

ANNUAL REPORT 2002-2003



Aekta Limited

BOARD OF DIRECTORS

S. S. Kanoria *Chairman*

A. C. Mukherji

A. K. Basu

J. K. Bhagat

I. P. Poddar

D. K. Bubna *Managing Director*

Auditors

Singhi & Co.

Chartered Accountants

Bankers

Central Bank of India

Canara Bank

Allahabad Bank

Registered Office

"KCI Plaza", 1st Floor

23C, Ashutosh Chowdhury Avenue

Kolkata - 700 019

Works

Ludlow Jute Mills

Chengail, Howrah

President (Works)

B. M. Thakkar

General Manager (Finance & Accounts)

R. K. Gupta

Registrar and Share Transfer Agents

MCS Ltd.

77/2A, Hazra Road

Kolkata - 700 029

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of AEKTA LIMITED will be held at "Kalakunj", 48, Shakespeare Sarani, Kolkata - 700 017 on Wednesday, the 31st day of December, 2003 at 11.00 A.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, 2003, the Balance Sheet as at that date, Auditors Report and the Reports of Directors as at that date thereon.
2. To appoint a Director in place of Shri S. S. Kanoria who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri A. K. Basu who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and authorise the Board to fix their remuneration.

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Regd. Office :
"KCI PLAZA", 1st Floor
23C, Ashutosh Chowdhury Avenue
Kolkata - 700 019.
the 25th day of November, 2003

By Order of the Board,

D. K. BUBNA
Managing Director

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 Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed from 26th December, 2003 to 31st December, 2003 (both days inclusive).
3. 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.
4. Members are requested to bring their copy of Annual Report to the meeting. A member desirous of getting any informations on the accounts of the Company is requested to send the queries to the Company atleast 10 days prior to the meeting date, so that proper information can be made available at the meeting.
5. Members who hold shares in dematerialised form are requested to bring their client ID and DPID Nos. for easier identification of attendance at the meeting.

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the 25th day of November, 2003

By Order of the Board,

D. K. BUBNA

Managing Director

DIRECTORS' REPORT

TO THE SHAREHOLDERS,

Your Directors are presenting their Report and Accounts alongwith the Auditor's Report thereon of the Company for the year ended 31st March, 2003.

FINANCIAL HIGHLIGHTS

	(Rs. in crores)	
	2002-03	2001-02
Profit before Depreciation	2.99	4.21
Less: Depreciation	2.01	2.19
Profit for the year	0.98	2.02
Less: Provision for Current Taxation	0.05	—
Less: Provision for Deferred Taxation	0.24	0.34
	0.69	1.68
Add : Balance brought forward from last year	(1.30)	(2.98)
Balance carried forward	(0.61)	(1.30)

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 maintain the sale at Rs.114.60 crores at last year level at Rs.114.19 crores. However, due to aggressive efforts the Company's export increased to Rs. 50.67 crores as against Rs.40.96 crores during last year (both the figures are inclusive of exchange gain of Rs. 70.17 lacs and Rs. 9.30 lacs respectively). The net profit, however, worked out at Rs.98 lacs as compared to Rs.202 lacs during the previous year.

During the year under review the raw jute price was somewhat lower due to bumper crop, but

the prices of jute goods in domestic market was under pressure except for the B.Twill due to steady procurement by various food procurement agencies through DGS&D. But overseas market was extremely competitive and prices were under severe pressure. Abolition of EMA on jute yarn, the company's main export product, and appreciation of the rupees vis-a-vis US\$ and other foreign currencies also affected the realisation adversely.

FUTURE PROSPECTS

Due to the labour indiscipline and lower productivity, the company had to declare "Suspension of Work" with effect from 29th September, 2003 and the same unfortunately still continues. The Company is making all out efforts with the help of Government conciliation machinery to resolve the problems. The company hopes that the good sense will prevail among workers' representatives in the overall interest of all concerned and it shall be able to arrive at an amicable settlement to put the mills on an economic footing.

Due to an order of the Hon'ble High Court at Calcutta the Mandatory Jute Packaging could be maintained at 100% in respect of food grains and 90% in respect of sugar. The matter is under appeal at Hon'ble Supreme Court of India, who did not grant any stay in the matter. This has provided a relief to the Jute Industry.

During the current year raw jute crop is expected to be lower than last year, whereas the jute goods prices are under pressure. In such a situation the cost of production need to be reduced substantially. The company is making allout efforts including required investments in machineries and equipments to somewhat contain cost.

Further, it is unfortunate that Trade Unions

operating at jute mills have threatened to go on an indefinite strike unless their long lists of demand, having serious financial implications, are met by the industry. Both the industry and the Government are trying their best to find out the ways to resolve the crisis, as it may affect the market irrevocably in view of the threat from synthetics & cheaper imports.

ISO 9002

Due to continuous quality control measures adopted by the Company the ISO 9002 Certification for all products of the Company which was renewed for 3 years is valid till December, 2003 and the company has already applied for ISO 9001-2000 certification.

DIRECTORS

Sharvashri S.S.Kanoria and A.K. Basu retire by rotation, and being eligible, offer themselves for re-appointment.

Shri H. Khaitan resigned from the Board of Directors of the Company with effect from 30.07.2003 and the Board placed on record their appreciation for the valuable services rendered by him during the tenure of his directorship with the Company.

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, 2003, the applicable accounting standards had been followed alongwith proper explanation relating to material departures subject to Note No. 5(a) of the Auditors' Report together with Note No. B10 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 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 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, 2003 on 'going concern' basis.

CORPORATE GOVERNANCE REPORT

The code of Corporate Governance introduced by clause 49 of the listing agreement with the Stock Exchanges where the shares of the Company are listed, has been implemented by the Company during the year under review. The Company has complied with all the mandatory requirements as prescribed under the said clause of the listing agreement.

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

AUDITORS AND AUDITORS' 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.

The Company has provided the due gratuity liability for the workers who have retired / ceased to work from the service of the Company. However, the gratuity liability on account of actuarial valuation, for the workmen, who have not retired as yet, have not been 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 (Disclosure of Particulars in 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.

SCHEME OF ARRANGEMENT

The Scheme of Arrangement between the company and its 100% subsidiary Ludlow Securities Ltd. which was passed on 17th January 2002, at the General Meeting of the Shareholders of the Company convened in terms of order dated 20th November 2001 of the Hon'ble High Court at Calcutta, was withdrawn by the Company. Subsequently a fresh scheme of arrangement between the Company and its 100% subsidiary Ludlow Securities Ltd. was submitted to the Hon'ble High Court at Calcutta to be effective from 01.04.2002. Thereafter a special resolution under the direction and supervision of the Hon'ble High Court at Calcutta was passed by the members of the Company as well as by the members of Ludlow Securities Limited on 22.02.2003 with overwhelming majority. The Hon'ble High Court at Calcutta was pleased to pass the Scheme of Arrangement on 22.09.2003 in accordance with Section 394(1) of the Companies Act, 1956. The certified copy of the said order is awaited from the Hon'ble High Court at Calcutta.

ACKNOWLEDGEMENT

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

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the 25th day of November, 2003

For and on behalf of the Board,

S. S. KANORIA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2003.

I. CONSERVATION OF ENERGY :

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

- (a) During the year, the Company has taken various measures to economise on Electricity consumption by
- removal of old & inefficient 2.3 KV system & extending 6 KV system
 - installing Electronic Ballasts in tube lights
 - installing lower H.P. motors, wherever possible
 - installing Energy Efficient motors
 - changing of fire pumps, motors, underground cable lines in replacement of overhead lines
 - installing of 1000 KVA Cummins D.G. Set by replacing old small D.G. Sets of 180 KVA, 250 KVA, 515 KVA etc.

The company has also embarked upon various measures to economise the electricity consumption, which is being carried on even during this year like changing of old Transformers of 500 KVA each to highly efficient, low loss Transformers, installation of energy efficient motors, E.C.S. device installation in mill lighting load etc.

- (b) The Company is constantly consulting various experts for energy conservation and their suggestions including that of C.I.I. (Confederation of Indian Industry, Southern Regional Headquarters, Chennai) who conducted indepth energy Audit of the Company's mill, are under implementation. The required investments for the purpose are being made on continuous basis.
- (c) Impact of measures undertaken will be reflected in lower consumption of electricity per M.T. of finished goods production during next year.

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

	2002-2003	2001-2002
1. Electricity :		
(a) Purchased :		
Units (in lakhs)	189.64	177.01
Total amount (Rs.in lakhs)	951.01	734.67
Rate/unit (Rs.)	5.01	4.15
(b) Own Generation :		
Through Diesel Generator		
Units (in lakhs)	10.97	14.57
Unit per ltr. of Diesel Oil	2.91	2.82
Cost/unit(Rs.)	6.07	6.20
2. Coal (Steam used for generation of steam in boiler)		
Quantity (in tonnes)	1097	677
Total Cost (Rs. in lakhs)	28.42	16.67
Average Rate (Rs.)	2590	2462

B. Consumption per unit of production :

Products (Unit : M.T.) :	36053	36661
Electricity (KWH)	556	523
Coal (Steam Kgs)	157	97

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 with co-operation of Indian Jute Industries Research Association (IJIRA) and Jute Manufacturers Development Council (JMDC).

(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 under review, the FOB value of the exports of the Company was Rs. 4617 lakhs as against Rs. 3733 lakhs in the last year.

(b) Total foreign exchange used and earned :

Used	Rs. 1385 lakhs
Earned	Rs. 4617 lakhs

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the 25th day of November, 2003

For and on behalf of the Board

S. S. KANORIA
Chairman