

ANNUAL REPORT 2000-2001



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Aekta Limited

BOARD OF DIRECTORS

S. S. Kanoria *Chairman*
 J. K. Bhagat
 I. P. Poddar
 A. Basu
 H. Khaitan
 A. C. Mukherji
 D. K. Bubna *Managing Director*

Auditors

Singhi & Co.
 Chartered Accountants

Bankers

Central Bank of India
 Canara Bank
 Allahabad Bank

Registered Office

6, Little Russell Street
 Kolkata - 700 071

Works

Ludlow Jute Mills
 Chengail, Howrah

President (Works)

B. M. Thakkar

Vice President (Corporate) and Secretary

B. K. Garodia

Vice President (Finance & Accounts)

K. Saraogi

Registrar and Share Transfer Agents

ABC Computers Private Limited
 National Council of Education, Bengal
 Jadavpur University Campus, Jadavpur
 Kolkata - 700 032

NOTICE**TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Shareholders of AEKTA LIMITED will be held at Sitaram Seksaria Auditorium at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017 on Tuesday the 4th day of September, 2001 at 4.00 P.M., to transact the following business :-

ORDINARY BUSINESS :

1. To consider and adopt the Profit & Loss Account of the Company for the year ended 31st March, 2001, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri H. Khaitan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri A. C. Mukherji who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions :-

As Ordinary Resolution :-

5. "RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310, 311, 314 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of and the remuneration payable to Shri D.K. Bubna as Managing Director of the Company for a period of three years with effect from 9th December, 2000 on the terms and conditions set out in the Agreement dated 7th December, 2000 submitted to this Meeting which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri D.K. Bubna, provided they are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

"RESOLVED FURTHER that if in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, Shri D.K. Bubna shall be entitled to receive and be paid as minimum remuneration in that year Salary, Perquisites and Other allowances not exceeding the ceiling of Rs. 13.80 lakhs per annum or Rs. 1,15,000/- per month, but shall not be entitled to any Commission."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

As Special Resolution :-

6. "RESOLVED that pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby further altered as follows :

- i) Insert new definitions and modify existing definitions in Articles as under :

'Beneficial owner' shall mean the beneficial owner as defined in Section 2(1)(a) of Depositories Act, 1996.

'Depositories Act' shall mean the Depositories Act, 1996 and includes any statutory modification, alteration or re-enactment thereof for the time being in force.

'Depository' shall mean a depository as defined in Section 2(1)(e) of Depositories Act, 1996.

'Members' means the subscribers to the Memorandum of Association of the Company and registered shareholders of the Company and shall include in case of shares held by a depository the beneficial owners whose names are recorded as such with a depository.

'Security' means such security as may be specified by SEBI.

'SEBI' means Securities & Exchange Board of India.

'Register' means the Register of Members kept pursuant to Section 150 of the Act and unless it be repugnant to the context or otherwise, the Register of beneficial owners in case of shares held in a depository.

- ii) Insert the following after Article 11.

Provided that no share certificate shall be issued in respect of shares held in dematerialised form.

- iii) Insert the following heading and Article alongwith marginal notes as Article 9A after Article 9.

Dematerialisation of Securities (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1996, any rules framed thereunder, and any amendments, modifications, re-promulgation or re-enactment thereof.

Option for Investors (2) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is a beneficial owner of the securities can at any time opt out of a depository, if permitted and in the manner provided by law and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the securities.

Securities in Depositories to be in (3) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial owners

- (4) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above the depository as the registered owner of the securities shall not have any voting rights or other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.

Service of Documents (5) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository the record of the beneficial owner may be served by such depository on the Company by means of electronic mode or by floppies or discs.

Transfer of Securities (6) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor or transferee both of whom are entered as beneficial owners in record of depository.

Allotment of Securities held with a depository (7) Notwithstanding anything in the Act or these Articles where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive Nos. of Securities held in a Depository (8) Nothing contained in these Articles regarding the necessity of having distinctive number of securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial owners (9) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of members and security holders for the purpose of such securities.

Regd. Office :

6, Little Russell Street,
Kolkata - 700 071.

the 29th day of June, 2001

By Order of the Board,

(B. K. GARODIA)
Vice President (Corporate)
and Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Explanatory Statement, as required under Section 173 of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed from 28th August, 2001 to 4th September, 2001 (both days inclusive).
4. Members are requested to notify immediately change in their registered address, if any, mentioning full address in block letters with pin code of the post office.

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the 29th day of June, 2001

By Order of the Board,

(B. K. GARODIA)
Vice President (Corporate)
and Secretary

ANNEXURE TO NOTICE**Explanatory Statement as required under Section 173(2) of the Companies Act, 1956****ITEM NO. 5**

The Board has re-appointed Shri D.K.Bubna as Managing Director of the Company for a further period of three years with effect from 9th December, 2000 upon the terms and conditions set out in the agreement dated 7th December, 2000 entered into by the Company with Shri D.K.Bubna subject to the approval of the members of the Company. The approval of the Financial Institution has already been obtained in this regard. An Abstract of the terms and conditions of the appointment together with the Memorandum of interest is set out below:-

- a) Salary : Rs.55,000/- (Rupees Fifty Five Thousand only) per month.
(In the scale of Rs. 55000-5000-Rs. 65000)
- b) 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 and shall be payable on pro-rata basis for any broken period/year.
- c) Perquisites : In addition to the aforesaid salary and commission, Shri D.K. Bubna will be entitled to perquisites like house rent allowance, gas, electricity, water and furnishings, medical reimbursement, 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. 6,00,000/- per annum, whichever is less.

For the purposes 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 Company's business and telephone at residence will not be considered as perquisites.
- (c) company's contribution to Provident Fund and Superannuation/Annuity Fund will not be considered as perquisites.
- (d) gratuity payable as per the rules of the Company subject to a ceiling of Rs. 3,50,000/- will not be considered as perquisites.
- (e) 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. 13.80 lakhs per annum or Rs. 1,15,000/- per month but shall not be 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 Shri D.K. Bubna provided such terms are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

Aekta Limited

The Managing Director shall not so long as he functions as such, become interested or otherwise concerned, directly or through his wife and/or minor children, in any selling agency of the company in future, without the prior approval of the Central Government.

The Managing Director shall, subject to the supervision and control of the Board, carry out such duties as may be entrusted to him from time to time.

The Board of Directors recommends the Ordinary Resolution for the approval of the Members. The Agreement dated 7th December, 2000 embodying the terms and conditions of the appointment of Shri D.K.Bubna as Managing Director of the Company, as mentioned in the Resolution, is available for inspection of the Members at the Registered Office of the Company on any working day between 11 A.M. and 1 P.M. and the same will also be available for inspection at the Annual General Meeting.

Memorandum of Interest :

None of the Directors, except Shri D.K.Bubna is interested or concerned in the said Resolution.

This statement may also be treated as abstracts of the terms of contract and Memorandum of Interest under Section 302 of the Companies Act, 1956.

ITEM NO. 6

The Equity Shares of your Company have been Identified by SEBI for compulsory trading in dematerialised segment with effect from 26th June, 2001 for all investors. Your Company has entered into an agreement with National Securities Depositories Limited (NSDL) and Central Depository Service (India) Limited (CDSL) for giving effect to demat trading in depository system. The depository system has several inherent advantages notably elimination of possibility of loss of scrips in transit, speedy transfer of securities, reduction of chances of introduction of fake scrips in the system, reduction in paper works and reduction of possibility of bad deliveries etc. The Depository system is investor friendly and market oriented.

In view of the introduction of the Depositories Act, 1996 and amendments thereof from time to time some of the provisions of the Companies Act, 1956, relating to issue, holding, transfer and transmissions of securities have been amended to facilitate the implementation of the new system.

It is now proposed to alter the Articles as proposed in the resolution set out in item no. 6, to give effect to dematerialisation and to bring them in line with the Depositories Act, 1996.

As per Section 31 of the Act, the Articles can be altered only by a special resolution at a general meeting.

None of the Directors of the Company is concerned or interested in the said resolution.

Regd. Office :

6, Little Russell Street,
Kolkata - 700 071.

the 29th day of June, 2001

By Order of the Board,

(B. K. GARODIA)

*Vice President (Corporate)
and Secretary*

DIRECTORS' REPORT**TO THE SHAREHOLDERS,**

Your Directors have pleasure in presenting the 22nd Annual Report alongwith the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL HIGHLIGHTS

	(Rs. in crores)	
	2000-2001	1999-2000
Profit before Interest & Depreciation	6.07	5.74
Less: Interest	1.95	2.81
Profit before Depreciation	4.12	2.93
Less: Depreciation	2.18	2.10
Profit for the year	1.94	0.83
Less : Income Tax for earlier year	0.35	—
	1.59	0.83
Add : Balance brought forward from last account	(4.57)	(5.40)
Balance carried forward	(2.98)	(4.57)

In view of carry forward losses, the Directors regret that they are unable to recommend dividend for the year under review.

OPERATIONS

During the year under review, the Company was able to achieve sales and exports of Rs. 11039 lakhs and Rs. 4068 lakhs respectively as against Rs. 10828 lakhs and Rs. 3371 lakhs during the previous year. The net profit worked out at Rs. 194 lakhs against a profit of Rs. 83 lakhs during the previous year. During the year, the Raw Jute prices remained at reasonable level. However the Rupee appreciation in terms of EURO Currency and Sterling Pound affected the realisation of finished products adversely. The dumping of Jute Goods by Bangladesh at much below their cost price kept the domestic market subdued during most part of the year. To maintain the health of the Indian Jute Industry it is imperative that the Govt. of West Bengal actively pursues the matter with the Central Government for remedial measures.

Inspite of the above, due to aggressive efforts in export marketing, change of product mix, higher capacity utilisation and various cost control measures, the company could improve its performance during the year as reflected in its working results.

FUTURE PROSPECTS

The Company is making allround efforts to improve its capacity utilisation further and to obtain higher productivity level by de-bottlenecking certain production process and change of product mix to suit changing market requirements. The Energy Conservation Programme in consultation with various experts should help the company to cut its energy cost. However, the proposed unjustified increase in power rates are a matter of serious concern.

It is heartening to find that the Government in West Bengal is seriously addressing itself to the problems of the jute industry. It has already extended unstinted support to improve productivity and is trying to evolve a realistic wage structure to avoid malpractices. It is also discouraging below cost import of jute goods from Bangladesh and maintain status quo with regard to the mandatory order for jute packaging.

ISO 9002

Due to continuous quality control measures adopted by the Company the ISO 9002 Certification for all products of the Company was renewed for next 3 years till December, 2003.

DIRECTORS

Sarvashree H.Khaitan and A.C. Mukherji retire by rotation, and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been

followed alongwith proper explanation relating to material departures (subject to Note No. 1(a) of the Auditors' Report together with Note No. B 4 In Schedule 'N' of Notes on Accounts);

- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review ;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

CORPORATE GOVERNANCE

Your Company has voluntarily complied with certain provisions of the Corporate Governance Code in the previous financial year through reconstitution of various committees and since then has taken adequate steps to ensure that all mandatory provisions of Corporate Governance which are effective from the current year are complied with.

AUDITORS & AUDITOR'S REPORT

Messers Singhi & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

As regards Point No. 1(a) of the Auditor's Report read with Note No. B 4 in Schedule 'N' regarding non provision of gratuity liability amounting to Rs. 1410.99 lakhs upto last year :-

The gratuity liability of Rs. 1410.99 lakhs upto last year could not be provided due to inadequate profits.

PERSONNEL

The provisions of Section 217(2AA) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 as amended is not applicable as none of the employees is in receipt of the remuneration in excess of the limits laid down therein.

ENERGY CONSERVATION

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

SUBSIDIARIES

The statement required under Section 212 of the Companies Act, 1956, in respect of Subsidiary Companies is appended to this report.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review.

Regd. Office : For and on behalf of the Board

6, Little Russell Street,
Kolkata - 700 071.
the 29th day of June, 2001.

S. S. Kanoria
Chairman