

NATIONAL JUTE MANUFACTURES CORPORATION LIMITED

DIRECTORS' REPORT

To

The Shareholders,

Gentlemen,

Your Directors have pleasure in presenting the 39th Annual Report on the business and operation of your Company together with the audited accounts for the year ended March 31, 2019.

1. Financial Performance

The performance for the financial years 2018-19 and 2017-18 are summarized below:

STANDALONE

Sl. No.	PARTICULARS	2018-19	2017-18
I	Production (in M. Ton)	NIL	NIL
		Rs. in Cr.	Rs. in Cr.
II.	Revenue from Operations	-	-
III.	Other Income	13.75	18.23
IV.	Net Profit / (Loss) for the year	1.45	9.19
V.	Cash profit / (Loss)	2.16	9.84
VI.	Accumulated Profit / (Loss)	(282.20)	(283.66)
VII.	Net Worth	(221.97)	(223.43)

The company has earned a net profit of Rs. 1.45 Crores after taking into consideration non-operational income of Rs. 13.75 Crores in comparison to net profit of Rs. 9.19 Crores in previous financial year.

Present Status of the Company

During the financial year 2018-19 the Union Cabinet has approved the closure of the Corporation on 10th October, 2018 and a letter in this regard was forwarded to us vide letter File No.11/18/2014-Jute (Vol III) dated 31st October, 2018. Further it was also mentioned to follow the closure procedure as per DPE guidelines dated 14.06.2018.

In accordance with the same, your corporation is complying with the guidelines and the status report on closure is regularly updated to the Ministry of Textiles.

2. Profit & Loss Analysis

During the financial year under review the company has earned profit of Rs. 1.45 crores as against 9.19 crores in the previous year.

3. Subsidiary Company - BJEL

The company has one subsidiary, namely Birds Jute and Export Limited (BJEL). During the financial year 2018-19 the Union Cabinet has approved the closure of the organisation on 10th October, 2018. The accounts of the subsidiary company for the financial year ended 31st March 2019 was finalized but since C&AG audit process is not completed and A.G.M is yet to be held, the accounts have not been merged with the Company's financial statements as on 31st March, 2019. However, we have received a copy of signed accounts and it is observed that the net worth of the Company is negative and stands at (Rs. 7777.36 lacs) and of which 59% is to be taken into account by NJMC Ltd.

4. Memorandum of Understanding (MOU)

Due to the proposed closure of your Company, Ministry of Textiles has exempted your Corporation from signing MOU from 2016-17 and onwards.

5. Corporate Governance

5.1 Company Philosophy

The Company's philosophy on Corporate Governance is aimed at the attainment of high level of transparency, accountability and compliance of law in all facets of operations, leading to best standards of Corporate Governance.

The Company complies with the requirement of Corporate Governance as per Guidelines for Corporate Governance for Central Public Sector Enterprises, 2010.

5.2 Board of Directors and details of Meetings attended during the year as on 31.03.2019.

Pursuant to the Articles of Association, all the Directors are appointed by the Government of India. The current composition of the Board and meetings attended during the year are as follows:

Name of Director	Designation	Particulars of Board Meetings held during the year (1 st April, 2018-31 st March, 2019)				Whether AGM Attended
		29 th June, 2018	6 th July, 2018	7 th December, 2018	13 th March, 2019	
Shri Sanjay Rastogi (Appointed w.e.f. 9.11.2018)	Chairman cum Managing Director (Additional Charge)	NA	NA	Yes	Yes	Yes
Shri Sanjay Sharan (Appointed w.e.f. 14.02.2019)	Govt. Nominee Director	NA	NA	NA	No	NA
Dr. S.C. Pandey (Appointed w.e.f. 08.03.2018)	Govt. Nominee Director	Yes	Yes	Yes	Yes	Yes

Note:

- ❖ **Shri Sanjay Rastogi, was appointed as the Chairman cum Managing Director after the cessation of Dr. K.V.R. Murthy, CMD w.e.f. 9.11.2018.**
- ❖ **Shri A. Madhukumar Reddy ceased to be Nominee Director w.e.f 14.02.2019 and in his place Shri Sanjay Sharan was appointed as the Nominee Director.**
- ❖ **Shri Vijoy Kumar Singh, AS &FA has been appointed as the Govt. nominee Director in place of Dr. S.C.Pandey w.e.f. 23.07.2019.**

5.3 Audit Committee

The Audit Committee of your Corporation was constituted in accordance with the provisions of Section 292A of the Companies Act, 1956 and regulations incidental/ancillary thereto to follow a good corporate practice keeping in view its basic requirement. The Audit Committee comprises of three members and the quorum of the Audit Committee is two members. The present members of the Audit Committee comprises of :.

Sl. No.	Name of Director
1.	Dr. S.C.Pandey, Non-Executive Director-Chairman
2.	Mr. Sanjay Sharan, Non-Executive Director- Member
3.	Mr. Sanjay Rastogi, Chairman cum Managing Director-Member

❖ **The Audit Committee has been further reconstituted with the inclusion of Shri Vijoy Kumar Singh, AS & FA as the Chairman of the Committee in place of Dr. S.C.Pandey and the Committee held its 41st Audit Committee meeting on 16.09.2019.**

❖ **The Company Secretary shall act as the Secretary to the Committee.**

A brief description of the terms of reference of the Audit Committee are:

- a) Examination of the financial statement and auditor's report thereon.
- b) The recommendation for remuneration of auditors of the Company.
- c) Review and monitor the auditors' independence and performance, and effectiveness of audit process.
- d) Approval or any subsequent modification of transactions of the Company with related parties.
- e) Scrutiny of inter-corporate loans and investments.
- f) Valuation of undertakings or assets of the company, wherever it is necessary.
- g) Evaluation of internal financial control and risk management system.
- h) Monitoring the end use of funds raised through public offers and related matters, if any.

During the year under review, no Audit Committee meetings were held. However, the Committee was reconstituted with newly inducted members and the 41st Audit Committee Meeting was held on 16th September, 2019.

5.4 General Body Meetings:

		2015-16 (36 th AGM)	2016-17 (37 th AGM)	2017-18 (38 th AGM)
01	Date	28.09.2016	04.12.2017	07.12.2018
02	Time	11:00 A.M.	11:00 A.M.	1:00 P.M.
03	Venue	Registered Office Chartered Bank Buildings, 2 nd Floor 4, Netaji Subhash Road Kolkata - 700001	Registered Office Chartered Bank Buildings, 2 nd Floor 4, Netaji Subhash Road Kolkata - 700001	Ministry of Textiles, Udyog Bhawan, New Delhi- 110011.

5.5 Disclosures

- i) Disclosures required under the Companies Act, Accounting Standard practice and other Applicable Acts/Rules.
- ii) Employees are free to report of violation of Rules/Regulations to their Supervisors/CVO/CMD.
- iii) The requirement as specified in the applicable guidelines have been complied with as far as possible / applicable to it.
- iv) Presidential Directives issued by the Central Government have been complied with.
- v) No expenditure which is not for the purpose of business booked in the Books of Account.
- vi) No expenditure which is personal in nature has been incurred.

5.6 Other Information

- i) Board / Audit Committee Meeting and procedure
The information usually placed before the Board includes
 - a) Confirmation of the Minutes.
 - b) Follow up action on decisions taken in the Board.
 - c) Updated status report on various issues.
 - d) Legal Matters.
 - e) Annual Accounts.
 - f) Auditors report including Concurrent Auditors report.
- ii) Agenda for Board/Audit Committee Meetings: On fixation of dates of the Board/Audit Committee Meetings, the Agenda papers are prepared and are circulated to the Directors/Members within a stipulated time. Similarly the draft minutes of the meeting are circulated to the Directors/Members for their consideration and approval.
- iii) Post Meeting Follow up Mechanism: Follow up Reports on decisions recorded in the Draft Minutes of the previous meetings are discussed at the immediately succeeding meeting of the Board/Committee.
- iv) Recording of Minutes at Board/Committee Meetings: The Minutes of the proceedings of each Board/Committee Meetings are recorded by the Company Secretary. The Minutes are subsequently confirmed in the following Meeting of the Board/Committee and entered in the Minutes Book accordingly.

5.7 Code of Business Conduct

The Company is committed to conduct its business in accordance with the highest standards of business ethics and comply with all applicable laws, rules and regulations.

6. DIVIDEND

As your Corporation is in the process of closure in pursuance of a decision of the parliament, your Directors do not recommend any amount as dividend during the year 2018-19.

7. TRANSFER TO RESERVES:

During the year under review, the Board of Directors do not recommend to transfer any amount to the reserves.

8. VIGILANCE

Vigilance Awareness Programme was observed from 29.10.2018 to 03.11.2018. During the said period, pledge was taken by all the employees of the Corporation to bring transparency in all spheres of activities for the eradication of corruption.

During the year under review, Shri Anindya Mazumdar, COO, NJMC Ltd had taken the charge of Chief Vigilance Officer(CVO) on temporary basis till 31.05.2018. Thereafter Shri Iman Ali Mandal, COO NJMC Ltd. was handed over the charge of Part time Chief Vigilance Officer(CVO) w.e.f. 05.10.2018 and continuing since then.

9. PROMOTION OF OFFICIAL LANGUAGE

The Corporation has been making continuous efforts to implement the directives of Official Language Policy of Govt. of India during the year under review.

10. DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134(3)(c) of the Companies Act, 2013 your Directors state that:

- (i) In the preparation of the annual accounts for the year ended 31st March 2019, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) The Directors have 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 as at 31st March 2019 and of the profit and loss of the Company for that period.
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts for the year 2018-19 on a going concern basis.
- (v) The Company being unlisted, sub clause (e) of Section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls are not applicable.
- (vi) They have devised proper systems to ensure compliance with the provisions of all the applicable laws and that such systems are adequate and operating effectively.

11. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

• Board of Directors

Shri Sanjay Rastogi, was appointed as the Chairman cum Managing Director after the cessation of Dr. K.V.R. Murthy, CMD w.e.f. 9.11.2018.

Shri A. Madhukumar Reddy ceased to be Nominee Director w.e.f 14.02.2019 and in his place Shri Sanjay Sharan was appointed as the Nominee Director.

Shri Vijoy Kumar Singh, AS &FA has been appointed as the Govt. nominee Director in place of Dr. S.C.Pandey w.e.f. 23.07.2019.

Shri Moloy Chandan Chakraborty, Jute Commissioner has assumed the charge of Chairman cum Managing Director(Additional Charge) with effect from 29.11.2019.

• Key Managerial Personnel

Ms. Esha Sen was appointed as the Company Secretary of the Corporation w.e.f. 12.02.2018 and resigned w.e.f 14.02.2019. Thereafter Ms. Malini Mahapatra has been appointed as the Company Secretary of the Corporation w.e.f. 16th September, 2019.

12. RELATED PARTY TRANSACTIONS

Related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. There are no materially significant related party transactions made by the Company which may have potential conflict with the interest of the Company.

The Company has not entered into any transaction with the Related Parties in contravention of Section 188 of the Companies Act, 2013.

13. RTI ACT, 2005

Your Corporation implemented the Right to Information Act, 2005 with the appointment of a Central Public Information Officer at the Registered Office. The information sought for is provided within stipulated time.

14. CORPORATE SOCIAL RESPONSIBILITY

During the year under review Cabinet approval has been received on 10.10.2018 for closure of the Corporation, hence CSR provisions under section 135 of the Companies Act, 2013 and related rules are not applicable to your Corporation.

15. DEPOSITS

During the period under review, your Corporation has neither accepted nor renewed any deposits.

16. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, there were no cases filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

17. ORDERS PASSED BY REGULATORS/COURTS/TRIBUNALS

There is no such order passed by the Regulators/Courts/Tribunals in respect to the Company during the financial year.

18. MATERIAL CHANGES & COMMITMENTS

Government of India has approved the closure of the Corporation dated 10.10.2018 to that extent it affects the Corporation.

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

As required to be disclosed under the Companies Act, details relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure-I attached hereto and forms part of this Report.

20. EXTRACT OF ANNUAL RETURN

The details forming part of the Extract of Annual Return in form MGT-9 as required under Section 92 of the Companies Act 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is annexed herewith as Annexure II and forms part of this report.

21. RESERVATION FOR SCHEDULED CASTES, SCHEDULED TRIBES AND OTHER BACKWARD COMMUNITIES

Govt. Of India has approved the closure of the Corporation on 10.10.2018. At present no permanent employee exists in the roll of the company, thus the above is not applicable.

22. HUMAN RESOURCE POLICY AND INDUSTRIAL RELATIONS

In view of ongoing closure of the Corporation, NJMC Ltd. was suggested to operate the business with Contractual manpower, accordingly manpower are engaged on contractual basis. The recruited manpower are selected through agencies/ service providers and in conformity with the PSU selection process of open advertisement to get the best pool of manpower.

23. STATUTORY AUDITORS

M/s. Gupta & Co, Chartered Accountants, Kolkata has been appointed as the Statutory Auditors by the Comptroller And Auditor General Of India for the financial year 2018-19 pursuant to the provisions of Section 139 of the Companies Act, 2013 and applicable rules thereunder as amended from time to time.

Your Corporation is not required to conduct Cost Audit pursuant to Section 148 of the Companies Act, 2013 in view of the ongoing closure of the Corporation and the Company has stopped all its production.

24. AUDIT OBSERVATIONS AND COMMENTS

During the year under review, the observations made by the statutory auditors are self explanatory and do not call for further comments under section 134(3)(f) of the Companies Act, 2013.

25. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Corporation has an internal control system in place which is reviewed periodically. As a measure of internal control, the management has in place Internal Audit which is conducted by a team of Chartered Accountants every year.

26. REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India, has reviewed the accounts of your company and their comments has been placed in Annexure 'III'.

27. ACKNOWLEDGEMENT:

Your Directors are grateful to the various Ministries of the Government of India particularly the Ministry of Textiles, Ministry of Finance and the Department of Public Enterprise for their support and guidance to the company from time to time. They are also thankful for the co-operation received from the Government of West Bengal and Bihar. The Directors also place on record the continued association and support received from Company's Bankers, CAG, Statutory Auditors and all its employees.

For and on behalf of the Board of Directors

(Moloy Chandan Chakrabortty)

Chairman-cum-Managing Director

Place :- New Delhi.

DIN:08641793

Date: 18.12.2019

Annexure - I

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo.

A. Conservation of energy:

As the Corporation has received the Union Cabinet approval for the closure dated 10th October, 2018 the conservation of energy clause has lost its relevancy with the discontinue of operation and closure of all mills.

B. Technology Absorption

As the Corporation has received the Union Cabinet approval for the closure dated 10th October, 2018 the technology absorption clause has lost its relevancy with the discontinue of operation and closure of all mills.

C. Foreign exchange Earnings and outgo

There was no foreign exchange earnings or outgo during the year under review.

For and on behalf of the Board of Directors

(Moloy Chandan Chakrabortty)

Chairman-cum-Managing Director

DIN:08641793

Place :- New Delhi

Date: 18.12.2019

Annexure-II
Form No: MGT-9

Extract of Annual Return as on financial year ended 31.03.2019

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U17232WB1980GOI032768
ii)	Date of Registration	03/06/1980
iii)	Name of the company	NATIONAL JUTE MANUFACTURES CORPORATION LIMITED
iv)	Category/sub. Category of the company	COMPANY LIMITED BY SHARES/ UNION GOVERNMENT COMPANY
v)	Address of the Registered office and contact details	CHARTERED BANK BUILDINGS, 4, N. S. ROAD, 2 ND FLOOR KOLKATA-700 001. TELEPHONE: 033 22306434
vi)	Whether listed	NO
vii)	Name Address and contact Details of Registrar an Transfer Agent, of any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the Turnover shall be stated

All the six mills of the Company are not in operation which has resulted in nil production during the year 2018-19.

SI No.	Name and Description of the main products/services	NIC Code of the Product/Service	% of total turnover of the Company
	N.A.	N.A.	N.A.

28. Individuals									
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
29. Others(specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B) = (B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	557974	557974	100	Nil	557974	557974	100	Nil

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			No of Shares held at the end of the year			% change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	President of India	557974	100	Nil	557974	100	Nil	Nil
	Total	557974	100	Nil	557974	100	Nil	Nil

❖ *The Company is a wholly owned Govt. Company, out of the total shareholding of 557972 equity shares are held by the Nominee of Hon'ble President of India and rest 2 no. of shares are held by nominated officials of Ministry of Textiles, Govt. of India.*

(iii) Change in Promoters' Shareholding

(Please specify, if there is no change)-No Change

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares Shares	% of total shares of the Company	No of Shares shares	% of total shares of the Company
	At the beginning of the year	557974	100	557974	100
	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	557974	100	557974	100

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

Sr 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
1.	President of India				
	At the beginning of the year	557974	100	557974	100
	Date wise Increase / Decrease in 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 (or on the date of separation, if separated during the year	557974	100	557974	100

(v) Shareholding of Directors and Key Managerial Personnel:

	For Each of the Directors 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
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

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

(Rupees in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	418.52	-	
ii) Interest due but not paid	-	11.67	-	
iii) Interest accrued but not due	-	-	-	
Total (i + ii + iii)	-	430.19	-	430.19
Change in Indebtedness during the financial year				
Addition	-	200.00	-	
Reduction	-	-	-	
Net Change	-	230.19		230.19

Indebtedness at the end of the financial year:				
i) Principal Amount	-	218.52	-	
ii) Interest due but not paid		11.99		
iii) Interest accrued but not due				
Total (i + ii + iii)	-	230.51	-	230.51

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Corporation being a Central Public Sector Enterprise (Government Company), the appointment of Directors are made by the Govt. of India. Remuneration to the functional directors are made as per terms of their appointment by Govt. of India.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishments / compounding of offences for breach of any section of the Companies Act, 2013 against the Company, it's Directors or other officers in default, during the financial year ended March 31, 2019.

For and on behalf of the Board of Directors

Place :- New Delhi
Date: 18.12.2019

(Moloy Chandan Chakraborty)
Chairman-cum-Managing Director
DIN:08641793