619</u>	<u>2,77,74,326</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.35)</i>		

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

Amount in Rupees

	As at 31-03-2017	As at 31-03-2016
<b>NOTE 6 : TRADE PAYABLES</b>		
<b>Trade Payables</b>		
i) Due to Micro, Small and Medium Enterprises	0	0
ii) Due to Others	5,74,77,115	46,18,13,872
<b>Total</b>	5,74,77,115	46,18,13,872

(Please Refer Note No.27)

### 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	9,15,82,953	8,74,46,913
iii) Advances from Customers	1,15,27,881	1,52,322
iv) Payable to Employees	12,25,85,527	12,07,29,638
v) Statutory Liabilities	1,55,74,500	1,27,75,279
vi) Deposits	2,26,320	1,46,320
vii) Other Liabilities	3,08,75,110	3,34,25,717
<b>Total</b>	31,96,41,271	30,19,45,169

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 instalments. The last instalment 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 instalments. 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

9,15,82,953      8,74,46,913

## Notes Forming Part of the Financial Statements

Amount in Rupees

## NOTE 8 : FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions	Disposals / Adjustments	As at 31.03.2017	As at 01.04.2016	For the year	Disposals/ Adjustments	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
<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	2,55,56,924	49,53,257	0	3,05,10,181	86,20,770	9,66,907	0	95,87,677	2,09,22,504	1,69,36,154
Plant & Machinery	32,44,63,462	62,54,566	1,91,671	33,05,26,357	21,36,29,578	1,96,94,353	1,82,088	23,31,41,843	9,73,84,514	11,08,33,884
Works Auxiliaries	3,06,25,541	5,72,804	0	3,11,98,345	1,76,10,760	26,07,129	0	2,02,17,889	1,09,80,456	1,30,14,781
Furniture/Fixtures & Office Equipments	2,26,33,956	17,67,236	0	2,44,01,192	1,97,25,369	8,05,812	0	2,05,31,181	38,70,011	29,08,587
Motor Vehicles and Material Handling Equipments	35,30,291	0	0	35,30,291	27,85,239	2,21,975	0	30,07,214	5,23,077	7,45,052
<b>TOTAL</b>	<b>40,75,28,162</b>	<b>1,35,47,863</b>	<b>1,91,671</b>	<b>42,08,84,354</b>	<b>26,23,71,716</b>	<b>2,42,96,176</b>	<b>1,82,088</b>	<b>28,64,85,804</b>	<b>13,43,98,550</b>	<b>14,51,56,446</b>
Capital Work in Progress	1,14,31,139	17,32,767	49,53,257	82,10,649	0	0	0	0	82,10,649	1,14,31,139
<b>GRAND TOTAL</b>	<b>41,89,59,301</b>	<b>1,52,80,630</b>	<b>51,44,928</b>	<b>42,90,95,003</b>	<b>26,23,71,716</b>	<b>2,42,96,176</b>	<b>1,82,088</b>	<b>28,64,85,804</b>	<b>14,26,09,199</b>	<b>15,65,87,585</b>
Previous Year	40,69,31,892	1,44,10,200	23,82,791	41,89,59,301	23,85,08,021	2,45,32,319	6,68,624	26,23,71,716	15,65,87,585	16,84,23,871



## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

Amount in Rupees

	As at 31-03-2017	As at 31-03-2016
<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	29,30,699	35,04,133
ii) Capital Advances	33,45,218	0
iii) Advances to Suppliers	21,07,900	18,35,447
iv) Deposits	1,22,170	1,22,170
<b>Total</b>	85,05,987	54,61,750
<b>NOTE 11 : INVENTORIES</b>		
<i>(At lower of cost or net realisable value)</i>		
i) Raw Material	3,33,66,909	20,93,31,573
ii) Process Stock	3,94,81,079	6,03,80,772
iii) Finished Goods	14,83,57,596	18,86,14,092
iv) Stores, Accessories and Spares Parts	1,22,87,495	1,30,92,409
<b>Total</b>	23,34,93,079	47,14,18,846
Note : Finished Goods include Stock in Transit	2,10,09,401	7,42,42,503
<b>NOTE 12 : TRADE RECEIVABLES</b>		
<i>(Unsecured)</i>		
Trade Receivables		
i) Outstanding for more than Six Months		
a) Considered Good	4,99,12,284	3,25,88,207
b) Considered Doubtful	0	0
	4,99,12,284	3,25,88,207
ii) Others	8,88,04,224	20,95,07,406
<b>Total</b>	13,87,16,508	24,20,95,613

# THE GANGES MANUFACTURING COMPANY LIMITED

## Notes Forming Part of the Financial Statements

Amount in Rupees

	As at 31-03-2017	As at 31-03-2016
<b>NOTE 13 : CASH AND CASH EQUIVALENTS</b>		
i) Cash on Hand	40,84,956	61,36,461
ii) Cheques, Drafts on Hand	15,69,116	23,29,108
iii) Balances with Banks		
In Current Accounts	1,15,18,644	52,67,785
<b>Total</b>	<u>1,71,72,716</u>	<u>1,37,33,354</u>

### NOTE 14 : SHORT TERM LOANS AND ADVANCES

*(Unsecured , Considered Good)*

i) Advances	68,96,185	2,77,01,910
ii) Advances to Suppliers	50,11,269	41,79,334
iii) Balances with Government Authorities	2,53,970	2,24,639
iv) Income Tax Refundable	70,48,949	56,97,583
v) Advance Income Tax (net of provision)	31,40,622	13,77,306
vi) Advance VAT Paid - Refundable	35,04,230	35,04,230
vii) Deposits against disputed demands	1,01,01,634	43,69,863
<b>Total</b>	<u>3,59,56,859</u>	<u>4,70,54,865</u>

#### Note :

i) Advance Income Tax comprises of :

Advance Income Tax/Tax deducted at source

2,25,27,052      18,54,506

Less : Provision for Income Tax

1,93,86,430      4,77,200

31,40,622      13,77,306

### NOTE 15 : REVENUE FROM OPERATIONS

	2017	2016
i) Sale of Products (Jute Goods)	3,40,35,52,222	3,68,14,21,536
Less : Cess Duty	(3,45,97,168)	(3,57,89,514)
	<u>3,36,89,55,054</u>	<u>3,64,56,32,022</u>
ii) Other Operating Revenues		
Incentives on Indirect Export	0	4,96,98,471
<b>Total</b>	<u>3,36,89,55,054</u>	<u>3,69,53,30,493</u>

### NOTE 16 : OTHER INCOME

i) Rent Received	52,62,598	57,58,386
ii) Interest Income	3,37,05,622	1,85,45,058
iii) Gains on Foreign Currency Translations (Net)	55,782	0
iv) Inspection Fees Refunded	15,64,891	0
v) Sale of Scrap	38,31,711	40,68,340
vi) Profit on Sale of Fixed Assets	18,90,417	7,79,443
vii) Deferred Government Grants Allocation A/c	32,44,849	26,43,860
viii) Other Non Operating Income	25,076	49,908
<b>Total</b>	<u>4,95,80,946</u>	<u>3,18,44,995</u>

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

Amount in Rupees

**2017**                      **2016**

#### NOTE 17.1 : COST OF MATERIALS CONSUMED

##### Opening Stock

Raw Jute	20,83,28,063	12,62,56,230
Yarn Stock	0	3,01,02,500
Raw Material - Others	10,03,509	7,76,977
	<u>20,93,31,572</u>	<u>15,71,35,707</u>

##### Add : Purchases

Jute Purchased including expenses	1,59,43,74,396	2,08,19,13,000
Yarn/Cloth Purchased including expenses	43,74,89,619	50,46,78,336
Raw Material - Others	4,44,71,954	4,59,28,496
Fire damaged goods salvaging expenses	0	6,82,278
	<u>2,07,63,35,969</u>	<u>2,63,32,02,110</u>

Less : Sale of Jute	0	5,17,15,236
Less : Sale of Jute Waste	40,74,133	61,97,594
Less : Sale of Raw Material - Others	36,57,003	31,29,558
	<u>77,31,136</u>	<u>6,10,42,388</u>

##### Less : Closing Stock

Raw Jute	3,25,25,072	20,83,28,063
Raw Material - Others	8,41,837	10,03,509
	<u>3,33,66,909</u>	<u>20,93,31,572</u>

<b>Total</b>	<b>2,24,45,69,496</b>	<b>2,51,99,63,857</b>
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#### NOTE 17.2 : PURCHASE OF TRADED GOODS

Yarn/Twine/Cloth Purchased	0	4,25,96,179
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<b>Total</b>	<b>0</b>	<b>4,25,96,179</b>
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#### NOTE 18 : CHANGES IN INVENTORIES

##### Opening Stock

Finished Goods	18,86,14,092	18,72,84,899
Process Stock	6,03,80,772	3,83,44,168
	<u>24,89,94,864</u>	<u>22,56,29,067</u>

##### Closing Stock

Finished Goods	14,83,57,596	18,86,14,092
Process Stock	3,94,81,079	6,03,80,772
	<u>18,78,38,675</u>	<u>24,89,94,864</u>

Net (Increase) / decrease in stock	<b>6,11,56,189</b>	<b>(2,33,65,797)</b>
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#### NOTE 19 : EMPLOYEE BENEFITS EXPENSE

i) Salaries, Wages, Bonus and Gratuity	67,83,43,089	74,19,79,316
ii) Contribution to Provident and Other Funds	7,30,05,034	7,68,11,947
iii) Welfare Expenses	1,07,44,994	95,81,193

<b>Total</b>	<b>76,20,93,117</b>	<b>82,83,72,456</b>
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**THE GANGES MANUFACTURING COMPANY LIMITED**  
**Notes Forming Part of the Financial Statements**

Amount in Rupees

	<b>2017</b>	<b>2016</b>
<b>NOTE 20 : FINANCE COSTS</b>		
Interest Expense		
i) Interest on Borrowings	41,36,040	41,36,040
ii) Interest on Taxes	1,105	193
<b>Total</b>	<u>41,37,145</u>	<u>41,36,233</u>

**NOTE 21 : OTHER EXPENSES**

i) Consumption of Stores	5,74,09,861	6,54,63,726
ii) Power & Fuel	15,03,20,431	15,87,22,554
iii) Brokerage & Consignment Sales Expenses	1,25,036	3,70,520
iv) Repairs to Roads and Buildings	68,59,856	64,30,252
v) Repairs to Plant & Machinery	1,43,43,492	1,48,17,854
vi) Other Manufacturing & Selling Expenses	1,28,00,787	2,10,44,423
vii) Loss on Foreign Currency Translations (Net)	0	30,853
viii) Cess Duty Paid (Net)	(3,26,499)	4,43,883
ix) Rates & Taxes	27,76,154	38,50,903
x) Insurance	22,93,070	14,08,798
xi) Subscription	8,89,848	9,93,727
xii) Other Administrative Expenses	2,33,36,053	3,22,53,308
xiii) Director's Fee	88,000	56,000
xiv) Rent Paid	16,20,000	16,20,000
xv) Auditor's Remuneration		
For Audit Fees	2,25,000	1,50,000
For Tax Audit	75,000	50,000
For Other Services	11,500	0
For Reimbursement of Expenses	0	7,430
<b>Total</b>	<u>27,28,47,589</u>	<u>30,77,14,231</u>

**NOTE 22 : EARNING PER SHARE (EPS)**

The Computation of EPS is set out below :

**Earnings**

Net Profit / (Loss) for the Period	3,41,35,546	2,48,47,125
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**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	36,59,266	36,59,266
Earnings per share of par value Rs. 10/- Basic & Diluted (Rs)	9.33	6.79

**Notes Forming Part of the Financial Statements**

**NOTE 23 : SIGNIFICANT ACCOUNTING POLICIES**

**23.1 Basis of Preparation of Financial Statements**

The Company follows the mercantile system of accounting and recognizes income and expenses on accrual basis. The accounts are prepared on historical cost basis as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles and the provisions of the Companies Act, 2013.

**23.2 Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principle requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

**23.3 Revenue Recognition**

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

**23.4 Tangible Fixed Assets**

Tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of value added tax, rebates, reimbursement, less accumulated depreciation and impairment loss, if any.

**23.5 Intangible Fixed Assets**

Intangible assets are recognized only when future economic benefit attributable by the assets will flow to the enterprise and cost can be measured reliably. Intangible assets are stated at cost. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

**23.6 Depreciation and Amortisation**

- i. Depreciation on Tangible Fixed Assets has been provided on straight-line method at the rates determined based on the useful lives of respective assets as prescribed in Schedule II to The Companies Act, 2013.
- ii. Intangible assets are amortised over their estimated useful life.

**23.7 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.

**23.8 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 determined on the basis of actuarial valuation at the year end and disclosed in the accounts.
- 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.

**23.9 Foreign Currency Translation**

Transaction in foreign currencies are normally recorded at exchange rate prevailing at the time of transactions. Gain 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 gain or loss on account of exchange differences on such translations is recognized in the Profit & Loss Statement.

**23.10 Investments**

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

**23.11 Export Market Benefits**

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

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

#### 23.12 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 recognized only to the extent there is reasonable certainty of its realisation in future. Deferred tax assets are not recognized unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realised.

#### 23.13 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.

#### 23.14 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.

#### 23.15 Contingent Liabilities

Contingent Liabilities, if any, are not provided for and are separately disclosed by way of "Notes".

	2017 Rupees	2016 Rupees
<b>24. 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	6,45,50,571	3,65,91,940
(Net of Rs.80,83,100 deposited against disputed demand shown in Balance Sheet; Previous year Rs.24,13,000)		
(b) Excise Duty and Cess (Including Penalty)	63,74,52,237	42,09,195
(Net of deposit of Rs.72,075 deposited against disputed demand shown in Balance Sheet and deposit of Rs.13,75,534 paid and debited to Profit & Loss Statement in earlier years; Previous year Rs.35,275 and Rs.13,75,534 respectively)		
(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	50,13,985	50,13,985
(Net of Rs.19,02,203 deposited against disputed demand shown in Balance Sheet and Rs. 2,46,705 paid and debited to Profit & Loss Statement ; Previous Year Rs.19,21,588 and Rs.2,27,320 respectively)		
(e) Income Tax	20,25,410	11,49,120
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.		
ii) Against Securities provided by third parties :		
Guarantees given by banks	14,28,19,325	11,22,33,678
iii) Estimated Amount of Contracts remaining to be Executed on Capital Account (Net of Advances) and not provided for	48,15,182	Nil

## THE GANGES MANUFACTURING COMPANY LIMITED

### Notes Forming Part of the Financial Statements

25. 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
iii)	Mr Ram Karan Gupta	Secretary

b) Transactions with Related Parties :

Type of Related Parties	Description of the nature of the transactions	Volume of transactions during 2016-17 (Rs.)	Volume of transactions during 2015-16 (Rs.)
Key Management Personnel	Remuneration	84,14,633	59,99,520
Secretary	Remuneration	2,59,992	2,59,992

26. 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.

27. 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.

	2017	2016
28. Expenditure in Foreign Currency :		
Travelling Expenses	40,70,916	63,59,844
29. Earnings in Foreign Exchange :	Nil	Nil
30. Consumption of Raw Material :		
Raw Jute, Yarn, Twine, Cloth etc	2,20,35,92,873	2,47,73,91,451
Raw Materials - Others	4,09,76,623	4,25,72,406
	<u>2,24,45,69,496</u>	<u>2,51,99,63,857</u>
31. Consumption of Raw Material :		
Indigenous	2,24,45,69,496 (100.00%)	2,51,99,63,857 (100.00%)
Imported	0 (0.00%)	0 (0.00%)
	<u>2,24,45,69,496</u>	<u>2,51,99,63,857</u>
32. Consumption of Stores and Spares :		
Indigenous	8,20,54,390 (100.00%)	9,18,40,371 (100.00%)
Imported	0 (0.00%)	0 (0.00%)
	<u>8,20,54,390</u>	<u>9,18,40,371</u>

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

Repairs to Buildings	Rupees	68,59,856	64,30,252
Repairs to Machinery	Rupees	1,37,80,724	1,46,86,027
Power & Fuel	Rupees	1,20,782	5,24,500
Motor Vehicle Expenses	Rupees	49,900	6,798
Welfare Expenses	Rupees	3,26,201	4,76,906
Material Handling Equipments Expenses	Rupees	35,07,067	42,52,162

# THE GANGES MANUFACTURING COMPANY LIMITED

## Notes Forming Part of the Financial Statements

		2017	2016
33. C.I.F. Value of Imports :			
Raw Materials	Rupees	Nil	Nil
Capital Goods	Rupees	Nil	Nil
34. The Cess payable amounting to Rs.12,73,482 (Previous year Rs. 11,43,716) 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.			
35. <b>Defined Benefit Plans :</b>			
As per Actuarial valuation as on 31st March, 2017 and recognised in the financial statements in respect of Defined Employee Benefit Schemes.			
35.1 <b>Gratuity</b>			
	Description	Gratuity (Unfunded) 2017 Rs.	Gratuity (Unfunded) 2016 Rs.
a) <b>Reconciliation of Opening Balances of the Present Value of the Defined Benefit Obligation</b>			
Present Value of Obligation at the beginning of the year		48,37,02,733	45,28,13,532
Current Service Cost		2,61,62,690	2,53,50,678
Interest Cost		3,66,38,633	3,75,63,283
Amortization of Past Service Cost		0	0
Actuarial (Gains) / Losses		(1,97,29,531)	3,58,87,981
Benefit Paid		(3,34,47,039)	(6,79,12,741)
<b>Present Value of Obligation at the end of the year</b>		<b>49,33,27,486</b>	<b>48,37,02,733</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		3,34,47,039	6,79,12,741
Benefit Paid		(3,34,47,039)	(6,79,12,741)
<b>Fair Value of Plan Assets at the end of the year</b>		<b>0</b>	<b>0</b>
c) <b>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		49,33,27,486	48,37,02,733
Fair Value of Plan Assets at the end of the year		0	0
Assets/(Liabilities) to be recognized in the Balance Sheet		(49,33,27,486)	(48,37,02,733)
Assets/(Liabilities) recognized in the Balance Sheet		(22,20,69,066)	(22,20,69,066)
Assets/(Liabilities) unprovided in the Balance Sheet		(27,12,58,420)	(26,16,33,667)
d) <b>Expenses recognised in the Profit and Loss Statement</b>			
Current Service Cost		2,61,62,690	2,53,50,678
Interest Cost		3,66,38,633	3,75,63,283
Actual Return on Plan Assets		0	0
Amortization of Past Service Cost		0	0
Actuarial (Gains) / Losses		(1,97,29,531)	3,58,87,981
Total Expenses to be recognized		4,30,71,792	9,88,01,942
Expenses recognized		3,34,47,039	6,79,12,741
Expenses unprovided for the year		96,24,753	3,08,89,201



## THE GANGES MANUFACTURING COMPANY LIMITED

e) **Actuarial Assumptions**

Discount Rate ( Per Annum)	7.50	8.00
<b>Expected Rate of Return of Assets (Per annum)</b>	NA	NA

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

### 35.2 Leave Encashment

	Leave encashment (Unfunded) 2017 Rs.	<i>Leave encashment</i> <i>(Unfunded)</i> <i>2016</i> <i>Rs.</i>
<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	1,14,45,125	7,14,75,979
Current Service Cost	1,33,22,155	33,13,123
Interest Cost	8,80,023	33,25,931
Amortization of Past Service Cost	0	0
Actuarial (Gains) / Losses	48,94,662	(4,94,52,247)
Benefit Paid	(1,85,19,820)	(1,72,17,661)
<b>Present Value of Obligation at the end of the year</b>	<b>1,20,22,145</b>	<b>1,14,45,125</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	1,85,19,820	1,72,17,661
Benefit Paid	(1,85,19,820)	(1,72,17,661)
<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	1,20,22,145	1,14,45,125
Fair Value of Plan Assets at the end of the year	0	0
Assets/(Liabilities) to be recognized in the Balance Sheet	(1,20,22,145)	(1,14,45,125)
Assets/(Liabilities) recognized in the Balance Sheet	0	0
Assets/(Liabilities) unprovided in the Balance Sheet	(1,20,22,145)	(1,14,45,125)
<b>d) Expenses recognised in the Profit and Loss Statement</b>		
Current Service Cost	1,33,22,155	33,13,123
Interest Cost	8,80,023	33,25,931
Actual Return on Plan Assets	0	0
Amortization of Past Service Cost	0	0
Actuarial (Gains) / Losses	48,94,662	(4,94,52,247)
Total Expenses to be recognized	1,90,96,840	(4,28,13,193)
Expenses recognized	1,85,19,820	1,72,17,661
Expenses unprovided for the year	5,77,020	(6,00,30,854)
<b>e) Actuarial Assumptions</b>		
Discount Rate ( Per Annum)	7.50	8.00
<b>Expected Rate of Return of Assets (Per annum)</b>	NA	NA
Mortality Rate	In accordance with standard table IALM (2006-08) ultimate	

# THE GANGES MANUFACTURING COMPANY LIMITED

## Notes Forming Part of the Financial Statements

### 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 expenses :  
Salaries, Wages, Bonus and Gratuity in Note 19 include actual payments of Leave Encashment amounting to Rs.1,85,19,820 (Previous Year Rs.1,72,17,661) and gratuity paid/provided on actual liability basis amounting to Rs.3,34,47,039 (Previous Year Rs.6,79,12,741) during the year.
- c) The total accrued unprovided liability of existing employees as on 31<sup>st</sup> March 2017 for future payments determined as per actuarial valuation for Gratuity amounts to Rs 27,12,58,420 (Previous Year Rs.26,16,33,667 and for leave encashment amounts to Rs.1,20,22,145 (Previous Year Rs.1,14,45,125). The Provision for accrued liability of Rs. 22,20,69,066 for Gratuity (on Actuarial Basis) in Note 5 has been provided only upto 31-03-2006 but not funded.
36. 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.
37. 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” as prescribed under section 133 and rules there under. Accordingly the incentive has been credited under the head “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 16.
38. Details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016
- | Particulars                                      | SBNs (Rs.)    | Other Denomination Notes (Rs.) | Total (Rs.)   |
|--|---------------|--------------------------------|---------------|
| Closing Cash in hand on 08-11-2016               | 2,09,00,000   | 36,17,750                      | 2,45,17,750   |
| Add : Permitted Receipts                         | 0             | 20,000                         | 20,000        |
| Add : Permitted Receipts (withdrawal from Banks) |               | 9,20,000                       | 9,20,000      |
| Less : Permitted Payments                        | 0             | (19,79,210)                    | (19,79,210)   |
| Less : Deposited in Banks                        | (2,09,00,000) |                                | (2,09,00,000) |
| Closing Cash in hand on 30-12-2016               | 0             | 25,78,540                      | 25,78,540     |
39. The Company being 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 (since repealed) 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.
40. Figures for previous year have been re-cast/rearranged where necessary.

Notes forming part of the Financial Statements **1 to 40**

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 16th day of May, 2017.

Ravindra Kumar Poddar  
Chairman and CEO  
(DIN : 00240643)

Pranab Kalyan Banerjee  
Director

(DIN : 00313523)

Sanjay Kumar Osatwal  
Managing Director and CFO  
(DIN : 00248585)

Dilip Datta  
Director

(DIN : 00406151)

Ram Karan Gupta  
Secretary



