

CORPORATE INFORMATION

Thirty Third Annual Report 2011-2012

Board of Directors

Shri S. S. Kanoria	- Executive Chairman
Shri A. C. Mukherji	- Director
Shri R. V. Kanoria	- Director
Shri J. K. Bhagat	- Director
Shri I. P. Poddar	- Director
Shri B. Choudhuri	- Director
Shri L. G. Toolsidass	- Director
Shri S. Kapur	- Director
Shri J. P. Sonthalia	- Managing Director

Company Secretary

Smt Puja Guin

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Registered Office

6, Nandalal Basu Sarani
(formerly Little Russell Street)
Kolkata - 700 071

Works

Chengail, Howrah - 711 308 (W.B.)

Bankers

Central Bank of India
Allahabad Bank

Auditors

Singhi & Co.
Chartered Accountants

Resident Director

Shri B. M. Thakkar

Vice President (Finance & Accounts)

Shri R. K. Gupta

Registrar and Share Transfer Agents

MCS Ltd.
77/2A, Hazra Road
Kolkata - 700 029

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty Third Annual General Meeting of the members of **LUDLOW JUTE & SPECIALITIES LIMITED** (formerly Aekta Limited) will be held at Rotary Sadan, 94/2 Chowringhee Road, Kolkata 700 020 on Tuesday, 7th day of August, 2012 at 3:00 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March 2012, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri R.V. Kanoria, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri A.C. Mukherji, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** M/s. Singhi & Co., Chartered Accountants, the retiring auditors, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors.”

SPECIAL BUSINESS :

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

“**RESOLVED THAT** pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Jagdish Prasad Sonthalia, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act 1956, be and is hereby appointed as Director of the Company.”

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


“**RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII thereto and other applicable provisions, if any, of the Companies Act, 1956 ('Act'), the consent of the Company be and is hereby accorded to the appointment of Shri Jagdish Prasad Sonthalia as Managing Director of the Company for a period of three years and the remuneration payable to him for a period not exceeding three years, with effect from 17th August, 2011 on the terms and conditions including remuneration as are set out in the Agreement executed by the Company with Shri Jagdish Prasad Sonthalia on 17th August 2011, a copy whereof is placed before this meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (which shall be deemed to include any committee of the Board) to vary/alter and increase the remuneration, perquisites, incentives and bonus as the Board may consider appropriate, subject to the limits contained in the relative provisions of the Act or any amendment thereto from time to time.”

Registered Office :

6, Nandalal Basu Sarani
(formerly, Little Russell Street)
Kolkata - 700 071
9th May, 2012

By Order of the Board

Puja Guin
Company Secretary

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12. Members can avail the nomination facilities under Section 109A of the Companies Act, 1956 by filing Form No.2B with the Registrars and Transfer Agents, MCS Limited, 77/2A Hazra Road, Kolkata 700 029 (in the case of physical shares) or to the Depository.
 13. Members are requested to notify immediately any change of address to the Depository Participants in respect of electronic share accounts and to the Registrars and Transfer Agents, MCS Limited, 77/2A Hazra Road, Kolkata 700 029 in respect of physical share accounts.
 14. In case the mailing address mentioned in the Annual Report is without the Pin Code, members are requested to inform their Pin Code immediately.
 15. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 16. Members are requested to bring their copy of the Annual Report to the meeting.
 17. The share certificates with previous name of the Company viz. 'Aekta Limited' are acceptable for transfer/ demat etc. The stickers bearing the change of name of the Company to 'Ludlow Jute & Specialities Limited' had been dispatched to the shareholders holding shares in physical mode. If any shareholder still wants the stickers with the Company's new name, they may write to the Company or to the Registrars for the required number of stickers.
 18. Re-appointment of Directors :
The information and/ or details pertaining to the appointment of the retiring Director, being eligible for re-appointment, to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchange, has been provided in the Corporate Governance Report.
 19. Annual Accounts of the subsidiary Companies available for inspection :
The Company, being the holding Company undertakes that annual accounts and the related detailed information of both the subsidiary Companies, namely, Ludlow Exports Limited and Sijberia Industries Limited shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point in time.
The shareholders are also hereby being informed that the annual accounts of the subsidiary companies shall also be kept for inspection by any of them in the registered office of Ludlow Jute & Specialities Limited (holding Company) and that of the registered offices of both the subsidiary Companies. The registered office address of Ludlow Exports Limited (subsidiary Company) is 6, Nandalal Basu Sarani (formerly, Little Russell Street), Kolkata 700 071 and that of Sijberia Industries Limited (subsidiary Company) is KCI Plaza, Seventh Floor, 23C Ashutosh Chowdhury Avenue, Kolkata 700 019. The holding Company shall furnish a hard copy of details of accounts of subsidiary Companies to any shareholder on receipt of a written request from them.
 20. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

In terms of Section 173(2) of the Companies Act 1956, the following Explanatory Statement sets out all material facts relating to item 6 and item 7.

1. For Item No.6

The Board of Directors of the Company ("The Board") had, pursuant to the provisions of section 260 of the Companies Act, 1956 and Article 84 of the Articles of Association of the Company, at its meeting held on 11th August, 2011 appointed Shri Jagdish Prasad Sonthalia (Shri J. P. Sonthalia) as the Additional Director of the Company, with effect from 17th August, 2011.

In terms of the provisions of Section 260 of the Act, Shri J. P. Sonthalia will hold office upto the date of this Annual General Meeting.

Pursuant to section 257 of the Companies Act 1956, the Company has received a notice in writing from a member signifying his intention to propose the candidature of Shri J. P. Sonthalia for the office of Director of the Company.

Shri J. P. Sonthalia possesses over 43 years of business experience. He has held positions as Managing Director, Chief Commercial Executive, Chemical Engineer, Development Officer, Production Manager and Export Manager etc., in reputed Companies. He has an impressive academic background which includes Bachelor of Technology (Chem.) from University of Madras and Master of Business Administration from Calcutta University. Shri J.P. Sonthalia has travelled extensively to various parts of the world and has a rich experience.

Apart from this Company, Shri J. P. Sonthalia holds directorship in Companies namely, Kanoria Chemicals & Industries Limited, Ludlow Exports Limited and Sijberia Industries Limited.

The Board recommends the resolution set out at Item no.6 of the notice, for your approval.

Shri J. P. Sonthalia may be deemed to be concerned or interested in the resolution(s) relating to his appointment.

2. For Item No.7

Shri J.P. Sonthalia was appointed as the Managing Director of the Company with effect from 17th August, 2011 for a period of three years and upon the terms and conditions, including remuneration, as set out in the Agreement executed between the Company and Shri J.P. Sonthalia on 17th August, 2011 an abstract of which is given below:

i) Salary

Rs. 2,50,000.00 (Rupees Two Lakh Fifty Thousand only) per month. His annual increment will be decided by the Board within the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.

ii) Commission

At the rate of 1% (one percent) of net profits of the Company for each financial year, computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956 and restricted to the amount equal to the annual salary and shall be payable on pro-rata basis for any broken period/financial year.

iii) Perquisites

Shri J. P. Sonthalia will be entitled to the following perquisites in addition to salary and commission, being restricted to an amount equal to 50% of his annual salary. Unless the context otherwise requires, the perquisites are classified into three categories A, B and C as follows :

Category - A

This will comprise of house rent allowance, medical reimbursement, leave travel concession, fees of clubs and personal accident insurance. These may be provided for as under :

Housing

- a) Monthly House Rent Allowance to the maximum extent of 60% of the Salary.
- b) Reimbursement of expenditure on Gas, Electricity, Water and Furnishings which shall be valued as per the Income Tax Rules, 1962.

Medical Reimbursement

Reimbursement of expenses actually incurred on self and family.

Leave Travel Concession

For self and family once in a year, to and from any place in India, subject to the condition that only actual fares and no hotel expenses, will be allowed.

Club Fees

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Of an amount, the premium on which does not exceed Rs.10,000.00 per annum.

Category - B

- a) Contribution to Provident Fund and Superannuation/Annuity Fund will not be included in the computation of the ceiling on perquisites/remuneration to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity not exceeding half a month's salary for each completed year of service. This will not be included in computation of ceiling on perquisites/remuneration.
- c) Consolidated leave of 45 days including sick and casual leave with pay for each completed year of service. Encashment of unavailed leave will be permitted as per the rules of the Company, subject to a maximum of 3 (three) months' salary and will not be included in the computation of the ceiling on perquisites/remuneration.

Category - C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Shri J. P. Sonthalia.

Perquisites shall be evaluated as per Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be valued at actual cost.

Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively, payable to all the managerial personnel together, as calculated in accordance with section 198 and 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may for the time being in force.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of Shri J. P. Sonthalia, the Company may pay him, in respect of such financial year, remuneration by way of consolidated salary, perquisites and allowances as minimum remuneration in accordance with the limits prescribed in

II. Information about the Appointee

1) Background Details

Shri J.P. Sonthalia possesses over 43 years of business experience. He has held positions as Managing Director, Chief Commercial Executive, Chemical Engineer, Development Officer, Production Manager and Export Manager etc., in reputed Companies. He has an impressive academic background which includes Bachelor of Technology (Chem.) from University of Madras and Master of Business Administration from Calcutta University. Shri J.P. Sonthalia has travelled extensively to various parts of the world and has a rich experience.

He is a member of the Share Transfer and Shareholder's Grievances Committee of the Board of Directors of the Company.

Rs.65,77,690.43 (1st Apr. to 16th Aug., 2011)
Past President of Indian Association of Surabaya.

2) Past Remuneration

3) Recognition or awards

4) Job profile and his suitability

Shri J.P. Sonthalia devotes whole time attention to the management of the affairs of the Company and exercises powers subject to the superintendence, direction and control of the Board of Directors. He is responsible for the day-to-day management of the Company and carries out duties as entrusted to him from time to time by the Board of Directors.

5) Proposed Remuneration

Salary Rs. 2,50,000 per month (the Board may at its sole discretion, consider and grant an annual increment, within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto from time to time) along with Commission @ 1% of the net profits computed in the manner laid down under Sections 198 and 309 of the Companies Act, 1956 and other perquisites, as spelt out in the explanatory statement hereinabove.

6) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person

The remuneration proposed is in consonance with similar position in the Industry.

7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Except salary, commission and perquisites to be received from the Company, Shri J. P. Sonthalia does not have any pecuniary

relationship directly or indirectly with the Company or relationship with any managerial personnel of the Company.

III. Other information

- 1) Reasons of loss or inadequate profits
- 2) Steps taken or proposed to be taken for improvement
- 3) Expected increase in productivity and profits in measurable terms

There is profit in the Company at present, but as abundant caution for payment of minimum remuneration to Shri J.P. Sonthalia, in case of no profit or inadequate profit in any particular year, this information is provided to the shareholders.

15 % approximately.

IV. Disclosures

- 1) For Remuneration Package offered to Shri J.P. Sonthalia, Managing Director, please refer to item 2 of the Explanatory Statement hereinabove.
- 2) Detailed salary is being disclosed herewith :

Managing Director	Business Relationship with the Company, if any	Total Salary for the period 17.08.2011-31.03.2012 (in Rs.)
Shri J.P. Sonthalia	Managing Director	24,07,258.00

Notes :

1. The Managing Director is paid remuneration as per his agreement with the Company. This Agreement had been placed for approval before the Remuneration Committee and the Board and subject to the approval of the members, he has been appointed as such, with effect from 17th August, 2011.
2. Salary includes basic salary, allowances, contribution to provident and other funds and perquisites (including monetary value of perquisites) etc, the break-up of which is as below:
 - Basic Salary : Rs. 16,20,968.00
 - Perquisites : Rs. 6,24,193.00
 - Provident fund : Rs. 1,62,097.00

The figure mentioned herein is for the period 17.08.2011 to 31.03.2012.
3. His appointment is for tenure of three years commencing from 17.08.2011 to 16.08.2014.
4. The Company does not have any scheme for grant of stock options to its Directors or Employees.
5. For termination of Agreement, the Company or the Managing Director is required to give a notice of three months or three months' salary in lieu thereof.

Registered Office :

6, Nandalal Basu Sarani
(formerly, Little Russell Street)
Kolkata - 700 071
9th May, 2012

By Order of the Board

Puja Guin
Company Secretary

LUDLOW JUTE & SPECIALITIES LIMITED

Regd. Office : 6, Nandalal Basu Sarani
(formerly, Little Russel Street)
Kolkata 700 071

Dear Shareholder,

9th May, 2012

Sub : Green Initiative in Corporate Governance

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 inter-alia stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode.

To take part in the Green Initiative, we propose to send documents such as Notices, Annual Report etc. through electronic mode to the e-mail addresses which are made available to us by the Depositories and also which are registered and/or otherwise available with the Company's Registrar and Share Transfer Agents MCS Limited from time to time.

We earnestly request you to register your email id with your Depository Participant, or where you desire to have the above documents at any alternative e-mail address, then you may accordingly register/update your email-id with your Depository Participant (for shares held in electronic form) or with the Company's Registrar and Share Transfer Agents at mcskol@rediffmail.com.

Further, in case email address of any member has not been registered then the service of documents etc will be effected by other mode of service as provided under Section 53 of the Companies Act, 1956.

We are sure that you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives. It will not only be step to a Greener Earth but it will also be a faster mode of communication and there will be no chance of loss in postal transit.

Thank you for co-operating with us, as always.

For Ludlow Jute & Specialities Limited

Puja Guin

Company Secretary

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Annual Report and Audited Accounts along with the Auditor's Report thereon of the Company for the year ended 31st March, 2012. (Rs. in crores)

FINANCIAL RESULTS	2011-2012	2010-2011
Profit before Depreciation	10.56	24.44
Less : Depreciation	3.61	2.70
Profit for the year	6.95	21.74
Less : Provision for Current Taxation	1.29	5.74
Less : Provision for Deferred Taxation	0.75	1.43
Less : Income Tax for earlier years	0.01	0.04
Profit after Tax	4.90	14.53
Add : Balance brought forward from last year	15.07	5.12
Balance carried forward and available for appropriation	19.97	19.65
Appropriated as under :-		
Transfer to General Reserve	0.37	1.45
Proposed Dividend	2.15	2.69
Corporate Dividend Tax	0.35	0.44
Balance carried to Balance Sheet	17.10	15.07

DIVIDEND

In view of the working results during the year, the Board of Directors are pleased to recommend a dividend of Rs.2.00 per share (i.e.20%) on 1,07,73,120 equity shares, aggregating to Rs.2,15,46,240 excluding Corporate Dividend Tax of Rs.34,95,339 subject to approval of the members of the Company.

OPERATIONS

During the year under review, the Company's sale was Rs.283.08 crores and export was Rs.96.56 crores against sales of Rs.316.97 crores and export of Rs.133.25 crores during the previous year. The production during the financial year was 50521 M.T. against 51910 M.T. during the previous year.

Continuous thrust on modernization and diversification has helped your Company to adjust the product mix as per market requirements. Timely purchase of Raw Jute and aggressive export efforts helped the Company to achieve reasonable working results despite the raw jute quality being affected during the year due to absence of rain water while retting.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

- a) In pursuance of the Jute Packaging Material (JPMA) Act, the Cabinet Committee on Economic Affairs has continued packaging of 100% of the production of foodgrains and 100% of the production of sugar in jute packaging material for the Jute Year 2011-12 (July 2011 to June 2012), with the following exemptions:
 - (i) Sugar packed for export purpose but which could not be exported will be exempted from the operation of the Order on the basis of an assessment by the Department of Food and Public Distribution.

(ii) The following will be out of the purview of the above reservation:

- Sugar fortified with vitamins
- Packaging for export of commodities
- Small consumer packs of 25 kgs and below
- Bulk packaging of more than 100 kgs

b) Jute Mills in Bangladesh enjoy competitive advantage on account of relatively lower wages, lower power cost and substantial Government assistance. The Indian Jute Industry is handicapped on this account. Additional marketing assistance is desirable for Indian Jute goods, particularly jute yarn, for it to be competitive in international markets.

OPPORTUNITIES AND THREATS/RISKS AND CONCERNS

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

- a) The Company derives its entire revenue from a single primary business segment and is potentially exposed to risks. Any slowdown of demand in global markets adversely affects prices for jute products.
- b) The industry is facing challenges of high production cost and poor supply-chain management. Lack of technological advancement in the Indian industry for manufacturing Jute products and high costs of inputs keeps export prices high and erodes competitiveness.
- c) Volatility in exchange rates adversely affects profitability.
- d) Growing competition of Jute products with cheaper synthetic products depresses demand.
- e) New units need to pay relatively lower wages and also receive fiscal incentives for investment. This leads to unequal competition, as existing mills are denied this opportunity, thus impeding modernization and diversification efforts.
- f) Vagaries of weather affect production of raw jute which may drive up the price of finished jute.
- g) Competition from Bangladesh, which enjoys significant benefits of lower wages and power cost, also receive sizeable Government assistance for exports.
- h) Unprecedented absenteeism of workmen in jute mills results in idle capacity and also substantially lower productivity in the absence of skilled workers. Willful absenteeism without prior notice is a cause of serious concern.
- i) Unabated imports of all jute goods from Bangladesh to India have a dampening effect on prices of Indian jute goods and consequently affect margins.
- j) Crisis in West Asian countries has resulted in serious reduction in Jute Yarn exports due to a contraction of the Carpet Industry in those countries.
- k) Continuous increase in Dearness Allowance of workers, without any corresponding increase in productivity may lead to further increase in wage cost, which is already higher than that of competitors in Bangladesh.

OPPORTUNITIES

Jute is referred to as the 'golden fibre'. It is a natural, renewable, biodegradable and eco-friendly product and is most suitable to replace synthetics and other materials which pose ecological problems. Jute has versatile application prospects ranging from low value geo-textiles to high value carpet, apparel, composites, decorative, upholstery furnishings, fancy non-wovens for new products, and decorative colour boards. Jute with its unique versatility rightfully deserves to be branded as the "fibre of the future". With changing demand in favour of green products, Jute is expected to feature high in terms of consumers preference.

SEGMENTWISE OR PRODUCTWISE PERFORMANCE

As the Company’s business activities falls within a single primary business segment, the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable. However, the geographical segments considered for disclosure on the basis of sales are as under:

Within India	Rs. 183.50 crores
Outside India	Rs. 96.56 crores
Total	<u>Rs. 280.06 crores</u>

OUTLOOK

During the current year, Raw Jute crop is expected to be higher than last year subject to weather conditions being favourable. This would result in raw jute prices remaining at reasonable levels unlike remaining exorbitantly high as in the past year. The export market particularlyly Jute Yarn, however, is likely to remain suppressed on account of political uncertainty in West Asia. Absenteeism and consequent loss in productivity and production, as mentioned earlier, is a cause of serious concern.

New developments in the form of lighter bags as well as hydro carbon free jute products will offer opportunities to expand the applications for jute products which, however, would require continued research and development.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control procedures, which are well supplemented by surveillance of Internal Auditors.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The following are the significant areas of financial performance:

	(Rs. in lacs)	
Particulars	2011-2012	2010-2011
Revenue from Operations (Net)	28094.70	31607.89
Cost of Material Consumed	15159.45	18399.51
Finance Cost	204.82	292.66
Profit After Tax	490.00	1453.44
Inventory	2622.80	3648.21

CAUTIONARY STATEMENT

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

ISO CERTIFICATION

The Company is pleased to state that it has been recertified under ISO 9001:2008 for all its products/processes which is valid till 4th August, 2014.

This year the Company has also been certified under ISO 14001:2004 for its Environmental Management Systems and this certificate is valid till 21st December, 2014.

DIRECTORS

Shri R.V. Kanoria and Shri A.C. Mukherji retire from the Board by rotation, and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

During the year, Shri D.K. Bubna resigned as the Executive Director cum Company Secretary of the Company and Shri J. P. Sonthalia was appointed as an Additional Director and the Managing Director of the Company. The Board places on record its appreciation for the valuable guidance received from Shri D. K. Bubna, during his tenure.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the annual accounts for the financial year ended 31st March 2012, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended 31st March 2012, on 'a going concern' basis.

CORPORATE GOVERNANCE REPORT

The code of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchange, where the shares of the Company are listed, has been implemented by the Company in its true spirit. The Company has complied with all the mandatory requirements as prescribed under the said clause of the Listing Agreement.

A report on the matters specified in the said code of Corporate Governance, along with a certificate from the Company's Auditors confirming compliance is annexed and forms part of the report.

STATUTORY AUDITORS

The Statutory Auditors, M/s. Singhi & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting of the Company and offer themselves for re-appointment. The Company has received a certificate from the above Auditors to the effect that re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board recommends the re-appointment of M/s. Singhi & Co., Chartered Accountants as Statutory Auditors of the Company.

COST AUDITORS

As per directives of the Central Government and in pursuance to the provisions of Section 233B of the Companies Act, 1956 read with rules framed there under, the Company is required to carry out an audit of cost accounts maintained by the Company in respect of each financial year. Accordingly, the Central Government

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2012.

I. CONSERVATION OF ENERGY :

As reported earlier, the Company accords high priority to Energy Conservation.

(a) During the year, the Company has taken various measures to economize on Electricity consumption by -

- Installing lower H.P. Motors, wherever possible.
- Replacement of old Motors with new energy efficient motors.
- Installation of TFC lights to reduce power consumption.
- Continuous replacement of conventional choke with electronic choke.
- Optimization of machine speed, particularly in Spinning Frames, keeping in view the optimum productivity.
- Change of Belts to reduce slippage and better utilization and conservation of power.
- Maintenance of all machines, including boiler and compressor to make them energy efficient and minimize losses.

(b) The Company has been making investment on continuous basis for the purpose of Energy Conservation.

Total energy consumption and energy consumption per unit of production as per Form 'A'

	2011-2012	2010-2011
A. Power & Fuel Consumption :		
1. Electricity :		
a) Purchased :		
Unit (in lacs)	221.02	224.85
Total Amount (Rs. in lacs)	1472.88	1222.14
Rate / unit (Rs.)	6.66	5.44
b) Own Generation :		
Through Diesel Generator		
Unit (in lacs)	2.19	3.27
Unit per litre of Diesel Oil	2.71	2.78
Cost / unit (Rs.)	17.03	15.04
2. Coal (used for generation of steam in boiler) :		
Quantity (in tons)	197	313
Total Cost (Rs. in lacs)	12.75	13.87
Average Rate (Rs.)	6468	4424
B. Consumption per unit of production :		
Products (Unit : M.T.)	50521	51910
Electricity (KWH)	441.82	439.45
Coal (Steam Kgs)	21	31

II. TECHNOLOGY ABSORPTION :

Research & Development (R & D)

(a) Specification of technology :

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.

(b & c) Benefit and future plan of action :

The Company expects to derive benefits in future by higher value addition and per unit realization of its products.

(d) Expenditure on R & D :

The Company contributes to the Indian Jute Industries Research Association for Research and Development.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(a) Export activities :

During the year under review, the FOB value of the exports of the Company was Rs.9103 lacs as against Rs.12623 lacs in the last year.

(b) Total foreign exchange used and earned :

Used - Rs. 3352 lacs

Earned - Rs. 9103 lacs

Regd. Office :
6, Nandalal Basu Sarani
(formerly, Little Russell Street)
Kolkata - 700 071
Dated : 9th May, 2012

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance involves a set of relationships between the Company's management, its Board, its shareholders and other stakeholders and is a set of systems and practices aiding accountability, transparency, fairness in its transactions and meeting stakeholders aspirations and societal expectations. At Ludlow, Corporate Governance has always been a focal point of attention with emphasis on the complete well-being of all constituents. The Company emphasises the need for transparency and accountability in its transactions, in order to protect the interests of all stakeholders.

We give hereunder our report on the prevailing practices in your Company :

2. BOARD OF DIRECTORS

2.1 Composition of the Board

The strength of the Board of Directors as on 31st March, 2012 is 9 (nine), comprising of 7 (seven) non-executive, out of which 6 (six) are non-executive, independent Directors. More than 75% of the present Board is non-executive. The Board is headed by the Executive Chairman. The Company therefore meets with the requirements relating to the composition of the Board of Directors as laid down in clause 49 of the Listing Agreement.

2.2 Membership of Board Committees

None of the Director are members of more than 10 committees and Chairman of more than 5 committees (as specified in clause 49), across all the Companies in which they are Directors. The necessary disclosures regarding committee memberships/ chairmanships have been made by the Directors.

2.3 Number of Board Meetings held

Four (4) meetings of the Board of Directors were held during the year ended 31st March, 2012. The intervening period between two Board Meetings was well within the maximum time gap of four months prescribed in Clause 49 of the Listing Agreement.

The meetings were held on :

1. 30th May, 2011
2. 11th August, 2011
3. 8th November, 2011 and
4. 28th January, 2012

2.4 Details of Directors

The composition and category of the Directors on Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also number of directorships and committee memberships/chairmanships and number of shares held by them as on 31st March, 2012 are as follows :

Name of Directors	Position held	Category/ Classification	No. of Board Meetings Attended	Attend-ance in last AGM	No. of shares held	No. of other Director-ships	Details of other Board Committees Membership	
							Member	Chairman
Shri S. S. Kanoria	Chairman	Executive	4	No	5200	5	-	-
Shri R. V. Kanoria	Director	Non-Executive Non-Independent	4	Yes	5100	7	1	1
Shri A. C. Mukherji	Director	Non-Executive Independent	4	Yes	-	7	4	4
Shri J. K. Bhagat	Director	Non-Executive Independent	3	Yes	-	6	4	-
Shri I. P. Poddar	Director	Non-Executive Independent	3	Yes	-	1	-	-
Shri B. Choudhuri	Director	Non-Executive Independent	4	Yes	-	9	2	4
Shri L. G. Toolsidass	Director	Non-Executive Independent	4	Yes	-	2	-	-
Shri Satish Kapur	Director	Non-Executive Independent	4	Yes	-	3	-	-
Shri D.K Bubna	Executive Director Cum Company Secretary	Executive	2	Yes	500	1	-	-
Shri J.P. Sonthalia	Managing Director	Executive	2	No	-	3	-	-

During the year, Shri J.P. Sonthalia has been appointed as the Managing Director of the Company, w.e.f 17.08.2011. The appointment of Shri J.P. Sonthalia, for a period of three years was in accordance with Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956. The said appointment was also recommended by the Remuneration Committee at its meeting held on 11.08.2011.

During the year, Shri D.K. Bubna resigned from Executive Directorship & as Company Secretary of the Company w.e.f 30.09.2011 (closing hours).

The number of directorships is reckoned by excluding directorships in private limited companies, foreign companies, alternate directorships and companies under section 25 of the Companies Act, 1956.

In case of committees, only two committees, viz. the Audit Committee and the Share Transfer and Shareholder's Grievance Committee are considered.

No Director is related to any other Director on the Board except that Shri R. V. Kanoria is the son of Shri S. S. Kanoria.

2.5 Remuneration of Directors (Executive and Non-Executive)

Sitting fees for attending Board/Committee meetings are paid to the Non-Executive Directors. The Non-Executive Directors are not paid any commission. The details of sitting fees and the remuneration paid to the Executive and Non-Executive Directors are given below :

A. Non-Executive Directors

Name of the Directors	Sitting fees (Rs.)	Salary (Rs.)	Commission (Rs.)	Service Contract	Notice Period	Stock Options
Shri R. V. Kanoria	40,000.00	–	–	N.A.	N.A.	N.A.
Shri J.K. Bhagat	58,500.00	–	–	N.A.	N.A.	N.A.
Shri A.C. Mukherji	60,000.00	–	–	N.A.	N.A.	N.A.
Shri I. P. Poddar	65,000.00	–	–	N.A.	N.A.	N.A.
Shri B. Choudhuri	65,000.00	–	–	N.A.	N.A.	N.A.
Shri L.G.Toolsidass	78,500.00	–	–	N.A.	N.A.	N.A.
Shri Satish Kapur	40,000.00	–	–	N.A.	N.A.	N.A.

B. Executive Chairman

Name	Designation	Sitting fees (Rs.)	Commission (Rs.)	Salary* (Rs.) (during 2011-2012)
Shri S. S. Kanoria	Executive Chairman	Nil	Nil	33,00,000.00

Notes :

1. The Executive Chairman is paid remuneration as per his agreement with the Company.
2. His re-appointment is for a tenure of three years commencing from 01.10.2010 to 30.09.2013, in the said capacity.
3. *Salary includes basic salary, allowances, contribution to provident and other funds and perquisites (including monetary value of perquisites) etc, the break-up of which is as below:
Basic Salary : Rs. 30,00,000.00
Perquisites : Nil
Provident fund : Rs. 3,00,000.00
(the above does not include provision for gratuity and leave encashment).
4. The Company does not have any scheme for grant of stock options to its Directors or Employees.
5. For termination of Agreement, the Company or the Executive Chairman is required to give a notice of three months or three months' salary in lieu thereof.

C. Executive Director

Name	Designation	Sitting fees (Rs.)	Commission (Rs.)	Salary* (Rs.) (for part of the year 2011-2012 i.e. from 01.04.2011 to 30.09.2011)
Shri D.K. Bubna	Executive Director cum Company Secretary	Nil	Nil	43,66,154.00

Notes :

1. The Executive Director cum Company Secretary was paid remuneration as per his agreement with the Company. His re-appointment was for a tenure of three years commencing from

01.06.2010 to 31.05.2013 but he had resigned from Executive Directorship & as Company Secretary of the Company w.e.f 30.09.2011 (closing hours).

2. *Salary includes basic salary, allowances, contribution to provident and other funds and perquisites (including monetary value of perquisites) etc, the break-up of which is as below :

Basic Salary	: Rs. 12,00,000.00
Perquisites	: Rs. 6,00,000.00
Provident fund	: Rs. 1,20,000.00
Gratuity	: Rs. 18,46,154.00
Earned Leave	: Rs. 6,00,000.00

3. The Company does not have any scheme for grant of stock options to its Directors or Employees.

D. Managing Director

Name	Designation	Sitting fees (Rs.)	Commission (Rs.)	Salary* (Rs.) (for part of the year 2011-2012 i.e. from 17.08.2011 to 31.03.2012)
Shri J.P. Sonthalia	Managing Director	Nil	Nil	24,07,258.00

Notes :

- The Managing Director is paid remuneration as per his agreement with the Company.
- His appointment is for tenure of three years commencing from 17.08.2011 to 16.08.2014, in the said capacity.
- *Salary includes basic salary, allowances, contribution to provident and other funds and perquisites (including monetary value of perquisites) etc, the break-up of which is as below :

Basic Salary	: Rs. 16,20,968.00
Perquisites	: Rs. 6,24,193.00
Provident fund	: Rs. 1,62,097.00

 (the above does not include provision for gratuity and leave encashment).
- The Company does not have any scheme for grant of stock options to its Directors or Employees.
- For termination of Agreement, the Company or the Managing Director is required to give a notice of three months or three months' salary in lieu thereof.

2.6 Re-appointment of Directors

Shri R.V. Kanoria and Shri A.C. Mukherji, Directors would retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The brief particulars to these Directors are as follows :

I.

i. Name of the Director	Shri R.V. Kanoria
ii. Date of birth	23.02.1955
iii. Date of appointment	08.11.2006
iv. Expertise in specific functional areas	An industrialist with rich business experience and vast knowledge.

v. List of other Directorships held in Public Limited Companies	<ol style="list-style-type: none"> 1) Kanoria Chemicals & Industries Ltd. 2) Cholamandalam Investment and Finance Company Ltd. 3) Kirtivardhan Finvest Services Ltd. 4) KPL International Ltd. 5) R.V. Investment and Dealers Ltd. 6) J K Paper Ltd. 7) KCI Alco Chem Ltd.
vi. Chairman/ Member of Committees of the Board of other Public Limited Companies in which he is a Director (Audit Committee and Shareholders/ Investor Grievance Committee has been considered)	<p>Chairman :</p> <ol style="list-style-type: none"> 1) J K Paper Ltd. – Shareholders/ Investor Grievance Committee <p>Member :</p> <ol style="list-style-type: none"> 1) J K Paper Ltd. – Audit Committee
vii. Shareholding in the Company	5100 shares

II.

i. Name of the Director	Shri A.C. Mukherji
ii. Date of birth	10.12.1925
iii. Date of appointment	14.03.1996
iv. Expertise in specific functional areas	An eminent personality having vast knowledge and experience
v. List of other Directorships held in Public Limited Companies	<ol style="list-style-type: none"> 1) Kirloskar Pneumatic Co. Ltd. 2) Asiatic Oxygen Ltd. 3) Digjam Ltd. 4) U.T. Ltd. 5) NPR Finance Ltd. 6) VXL Technologies Ltd. 7) Sahara India Life Insurance Co. Ltd.
vi. Chairman/ Member of Committees of the Board of other Public Limited Companies in which he is a Director (Audit Committee and Shareholders/ Investor Grievance Committee has been considered)	<p>Chairman :</p> <ol style="list-style-type: none"> 1) Kirloskar Pneumatic Co. Ltd. - Audit Committee 2) Digjam Ltd. – Audit Committee 3) Sahara India Life Insurance Co. Ltd. - Audit Committee 4) U.T. Ltd. - Audit Committee <p>Member :</p> <ol style="list-style-type: none"> 1) Digjam Limited – Shareholders/ Investor Grievance Committee 2) Asiatic Oxygen Ltd. – Audit Committee 3) VXL Technologies Ltd. – Audit Committee 4) NPR Finance Ltd. – Audit Committee
vii. Shareholding in the Company	NIL

2.7 The Board has periodically reviewed compliance reports of all laws applicable to the Company, placed by the Company in the board meetings.

3. AUDIT COMMITTEE :

- (i) The Audit Committee consists wholly of independent Directors with requisite knowledge of finance, accounts and company law. The role and terms of reference of this Committee is in line with Clause 49 of the Listing Agreement with the Stock Exchange. The Committee, inter-alia, acts as a vital link between the statutory and internal auditors and the Board of Directors.
- (ii) At present, the Committee comprises of Shri A.C. Mukherji (as Chairman) and Shri B. Choudhuri, Shri L.G. Toolsidass, Shri I. P. Poddar as members. The Committee is mandated to meet at least four times in a year, once to assess the audited accounts for the year before they are put up to the Board, besides meeting at least once in 4 months in the usual course.
- (iii) 4 (four) Audit Committee meetings were held during the year ended 31st March 2012, dates being 30.05.2011, 11.08.2011, 08.11.2011 and 28.01.2012. The attendance of each committee member is as under :

Name of member	Status	No. of meetings attended
Shri A.C. Mukherji	Chairman	4
Shri I.P. Poddar	Member	3
Shri B. Choudhuri	Member	4
Shri L.G. Toolsidass	Member	4

- (iv) Shri D.K. Bubna acted as the Secretary to the said committee for the meetings held on 30.05.2011 & 11.08.2011, since he resigned w.e.f 30.09.2011 (closing hours). Thereafter, from the date of appointment of Smt Puja Guin, she acts as the Secretary to the said Committee.

Shri R.K. Gupta, Vice President (Finance & Accounts) is also an invitee to the Committee and he remained present at all the meetings of the Audit Committee.

- (v) The broad functions of the Audit Committee are:-
- To discuss and review the comment on Internal Audit Reports submitted by Company's Internal Auditors.
 - To review the progress on implementation of the suggestions made by the Internal Auditors.
 - To discuss and review the observations of Internal Auditors, cost control measures, statutory compliances etc. in various functional areas.
 - To discuss the Quarterly and Annual financial results of the Company and submit the observation to the Board of Directors.
 - To interact with Statutory Auditors on the Annual Accounts and other accounting matters.

4. SHARE TRANSFER AND SHAREHOLDERS' GRIEVANCE COMMITTEE

- (i) The present composition of the Share Transfer and Shareholders' Grievance Committee is as under:

Name of member	Status
Shri J.K. Bhagat	Chairman
Shri L.G. Toolsidass	Member
Shri I.P. Poddar	Member
Shri J.P. Sonthalia	Member

The Committee meets at least once in a month.

- (ii) The Committee looks into redressal of shareholder's complaints like transfer of shares, transmissions, demat and remat of shares etc, redressal of shareholders/ investors grievances. In the beginning of the year, there were no outstanding complaints, the total number of complaints received during the year under review was 8 and all were addressed and replied to the satisfaction of shareholders. Outstanding complaints as on 31st March, 2012 was nil.
- (iii) Smt Puja Guin, Company Secretary is the Compliance Officer of the Company.
- (iv) Business transacted :
 - Ratification of share transfers.
 - Transfer and transmission of shares.
 - Issue of duplicate share certificates.
 - Consolidation and sub-division of shares.
 - Review of routine complaints and corrective action taken.

5. REMUNERATION COMMITTEE

- (i) The Committee is responsible for recommending to the Board of Directors to review and/or determine and recommend the remuneration package of the Executive Directors of the Company in accordance with the guidelines laid out by the statute and the Listing Agreement with the stock exchange.
- (ii) The Company has one Executive Chairman and one Managing Director on the Board, both of whose remuneration were duly recommended by the Remuneration Committee.
- (iii) Shri D.K. Bubna resigned from Executive Directorship and as Company Secretary w.e.f. 30.09.2011 (closing hours) and his remuneration had been duly recommended by the Remuneration Committee.
- (iv) The present composition of the Remuneration Committee is as under :

Name of member	Status
Shri B. Choudhuri	Chairman
Shri L. G. Toolsidass	Member
Shri I. P. Poddar	Member

- (v) One meeting of the Remuneration Committee was held for discussing and recommending to the Board, the remuneration of the Managing Director of the Company. The said meeting was held on 11.08.2011. The attendance of each committee member is as under:

Name of Member	Status	No. of Meetings attended
Shri B. Choudhuri	Chairman	1
Shri L. G. Toolsidass	Member	1
Shri I. P. Poddar	Member	1

6. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for its members and the senior managerial personnel of the Company. All the Directors and senior managerial personnel of the Company have affirmed compliance with the Code of Conduct of the Company, as envisaged in Clause 49 of the Listing Agreement with the stock exchange. The code of conduct also has been posted on the web-site of the Company, www.ludlowjute.com.

10. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Company are sent to the stock exchange immediately after they are approved by the Board. These are also published in the newspapers as required by the Listing Agreement. The Company has its website i.e. www.ludlowjute.com wherein the quarterly results are displayed.

The financial results are normally published in Business Standard/ Financial Express and Kalantar/Pratidin. The Management Discussion and Analysis Report is part of the Directors' Report.

11. GENERAL SHAREHOLDERS INFORMATION

11.1 The Registered Office of the Company is situated at

6, Nandalal Basu Sarani
(formerly, Little Russell Street)
Kolkata-700 071
Phone : (033) 2283-9081/9082/9083
Fax : (033) 2283-9078/ 4503
E-mail : ludlow_123@dataone.in
Website : www.ludlowjute.com

11.2 Address for Correspondence/ Corporate Office is same as given above

11.3 Plant Location

Chengail, Howrah - 711 308.
Phone : (033) 2642-8366/8820/9821
Fax : (033) 2642-8367

11.4 Registrar and Share Transfer Agents

MCS Limited
77/ 2A, Hazra Road
Kolkata - 700 029
Phone : (033) 40724051/52/53
Fax : (033) 2454-1961
E-mail : mcskol@rediffmail.com

11.5 Annual General Meeting

Date : 07.08.2012
Day : Tuesday
Time : 3.00 p.m.
Venue : Rotary Sadan, 94/2 Chowringhee Road, Kolkata 700 020

11.6 Book Closure

24.07.2012 to 07.08.2012 (both days inclusive)

11.7 Listing of Shares & Other Securities

Name of the Stock Exchange	Stock Code
Equity Shares Bombay Stock Exchange Limited 25th Floor, P.J. Towers, Dalal Street, Mumbai-400 001	526179

Listing Fees

The Company has paid listing fees for the financial year 2012-2013 to the Bombay Stock Exchange Limited, where securities of the Company are listed.

11.8 Share Transfer System

Company's shares are in compulsory demat segment. Share Transfer in physical form are presently registered within a period of twenty to twenty five days from the date of receipt provided the documents are complete and the shares under transfer are not under known dispute. Option letters for simultaneous demat of shares are also being sent to the shareholders.

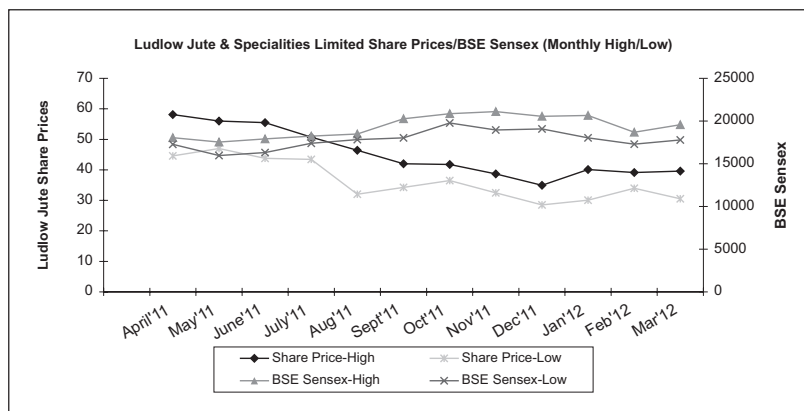
The share certificates, duly endorsed, are being returned immediately after expiry of 30 days from the date of option letter to those who have not opted for simultaneous transfer cum dematerialization.

11.9 Market Price Data

The details of monthly high/low market price of the shares at Bombay Stock Exchange Limited during each month of 2011-2012 are given hereunder :

Month	Quotation of Bombay Stock Exchange (in Rs.)	
	HIGH	LOW
APR - 2011	58.10	44.60
MAY - 2011	56.00	47.00
JUNE - 2011	55.50	43.80
JULY - 2011	50.75	43.45
AUG - 2011	46.40	32.00
SEP - 2011	42.00	34.25
OCT - 2011	41.75	36.50
NOV - 2011	38.70	32.50
DEC - 2011	34.95	28.50
JAN - 2012	40.10	30.05
FEB - 2012	39.15	33.95
MAR - 2012	39.60	30.55

11.10 Stock Performance in comparison to broad based indices



11.11 Distribution of Shareholding

The shareholding distribution of equity shares as on 31st March, 2012 is given below :

No. of Shares (Range defined)	No. of Equity Shares held	No. of Shareholders	Percentage of Shareholding (%)
1 - 500	1407734	9365	13.07
501 - 1000	354320	425	3.29
1001 - 2000	230661	148	2.14
2001 - 3000	171670	66	1.59
3001 - 4000	100562	28	0.93
4001 - 5000	94537	20	0.88
5001 - 10000	238761	31	2.22
10001 - 50000	519643	28	4.82
50001 - 100000	114113	2	1.06
And above	7541119	5	70.00
	10773120	10118	100.00

11.12 Shareholding Pattern as on 31st March 2012

Category	No. of Shares	% of Shareholding
Promoters Holding		
a) Indian Promoters	6703624	62.23
b) Foreign Promoters	–	–
Sub Total "A"	6703624	62.23
Non-Promoters Holding		
a) Banks, Financial Institutions/ Insurance Companies	600	0.0056
b) Private Corporate Bodies	829540	7.70
c) Resident Individuals	3228728	29.97
d) NRI/ OCB	9628	0.09
e) Trust & Foundations	1000	0.0093
Sub Total "B"	4069496	37.77
Grand Total : "A+B"	10773120	100.00

11.13 Dematerialisation of Shares

89.80% i.e. 9673665 Equity Shares of total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31.03.2012.

11.14 Financial Calendar 2012 - 2013

First Quarter Results	: On or before 14th August, 2012
Second Quarter Results	: On or before 14th November, 2012
Third Quarter Results	: On or before 14th February, 2013
Audited Results for the year ended 31.03.2013	: On or before 30th May, 2013
Date of Book Closure	: 24.07.2012 to 07.08.2012 (both days inclusive)
Dividend Payment Date	: On or after 7th August 2012 (within the statutory period of 30 days), subject to Shareholders' approval.

FIVE YEARS PERFORMANCE

(Rs. in lacs)

	2008	2009	2010	2011	2012
Revenue from Operations	15574.17	17122.88	19353.73	31607.88	28094.70
Cash Profit Before Tax	593.02	620.30	808.73	2444.26	1056.06
Net Profit/ (Loss) After tax	293.08	228.96	333.94	1453.44	490.00
Gross Block	7139.77	7671.79	8593.75	8893.75	9316.82
Net Worth	1871.45	1943.89	2081.22	3345.69	3585.20
Debt	549.26	572.16	2724.24	1078.94	113.99
Cash EPS(Rs.)	5.50	5.76	7.51	22.69	9.80
EPS (Rs.)	2.72	2.13	3.10	13.49	4.55
Dividend(%)	10	10	15	25	20
Installed Capacity(M. Tons)	57500	57500	67500	67500	67500
Production - (M. Tons)	47906	46788	41447	51910	50521

Note : The above figures have been re-grouped and re-arranged as per the requirements of Revised Schedule VI.

12. CEO/CFO CERTIFICATION

The necessary certificates under clause 49 V of the Listing Agreement has been placed before the Board of Directors.

13. NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements given under clause 49 of the Listing Agreement, except that it has a Remuneration Committee.

DECLARATION OF CEO

I confirm that all members of the Board of Directors and senior managerial personnel have affirmed their compliance with the Code of Conduct, for the financial year 2011-12.

Place : Kolkata
9th May, 2012

J.P. Sonthalia
Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE TO THE MEMBERS OF LUDLOW JUTE & SPECIALITIES LIMITED

We have reviewed the compliance of conditions of Corporate Governance by Ludlow Jute & Specialities Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

On the basis of our review and according to the information and explanations given to us and the representations made to us by the Management, we state that to the best of our knowledge and belief, the Company has complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement of the Stock Exchange.

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

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E
M. L. SHUKLA
Partner
Membership No. 051505

1B, Old Post Office Street
Kolkata - 700 001
9th May, 2012

AUDITORS' REPORT

To the Shareholders

1. We have audited the attached Balance Sheet of **LUDLOW JUTE & SPECIALITIES LIMITED (formerly Aekta Limited)** as at 31st March, 2012, statement of Profit and Loss and the Cash Flow Statement of the said Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of Account.
- iv) In our Opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the accounting policies in Note No "1" and other Notes to Account give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b) In the case of statement of Profit and Loss of the Profit of the Company for the year ended on that date; and
 - c) In the case of the Cash Flow Statement of the Cash flows for the year ended on that date.

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street
Kolkata - 700 001
9th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management as per a based programme of verification of its Fixed Assets adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. As per the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) No substantial part of Fixed Assets has been disposed off during the year.
2. (a) According to the information and explanations given to us, the inventories have been physically verified at reasonable interval during the year by the management.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4(III)(b) to (d) of the Order are not applicable.
- (e) The Company has not taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(iii)(f) to (g) of the Order are not applicable. However it has taken interest free unsecured loan from one of its subsidiaries, the maximum amount of which outstanding at any time during the year and closing balance as on 31st March' 2012 were Rs. 24.47 lacs and Rs. 24.46 lacs respectively.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods;
5. (a) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been duly entered.
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at rates which are reasonable having regard to the prevailing market rates at the relevant time.
6. The Company has not accepted any deposit during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under. Accordingly clause 6(B) of the order is not applicable.
7. In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the Books of Account maintained by the Company in respect of its product as prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records



have been maintained. However, we have not carried out a detailed examination of such accounts and records.

9. (a) The Company has generally been regular in depositing undisputed statutory dues, in respect of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty and Cess with the appropriate authorities.
(b) According to the information and explanations given to us, there are no dues of sales tax, Income tax, Service tax, Custom duty, Excise duty and Cess outstanding on account of any dispute, other than those stated in Annexure "A" attached herewith.
10. The Company does not have any accumulated loss as at 31st March 2012. The Company has not incurred any cash loss during the financial year ended on that date and in immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks.
12. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities etc. However it has maintained proper records of the transactions and contracts of the investments dealt in by it and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loan taken during the year has been applied for the purpose for which it was taken.
17. According to the information and explanations given to us, funds raised on short term basis have not been used for long term investment.
18. During the year the Company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956, and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
19. The Company has not issued any debentures during the year.
20. The Company has not raised monies by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

1B, Old Post Office Street
Kolkata - 700 001
9th May, 2012

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E
M. L. SHUKLA
Partner
Membership No. 051505

Annexure 'A'

Statement of Statutory dues outstanding on account of disputes, as on March 31, 2012, referred to in para 9(b) of Annexure to the Auditor's Report

(Rs. in lakhs)

No.	Nature of Dues	Gross Amount Outstanding	Paid under protest	Period to which the amount relates	Forum where dispute is pending
1	a) Excise Duty	0.43	–	1964 to 1969	Pending at Calcutta High Court
	b) Excise Duty	17.80	3.00	1986-87 to 1991-92	CESTAT
2	a) Sales Tax	33.60	11.20	1999 -00 to 2000-2001	WBCT(A & R) Board
	b) Sales Tax	22.36	–	2004-05	WBCT(A & R) Board
	c) Sales Tax	315.40	–	2005-06, 2007-2008 & 2008-2009	D.C.C.T.(CD)
	Total	389.59	14.20		

BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in '000)

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	2.1	107,977		107,977	
Reserves and Surplus	2.2	273,958	381,935	258,219	366,196
NON-CURRENT LIABILITIES					
Long-Term Borrowings	2.3	8,953		–	
Deferred Tax Liabilities (Net)	2.4	9,353		1,874	
Other Long-Term Liabilities	2.5	300		498	
Long-Term Provisions	2.6	9,821	28,427	7,525	9,897
CURRENT LIABILITIES					
Short-Term Borrowings	2.7	2,446		107,894	
Trade Payables	2.8	237,302		323,335	
Other Current Liabilities	2.9	30,555		24,191	
Short-Term Provisions	2.6	125,430	395,733	146,772	602,192
TOTAL			806,095		978,285
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets					
Tangible Assets	2.10	346,648		349,245	
Intangible Assets	2.10	(1)		(1)	
Capital Work-In-Progress		10,492		9,365	
		357,140		358,610	
Non-Current Investments	2.11	11,561		25,507	
Long-Term Loans and Advances	2.12	882		2,448	
Other Non-Current Assets	2.13	–	369,583	–	386,565
CURRENT ASSETS					
Current Investments	2.11	141		132	
Inventories	2.14	262,280		364,821	
Trade Receivables	2.15	78,070		102,899	
Cash and Bank Balances	2.16	34,291		25,015	
Short-Term Loans and Advances	2.12	28,431		38,169	
Other Current Assets	2.13	33,299	436,512	60,684	591,720
TOTAL			806,095		978,285
Significant Accounting Policies	1				

The Accompanying Notes are an integral part of the Financial Statements.

As per our Report annexed

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

9th May, 2012

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

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

(Rs. in '000)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Cash Flow from Operating Activities :		
Profit before Tax	69,469	217,465
Adjustments for :		
Depreciation & Amortization	36,137	26,961
Provision for Dimunition in long term Investment	1	–
(Profit)/Loss on Sale of Fixed Assets (Net)	(534)	(1,851)
(Profit)/Loss on Sale of Investment (Net)	(2,172)	–
Interest received from Banks	(712)	(493)
Finance Costs	20,482	29,266
Provision for doubtful debts written back	(89)	–
Excess Liabilities and unclaimed balances written back	(107)	–
Excess Depreciation written back	(111)	(2,268)
Dividend received on Non Current Investments	(5,010)	(1,507)
Dividend received on Current Investments	(9)	(902)
Unrealised Loss / (Gain) on Foreign Exchange	32	26
Sundry Balances W/off	–	1,492
Provision for Gratuity & Leave	(21,456)	31,998
Provision for Revenue Tax	–	190
	95,921	300,377
Operating Profit before Working Capital changes		
Adjustments for :		
(Increase)/Decrease in Trade & Other Receivables	49,691	(83,489)
(Increase)/Decrease in Inventories	102,541	256,708
Increase/(Decrease) in Trade Payables & Other Liabilities	(80,951)	(176,780)
Cash generated from operations	167,202	296,816
Direct Taxes (Paid)/Refund	9,595	(60,341)
Net Cash from Operating Activities	176,797	236,475
Cash Flow from Investing Activities:		
Purchase of Tangible & Intangible Assets including CWIP	(47,160)	(56,489)
Sale of Tangible Assets	2,434	2,490
(Purchase)/Sale of Investments (Net)	16,109	(121)
Capital Subsidy	2,486	20,685
Interest received from Banks	712	493
Dividend received on Non Current Investments	5,010	1,507
Dividend received on Current Investments	9	902
Net Cash used in Investing Activities	(20,400)	(30,533)

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

1. SIGNIFICANT ACCOUNTING POLICIES :

A. Basis of Accounting

The Financial Statements are prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The financial statements has been prepared and presented as per the requirement of revised Schedule VI as notified under Companies Act 1956 with effect from current year. The adoption of revised schedule VI does not have any impact on recognition and measurement principles as followed by the company.

B. Use of Estimates

The preparation of financial statements require judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized

C. Tangible Assets & Capital work in Progress

Fixed Assets other than those which have been revalued, are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses. In respect of qualifying assets, related pre-operational expenses including borrowing cost are also capitalised and included in the cost. Revalued assets are stated at the values determined on revaluation.

Capital Work in Progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

D. Intangible Assets

Intangible assets are recognized only when future economic benefit attributable to 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.

E. Depreciation and Amortization

- a) Depreciation on Fixed Assets has been provided on straight-line method at the Rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 (as amended). Depreciation on revalued amount of fixed assets is adjusted by transferring the equivalent amount from Revaluation Reserve Account.
- b) Intangible assets are amortized over their estimated useful life.
- c) All the assets costing Rs.5 or less are fully depreciated in the year of acquisition.

F. Impairment

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior years is adjusted when there is an indication that the Impairment losses recognized for the asset no longer exist or have decreased.

G. Investments

Long Term Investments are stated at Cost. Provision for diminution in value is made if the decline in value is other than temporary in the opinion of the management. Current Investments are stated at lower of cost and fair value.

H. Inventories

Basis of Valuation :

Stores, Spare Parts & Packing Materials	:	At Cost, based on weighted average method
Raw Materials	:	At Cost based on weighted average method or Net realizable value whichever is lower.
Work-in-progress	:	At Cost based on weighted average method or Net realizable value whichever is lower
Finished Goods	:	At Cost based on standard cost duly adjusting the variance or net realisable value, whichever is lower.

I. Foreign Currency Transactions

- i) Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.
- ii) In respect of transactions covered by Forward Exchange contract (except for firm commitments and highly probable forecast transactions), the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Exchange differences between rate at the inception of such contracts and rate on the reporting date are recognized as income or expenses for the period.
- iii) Outstanding forward contract for firm commitment and highly probable forecast transactions and derivative contracts, other than those stated, above are marked to market and the resulting loss, if any, is charged to the Profit & Loss Account. Gain, if any, on such marking to market is not recognized as a prudent accounting policy.

J. Recognition of Income and Expenditure

- a) All Income and Expenditure are accounted for on accrual basis except as otherwise stated.
- b) Sales are inclusive of transport & delivery charges realised less excise duty, cess, rebates & claims, sales returns and discounts etc, if any.

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

- c) Export benefit entitlements to the Company under the EXIM/Foreign Trade Policy are recognised in the year of exports on accrual basis.

K. Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised. Other borrowing costs are recognized as expenses in the year in which they are incurred.

L. Employee benefits

- i) Employee benefits of short term nature are recognized as expense as and when it accrues.
ii) Employee benefits of long term nature are recognized as expenses based on actuarial valuation.
iii) Post employment benefits :
a) In the nature of Defined Contribution Plans are recognized as expenses as and when it accrues.
b) In the nature of Defined Benefit Plans in respect of employees on roll are recognized as expenses based on actuarial valuation.
iv) Actuarial gains and losses are recognized immediately in the Profit and Loss account as income and expense.

M. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the Provisions of the Income Tax Act 1961. Deferred tax liabilities and assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in the year and are capable of reversal in one or more subsequent years.

N. Government Grants

Grants from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Grants received from Government Agencies against specific fixed assets are adjusted to the cost of the assets and Capital Grants for Project Capital Subsidy are credited to Capital Reserve. Revenue grants are recognized as other income or reduced from respective expenses.

O. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized where reliable estimate can be made for probable outflow of resources to settle the present obligation as a result of past event and the same is reviewed at each Balance Sheet date. Contingent liabilities are generally not provided for in the accounts and are shown separately in Notes on Accounts. Contingent assets are neither recognized nor disclosed in financial statement.

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.1 : SHARE CAPITAL		
Authorised		
1,49,90,000 (PY - 1,49,90,000) Equity Shares of Rs. 10/- each	149,900	149,900
1,000 (PY - 1,000) Redeemable Preference Shares of Rs.100/- each	100	100
	150,000	150,000
Issued		
1,07,73,120 (PY - 1,07,73,120) Equity Shares of Rs.10/- each	107,731	107,731
Subscribed and Paid-up		
1,07,73,120 (PY - 1,07,73,120) Equity Shares of Rs. 10/- each fully paid-up	107,731	107,731
Add : Forfeited Equity Shares (Amount originally paid-up)	246	246
	107,977	107,977

- a) There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period.
- b) The Company has only one class of issued shares i.e. Equity Shares having par value of Rs.10 per share. Each holder of Equity Shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. 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.
- c) R.V. Investment & Dealers Limited is the Holding Company of this Company.
- d) Details of shareholders holding more than 5% shares in the Company:

Equity Shares of Rs 10 each fully paid

R V Investment & Dealers Ltd
(%age of Holding, CY - 54.854, PY - 49.893)

	No. of Shares	
	5,909,454	5,375,000

Charaiveti Vyapaar Private Limited
(%age of Holding, CY - Nil, PY - 9.783)

	—	1,053,922
--	---	-----------

- e) No Equity Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.
- f) No shares have been allotted or has been bought back by the Company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.
- g) No securities which are convertible into Equity/Preference shares have been issued by the Company during the year.
- h) No calls are unpaid by any directors or officers of the Company during the year.

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.2 : RESERVES AND SURPLUS		
Capital Reserves		
As per the last Financial Statements	1,054	1,054
Security Premium		
As per the last Financial Statements	58,595	58,595
Revaluation Reserve		
As per the last Financial Statements	31,628	39,846
Less: Adjustments in respect of sales/discard of Fixed Assets	–	–
	31,628	39,846
Less: Transfer to the Statement of Profit & Loss being difference of depreciation on revalued cost of assets and on the original cost	8,219	8,218
	23,409	31,628
General Reserve		
As per the last Financial Statements	16,204	1,670
Add: Transferred from Surplus	3,675	14,534
	19,879	16,204
Surplus		
As per the last Financial Statements	150,738	51,230
Add: Profit for the year	49,000	145,344
	199,738	196,574
Less: Appropriations		
Proposed Dividend	21,546	26,933
Corporate Dividend Tax on Proposed Dividend	3,496	4,369
General Reserve	3,675	14,534
	28,717	45,836
Net Surplus	171,021	150,738
	273,958	258,219

2.3 : LONG-TERM BORROWINGS

	Non-current portion		Current Maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Term Loans (Secured)				
Rupee Loan from Bank	8,953	–	5,840	–
	8,953	–	5,840	–
Amount disclosed under the head “Other Current Liabilities” (Note 2.9)	–	–	5,840	–
	8,953	–	–	–

- a. Rupee Term Loan from Bank is repayable in 10 semi-annual installment between March' 12 to March' 16 and the primary security against such asset is hypothecation of machinaries purchased under the Term Loan.

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012		As at 31st March, 2011	
2.4 : DEFERRED TAX LIABILITIES (NET)				
Deferred Tax Liabilities				
Arising on account of :				
Depreciation		42,604		43,044
Less : Deferred Tax Assets				
Arising on account of :				
Section 43B of Income-tax Act	33,220		40,878	
Others	31	33,251	292	41,170
Deferred Tax Liabilities (Net)		9,353		1,874

	As at 31st March, 2012	As at 31st March, 2011
2.5 : OTHER LONG TERM LIABILITIES		
Other Liabilities		
Statutory Liability under Litigation	300	498
	300	498

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
2.6 : PROVISIONS				
Provisions for Employee Benefits	9,821	7,525	91,695	115,447
Other Provisions				
Provisions for Taxation (Net of Payments)	–	–	8,693	23
Proposed Dividend	–	–	21,546	26,933
Corporate Dividend Tax	–	–	3,496	4,369
	–	–	33,735	31,325
	9,821	7,525	125,430	146,772

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.7 : SHORT TERM BORROWINGS		
Working Capital Borrowings		
From Banks		
Rupee Loan from Banks (Secured)	–	56,625
Packing Credit from Banks in Rupees (Secured)	–	49,072
	–	105,697
Loans & Advances from Related Parties		
From Subsidiary Companies	2,446	2,197
(Unsecured, Considered good)	2,446	2,197
	2,446	107,894

- a) Working Capital Borrowings from Banks in Rupee is secured against hypothecation of entire stocks.
b) Packing Credit from Banks in Rupees is secured against hypothecation of Stock of materials, semi-finished and finished goods.

	As at 31st March, 2012	As at 31st March, 2011
2.8 : TRADE PAYABLES		
For Goods and Services	237,302	323,335
	237,302	323,335

	As at 31st March, 2012	As at 31st March, 2011
2.9 : OTHER CURRENT LIABILITIES		
Current maturities of Long Term Debt (See Note 2.3)	5,840	–
Unpaid and unclaimed dividends	2,551	1,513
Statutory Dues	17,048	17,319
Interest Accrued & Due	120	–
Trade and Security Deposits	1,583	1,283
Advances Received from Customers	2,385	3,715
Others	1,028	361
	30,555	24,191

NOTES TO FINANCIAL STATEMENTS

NOTE 2.10 : FIXED ASSETS

(Rs. in '000)

	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	Cost/Value As at 31st March 2011	Additions during the Year	Deductions/ Adjustments during the year	Cost/Value As at 31st March 2012	Upto 31st March 2011	Provided during the year	Deductions/ Adjustments during the year	Depreciation for Addition on Revaluation during the year	Upto 31st March 2012	As at 31st March 2012	As at 31st March 2011
TANGIBLE ASSETS											
Freehold Land	13,909	-	-	13,909	-	-	-	-	-	13,909	13,909
Buildings	159,046	3,336	-	162,382	113,246	1,096	-	4,790	119,132	43,250	45,800
Plant & Machinery	646,953	39,521	4,393 *	682,081	387,391	30,583	141 *	3,429	421,262	260,819	259,562
Furniture & Fittings	3,888	282	-	4,170	3,102	120	-	-	3,222	948	786
Vehicles	44,209	2,311	460	46,060	19,683	3,319	437	-	22,565	23,495	24,526
Office Equipment	12,005	584	-	12,589	7,343	1,019	-	-	8,362	4,227	4,662
Total	880,010	46,034	4,853	921,191	530,765	36,137	578	8,219	574,543	346,648	349,245
INTANGIBLE ASSETS											
Goodwill	(1)	-	-	(1)	-	-	-	-	-	(1)	(1)
Total	(1)	-	-	(1)	-	-	-	-	-	(1)	(1)
Grand Total :	880,010	46,034	4,853	921,191	530,765	36,137	578	8,219	574,543	346,648	349,245
Previous Year :	841,374	68,649	30,013	880,010	506,541	26,960	10,954	8,218	530,765	349,245	

Note: a) Fixed Assets of the Company excluding minor items, were revalued by an external Independent Valuer on 31st March, 1992 which resulted in increase of Fixed Assets Value by Rs. 3,00,476/- on Net Current Replacement Basis. This increase had been transferred to Revaluation Reserve Account. After adjustment in respect of Fixed Assets sold/ discarded and Depreciation Provided, the Revaluation Reserve now stands at Rs. 23,409/- as on 31.03.2012 (PY - 31,628/-).

b) * The company has received subsidy during the year on Plant & Machinery capitalised during the last year amounting to Rs. 2,486/- . Consequently depreciation charged in the last year on such assets amounting to Rs. 111/- has been written back.

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

		As at 31st March, 2012		As at 31st March, 2011	
2.11 : INVESTMENTS					
NON CURRENT INVESTMENT					
Face Value per Share / Debenture (Rs.)	Particulars	No. of Shares / Debentures	Value (Rs.)	No. of Shares / Debentures	Value
	Trade Investment (Valued at Cost)				
	"Equity Shares in Subsidiary Company (Un-Quoted)"				
10	Ludlow Exports Ltd.	250000	2,500	250000	2,500
10	Sijberia Industries Ltd.	562859	8,887	—	—
	Sub - Total :		11,387		2,500
	Non - Trade Investments				
	Investment in Equity Instruments :				
	Quoted - (Valued at cost less provision for other than temporary diminution in the value of investment)				
10	Alliance Udyog Ltd.	50	(512)	50	(512)
100	Anglo India Jute Mills Co. Ltd. *	24	(462)	24	(462)
10	Birla Corporation Ltd.	660	148	660	148
10	Budge-Budge Co. Ltd. *	305	1	305	1
10	Cheviot Company Ltd.	274	7	274	7
10	Delta International Ltd.*	1035	20	1035	20
10	Malanpur Industries Ltd. (Formerly Hindustan Development Corpn. Ltd.)		(342)	4	(342)
10	Howrah Mills Co. Ltd. *	50	(475)	50	(475)
10	The Jagatdal Ind. Ltd.	50	(358)	50	(358)
100	Kanknarrah Co. Ltd. *	19	1	19	1
5	Kanoria Chemicals & Ind. Ltd.	—	—	1000203	22,832
10	Trend Vyapaar Limited (Formerly Kelvin Jute Co. Ltd.)	1	(240)	10	(240)
10	Nellimarla Jute Mills Co. Ltd.	70	(368)	70	(368)
10	New Central Jute Mills Co. Ltd. *	12	(88)	12	(88)
10	Presidency Exports & Industries Ltd.	10	(105)	100	(105)
1	Bajaj Hindusthan Sugar and Industries Ltd	5430	2	5430	2
10	Reliance Ispat Ltd.	224	6	224	6
10	Solarson Ind. Ltd.	200	2	200	2
10	The Agarpara Co. Ltd. *	50	(175)	50	(175)
10	The Auckland International Ltd.	990	(750)	990	(750)
10	Abhishek Jute & Industries Limited	660	(500)	660	(500)
5	The Baranagar Jute Factory Co.Ltd.*	5	(116)	5	(116)
10	AI Champdany Industries Ltd.	314	(344)	100	(344)
10	Fort William Industries Limited	50	2	50	2
10	The Ganges Manufacturing Co.Ltd. *	50	(375)	50	(375)
10	Gillanders Arbuthnot & Co Ltd	135	13	90	13
10	The Gouripore Co. Ltd.	40	(150)	40	(150)
10	The Hooghly Mills Co.Ltd.	1176	(742)	1176	(742)
10	The India Jute & Industries Ltd. *	62	2	62	2
10	The Nuddea Mills Co. Ltd. *	25	(50)	25	(50)
1	Waverly Investments Ltd.	7	(30)	7	(30)
10	Willard India Ltd.	1200	44	1200	44
10	Reliance Jute Mills (Int.) Ltd. @	112	—	112	—
	Total of Quoted Equity Instruments		254		23,086
	Less : Provision for other than temporary diminution in the value of investments		85		84
	Net Total (Quoted investment)		169		23,002
	Balance Carried over		11,556		25,502

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

Face Value per Share / Debenture (Rs.)	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		No. of Shares / Debentures	Value (Rs.)	No. of Shares / Debentures	Value
	Balance Brought forward		11,556		25,502
	Investment in Equity Instruments :				
	Unquoted - (Valued at cost less provision for other than temporary diminution in the value of investment)				
100	Birds Jute & Exports Ltd.	10	1	10	1
10	National Co.Ltd. *	50	(669)	50	(669)
10	Santosh Garden Co Operative	200	2	200	2
100	The Alexandera Jute Mills Ltd. *	5	(259)	5	(259)
10	The Empire Jute Co. Ltd.	26	(134)	50	(134)
10	Caledonian jute & Industries	50	(505)	50	(505)
10	The Khardah Co. Ltd. *	62	(476)	62	(476)
100	The Kinnison Jute Mills Co.Ltd. *	2	2	12	2
100	The Lawrence Investment & Property Co.Ltd.	10	(980)	10	(980)
10	The North Brooke Co. Ltd.	50	(894)	50	(894)
100	Union Jute Co. Ltd. *	10	(718)	10	(718)
10	RJM Fibres Industries Ltd.	56	(574)	56	(574)
10	RJM Investment ltd.	56	(546)	56	(546)
	Total of Unquoted Equity Instruments		11		11
	Less : Provision for other than temporary diminution in the value of Investment		11		11
	Net Total (Un-Quoted Investment)		-		-
	Investment on Government Securities				
	Unquoted -				
	7 years National Saving Certificates (Deposited with Central Excise and Sales' Tax Authorities),(Matured)		5		5
	Total Government Securities		5		5
	Total Non - Current Investment		11,561		25,507
		As at 31st March, 2012		As at 31st March, 2011	
		Book Value	Market Value #	Book Value	Market Value #
	Aggregate Amount of :				
	Quoted Investments	254	467	23,086	29,031
	Unquoted Investments	11,403	-	2,516	-
	Provision for other than temporary diminution in the value of investment	96		95	
		11,561	467	25,507	29,031

* BIFR Companies

@ Shares in Reliance Jute Mills (Int.) Ltd. has been acquired as per scheme of Arrangement of Reliance Jute Ltd. with Reliance International Ltd.

In absence of availability of quoted rates,market value of such shares have been considered at Rs. 1/-.

CURRENT INVESTMENTS

Face Value per Unit (Rs.)	Particulars	No. of Units	As at 31st March, 2012	No. of Units	As at 31st March, 2011
	Investment in Mutual Funds				
	(Unquoted valued at cost or Market Value whichever is lower)				
10	HDFC Cash Mgmt. Fund				
	Treasury advantage plan - Weekly dividend plan	14070.499	141	13138.023	132
	Total Current Investment :		141		132
		As at 31st March, 2012		As at 31st March, 2011	
		Book Value	Market Value #	Book Value	Market Value #
	Aggregate Amount of :				
	Quoted Investments	-	-	-	-
	Unquoted Investments	141	-	132	-
		141	-	132	-

NOTES TO FINANCIAL STATEMENTS

2.12 : LOANS & ADVANCES

(Rs. in '000)

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Capital Advances				
Unsecured, considered good	625	2,180	–	–
	625	2,180	–	–
Security Deposits				
Unsecured, considered good	257	268	–	–
	257	268	–	–
Other Loans and Advances (Unsecured, Considered good)				
Advance Tax and TDS (Net of provisions)	–	–	3,204	10,298
Income Tax Refund Receivable	–	–	–	6,822
Advance against supply of Goods and Services	–	–	7,065	4,202
Prepaid Expenses	–	–	8,724	7,122
Advance to Employees	–	–	4,770	4,418
Balances with Government & Statutory Authorities	–	–	4,668	5,307
	–	–	28,431	38,169
	882	2,448	28,431	38,169

	Non-Current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
2.13 : OTHER ASSETS				
Insurance Claim Receivable	–	–	20,705	28,662
DEPB Licence Receivable	–	–	2,891	31,052
Duty Draw Back Receivable	–	–	9,703	970
	–	–	33,299	60,684

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.14 : INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Materials (including in transit CY - Nil, PY - Nil)	131,820	198,342
Work in Progress (including in transit CY - Nil, PY - Nil)	23,865	28,605
Finished Goods (including in transit CY - Nil, PY - Nil)	85,347	115,470
Stores and Spares etc (including in transit CY - Nil, PY - Nil)	21,248	22,404
	262,280	364,821

	Finished Goods		Work-in-Progress	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Details of Inventories :				
Jute	85,347	115,470	23,865	28,605
	85,347	115,470	23,865	28,605

	Non-Current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
2.15 : TRADE RECEIVABLES				
Outstanding for a period exceeding six months				
Unsecured, considered good	-	-	6,370	7,662
Doubtful	-	-	-	89
	-	-	6,370	7,751
Provision for doubtful receivables	-	-	-	89
	-	-	6,370	7,662
Other Receivables				
Unsecured, considered good	-	-	71,700	95,237
	-	-	78,070	102,899

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.16 : CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances With Banks :		
In Current Account	29,456	20,905
In EEFC Account	–	335
Cash on hand (Incl'd Stamps) (As certified by the Management)	1,546	1,493
	31,002	22,733
Other Bank Balances		
In Unpaid Dividend Account	2,551	1,513
Balances with Bank held as margin money/security	738	769
	3,289	2,282
	34,291	25,015

	For the year ended	
	31st March 2012	31st March 2011
2.17 : REVENUE FROM OPERATIONS (GROSS)		
Sale of Products (including Export Sales of Rs. 9,65,612/-, Pr. Yr. Rs. 13,32,536/-)	2,800,590	3,122,047
	2,800,590	3,122,047
Other Operating Revenues		
Export Benefits	30,170	47,678
Miscellaneous Sale	4,300	4,908
Insurance and Other Claims (Net)	1,640	17,165
	36,110	69,751
	2,836,700	3,191,798
Details of Sale of Products		
Jute Goods	2,800,590	3,122,047
	2,800,590	3,122,047

Sales include Rs. 2,71,486/- on account of goods sent on consignment (Previous year Rs. 1,59,567/-) which has been considered on the basis of proforma invoice / actual realisation. However, the Management does not anticipate any loss on this account.

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	For the year ended	
	31st March 2012	31st March 2011
2.18 : OTHER INCOME		
Interest Income		
On Banks Deposits	95	493
Others	617	–
Dividend Income		
On Long term investments	5,010	1,507
On Current investments	9	902
Net gain/(loss) on sale of Investments		
On Long term investments	2,172	–
Other Non Operating Income		
Profit on sale of Fixed Assets	534	1,851
Excess Liabilities and Unclaimed Balances written back	107	–
Provision for doubtful debts of earlier years written back	89	–
Excess Depreciation written back	111	2,268
Insurance and Other Claims (Net)	–	533
Net gain / (loss) on Foreign Currency transactions	–	525
Prior Period Adjustments	–	323
Misc. Income	–	699
	8,744	9,101

	For the year ended	
	31st March 2012	31st March 2011
2.19 : COST OF MATERIALS CONSUMED		
Raw Material Consumed		
Opening Inventories	198,342	503,339
Add : Purchase	1,449,423	1,534,954
	1,647,765	2,038,293
Less : Closing Inventories	131,820	198,342
	1,515,945	1,839,951
Details of Raw Material Consumed		
Jute	1,515,025	1,835,266
Others	920	4,685
	1,515,945	1,839,951

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	For the year ended	
	31st March 2012	31st March 2011
2.20 : (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Finished Goods	115,470	75,386
Work-in-Progress	28,605	18,192
	144,075	93,578
Inventories at the end of the year		
Finished Goods	85,347	115,470
Work-in-Progress	23,865	28,605
	109,212	144,075
	34,863	(50,497)
	For the year ended	
	31st March 2012	31st March 2011
2.21 : EMPLOYEES BENEFIT EXPENSES		
Salaries & Wages	461,485	440,495
Contribution to Provident and Other Funds	62,011	57,445
Contribution to Gratuity Fund	52,022	41,002
Staff Welfare Expenses	6,363	6,367
Labour Charges (Manufacturing & Processing Exp)	58,527	44,813
	640,408	590,122
	For the year ended	
	31st March 2012	31st March 2011
2.22 : FINANCE COST		
Interest Expenses		
To Banks on Term Loans	629	–
" Banks On Working Capital Loans	1,957	13,214
" Bill Discounting Charges / Retirement of Bills	14,546	11,456
" Others	120	–
	17,252	24,670
Other Borrowing Cost		
Financial Charges	3,230	4,596
	20,482	29,266

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	For the year ended	
	31st March 2012	31st March 2011
2.23 : OTHER EXPENSES		
MANUFACTURING EXPENSES		
Stores, Spare Parts & Packing Materials Consumed	127,700	140,381
Power & Fuel	152,296	128,521
Repairs to Buildings	17,647	13,148
Repairs to Machinery	13,500	18,535
Repairs to Other Assets	8,953	10,599
Increase/(Decrease) in Cess on Stocks	(290)	322
	319,806	311,506
ADMINISTRATION AND SELLING EXPENSES		
Brokerage & Commission on Sales	6,109	9,915
Transport & Forwarding Expenses	128,037	154,615
Rent	2,857	3,590
Insurance	9,581	9,231
Rates & Taxes	543	661
Legal & Professional Expenses	3,835	3,435
Travelling Expenses	1,716	1,383
Provision for Other than temporary Diminution of Long Term Investment	1	1
Miscellaneous Expenses	17,393	21,603
Auditors' Remuneration - Statutory Auditors -		
- Audit Fees	331	331
- Issue of Certificates	138	138
Cost Auditors		
- Audit Fees	25	25
Net (Gain)/Loss on Foreign currency transaction and translation	10,131	-
Directors' Fees	407	188
	181,104	205,116
	500,910	516,622

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	For the year ended	
	31st March 2012	31st March 2011
2.24 : DEPRECIATION AND AMORTIZATION EXPENSES		
On Tangible Assets	44,356	35,179
Less : Transferred from Reserve on Revaluation	8,219	8,218
	36,137	26,961

	For the year ended	
	31st March 2012	31st March 2011
2.25 : TAX EXPENSE		
Current Tax for the year (under MAT u/s 115 JB of The Income Tax Act, 1961)	12,895	57,394
Add : Income Tax paid related to earlier years	96	449
Current Tax	12,991	57,843
Deferred Tax	7,478	14,278
	20,469	72,121

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.26 Contingent Liabilities not provided for in respect of :		
a) Bills Discounted with Banks	1,63,567	1,71,078
b) Other Disputed Claims (ESI) (Adv. paid Rs. 1,873, Previous Year Rs. 1,873)	5,691	5,691
c) Excise Duty Demand disputed		
(i) Excise Authority raised the demand on transit loss of Jute Batching Oil from 1964 to 1969. Writ Petition pending before High Court at Kolkata.	43	43
(ii) Excise Authority raised the demand on Jute Webbing as differential duty between specific rate as per classification list and advalorem rate. Matter is pending before Appellate Authority for the year 1986-87 to 1991-92. (Advance paid Rs. 300 previous year Rs. 300)	1,780	1,780
d) i) Disputed demand against Sales Tax for the year 1999-00, 2000-01 and 2004-05 for which the Company has preferred appeal and it is pending before W.B.C.T. (A & R) Board (Adv. paid Rs. 1,120, Pr. Yr. Rs. 1,120)	5,596	5,596
ii) Disputed demand against Sales Tax for the year 2005-06, 2007-08 & 2008-09 for which Appeal is pending before D.C.C.T. (CD).	31,540	17,103
e) Land Revenue (Rent) raised by the office of the B.L & L.R. Officer Uluberia- II, Howrah due to retrospective changes in W.B.Land Reform Act. Matter is pending before W.B.Land Reform Tribunal since 2002-03.	9,238	8,274
f) a) Outstanding Bank Guarantees	32,732	22,502
b) Outstanding Letter of Credit	86,762	39,952
2.27. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Advance given Rs.625 Previous Year Rs.2,180)	20,866	35,767

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

2.28 In accordance with the revised Accounting Standard – 15 i.e. Employee Benefits, the requisite disclosure are as follows :

a) The amount recognized as expense for the Defined Contribution Plans are as under :

	For the year ended 31st March 2012	For the year ended 31st March 2011
i) Employees Provident Fund	1,473	1,081
ii) Employees Pension Scheme	28,729	27,636

b) In respect of Defined Benefits Plans, necessary disclosures are as under :

i) Benefits are of the following types :

- Every employee who has completed continuous five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972.
- Provident Fund (other than government administered) as per the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.

ii) The amounts recognized in the Balance Sheet as at 31st March' 2012 are as follows :

	Gratuity	
	2011-12	2010-11
Present Value of funded obligations	2,17,581	1,72,377
Fair value of Plan Assets	1,28,182	60,000
Liabilities in respect of funded obligation based on actuarial valuation basis	89,399	112,377

The amounts recognized in the statement of Profit and Loss for the year ended 31st March 2012 are as follow :

	2011-12	2010-11
Current service cost	18,471	16,694
Interest cost on obligation	15,598	11,764
Expected Return on plan assets (-)	6,760	-
Expected Return on any reimbursement right recognized as an asset	-	-
Net actuarial losses/(gains) recognized during the year	24,713	12,250
Past service cost	-	-
Losses/(gains) on curtailments and settlements	-	-
Total included in 'Employee Benefit Expenses'	52,022	40,708

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

- iii) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

	2011-12	2010-11
Present value of defined benefit obligation at the beginning of the year	1,72,377	1,41,323
Employer Service Cost (+)	18,471	16,694
Interest Cost (+)	15,598	11,764
Curtailement Cost (+)	-	-
Settlement Cost (+)	-	-
Plan Amendments	-	-
Acquisitions	-	-
Actuarial Gains (-)/ Loss (+)	(+) 24,713	(+)12,250
Benefit Paid/ Liabilities Created(-)	13,578	9,654
Present value of Defined Benefit obligations at the end of the year	2,17,581	1,72,377

- iv) Changes in the fair value of plan assets representing Reconciliation of opening and closing balances thereof are as follows :

Change in Assets	2011-12	2010-11
Fair value of Plan Assets at the beginning of the year	60,000	-
Acquisition adjustments		
Actual return on Plan Assets (+)	6,760	-
Actual Company Contribution (+)	75,000	69,654
Benefit Payments (-)	13,578	9,654
Appreciation / Depreciation of Plan Assets		
Fair Value of Plan Assets at the end of the period	1,28,182	60,000

- v) The major categories of plan assets as a percentage of total plan assets are as follows :

	2011-12	2010-11
Qualifying insurance policy	100%	100%

- vi) Principal actuarial assumptions at the balance sheet date are as follows :

	2011-12	2010-11
1. Mortality	: LIC (1994-96), ultimate table	LIC (1994-96), ultimate table
2. Morbidity	: No Explicit Allowance	No Explicit Allowance
3. Withdrawal	: 2% to 1%, depending on the age and length of service	2% to 1%, depending on the age and length of service

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

4	Discount Rate	:	8% p.a. being consistent with the yield on Long Term Govt. Bond		7.5% p.a. being consistent with the yield on Long Term Govt. Bond
5	Salary Increase	:	6 % p.a.		5% p.a.
6	Normal Age of Retirement	:	58 Years		58 Years

vii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

viii) In respect of provident funds for eligible employees maintained by a trust, in the nature of defined benefits plan, upto date shortfall, if any, as per actuarial valuation, in respect of contribution towards such fund is yet to be identified. However, contribution to those provident fund amounting to Rs. 7,890 (previous year Rs. 7,450) is recognized as expense and included in "Employees Benefit Expenses". Shortfall of Rs. NIL (Previous Year Rs. 9,563) in the contribution to such provident fund has been provided to the extent of the information available with the Company.

2.29 Raw materials, Stores & Spares Parts consumed include profit and/or loss on sale and excess/short found on physical verification.

2.30 The amount of borrowing cost capitalized during the year is Rs. Nil (previous year Nil).

2.31 a) Outstanding forward exchange contracts booked for the purpose of hedging Receivables/orders are USD 2964 and EURO 40 (Previous year USD NIL and EURO Nil)

b) Unhedged foreign currency payables are USD 10 (Previous Year USD 40).

c) The marked to market loss amounting to Rs. 245 has been accounted for. However, marked to market gain amounting to Rs. 2,275 (Previous Year – Rs. 361) on Forward Exchange Contracts for firm commitments and highly probable forecast transaction has not been accounted for.

2.32 The Company has not received any memorandum as required to be filed by the suppliers with the notified authority under Micro, Small and Medium enterprises development Act, 2006 for claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to such parties during the year is Rs. NIL. (Previous Year Rs. Nil).

2.33 Balance with Government authorities include Rs. NIL (Previous Year - Rs. 650) being cash seized and lying with Income Tax Department since 2002-03. The matter was pending before Commissioner (C.I.T. Central – I)

2.34 As Company's business activities fall within a single primary business segment viz. Jute Goods, the disclosure requirements of Accounting Standard – AS-17' Segment Reporting issued by The Institute of Chartered Accountants of India are not applicable in respect of business segment. However, the geographical segments considered for disclosures on the basis of sales are as under :

	2011-12	2010-11
Within India	18,34,978	17,89,511
Outside India	9,65,612	13,32,536
Total	28,00,590	31,22,047

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

2.35 Consumption of Raw Materials, Spares and Components :

	Raw Materials				Spares & Components			
	For the year ended 31st March 2012		For the year ended 31st March 2011		For the year ended 31st March 2012		For the year ended 31st March 2011	
	Total (Rs.)	(In %)	Total (Rs.)	(In %)	Total (Rs.)	(In %)	Total (Rs.)	(In %)
Imported	4,08,176	26.93	4,93,698	26.83	1,625	2.90	1,266	2.01
Indigenous	11,07,769	73.07	13,46,253	73.17	54,456	97.10	61,861	97.99
	15,15,945	100.00	18,39,951	100.00	56,081	100.00	63,127	100.00

	For the year ended 31st March 2012	For the year ended 31st March 2011
2.36 Expenditure in Foreign Currencies (paid / provided)		
Travelling	309	215
Commission	3,661	4,739
Spares/Machinery purchased	21,314	1,810
2.37 C.I.F. Value of Imports : Raw Materials	3,09,918	4,01,618
2.38 Earnings in Foreign Currency : F.O.B. Value of Exports	9,10,301	12,62,324

2.39 Related Party Disclosures

Related Party disclosures as required by AS-18 are given below :

A. Relationships

1) Subsidiary

- a) Ludlow Exports Ltd.
- b) Sijberia Industries Ltd.

2) Key Managerial Personnel

- a) Sri S.S.Kanoria (Executive Chairman)
- b) Sri D.K.Bubna (Executive Director cum Company Secretary, ceased to be a director w.e.f. 01st October' 2011)
- c) Sri J.P.Sonthalia (Managing Director, Joined w.e.f. 17th August' 2011)
- d) Sri B.M.Thakkar (Resident Director)

NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

- B. The following transactions were carried out with the related parties in the ordinary course of business :

	2011-12		2010-11	
	A (1)	A (2)	A (1)	A (2)
a) Sales of goods	-	-	-	-
b) Guarantees given	-	-	-	-
c) Advance Repaid	-	-	-	-
d) Investment	8,887	-	2,500	-
e) Remuneration, Perquisites & Others	-	12,434	-	10,244
f) Director's Commission	-	-	-	8,662
g) Balance outstanding at the year end				
Advance given	-	-	-	-
Creditors	2,446	-	2,197	-
h) Purchase of Services	905	-	-	-
i) Purchase of Shares	-	8,865	-	-

2.40. Figures of less than Rs 1000 have been shown at actuals in brackets in Notes to Account No 2.10 and 2.11.

2.41. Figures of the Previous year have been regrouped/rearranged wherever considered necessary.

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

9th May, 2012

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF LUDLOW JUTE & SPECIALITIES LIMITED (FORMERLY AEKTA LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LUDLOW JUTE & SPECIALITIES LIMITED (FORMERLY AEKTA LIMITED) AND ITS SUBSIDIARIES

1. We have examined the attached consolidated Balance Sheet of **LUDLOW JUTE & SPECIALITIES LIMITED** (formerly Aekta Limited) and its subsidiaries as at 31st March, 2012, the consolidated Statement of Profit & Loss and also the consolidated Cash Flow Statement of the said Company for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.219.30 lacs as at 31st March, 2012, total revenues of Rs. 40.35 lacs and total cash flows of Rs. 139.00 lacs for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such subsidiary, is based solely on the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21 "Consolidated Financial Statements" on the basis of the separate audited financial statements of Ludlow Jute & Specialities Limited (formerly Aekta Limited) and its subsidiaries included in the Consolidated Financial Statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on audited financial statements of Ludlow Jute & Specialities Limited (formerly Aekta Limited) and its aforesaid subsidiaries the said accounts read with the accounting policies in Note No "1" and other Notes to Account give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view :
 - i) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of Ludlow Jute & Specialities Limited (formerly Aekta Limited) and its subsidiaries as at 31st March, 2012.
 - ii) In the case of the consolidated statement of Profit & Loss, of the consolidated results of operations of Ludlow Jute & Specialities Limited (formerly Aekta Limited) and its subsidiaries for the year ended on that date; and
 - iii) In the case of the consolidated Cash Flow Statement, of the consolidated Cash Flows of Ludlow Jute & Specialities Limited (formerly Aekta Limited) and its subsidiaries for the year ended on that date.

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street
Kolkata - 700 001
9th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in '000)

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	2.1	107,977		107,977	
Reserves and Surplus	2.2	275,702	383,679	258,234	366,211
MINORITY INTEREST	2.3		8,360		-
NON-CURRENT LIABILITIES					
Long-Term Borrowings	2.4	8,953		-	
Deferred Tax Liabilities (Net)	2.5	9,755		1,874	
Other Long-Term Liabilities	2.6	300		498	
Long-Term Provisions	2.7	9,821	28,829	7,525	9,897
CURRENT LIABILITIES					
Short-Term Borrowings	2.8	-		105,697	
Trade Payables	2.9	237,322		323,344	
Other Current Liabilities	2.10	30,555		24,191	
Short-Term Provisions	2.7	125,446	393,323	146,772	600,004
TOTAL			814,191		976,112
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets					
Tangible Assets	2.11	350,606		349,245	
Intangible Assets	2.11	(1)		(1)	
Capital Work-In-Progress		10,492		9,365	
		361,098		358,610	
Non-Current Investments		173		23,007	
Long-Term Loans and Advances	2.12	882		2,448	
Other Non-Current Assets	2.13	-	362,153	-	384,065
CURRENT ASSETS					
Current Investments		141		132	
Inventories	2.14	262,280		364,821	
Trade Receivables	2.15	78,070		102,899	
Cash and Bank Balances	2.16	49,557		25,340	
Short-Term Loans and Advances	2.12	28,658		38,169	
Other Current Assets	2.13	33,332	452,038	60,686	592,047
TOTAL			814,191		976,112
Significant Accounting Policies	1				

The Accompanying Notes are an integral part of the Financial Statements.

As per our Report annexed

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

9th May, 2012

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

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

(Rs. in '000)

	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
INCOME			
Revenue from Operations (Gross)	2.17	2,836,751	3,191,798
Less : Jute Manufacturing Cess		27,230	31,010
Revenue from Operations (Net)		2,809,521	3,160,788
Other Income	2.18	9,329	9,144
Total Revenue		2,818,850	3,169,932
EXPENSES			
Cost of Materials Consumed (Increase) / Decrease in Inventories of Finished Goods and Work-in-Progress	2.19	1,515,945	1,839,951
Employee Benefits Expense	2.20	34,863	(50,497)
Finance Costs	2.21	640,551	590,122
Other Expenses	2.22	20,482	29,266
	2.23	500,185	516,637
		2,712,026	2,925,479
Profit before Tax, Depreciation and Amortisation		106,824	244,453
Depreciation and Amortization Expense	2.24	36,273	26,961
Profit before Tax		70,551	217,492
Tax Expense	2.25		
Current Tax		13,151	57,849
Deferred Tax		7,444	14,278
Profit for the year		49,956	145,365
Minority Interest		440	—
Profit/(Loss) for the period		49,516	145,365
Earnings Per Share [nominal value Rs. 10 /-]			
Weighted Average Number of Ordinary Shares outstanding during the year		10,773,120	10,773,120
Basic and Diluted earning per share		4.60	13.49
Significant Accounting Policies	1		

The Accompanying Notes are an integral part of the Financial Statements.

As per our Report annexed

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

9th May, 2012

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

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

(Rs. in '000)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Cash Flow from Operating Activities :		
Profit before Tax	70,551	217,492
Adjustments for :		
Depreciation & Amortisation	36,273	26,961
Provision for Diminution in long term Investment	1	–
(Profit)/Loss on Sale of Fixed Assets (Net)	(534)	(1,851)
(Profit)/Loss on Sale of Investment (Net)	(2,654)	–
Interest received from Banks	(762)	(493)
Finance Costs	20,482	29,266
Provision for doubtful debts written back	(89)	–
Excess Liabilities and unclaimed balances written back	(129)	–
Excess Depreciation written back	(111)	(2,268)
Dividend received on Non Current Investments	(5,010)	(1,507)
Dividend received on Current Investments	(9)	(902)
Unrealised Loss / (Gain) on Foreign Exchange	32	26
Sundry Balances W/off	–	1,492
Provision for Gratuity & Leave	(21,452)	31,998
Provision for Revenue Tax	–	190
	96,589	300,404
Operating Profit before Working Capital changes		
Adjustments for :		
(Increase)/ Decrease in Trade & Other Receivables	50,104	(83,493)
(Increase)/ Decrease in Inventories	102,541	256,708
Increase/ (Decrease) in Trade Payables & Other Liabilities	(81,006)	(176,778)
Cash generated from operations	168,228	296,841
Direct Taxes (Paid)/Refund	9,209	(60,341)
Net Cash from Operating Activities	177,437	236,500
Cash Flow from Investing Activities :		
Purchase of Tangible & Intangible Assets including CWIP	(47,160)	(56,489)
Sale of Tangible Assets	2,434	2,490
(Purchase)/Sale of Investments (Net)	28,591	(121)
Capital Subsidy	2,486	20,685
Interest received from Banks	762	493
Dividend received on Non Current Investments	5,010	1,507
Dividend received on Current Investments	9	902
Net Cash used in Investing Activities	(7,868)	(30,533)

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

(Rs. in '000)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Cash Flow from Financing Activities		
(Repayments)/Proceeds from Borrowings	(96,744)	(164,529)
Finance Costs	(20,362)	(29,266)
Dividend Paid	(25,895)	(15,532)
Corporate Dividend tax paid	(4,369)	(2,684)
Net Cash used in Financing Activities	(147,370)	(212,011)
Net Increase in Cash and Cash Equivalents	22,199	(6,044)
Cash and Cash Equivalents (Opening Balance) (including of subsidiary on the date of acquisition)	27,358	31,384
Cash and Cash Equivalents (Closing Balance)	49,557	25,340
Cash and Bank Balances consist of the following :		
Balances With Banks :		
In Current Account	29,714	21,230
In EEFC Account	–	335
Cash on hand (Incl'd Stamps) (As certified by the Management)	1,554	1,493
	31,268	23,058
Other Bank Balances		
In Unpaid Dividend Account	2,551	1,513
Balances with Bank held as margin money / security	738	769
Fixed Deposit with Banks with original maturity of more than three months but less than twelve months	15,000	–
	18,289	2,282
	49,557	25,340
Significant Accounting Policies	1	

Notes :

- The Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard-3 "Cash Flow Statement", as notified by the Companies (Accounting Standard) Rules, 2006.
- Figures have been regrouped/rearranged wherever considered necessary.

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E
M. L. SHUKLA
Partner
Membership No. 051505
1B, Old Post Office Street
Kolkata - 700 001
9th May, 2012

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

1. SIGNIFICANT ACCOUNTING POLICIES**A. Principles Of Consolidation**

The Consolidation of Financial statements (CFS) relate to Ludlow Jute & Specialities Limited (Formerly Aekta Limited), and its Subsidiaries. The CFS have been prepared in accordance with the generally accepted accounting principles and Accounting Standards issued by "The Institute of Chartered Accountants of India" and are prepared on the following basis:

- a) The financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter-group balances and inter-group transactions including unrealized profits/ losses in period end assets, such as inventories, fixed assets etc. The difference between the Company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Minority Interest's share in net profit/ loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration:
 - i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
 - ii) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.
 - iii) The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
 - iv) The excess of loss over the minority interest in the equity is adjusted against General Reserve of the Company.
- b) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

The subsidiary companies considered in the consolidated financial statements are :

Sl.No.	Name of the Company	Country of Incorporation	% of Holding
1.	Ludlow Exports Limited	India	100.00
2.	Sijberia Industries Limited	India	53.91

B. Basis of Accounting

The Financial Statements are prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

The financial statements has been prepared and presented as per the requirement of revised Schedule VI as notified under Companies Act 1956 with effect from current year. The adoption of revised schedule VI does not have any impact on recognition and measurement principles as followed by the company.

C. Use of Estimates

The preparation of financial statements require judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized

D. Tangible Assets & Capital work in Progress

Fixed Assets other than those which have been revalued, are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses. In respect of qualifying assets, related pre-operational expenses including borrowing cost are also capitalised and included in the cost. Revalued assets are stated at the values determined on revaluation.

Capital Work in Progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

E. Intangible Assets

Intangible assets are recognized only when future economic benefit attributable to 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.

F. Depreciation and Amortisation

- a) Depreciation on Fixed Assets has been provided on straight-line method at the Rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 (as amended). Depreciation on revalued amount of fixed assets is adjusted by transferring the equivalent amount from Revaluation Reserve Account.
- b) Intangible assets are amortised over their estimated useful life.
- c) All the assets costing Rs.5 or less are fully depreciated in the year of acquisition.

G. Impairment

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior years is adjusted when there is an indication that the Impairment losses recognized for the asset no longer exist or have decreased.

H. Investments

Long Term Investments are stated at Cost. Provision for diminution in value is made if the decline

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

in value is other than temporary in the opinion of the management. Current Investments are stated at lower of cost and fair value.

I. Inventories**Basis of Valuation :**

- Stores, Spare Parts & Packing Materials : At Cost, based on weighted average method.
- Raw Materials : At Cost based on weighted average method or Net realizable value whichever is lower.
- Work-in-progress : At Cost based on weighted average method or Net realizable value whichever is lower.
- Finished Goods : At Cost based on standard cost duly adjusting the variance or net realisable value, whichever is lower.

J. Foreign Currency Transactions

- i) Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.
- ii) In respect of transactions covered by Forward Exchange contract (except for firm commitments and highly probable forecast transactions), the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Exchange differences between rate at the inception of such contracts and rate on the reporting date are recognized as income or expenses for the period.
- iii) Outstanding forward contract for firm commitment and highly probable forecast transactions and derivative contracts, other than those stated, above are marked to market and the resulting loss, if any, is charged to the Profit & Loss Account. Gain, if any, on such marking to market is not recognized as a prudent accounting policy.

K. Recognition of Income and Expenditure

- a) All Income and Expenditure are accounted for on accrual basis except as otherwise stated.
- b) Sales are inclusive of transport & delivery charges realised less excise duty, cess, rebates & claims, sales returns and discounts etc, if any.
- c) Export benefit entitlements to the Company under the EXIM/Foreign Trade Policy are recognised in the year of exports on accrual basis.

L. Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised. Other borrowing costs are recognized as expenses in the year in which they are incurred.

M. Employee benefits

- i) Employee benefits of short term nature are recognized as expense as and when it accrues.
- ii) Employee benefits of long term nature are recognized as expenses based on actuarial valuation.
- iii) Post employment benefits :
 - a) In the nature of Defined Contribution Plans are recognized as expenses as and when it accrues.
 - b) In the nature of Defined Benefit Plans in respect of employees on roll are recognized as expenses based on actuarial valuation.
- iv) Actuarial gains and losses are recognized immediately in the Profit and Loss account as income and expense.

N. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the Provisions of the Income Tax Act 1961. Deferred tax liabilities and assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in the year and are capable of reversal in one or more subsequent years.

O. Government Grants

Grants from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Grants received from Government Agencies against specific fixed assets are adjusted to the cost of the assets and Capital Grants for Project Capital Subsidy are credited to Capital Reserve. Revenue grants are recognized as other income or reduced from respective expenses.

P. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized where reliable estimate can be made for probable outflow of resources to settle the present obligation as a result of past event and the same is reviewed at each Balance Sheet date. Contingent liabilities are generally not provided for in the accounts and are shown separately in Notes on Accounts. Contingent assets are neither recognized nor disclosed in financial statement.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.1 : SHARE CAPITAL		
Authorised		
1,49,90,000 (PY - 1,49,90,000) Equity Shares of Rs. 10/- each	149,900	149,900
1,000 (PY - 1,000) Redeemable Preference Shares of Rs. 100/- each	100	100
	150,000	150,000
Issued		
1,07,73,120 (PY - 1,07,73,120) Equity Shares of Rs. 10/- each	107,731	107,731
Subscribed and Paid-up		
1,07,73,120 (PY - 1,07,73,120) Equity Shares of Rs. 10/- each fully paid-up	107,731	107,731
Add : Forfeited Equity Shares (Amount originally paid-up)	246	246
	107,977	107,977

- a) There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period.
- b) The Company has only one class of issued shares i.e. Equity Shares having par value of Rs.10 per share. Each holder of Equity Shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. 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.
- c) R.V. Investment & Dealers Limited is the Holding Company of Ludlow Jute and Specialities Limited.
- d) Details of shareholders holding more than 5% shares in the Company :

Equity Shares of Rs 10 each fully paid

	No. of Shares	
R V Investment & Dealers Ltd. (%age of Holding, CY - 54.854, PY - 49.893)	5,909,454	5,375,000
Charaiveti Vyapaar Private Limited (%age of Holding, CY - Nil, PY - 9.783)	-	1,053,922

- e) No Equity Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.
- f) No shares have been allotted or has been bought back by the Company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.
- g) No securities which are convertible into Equity/Preference shares have been issued by the Company during the year.
- h) No calls are unpaid by any directors or officers of the Company during the year.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.2 : RESERVES AND SURPLUS		
Capital Reserves		
As per the last Financial Statements	1,054	1,054
Add : Addition During the year	377	–
	1,431	1,054
Capital Redemption Reserves		
Add : Addition During the year	836	–
Security Premium		
As per the last Financial Statements	58,595	58,595
Revaluation Reserve		
As per the last Financial Statements	31,628	39,846
Less : Adjustments in respect of sales/discard of Fixed Assets	–	–
	31,628	39,846
Less : Transfer to the Statement of Profit & Loss being difference of depreciation on revalued cost of assets and on the original cost	8,219	8,218
	23,409	31,628
General Reserve		
As per the last Financial Statements	16,204	1,670
Add : Transferred from Surplus	3,675	14,534
	19,879	16,204
Surplus		
As per the last Financial Statements	150,753	51,224
Add : Profit for the year	49,516	145,365
	200,269	196,589
Less : Appropriations		
Proposed Dividend	21,546	26,933
Corporate Dividend Tax on Proposed Dividend	3,496	4,369
General Reserve	3,675	14,534
	28,717	45,836
Net Surplus	171,552	150,753
	275,702	258,234

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.3 : MINORITY INTEREST		
In Equity		
Sijberia Industries Limited 4,81,164 (PY - Nil) Equity Shares of Rs. 10/- each held by minority having 46.08% (PY - Nil) interest	4,812	-
In Non Equity		
Sijberia Industries Limited	3,548	-
	8,360	-

	Non-current portion		Current Maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
2.4 : LONG-TERM BORROWINGS				
Term Loans (Secured)				
Rupee Loan from Bank	8,953	-	5,840	-
	8,953	-	5,840	-
Amount disclosed under the head "Other Current Liabilities" (Note 2.10)	-	-	5,840	-
	8,953	-	-	-

- a) Rupee Term Loan from Bank is repayable in 10 semi-annual installment between March' 12 to March' 16 and the primary security against such asset is hypothecation of machineries purchased under the Term Loan.

	As at 31st March, 2012		As at 31st March, 2011	
2.5 : DEFERRED TAX LIABILITIES (NET)				
Deferred Tax Liabilities				
Arising on account of :				
Depreciation		43,010		43,044
Less : Deferred Tax Assets				
Arising on account of :				
Section 43B of Income-tax Act	33,224		40,878	
Others	31	33,255	292	41,170
Deferred Tax Liabilities (Net)		9,755		1,874

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.6 : OTHER LONG TERM LIABILITIES		
Other Liabilities		
Statutory Liability under Litigation	300	498
	300	498

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
2.7 : PROVISIONS				
Provisions for Employee Benefits	9,821	7,525	91,711	115,447
Other Provisions				
- Provisions for Taxation (Net of Payments)	–	–	8,693	23
- Proposed Dividend	–	–	21,546	26,933
- Corporate Dividend Tax	–	–	3,496	4,369
	–	–	33,735	31,325
	9,821	7,525	125,446	146,772

	As at 31st March, 2012	As at 31st March, 2011
2.8 : SHORT TERM BORROWINGS		
Working Capital Borrowings		
From Banks		
Rupee Loan from Banks (Secured)	–	56,625
Packing Credit from Banks in Rupees (Secured)	–	49,072
	–	105,697

- a) Working Capital Borrowings from Banks in Rupee is secured against hypothecation of entire stocks.
b) Packing Credit from Banks in Rupees is secured against hypothecation of Stock of materials, semi-finished and finished goods.

2.9 : TRADE PAYABLES		
For Goods and Services	237,322	323,344
	237,322	323,344

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.10 : OTHER CURRENT LIABILITIES		
Current maturities of Long Term Debt (See Note 2.4)	5,840	–
Unpaid and unclaimed dividends	2,551	1,513
Statutory Dues	17,048	17,319
Interest Accrued & Due	120	–
Trade and Security Deposits	1,583	1,283
Advances Received from Customers	2,385	3,715
Others	1,028	361
	30,555	24,191

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

NOTE 2.11 : FIXEX ASSETS

(Rs. in '000)

	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Cost/Value As at 31st March 2011	Additions during the Year	Deductions/ Adjustments during the year	Cost/Value As at 31st March 2012	Upto 31st March 2011	Provided during the year	Deductions/ Adjustments during the year	Depreciation for Addition on Revaluation during the year	Upto 31st March 2012	As at 31st March 2012	As at 31st March 2011
TANGIBLE ASSETS											
Freehold Land	15,416	-	-	15,416	-	-	-	-	-	15,416	13,910
Buildings	161,736	3,336	-	165,072	114,726	1,171	-	4,790	120,687	44,385	45,800
Plant & Machinery	665,353	39,521	4,393 *	700,481	404,190	30,868	141 *	3,429	438,346	262,135	259,562
Furniture & Fittings	3,888	282	-	4,170	3,102	120	-	-	3,222	948	786
Vehicles	44,209	2,311	460	46,060	19,684	3,318	437	-	22,565	23,495	24,525
Office Equipment	12,005	584	-	12,589	7,343	1,019	-	-	8,362	4,227	4,662
Total	902,607	46,034	4,853	943,788	549,045	36,496	578	8,219	593,182	350,606	349,245
INTANGIBLE ASSETS											
Goodwill	(1)	-	-	(1)	-	-	-	-	-	(1)	(1)
Total	(1)	-	-	(1)	-	-	-	-	-	(1)	(1)
Grand Total :	902,607	46,034	4,853	943,788	549,045	36,496	578	8,219	593,182	350,606	349,245
Previous Year :	841,374	68,649	30,013	880,010	506,541	26,960	10,954	8,218	530,765	349,245	

Note :

a) Fixed Assets of the Company excluding minor items, were revalued by an external Independent Valuer on 31st March, 1992 which resulted in increase of Fixed Assets Value by Rs. 3,00,476/- on Net Current Replacement Basis. This increase had been transferred to Revaluation Reserve Account. After adjustment in respect of Fixed Assets sold/ discarded and Depreciation Provided, the Revaluation Reserve now stands at Rs. 23,409/- as on 31.03.2012 (PY - 31,628/-).

b) * The company has received subsidy during the year on Plant & Machinery capitalised during the last year amounting to Rs. 2,486/-. Consequently depreciation charged in the last year on such assets amounting to Rs. 111/- has been written back.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
2.12 : LOANS & ADVANCES				
Capital Advances				
Unsecured, considered good	625	2,180	–	–
	625	2,180	–	–
Security Deposits				
Unsecured, considered good	257	268	–	–
	257	268	–	–
Other Loans and Advances (Unsecured, Considered good)				
Advance Tax and TDS (Net of provisions)	–	–	3,430	10,298
Income Tax Refund Receivable	–	–	–	6,822
Advance against supply of Goods and Services	–	–	7,065	4,202
Prepaid Expenses	–	–	8,725	7,122
Advance to Employees	–	–	4,770	4,418
Balances with Government & Statutory Authorities	–	–	4,668	5,307
	–	–	28,658	38,169
	882	2,448	28,658	38,169

	Non-Current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
2.13 : OTHER ASSETS				
Insurance Claim Receivable	–	–	20,705	28,662
DEPB Licence Receivable	–	–	2,891	31,052
Duty Draw Back Receivable	–	–	9,703	970
Others	–	–	33	2
	–	–	33,332	60,686

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.14 : INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Materials (including in transit CY - Nil, PY - Nil)	131,820	198,342
Work in Progress (including in transit CY - Nil, PY - Nil)	23,865	28,605
Finished Goods (including in transit CY - Nil, PY - Nil)	85,347	115,470
Stores and Spares etc (including in transit CY - Nil, PY - Nil)	21,248	22,404
	262,280	364,821

	Finished Goods		Work-in-Progress	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Details of Inventories :				
Jute	85,347	115,470	23,865	28,605
	85,347	115,470	23,865	28,605

	Non-Current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
2.15 : TRADE RECEIVABLES				
Outstanding for a period exceeding six months				
Unsecured, considered good	-	-	6,370	7,662
Doubtful	-	-	-	89
	-	-	6,370	7,751
Provision for doubtful receivables	-	-	-	89
	-	-	6,370	7,662
Other Receivables				
Unsecured, considered good	-	-	71,700	95,237
	-	-	78,070	102,899

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.16 : CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances With Banks :		
In Current Account	29,714	21,230
In EEFC Account	–	335
Cash on hand (Incl'd Stamps) (As certified by the Management)	1,554	1,493
	31,268	23,058
Other Bank Balances		
In Unpaid Dividend Account	2,551	1,513
Balances with Bank held as margin money/security Fixed Deposit with Banks with original maturity of more than three months but less than twelve monts	738	769
	15,000	–
	18,289	2,282
	49,557	25,340

	For the year ended	
	31st March 2012	31st March 2011
2.17 : REVENUE FROM OPERATIONS (GROSS)		
Sale of Products (including Export Sales of Rs 9,65,612/-, Pr. Yr. Rs. 13,32,536/-)	2,800,590	3,122,047
	2,800,590	3,122,047
Other Operating Revenues		
Export Benefits	30,170	47,678
Miscellaneous Sale	4,351	4,908
Insurance and Other Claims (Net)	1,640	17,165
	36,161	69,751
	2,836,751	3,191,798
Details of Sale of Products		
Jute Goods	2,800,590	3,122,047
	2,800,590	3,122,047

Sales include Rs. 2,71,486/- on account of goods sent on consignment (Previous year Rs. 1,59,567/-) which has been considered on the basis of proforma invoice / actual realisation. However, the Management does not anticipate any loss on this account.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	For the year ended	
	31st March 2012	31st March 2011
2.18 : OTHER INCOME		
Interest Income		
On Banks Deposits	145	493
Others	617	–
Dividend Income		
On Long term investments	5,010	1,507
On Current investments	9	902
Net gain/ (loss) on sale of Investments		
On Long term investments	2,654	–
Other Non Operating Income		
Profit on sale of Fixed Assets	534	1,851
Excess Liabilities and Unclaimed Balances written back	129	–
Provision for doubtful debts of earlier years written back	89	–
Excess Depreciation written back	111	2,268
Insurance and Other Claims (Net)	–	533
Net gain / (loss) on Foreign Currency transactions	–	525
Prior Period Adjustments	–	323
Misc. Income	31	742
	9,329	9,144

	For the year ended	
	31st March 2012	31st March 2011
2.19 : COST OF MATERIALS CONSUMED		
Raw Material Consumed		
Opening Inventories	198,342	503,339
Add : Purchase	1,449,423	1,534,954
	1,647,765	2,038,293
Less : Closing Inventories	131,820	198,342
	1,515,945	1,839,951
Details of Raw Material Consumed		
Jute	1,515,025	1,835,266
Others	920	4,685
	1,515,945	1,839,951

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	For the year ended	
	31st March 2012	31st March 2011
2.20 : (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS,WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Finished Goods	115,470	75,386
Work-in-Progress	28,605	18,192
	144,075	93,578
Inventories at the end of the year		
Finished Goods	85,347	115,470
Work-in-Progress	23,865	28,605
	109,212	144,075
	34,863	(50,497)
	For the year ended	
	31st March 2012	31st March 2011
2.21 : EMPLOYEES BENEFIT EXPENSES		
Salaries & Wages	461,628	440,495
Contribution to Provident and Other Funds	62,011	57,445
Contribution to Gratuity Fund	52,022	41,002
Staff Welfare Expenses	6,363	6,367
Labour Charges (Manufacturing & Processing Exp)	58,527	44,813
	640,551	590,122
	For the year ended	
	31st March 2012	31st March 2011
2.22 : FINANCE COST		
Interest Expenses		
To Banks on Term Loans	629	–
" Banks On Working Capital Loans	1,957	13,214
" Bill Discounting Charges / Retirement of Bills	14,546	11,456
" Others	120	–
	17,252	24,670
Other Borrowing Cost		
Financial Charges	3,230	4,596
	20,482	29,266

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	For the year ended	
	31st March 2012	31st March 2011
2.23 : OTHER EXPENSES		
MANUFACTURING EXPENSES		
Stores, Spare Parts & Packing Materials Consumed	127,700	140,381
Power & Fuel	152,296	128,521
Repairs to Buildings	17,677	13,148
Repairs to Machinery	13,500	18,535
Repairs to Other Assets	8,953	10,599
Increase/(Decrease) in Cess on Stocks	(289)	322
	319,837	311,506
ADMINISTRATION AND SELLING EXPENSES		
Brokerage & Commission on Sales	6,109	9,915
Transport & Forwarding Expenses	128,037	154,615
Rent	1,952	3,590
Insurance	9,581	9,231
Rates & Taxes	551	665
Legal & Professional Expenses	3,875	3,435
Travelling Expenses	1,717	1,383
Provision for Other than temporary Diminution of Long Term Investment	1	1
Miscellaneous Expenses	17,473	21,608
Auditors' Remuneration - Statutory Auditors -		
Audit Fees	340	337
Issue of Certificates	138	138
Cost Auditors -		
Audit Fees	25	25
Net (Gain)/Loss on Foreign currency transaction and translation	10,131	-
Directors' Fees	418	188
	180,348	205,131
	500,185	516,637

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	For the year ended	
	31st March 2012	31st March 2011
2.24 : DEPRECIATION AND AMORTIZATION EXPENSES		
On Tangible Assets	44,492	35,179
Less : Transferred from Reserve on Revaluation	8,219	8,218
	36,273	26,961

	For the year ended	
	31st March 2012	31st March 2011
2.25 : TAX EXPENSE		
Current Tax for the year (under MAT u/s 115 JB of The Income Tax Act, 1961)	13,055	57,400
Add : Income Tax paid related to earlier years	96	449
Current Tax	13,151	57,849
Deferred Tax	7,444	14,278
	20,595	72,127

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

	As at 31st March, 2012	As at 31st March, 2011
2.26 Contingent Liabilities not provided for in respect of:		
a) Bills Discounted with Banks	1,63,567	1,71,078
b) Other Disputed Claims (ESI) (Adv. paid Rs. 1,873, Previous Year Rs. 1,873)	5,691	5,691
c) Excise Duty Demand disputed		
(i) Excise Authority raised the demand on transit loss of Jute Batching Oil from 1964 to 1969. Writ Petition pending before High Court at Kolkata.	43	43
(ii) Excise Authority raised the demand on Jute Webbing as differential duty between specific rate as per classification list and advalorem rate. Matter is pending before Appellate Authority for the year 1986-87 to 1991-92. (Advance paid Rs. 300, previous year Rs. 300)	1,780	1,780
d) i) Disputed demand against Sales Tax for the year 1999-00, 2000-01 and 2004-05 for which the Company has preferred appeal and it is pending before W.B.C.T. (A & R) Board (Adv. paid Rs. 1,120, Pr. Yr. Rs. 1,120)	5,596	5,596
ii) Disputed demand against Sales Tax for the year 2005-06, 2007-08 & 2008-09 for which Appeal is pending before D.C.C.T. (CD).	31,540	17,103
e) Land Revenue (Rent) raised by the office of the B.L & L.R. Officer Uluberia- II, Howrah due to retrospective changes in W.B. Land Reform Act. Matter is pending before W.B. Land Reform Tribunal since 2002-03.	9,238	8,274
f) a) Outstanding Bank Guarantees	32,732	22,502
b) Outstanding Letter of Credit	86,762	39,952
2.27. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Advance given Rs. 625 Previous Year Rs. 2,180)	20,866	35,767

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

2.28. In accordance with the revised Accounting Standard - 15 i.e. Employee Benefits, the requisite disclosure are as follows :

- a) The amount recognized as expense for the Defined Contribution Plans are as under :

	For the year ended 31st March 2012	For the year ended 31st March 2011
i) Employees Provident Fund	1,473	1,081
ii) Employees Pension Scheme	28,729	27,636

- b) In respect of Defined Benefits Plans, necessary disclosures are as under :

- i) Benefits are of the following types :
- Every employee who has completed continuous five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972.
 - Provident Fund (other than government administered) as per the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- ii) The amounts recognized in the Balance Sheet as at 31st March' 2012 are as follows :

	Gratuity	
	2011-12	2010-11
Present Value of funded obligations	2,17,581	1,72,377
Fair value of Plan Assets	1,28,182	60,000
Liabilities in respect of funded obligation based on actuarial valuation basis	89,399	1,12,377

The amounts recognized in the statement of profit and Loss for the year ended 31st March 2012 are as follow :

	2011-12	2010-11
Current service cost	18,471	16,694
Interest cost on obligation	15,598	11,764
Expected Return on plan assets(-)	6,760	-
Expected Return on any reimbursement right recognized as an asset	-	-
Net actuarial losses/(gains) recognized during the year	24,713	12,250
Past service cost	-	-
Losses/(gains) on curtailments and settlements	-	-
Total included in 'Employee Benefit Expenses'	52,022	40,708

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

- iii) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

	2011-12	2010-11
Present value of defined benefit obligation at the beginning of the year	1,72,377	1,41,323
Employer Service Cost (+)	18,471	16,694
Interest Cost (+)	15,598	11,764
Curtailment Cost (+)	-	-
Settlement Cost (+)	-	-
Plan Amendments	-	-
Acquisitions	-	-
Actuarial Gains (-)/ Loss (+)	(+)24,713	(+)12,250
Benefit Paid/ Liabilities Created(-)	13,578	9,654
Present value of Defined Benefit obligations at the end of the year	2,17,581	1,72,377

- iv) Changes in the fair value of plan assets representing Reconciliation of opening and closing balances thereof are as follows :

Change in Assets	2011-12	2010-11
Fair value of Plan Assets at the beginning of the year	60,000	-
Acquisition adjustments	-	-
Actual return on Plan Assets (+)	6,760	-
Actual Company Contribution (+)	75,000	69,654
Benefit Payments (-)	13,578	9,654
Appreciation / Depreciation of Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	1,28,182	60,000

- v) The major categories of plan assets as a percentage of total plan assets are as follows :

	2011-12	2010-11
Qualifying insurance policy	100%	100%

- vi) Principal actuarial assumptions at the balance sheet date are as follows :

	2011-12	2010-11
1. Mortality	: LIC (1994-96), ultimate table	LIC (1994-96), ultimate table
2. Morbidity	: No Explicit Allowance	No Explicit Allowance
3. Withdrawal	: 2% to 1%, depending on the age and length of service	2% to 1%, depending on the age and length of service

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

4. Discount Rate	: 8% p.a.being consistent with the yield on Long Term Govt. Bond	7.5% p.a.being consistent with the yield on Long Term Govt. Bond
5. Salary Increase	: 6 % p.a.	5% p.a.
6. Normal Age of Retirement	: 58 Years	58 Years

- vii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.
- viii) In respect of provident funds for eligible employees maintained by a trust, in the nature of defined benefits plan, upto date shortfall, if any, as per actuarial valuation, in respect of contribution towards such fund is yet to be identified. However, contribution to those provident fund amounting to Rs, 7,890 (previous year Rs.7,450)is recognized as expense and included in "Employees Benefit Expenses". Shortfall of Rs NIL (Previous Year Rs 9,563) in the contribution to such provident fund has been provided to the extent of the information available with the Company.

- 2.29. Raw materials, Stores & Spares Parts consumed include profit and/or loss on sale and excess/short found on physical verification.
- 2.30. The amount of borrowing cost capitalized during the year is Rs. Nil (previous year Nil).
- 2.31 a) Outstanding forward exchange contracts booked for the purpose of hedging Receivables / orders are USD 2,964 and EURO 40 (Previous year USD NIL and EURO Nil)
- b) Unhedged foreign currency payables are USD 10 (Previous Year USD 40).
- c) The marked to market loss amounting to Rs. 245 has been accounted for. However, marked to market gain amounting to Rs. 2,275 (Previous Year - Rs 361) on Forward Exchange Contracts for firm commitments and highly probable forecast transaction has not been accounted for.
- 2.32 The Company has not received any memorandum as required to be filed by the suppliers with the notified authority under Micro, Small and Medium enterprises development Act,2006 for claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to such parties during the year is Rs. NIL. (Previous Year Rs.Nil).
- 2.33 Balance with Government authorities include Rs NIL (Previous Year - Rs. 650) being cash seized and lying with Income Tax Department since 2002-03.The matter was pending before Commissioner (C.I.T. Central-I).
- 2.34 As Company's business activities fall within a single primary business segment viz. Jute Goods, the disclosure requirements of Accounting Standard - AS-17' Segment Reporting issued by The Institute of Chartered Accountants of India are not applicable in respect of business segment. However, the geographical segments considered for disclosures on the basis of sales are as under :

	2011-12	2010-11
Within India	18,34,978	17,89,511
Outside India	9,65,612	13,32,536
Total	28,00,590	31,22,047

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

(Rs. in '000)

2.35 Related Party Disclosures

Related Party disclosures as required by AS-18 are given below :

A. Relationships

1) Subsidiary

- a) Ludlow Exports Ltd.
- b) Sijberia Industries Ltd.

2) Key Managerial Personnel

- a) Sri S.S.Kanoria (Executive Chairman)
- b) Sri D.K.Bubna (Executive Director cum Company Secretary, ceased to be a director w.e.f. 01st October' 2011)
- c) Sri J.P.Sonthalia (Managing Director, Joined w.e.f. 17th August' 2011)
- d) Sri B.M.Thakkar (Resident Director)

B. The following transactions were carried out with the related parties in the ordinary course of business :

	2011-12		2010-11	
	A (1)	A (2)	A (1)	A (2)
a) Sales of goods	-	-	-	-
b) Guarantees given	-	-	-	-
c) Advance Repaid	-	-	-	-
d) Investment	8,887	-	2,500	-
e) Remuneration, Perquisites & Others	-	12,434	-	10,244
f) Director's Commission	-	-	-	8,662
g) Balance outstanding at the year end				
Advance given	-	-	-	-
Creditors	2,446	-	2,197	-
h) Purchase of Services	905	-	-	-
i) Purchase of Shares	-	8,865	-	-

2.36 Figures of less than Rs 1000 have been shown at actuals in brackets in Notes to Account No 2.11.

2.37 Figures of the Previous year have been regrouped/rearranged wherever considered necessary.

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

9th May, 2012

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary



Ludlow Jute & Specialities Limited

Regd. Office : 6, Little Russell Street, Kolkata-700 071

NATIONAL ELECTRONIC CLEARING SERVICES (NECS) MANDATE FORMAT

MCS LIMITED

Unit : Ludlow Jute & Specialities Limited

77/2A, Hazra Road, Kolkata - 700 029

Re : Payment of Dividend Through NECS

I wish to participate in the National Electronic Clearing Services (NECS) introduced by the Reserve Bank of India.

I do not wish to participate in the NECS. However, kindly print the bank particulars given below on the Dividend Warrant being issued to me.

1. Name of the Shareholder(s) : _____

2. Regd. Folio No. : _____

3. Particulars of Bank Account

a. Name of the Bank : _____

b. Name of the Branch : _____

Address : _____

Telephone No. : _____

*c. 9 digit Code Number of the Bank and Branch as appearing on the MICR Cheque issued by the Bank

--	--	--	--	--	--	--	--	--	--

d. Type of the account (Please tick) : Savings Current Cash Credit

e. Ledger and Ledger folio number (if any) of your bank account : _____

f. Account number (as appearing on the cheque book) : _____

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank passbook issued by your bank for verification of the above particulars)

I hereby declare that the particulars given above are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

Date : _____

Signature of the first holder

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

Date :

Signature of the authorised official of the Bank

Delete whichever is not applicable.

* The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.



Ludlow Jute & Specialities Limited

Regd. Office : 6, Little Russell Street, Kolkata-700 071

ATTENDANCE SLIP

33RD ANNUAL GENERAL MEETING - TUESDAY, 7TH AUGUST, 2012 - 3.00 P.M.

Name of shareholder	Folio No. / DP ID & Client ID No.	No. of Shares

I/We certify that I am/We are registered shareholder/s/proxy for the registered shareholder/s of the Company.

I/We hereby record my/our presence at the **33RD ANNUAL GENERAL MEETING** of the Company to be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on **Tuesday, 7th August, 2012.**

Member/s/Proxy Signature

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE HALL.

----- (TEAR HERE) -----



Ludlow Jute & Specialities Limited

Regd. Office : 6, Little Russell Street, Kolkata-700 071

FORM OF PROXY

I/We of
..... being a Member/Members of LUDLOW
JUTE & SPECIALITIES LIMITED, hereby appoint.....
of or failing him
..... of

as my/our proxy to attend and vote for me/us on my/our behalf at the **33RD ANNUAL GENERAL MEETING** of the Company to be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on **Tuesday, 7th August, 2012** at 3.00 P.M. and/or at any adjournment thereof.

Signed this.....day of.....2012.

Folio No./DP ID & Client ID No.

No. of Shares

Signature

Affix a
Revenue
Stamp

- Note :**
1. Please do not fail to put proper revenue stamp and your signature, when sending this form to the Company.
 2. The proxy form must be returned so as to reach the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

