



QUALITY-PLUS KEEPS US AHEAD

**Ludlow Jute & Specialities Limited**

Annual Report 2015-16



## FORWARD LOOKING STATEMENT

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements-written and oral-that we periodically make, contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



This Annual Report is available online at [www.ludlowjute.com](http://www.ludlowjute.com)

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# CORPORATE INFORMATION

Thirty Seventh Annual Report 2015-16

## BOARD OF DIRECTORS

**Mr. R. V. Kanoria**

*Non-Executive Chairman*

**Mr. A. C. Mukherji**

*Independent Director*

**Mr. J. K. Bhagat**

*Independent Director*

**Mr. I. P. Poddar**

*Independent Director*

**Mr. B. Choudhuri**

*Independent Director*

**Mr. L. G. Toolsidass**

*Independent Director*

**Mr. S. Kapur**

*Independent Director*

**Ms. Nayantara Palchoudhuri**

*Independent Director*

**Mr. Ajay Todi**

*Managing Director*

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Ms. Minu Rohila**

## CHIEF FINANCIAL OFFICER

**Mr. R. K. Gupta**

## AUDITORS

**Singhi & Co.**

*Chartered Accountants*

## BANKERS

Central Bank of India

Allahabad Bank

## REGISTRAR & SHARE TRANSFER AGENTS

MCS Share Transfer Agent Limited

12/1/5, Manoharpukur Road

Ground Floor, Kolkata - 700 026

Phone : +91 33 4072 4051 / 52 / 53

Fax : +91 33 4072 4050

Email : mcssta@rediffmail.com

## REGISTERED OFFICE

6, Nandalal Basu Sarani

(Formerly Little Russell Street)

Kolkata - 700 071, West Bengal, India

Phone : +91 33 2283 9081

Fax : +91 33 2283 9078

E-mail : info@ludlowjute.com

## WORKS

P. O. Chengail, Howrah - 711 308

West Bengal, India

Phone : +91 33 2642 8366

Fax : +91 33 2642 8367

न जायते म्रियते वा कदाचि - न्नायं भूत्वा भविता वा न भूयः ।  
अंजो नित्यः शाश्वतोऽयं पुराणो न हन्यते हन्यमाने शरीरे ॥



The soul never takes birth and never dies.  
The soul is unborn eternal, imperishable and timeless



Your memory will live with us forever



January 28, 1928 – March 31, 2016

Sri Shyam Sundar Kanoria embodied the spirit of a modern, enlightened, socially conscious private enterprise.

He propagated good industrial relations and peaceful operations as a basic tenet for a successful business. He always encouraged promotion and use of jute considering its environment friendliness, renewability and biodegradability. He ensured that mills could have better top line and bottom line provided they used their capacity for value addition. He believed that in addition to sacking and hessian, the industry should project the use of jute as a lifestyle product.

His efforts to bring a paradigm shift in the standards of efficiency and ethical values in the jute industry remains Ludlow's guiding principle and perhaps the panacea for the Jute Industry as well.



## Board's Report

Dear Members,

Your Board takes pleasure in presenting its Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2016.

### 1. FINANCIAL SUMMARY

(₹ in crores)

Particulars	2015-16	2014-15
Sales excluding excise duty	351.58	230.20
Profit before Finance Costs and Depreciation	17.64	(4.58)
Less : Finance Costs	3.14	4.26
Gross Profit	14.50	(8.84)
Less: Depreciation and amortisation	5.86	7.13
Profit before Exceptional Items and Tax	8.64	(15.97)
Less/ (Add): Exceptional items	–	9.31
Profit before tax	8.64	(6.66)
Less: Tax expenses	3.00	2.12
Profit for the year	5.64	(4.54)
Add: Balance as per last Financial Statements	16.25	22.21
Adjustment for Depreciation (net of tax)	–	(0.96)
Add: Adjustment for tax of earlier year	–	0.19
Profit available for appropriations	21.89	16.90
Appropriations :		
General Reserve	0.28	–
Proposed Dividend on Equity Shares	1.62	0.54
Corporate Dividend Tax	0.33	0.11
Total	2.23	0.65
<b>Balance carried forward to Balance Sheet</b>	<b>19.66</b>	<b>16.25</b>

### 2. DIVIDEND

The Board of Directors recommends, for consideration of shareholders at the Annual General Meeting, a Dividend @ 15% (₹ 1.50 per share) on Equity Shares of ₹ 10/- each for the year ended 31st March, 2016.

### 3. TRANSFER TO RESERVES

In view of the gains earned by the Company this year, ₹ 28.20 lacs has been transferred to the General Reserve.

### 4. OPERATIONS

During the year under review, the Company's sale was ₹ 355.07 crores (including exports of ₹ 45.93 crores) against sales of ₹ 232.51 crores (including exports of ₹ 44.53 crores) during the previous year. The production was 45372 M.T. against 37195 M.T. during the previous year.

Your Company coped with the challenge posed by the serious dearth of orders in Q1 FY 16 by adopting a proactive approach whereby advance orders booked in Q4 FY15 were serviced in Q1 FY16 at a time when Government orders had dried up. This enabled us to increase production as well as tide over an otherwise difficult situation when several other mills closed down in the period May-July, 2015.

On the export front, yarn exports continue to suffer from competition from Bangladeshi export subsidy supported yarn produced with unregulated, exploited low cost labour. The spurt in raw jute prices in India in Q3 FY16 coupled with the ban on raw jute exports from Bangladesh in November, 2015 further caused an unfavorable situation.

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## Board's Report

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### 5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### i) Industry Structure And Developments

Encouragement of eco-friendly jute packaging via JPM (Jute Packaging Materials) Act, 1987 was continued in the year gone by. However, due to acute shortage of raw jute after a second successive poor crop year, prices of raw jute increased rapidly from December 2015. As a corrective measure, Government of India diverted orders equivalent to 5.5 lac bales of jute sacking to synthetics. The jute industry also responded proactively in FY16 and a lighter 580 gms jute sacking bag was developed to replace the 665 grams bag, thereby conserving raw jute and also substantially reducing the cost of Jute sacks being procured by the Government.

The massive increase in wage costs due to steep increases in Dearness Allowance in FY16 continued to hugely impact the jute Industry.

#### ii) Opportunities

With increasing focus on climate change and growing environmental awareness, natural fibres are finding favour with the consumers world over. Jute is the most sustainable, renewable, biodegradable and eco-friendly natural fibre with a crop cycle of only 120 days and, thus, it provides sustenance as a extra soil-strengthening cash crop for farmers. It is high time that instead of looking at short term material costs, all stakeholders factor in the huge savings from jute resulting from its biodegradability, thereby avoiding the massive ecological problems that lie ahead due to non-biodegradable toxic waste generated out of synthetic sacking.

We are seeing increased exploration of Jute's versatile applications for lifestyle and promotional bags, decoratives, geo-textiles, apparels, composites, upholstery furnishings, and also non-wovens for both technical and non technical purposes.

Greater focus on Jute farming practices like use of certified seeds, row-sowing and mechanised de-weeding would help increase yields thereby enabling reduction in cost of raw jute.

#### iii) Threats/Risks And Concerns

Following are the major areas of risks and concerns:

- a) Dilution of the Jute Packaging Material Act, 1987 remains a primary area of concern and uncertainty; inadequate leverage of the environment-friendly nature of Jute has been a bane for the industry.
- b) Availability of skilled labour due to the rigorous nature of work involved. Uncapped increases in dearness allowance (with a 190% of DA payment liability imposed on the jute industry).
- c) Lack of ground level direct linkage between wages and productivity in real terms in the jute industry due to legacy issues. Ad hoc absenteeism of workmen in jute mills compounds the problem. Existence of multiple trade unions due to which resolution of workers related issues is time consuming and difficult.
- d) As an agricultural product, availability of raw jute depends on the vagaries of nature. Adverse weather conditions may adversely affect raw jute pricing and availability.
- e) Continuous canvassing for Government support is essential. Bangladeshi Govt. supports its local jute industry by providing a 10% export subsidy on Jute goods exports alongwith moratorium on interest payments for investments in jute sector.
- f) Duty-free imports dumped from Bangladesh are causing harm to the Indian Jute Industry while Indian Raw Jute importers have to pay 4% Duty on raw jute imports from Bangladesh.

#### iv) Segment-wise or Product-wise Performance

As the Company's business activities fall within a single primary business segment, the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India stands complied.

#### v) Outlook

The industry has welcomed good governance in the monitoring of government procurement of foodgrain sacking bags which augurs well for the future.



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## Board's Report

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With raw jute prices attaining historically highest levels last year, increased sowing across all jute producing areas in the current crop year has been reported. The Indian Meteorological Department has already predicted a good monsoon in 2016. Given this, the expectation of higher jute production in 2016 brings solace and optimism. We expect record jute production (even beyond 100 lac bales) in case actual weather conditions match MET predictions.

With higher foodgrains production also expected, higher government sacking offtake is expected. Hence, we expect adequate Government sacking orders for jute despite the possibility of diversion of some quantities to synthetics. However, the export markets for India, particularly Jute Yarn, remain highly competitive for reasons stated earlier.

In the Non-Government domestic markets, serious competition is expected due to dumping by the export subsidy aided and low wage cost assisted Bangladeshi Jute Industry. Increased focus on jute diversifications would be the flavor of the year.

### vi) Internal Control System and Their Adequacy

The Company has adequate internal control procedures, which provide reasonable assurance with regard to safeguarding the Company's assets, preventing revenue leakages, promoting operational efficiency by cost control and compliance with various statutory provisions. Audit reports are placed before the Audit Committee on a periodical basis, for review. The Committee actively reviews the adequacy and effectiveness of the internal control systems which are well supplemented by surveillance of Internal Auditors. The Company's Internal Financial Controls have been diligently studied and the required systems are in place.

### vii) Industrial Relations Front

We are happy to inform that industrial relations at your Company remained cordial during the year under review. In addition to various staff welfare schemes, a renewed focus on sanitation and hygiene has been taken up. The Company seriously propagated the importance of the Jute specific PGDJTM course at Calcutta University and we plan to sponsor students for the course as well.

### viii) Cautionary Statement

Statements made in this section of the report are based on the prevailing position in the jute industry and market conditions. Actual results might differ from what we perceive with respect to Company's outlook and performance.

## 6. CORPORATE GOVERNANCE

The Company has complied with the corporate governance requirements under the Companies Act, 2013; and as stipulated under the SEBI (Listing Obligations & Disclosure Requirements), 2015, a separate section on corporate governance along with a certificate from the Statutory Auditors of the Company confirming the compliance, is annexed and forms part of this Report.

## 7. EXTRACT OF THE ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return for the year ended 31st March, 2016 in Form No. MGT 9 is annexed as Annexure II, forming part of this Report.

## 8. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The Company has not given any loan, guarantee or made any investments exceeding sixty per cent of its paid up share capital, free reserve and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more, as prescribed in Section 186 of the Companies Act, 2013.

## 9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

A Related Party Policy has been devised by the Board of Directors for determining the materiality of transactions with related parties and dealings with them. The said policy may be referred to at the website of the Company

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## Board's Report

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[www.ludlowjute.com](http://www.ludlowjute.com). The Audit Committee reviews all related party transactions quarterly. Necessary approval of the Audit Committee and the Board of Directors were taken wherever required.

Further the members may note that the Company has entered into the following related party transactions at arm's length price :

- Property taken on lease from Kirtivardhan Finvest Services Limited.
- Availing of services like maintenance, upkeepment, allied services and facilities, amenities, etc., from Belvedre Gardens Limited.

### 10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act 2013, read with Rule 8 of the Companies (Accounts) Rules 2014, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed as Annexure I, forming part of this Report.

### 11. RISK & MITIGATING STEPS

The Company has identified various risks faced from different areas. As required under the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Board has adopted a Risk Management Policy whereby a proper framework is set up. Appropriate structures are present so that risks are inherently monitored and controlled. A combination of policies and procedures attempts to counter risk as and when they evolve.

The Company has also formed a Risk Management Committee which monitors the risk elements and mitigation procedures at periodical intervals. The constitution and terms of reference are set out in details in the Corporate Governance Report. The risks and its mitigating factors are discussed by the Committee and subsequently placed before the Board.

### 12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The composition and terms of reference of the Corporate Social Responsibility Committee have been furnished in the Corporate Governance Report, forming part of this Report. The said policy may be referred to on the Company's official website [www.ludlowjute.com](http://www.ludlowjute.com).

The Company wishes to inform the members that it is well aware of its social responsibilities. However, CSR in terms of Section 135 of the Companies Act, 2013 was not mandated by the Board in view of impact on the shareholders given the then economic situation of the Company in FY 15 and going into FY 16.

The Board took note that there has been an improvement in the Company's performance, but the jute industry being volatile in nature, the performance stability would be observed. Identification of activities for CSR is in process and is to be studied and presented to the Board.

### 13. VIGIL MECHANISM/WHISTLE BLOWER POLICY

A Vigil Mechanism/Whistle Blower Policy has been formulated by the Company for its Directors and Employees. The policy allows intimation by affected persons in good faith of any concern or misconduct through a written communication. The Audit Committee oversees the Vigil Mechanism for disposal of the complaints. The said policy may be referred to on the Company's website [www.ludlowjute.com](http://www.ludlowjute.com).

### 14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Puja Guin resigned as the Company Secretary of the Company w.e.f. 16th May, 2015 and in her place, Ms. Minu Rohila was appointed as the Company Secretary and Compliance Officer w.e.f. 2nd November, 2015.

None of the Directors of the Company are disqualified for being appointed as a Director, as specified in Section 164(2) of the Companies Act, 2013.

#### I. Declaration from Independent Directors on Annual Basis

The Company has received necessary declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013.





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## Board's Report

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### II. Nomination and Remuneration Policy

The Company follows a policy on nomination and remuneration of Directors and Senior Management Employees. The Nomination and Remuneration Committee reviews the composition and diversity of the Board, keeping in view the requirements of the Companies Act, 2013, and Listing Agreement and recommends to the Board, appointment/re-appointment of eligible personnel including their terms of appointment and remuneration. The Nomination and Remuneration Policy including criteria for determining qualifications, positive attributes and independence of a Director has been formulated. The said policy may be referred to on the Company's website [www.ludlowjute.com](http://www.ludlowjute.com).

The performance of the Board has been evaluated as per the policy laid down in that regard.

### III. Ratio of Remuneration of each Director

Details of Ratio of Remuneration of each Director to the median employee's remuneration is annexed as Annexure IV, forming part of this Report.

## 15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable Accounting Standards had been followed;
- b) That the Directors have selected such accounting policies and applied them consistently and made judgements 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/loss of the Company for that period;
- c) 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors have prepared the accounts for the financial year ended 31st March, 2016, on 'a going concern' basis;
- e) That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- f) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 16. BOARD MEETINGS

The Board of Directors of the Company met four times during the financial year ended 31st March, 2016, at a gap not in exceeding one hundred and twenty days as per Section 173 of the Companies Act, 2013. Details are available in the Corporate Governance Report forming part of this Report.

## 17. AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee have been furnished in the Corporate Governance Report forming part of this Report. There have been no instances where the Board has not accepted the recommendations of the Audit Committee.

## 18. PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration exceeding the limit as prescribed under Section 134 of the Companies Act, 2013.

## 19. FIXED DEPOSIT

Your Company has not accepted any deposits from public in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance and Deposits) Rules, 2014.

## Board's Report

### 20. SUBSIDIARY COMPANIES

During the year no Company became or ceased to be a subsidiary, joint venture or associate of the Company.

The Performance and Financial position of the subsidiaries are as hereunder: (₹ in 000)

Financial Position	Sijberia Industries Ltd.	Ludlow Exports Ltd.
Reporting Currency	INR	INR
Share Capital	10440	2500
Reserves and Surplus	10795	489
Total Assets	21401	3172
Total Liabilities	21401	3172
% of Shareholding	53.91%	100%

Performance	Sijberia Industries Ltd.	Ludlow Exports Ltd.
Turnover	1351	241
Profit before Tax	453	219
Provision for Taxation	151	68
Profit after Tax	302	151
Proposed Dividend	Nil	Nil

### 21. CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. The Audited Consolidated Financial Statements together with Auditors' Report form part of the Annual Report.

### 22. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

No material changes and commitments affecting the Financial Position of the Company have occurred between 31st March, 2016 and the date of Board's Report.

### 23. LISTING WITH STOCK EXCHANGE

Your Company is listed with Bombay Stock Exchange Limited and has paid listing fees for the financial year 2016-17.

### 24. STATUTORY AUDITORS

In the 35th AGM held on 5th September, 2014, M/s Singhi & Co., Chartered Accountants had been appointed as Statutory Auditor of the Company for a period of three years. Ratification of the appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

Further, the report of the Statutory Auditor along with notes to Schedules is enclosed to this Annual Report. The observations made in the Auditors' Report are self explanatory and therefore do not call for any further comments.

### 25. COST AUDITORS

As per directives of the Central Government and in pursuance to the provisions of Section 148 of the Companies Act, 2013 read with Rules framed thereunder, the Company is required to carry out an audit of Cost Accounts maintained by the Company in respect of each financial year. In view of the same, M/s Prasad & Co., Cost Accountants have been appointed as Cost Auditors to conduct the audit of Cost Records of your Company for the financial year 2016-17. The remuneration proposed to be paid to them, recommended for ratification by the Audit Committee, requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing AGM.



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## Board's Report

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### 26. SECRETARIAL AUDIT

In terms of Section 204 of the Act and Rules made thereunder, Mr. B. N. Khandelwal, Practicing Company Secretary has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as Annexure III to this Report. The Report is self explanatory.

### 27. ENVIRONMENT AND SAFETY

Pioneering green business practices is the buzzword today. Your Company firmly believes in environment protection and conservation of natural resources to the extent possible. We have taken initiative to produce eco-friendly product while complying with environment and pollution standards. Safety, in all aspects of manufacturing, is given full attention by the Company.

The Company has also obtained certification under ISO 14001:2004 for its Environmental Management Systems.

### 28. APPRECIATION

Your Directors wish to place on record their appreciation for the commitment and contributions made by the employees. We would like to express our sincere gratitude to the Banks, Government Authorities, Customers, Dealers, and all Stakeholders for their continued support to the Company. We value the enduring relation and co-operation from all associates.

For and on behalf of the Board

Registered Office :  
6, Nandalal Basu Sarani  
(formerly: Little Russell Street)  
Kolkata - 700 071  
Dated : 9th May, 2016

**R. V. Kanoria**  
*Non-Executive Chairman*

**Ajay Todi**  
*Managing Director*

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## Annexure to the Board's Report

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### ANNEXURE I

Information under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Rule 8(3) of Companies (Accounts) Rules, 2014 and forming part of the Board's Report.

#### 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 new energy efficient motors, with cowl cover cooling.
  - Installation of LED lights to reduce power consumption.
  - Maintenance of all machines, including boiler and compressor to make them energy efficient and minimize losses.
  - Power Factor improvement from 97% to 99% to achieve highest offered rebate by Electricity supplier.
  - Optimizing transformer uses and load distribution, plant load factor improvement from nearly 70% to 80%.
- (b) The Company has been making investment on continuous basis for the purpose of Energy Conservation.

#### II. TECHNOLOGY ABSORPTION :

##### Research & Development (R & D)

##### (a) Absorption of technology :

The Company is a member of the Indian Jute Industries Research Association (IJIRA) and National Jute Board (NJB), the prime Research bodies for the Jute Industry and is getting the benefits thereof.

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

The Company derives benefits 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. Development of new products to meet new customer requirements is an ongoing process. The Company swiftly developed prototypes for the lighter 580 gm foodgrain bags which was accepted for implementation by the Food Ministry in FY 16.

#### III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

##### (a) Export activities :

During the year under review, the FOB value of the exports of the Company was ₹ 4,531 lacs as against ₹ 4,368 lacs in the previous year.

##### (b) Total foreign exchange used and earned :

Used ₹ 2,003 lacs.

Earned ₹ 4,531 lacs.





## Annexure to the Board's Report

### ANNEXURE II

#### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March, 2016

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

#### I. REGISTRATION AND OTHER DETAILS :

i) CIN	L65993WB1979PLC032394
ii) Registration Date	4/12/1979
iii) Name of the Company	Ludlow Jute & Specialities Limited
iv) Category / Sub-Category of the Company	Public Company Limited by shares
v) Address of the Registered office and contact details	6, Nandalal Basu Sarani (formerly Little Russell Street) Kolkata 700071 Telephone : 91-33 -2283-9081/9082 Fax Number : 91-33-2283-9078/4503 Email Address : info@ludlowjute.com / investors.grievance@ludlowjute.com
vi) Whether listed Company ? Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road, Ground Floor, Kolkata - 700 026 Telephone : +91-33-4072 4051/52/53 Fax Number : +91- 33-4072 4050 Email Address : mcssta@rediffmail.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Jute	630510.04	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section of Companies Act, 2013
1.	R. V. INVESTMENT & DEALERS LTD	U65993WB1972PLC028595	Holding	62.35%	2(46)
2.	LUDLOW EXPORTS LIMITED	U65191WB1994PLC065400	Subsidiary	100%	2(87)
3.	SIJBERIA INDUSTRIES LIMITED	U65191WB1994PLC065401	Subsidiary	53.91%	2(87)

## Annexure to the Board's Report

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	10300	-	10300	0.0956	10300	-	10300	0.0956	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	7228908	-	7228908	67.1013	7228908	-	7228908	67.1013	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub – Total (A) (1)	7239208	-	7239208	67.1969	7239208	-	7239208	67.1969	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub–Total (A) (2)	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) +(A)(2)</b>	<b>7239208</b>	<b>-</b>	<b>7239208</b>	<b>67.1969</b>	<b>7239208</b>	<b>-</b>	<b>7239208</b>	<b>67.1969</b>	<b>-</b>
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	600	600	0.0056	-	600	600	0.0056	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub–Total (B)(1)	-	600	600	0.0056	-	600	600	0.0056	-
2. Non–Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	231526	17901	249427	2.3153	351582	17901	369483	3.4297	1.1144
ii) Overseas	38686	-	38686	0.3591	33981	-	33981	0.3154	(0.0437)



## Annexure to the Board's Report

Category of Shareholders	No. of Shares held at the beginning of year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1292639	1017358	2309997	21.4422	1255987	1002362	2258349	20.9628	(0.4794)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	935192	–	935192	8.6808	871489	–	871489	8.0895	(0.5913)
c) Others	10	–	10	0.0001	10	–	10	0.0001	–
<b>Sub-Total –B (2)</b>	<b>2498053</b>	<b>1035259</b>	<b>3533312</b>	<b>32.7975</b>	<b>2513049</b>	<b>1020263</b>	<b>3533312</b>	<b>32.7975</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1)+ (B)(2)</b>	<b>2498053</b>	<b>1035859</b>	<b>3533912</b>	<b>32.8031</b>	<b>2513049</b>	<b>1020863</b>	<b>3533912</b>	<b>32.8031</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	<b>9737261</b>	<b>1035859</b>	<b>10773120</b>	<b>100</b>	<b>9752257</b>	<b>1020863</b>	<b>10773120</b>	<b>100</b>	<b>–</b>

### ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total Shares	
1.	Shyam Sundar Kanoria	5200	0.0483	–	5200	0.0483	–	–
2.	Rajya Vardhan Kanoria	5100	0.0473	–	5100	0.0473	–	–
3.	R V Investment & Dealers Ltd.	6716507	62.345	–	6716507	62.345	–	–
4.	Kirtivardhan Finvest Services Ltd.	512401	4.7563	–	512401	4.7563	–	–
	<b>Total</b>	<b>7239208</b>	<b>67.1969</b>	<b>–</b>	<b>7239208</b>	<b>67.1969</b>	<b>–</b>	<b>–</b>

### iii) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in the Shareholding of the Promoter Group during the financial year 2015-16.

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

Sl. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Manu Gopaldas Chhabria	3,14,515	2.9194	2,97,248	2.7592
2.	MPR Bearing and Investment Pvt Ltd.	10,939	0.1015	76,623	0.7112
3.	Madhu Manu Chhabria	63,807	0.5923	60,807	0.5644
4.	Rishra Investments Limited	58,006	0.5384	58,006	0.5384

## Annexure to the Board's Report

Sl. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
5.	Ruby Amin Merchant	53,500	0.4966	55,518	0.5153
6.	Cyrus Shavak Patel	50,000	0.4641	50,000	0.4641
7.	MPR Bearing & Investment Pvt. Ltd.	10,000	0.0928	42,545	0.3949
8.	Om Nath Garg	36,920	0.3427	39,050	0.3625
9.	Amin Hasanali Merchant	31,640	0.2937	31,640	0.2937
10.	Raj Kumar Agarwal	–	–	25,000	0.2321

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		Name of the Director/KMP	No. of Shares	% of total Shares of the Company	No. of Shares
1.	R. V. Kanoria	5,100	0.0473	5,100	0.0473
2.	Satish Kapur	1,000	0.0090	1,000	0.0090
3.	Ajay Todi	500	0.0050	500	0.0050

### vi) Indebtedness

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

(₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
1) Principal Amount	24.57	3.00	–	27.57
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.06	0.09	–	0.15
<b>Total (1+2+3)</b>	<b>24.63</b>	<b>3.09</b>	<b>–</b>	<b>27.72</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	4.89	–	–	4.89
- Reduction	1.90	3.09	–	4.99
<b>Net Change</b>	<b>2.99</b>	<b>(3.09)</b>	<b>–</b>	<b>(0.10)</b>
<b>Indebtedness at the end of the financial year</b>				
1) Principal Amount	27.62	–	–	27.62
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.05	–	–	0.05
<b>Total (1+2+3)</b>	<b>27.67</b>	<b>–</b>	<b>–</b>	<b>27.67</b>





## Annexure to the Board's Report

### vii) Remuneration of Directors and Key Managerial Personnel

#### A. Remuneration of Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of Managing Director	Total Amount (in ₹)
		Mr. Ajay Todi Amount (in ₹)	
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	28,20,000	28,20,000
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	23,96,986	23,96,986
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	NIL	NIL
2.	Stock option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission		
	- As a % of Profit	8,63,989	8,63,989
	- Others Specify	—	—
5.	Others, please specify		
	Provident Fund & other Funds	2,82,000	2,82,000
	Performance Bonus	NIL	NIL
	<b>Total (A)</b>	<b>63,62,975</b>	<b>63,62,975</b>

#### B. Remuneration of other Directors :

##### Independent Directors

Particulars of Remuneration	Name of Directors							Total Amount (in ₹)
	Mr. A. C. Mukherji	Mr. J. K. Bhagat	Mr. I. P. Poddar	Mr. B. Choudhuri	Mr. L. G. Toolsidass	Mr. Satish Kapur	Ms. Nayantara Palchoudhuri	
Fees for attending Board/ Committee meetings (₹)	60,000	70,000	80,000	65,000	80,000	30,000	40,000	4,25,000
Commission (₹)	—	—	—	—	—	—	—	—
Others, please specify (₹)	—	—	—	—	—	—	—	—

##### Other Non-Executive Directors

Particulars of Remuneration	Name of Director	Total Amount (in ₹)
	Mr. R. V. Kanoria	
Fees for attending Board/Committee meetings (₹)	40,000	40,000
Commission (₹)	—	—
Others, please specify (₹)	—	—

## Annexure to the Board's Report

### C. Remuneration of Key Managerial Personnel other than Managing Director/Manager/Whole Time Director

Sl. No.	Particulars of Remuneration	Name of the Key Managerial Personnel			Total Amount (in ₹)
1.	Gross Salary	Mr. R. K. Gupta CFO	Mrs. Puja Guin CS (upto 15.05.2015)	Ms. Minu Rohila CS (w.e.f. 02-11-2015)	
		Amount in ₹	Amount in ₹	Amount in ₹	
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	8,40,000	30,489	1,04,300	9,74,789
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4,22,405	65,286	Nil	4,87,691
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission				
	- As a % of Profit				
	- Others Specify	NIL	NIL	NIL	NIL
5.	Others, please specify				
	Contribution to Provident Fund	84,000	3,049	10,430	97,479
	Performance Bonus	NIL	NIL	NIL	NIL
	<b>Total (C)</b>	<b>13,46,405</b>	<b>98,824</b>	<b>1,14,730</b>	<b>15,59,959</b>

viii) Penalties/Punishment/Compounding of Offences (Under the Companies Act, 2013) : None



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## Annexure to the Board's Report

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### Secretarial Audit Report

**ANNEXURE III**

For the financial year ended 31st March, 2016

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

To  
The Members

**Ludlow Jute & Specialities Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by Ludlow Jute & Specialities Limited (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by Ludlow Jute & Specialities Limited ("the Company"), for the Financial Year ended on 31st March, 2016, according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) The Foreign Exchange Management Act, 1999 and the Rules & Regulations made thereunder;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;
- 6) Other applicable Acts –
  - i. The Employees Provident Fund and Miscellaneous Provisions Act, 1952;
  - ii. Employees' State Insurance Act, 1948;
  - iii. Factories Act, 1948;
  - iv. Indian Contract Act, 1872;
  - v. Income Tax Act, 1961 and Indian Tax Laws;
  - vi. Industrial Dispute Act, 1947;

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## Annexure to the Board's Report

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- vii. The Maternity Benefits Act, 1948;
- viii. The Payment of Bonus Act, 1965;
- ix. The Payment of Gratuity Act, 1972;
- x. The Payment of Wages Act, 1936 and other applicable labour laws.

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

- i. Secretarial Standards issued by the Institute of Companies Secretaries of India;
- ii. The Listing Agreement entered into by the Company with the Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, Standards etc mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of, Non-Executive Directors and Executive Directors, Independent Directors with one Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

Place : Kolkata  
Date : 18th April, 2016

Sd/-  
**B. N. Khandelwal**  
*Company Secretary in Practice*  
ACS: 1614  
CP: 1148





## Annexure to the Board's Report

### ANNEXURE IV

(i) The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	Mr. Ajay Todi – 20.80 : 1.
(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary and Compliance Officer or Manager, if any, in the financial year;	Key Managerial Personnel: Mr. Ajay Todi, MD : – Mr. R. K. Gupta, CFO: 6.95% Ms. Minu Rohila, CS (w.e.f. 02-11-2015) : NA Other Directors do not draw remuneration.
(iii) The percentage increase in the median remuneration of employees in the financial year;	12.72%.
(iv) The number of permanent employees on the rolls of the Company;	923 employees as on 31.03.2016.
(v) The explanation on the relationship between average increase in remuneration and Company performance;	Average increase in remuneration of all employees was 5.78% for the year 2015-16. The increment is as per the term of employment and based on the performance during the year 2014-15.
(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	The increase in remuneration of the Chief Financial Officer and Company Secretary & Compliance Officer are made partly on the basis of their performance and partly on the basis of Company's performance.
(vii) (a) Variations in the market capitalisation of the Company;	<b>2015-16</b> <b>2014-15</b> Market Capitalisation (₹ in lacs): 6,431.55                      2,160.01
(b) Price Earnings ratio at the closing date of the current financial year and previous financial year;	Price Earnings ratio :  11.41 : 1                      (4.99) : 1
(c) Increase/decrease in market quotations of the shares of the Company as at the close of the current financial year and previous financial year;	Market Quotation : (in ₹)  59.70                      20.05
(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average Salary increase of non-managerial employees is 5.05% Average Salary increase of managerial employees is 5.78% No exceptional circumstances.
(ix) Comparison of the remuneration of each Key Managerial Personnel against the performance of the Company;	Same as in (vi) above.
(x) The key parameters for any variable component of remuneration availed by the Directors;	Directors are remunerated based on meetings attended. Managing Director's variable component is directly linked to the financial performance of the Company.
(xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year;	No employee received remuneration higher than the highest paid Director.
(xii) Affirmation that the remuneration is as per the remuneration policy of the Company;	Remuneration paid during the year ended 31st March, 2016 is as per the "Nomination and Remuneration Policy" of the Company.

## Report on Corporate Governance

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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.

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.

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

### 2. BOARD OF DIRECTORS

#### 2.1 Composition of the Board

The Board comprises such number of Non-Executive, Executive and Independent Directors as required under applicable legislation. As on date of this Report, the Board consists of nine Directors comprising one Non-Executive Chairman, seven Independent Directors and one Executive Director. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

The composition and category of the Directors on the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting and the Directorship, Chairmanship and/or Membership of Committees held as on 31st March, 2016 by each Director in other Companies are as under:

Name of Directors	Position held	Category/ Classification	No. of Board Meetings attended	Attendance in last AGM	No. of Shares held	No. of other Directorships	Details of other Board Committees Membership	
							Member	Chairman
Mr. R. V. Kanoria	Director	Non-Executive Chairman/ Promoter	4	Yes	5100	3	5	1
Mr. A. C. Mukherji	Director	Non-Executive Independent	4	Yes	–	2	3	2
Mr. J. K. Bhagat	Director	Non-Executive Independent	4	Yes	–	2	5	1
Mr. I. P. Poddar	Director	Non-Executive Independent	4	Yes	–	1	2	–
Mr. B. Choudhuri	Director	Non-Executive Independent	4	Yes	–	2	3	2
Mr. L. G. Toolsidass	Director	Non-Executive Independent	4	Yes	–	–	1	–
Mr. Satish Kapur	Director	Non-Executive Independent	3	Yes	1000	1	1	–
Ms. Nayantara Palchoudhuri	Director	Non-Executive Independent	4	Yes	–	3	3	–
Mr. Ajay Todi	Managing Director	Executive	4	Yes	500	–	1	–

The number of Directorships is reckoned by excluding Directorships in Companies Under Section 8 of the Companies Act, 2013.

In case of Committees, only two Committees, viz. the Audit Committee and the Stakeholders' Grievance Committee are considered.



## Report on Corporate Governance

None of the Directors are members of more than ten Committees or Chairman of more than five Committees in Public Limited Companies in which they are Directors. Necessary disclosures have been obtained from all the Directors regarding their Directorship and have been taken on record by the Board.

### 2.2 Board Meetings

The Company holds a minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. The dates of the Board Meetings are fixed after taking into account the convenience of all the Directors. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is confirmed in the subsequent Board Meeting.

The notice of Board Meeting is given well in advance to all the Directors.

Detailed agenda notes are sent a week prior to the date of the meeting. All the information required for decision making are incorporated in the agenda. The Non-Executive Chairman and the Managing Director appraise the Board on the overall performance of the Company at every Board Meeting. The Board reviews performance, approves capital expenditures, sets the strategy the Company should follow and ensures financial stability. The Board takes on record the actions taken by the Company on all its decisions periodically.

The Board also takes on record the declaration made by the Company Secretary and the Managing Director regarding compliances of all laws on a quarterly basis.

During the financial year ended 31st March, 2016, four Board Meetings were held on 12th May, 2015, 27th July, 2015, 30th October, 2015 and 28th January, 2016. The maximum interval between any two meetings was well within the maximum allowed gap of one hundred and twenty days.

### 2.3 Board Committees

The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all Committees are placed before the Board for review.

### 2.4 Disclosure of Relationships Between Directors Inter-Se

None of the Directors of the Company are inter-se related to each other.

The Board has currently established the following Committees.

## 3. AUDIT COMMITTEE

- 3.1 As on 31st March, 2016 the Committee comprised of four Independent Directors all of whom are financially literate and have relevant finance exposure.
- 3.2 The Committee comprises of Mr. A. C. Mukherji as the Chairman and includes Mr. B. Choudhuri, Mr. I. P. Poddar and Mr. L. G. Toolsidass as its members. The meetings of Audit Committee are also attended by the Managing Director, Chief Financial Officer and Internal Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed and confirmed in the next meeting of the Board.
- 3.3 The Audit Committee met four times during the financial year ended 31st March, 2016 on 12th May, 2015, 27th July, 2015, 30th October, 2015 and 28th January, 2016.

The attendance of each Committee member is as under:

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

## Report on Corporate Governance

### 3.4 Terms of Reference

The role and terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and as specified under the SEBI (Listing Obligations & Disclosure Requirements), 2015. The role of the Audit Committee includes the following:

- Overseeing Company's financial reporting process and examination of the Financial Statement and the auditors' report thereon;
- Recommending the terms of appointment of the statutory and cost auditors of the Company along with proposed remuneration;
- Reviewing with management the quarterly and annual financial results before submission to the Board;
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit;
- Examining the findings of the Internal Auditors and to discuss these periodically with the Company's officials relating to internal control procedures;
- Reviewing the compliances with Listing Agreement and other legal requirements relating to Financial Statements;
- Reviewing the Company's Financial and Risk Management Policies;
- Disclosure of transactions of the Company with Related Parties, if any;
- Reviewing the Accounting Policies and adoption of applicable Accounting Standards;
- Reviewing compliances as regards the Company's Whistle Blower Policy.

### 4. NOMINATION AND REMUNERATION COMMITTEE

4.1 As per the provisions of Section 178 of the Companies Act, 2013 the nomenclature of the 'Remuneration Committee' has been changed to "Nomination and Remuneration Committee" w.e.f 9th May, 2014. The Committee comprises of Mr. B. Choudhuri as the Chairman and includes Mr. L. G Toolsidass and Mr. I.P. Poddar as its members.

4.2 The Committee met once during the financial year ended 31st March, 2016 on 30th October, 2015.

The attendance of each Committee Member is as under :

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

### 4.3 Terms of Reference

The role and terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and as specified under the SEBI (Listing Obligations & Disclosure Requirements), 2015. The role of the Committee includes the following:

- Identify persons who are qualified to become Directors;
- Identify persons who may be appointed as Key Managerial Personnel and in Senior Management positions;
- Recommend to the Board for re-appointment of Directors based on performance evaluation of the retiring Director;
- Formulating a remuneration policy of the Company;
- To propose remuneration packages for the Directors and Key Managerial Personnel including Senior Management at one level below the Board;



## Report on Corporate Governance

- Recommending re-constitution of the Board or Senior Management as may be required from time to time under the prevailing laws and for operational effectiveness of the Company.

### 4.4 Mechanism for evaluation of Non-Executive Directors

The role of Non-executive Directors of the Company is extremely important. The peer group comprising the entire Board, except the Director being evaluated, evaluates his/her performance. On the basis of such an evaluation, it is decided as to whether his/her appointment should be extended or not.

## 5. REMUNERATION OF DIRECTORS

The remuneration payable to the Executive Directors is determined by the Board on the recommendation of the Nomination and Remuneration Committee. This is subject to the approval of the shareholders at the Annual General Meeting. The Non-Executive Directors do not draw any remuneration from the Company except sitting fees for attending the meeting of the Board and the Committees where they are members.

### 5.1 Details of remuneration of Executive Director for the year ended 31st March, 2016

(Amount in ₹)

Name of the Directors	Salary	Commission	Contribution to provident fund	Value of other perquisites	Gratuity	Leave Encashment	Tenure of appointment
Mr. Ajay Todi	28,20,000	8,63,989	2,82,000	23,96,986	–	–	5 years (from 01.07.2014 to 30.06.2019)

#### Notes :

- 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 Executive Director is required to give a notice of three months or three months' salary in lieu thereof.

### 5.2 Criteria of making payments to Non-Executive Directors.

It is recognised that overall remuneration paid to Directors should be reflective of the size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay the remuneration.

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") are paid sitting fees (for attending the meetings of the Board and of Committees of which they may be members) within regulatory limits, on the basis of number of such meetings attended by them, subject to review on a periodic basis.

In addition to the sitting fees, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organised by the Company for Directors) in the furtherance of his/her duties as a Director.

The Company has also formulated a note on criteria of making payments to Non-Executive Directors and the details of the same are available on the website of the Company ([www.ludlowjute.com](http://www.ludlowjute.com)).

### 5.3 Details of the sitting fees paid to Non-Executive Director for the year ended 31st March, 2016:-

Name of the Directors	Sitting Fees (₹)	Salary (₹)	Commission (₹)	Service Contract	Notice Period	Stock Options
Mr. R. V. Kanoria	40,000	–	–	N.A.	N.A.	N.A.
Mr. J. K. Bhagat	70,000	–	–	N.A.	N.A.	N.A.
Mr. A. C. Mukherji	60,000	–	–	N.A.	N.A.	N.A.
Mr. I. P. Poddar	80,000	–	–	N.A.	N.A.	N.A.
Mr. B. Choudhuri	65,000	–	–	N.A.	N.A.	N.A.
Mr. L. G. Toolsidass	80,000	–	–	N.A.	N.A.	N.A.
Mr. Satish Kapur	30,000	–	–	N.A.	N.A.	N.A.
Ms. Nayantara Palchoudhuri	40,000	–	–	N.A.	N.A.	N.A.

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## Report on Corporate Governance

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### 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

- 6.1 As per the provisions of Section 178 of the Companies Act, 2013 the nomenclature of the 'Share Transfer and Shareholders' Grievance Committee' has been changed to "Stakeholders' Relationship Committee" w.e.f 9th May, 2014. The Committee comprises of Mr. J. K. Bhagat as the Chairman and includes Mr. L. G Toolsidass, Mr. I. P. Poddar and Mr. Ajay Todi as its members. The Committee meets atleast once in a month. Ms. Minu Rohila, Company Secretary is the Compliance Officer of the Company.
- 6.2 The Committee looks into redressal of shareholder's complaints like transfer and transmissions of shares, issue of duplicate shares certificate, demat and remat of shares, redressal of shareholders/ investors grievances etc.
- 6.3 In the beginning of the year, there were no outstanding complaints, the total number of complaints received during the year under review were 39 and all were addressed and replied to the satisfaction of shareholders. Outstanding complaints as on 31st March, 2016 was nil.

### 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- 7.1 As per the provisions of Section 135 of the Companies Act, 2013 the Corporate Social Responsibility Committee has been constituted by the Board of Directors on 29th July, 2014. The Committee comprises of Mr. J. K. Bhagat as the Chairman and includes Mr. R. V. Kanoria and Mr. Ajay Todi as its members.
- 7.2 The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013.
- 7.3 The CSR Committee met once during the financial year ended 31st March, 2016 on 30th October, 2015.

### 8. RISK MANAGEMENT COMMITTEE

- 8.1 Risk Management Committee has been constituted by the Board of Directors w.e.f 6th November, 2014 as per the SEBI (Listing Obligations & Disclosure Requirements), 2015. The Committee comprises of Mr. L.G. Toolsidass as the Chairman and includes Mr. Ajay Todi and Mr. R. K. Gupta as its members.
- 8.2 The Risk Management Committee met twice during the financial year ended 31st March, 2016 on 8th October, 2015 and 8th January, 2016.

The Company has a comprehensive enterprise Risk Management Policy at work which is reviewed periodically by the management.

### 9. INDEPENDENT DIRECTORS' MEETING

As per the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Independent Directors' held a meeting on 30th December, 2015 without the presence of the Executive Director and Management representatives.

#### 9.1 Familiarisation programme for Independent Directors

At Ludlow, all the Members of the Board of the Company are experienced professionals and are well acquainted with the industry. The Board members are provided necessary documents and reports amongst others to enable them to familiarise with the Company's operations and the Industry at large. In respect of Executive Director, the Company arranges for training in order to strengthen competencies as Director. Relevant statutory changes/cases are also circulated from time to time to enable understanding of their true impact.

### 10. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has an established mechanism for Directors / Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors/Employees who avail of the mechanism. None of the employee(s) has been denied access to the Audit Committee.

11. All policies of the Company can be accessed on the weblink <http://www.ludlowjute.com/pdf/policies.html>.

### 12. CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

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





## Report on Corporate Governance

the Code of Conduct of the Company, as envisaged in Regulation 26(3) of the SEBI (Listing Obligations & Disclosure Requirements) with the Stock Exchange. The code of conduct has been posted on the website of the Company, www.ludlowjute.com.

### 13. DETAILS OF SHAREHOLDING OF DIRECTOR AS ON 31ST MARCH, 2016

Shareholding of Director as on 31st March, 2016 :

Name of the Directors	No. of Shares	Shareholding
1. Mr. R. V. Kanoria	5100	0.0473
2. Mr. Satish Kapur	1000	0.0090
3. Mr. Ajay Todi	500	0.0050

### 14. SUBSIDIARY COMPANIES

The Company has no material non-listed Indian Subsidiary Company. The Financial Statements and investments made, if any, by Subsidiary Company(s), are reviewed by the Board of Directors. The minutes of the Board Meeting of the Subsidiary Companies are placed at the Board Meeting of the Company.

### 15. GENERAL BODY MEETINGS

#### 15.1 The details of Annual General Meetings held in the last 3 years are as under :

Annual General Meeting (AGM)	Day, Date & Time	Venue
34th AGM	Monday, 12th August, 2013 at 3.00 P.M.	Rotary Sadan 94/2, Chowringhee Road, Kolkata - 700020
35th AGM	Friday, 5th September, 2014 at 3.00 P.M.	Rotary Sadan 94/2, Chowringhee Road, Kolkata - 700020
36th AGM	Tuesday, 1st September, 2015 at 3.00 P.M.	Rotary Sadan 94/2, Chowringhee Road, Kolkata - 700020

15.2 No special resolution was passed in the 36th AGM. However, following Special Resolution(s) were passed by the members of the Company in the 34th and 35th Annual General Meeting :

#### 15.2.1 Annual General Meeting held on 12th August, 2013

Re-appointment and remuneration of Mr. Shyam Sunder Kanoria as the Executive Chairman of the Company.

#### 15.2.2 Annual General Meeting held on 5th September, 2014

- ▶▶ Appointment and remuneration of Mr. Ajay Todi as Managing Director of the Company.
- ▶▶ Appointment of Mr. S. S. Kanoria as Chairman Emeritus of the Company at a perquisites value not exceeding ₹ 12,00,000 (Rupees twelve lakh only) per annum.
- ▶▶ Consent under Section 180 (1) (c) of the Companies Act, 2013 for a borrowing not exceeding ₹ 60 Crores (Rupees sixty crores only).
- ▶▶ Consent under Section 180(1) (a) of the Companies Act, 2013.

15.3 No Special Resolution was passed during the financial year ended 31st March, 2016 through postal ballot. At present, there is no proposal for passing of any Special Resolution through Postal Ballot.

### 16. DISCLOSURES

16.1 The Company has entered into the following related party transaction at arm's length basis.

- ▶▶ Property taken on lease from Kirtivardhan Finvest Service Limited.
- ▶▶ Availing of service like maintenance, upkeepment, allied services and facilities, amenities, etc. from Belvedere Gardens Limited.

The necessary disclosures regarding the transactions are given in the notes to accounts.

The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the Audit Committee and Board of Directors were taken wherever required in accordance with the Policy.

## Report on Corporate Governance

The Company has also formulated a policy for determining the Material Related Party Transactions and the details of such policies are disseminated on the website of the Company ([www.ludlowjute.com](http://www.ludlowjute.com)).

The weblink is <http://www.ludlowjute.com/policies.html>

16.2 The Non-Executive Directors have no pecuniary relationship or transactions with the Company in their personal capacity. Non-Executive Directors were not paid any remuneration except the sitting fees for attending various meetings of Board/ Committees.

16.3 No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or by any other statutory authority on any matter related to capital markets, during the last three years.

16.4 The Company has formulated a policy for determining the material subsidiary and the details of such policies are available on the website of the Company ([www.ludlowjute.com](http://www.ludlowjute.com)).

The weblink is <http://www.ludlowjute.com/policies.html>

### 17. MEANS OF COMMUNICATION

17.1 The quarterly, half yearly and yearly financial results of the Company are submitted to the Bombay Stock Exchange immediately after they are approved by the Board. These are also published in the newspapers as required by the SEBI (Listing Obligations & Disclosure Requirements), 2015. The Company has its website ([www.ludlowjute.com](http://www.ludlowjute.com)) wherein the quarterly/ half-yearly/ yearly results are published.

The financial results are normally published in Business Standard and Ek Din.

17.2 The Management Discussion and Analysis Report is part of the Board's Report and includes details that give an insight into the Company's business environment.

### 18. GENERAL SHAREHOLDERS INFORMATION

#### 18.1 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: [info@ludlowjute.com](mailto:info@ludlowjute.com)/[investors.grievance@ludlowjute.com](mailto:investors.grievance@ludlowjute.com)  
Website: [www.ludlowjute.com](http://www.ludlowjute.com)

18.2 Annual General Meeting is proposed to be held on Thursday, 1st September, 2016 at 3.00 pm at Rotary Sadan, 94/2 Chowringhee Road, Kolkata 700 020.

18.3 **Financial Year** : 1st April, 2015 to 31st March, 2016

18.4 **Date of Book Closure** : 19/08/2016 to 01/09/2016 (both days inclusive)

18.5 **Dividend Payment Date** : On or after 01.09.2016 (within the statutory period of 30 days), subject to Shareholders' approval.

#### 18.6 Listing of Shares and 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

#### 18.7 Listing Fees

The Company has paid listing fees for the financial year 2016-17 to the Bombay Stock Exchange Limited, where securities of the Company are listed.



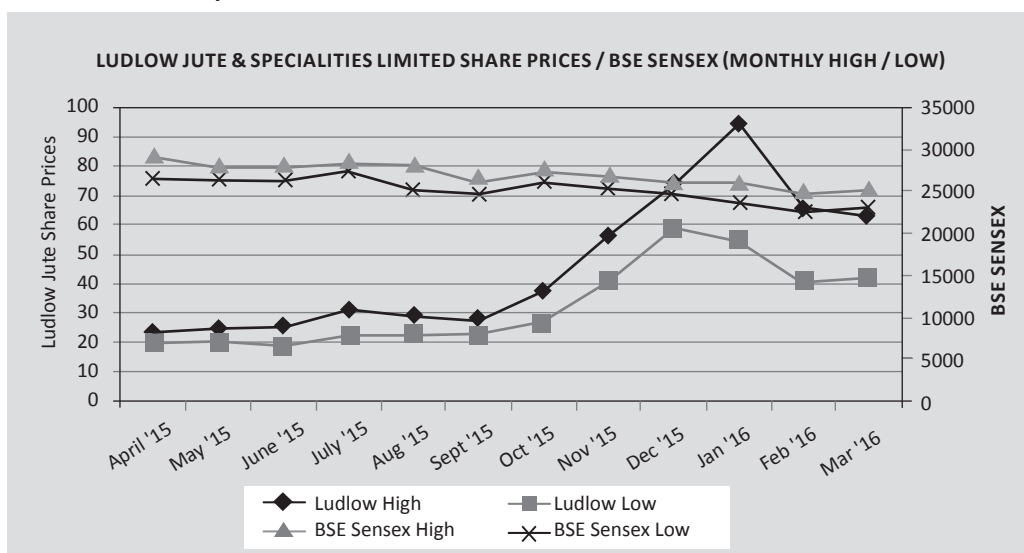
## Report on Corporate Governance

### 18.8 Market Price Data

The details of monthly high/low market price of the shares at Bombay Stock Exchange Limited during each month of 2015-2016 are given hereunder:

Month	Quotation of Bombay Stock Exchange (in ₹)	
	HIGH	LOW
APR - 2015	22.70	19.70
MAY - 2015	24.95	20.00
JUNE - 2015	25.75	18.50
JULY - 2015	31.00	22.25
AUG - 2015	29.40	22.55
SEP - 2015	28.00	22.50
OCT - 2015	37.45	26.50
NOV - 2015	56.45	41.20
DEC - 2015	73.35	59.00
JAN - 2016	94.70	55.25
FEB - 2016	66.00	40.85
MAR - 2016	63.25	42.00

### 18.9 Stock Performance in Comparison to broad based indices



### 18.10 Registrar and Share Transfer Agents :

MCS Share Transfer Agent Limited  
 12/1/5, Manoharpukur Road  
 Ground Floor  
 Kolkata 700 026  
 Phone : (033) 40724051/52/53  
 Fax : (033) 40724050  
 E-mail : mcssta@rediffmail.com

## Report on Corporate Governance

### 18.11 Share Transfer System

The Company's shares are in compulsory demat segment. Share Transfers 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.

### 18.12 Distribution of Shareholding

The shareholding distribution of equity shares as on 31st March, 2016 is given below :

No. of Shares (Range defined)	No. of Equity Shares held	No. of Shareholders	Percentage of Share- holding (%)
1 - 500	1345620	9415	12.4905
501 - 1000	326663	393	3.0322
1001 - 2000	217972	140	2.0233
2001 - 3000	125784	49	1.1676
3001 - 4000	77782	22	0.7220
4001 - 5000	70365	15	0.6532
5001 - 10000	226098	31	2.0987
10001 - 50000	605726	31	5.6226
50001 - 100000	250954	4	2.3294
And above	7526156	3	69.8605
	<b>10773120</b>	<b>10103</b>	<b>100.00</b>

#### Shareholding Pattern as on 31st March, 2016

Category	No. of Shares	% of Shareholding
<b>Promoters Holding</b>		
a) Indian Promoters	7239208	67.1969
b) Foreign Promoters	—	—
<b>Sub Total "A"</b>	<b>7239208</b>	<b>67.1969</b>
<b>Non-Promoters Holding</b>		
a) Banks, Financial Institutions/ Insurance Companies	600	0.0056
b) Private Corporate Bodies	369483	3.4297
c) Resident Individuals	3129838	29.0523
d) NRI/ OCB	33981	0.3154
e) Trust & Foundations	10	0.0001
<b>Sub Total "B"</b>	<b>3533912</b>	<b>32.8031</b>
<b>Grand Total : "A+B"</b>	<b>10773120</b>	<b>100</b>

### 18.13 Dematerialisation of Shares

90.52 % i.e. 9752257 Equity Shares out of total Equity Capital are held in dematerialised form with NSDL and CDSL as on 31.03.2016.

### 18.14 Plant Location

Chengail, Howrah -711 308, West Bengal, India

Phone : (033) 2642-8366/8820/9821

Fax : (033) 2642-8367



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## Report on Corporate Governance

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### **18.15 Address for Correspondence / Corporate Office is same as the registered office address**

### **18.16 Exclusive e-mail id for Investors' Grievances**

Pursuant to Schedule V of the SEBI (Listing Obligations & Disclosure Requirements), Regulation, 2015 the following e-mail id has been designated for communicating investors' grievances: [investors.grievance@ludlowjute.com](mailto:investors.grievance@ludlowjute.com)

Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are available on the website of the Company ([www.ludlowjute.com](http://www.ludlowjute.com))

### **19. CEO/CFO CERTIFICATION**

A Certificate from the Managing Director and Chief Financial Officer, pursuant to Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 had been tabled at the Board Meeting held on 9th May, 2016 and is also annexed to this report.

### **20. POSTAL BALLOT**

The Company has not conducted any business through Postal ballot during the financial year. Further it has not proposed to conduct any business through Postal Ballot till date.

### **21. MANDATORY AND NON-MANDATORY REQUIREMENTS**

The Company adopted all mandatory requirements as recommended by the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015. Adoption of non mandatory requirements of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 are being reviewed by the Board from time to time and adopted wherever necessary.

### **22. DECLARATION OF MANAGING DIRECTOR**

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 2015-16.

Place : Kolkata

Date : 9th May, 2016

**Ajay Todi**

*Managing Director*

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## Report on Corporate Governance

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### COMPLIANCE CERTIFICATE

*[Pursuant to Regulation 17(8) of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

9th May, 2016

**The Board of Directors,  
Ludlow Jute & Specialities Limited,  
6, Nandalal Basu Sarani,  
Kankaria Estate, 4th Floor,  
Kolkata – 700 001**

Dear Sir(s),

- A. We have reviewed the Financial Statements and the Cash Flow Statement for the quarter and the year ended 31st March, 2016 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year, which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
  - (3) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Yours Sincerely,  
For **Ludlow Jute & Specialities Limited,**

Ajay Kumar Todi  
**Managing Director**  
**DIN No. - 00004380**

Rajesh Kumar Gupta  
**Chief Financial Officer**





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## Report on Corporate Governance

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### AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of  
**Ludlow Jute & Specialities Limited**

We have examined the compliance of conditions of Corporate Governance of Ludlow Jute & Specialities Limited ('the Company'), for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchange for the period 1 April 2015 to 30 November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.

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

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

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 management has conducted the affairs of the company.

For **Singhi & Co.**  
Chartered Accountants  
Firm's Registration Number: 302049E

**(M. L. Shukla)**  
Membership no. : 051505

Place: Kolkata  
Dated: 9th day of May, 2016

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## Independent Auditors' Report

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To the Members of  
**Ludlow Jute & Specialities Limited**

### **REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying standalone financial statements of LUDLOW JUTE & SPECIALITIES LIMITED ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016 and its profit and its cash flows for the year ended on that date.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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## Independent Auditors' Report

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2. As required by Section 143 (3) of the Act, we report that :
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the Directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B';
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 2.27 to the financial statements;
    - ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

1-B, Old Post Office Street,  
Kolkata  
Dated, the 9th day of May, 2016

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

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## Independent Auditors' Report

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### ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

**Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date in respect to statutory audit of Ludlow Jute & Specialities Limited for the year ended 31st March 2016, we report that:**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The management has physically verified fixed assets at reasonable intervals, which in our opinion is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory has been physically verified at reasonable intervals during the year by the Management/ Internal Auditors. The discrepancies noticed on verification between the physical stock and the book stocks, wherever ascertained were not significant and have been properly dealt in the books of accounts.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loan to parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 with respect to the loans and investments made. The Company has neither issued any guarantee nor has provided any security on behalf of any party.
- v. In our opinion and according to the information and explanations given to us, the Company did not receive any deposits covered under Sections 73 to 76 of the Companies Act, 2013 and the Rules framed there under with regard to deposits accepted from the public during the year.
- vi. The Central Government has prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013. We have broadly reviewed such accounts and records and are of the opinion that prima facie, the prescribed accounts & records have been made & maintained but no detailed examination of such records and accounts have been carried out by us.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable;
- (b) According to the information and explanations given to us and the records of the Company examined by us, the dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess as at 31st March, 2016 which have not been deposited on account of dispute and the forum where the disputes are pending are as under:

## Independent Auditors' Report

(₹ in 000)

Sl. 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	43	–	1964 to 1969	Calcutta High Court
	b) Excise Duty	1,780	300	1986-87 to 1991-92	Appellate Authority
2	a) Sales Tax	2,536	1,120	1999-00 and 2004-05	WBCT (A & R) Board
	b) Sales Tax	139,958	3,715	2005-06 to 2012-13	SR/Add. Joint Commissioner, (CD) And WBCT (A & R) Board

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings from a financial institution, bank or Government.
- ix. According to the information and explanations given to us, during the year, no money have been raised by way of initial public offer or further public offer. The Term loans were applied for the purpose for which they were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

1-B, Old Post Office Street,  
Kolkata  
Dated, the 9th day of May, 2016

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

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## Independent Auditors' Report

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### ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

**The Annexure referred to in paragraph 2 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date in respect to the internal financial control over financial reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 of Ludlow Jute & Specialities Limited for the year ended 31st March, 2016 we report that:**

We have audited the internal financial controls over financial reporting of Ludlow Jute & Specialities Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

#### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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



## Independent Auditors' Report

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### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

### **OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

1-B, Old Post Office Street,  
Kolkata  
Dated, the 9th day of May, 2016

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

Balance Sheet as at 31st March, 2016

(₹ in 000)

	Note No.	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	107,977	107,977
Reserves and Surplus	2.2	288,748	251,801
		<b>396,725</b>	<b>359,778</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	2.3	34,206	43,492
Deferred Tax Liabilities (Net)	2.4	6,128	5,755
Other Long-Term Liabilities	2.5	1,582	1,632
Long-Term Provisions	2.6	14,619	11,241
		<b>56,535</b>	<b>62,120</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	2.7	350,885	175,934
Trade Payables	2.8	221,489	404,042
Other Current Liabilities	2.9	128,175	87,239
Short-Term Provisions	2.6	84,302	67,459
		<b>784,851</b>	<b>734,674</b>
<b>Total</b>		<b>1,238,111</b>	<b>1,156,572</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	2.10	257,321	303,264
Intangible Assets	2.10	(1)	(1)
Capital Work-In-Progress		8,340	3,283
		<b>265,661</b>	<b>306,547</b>
Non-Current Investments	2.11	11,560	11,560
Long-Term Loans and Advances	2.12	11,549	7,115
		<b>288,770</b>	<b>325,222</b>
<b>Current Assets</b>			
Inventories	2.14	620,626	608,325
Trade Receivables	2.15	251,962	171,628
Cash and Bank Balances	2.16	15,047	22,620
Short-Term Loans and Advances	2.12	38,299	17,224
Other Current Assets	2.13	23,407	11,553
		<b>949,341</b>	<b>831,350</b>
<b>Total</b>		<b>1,238,111</b>	<b>1,156,572</b>
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

Dated : 9th day of May, 2016

For and on behalf of the Board

**R. K. Gupta**  
Chief Financial Officer

**Minu Rohila**  
Company Secretary

**Ajay Todi**  
Managing Director  
DIN - 00004380

**R. V. Kanoria**  
Non-Executive Chairman  
DIN - 00003792

## Statement of Profit & Loss for the year ended 31st March, 2016

(₹ in 000)

	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>INCOME</b>			
Revenue from Operations (Gross)	2.17	3,588,780	2,343,818
Less: Jute Manufacturing Cess		34,898	23,130
Revenue from Operations (Net)		<b>3,553,882</b>	<b>2,320,688</b>
Other Income	2.18	4,055	10,720
<b>Total Revenue</b>		<b>3,557,937</b>	<b>2,331,408</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	2.19	2,129,819	1,319,796
(Increase) / Decrease in Inventories of Finished Goods and Work-in-Progress	2.20	(16,342)	(38,729)
Employee Benefits Expense	2.21	863,163	706,758
Finance Costs	2.22	31,367	42,607
Other Expenses	2.23	404,916	389,416
		<b>3,412,923</b>	<b>2,419,848</b>
<b>Profit before Tax, Depreciation and Amortisation</b>		145,014	(88,440)
Depreciation and Amortisation Expense	2.24	58,615	71,275
<b>Profit/(Loss) before Tax &amp; Exceptional items</b>		<b>86,399</b>	<b>(159,715)</b>
(Add)/Less : Exceptional Items	2.25	—	(93,130)
		<b>86,399</b>	<b>(66,585)</b>
<b>Tax Expense:</b>	2.26		
Current Tax		29,629	4,247
Deferred Tax		373	(25,497)
Income Tax provision relating to earlier year written back		—	(1,880)
<b>Profit/(Loss) for the year</b>		<b>56,397</b>	<b>(43,455)</b>
Earnings Per Share [Face Value ₹ 10 /-]			
Weighted Average Number of Equity Shares outstanding during the year		10,773,120	10,773,120
Basic and Diluted earning per share (in ₹)		5.23	(4.02)
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

Dated : 9th day of May, 2016

**R. K. Gupta**  
Chief Financial Officer

**Minu Rohila**  
Company Secretary

**Ajay Todi**  
Managing Director  
DIN - 00004380

**R. V. Kanoria**  
Non-Executive Chairman  
DIN - 00003792

For and on behalf of the Board

Cash Flow Statement for the year ended 31st March, 2016

(₹ in 000)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit after Exceptional Items &amp; before Tax</b>	86,399	(66,585)
<b>Adjustments for :</b>		
Depreciation & Amortisation	58,615	71,275
(Profit)/Loss on sale of Fixed Assets (Net)	5	(13)
Excess Depreciation written back		(59)
Interest received from Banks & Others	(215)	(633)
Finance Costs	31,368	42,607
Excess Liabilities and unclaimed balances written back (Net)		(103,137)
Provision for Bad and Doubtful Debts		24,391
Dividend received on Non current Investments	(14)	(8)
Foreign Exchange Fluctuations	(344)	(16)
	<b>175,814</b>	<b>(32,178)</b>
<b>Operating Profit before Working Capital changes</b>		
<b>Adjustments for :</b>		
(Increase)/Decrease in Trade & Other Receivables	(117,505)	(45,404)
(Increase)/Decrease in Inventories	(12,301)	(216,560)
Increase/(Decrease) in Trade Payables & Other Liabilities	(142,023)	222,974
Provision for Employee Benefits	4,179	21,287
<b>Cash generated from operations</b>	<b>(91,836)</b>	<b>(49,881)</b>
Direct Taxes Paid	(26,557)	(38)
<b>Net Cash from Operating Activities</b>	<b>(118,393)</b>	<b>(49,919)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible & Intangible Assets including CWIP	(17,885)	(18,025)
Sale of Tangible Assets	151	1,405
Margin money/Security Deposited / Refund	5,900	(2,484)
Interest received from Banks	370	478
Dividend received on Non current Investments	14	8
<b>Net Cash used in Investing Activities</b>	<b>(11,450)</b>	<b>(18,618)</b>

## Cash Flow Statement for the year ended 31st March, 2016

(₹ in 000)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
(Repayments)/Proceeds from Borrowings	165,665		138,663	
Finance Costs	(30,839)		(42,608)	
Dividend Paid	(5,387)		(16,159)	
Corporate Dividend Tax Paid	(1,096)		(2,746)	
<b>Net Cash used in Financing Activities</b>		<b>128,343</b>		<b>77,150</b>
Net Increase in Cash and Cash Equivalents		(1,500)		8,613
Cash and Cash Equivalents (Opening Balance)		11,286		2,673
<b>Cash and Cash Equivalents (Closing Balance)</b>		<b>9,786</b>		<b>11,286</b>

### Notes:

- Above statement has been prepared in indirect method.
- Figures for the previous years have been re-grouped wherever considered necessary.
- Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

The 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

Dated : 9th day of May, 2016

For and on behalf of the Board

**R. K. Gupta**  
Chief Financial Officer

**Minu Rohila**  
Company Secretary

**Ajay Todi**  
Managing Director  
DIN - 00004380

**R. V. Kanoria**  
Non-Executive Chairman  
DIN - 00003792

## Notes to Financial Statements as at and for the year ended 31st March, 2016

(₹ in 000)

Notes	1	SIGNIFICANT ACCOUNTING POLICIES
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### 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 prescribed under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

The financial statements has been prepared and presented as per the requirement of Schedule III as notified under the Companies Act, 2013.

#### B. Use of Estimates

The preparation of financial statements require judgements, 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 Fixed 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 Fixed Assets

Intangible assets are stated at cost on initial recognition after which the same are stated at cost less accumulated amortization and accumulated impairment loss, if any.

#### E. Depreciation and Amortisation

- Depreciation on Tangible Fixed Assets has been provided on straight-line method at the rates determined based on the useful lives of respective assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on revalued amount of fixed assets is adjusted by transferring the equivalent amount from Revaluation Reserve Account.
- Intangible assets are amortised over their estimated useful life.
- Depreciation for assets purchased/sold during the year is proportionately charged.
- All the assets costing ₹ 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 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

- Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

The portion of long term investments expected to be realized within 12 months after reporting date are disclosed under current investments as per the requirement of Schedule III to the Companies Act, 2013.

- 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.



## Notes to Financial Statements

(₹ in 000)

- c) Current Investments other than the portion of long term investments disclosed under current investments are stated at lower of cost or fair value.

### H. Inventories

Inventories are valued at cost or Net Realisable value, whichever is lower. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of the business less estimated cost of completion and the estimated cost necessary to make the sale. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

### 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/future contract (except against firm commitments and highly probable forecast transactions), the premium or discount arising at the inception of forward/future contracts entered into to hedge an existing asset/liability, is amortized over the life of the contract. Exchange differences on such contracts 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 / future 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 Statement of Profit & Loss. 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.
- 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

General and specific Borrowing costs attributable to the acquisition, construction or installation of qualifying capital assets till the date of commencement of commercial use of the assets are capitalized. Other borrowing costs are recognized as an expense in the period 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 using projected unit credit method.
- 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 using projected unit credit method.
- 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. The Deferred Tax charge or credit is recognised using substantively enacted tax rates, subject to the consideration of prudence, on timing differences between book profits and tax profits. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future tax income will be available against which such deferred tax assets can be realized.

## Notes to Financial Statements

### 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 operative income or reduced from respective expenses.

### O. Provisions

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.

### P. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(₹ in 000)

Note	2.1	SHARE CAPITAL	As at March 31, 2016	As at March 31, 2015
<b>Authorised</b>				
		1,49,90,000 (PY - 1,49,90,000) Equity Shares of ₹ 10/- each	149,900	149,900
		1,000 (PY - 1,000) Redeemable Preference Shares of ₹ 100/- each	100	100
			<b>150,000</b>	<b>150,000</b>
<b>Issued</b>				
		1,07,73,120 (PY - 1,07,73,120) Equity Shares of ₹10/- each	<b>107,731</b>	<b>107,731</b>
<b>Subscribed and Paid-up</b>				
		1,07,73,120 (PY - 1,07,73,120) Equity Shares of ₹ 10/- each fully paid-up	107,731	107,731
		Add: Forfeited Equity Shares	246	246
		(Amount originally paid-up)		
			<b>107,977</b>	<b>107,977</b>

- There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period.
- The Company has only one class of issued shares i.e. Equity Shares having par value of ₹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.
- R.V. Investment & Dealers Limited is the Holding Company of this Company.
- Details of shareholders holding more than 5% shares in the Company:

Equity Shares of ₹ 10 each fully paid	No. of Shares	
R V Investment & Dealers Ltd (CY - 62.345, PY - 62.345)	6,716,507	6,716,507

- 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.
- 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.
- No securities which are convertible into Equity/Preference shares have been issued by the Company during the year.
- No calls are unpaid by any Directors or officers of the Company during the year.

## Notes to Financial Statements

(₹ in 000)

		As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.2 RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>			
As per the last Financial Statements		1,054	1,054
<b>Security Premium</b>			
As per the last Financial Statements		58,595	58,595
<b>Revaluation Reserve</b>			
As per the last Financial Statements		—	6,971
Add : Transfer from Surplus being excess adjustment of Revaluation Reserve on Land in earlier year		—	3,509
		—	10,480
Less : Reversal of revaluation reserve on land amounting to ₹ Nil (Previous Year ₹ 10,480)		—	10,480
		—	—
<b>General Reserve</b>			
As per the last Financial Statements		29,663	29,663
Add : Transferred from Surplus		2,820	—
		32,483	29,663
<b>Surplus</b>			
As per the last Financial Statements		162,489	222,098
Depreciation relating to earlier year as per Schedule II		—	(9,120)
Impact of Deferred Tax on depreciation relating to earlier year as per Schedule II		—	2,959
Adjustment of revalued portion of land relating to earlier year		—	(3,509)
		162,489	212,428
Add/(Less) : Profit/(Loss) for the year		56,397	(43,455)
		218,886	168,973
<b>Less : Appropriations</b>			
Proposed Dividend		16,160	5,387
Corporate Dividend Tax on Proposed Dividend		3,290	1,097
General Reserve		2,820	—
		22,270	6,484
		196,616	162,489
<b>Net Surplus</b>		<b>288,748</b>	<b>251,801</b>

		Non-current portion		Current Maturities	
		As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.3 LONG-TERM BORROWINGS</b>				
<b>Term Loans (Secured)</b>					
Rupee Loan from Bank		34,206	43,492	17,738	18,951
		34,206	43,492	17,738	18,951
Amount disclosed under the head "Other Current Liability" (Note 2.9)		—	—	17,738	18,951
		34,206	43,492	—	—

## Notes to Financial Statements

(₹ in 000)

- a) Rupee Term Loan from Bank is repayable in 10 semi-annual installment for ₹ 14,600/- between March 2012 to September 2016, for ₹ 15,000/- between September 2013 to March 2018 and in 9 semi-annual installments for ₹ 40,541/- from April 2015 to April 2019, for ₹ 14,821/- between January 2013 to January 2017. The primary security against such asset is hypothecation of machineries purchased under the Term Loan.
- b) Term loan of ₹ 90 lacs, is secured by hypothecation of machineries and 1st. pari passu charges on entire assets both present and future and repayable in 9 half yearly installement of ₹ 10 lacs each starting after 6 months of disbursement i.e 25.11.2015.

		As at March 31, 2016		As at March 31, 2015	
<b>Notes</b>	<b>2.4</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>			
<b>Deferred Tax Liabilities</b>					
Arising on account of :					
Depreciation					
			26,560		36,369
Less: Deferred Tax Assets					
Arising on account of :					
Section 43B of Income-Tax Act, 1961					
		15,666		30,583	
Others					
		4,766	20,432	31	30,614
Deferred Tax Liabilities (Net)			<b>6,128</b>		<b>5,755</b>

		As at March 31, 2016		As at March 31, 2015	
<b>Notes</b>	<b>2.5</b>	<b>OTHER LONG TERM LIABILITIES</b>			
<b>Other Liabilities</b>					
Trade and Security Deposits					
			1,582		1,583
Statutory Liability					
			—		49
			<b>1,582</b>		<b>1,632</b>

		Long Term		Short Term	
		As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.6</b>	<b>PROVISIONS</b>			
Provision for Employee Benefits					
		14,619	11,241	57,602	56,800
Other Provisions					
Provisions for Taxation (Net of Payments)					
		—	—	7,250	4,175
Proposed Dividend					
		—	—	16,160	5,387
Corporate Dividend Tax					
		—	—	3,290	1,097
				<b>26,700</b>	<b>10,659</b>
		<b>14,619</b>	<b>11,241</b>	<b>84,302</b>	<b>67,459</b>

## Notes to Financial Statements

(₹ in 000)

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.7</b>	<b>SHORT TERM BORROWINGS</b>		
Working Capital Borrowings				
From Banks				
Rupee Loan from Bank (Secured)			299,151	80,605
Export Packing Credit in Rupees (Secured)			51,734	63,927
EEFC-Deposit in Foreign Currencies (Secured)			—	1,402
			<b>350,885</b>	<b>145,934</b>
<b>Loans &amp; Advances from Related Parties</b>				
From Holding Company (Unsecured)			—	30,000
			—	<b>30,000</b>
			<b>350,885</b>	<b>175,934</b>

- a) Working Capital Borrowings in Rupee is secured against hypothecation of entire stocks and debtors together with bank's pari passu 1st charge on entire assets both present and future of the Company.
- b) Export Packing Credit in rupees and EEFC deposit accounts in foreign currencies, are secured against hypothecation of Stock of materials, semi-finished, finished goods and debtors .

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.8</b>	<b>TRADE PAYABLES</b>		
Micro,Small and Medium Enterprises			—	—
Others			221,489	404,042
			<b>221,489</b>	<b>404,042</b>

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.9</b>	<b>OTHER CURRENT LIABILITIES</b>		
Current maturities of Long Term Debt (See Note 2.3)			17,738	18,951
Employees related liabilities			79,125	36,168
Unpaid and unclaimed dividends			5,261	5,434
Statutory Dues			22,939	23,159
Advances Received from Customers			2,177	2,372
Interest Accrued & Due on borrowings			529	—
Others payables			406	1,155
			<b>128,175</b>	<b>87,239</b>

## Notes to Financial Statements

(₹ in 000)

Notes	2.10 FIXED ASSETS											
	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	Cost/Value as at 31st March, 2015	Additions during the year	Deductions/ Adjustments during the year	Cost/Value as at 31st March, 2016	Upto 31st March, 2015	Adjustments with retained earning	Provided during the year	Deductions/ Adjustments during the year	Upto 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015	
<b>TANGIBLE ASSETS</b>												
Freehold Land	4,934	-	-	4,934	-	-	-	-	-	4,934	4,934	
Buildings	164,695	-	-	164,695	134,789	-	2,556	-	137,345	27,350	29,906	
Plant & Machinery	815,212	10,487	224 *	825,475	565,259	-	50,779	213	615,825	209,650	249,953	
Furniture & Fittings	4,999	517	-	5,516	3,735	-	298	-	4,033	1,483	1,264	
Vehicles	42,229	864	499 *	42,594	27,482	-	4,290	355	31,417	11,177	14,747	
Office Equipment	14,388	959	-	15,347	11,928	-	692	-	12,620	2,727	2,460	
<b>Total</b>	<b>1,046,457</b>	<b>12,827</b>	<b>723</b>	<b>1,058,561</b>	<b>743,193</b>	<b>-</b>	<b>58,615</b>	<b>568</b>	<b>801,240</b>	<b>257,321</b>	<b>303,264</b>	
<b>INTANGIBLE ASSETS</b>												
Goodwill	(1)	-	-	(1)	-	-	-	-	-	(1)	(1)	
<b>Total</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	
<b>Grand Total :</b>	<b>1,046,457</b>	<b>12,827</b>	<b>723</b>	<b>1,058,561</b>	<b>743,193</b>	<b>-</b>	<b>58,615</b>	<b>568</b>	<b>801,240</b>	<b>257,321</b>	<b>303,264</b>	
Previous Year :	1,041,565	20,645	15,753	1,046,457	664,611	9,120	71,275	1,813	743,193	303,264		

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 excluding Land by ₹ 285,389 on Net Current Replacement Basis. This increase had been transferred to Revaluation Reserve Account.

## Notes to Financial Statements

(₹ in 000)

Notes	2.11	INVESTMENTS		
<b>NON CURRENT INVESTMENTS</b>				
Face Value per Share/Debenture		Particulars	As at March 31, 2016	
₹			No. of Shares / Debentures	Value
			As at March 31, 2015	
			No. of Shares / Debentures	Value
<b>A</b>		<b>Trade Investment (Valued at Cost)</b>		
		<b>Equity Shares in Subsidiary Company (Un-Quoted)</b>		
	10	Ludlow Exports Ltd.	250000	2,500
	10	Sijberia Industries Ltd.	562859	8,887
		<b>Sub - Total</b>		<b>11,387</b>
<b>B</b>		<b>Other Investments</b>		
		<b>Investment in Equity Instruments :</b>		
		<b>Quoted - (Valued at cost less provision for other than temporary/diminution in the value of investment)</b>		
	10	Alliance Udyog Ltd. #	50	(512)
	100	Anglo India Jute Mills Co. Ltd. *#	24	(462)
	10	Birla Corporation Ltd.	660	148
	10	Cheviot Company Ltd.	274	7
	10	Delta International Ltd. *#	1035	20
	10	Howrah Mills Co. Ltd. *	50	(475)
	10	The Jagatdal Ind. Ltd. #	50	(358)
	100	Kanknarrah Co. Ltd. *#	19	1
	10	Trend Vyapaar Limited (Formerly Kelvin Jute Co. Ltd. ) #	1	(240)
	10	Nellimarla Jute Mills Co. Ltd. #	70	(368)
	10	New Central Jute Mills Co. Ltd. *#	12	(88)
	10	Presidency Exports & Industries Ltd. #	10	(105)
	1	Bajaj Hindusthan Sugar and Industries Ltd	5430	2
	10	Reliance Ispat Ltd. #	224	6
	10	Solarson Ind. Ltd. #	200	2
	10	The Agarpara Co. Ltd. * #	50	(175)
	10	The Auckland International Ltd.	990	(750)
	10	Abhishek Jute & Industries Limited	660	(500)
	5	The Baranagar Jute Factory Co. Ltd.*#	5	(116)
	10	Al Champdany Industries Ltd.	314	(344)
	10	Fort William Industries Limited #	50	2
	10	The Ganges Manufacturing Co.Ltd. *#	50	(375)
	10	Gillanders Arbuthnot & Co Ltd	135	13
	10	The Gouripore Co. Ltd. #	40	(150)
	10	The Hooghly Mills Co.Ltd. #	1176	(742)
	10	The India Jute & Industries Ltd. *#	62	2
	10	The Nuddea Mills Co. Ltd. *#	25	(50)
	1	Waverly Investments Ltd. #	7	(30)
	10	Willard India Ltd. #	1200	44
	10	Reliance Jute Mills (Int. ) Ltd. @#-	112	-
		Total of Quoted Equity Instrument - Balance Carried Over		<b>251</b>



## Notes to Financial Statements

(₹ in 000)

Notes	2.11	INVESTMENTS				
NON CURRENT INVESTMENTS			As at March 31, 2016		As at March 31, 2015	
Face Value per Share/Debenture	Particulars	₹	No. of Shares / Debentures	Value	No. of Shares / Debentures	Value
	<b>Balance Brought Forward</b>			251		251
	<b>Less:</b> Provision for other than temporary diminution in the value of investments			83		83
	<b>Net Total (Quoted investment)</b>			168		168
	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)	26	(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	2	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)
	<b>Total of Unquoted Equity Instruments</b>			11		11
	<b>Less:</b> Provision for other than temporary diminution in the value of Investment			11		11
	<b>"Net Total (Un-Quoted Investment)"</b>			-		-
	<b>Investment on Government Securities</b>					
	<b>Unquoted -</b>					
	7 years National Saving Certificates					
	(Deposited with Central Excise and Sales Tax Authorities), (Matured)			5		5
	<b>Total Government Securities</b>			5		5
	<b>Total Non - Current Investment</b>			11,560		11,560

## Notes to Financial Statements

(₹ in 000)

Notes	2.11	INVESTMENTS	As at March 31, 2016		As at March 31, 2015	
			Book Value (₹)	Market Value (₹)	Book Value (₹)	Market Value (₹)
<b>Aggregate Amount of :</b>						
		Quoted Investments	251	552	251	465
		Unquoted Investments	11,403	—	11,403	—
		Provision for other than temporary diminution in the value of investment	94	—	94	—
			<b>11,560</b>	<b>552</b>	<b>11,560</b>	<b>465</b>

\* 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 ₹ (1)/-.

Notes	2.12	LOANS & ADVANCES	Long Term		Short Term	
			As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Security Deposits</b>						
		Unsecured, considered good	2,226	1,701	—	—
			<b>2,226</b>	<b>1,701</b>	<b>—</b>	<b>—</b>
<b>Other Loans and Advances (Unsecured, considered good)</b>						
		Advance Tax and TDS (Net of provisions)	2,103	2,100	—	—
		Income Tax Refundable	121	121	—	—
		Advance against supply of Goods and Services	—	—	11,388	4,279
		Prepaid Expenses	—	—	3,456	6,293
		Advance to Employees	—	—	23,201	6,155
		Interest Accrued but not due	—	—	—	154
		Balances with Government & Statutory Authorities	7,099	3,193	254	343
			<b>9,323</b>	<b>5,414</b>	<b>38,299</b>	<b>17,224</b>
			<b>11,549</b>	<b>7,115</b>	<b>38,299</b>	<b>17,224</b>

Notes	2.13	OTHER ASSETS	Non-Current		Current	
			As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
		Insurance Claim Receivable	14,320	14,320	—	—
		Less: Provision for Doubtful Claim Receivable	14,320	14,320	—	—
			—	—	—	—
		DEPB/FOCUS Market Licence Receivable	—	—	133	6,229
		Duty Draw Back Receivable	—	—	2,999	5,034
		Receivable from Jute Corp. of India (claim )	—	—	296	210
		Incentive Receivable under MEIS	—	—	19,550	—
		Receivable from Employees	—	—	429	80
			—	—	<b>23,407</b>	<b>11,553</b>

## Notes to Financial Statements

(₹ in 000)

Notes	2.14	INVENTORIES	As at March 31, 2016	As at March 31, 2015
(As taken, valued and certified by the Management)				
Raw Materials			308,229	314,921
Work in Progress			34,469	23,053
Finished Goods (including in transit CY - ₹ 41,430 , PY-₹ 30,597)			254,918	249,992
Stores and Spares etc.			23,010	20,359
			<b>620,626</b>	<b>608,325</b>

DETAILS OF INVENTORIES	Finished Goods		Work-in-Progress	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Jute	254,918	249,992	34,469	23,053
	<b>254,918</b>	<b>249,992</b>	<b>34,469</b>	<b>23,053</b>

Notes	2.15	TRADE RECEIVABLES	Non-Current		Current	
			As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Outstanding for a period exceeding six months						
Unsecured, considered good			—	—	9,783	9,569
Doubtful			—	—	—	10,071
			—	—	<b>9,783</b>	<b>19,640</b>
Provision for doubtful receivables			—	—	—	10,071
			—	—	<b>9,783</b>	<b>9,569</b>
Other Receivables						
Unsecured, considered good			—	—	242,179	162,059
			—	—	<b>251,962</b>	<b>171,628</b>

Notes	2.16	CASH AND BANK BALANCES	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash Equivalents</b>				
Balances With Banks :				
In Current Account			889	2,287
In EEFC Account			6,964	7,807
Cash In hand (Incl Stamps) (As certified by the Management)			1,933	1,192
			<b>9,786</b>	<b>11,286</b>
<b>Other Bank Balances</b>				
In Unpaid Dividend Account			5,261	5,434
Balances with Bank held as margin money / security			—	5,900
			<b>5,261</b>	<b>11,334</b>
			<b>15,047</b>	<b>22,620</b>

## Notes to Financial Statements

(₹ in 000)

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.17</b>	<b>REVENUE FROM OPERATIONS (GROSS)</b>		
Sale of Products (including Export Sales of CY ₹ 4,59,303, PY ₹ 4,45,309)			3,550,698	2,325,106
			<b>3,550,698</b>	<b>2,325,106</b>
<b>Other Operating Revenues</b>				
Export Benefits			36,146	18,481
Miscellaneous Sale			1,936	231
			<b>38,082</b>	<b>18,712</b>
			<b>3,588,780</b>	<b>2,343,818</b>
<b>Details of Sale of Products</b>				
Jute Goods			3,550,698	2,325,106
			<b>3,550,698</b>	<b>2,325,106</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.18</b>	<b>OTHER INCOME</b>		
<b>Interest Income</b>				
On Bank Deposits			215	633
<b>Dividend Income</b>				
On Long term investments			13	8
<b>Other Non Operating Income</b>				
Profit on sale of Fixed Assets			—	13
Excess Liabilities and Unclaimed Balances written back			—	10,007
Adjustment relating to earlier year			50	—
Excess Depreciation written back			—	59
Net gain / ( Loss ) on foreign Currency transactions			3,777	—
			<b>4,055</b>	<b>10,720</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.19</b>	<b>COST OF MATERIALS CONSUMED</b>		
<b>Raw Material Consumed</b>				
Opening Inventories			314,921	131,696
Add : Purchase			2,123,127	1,503,021
			<b>2,438,048</b>	<b>1,634,717</b>
Less: Closing Inventories			308,229	314,921
			<b>2,129,819</b>	<b>1,319,796</b>
<b>Details of Raw Material Consumed</b>				
Jute			2,129,219	1,319,796
Others			600	—
			<b>2,129,819</b>	<b>1,319,796</b>

## Notes to Financial Statements

(₹ in 000)

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.20</b>	<b>(INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS,WORK-IN-PROGRESS</b>		
<b>Inventories at the beginning of the year</b>				
		Finished Goods	249,992	206,216
		Work-in-Progress	23,053	28,100
			<b>273,045</b>	<b>234,316</b>
<b>Inventories at the end of the year</b>				
		Finished Goods	254,918	249,992
		Work-in-Progress	34,469	23,053
			<b>289,387</b>	<b>273,045</b>
			<b>(16,342)</b>	<b>(38,729)</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.21</b>	<b>EMPLOYEE BENEFITS EXPENSE</b>		
		Salaries & Wages	635,084	528,394
		Contribution to Provident Fund & Others	91,512	77,732
		Contribution to Gratuity Fund	32,631	23,865
		Staff Welfare Expenses	9,523	8,595
		Labour Charges (Manufacturing & Processing Exp.)	94,413	68,172
			<b>863,163</b>	<b>706,758</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.22</b>	<b>FINANCE COSTS</b>		
<b>Interest Expenses</b>				
		To Banks on Term Loans	6,361	7,450
		" Banks on Working Capital Loans	16,193	18,322
		" Bill Discounting Charges/Retirement of Bills	3,818	5,965
		" Others	1,991	8,369
			<b>28,363</b>	<b>40,106</b>
<b>Other Borrowing Cost</b>				
		Other Financial Charges	3,004	2,501
			<b>31,367</b>	<b>42,607</b>

## Notes to Financial Statements

(₹ in 000)

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.23</b>	<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>				
		Stores, Spare Parts & Packing Materials Consumed	122,461	108,740
		Power & Fuel	154,293	140,361
		Repairs to Buildings	4,818	7,672
		Repairs to Machinery	17,639	13,453
		Increase/(Decrease) in Cess on Finished Goods	262	7
			<b>299,473</b>	<b>270,233</b>
<b>Selling and Administration Expenses</b>				
		Brokerage & Commission on Sales	6,953	8,124
		Transport & Forwarding Expenses	36,252	34,340
		Rent	1,514	2,274
		Repairs to Other Assets	7,930	7,118
		Insurance	7,319	10,143
		Rates & Taxes	656	2,469
		Legal & Professional Expenses	4,904	3,724
		Travelling Expenses	2,349	1,535
		Miscellaneous Expenses	28,251	23,836
		Loss on sale of Fixed Assets (Net)	5	—
		Bad Debts written off	7,370	24,391
<b>Auditors' Remuneration -</b>				
<b>Statutory Auditors -</b>				
		Audit Fees	401	393
		Limited Review	114	112
		Issue of Certificates	57	146
<b>Cost Auditors -</b>				
		Audit Fees	25	25
		Net (Gain)/Loss on Foreign currency transaction and translation	—	3
		Director's Commission	864	—
		Directors' Fees	479	550
			<b>105,443</b>	<b>119,183</b>
			<b>404,916</b>	<b>389,416</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.24</b>	<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
		On Tangible Assets	58,615	81,756
		Less : Transferred from Reserve on Revaluation	—	10,481
			<b>58,615</b>	<b>71,275</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.25</b>	<b>EXCEPTIONAL ITEMS</b>		
		Liability no longer required written back	—	(93,130)
			—	<b>(93,130)</b>

## Notes to Financial Statements

(₹ in 000)

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.26</b>	<b>TAX EXPENSE</b>		
		Current Tax for the year	29,629	4,247
		Deferred Tax for the year	373	(25,497)
			<b>30,002</b>	<b>(21,250)</b>
		Add : Income Tax provision relating to earlier years written back	–	<b>(1,880)</b>

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.27</b>	<b>CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :</b>		
		a) Bills Discounted with Banks	59,568	70,469
		b) i) Disputed demand against Sales Tax for the year 1999-00 and 2004 -05 for which the Company has preferred appeal and it is pending before W.B.C.T. (A & R) Board (Adv. Paid ₹ 1,120, P.Y. ₹ 1,120)	2,536	2,536
		ii) Disputed demand against Sales Tax for the year 2005-06 to 2012-2013 for which Appeal is pending before SR. and Addl. commissioner (CD) and WBCT (A&R) Board. (Adv. Paid ₹ 3,715, P.Y. ₹ Nil)	139,958	110,495
		c) 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.	13,854	12,700
		d) i) Outstanding Bank Guarantees	37,118	37,118
		ii) Outstanding Letter of Credit	4,930	9,967

<b>Notes</b>	<b>2.28</b>			
		Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance amounting to ₹ NIL Previous Year ₹ Nil)	–	8,097

**Notes 2.29**

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, 2016	For the Year ended 31st March, 2015
		i) Employees Provident Fund	2,094	1,663
		ii) Employees Pension Scheme	46,722	35,763

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.



## Notes to Financial Statements

(₹ in 000)

ii) The amounts recognized in the Balance Sheet as at 31st March, 2016 are as follows :

	Gratuity	
	2015-16	2014-15
Present Value of funded obligations	364,646	333,698
Fair value of Plan Assets	318,527	278,813
Liabilities in respect of funded obligation based on actuarial valuation basis	<b>46,119</b>	<b>54,885</b>

The amounts recognized in the statement of Profit and Loss for the year ended 31st March, 2016 are as follow :

	2015-16	2014-15
Current service cost	30,276	30,942
Interest cost on obligation	25,081	23,840
Expected Return on plan assets(-)	23,750	19,635
Expected Return on any reimbursement right recognized as an asset	—	—
Net actuarial losses/(gains) recognized during the year	1,024	(11,283)
Past service cost	—	—
Losses/(gains) on curtailments and settlements	—	—
Total included in 'Employee Benefit Expenses'	32,631	23,865

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

	2015-16	2014-15
Present value of defined benefit obligation at the beginning of the year	333,698	302,034
Employer Service Cost (+)	30,275	30,942
Interest Cost (+)	25,081	23,840
Curtailment Cost (+)	—	—
Settlement Cost (+)	—	—
Plan Amendments	—	—
Acquisitions	—	—
Actuarial Gains (-)/ Loss (+)	(+)4,336	(-) 4,681
Benefit Paid (-)	(-)28,744	(-)18,437
Present value of Defined Benefit obligations at the end of the year	364,646	333,698

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

Change in Assets	2015-16	2014-15
Fair value of Plan Assets at the beginning of the year	278,812	271,013
Acquisition adjustments		
Expected return on Plan Assets (+)	23,750	19,635
Actual Company Contribution (+)	32,000	—
Benefit Payments (-)	(28,743)	(18,437)
Appreciation / Depreciation of Plan Assets Actuarial Gain(+)/ Loss(-)	3,311	(+)6,601
Fair Value of Plan Assets at the end of the year	309,130	278,812

## Notes to Financial Statements

(₹ in 000)

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

	2015-16	2014-15
Qualifying insurance policy	100%	100%

vi) Principal actuarial assumptions at the Balance Sheet date are as follows :

	2015-16	2014-15
1 Mortality	LIC (2006-2008), ultimate table	LIC (2006-08), 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
4 Discount Rate	7.8% 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	7 % p.a. for 1st 2 years, 6% for next 2 years & 5.5% thereafter	7% 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 ₹ 10,627 (Previous Year ₹ 8,776) is recognized as expense and included in "Employees Benefit Expense".

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

**2.31** The amount of borrowing cost capitalized during the year is ₹ Nil (Previous Year ₹ Nil).

**2.32 a)** Outstanding forward exchange contracts booked for the purpose of hedging receivables/firm commitment are USD 535, EURO 9 & Sterling Pound 155 (Previous year USD 276, EURO 30 and Sterling Pound Nil) and payable / firm commitments are USD NIL ( Previous Year USD NIL ).

b) Unhedged foreign currency receivables USD NIL, EURO NIL and Sterling Pound NIL (Previous Year USD 100, EURO 26 and Sterling Pound NIL) and payables are USD NIL (Previous Year USD NIL).

c) The marked to market loss amounting to ₹ NIL (Previous Year ₹ 9) has been accounted for. However, marked to market gain amounting to ₹ 420 (Previous Year ₹ 156) on Forward Exchange Contracts for firm commitments and highly probable forecast transaction has not been accounted for.

**2.33** 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 ₹ Nil. (Previous Year ₹ Nil).

## Notes to Financial Statements

(₹ in 000)

**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 :-

	2015-16	2014-15
Within India	3,091,395	1,879,797
Outside India	459,303	445,309
<b>Total</b>	<b>3,550,698</b>	<b>2,325,106</b>

**2.35** Value of Imported & Indigenous Raw Materials, Spare Parts consumed:

	Raw Materials				Spare Parts			
	For the year ended 31st March, 2016		For the year ended 31st March, 2015		For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Total (₹)	(In %)	Total (₹)	(In %)	Total (₹)	(In %)	Total (₹)	(In %)
Imported	231,997	10.89	287,604	21.79	942	1.83	2,444	5.90
Indigenous	1,897,822	89.11	1,032,192	78.21	50,520	98.17	39,035	94.10
	<b>2,129,819</b>	<b>100.00</b>	<b>1,319,796</b>	<b>100.00</b>	<b>51,462</b>	<b>100.00</b>	<b>41,479</b>	<b>100.00</b>

**2.36** There being uncertainties in realization from Insurance claims, the same are accounted for on settlement/realization.

**2.37** Certain Trade Receivables, Loans and Advances and creditors are subject to confirmation. In the opinion of the management the value of Trade Receivables and Loans & Advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.38</b>	<b>EXPENDITURE IN FOREIGN CURRENCIES (PAID / PROVIDED)</b>		
		Travelling	1,047	604
		Commission	602	493

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.39</b>	<b>C.I.F. VALUE OF IMPORTS</b>		
		Raw Materials	189,566	332,923
		Component & Spare Parts	1,030	741
		Capital Goods	8,087	7,037

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.40</b>	<b>EARNINGS IN FOREIGN CURRENCY</b>		
		F.O.B. Value of Exports	453,140	436,844

## Notes to Financial Statements

(₹ in 000)

### Notes 2.41 RELATED PARTY DISCLOSURES

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

#### A. Relationships

- 1) Holding Company of the Company
  - a) R. V. Investments & Dealers Ltd.
- 2) Subsidiary Company of the Company
  - a) Ludlow Exports Ltd.
  - b) Sijberia Industries Ltd.
- 3) Enterprise (within Group)
  - a) Kirtivardhan Finvest Services Ltd.
  - b) Belvedere Gardens Limited.
- 4) Key Managerial Personnel (KMP)
  - a) Mr. S. S. Kanoria (Executive Chairman till 29th July, 2014)
  - b) Mr. J. P. Sonthalia ( Managing Director till 9th May, 2014)
  - c) Mr. B. M. Thakkar ( Managing Director from 9th May, 2014 till 23rd June, 2014)
  - d) Mr. Ajay Todi (Managing Director from 1st July, 2014)
  - e) Mr. R. K. Gupta (Chief Financial Officer)
  - f) Ms. Minu Rohila (Company Secretary and Compliance Officer from 2nd November, 2015)
  - g) Mrs. Puja Guin (Company Secretary till 15th May, 2015)

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

Particulars	Holding Co. & Enterprise having significant influence		Key Managerial Personnel		Subsidiary	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Loan Taken:	—	100,000	—	—	—	—
Loan Repaid:	30,000	70,000	—	—	—	—
Balance outstanding at year end:	—	30,000	—	—	—	—
Interest Paid:	1,680	6,582	—	—	—	—
Remuneration paid to Executive Directors	—	—	6,363	11,721	—	—
Salary paid to other than Executive Directors	—	—	1,560	4,088	—	—
Security Deposit to Subsidiary	—	—	—	—	—	400
Security Deposit to Subsidiary refund	—	—	—	—	—	400
Rent and maintenance charges paid	812	—	—	—	—	—
Security Deposit Given	389	—	—	—	—	—
Deposit received	100	—	—	—	—	—
Deposit refunded	100	—	—	—	—	—

## Notes to Financial Statements

(₹ in 000)

<b>Notes</b>	<b>2.42</b>	Figures of less than Rupee 1 have been shown at actual in brackets in Notes to Account No 2.10 and 2.11. Other than these all other figures in bracket are in negatives.
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<b>Notes</b>	<b>2.43</b>	Figures of the Previous Year have been regrouped/rearranged wherever considered necessary.
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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  
 Dated : 9th day of May, 2016

For and on behalf of the Board

**R. K. Gupta**  
*Chief Financial Officer*

**Minu Rohila**  
*Company Secretary*

**Ajay Todi**  
*Managing Director*  
 DIN - 00004380

**R. V. Kanoria**  
*Non-Executive Chairman*  
 DIN - 00003792

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## Independent Auditors' Report

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To the Members of  
**LUDLOW JUTE & SPECIALITIES LIMITED**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of **LUDLOW JUTE & SPECIALITIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated profit and their cash flows for the year ended on that date.

## Independent Auditors' Report

### Other Matters

We did not audit the financial statements of both the subsidiaries, whose financial statements reflect total assets of ₹ 245.73 lacs as at 31st March, 2016, total revenues of ₹ 15.92 lacs and net cash flows amounting to ₹ 7.20 lacs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, to the extent applicable, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the Directors of the Group Companies is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 2.27 to the Consolidated Financial Statements;
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

1-B, Old Post Office Street,  
Kolkata  
Date : 9th day of May, 2016

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



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## Annexure 'A' to the Independent Auditors' Report

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**The Annexure referred to in paragraph 1 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date in respect to the internal financial control under clause (i) of sub-section 3 of Section 143 of the Act of Ludlow Jute & Specialities Limited for the year ended 31 March 2016, we report that:**

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of the Holding Company. Based on the comments made by the Independent Auditors of the Subsidiaries with respect to the internal financial controls over financial reporting as required in terms of sub-section (3) (i) of Section 143 of the Act, we report as under:

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

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

## Annexure 'A' to the Independent Auditors' Report

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

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

### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to both of the subsidiary companies is based on the corresponding reports of the auditors of such Companies incorporated in India.

1-B, Old Post Office Street,  
Kolkata  
Date : 9th day of May, 2016

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

Consolidated Balance Sheet as at 31st March, 2016

(₹ in 000)

	Note No.	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	107,977	107,977
Reserves and Surplus	2.2	292,183	254,864
		<b>400,160</b>	<b>362,841</b>
<b>Minority Interest</b>	2.3	<b>9,402</b>	<b>9,212</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	2.4	34,206	43,492
Deferred Tax Liabilities (Net)	2.5	6,128	5,758
Other Long-Term Liabilities	2.6	1,583	1,632
Long-Term Provisions	2.7	14,619	11,242
		<b>56,536</b>	<b>62,124</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	2.8	350,885	175,934
Trade Payables	2.9	221,500	404,060
Other Current Liabilities	2.10	128,182	87,240
Short-Term Provisions	2.7	84,632	67,826
		<b>785,199</b>	<b>735,060</b>
<b>Total</b>		<b>1,251,297</b>	<b>1,169,237</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	2.11	261,902	307,980
Intangible Assets	2.11	(1)	(1)
Capital Work-In-Progress		8,340	3,283
		<b>270,242</b>	<b>311,263</b>
Non-Current Investments		173	173
Long-Term Loans and Advances	2.12	11,549	7,522
Other Non-Current Assets	2.16	—	180
		<b>281,964</b>	<b>319,138</b>
<b>Current Assets</b>			
Inventories	2.13	620,626	608,325
Trade Receivables	2.14	251,962	171,628
Cash and Bank Balances	2.15	34,637	41,491
Short-Term Loans and Advances	2.12	38,676	17,070
Other Current Assets	2.16	23,432	11,585
		<b>969,333</b>	<b>850,099</b>
<b>Total</b>		<b>1,251,297</b>	<b>1,169,237</b>
Significant Accounting Policies	1		

The Accompanying Notes are an integral part of the Financial Statements

As per our Report annexed

For and on behalf of the Board

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**M. L. Shukla**

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

Dated : 9th day of May, 2016

**R. K. Gupta**  
Chief Financial Officer

**Minu Rohila**  
Company Secretary

**Ajay Todi**  
Managing Director  
DIN - 00004380

**R. V. Kanoria**  
Non-Executive Chairman  
DIN - 00003792

## Consolidated Statement of Profit & Loss for the year ended 31st March, 2016

(₹ in 000)

	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>INCOME</b>			
Revenue from Operations (Gross)	2.17	3,588,780	2,343,818
Less: Jute Manufacturing Cess		34,898	23,130
Revenue from Operations (Net)		<b>3,553,882</b>	<b>2,320,688</b>
Other Income	2.18	5,647	12,415
<b>Total Revenue</b>		<b>3,559,529</b>	<b>2,333,103</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	2.19	2,129,819	1,319,796
(Increase) / Decrease in Inventories of Finished Goods and Work-in-Progress	2.20	(16,342)	(38,729)
Employee Benefits Expense	2.21	863,511	707,071
Finance Costs	2.22	31,367	42,607
Other Expenses	2.23	405,352	389,670
		<b>3,413,707</b>	<b>2,420,415</b>
<b>Profit/(Loss) before Tax, Depreciation and Amortisation</b>		<b>145,822</b>	<b>(87,312)</b>
Depreciation and Amortisation Expense	2.24	58,751	71,444
<b>Profit/(Loss) before Tax and Exceptional items</b>		<b>87,071</b>	<b>(158,756)</b>
(Add)/Less : Exceptional items	2.25	—	(93,130)
		<b>87,071</b>	<b>(65,626)</b>
Tax Expense :	2.26		
Current Tax		29,852	4,571
Deferred Tax		369	(25,519)
Income Tax Provision for earlier year Written Back		(109)	(1,880)
<b>Profit/(Loss) for the year before share of Minority Interest</b>		<b>56,959</b>	<b>(42,798)</b>
Minority Interest		189	264
<b>Profit/(Loss) for the year</b>		<b>56,770</b>	<b>(43,062)</b>
Earnings Per Share [Face value ₹ 10/- each]			
Weighted Average Number of Ordinary Shares outstanding during the year (in number)		10,773,120	10,773,120
Basic and Diluted earning per share (in ₹)		5.27	(3.99)
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

Dated : 9th day of May, 2016

For and on behalf of the Board

**R. K. Gupta**  
Chief Financial Officer

**Minu Rohila**  
Company Secretary

**Ajay Todi**  
Managing Director  
DIN - 00004380

**R. V. Kanoria**  
Non-Executive Chairman  
DIN - 00003792

Consolidated Cash Flow Statement for the year ended 31st March, 2016

(₹ in 000)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit after exceptional items &amp; before Tax</b>	<b>87,071</b>	<b>(65,626)</b>
<b>Adjustments for :</b>		
Depreciation & Amortisation	58,751	71,444
(Profit)/Loss on Sale of Fixed Assets (Net)	5	(13)
Excess Depreciation Written Back	—	(60)
Interest received	(1,807)	(2,327)
Finance Costs	31,368	42,607
Excess Liabilities and unclaimed balances written back (Net)	—	(103,137)
Provision for Bad and Doubtful debts	—	24,391
Dividend received on Non Current Investments	(14)	(8)
Foreign Exchange Fluctuations	(344)	(16)
	<b>175,030</b>	<b>(32,745)</b>
<b>Operating Profit before Working Capital changes</b>		
<b>Adjustments for :</b>		
(Increase)/Decrease in Trade & Other Receivables	(117,663)	(45,330)
(Increase)/Decrease in Inventories	(12,301)	(216,561)
Increase/(Decrease) in Trade Payables & Other Liabilities	(142,023)	222,976
Provision for Employee Benefits	4,179	21,288
<b>Cash generated from operations</b>	<b>(92,778)</b>	<b>(50,372)</b>
Direct Taxes Paid	(26,305)	(262)
<b>Net Cash from Operating Activities</b>	<b>(119,083)</b>	<b>(50,634)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible & Intangible Assets including CWIP	(17,884)	(18,026)
Sale of Tangible Assets	150	1,405
Margin money/security Deposited /Refunded	5,900	(2,826)
Interest received	1,779	2,147
(Increase)/ Decrease in Fixed Deposits in Banks	(1,401)	—
Dividend received on Non Current Investments	14	8
<b>Net Cash used in Investing Activities</b>	<b>(11,442)</b>	<b>(17,292)</b>

## Consolidated Cash Flow Statement for the year ended 31st March, 2016

(₹ in 000)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
(Repayments)/Proceeds from Borrowings	165,665		138,663	
Finance Costs	(30,839)		(42,607)	
Dividend Paid	(5,387)		(16,160)	
Corporate Dividend Tax Paid	(1,096)		(2,746)	
<b>Net Cash used in Financing Activities</b>		<b>128,343</b>		<b>77,150</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(2,182)</b>		<b>9,224</b>
Cash and Cash Equivalents (Opening Balance)		12,190		2,966
<b>Cash and Cash Equivalents (Closing Balance)</b>		<b>10,008</b>		<b>12,190</b>

### Notes :

- Above statement has been prepared in indirect method.
- Figures for the previous year have been re-grouped wherever considered necessary.
- Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

The 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

Dated : 9th day of May, 2016

For and on behalf of the Board

**R. K. Gupta**  
Chief Financial Officer

**Minu Rohila**  
Company Secretary

**Ajay Todi**  
Managing Director  
DIN - 00004380

**R. V. Kanoria**  
Non-Executive Chairman  
DIN - 00003792

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2016

(₹ in 000)

**Notes 1 SIGNIFICANT ACCOUNTING POLICIES**

**A. PRINCIPLES OF CONSOLIDATION**

The Consolidation of Financial statements (CFS) relate to Ludlow Jute & Specialities Limited and its Subsidiaries. The CFS have been prepared in accordance with the Generally Accepted Accounting Principles and Accounting Standards as prescribed under Section 133 of The Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

- 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) Movement in minorities' share of 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 prescribed u/s 133 of The Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

The financial statements have been prepared and presented as per the requirement of Schedule III as notified under The Companies Act 2013.

**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 Fixed 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.



## Notes to Consolidated Financial Statements

(₹ in 000)

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 Fixed Assets

Intangible assets are stated at cost on initial recognition after which the same are stated at cost less accumulated amortization and accumulated impairment loss, if any.

### F. Depreciation and Amortisation

- a) Depreciation on Tangible Fixed Assets has been provided on straight-line method at the rate determined based on the useful lives of respective assets as prescribed in Schedule II to The Companies Act, 2013. 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) Depreciation for assets purchased/sold during the year is proportionately charged.
- d) All the assets costing ₹ 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

- a) Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.  
The portion of long term investments expected to be realized within 12 months after reporting date are disclosed under current investments as per the requirement of Schedule III to The Companies Act, 2013.
- b) 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.
- c) Current Investments other than the portion of long term business investments disclosed under current investments are stated at lower of cost or fair value.

### I. Inventories

Inventories are valued at cost or Net Realisable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of the business less estimated cost of completion and the estimated cost necessary to make the sale. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

### 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/future contract (except for firm commitments and highly probable forecast transactions), the premium or discount arising at the inception of forward/future contracts entered into to hedge an existing asset/liability, is amortized over the life of the contract. Exchange differences on such

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## Notes to Consolidated Financial Statements

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contracts 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/future 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**

General and specific Borrowing costs attributable to the acquisition, construction or installation of qualifying capital assets till the date of commencement of commercial use of the assets are capitalized. Other borrowing costs are recognized as an expense in the period 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 using projected unit credit method.
- 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 using projected unit credit method.
- 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. The Deferred Tax charge or credit is recognised using substantively enacted tax rates, subject to the consideration of prudence, on timing differences between book profits and tax profits. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future tax income will be available against which such deferred tax assets can be realized.

### **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 operative income or reduced from respective expenses.

### **P. Provisions**

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.

### **Q. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

## Notes to Consolidated Financial Statements

(₹ in 000)

			As at March 31, 2016	As at March 31, 2015
<b>Note</b>	<b>2.1</b>	<b>SHARE CAPITAL</b>		
<b>Authorised</b>				
		14,990,000 (P.Y. - 1,49,90,000) Equity Shares of ₹ 10/- each	149,900	149,900
		1,000 (P.Y. - 1,000) Redeemable Preference Shares of ₹ 100/- each	100	100
			<b>150,000</b>	<b>150,000</b>
<b>Issued</b>				
		10,773,120 (P.Y. - 1,07,73,120) Equity Shares of ₹10/- each	<b>107,731</b>	<b>107,731</b>
<b>Subscribed and Paid-up</b>				
		10,773,120 (P.Y. - 1,07,73,120) Equity Shares of ₹ 10/- each fully paid-up	107,731	107,731
		Add: Forfeited Equity Shares	246	246
		(Amount originally paid-up)		
			<b>107,977</b>	<b>107,977</b>

- There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period.
- The Company has only one class of issued shares i.e. Equity Shares having par value of ₹ 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 at 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.
- R.V. Investment & Dealers Limited is the Holding Company of this Company.
- Details of shareholders holding more than 5% shares in the Company:

Equity Shares of ₹ 10 each fully paid	No. of Shares	
R V Investment & Dealers Ltd ( C.Y. - 62.345 %, P.Y. - 62.345% )	6,716,507	6,716,507

- 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.
- 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.
- No securities convertible into Equity/Preference shares have been issued by the Company during the year.
- No calls are unpaid by any Directors or officers of the Company during the year.

## Notes to Consolidated Financial Statements

		(₹ in 000)	
		As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.2 RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>			
As per the last Financial Statements		1,430	1,431
<b>Capital Redemption Reserve</b>			
As per the last Financial Statements		836	836
<b>Security Premium</b>			
As per the last Financial Statements		58,595	58,595
<b>Revaluation Reserve</b>			
As per the last Financial Statements		–	6,971
Add : Transfer from Surplus being excess adjustment of Revaluation Reserve on Land in earlier year		–	3,509
		–	10,480
Less : Reversal of revaluation reserve on land amounting to ₹ Nil (Previous Year ₹ 10,480)		–	10,480
		–	–
<b>General Reserve</b>			
As per the last Financial Statements		29,664	29,664
Add : Transferred from Surplus		2,820	–
		<b>32,484</b>	<b>29,664</b>
<b>Surplus</b>			
As per the last Financial Statements		164,338	223,497
Depreciation relating to earlier year as per Schedule II		–	(9,120)
Impact of Deferred Tax on depreciation relating to earlier year as per Schedule II		–	2,959
Adjustment of revalued portion of land relating to earlier year		–	(3,509)
		<b>164,338</b>	<b>213,827</b>
Add/(Less) : Profit/(Loss) for the year		56,770	(43,062)
Add: Taxation for earlier year		–	57
		<b>221,108</b>	<b>170,822</b>
<b>Less : Appropriations</b>			
Proposed Dividend		16,160	5,387
Corporate Dividend Tax on Proposed Dividend		3,290	1,097
General Reserve		2,820	–
		22,270	6,484
		<b>198,838</b>	<b>164,338</b>
<b>Net Surplus</b>		<b>292,183</b>	<b>254,864</b>

## Notes to Consolidated Financial Statements

(₹ in 000)

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.3</b>	<b>MINORITY INTEREST</b>		
<b>In Equity</b>				
Sijberia Industries Limited			4,812	4,812
4,81,864 (P.Y. 4,81,864) Equity Shares of ₹10/- each held by minority having 46.1% (P.Y. 46.1%) interest				
<b>In Non Equity</b>				
Sijberia Industries Limited			4,590	4,400
			<b>9,402</b>	<b>9,212</b>

		Non-current portion		Current Maturities	
		As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.4</b>	<b>LONG-TERM BORROWINGS</b>			
<b>Term Loans (Secured)</b>					
Rupee Loan from Bank					
		34,206	43,492	17,738	18,952
		<b>34,206</b>	<b>43,492</b>	<b>17,738</b>	<b>18,952</b>
Amount disclosed under the head "Other Current Liability" (Note 2.10)					
		–	–	17,738	(18,952)
		<b>34,206</b>	<b>43,492</b>	–	–

- a) Rupee Term Loan from Bank is repayable in 10 semi-annual installment for ₹ 14,600/- between March 2012 to September 2016, for ₹ 15,000/- between September 2013 to March 2018 and in 9 semi-annual installments for ₹ 40,541/- from April 2015 to April 2019, for ₹ 14,821/- between January 2013 to January 2017. The primary security against such asset is hypothecation of machineries purchased under the Term Loan.
- b) Term loan of ₹ 90 lacs, is secured by hypothecation of machineries and 1st pari passu charges on entire assets both present and future, repayable in 9 half yearly installments of ₹ 10 lacs each starting after 6 months of disbursement i.e. 25.11.2015.

## Notes to Consolidated Financial Statements

(₹ in 000)

		As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.5</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>	
<b>Deferred Tax Liabilities</b>			
Arising on account of :			
Depreciation			
		26,560	36,372
Less : Deferred Tax Assets			
Arising on account of :			
Section 43B of Income-Tax Act, 1961			
		15,666	30,583
Others			
		4,766	31
		<b>6,128</b>	<b>5,758</b>

		As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.6</b>	<b>OTHER LONG TERM LIABILITIES</b>	
<b>Other Liabilities</b>			
Trade and Security Deposits			
		1,583	1,583
Statutory Liability under Litigation			
		–	49
		<b>1,583</b>	<b>1,632</b>

		Long Term		Short Term	
		As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.7</b>	<b>PROVISIONS</b>			
Provision for Employee Benefits					
		14,619	11,242	57,602	56,800
Other Provisions :					
Provisions for Taxation (Net of Payments)					
		–	–	7,580	4,543
Proposed Dividend					
		–	–	16,160	5,387
Corporate Dividend Tax					
		–	–	3,290	1,096
		–	–	<b>27,030</b>	<b>11,026</b>
		<b>14,619</b>	<b>11,242</b>	<b>84,632</b>	<b>67,826</b>

		As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.8</b>	<b>SHORT TERM BORROWINGS</b>	
Working Capital Borrowings			
From Banks			
Rupee Loan from Bank (Secured)			
		299,151	80,605
Export Packing Credit in Rupees (Secured)			
		51,734	63,927
EEFC-Dollar Deposit in Foreign Currency (Secured)			
		–	1,402
		<b>350,885</b>	<b>145,934</b>
<b>Loans &amp; Advances from Related Parties</b>			
From Holding Company (Unsecured)			
		–	30,000
		–	<b>30,000</b>
		<b>350,885</b>	<b>175,934</b>

- a) Working Capital Borrowings in Rupee is secured against hypothecation of entire stocks and debtors together with bank pari-passu 1st charge on entire assets both present and future of the Company.
- b) Export Packing Credit in Rupee and EEFC deposit in Foreign Currencies are secured against hypothecation of Stock of materials, semi-finished and finished goods and debtors.

## Notes to Consolidated Financial Statements

(₹ in 000)

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.9</b>	<b>TRADE PAYABLES</b>		
		Micro, Small and Medium Enterprises	—	—
		Others	221,500	404,060
			<b>221,500</b>	<b>404,060</b>

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.10</b>	<b>OTHER CURRENT LIABILITIES</b>		
		Current maturities of Long Term Debt (See Note 2.4)	17,738	18,952
		Dues to Employees	79,125	36,168
		Unpaid and unclaimed dividends	5,261	5,434
		Statutory Dues	22,939	23,159
		Interest Accrued & Due	529	—
		Advances Received from Customers	2,177	2,372
		Others	413	1,155
			<b>128,182</b>	<b>87,240</b>

<b>Notes 2.11 FIXED ASSETS</b>												
	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>					<b>NET BLOCK</b>		
	Cost/Value as at 31st March, 2015	Additions during the Year	Deductions/ Adjustments during the year	Cost/Value as at 31st March, 2016	Upto 31st March, 2015	Adjustment with retained earning	Provided during the year	Deductions/ Adjustments during the year	Upto 31st March, 2016	As at 31st March, 2016	As at 31st March 2015	
<b>TANGIBLE ASSETS</b>												
Freehold Land	7,870	—	—	7,870	—	—	—	—	—	7,870	7,870	
Buildings	166,651	—	—	166,651	134,966	—	2,690	—	137,656	28,995	31,685	
Plant & Machinery	815,212	10,487	224	825,475	565,259	—	50,779	214	615,824	209,651	249,953	
Furniture & Fittings	4,999	517	—	5,516	3,735	—	298	—	4,033	1,483	1,264	
Vehicles	42,229	864	499	42,594	27,482	—	4,290	355	31,417	11,177	14,747	
Office Equipment	14,421	959	—	15,380	11,960	—	694	—	12,654	2,726	2,461	
<b>Total</b>	<b>1,051,382</b>	<b>12,827</b>	<b>723</b>	<b>1,063,486</b>	<b>743,402</b>	<b>—</b>	<b>58,751</b>	<b>569</b>	<b>801,584</b>	<b>261,902</b>	<b>307,980</b>	
<b>INTANGIBLE ASSETS</b>												
Goodwill	(1)	—	—	(1)	—	—	—	—	—	(1)	(1)	
<b>Total</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>(1)</b>	
<b>Grand Total :</b>	<b>1,051,382</b>	<b>12,827</b>	<b>723</b>	<b>1,063,486</b>	<b>743,402</b>	<b>—</b>	<b>58,751</b>	<b>569</b>	<b>801,584</b>	<b>261,902</b>	<b>307,980</b>	
Previous Year :	1,046,490	20,645	15,753	1,051,382	664,651	9,120	71,444	1,813	743,402	307,980		

### 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 excluding Land by ₹ 285,389 on Net Current Replacement Basis. This increase had been transferred to Revaluation Reserve Account.

## Notes to Consolidated Financial Statements

(₹ in 000)

Notes	2.12	LOANS & ADVANCES	Long Term		Short Term	
			As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
		<b>Security Deposits</b>				
		Unsecured, considered good	2,226	1,705	–	–
			<b>2,226</b>	<b>1,705</b>	<b>–</b>	<b>–</b>
		<b>Other Loans and Advances (Unsecured, considered good)</b>				
		Advance Tax and TDS (Net of provisions)	2,103	2,504	349	–
		Income Tax Refundable	121	121	–	–
		Accrued Interest	–	–	28	–
		Advance against supply of Goods and Services	–	–	11,388	4,279
		Prepaid Expenses	–	–	3,456	6,293
		Advance to Employees	–	–	23,201	6,155
		Balances with Government & Statutory Authorities	7,099	3,192	254	343
			<b>9,323</b>	<b>5,817</b>	<b>38,676</b>	<b>17,070</b>
			<b>11,549</b>	<b>7,522</b>	<b>38,676</b>	<b>17,070</b>

Notes	2.13	INVENTORIES	As at March 31, 2016	As at March 31, 2015
		(As taken, valued and certified by the Management)		
		Raw Materials	308,229	314,921
		Work in Progress	34,469	23,053
		Finished Goods (including in transit C.Y. - ₹ 41,430 , P.Y. - ₹ 30,597)	254,918	249,992
		Stores and Spares etc.	23,010	20,359
			<b>620,626</b>	<b>608,325</b>

DETAILS OF INVENTORIES	Finished Goods		Work-in-Progress	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Jute	254,918	249,992	34,469	23,053
	<b>254,918</b>	<b>249,992</b>	<b>34,469</b>	<b>23,053</b>

Notes	2.14	TRADE RECEIVABLES	Non-Current		Current	
			As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
		Outstanding for a period exceeding six months				
		Unsecured, considered good	–	–	9,783	9,569
		Doubtful	–	–	–	10,071
			–	–	9,783	19,640
		Provision for doubtful receivables	–	–	–	10,071
			–	–	<b>9,783</b>	<b>9,569</b>
		<b>Other Receivables</b>				
		Unsecured, considered good	–	–	242,179	162,059
			–	–	<b>251,962</b>	<b>171,628</b>



## Notes to Consolidated Financial Statements

(₹ in 000)

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.15</b>	<b>CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>				
Balances With Banks :				
In Current Account			1,105	3,181
In EEFC Account			6,964	7,808
Cash In hand (Incl'd Stamps) (As certified by the Management)			1,939	1,201
			<b>10,008</b>	<b>12,190</b>
<b>Other Bank Balances</b>				
In Unpaid Dividend Account			5,261	5,434
Fixed Deposit - Allahabad Bank			9,500	—
Fixed Deposits (Due within 12 months)			9,868	17,967
Balances with Bank held as margin money/security			—	5,900
			<b>24,629</b>	<b>29,301</b>
			<b>34,637</b>	<b>41,491</b>

			Non-Current		Current	
			As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.16</b>	<b>OTHER ASSETS</b>				
Insurance Claim Receivable			14,320	14,320	—	—
Less : Provision for Doubtful Claim Receivable			14,320	14,320	—	—
			—	—	—	—
Interest Receivable			—	180	22	32
DEPB/FOCUS Market Licence Receivable			—	—	133	6,229
Duty Draw Back Receivable			—	—	2,999	5,034
Receivable from J.C.I ( Claim )			—	—	296	210
Receivable from Employees			—	—	429	80
Incentive Receivables under MEIS			—	—	19,550	—
Others			—	—	3	—
			—	<b>180</b>	<b>23,432</b>	<b>11,585</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.17</b>	<b>REVENUE FROM OPERATIONS (GROSS)</b>		
Sale of Products (including Export Sales of C.Y. ₹ 4,59,303, P.Y. ₹ 4,45,309)			3,550,698	2,325,106
			<b>3,550,698</b>	<b>2,325,106</b>
<b>Other Operating Revenues</b>				
Export Benefits			36,146	18,481
Miscellaneous Sale			1,936	231
			<b>38,082</b>	<b>18,712</b>
			<b>3,588,780</b>	<b>2,343,818</b>
<b>Details of Sale of Products</b>				
Jute Goods			3,550,698	2,325,106
			<b>3,550,698</b>	<b>2,325,106</b>

## Notes to Consolidated Financial Statements

(₹ in 000)

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.18</b>	<b>OTHER INCOME</b>		
<b>Interest Income</b>				
		On Bank Deposits	1,766	2,318
		Others	41	9
<b>Dividend Income</b>				
		On Long term investments	13	8
<b>Other Non Operating Income</b>				
		Profit on sale of Fixed Assets	–	13
		Excess Liabilities and Unclaimed Balances written back	–	10,007
		Excess Depreciation written back	–	60
		Net gain/(loss) on Foreign Currency transactions	3,777	–
		Prior Period Adjustments	50	–
			<b>5,647</b>	<b>12,415</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.19</b>	<b>COST OF MATERIALS CONSUMED</b>		
<b>Raw Material Consumed</b>				
		Opening Inventories	314,921	131,696
		Add : Purchase	2,123,127	1,503,021
			<b>2,438,048</b>	<b>1,634,717</b>
		Less: Closing Inventories	308,229	314,921
			<b>2,129,819</b>	<b>1,319,796</b>
<b>Details of Raw Material Consumed</b>				
		Jute	2,129,219	1,319,796
		Others	600	–
			<b>2,129,819</b>	<b>1,319,796</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.20</b>	<b>(INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS,WORK-IN-PROGRESS</b>		
<b>Inventories at the beginning of the year</b>				
		Finished Goods	249,992	206,217
		Work-in-Progress	23,053	28,099
			<b>273,045</b>	<b>234,316</b>
<b>Inventories at the end of the year</b>				
		Finished Goods	254,918	249,992
		Work-in-Progress	34,469	23,053
			<b>289,387</b>	<b>273,045</b>
			<b>(16,342)</b>	<b>(38,729)</b>

## Notes to Consolidated Financial Statements

(₹ in 000)

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.21</b>	<b>EMPLOYEE BENEFITS EXPENSE</b>		
		Salaries & Wages	635,432	528,707
		Contribution to Provident Fund & Others	91,512	77,732
		Contribution to Gratuity Fund	32,631	23,865
		Staff Welfare Expenses	9,523	8,595
		Labour Charges (Manufacturing & Processing Exp.)	94,413	68,172
			<b>863,511</b>	<b>707,071</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.22</b>	<b>FINANCE COSTS</b>		
		<b>Interest Expenses</b>		
		To Banks on Term Loans	6,361	7,450
		" Banks on Working Capital Loans	16,193	18,322
		" Bill Discounting Charges/Retirement of Bills	3,818	5,965
		" Others	1,991	8,369
			<b>28,363</b>	<b>40,106</b>
		<b>Other Borrowing Cost</b>		
		Financial Charges	3,004	2,501
			<b>31,367</b>	<b>42,607</b>

## Notes to Consolidated Financial Statements

(₹ in 000)

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.23</b>	<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>				
		Stores, Spare Parts & Packing Materials Consumed	122,461	108,740
		Power & Fuel	154,293	140,366
		Repairs to Buildings	4,818	7,672
		Repairs to Machinery	17,639	13,453
		Increase/(Decrease) in Cess on Stocks	262	7
			<b>299,473</b>	<b>270,238</b>
<b>SELLING AND ADMINISTRATION EXPENSES</b>				
		Brokerage & Commission on Sales	6,953	8,124
		Transport & Forwarding Expenses	36,251	34,340
		Rent	1,514	2,274
		Repairs to Other Assets	7,931	7,124
		Insurance	7,319	10,143
		Rates & Taxes	665	2,478
		Legal & Professional Expenses	4,974	3,784
		Travelling Expenses	2,349	1,535
		Miscellaneous Expenses	28,588	23,991
		Loss on sale of Fixed Assets(Net)	5	–
		Bad Debts written off	7,370	24,391
<b>Auditors' Remuneration -</b>				
<b>Statutory Auditors -</b>				
		Audit Fees	420	412
		Limited Review	114	112
		Issue of Certificates	57	146
<b>Cost Auditors -</b>				
		Audit Fees	25	25
		Net (Gain)/Loss on Foreign currency transaction and translation	–	3
<b>Directors' Commission</b>			864	–
		Directors' Fees	479	550
			<b>105,879</b>	<b>119,432</b>
			<b>405,352</b>	<b>389,670</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.24</b>	<b>DEPRECIATION AND AMORTISATION EXPENSES</b>		
		On Tangible Assets	58,751	71,444
			<b>58,751</b>	<b>71,444</b>

## Notes to Consolidated Financial Statements

(₹ in 000)

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.25</b>	<b>EXCEPTIONAL ITEMS</b>		
		Liability no longer required written back	–	(93,130)
			–	<b>(93,130)</b>

			For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Notes</b>	<b>2.26</b>	<b>TAX EXPENSE</b>		
		Current Tax for the year	29,852	4,571
		Deferred Tax	369	(25,519)
			<b>30,221</b>	<b>(20,948)</b>
		Add : Income Tax related to earlier years written back	(109)	(1,880)
			<b>30,112</b>	<b>(22,828)</b>

			As at March 31, 2016	As at March 31, 2015
<b>Notes</b>	<b>2.27</b>	<b>CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :</b>		
		a) Bills Discounted with Banks	59,568	70,469
		b) (i) Disputed demand against Sales Tax for the year 1999-00 and 2004-05 for which the Company has preferred appeal and it is pending before W.B.C.T. (A&R) Board (Adv. Paid ₹ 1,120, P.Y. ₹ 1,120)	2,536	2,536
		ii) Disputed demand against Sales Tax for the year 2005-06 to 2012- 13 for which Appeal is pending before SR. and Addl. commissioner (CD) and WBCT (A&R) Board. (Advance paid ₹ 3,715, P.Y. ₹ Nil)	139,958	110,495
		c) 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.	13,854	12,700
		d) a) Outstanding Bank Guarantees	37,118	37,118
		b) Outstanding Letter of Credit	4,930	9,967

<b>Notes</b>	<b>2.28</b>			
		Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance amounting to ₹ Nil Previous Year ₹ Nil)	–	8,097

## Notes to Consolidated Financial Statements

(₹ in 000)

Notes	2.29
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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, 2016	For the Year ended 31st March, 2015
i) Employees Provident Fund	2,094	1,663
ii) Employees Pension Scheme	46,722	35,763

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, 2016 are as follows :

	Gratuity	
	2015-16	2014-15
Present Value of funded obligations	364,646	333,698
Fair value of Plan Assets	318,527	278,813
Liabilities in respect of funded obligation based on actuarial valuation basis	<b>46,119</b>	<b>54,885</b>

The amounts recognized in the statement of Profit and Loss for the year ended 31st March, 2016 are as follows :

	2015-16	2014-15
Current service cost	30,276	30,942
Interest cost on obligation	25,081	23,840
Expected Return on plan assets(-)	23,750	19,635
Expected Return on any reimbursement right recognized as an asset	-	-
Net actuarial losses/(gains) recognized during the year	1,024	(11,283)
Past service cost	-	-
Losses/(gains) on curtailments and settlements	-	-
Total included in 'Employee Benefit Expenses'	32,631	23,865

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

	2015-16	2014-15
Present value of defined benefit obligation at the beginning of the year	333,698	302,034
Employer Service Cost (+)	30,275	30,942
Interest Cost (+)	25,081	23,840
Curtailment Cost (+)	-	-
Settlement Cost (+)	-	-
Plan Amendments	-	-
Acquisitions	-	-
Actuarial Gains (-)/ Loss (+)	(+ )4,336	(-)4,681
Benefit Paid (-)	(-)28,744	(-)18,437
Present value of Defined Benefit obligations at the end of the year	364,646	333,698

## Notes to Consolidated Financial Statements

(₹ in 000)

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

Change in Assets	2015-16	2014-15
Fair value of Plan Assets at the beginning of the year	278,812	271,013
Acquisition adjustments		
Expected return on Plan Assets (+)	23,750	19,635
Actual Company Contribution (+)	32,000	—
Benefit Payments (-)	(28,743)	(18,437)
Appreciation / Depreciation of Plan Assets Actuarial Gain(+)/ Loss (-)	3,311	(+16,601)
Fair Value of Plan Assets at the end of the year	309,130	278,812

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

	2015-16	2014-15
Qualifying insurance policy	100%	100%

vi) Principal actuarial assumptions at the Balance Sheet date are as follows :

	2015-16	2014-15
1 Mortality	LIC (2006-2008), ultimate table	LIC (2006-2008), 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
4 Discount Rate	7.8% 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	7 % p.a. for 1st 2 years, 6% for next 2 years & 5.5% thereafter	7% 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, up to 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 ₹ 10,627 (Previous Year ₹ 8,776) is recognized as expense and included in "Employees Benefit Expenses".

**Notes 2.30** Raw materials, Stores & Spares Parts consumed include profit and/or loss on sale and excess/short found on physical verification.

**Notes 2.31** The amount of borrowing cost capitalized during the year is ₹ Nil (Previous Year ₹ Nil).

**Notes 2.32**

a) Outstanding forward exchange contracts booked for the purpose of hedging Receivables/firm commitment are USD 535, EURO 9 & Sterling Pound 155 (Previous year USD 276, EURO 30 and Sterling Pound Nil) and payable/firm commitments are USD Nil (P.Y. USD Nil).

## Notes to Consolidated Financial Statements

(₹ in 000)

- b) Unhedged foreign currency receivables USD NIL, EURO NIL and Sterling Pound NIL (Previous year USD 100, EURO 26 and Sterling Pound NIL) and payables are USD NIL (Previous year USD NIL).
- c) The marked to market loss amounting to ₹ NIL (Previous Year ₹ 9) has been accounted for. However, marked to market gain amounting to ₹ 420 (Previous Year ₹ 156) on Forward Exchange Contracts for firm commitments and highly probable forecast transaction has not been accounted for.

<b>Notes</b>	<b>2.33</b>	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 ₹ Nil. (Previous Year ₹ Nil).
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<b>Notes</b>	<b>2.34</b>	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 :-
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	2016-15	2014-15
Within India	3,091,395	1,879,797
Outside India	459,303	445,309
<b>Total</b>	<b>3,550,698</b>	<b>2,325,106</b>

### 2.35 Value of Imported & Indigenous Raw Materials, Spare Parts consumed :

	Raw Materials				Spare Parts			
	For the year ended 31st March, 2016		For the year ended 31st March, 2015		For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Total ₹	(In %)	Total ₹	(In %)	Total ₹	(In %)	Total ₹	(In %)
Imported	231,997	10.89	287,604	21.79	942	1.83	2,444	5.90
Indigenous	1,897,822	89.11	1,032,192	78.21	50,520	98.17	39,035	94.10
	2,129,819	100.00	1,319,796	100.00	51,462	100.00	41,479	100.00

2.36 There being uncertainties in realization from Insurance claims, the same are accounted for on settlement/realization.

2.37 Certain trade receivable, Loans and Advances and creditors are subject to confirmation. In the opinion of the management the value of Trade Receivables and Loans & Advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

### 2.38 Expenditure in Foreign Currencies (paid / provided)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Travelling	1,047	604
Commission	602	493

### 2.39 C.I.F. Value of Imports :

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Raw Materials	189,566	332,923
Component & Spare Parts	1,030	741
Capital Goods	8,087	7,037



## Notes to Consolidated Financial Statements

(₹ in 000)

### 2.40 Earnings in Foreign Currency:

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
F.O.B. Value of Exports	453,140	436,844

### 2.41 Related Party Disclosures

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

#### A. Relationships

- 1) Holding Company of the Company
  - a) R. V. Investments & Dealers Ltd.
- 2) Enterprise (within Group)
  - a) Kirtivardhan Finvest Services Ltd.
  - b) Belvedere Gardens Ltd.
- 3) Key Managerial Personnel (KMP)
  - a) Mr. S. S. Kanoria (Executive Chairman till 29th July, 2014)
  - b) Mr. J. P. Sonthalia ( Managing Director till 9th May, 2014)
  - c) Mr. B. M. Thakkar ( Managing Director from 9th May, 2014 till 23rd June, 2014)
  - d) Mr. Ajay Todi (Managing Director from 1st July, 2014)
  - e) Mr. R. K. Gupta (Chief Financial Officer)
  - f) Ms. Minu Rohila (Company Secretary from 2nd November, 2015)
  - g) Mrs. Puja Guin (Company Secretary till 15th May, 2015)

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

Particulars	Holding Co. & Enterprise having significant influence		Key Managerial Personnel	
	2015-16	2014-15	2015-16	2014-15
Loan Taken:	-	100,000	-	-
Loan Repaid:	30,000	70,000	-	-
Balance outstanding at year end :	-	30,000	-	-
Interest Paid:	1,680	6,582	-	-
Remuneration paid to Executive Directors	-	-	6,363	11,721
Salary Paid to other than Executive Directors	-	-	1,560	4,088
Security Deposit to Subsidiary	-	-	-	-
Security Deposit to Subsidiary refunded	-	-	-	-
Rent and maintenance charges paid	812	-	-	-
Security Deposit given	389	-	-	-
Deposit received	100	-	-	-
Deposit refunded	100	-	-	-

## Notes to Consolidated Financial Statements

(₹ in 000)

2.42. Additional Information pursuant to Schedule III of The Companies Act, 2013, of enterprises consolidated as Subsidiary.

Name of the entity in the Consolidation	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or (Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
<b>Parent</b>				
Ludlow Jute & Specialities Limited	99.14	396,725	99.01	56,397
<b>Subsidiaries (Indian)</b>				
Ludlow Exports Limited	0.75	2,989	0.27	151
Sijberia Industries Limited	5.31	21,235	0.72	411
<b>Minority Interest in all Subsidiaries</b>		<b>9,402</b>		<b>189</b>

2.43. Figures of less than Rupee 1 have been shown at actuals in brackets in Notes to Account No 2.11. Other than these all other figures in brackets are in negatives.

2.44. Figures of the Previous Year 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  
Dated : 9th day of May, 2016

For and on behalf of the Board

**R. K. Gupta**  
Chief Financial Officer

**Minu Rohila**  
Company Secretary

**Ajay Todi**  
Managing Director  
DIN - 00004380

**R. V. Kanoria**  
Non-Executive Chairman  
DIN - 00003792







**GreenTechJute**

A GREENER EARTH. A GREENER FUTURE.



QUALITY-PLUS KEEPS US AHEAD

Ludlow's Special Range of Diversified Jute Products

Earth Protection, Horticulture & Food Grade HCF Packaging



QUALITY-PLUS KEEPS US AHEAD

**LUDLOW JUTE & SPECIALITIES LIMITED**

6, NANDALAL BASU SARANI

(Formerly Little Russell Street)

KOLKATA - 700 071





## LUDLOW JUTE & SPECIALITIES LTD.

CIN : L65993WB1979PLC032394

6, Nandalal Basu Sarani, (Formerly Little Russell Street), Kolkata - 700071, West Bengal

Tel. : 033-22839081, 22839082, 22839083, Fax. : 033-22839078

Email : investors.grievance@ludlowjute.com, Website : www.ludlowjute.com

### NOTICE

To the Members

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the members of **LUDLOW JUTE & SPECIALITIES LIMITED** will be held at Rotary Sadan, 94/2 Chowringhee Road, Kolkata – 700 020 on Thursday, 1st September, 2016 at 3.00 p.m. to transact the following business :-

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and 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 for the financial year ended 31st March, 2016.
3. To appoint a Director in place of Mr. Rajya Vardhan Kanoria, (holding DIN 00003792), who retires by rotation and being eligible offers himself for re-appointment.
4. To ratify appointment of 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** pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the appointment of M/s Singhi & Co., Chartered Accountants (Firm Registration No. 302049E) who have been appointed from the conclusion of Thirty Fifth Annual General Meeting till the conclusion of Thirty Eight Annual General Meeting of the Company, on a remuneration to be mutually agreed upon by the Board of Directors and them be and is hereby ratified”.

#### SPECIAL BUSINESS :

5. 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 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 25,000 (Rupees Twenty Five Thousand only), plus travelling and other incidental expenses payable to M/s. Prasad & Company, Cost Accountants (Registration No. 4014), who have been appointed by the Board of Directors of the Company as Cost Auditor to conduct an audit of the cost accounting records maintained by the Company for the year ending 31st March, 2017 be and is hereby ratified.”

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

**“RESOLVED THAT** in supersession of earlier resolution passed by Shareholders at the Annual General Meeting held on 5th September, 2014 under Section 180(1)(c) of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which shall be deemed to include any Committee(s) thereof) under Section 180(1)(c) and other applicable provisions and Rules, if any, of the Companies Act, 2013, (including any amendment thereto or enactment/re-enactment thereof), to sell, lease or otherwise dispose off whole or substantially the whole of undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertakings or create such charges, mortgages, hypothecations and pledges in addition to the existing charges, mortgages, hypothecations and pledges created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events, in favour of the Banks/Financial Institutions/NBFCs/Lenders, other investing agencies and trustees for the holders of debentures/bonds and/or other securities/instruments to secure rupee/foreign currency loans and/or the issue of any securities/debentures whether partly/fully convertible or non-convertible and/or securities linked to ordinary shares and/or rupee/foreign currency convertible bonds/securities and/or bonds/securities with detachable share warrants and any other form of loan/borrowing of whatever nature or by whatever name (hereinafter collectively referred to as “Loans”) provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans, for which such charges, mortgages or hypothecations are created, shall not, at any time exceed the limit of ₹ 150 Crores/- (Rupees One Hundred and Fifty Crores only).”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take such actions and steps, including delegation of authority, as may be necessary and to settle all matters arising out of and incidental thereto; and to sign and to execute deeds,

applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

By Order of the Board  
**Ludlow Jute & Specialities Limited**

Place : Kolkata  
Date : 9th May, 2016  
Registered Office :  
6, Nandalal Basu Sarani  
(formerly Little Russell Street)  
Kolkata-700 071  
Ph: 91-33-2283-9081/9082/9083, Fax: 91-33-2283-9078/4503  
e-mail: info@ludlowjute.com, investors.grievance@ludlowjute.com  
Website: www.ludlowjute.com  
CIN : L65993WB1979PLC032394

**Minu Rohila**  
*Company Secretary & Compliance Officer*

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**NOTES :**

1. The Register of Members and Share Transfer Register of the Company shall remain closed from 19th August, 2016 to 1st September, 2016 (both days inclusive).
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The Proxy in order to be effective, must be duly completed, signed, stamped and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. A person can act as proxy on behalf of Members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.
3. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution/Power of Attorney, authorizing their representatives to attend and vote at the Annual General Meeting.
4. Dividend, if approved by the shareholders at the AGM, will be paid within 30 days from the date of AGM, to those Members:
  - a) Whose names appear as Beneficial Owners as at the end of business hours on 18th August, 2016 in the list furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form and
  - b) Whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before the end of business hours on 18th August, 2016.
5. Dividend which remains unpaid/unclaimed over a period of seven years will have to be transferred by the Company to “Investor Education and Protection Fund” of the Central Government under Section 124 & 125 of the Companies Act, 2013. Shareholders are advised to encash the unpaid dividend warrants before transfer to the above referred Fund.
6. Members are requested to notify immediately any change of address and also particulars of their Bank Accounts viz., Name of the bank, branch, complete address of the bank and bank account number for printing the same on the Dividend Warrants to avoid fraudulent encashment :
  - to their Depository Participants (DP) in respect of their Demat Account(s); and
  - to the Company at its registered office or to the Registrars & Share Transfer Agents of the Company in respect of shares held in physical form.
7. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risk associated with physical shares and for ease of portfolio management. Members can contact the Company or MCS Share Transfer Agent Limited for this purpose.
8. Members/Proxies are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company, for admission to the meeting hall.
9. Members who hold shares in dematerialized form, are requested to furnish their Client ID and DP ID numbers to facilitate identification of membership at the Meeting.
10. In all correspondence(s) with the Company/ Registrar & Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID number.
11. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company’s Registrar and Share Transfer Agents for consolidation into a single folio.
12. In case of joint holders attending the meeting, the Member(s) whose name appears as the first holder(s) in the order of names as per the Register of Members of the Company will be entitled to vote.

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 Share Transfer Agent Limited, 12/1/5, Manoharpukur Road, Ground Floor, Kolkata 700 026 in respect of physical share accounts.
14. In case the mailing address mentioned on the label used for mailing the Annual Report is without the Pin Code, members are requested to inform their Pin Code immediately.
15. Members are requested to bring their copy of the Annual Report to the meeting.
16. 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.
17. Pursuant to Section 101 and 136 of the Companies Act, 2013, read with the relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. Members who have not yet registered their e-mail address with the Company or their Depository are requested to do so.
18. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with MCS Share Transfer Agent Limited/Depositories.
19. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 is annexed.
20. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, and the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the Company is providing the facility to Members to exercise their right to vote by electronic means. The Company has engaged the Services of Central Depository Services (India) Limited (CDSL) for providing e-voting facilities. **The e-voting rights of the Members/beneficial owners shall be reckoned in proportion to ordinary shares held by them in the Company as on 25th August, 2016 (Cut-off date fixed for this purpose). The e-voting period will commence at 09.00 a.m. on 29th August, 2016, and will end at 5.00 p.m. on 31st August, 2016.** The Company has appointed CS Arun Kumar Khandelia, Partner M/s. K. Arun & Co., Practicing Company Secretaries, to act as Scrutinizer, for conducting the scrutiny of the votes cast. Detailed instructions for availing e-voting facility are being sent separately as a part of this Notice.

21. 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 regulation 36(3) the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchange, is provided hereunder :

<b>i.</b>	<b>Name of the Director</b>	Mr. Rajya Vardhan Kanoria
<b>ii.</b>	<b>Date of birth</b>	23.02.1955
<b>iii.</b>	<b>Date of appointment</b>	08.11.2006
<b>iv.</b>	<b>Expertise in specific functional areas</b>	An industrialist with rich business experience and vast knowledge.
<b>v.</b>	<b>List of other Directorships held in Public Limited Companies</b>	<ul style="list-style-type: none"> <li>a) Kanoria Chemicals &amp; Industries Ltd.</li> <li>b) Kirtivardhan Finvest Services Ltd.</li> <li>c) KPL International Ltd.</li> <li>d) R. V. Investment and Dealers Ltd.</li> <li>e) J K Paper Ltd.</li> <li>f) Vardhan Ltd.</li> <li>g) Nestle India Ltd.</li> <li>h) Ludlow Jute &amp; Specialities Ltd.</li> </ul>
<b>vi.</b>	<b>Chairman/ Member of Committees of the Board of other Public Limited Companies in which he is a Director (Audit Committee and Stakeholders' Relationship Committee has been considered)</b>	<p><b>Chairman :</b></p> <ul style="list-style-type: none"> <li>a) J K Paper Ltd - Stakeholders' Relationship Committee.</li> <li>b) KPL International Ltd - Audit Committee.</li> </ul> <p><b>Member :</b></p> <ul style="list-style-type: none"> <li>a) Nestle India Ltd - Stakeholders' Relationship Committee; Audit Committee.</li> <li>b) Kanoria Chemicals &amp; Industries Ltd - Audit Committee.</li> <li>c) J K Paper Ltd - Audit Committee.</li> <li>d) R V Investment and Dealers Limited - Stakeholders' Relationship Committee.</li> </ul>
<b>vii.</b>	<b>Shareholding in the Company</b>	5,100
<b>viii.</b>	<b>Relationship with other Directors</b>	None

22. A copy of this notice has been placed on the website of the Company and the website of CDSL.

## ANNEXURE TO THE NOTICE

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

#### 1. For Item no 5

As recommended by the Audit Committee, Board of Directors had appointed M/s Prasad & Company, Cost Accountants (Registration No. 4014), being eligible and having sought re-appointment, as cost auditor of the Company, for a remuneration of ₹ 25,000 (Rupees Twenty Five Thousand only), plus travelling and other incidental expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2016 and ending on 31st March, 2017 as required in terms of the directive issued by Cost Audit Branch, Ministry of Corporate Affairs, Government of India.

In terms of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration is required to be ratified by the members.

The Board recommends passing of the proposed Ordinary Resolution in relation to ratification of the remuneration payable to cost auditor.

#### 2. For Item no 6

The Shareholders of the Company at its Annual General Meeting held on 5th September, 2014 had authorized the Board of Directors of the Company by way of Ordinary resolution under the provisions of Section 180(1)(c) of the Companies Act, 2013 to borrow monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up shares capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of ₹ 60 crores (Rupees Sixty Crores only) at any point of time.

However, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 ('the Act'), the Company intends to increase the borrowing limits from ₹ 60 crores (Rupees Sixty Crores only) to ₹ 150 crores (Rupees One Hundred and Fifty Crores only). The resolution recommended for approval as a Special Resolution under the Act.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 6.

By Order of the Board  
**Ludlow Jute & Specialities Limited**

**Minu Rohila**  
*Company Secretary & Compliance Officer*

Place : Kolkata

Date : 9th May, 2016

Registered Office :

6, Nandalal Basu Sarani

(formerly Little Russell Street)

Kolkata-700 071

Ph: 91-33-2283-9081/9082/9083, Fax: 91-33-2283-9078/4503

e-mail: info@ludlowjute.com, investors.grievance@ludlowjute.com

Website: www.ludlowjute.com

CIN : L65993WB1979PLC032394



# LUDLOW JUTE & SPECIALITIES LIMITED

CIN : L65993WB1979PLC032394

Registered Office : 6, Nandalal Basu Sarani (formerly Little Russell Street), 4th Floor, Kolkata - 700 071

Phone : 91-33-2283-9081 / 9082 / 9083, Fax : 91-33-2283-9078 / 4503

Email : investors.grievance@ludlowjute.com, Website : www.ludlowjute.com

## PROXY FORM

### FORM MGT - 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....

Registered Address : .....

E-mail ID : .....

Folio No/Client ID : ..... DP ID : .....

I/We, being the member(s), of the above named Company holding ..... shares of the above named Company, hereby appoint :

- (1) Name ..... Address .....
- E-mail id ..... Signature ..... or failing him/her,
- (2) Name ..... Address .....
- E-mail id ..... Signature ..... or failing him/her,
- (3) Name ..... Address .....
- E-mail id ..... Signature .....

As my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the Company, to be held on Thursday, 1st September, 2016 at 3:00 p.m at Shripati Singhanian Hall in Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 and at any other adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional*	
		For	Against
<b>Ordinary Business :</b>			
1.	To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.		
2.	To declare dividend on equity shares for the financial year ended 31st March, 2016.		
3.	To appoint a Director in place of Mr. Rajya Vardhan Kanoria (Mr. R.V. Kanoria), (holding DIN 00003792), who retires by rotation and being eligible offers himself for re-appointment.		
4.	To ratify appointment of Auditors and fix their remuneration.		
<b>Special Business :</b>			
5.	Ratification of the remuneration of the Cost Auditor.		
6.	Consent under Section 180(1)(c) of the Companies Act, 2013 for a borrowing not exceeding Rs. 150 crores (Rupees One hundred and fifty crores only).		

Signed this ..... day of ..... 2016

.....  
Signature of Shareholder (s)

.....  
Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. For the resolutions, notes and statement on special business, please refer to the Notice of the Annual General Meeting.
- \*3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

# LUDLOW JUTE & SPECIALITIES LIMITED

CIN : L65993WB1979PLC032394

Registered Office : 6, Nandalal Basu Sarani (formerly Little Russell Street), 4th Floor, Kolkata - 700 071

Phone : 91-33-2283-9081 / 9082 / 9083, Fax : 91-33-2283-9078 / 4503

Email : investors.grievance@ludlowjute.com, Website : www.ludlowjute.com

## ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the above named Company held at **Shripati Singhania Hall in Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Thursday, 1st September, 2016 at 3:00 p.m.**

.....  
Name of Proxy (in BLOCK LETTERS)

.....  
Signature of the Member/Proxy  
(To be signed at the time of handing over this slip)

**Members / Proxies, who come to attend the meeting, are requested to bring their copies of the Annual Report with them.**



## ELECTRONIC VOTING PARTICULARS

EVEN (E-voting Event Number)	User ID	Password
<b>E-voting facility is available during the following voting period:</b>		
Commencement of E-Voting		End of E-Voting
<b>Monday 29th August, 2016 (09.00 a.m.)</b>		<b>Wednesday 31st August, 2016 (5.00 p.m.)</b>
<b>Please refer to the e-voting instructions annexed hereto</b>		

## SHAREHOLDER INSTRUCTIONS FOR E-VOTING

The instructions for shareholder's voting electronically are as under:

- (i) The voting period begins at 09.00 a.m. on 29th August, 2016, and will end at 5.00 p.m. on 31st August, 2016. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 25th August, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL : 16 digits beneficiary ID,
  - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user, follow the steps given below :

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Example: If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth	<p>Enter the Dividend Bank Details or Date of Birth in (dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>● If both the details are not recorded with the depository or Company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Ludlow Jute & Specialities Ltd on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

