

# ANNUAL REPORT

## 1997-98

MD	✓	PKC	✓
CS	✓	NA	✓
FO	✓	NA	✓
TE	✓		✓
ACM	✓		✓
YE	✓		✓



# Aekta Limited

**BOARD OF DIRECTORS**

S. S. Kanoria      *Chairman*  
R. V. Kanoria  
I. P. Poddar  
A. Basu  
R. Khaitan  
A. C. Mukherji  
D. K. Bubna      *Managing Director*

---

**Secretary**  
S. K. Daga

---

**Auditors**  
R. Singhi & Co.  
Chartered Accountants

---

**Bankers**  
Central Bank of India  
Canara Bank  
Allahabad Bank

---

**Registered Office**  
6, Little Russell Street  
Calcutta - 700 071

---

**Administrative Office**  
Park Plaza  
71, Park Street  
Calcutta - 700 016

---

**Ludlow Jute Mills**  
Chengail, Howrah

---

**Registrar & Transfer Agents**  
ABC Computers Pvt. Ltd.  
Jadavpur University Campus  
(National Council of Education Building)  
Jadavpur, Calcutta - 700 032

**NOTICE****TO THE SHAREHOLDERS**

NOTICE is hereby given that the 19th Annual General Meeting of AEKTA LIMITED will be held at "Shripati Singhania Hall", Rotary Children's Welfare Trust, 94/2, J. L. Nehru Road, Calcutta-700 020, on Thursday, the 24th December, 1998 at 11 a.m. to transact the following business :-

**AS ORDINARY BUSINESS :**

1. To consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date, together with Auditors' and Directors' Reports thereon.
2. To appoint Directors in place of those who retire by rotation.
3. To appoint Auditors and fix their remuneration.

**AS SPECIAL BUSINESS :**

4. 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 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof, and subject to such approvals as may be necessary, approval of the members of the Company be and is hereby accorded to the variation in the terms of period and remuneration payable to Shri D. K. Bubna, Managing Director of the Company with effect from 1st April, 1997, as per terms and conditions detailed in Explanatory Statement with liberty to alter and vary the same so as not to exceed the limits set out in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed in such manner as the Board may deem fit and acceptable to Shri D. K. Bubna."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid Resolutions."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 for mortgages, charges and hypothecations (In addition to the existing mortgages, charges and hypothecations created by the Company) in such form and manner as the Board may direct together with the power to enter upon and take possession of the assets of the Company in certain events in favour of the Industrial Finance Corporation of India (IFCI) on providing a Rupee Term Loan of Rs. 300 Lacs agreed to be lent and advanced by IFCI to the Company together with interest therein at the respective agreed rates, compound interest, additional interest, liquidated, damages, premia on prepayment costs, charges, expenses and other monies payable by the Company to IFCI in terms of the Loan Agreement entered into/to be entered into by the Company in respect of the said Rupee Term Loan and that the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions of the aforesaid Loan and documents for creating the aforesaid mortgages, charges and hypothecation and to do all such acts, deeds and things as may be necessary to give effect to this resolution."

**Aekta Limited**

"RESOLVED FURTHER THAT the mortgage/charge/hypothecation created to/to be created and/or all documents/agreement executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors of the Company are hereby confirmed and ratified."

Regd. Office :  
6, Little Russell Street  
Calcutta 700 071  
the 25th day of November, 1998

*By Order of the Board*

**S. K. Daga**  
*Secretary*

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.

Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. The Explanatory Statement, as required under Section 173 of the Companies Act, 1956, is enclosed herewith.
3. The Register of Members and Share Transfer Books in respect of Equity Shares of the Company shall remain closed from 16th December, 1998 to 24th December, 1998 (both days inclusive).
4. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed/unpaid dividend (Final) relating to the year ended 31st March, 1994 and 31st March, 1995 to the General Revenue Account of the Central Government. Members who have a valid claim to the unclaimed/unpaid dividend, as aforesaid, may claim the same from the Registrar of Companies, West Bengal, Nizam Palace, Calcutta in the prescribed manner.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Relating to Item No. 4**

The Board of Directors of the Company at its meeting held on 24th November, 1997 have resolved that subject to the approval of the Financial Institutions with whom the Company has any borrowings arrangements, and where under such arrangements their approvals are necessary and of the shareholders of the Company, the terms of period and remuneration of Shri D. K. Bubna, Managing Director be varied with effect from 1st April, 1997 as under :-

- Period** : For a period of Five years instead of Three years from the date of his appointment i.e. 9th December, 1995.
- Remuneration** : He will be entitled to the following remuneration and perquisites with effect from 1st April, 1997
- i) **Salary** : Rs. 35,000/- (Rupees thirty five thousand only) per month (in the scale of Rs. 35,000 — Rs. 50,000)
  - ii) **Commission** : At the rate of 1% (one percent) of net profits of the Company for each financial year computed in the manner laid down in Section 198 and 309 of the Companies Act, 1956.
  - iii) **Perquisites** : In addition to the aforesaid salary and commission, Shri D. K. Bubna will also be entitled to perquisites like house rent allowance, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. the monetary value of such perquisites being limited to his annual salary or to Rs. 4,50,000/- per annum, whichever is less.

For the purpose of the limit of perquisites :

- (a) perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rule, perquisites shall be evaluated at actual cost ;
- (b) use of Company's car for official purposes and telephone at residence (including payment of local calls and long distance official calls) shall not be included;
- (c) Company's contribution to Provident Fund, Pension/Superannuation Funds not exceeding 25% of the consolidated salary shall not be included ; and
- (d) encashment of leave as per the Rules of the Company at the end of the tenure will not be included in the computation of the ceiling on perquisites.

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

**Minimum Remuneration :** In the event of loss or inadequacy of profits in any financial year during the currency of tenure of office of Shri D. K. Bubna the Company may pay him remuneration by way of salary, perquisites and other allowances not exceeding the ceiling of Rs. 10.50 lakhs per annum or Rs. 87,500/- per month but shall not entitled to any Commission.

The terms and conditions of appointment of Shri D. K. Bubna, may be altered and varied from time to time during his tenure of appointment in such manner as may be agreed to, between the Board of Directors and him, provided such terms and conditions are within and in accordance with the limits specified in Schedule XIII of the Companies Act, 1956, or any amendment thereto.

Your Directors recommend this resolution for your approval.

None of the Directors of the Company except Shri D. K. Bubna is in any way concerned or interested in the aforesaid resolution.

#### **Relating to Item No. 5.**

For the purpose of Financing the Company's Modernisation and Expansion programme, the Company approached Industrial Finance Corporation of India (IFCI) for financial assistance and IFCI have sanctioned Rupee Term Loan of Rs. 300 Lacs. The Rupee Term Loan from Industrial Finance Corporation of India has to be secured by mortgage/charge on the moveable and immoveable properties of the Company present and future ranking pari passu with the existing mortgages, charges thereon.

Since creation of such mortgages, and/or charge to secure such loan with power to the lender to enter upon and take possession of the assets of the Company in certain events may be considered as disposal of the whole or substantially the whole of the Company's undertaking or only one or more of items as the case may be, it is necessary to obtain approval of the Members under Section 293(1)(a) of the Companies Act, 1956.

Your Directors recommend this resolution for your adoption.

None of the Directors of the Company is in any way concerned or interested in the aforesaid resolution.

Regd. Office :  
6, Little Russell Street  
Calcutta 700 071  
the 25th day of November, 1998

*By Order of the Board*

**S. K. Daga**  
Secretary

**Aekta Limited****DIRECTORS' REPORT**

To The Shareholders

Your Directors have pleasure in presenting the 19th Annual Report alongwith the Audited Accounts of the Company for the year ended 31st March, 1998.

**FINANCIAL HIGHLIGHTS**

	(Rs. in crores)	
	1997-98	1996-97
Profit before Interest & Depreciation	7.99	5.28
Less : Interest	3.71	3.76
Profit before Depreciation	4.28	1.52
Less : Depreciation	2.36	2.64
Profit/(Loss) for the year	1.92	(1.12)
Less : Balance of retirement compensation paid in earlier years, written off	—	0.76
Add : Balance brought forward from last account	(3.20)	(1.32)
Balance carried forward	(1.28)	(3.20)

The financial results for the year under review do not include the working results of the Textile Division of the Company which has been bifurcated and merged with Kirtivardhan Finvest Services Limited (KFSL) with effect from 1st April, 1997 as per the Scheme of Arrangement approved by you and sanctioned by the Hon'ble High Court at Calcutta.

During the year under review, your Company was able to achieve the Sales turnover and Exports of Rs.95.86 crores and Rs.45.56 crores as compared to Rs.98.58 crores and Rs.39.81 crores in the previous year respectively. The Net Profit for the year is Rs.1.92 crores as compared to Rs.1.12 crores loss during the previous year. In view of the carry forward loss, the Directors regret that they are unable to recommend dividend for the year under review.

The above results could be achieved only due to aggressive marketing undertaken by your Company. However, the results would have been more impressive if the workmen of the Company would have extended their co-operation and achieved productivity in line with other good units in the Industry.

The Directors regret to place on record that due to the gross indiscipline, wanton absenteeism, high man - machine ratio and low productivity, the Management was constrained to declare 'Suspension of Work' at its Mills with effect from April 27, 1998.

Yours Directors are pleased to report that with the kind intervention of the Chief Minister's Secretariat of Government of West Bengal and Labour Directorate, a satisfactory settlement has been arrived at with the operating Unions on November 17, 1998. The Mills have resumed operations with effect from November 18, 1998 in a phased manner.

The Company was granted extension of time for holding the Annual General Meeting for a period of 3 months i.e. upto December 31, 1998 by the Registrar of Companies, West Bengal.

**STATUTORY INFORMATION**

1. Information pursuant to section 217 (1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are appended to this Report.
2. Statement showing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 and the rules made thereunder is appended to this report.
3. Statement showing particulars as required under Section 212 of the Companies Act, 1956 is appended to the Balance Sheet of the Company.

**IN COMPLIANCE WITH CLAUSE 43 OF THE LISTING AGREEMENT**

It may be noted that the actual sales (net of excise) and profit after tax for the year 1997-98, were Rs. 95.86 crores and Rs.1.92 crores as against projections in prospectus dated 5th August, 1993 of Rs.96.19 crores and Rs.5.09 crores respectively. The profits were adversely affected due to unfavourable market conditions and steep increases in costs of the wages and power.

**DIRECTORATE**

The Industrial Finance Corporation of India Ltd. have withdrawn their Nominee Director Shri A.K. Ghosh from the Board with effect from 27th April, 1998. The Board place on record their appreciation for the contribution and support provided by Shri A.K. Ghosh during his tenure with the Board.

Sharvashri R. Khaitan and A.C. Mukherjee retire by rotation at the ensuring Annual General Meeting and, being eligible, offer themselves for re-appointment.

The Board has made certain variations in the terms of period and remuneration payable to Shri D.K. Bubna, Managing Director of the Company with effect from 1st April, 1997, subject to the approval of the members at the ensuing Annual General Meeting.

**AUDITORS**

Messers R. Singhi & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Regd. Office  
6, Little Russell Street  
Calcutta 700 071  
the 25th day of November, 1998

For and on behalf of the Board

S. S. Kanoria  
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT**

**STATEMENT OF PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.**

Name	Designation/ Nature of Duties	Remune- ration (Rs.)	Qualifi- cation	Age (years)	Expe- rience (years)	Date of commence- ment of employment	Last employ- ment held.
D. K. Bubna	Mg. Director	8,82,000	M.Com., LL.B., AICWA, ACS, ACIS (Lond.), MIBM (Lond.) MIIA (USA)	51	33	09.12.95	Anglo India Jute Mills Co. Ltd. President
S. K. Khaitan	*Chief Executive	3,96,769	Post Graduate Diploma in Jute Technology	54	32	03.01.95	Vijayshree Ltd. President

\* Employed for the part of the Year.

Notes :

1. Appointment of Shri D. K. Bubna is contractual and is governed by provisions of Schedule XIII of the Companies Act, 1956.
2. Remuneration as shown above includes Salary, Bonus, House Rent Allowance, Company's contribution to Provident Fund, Leave Travel Assistance, Medical and other facilities, where applicable.
3. Shri D. K. Bubna and Shri S. K. Khaitan are not related to any of the Directors of the Company.
4. Shri D. K. Bubna and Shri S. K. Khaitan does not hold more than 2% of Paid up Capital of the Company.

Regd. Office  
6, Little Russell Street  
Calcutta 700 071  
the 25th day of November, 1998

For and on behalf of the Board

S. S. Kanoria  
Chairman

**Aekta Limited**

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

**I. CONSERVATION OF ENERGY**

Measures, taken, additional investments & impact of the measures :

As reported earlier, Energy Conservation has been accorded high priority by the Company. An accredited energy auditor conducted the energy audit as per Govt. Order No. 70 — Power / I dated 23rd February, 1995 and the recommendations are being implemented for the efficient and optimum utilisation of energy.

**Total energy consumption and energy consumption per unit of production as per form 'A' :**

**A. Power and Fuel Consumption :**

	1997-98	1996-97
1. Electricity :		
(a) Purchased :		
Units (in lacs)	203.66	179.93
Total amount (Rs. in lacs)	727.11	589.10
Rate / Unit (Rs.)	3.57	3.27
(b) Own Generation :		
Through Diesel Generator		
Unit (in lacs)	3.46	4.97
Unit per ltr. of Diesel Oil	2.57	2.65
Cost / Unit (Rs.)	3.97	3.35
2. Coal (Steam used for generation of steam in boiler)		
Quantity (in tonnes)	4231	3180
Total cost (Rs. in lacs)	78.92	52.45
Average Rate (Rs.)	1873.00	1649.53

**B. Consumption per unit of production :**

Products (Unit : M.T.) :		
Electricity (KWH.)	567.00	565.00
Coal (Steam Kgs)	590.00	495.00

**II. TECHNOLOGY ABSORPTION**

Research & Development (R & D)

(a) Specification of technology :

The Company has been carrying on R & D activities both manufacturing & marketing to develop new products and jute & blended products of the Company.

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

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

(d) Expenditure on R & D :

Details not kept and merged with general expenditure.

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

(a) Export activities :

During the year review, the exports of the Company were increased to Rs. 45.56 crores as against Rs. 39.81 crores in the last year due to aggressive export promotion drive undertaken during the year.

(b) Total foreign exchange used and earned :

Used	Rs. 7.98 crores
Earned	Rs. 45.56 crores

Regd. Office  
6, Little Russell Street  
Calcutta 700 071  
the 25th day of November, 1998

For and on behalf of the Board

S. S. Kanoria  
Chairman

**AUDITORS' REPORT**

To The Shareholders

We have audited the Balance Sheet of **AEKTA LIMITED** as at 31st March, 1998 and the Profit & Loss Account of the said Company for the year ended on that date both annexed hereto.

We report that :-

1. In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts, subject to :
  - a) Note No. B 4a & 4b in Schedule 'O' regarding non provision of accruing gratuity liability and leave encashable on retirement for the year and to date liability, as per actuarial valuation to the extent stated therein with resultant impact on the year's result and Current Liabilities, and
  - b) Note No. (a) in Schedule 'D' regarding capitalisation of Repairs and Renovation expenses to Plant & Machinery and Buildings with corresponding effect on Fixed Assets and year's results as stated in the note and read with accounting policies and other notes and in particular Note No. B5 in Schedule 'O' give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view :-
    - i) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 1998 and
    - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, subject to the adjustments as stated therein above.
2. We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purposes of our audit.
3. In our opinion, proper books of account as required by the Companies Act, 1956 (as amended) have been kept by the Company so far as appears from our

examination of those books subject to non-provision of gratuity liability on accrual basis and import entitlements in hand on Cash Basis.

4. The Balance Sheet and Profit & Loss Account are in agreement with the books of account.

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988 issued by the Central Government and on the basis of such checks as were appropriate.

We further state that :

- (i) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets and the same have been physically verified wherever practicable by the Management and reconciled with the book balances. The difference arising out of such reconciliation have been adjusted in the accounts.
- (ii) The Company has not revalued its Fixed Assets during the year.
- (iii) The stock of Finished Goods, Stores, Spares-parts and Raw materials of the Company except Finished Goods lying with third parties have been physically verified by the Management.
- (iv) In our opinion the procedure followed by the Management for the physical verification of stocks is adequate in relation to the size of the Company and the nature of its business.
- (v) The discrepancies between the physical stocks and the book stocks were not significant and they have been properly dealt with in the Books of Account. Refer Note No. B7 in Schedule 'O'
- (vi) In our opinion, the valuation of Raw Materials, Stores and Spare-parts and Finished goods has been fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in previous year.
- (vii) The Company has not taken any secured or unsecured loans, from Companies, firms or other parties listed

**Aekta Limited**

- in the Register maintained under Section 301 of the Companies Act, 1956 (as amended) or from Companies under the same management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956 (as amended).
- (viii) The Companies has not given any secured or unsecured loans, to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 (as amended) or to Companies under the same management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956 (as amended).
- (ix) Advance in the nature of loan, free of interest given to employees is being generally recovered as stipulated.
- (x) On the basis of the checks carried out during the course of audit and as per explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, Raw Materials including Components, Plant & Machinery, Equipment and other assets and sale of goods.
- (xi) According to the Information and explanations given to us and as per test check carried out by us, the Company has entered into transactions for sale of goods aggregating during the year of Rs 50,000/- or more from parties as listed in the Register maintained under Section 301 of the Companies Act, 1956 (as amended), which are made at reasonable prices having regard to the prevailing market prices of such goods. The Company has utilised the services of its subsidiary company and accounted for on Cost Plus basis.
- (xii) The unserviceable stores and damaged goods have not been determined during the year. However, there is no unserviceable raw materials lying with the Company.
- (xiii) The Company has not accepted any Deposits from the public.
- (xiv) The Company has maintained reasonable records for the sale and disposal of scraps.
- (xv) The Company has appointed a firm of Chartered Accountants to do the internal audit periodically. The internal audit system is adequate in relation to the size and nature of the business of the Company.
- (xvi) The Cost records as prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 (as amended) have been maintained by the Company but no detailed examination of such records has been carried out by us.
- (xvii) According to the records, the Company has been generally regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
- (xviii) There is no undisputed amount payable in respect of Income Tax, Customs Duty, Excise Duty and Sales Tax which as on the last day of the financial year is outstanding for a period of more than six month from the date these have become payable.
- (xix) According to the information and explanations given to us and based on accepted business needs and contractual obligations duly authorised, in our opinion no personal expenses have been charged to revenue accounts.
- (xx) The Company is not a sick industrial company within the meaning of Clause(o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

-1-B, Old Post Office Street  
Calcutta- 700 001  
the 25th, November, 1998

For R. Singhi & CO.  
Chartered Accountants  
L. N. DEY  
Partner.