

ANNUAL REPORT 2003-2004



Aekta Limited

BOARD OF DIRECTORS

S. S. Kanoria *Chairman*

A. C. Mukherji

A. K. Basu

J. K. Bhagat

I. P. Poddar

D. K. Bubna *Executive Director cum Company Secretary*

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

R. K. Gupta

General Manager (Finance & Accounts)

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 Fifth Annual General Meeting of the members of **AEKTA LIMITED** will be held at Sitaram Sekseria Auditorium at Bharatiya Bhasa Parishad, 36A, Shakespeare Sarani, Kolkata-700 017 on Thursday, the 23rd day of September, 2004 at 11.00 a.m., to transact the following business:-

ORDINARY BUSINESS :

1. To receive consider and adopt the Profit & Loss Account of the Company for the year ended 31st March, 2004 the Balance Sheet as at that date, Auditors' Report thereon and the Directors' Report.
2. To appoint a Director in place of Shri A.C. Mukherjee who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and authorize the Board to fix their remuneration.

SPECIAL BUSINESS :

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as

4. (As an Ordinary Resolution)

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII thereto and other applicable provisions, if any, of the Companies Act, 1956 ('Act'), the consent of the Company be and is hereby accorded to the appointment of Mr. D.K. Bubna, Managing Director of the Company for a period of three years and the remuneration payable to him for a period not exceeding three years with effect from 9th December, 2003 on the terms and conditions as set out in the Agreement executed by the Company with Mr. D.K. Bubna on 9th December, 2003, a copy whereof is laid on the table for the purpose of identification initialed by the Chairman hereof, with liberty to the Board of Directors to vary and increase the remuneration, perquisites, incentives and bonus as the Board may consider appropriate subject to the limits contained in the relative provisions of the Act".

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

(As an Ordinary Resolution)

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII thereto and other applicable provisions, if any, of the Companies Act, 1956 ('Act'), the consent of the Company be and is hereby accorded to the appointment of Mr. D.K. Bubna as Executive Director Cum Company Secretary for a period of three years and the remuneration payable to him for a period not exceeding three years with effect from 1st June, 2004 to 31st May, 2007 on the terms and conditions as set out in the Agreement executed by the Company with Mr. D.K. Bubna on 1st June, 2004, a copy whereof is laid on the table for the purpose of identification initialed by the Chairman hereof, with liberty to the Board of Directors to vary and increase the remuneration, perquisites, incentives and bonus as the Board may consider appropriate subject to the limits contained in the relative provisions of the Act".

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

(As a Special Resolution)

"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board or Directors of the Company ('the Board') or any Committee / person(s) authorized by the Board, consent be and is hereby accorded to delist the Equity Shares of the Company from the Stock Exchange at Delhi.

"Resolved Further that authority be and is hereby accorded to the Board or any Committee / person(s) authorized by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

Registered Office :

6, Little Russell Street,
Kolkata -700 071

Dated : the 28th day of June, 2004.

By Order of the Board

D.K. BUBNA

*Executive Director Cum
Company Secretary*

NOTES :

1. The Explanatory Statements in respect of items 4, 5 and 6 are hereto annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY.
3. In accordance with Clause 49 VI (A) of the Listing Agreement, the brief profile regarding each of the Director seeking re-appointments/appointment and delisting of Securities from Delhi Stock Exchange according to items 4, 5 and 6 of the Notice for the forthcoming Annual General Meeting are provided in the Explanatory Statement.
4. The Register of Members and Share Transfer Books shall remain closed from 14th Sept., 2004 to 23rd Sept, 2004 (both days inclusive).
5. Members can avail the nomination facilities under Section 109A of the Companies Act, 1956 by filing Form No.2B with the Registrars and Transfer Agents, MCS Limited, 77/2A, Hazra Road, 5th Floor, Kolkata-700 029 (in the case of physical shares) or to the Depository
6. Members are requested to notify immediately any change of address:
 - To the Depository Participants in respect of electronic share accounts and
 - To Registrars and Transfer Agents, MCS Limited, 77/2A, Hazra Road, 5th Floor, Kolkata-700 029 in respect of physical share accounts.
7. In case the mailing address mentioned in the Annual Report is without the Pin Code, Members are requested to inform there Pin Code immediately.

Annexure to the Notice**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

1. In terms of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to items 4, 5 & 6 and the accompanying Notice dated 20th February, 2004.

2. Item 4

The Board of Directors of the Company at its meeting held on 25th November, 2003, as recommended by the Committee of Directors, has re-appointed Mr. D.K. Bubna as Managing Director of the Company for a period of three years and the remuneration payable to him for a period not exceeding three years with effect from 9th December, 2003 as set out in the Agreement executed between the Company and Mr. D.K. Bubna on 9th December, 2003 an abstract of which is given below :

- a) **Salary** : Rs. 80,000.00 (Rupees eighty thousand only) per month (in the scale of Rs. 80,000.00 – 10000.00 – Rs.1,00,000.00).
- 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** : Shri D.K. Bubna will be entitled to the following perquisites in addition to salary and commission. Perquisites being limited to his Annual Salary or to Rs.6,00,000.00 per annum whichever is less.

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows :

CATEGORY A :

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

Housing :

- i) Monthly house rent allowance to the maximum extent of 60% of the salary.
- ii) The Expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962.

Medical Reimbursement :

Reimbursement of expenses actually incurred on Self and Family.

Leave Travel Concession :

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

Club Fees :

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

Personal Accident Insurance :

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

CATEGORY – B “

- i) Contribution to Provident Fund and Superannuation/Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable should not exceed half a month's salary for each completed year of service and will not be included in the computation of the ceiling on perquisites.
- iii) Encashment of Leave at the end of the tenure will be permitted as per Rules of the Company subject to a maximum of three months' salary and will not be included in the computation of the ceiling on perquisites.

CATEGORY – C :

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

Overall Remuneration :

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

Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year, during the currency of tenure of 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.18.00 lakhs per annum or Rs.1,50,000.00 per month but shall not be entitled to any commission.

Mr. D. K. Bubna possesses over 40 years of business experience (including over 23 years with Kanoria Group of Industries) relating to various aspects of Jute Industries including general management, business strategy, marketing, finance, administration etc., with the reputed companies. He has an impressive academic background which includes M.Com & L L B, from Calcutta University, F.I.C.W.A. and F.C.S. from I.C.W.A. & I.C.S.I. ACIS, AMBIM & MIIA from foreign Institutions, Mr. Bubna has traveled extensively to various part of the world for aggressive marketing of the Company's product.

Your Directors feel that it will be advantageous to appoint Mr D. K. Bubna as Managing Director of the Company with liberty to the Board of Directors to vary the terms as mentioned in the resolution.

The Ordinary Resolution set out at item 4 of the annexed Notice is intended to obtain approval of the Members to the appointment of Mr D. K. Bubna and payment of remuneration as mentioned above to him as Managing Director of the Company. Your Directors recommend the said resolution be passed.

Copy of the Agreement executed between the Company and Mr D K Bubna on 9th December, 2003, is available for inspection of Members at the Registered Office of the Company and will also be available at the meeting

MEMORANDUM OF INTEREST

None of the Directors of the Company other than Mr D K Bubna is concerned with or interested in this resolution. This notice may also be considered as disclosure U/S 302 of the Companies Act, 1956.

3. Item 5

Mr. D.K. Bubna resigned as Managing Director of the Company which was accepted w.e.f. closing of 31st May, 2004 and being a qualified Company Secretary, was appointed as Executive Director Cum Company Secretary for a period of three years and the remuneration payable to him for a period not exceeding three years with effect from 1st June 2004 as set out in the Agreement executed between the Company and Mr. D.K. Bubna on 1st June, 2004 an abstract of which is given below.

- a) **Salary** : Rs.80,000.00 (Rupees eighty thousand only) per month (in the scale of Rs.80,000.00 – 10000.00 – Rs.1,00,000.00.
- 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** : Shri D.K. Bubna will be entitled to the following perquisites in addition to salary and commission. Perquisites being limited to his Annual Salary or to Rs.6,00,000.00 per annum whichever is less.

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows :-

CATEGORY A :

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

Housing :

- i) Monthly house rent allowance to the maximum extent of 60% of the salary.
- ii) The Expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962.

Medical Reimbursement :

Reimbursement of expenses actually incurred on Self and Family.

Leave Travel Concession :

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

Club Fees :

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

Personal Accident Insurance :

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

CATEGORY – B “

- i) Contribution to Provident Fund and Superannuation/Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable should not exceed half a month's salary for each completed year of service and will not be included in the computation of the ceiling on perquisites.
- iii) Encashment of Leave at the end of the tenure will be permitted as per Rules of the Company subject to a maximum of three months' salary and will not be included in the computation of the ceiling on perquisites.

CATEGORY – C :

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

Overall Remuneration :

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to all the Managerial personnel together, as calculated in accordance with section 198 and 309 and other

applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may for the time being in force.

Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year, during the currency of tenure of 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. 18.00 lakhs per annum or Rs. 1,50,000.00 per month but shall not be entitled to any commission.

Mr. D.K. Bubna is a fellow Member of Institute of Company Secretaries of India and is also an Associate Member of Association of Chartered Institute of Secretaries, London. As such he is a qualified and quite competent to undertake the job of Company Secretary of your Company. Further, Mr. D. K. Bubna possesses over 40 years of business experience (including over 23 years with Kanoria Group of Industries) relating to various aspects of Jute Industries including general management, business strategy, marketing, finance, administration etc., with the reputed companies. He has an impressive academic background which apart from secretarial qualifications includes M.Com & L L B, from Calcutta University, F.I.C.W.A from Institute of Cost And Works Accountant of India, AMBIM & MIIA from foreign Institutions, Mr. Bubna has traveled extensively to various part of the world for aggressive marketing of the Company's product.

Your Directors feel that it will be advantageous to appoint Mr D. K. Bubna as Executive Director Cum Company Secretary of the Company with liberty to the Board of Directors to vary the terms as mentioned in the resolution.

The Ordinary Resolution set out at item 5 of the annexed Notice is intended to obtain approval of the Members to the appointment of Mr D. K. Bubna and payment of remuneration as mentioned above to him as Executive Director-cum-Company Secretary of the Company. Your Directors recommend the said resolution be passed.

Copy of the Agreement executed between the Company and Mr D K Bubna on 1st June, 2004, is available for inspection of Members at the Registered Office of the Company and will also be available at the meeting.

MEMORANDUM OF INTEREST

None of the Directors of the Company other than Mr D K Bubna is concerned with or interested in this resolution. This notice may also be considered as disclosure U/S 302 of the Companies Act, 1956.

4. Item 6

The Equity Shares of Rs.10/- each of your Company are presently listed on the following three Stock Exchanges in India :

- a) The Stock Exchange, Mumbai ('BSE')
- b) The Calcutta Stock Exchange Association Ltd., Kolkata ('CSE')
- c) The Delhi Stock Exchange Association Ltd, Delhi ('DSE')

Data on trading volumes indicates that the Company's shares, which are required to be compulsorily traded in the dematerialised form, are not traded in material volumes at Stock Exchanges other than BSE and CSE account for more than 95% of the traded volumes of the Company's shares and BSE has extensive networking of trading terminals, which facilitates trading by Members / Investors across the country. The trading volumes in the Company's shares on the DSE are either nil or insignificant. Continued listing on such DSE neither serves the interest of the Members / Investors nor that of the Company.

The Board of Directors of your Company ('the Board') at its meeting held on 28th June, 2004 accordingly recommended for the approval of the Members, the proposal to voluntarily delist the Company's shares from DSE at Delhi. The Company's shares will however continue to be listed on the BSE and CSE.

Delisting of the Company's shares from the aforesaid Stock Exchange would result in administrative convenience and saving in costs on account of listing fees, etc.

In accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, consent of the Members by way of a Special Resolution is required for voluntary delisting of the Company's shares from the aforesaid Stock Exchange.

None of the Directors of your Company is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

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, 2004.

FINANCIAL HIGHLIGHTS

	(Rs. in crores)	
	2003-04	2002-03
Profit before Depreciation	(1.55)	2.99
Less: Depreciation	<u>1.71</u>	<u>2.01</u>
Profit for the year	(3.26)	0.98
Less: Provision for Current Taxation	—	0.05
Less: Provision for Deferred Taxation	<u>1.14</u>	<u>0.24</u>
	(2.12)	0.69
Add : Balance brought forward from last year	<u>(0.61)</u>	<u>(1.30)</u>
Balance carried forward	<u>(2.73)</u>	<u>(0.61)</u>

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's sale was Rs. 58.53 Crores and export was Rs.29.30 Crores against sales of Rs. 114.60 Crores and Exports of Rs.50.67 Crores during the previous year (both the export figures are inclusive of exchange gain of Rs. 127.23 lakhs and Rs. 70.17 lakhs respectively). There was net loss of Rs. 325.92 lakhs during the year against a net profit of Rs. 97.70 lakhs during the last year. The said reduction in sales and exports and consequently the effect on profitability was mainly due to the fact that the Company had to declare **suspension of work** at its Mills with effect from 29.09.2003

due to labour indiscipline and low productivity and inspite of the best efforts to resolve the crisis, the impasse still continues.

In the meantime, the Company has made efforts to reduce cost in all areas. It has also taken several measures, including Capital Investment to reduce its power cost. It is now trying to negotiate a viable agreement with the labour, so that the Mill resume operation by following practices as prevalent in the Industry and become competitive.

SCHEME OF ARRANGEMENT

The Scheme of Arrangement between the Company and its 100% subsidiary, Ludlow Securities Limited, was passed by the Hon'ble High Court at Kolkata on 22.09.2003, which was effective from the appointed date i.e. 01.04.2002, in accordance with Section 394 (2) of the Companies Act, 1956. The certified copy of the said order was received by the Company on 08.12.2003 and the same was filed with the Registrar of Companies on 10.12.2003 and the Scheme became operative from the appointed date i.e. 01.04.2002. The effect of the above Scheme of Arrangement has been given in the Books of Accounts of your Company during the year under review.

Further, in terms of the Scheme of Arrangement, all the Shareholders of your Company whose name appear on the Register of Members as on 31st January, 2004 have been allotted shares of M/s. Sijberia Industries Limited in the ratio of 1:10. The allotment is free of cost and the Shares have already been dispatched all the Shareholders.

SHIFTING OF REGISTERED OFFICE

Your Company has shifted its registered office from KCI PLAZA, 1st floor, 23-C, Ashutosh Chowdhury Avenue, Kolkata - 700 019 to 6, Little

Russell Street, Kokata - 700 071, with effect from 14.02.2004 as a measure of economy.

DELISTING OF SHARES FROM DELHI STOCK EXCHANGE

As a measure of economy the Company proposes to delist from Delhi Stock Exchange. The necessary resolution is placed before the shareholders for their approval.

DIRECTORS

Shri A.C. Mukherjee, retires by rotation, and being eligible, offer himself for reappointment.

Shri D K Bubna, resigned as the Managing Director of the Company, and being a qualified Secretary, has been appointed as Executive Director cum Company Secretary with effect from June 01, 2004.

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, 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures subject to Note No3(ii) of the Auditors' Report together with Note No.B-12 in Schedule 'N' of Notes on Accounts;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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, 2004 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(2A) 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

Ludlow Securities Limited the name of which changed to Sijberia Industries Limited ceased to be a subsidiary of your Company with effect from 8th March, 2004 consequent upon the allotment of Equity Shares of Rs.10/- each fully paid in the ratio of 1:10 shares without any consideration to the Share Holders of your Company in terms of the Scheme of Arrangement sanctioned by 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.

Regd. Office :
6, Little Russell Street
Kolkata - 700 071.
the 28th day of June, 2004

For and on behalf of the Board,

S. S. KANORIA
Chairman