

**BOARD OF DIRECTORS**

Shri S. S. Kanoria	<i>Executive Chairman</i>
Shri A. C. Mukherji	<i>Director</i>
Shri R. V. Kanoria	<i>Director</i>
Shri J. K. Bhagat	<i>Director</i>
Shri I. P. Poddar	<i>Director</i>
Shri B. Choudhuri	<i>Director</i>
Shri L. G. Toolsidass	<i>Director</i>
Shri S. Kapur	<i>Director</i>
Shri D. K. Bubna	<i>Executive Director cum Company Secretary</i>

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**Registered Office**

6, Little Russell Street  
Kolkata - 700 071

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**Works**

Chengail, Howrah - 711 308 (W.B.)

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**Bankers**

Central Bank of India  
Allahabad Bank

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**Auditors**

Singhi & Co.  
*Chartered Accountants*

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**Resident Director**

B. M. Thakkar

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**Vice President (Finance & Accounts)**

R. K. Gupta

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**Registrar and Share Transfer Agents**

MCS Ltd.  
77/2A, Hazra Road  
Kolkata - 700 029

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## NOTICE

### TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Thirty First Annual General Meeting of the members of **LUDLOW JUTE & SPECIALITIES LIMITED** (formerly Aekta Limited) will be held at Rotary Sadan, 94/2 Chowringhee Road, Kolkata 700 020 on Friday, 30th July, 2010 at 3:00 p.m. to transact the following business :

#### ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March 2010, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri B. Choudhuri, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri L. G. Toolsidass, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint 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** M/s. Singhi & Co., Chartered Accountants, the retiring auditors, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

#### SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special 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 reappointment of Shri D. K. Bubna as Executive Director cum Company Secretary of the Company for a period of three years with effect from 01st June, 2010 on the terms and conditions including remuneration as are set out in the Agreement executed by the Company with Shri D. K. Bubna on 24th May, 2010, a copy whereof is placed before this meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (which shall be deemed to include any committee of the Board) to vary/alter 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."

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special 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 reappointment of Shri S. S. Kanoria as the Executive Chairman of the Company for a period of three years with effect from 01st October, 2010 on the terms and conditions including remuneration as are set out in the Agreement executed by the Company with Shri S. S. Kanoria on 24th May, 2010, a copy whereof is placed before this meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (which shall be deemed to include any committee of the Board) to vary/alter 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."

Registered Office :  
6, Little Russell Street  
Kolkata - 700 071  
24th day of May, 2010

For & on behalf of the Board  
**D. K. BUBNA**  
Executive Director cum  
Company Secretary

**NOTES :**

1. 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 OF THE COMPANY.  
THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. 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.
3. The Register of Members and Share Transfer Books shall remain closed from 15.07.2010 to 30.07.2010 (both days inclusive).
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 14.07.2010 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 14.07.2010.
5. Dividend which remain 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 205A & 205C of the Companies Act, 1956. 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. The Company will be providing ECS facility to the shareholders, whereby they will be able to receive their dividend by direct electronic credit to their bank account(s). In the absence of availing of the ECS option by the shareholders, the Company shall send the dividend warrants by post in the normal manner. Members holding shares in physical form are requested to fill in the form provided along with this Annual Report and send it to the Company's Registrars and Share Transfer Agents. Shareholders holding shares in demat form are required to furnish such details to their respective depository participants, if not furnished earlier.
8. Members 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. Shareholders, who have not dematerialized their shares as yet, are advised to have their shares dematerialized to avail the benefit of paperless trading.
11. In all correspondences 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.
12. 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, Kolkata - 700 029 (in the case of physical shares) or to the Depository.
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 Limited, 77/2A, Hazra Road, Kolkata-700 029 in respect of physical share accounts.
14. In case the mailing address mentioned in the Annual Report is without the Pin Code, members are requested to inform their Pin Code immediately.
15. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
16. Members are requested to bring their copy of the Annual Report to the Meeting.
17. 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 has not received the stickers with the Company's new name, they may write to the Company or to the Registrars for the required number of stickers.
18. 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 clause 49 of the Listing Agreement with the Stock Exchange(s), has been provided in the Corporate Governance Report.

## **Annexure to the Notice**

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

In terms of Section 173(2) of the Companies Act 1956, the following Explanatory Statement sets out all material facts relating to item 6.

#### **1. For Item No. 6**

Shri D. K. Bubna was reappointed as the Executive Director cum Company Secretary of the Company with effect from 01st June, 2010 for a period of three years and upon the terms and conditions, including remuneration, as set out in the Agreement executed between the Company and Shri D. K. Bubna on 24th May, 2010, an abstract of which is given below :

- a) **Salary** : Rs.2,00,000 (Rupees two lacs only) per month. The Board may at its sole discretion, consider and grant an annual increment up to 20% of the last drawn salary, within the permissible limits under the Companies Act, 1956, as amended from time to time.
- 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 Sections 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.12,00,000 (Rupees twelve lacs only) 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 (Rupees ten thousand only) 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 Sections 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. 30,00,000 (Rupees thirty lacs only) per annum or Rs. 2,50,000 (Rupees two lacs fifty thousand only) per month or any amendments in the Companies Act 1956 as may be applicable at the relevant time, but shall not be entitled to any commission.

#### **About Shri D. K. Bubna :**

Shri D. K. Bubna possesses over 46 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 reputed Companies. He has an impressive academic background which includes M.Com and L.L.B from Calcutta University, F.I.C.W.A.

## Ludlow Jute & Specialities Limited

and F.C.S. from Indian Professional Institutes and ACIS, AMBIM and MIIA from Foreign Institutions. Shri D. K. Bubna has travelled extensively to various parts of the world for aggressive marketing of the Company's products.

Your Directors feel that it will be advantageous to reappoint Shri D. K. Bubna as the Executive Director Cum Company Secretary of the Company with liberty to the Board of Directors to vary the terms as mentioned above.

The Special Resolution set out at item no. 6 of the annexed Notice is intended to obtain approval of the Members to the reappointment of Shri 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 Shri D. K. Bubna on 24th May, 2010, is available for inspection by Members at the Registered Office of the Company and will also be available at the meeting.

None of the Directors of the Company other than Shri D. K. Bubna is concerned with or interested in this resolution.

The disclosure under Section 302 of the Companies Act, 1956 has been sent to the members of the Company.

### Statement pursuant to clause (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

#### I. General Information

- 1) Nature of Industry : Manufacturer of Jute Goods
- 2) Date or expected date of commencement of Commercial Production : 1921
- 3) In case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Being an existing Company, not applicable.
- 4) Financial performance based on given indicators :

(Rs. in lacs)				
Year ending 31st March	Sales	Operating Profit	Profit before Tax	Profit after Tax
2006	14230	357	211	121
2007	12943	346	212	142
2008	15538	593	432	293
2009	17091	620	416	229
2010	19318	809	553	334

- 5) Export Performance and net foreign exchange collaborations : Export for the year 2009-10 was Rs. 5149 lacs.

- 6) Foreign Investments or Collaborators, if any : There are 11 NRI Shareholders holding 32152 Ordinary Shares of Rs.10 each. The Company does not have any foreign Collaborator.

#### II. Information about the Appointee

##### 1) Background Details :

Shri D. K. Bubna, aged about 63 years, possesses over 46 years of business experience relating to various aspects of Jute Industries including general management, business strategy, marketing, finance, administration etc., with reputed Companies. He has an impressive academic background which includes M.Com and L.L.B from Calcutta University, F.I.C.W.A. and F.C.S. from Indian Professional Institutes, ACIS, AMBIM and MIIA from Foreign Institutions.

He has been with the Company for over fifteen years now and had been the Managing Director of the Company from 09.12.1995 to 31.05.2004 and the Executive Director cum Company Secretary of the Company from 01.06.2004.

He is a member of the Share Transfer and Shareholders Grievance Committee of the Board of Directors of the Company.

##### 2) Past Remuneration :

2009-10	Rs. 31,17,600
2008-09	Rs. 27,48,000
2007-08	Rs. 23,30,000
2006-07	Rs. 18,98,000
2005-06	Rs. 17,66,000

##### 3) Recognition or awards : —

- 4) Job profile and his suitability : Shri Bubna devotes whole time attention to the management of the affairs of the Company and exercises powers subject to the superintendence, direction and control of the Board of Directors. He is responsible for the day-to-day management of the Company and carries out duties as entrusted to him from time to time by the Board of Directors.

- 5) Proposed Remuneration : Salary Rs. 2,00,000 per month (the Board may at its sole discretion, consider and grant an annual increment upto 20% of the last drawn salary, within the permissible limits under the Companies Act, 1956 as amended from time to time) along with Commission @ 1% of the net profits computed in the manner laid down under Sections 198 and 309 of the Companies Act, 1956 and other perquisites, as spelt out in the explanatory statement hereinabove.

- 6) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person : The remuneration proposed is in consonance with similar position in the Industry.

- 7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any : Except salary, commission and perquisites to be received from the Company and to receive dividend declared by the Company, Shri Bubna does not have any pecuniary relationship directly or indirectly with the Company or relationship with any managerial personnel of the Company.

### III. Other information

- 1) Reasons of loss or inadequate profits and
- 2) Steps taken or proposed to be taken for improvement :

There is profit in the Company at present, but as abundant caution for payment of minimum remuneration to Shri D. K. Bubna, in case of no profit or inadequate profit in any particular year, this information is provided to the shareholders.

- 3) Expected increase in productivity and profits in measurable terms : 20% approximately.

### IV. Disclosures

- 1) For Remuneration Package offered to Shri Bubna, Executive Director cum Company Secretary, please refer to the Explanatory Statement hereinabove.
- 2) Detailed salary is being disclosed herewith :

Executive Director cum Company Secretary	Business Relationship with the Company, if any	Total Salary for 2009-2010 (in Rs.)
Shri D. K. Bubna	Executive Director cum Company Secretary	31,17,600.00

#### Notes :

1. The Executive Director cum Company Secretary is paid remuneration as per his agreement with the Company. This agreement had been placed for approval before the Remuneration Committee and the Board and subject to the approval of the members, he has been re-appointed as such, with effect from 01.06.2010.
2. Salary includes Basic Salary, Allowances, contribution to Provident and other Funds and Perquisites (including monetary value of Perquisites) etc, the break-up of which is as below :

Basic Salary	: Rs. 20,16,000.00
Perquisites	: Rs. 9,00,000.00
Provident fund	: Rs. 2,01,600.00

The figures mentioned herein is for financial year 2009-2010.

Commission at the rate of 1% of net profits of the Company for each financial year computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956.

3. His appointment is for tenure of three years commencing from 01.06.2010 to 31.05.2013.
4. The Company does not have any scheme for grant of stock options to its Directors or Employees.
5. For termination of Agreement, the Company or the Executive Director cum Company Secretary are required to give a notice of three months or three months' salary in lieu thereof.

### 2. For Item No. 7

Shri S. S. Kanoria was appointed as the Executive Chairman of the Company with effect from 01st October, 2007 for a period of three years and upon the terms and conditions, including remuneration, as set out in the Agreement executed between the Company and Shri S. S. Kanoria on 24th May, 2010, an abstract of which is given below :

- a) **Salary** : Rs. 3,00,000 (Rupees three lacs only) per month. The Board may at its sole discretion, consider and grant annual increments within permissible limits under the Companies Act, 1956.
- b) **Commission** : At the rate of 3% (three percent) of net profits of the Company for each financial year computed in the manner laid down in Sections 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 salary and commission, the Executive Chairman shall also 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. and the monetary value of such perquisites shall be limited to his annual salary or to Rs.12,00,000 per annum, whichever is less.

### OTHERS

- 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. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Shri S. S. Kanoria.

## Ludlow Jute & Specialities Limited

- c) Company's contribution to Provident Fund and Superannuation/Annuity Fund will not be considered as perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- d) Gratuity payable shall 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.
- e) Encashment of leave at the end of the tenure will be permitted as per Rules of the Company, subject to a maximum of three month's salary and will not be included in the computation of the ceiling on perquisites.
- f) The terms and conditions of appointment and payment of remuneration to Shri S. S. Kanoria, may be altered, varied or increased from time to time during his tenure of appointment in such manner as may be agreed to, between the Board of Directors, provided such terms are within and in accordance with the limits specified in Companies Act, 1956 and/or in Schedule XIII to the Companies Act, 1956 or any amendment thereto.
- g) The Executive Chairman shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee(s) thereof.
- h) The Executive Chairman shall not so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or children in any selling agency of the Company in future without the prior approval of the Central Government.

### 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 Sections 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 S. S. Kanoria, the Company may pay him remuneration by way of salary, perquisites and other allowances not exceeding the ceiling of Rs.30,00,000 (Rupees thirty lacs only) per annum or Rs.2,50,000 (Rupees two lacs fifty thousand only) per month, or any amendment in the Companies Act, 1956, as may be applicable at the relevant time, but shall not be entitled to any commission.

### About Shri S. S. Kanoria :

Shri S. S. Kanoria is an experienced businessman who is held in high esteem. He was the founder and Chairman of Kanoria Chemicals & Industries Limited

for a long period. He was also the President of the Federation of Indian Chamber of Commerce & Industry (FICCI) and has served on many important Committees of the Government. He enjoys a very good position in the social circle and is well known for his charitable activities.

Your Directors feel that it will be advantageous to reappoint Shri S. S. Kanoria as the Executive Chairman of the Company with liberty to the Board of Directors to vary the terms as mentioned above.

The Special Resolution set out at item no. 7 of the annexed Notice is intended to obtain approval of the Members to the reappointment of Shri S. S. Kanoria and payment of remuneration as mentioned above, to him as Executive Chairman of the Company.

Your Directors recommend the said resolution be passed.

Copy of the Agreement executed between the Company and Shri S. S. Kanoria on 24th May, 2010, is available for inspection of Members at the Registered Office of the Company and will also be available at the meeting.

None of the Directors of the Company other than Shri S. S. Kanoria and Shri R.V. Kanoria are concerned with or interested in this resolution.

The disclosure under Section 302 of the Companies Act, 1956 has been sent to the members of the Company.

### Statement pursuant to clause (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

#### I. General Information

- 1) Nature of Industry : Manufacturer of Jute Goods
- 2) Date or expected date of commencement of Commercial Production : 1921
- 3) In case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Being an existing Company, not applicable.
- 4) Financial performance based on given indicators

(Rs. in lacs)				
Year ending 31st March	Sales	Operating Profit	Profit before Tax	Profit after Tax
2006	14230	357	211	121
2007	12943	346	212	142
2008	15538	593	432	293
2009	17091	620	416	229
2010	19318	809	553	334

- 5) Export Performance and net foreign exchange collaborations : Export for the year 2009-10 was Rs. 5149 lacs.

- 6) Foreign Investments or Collaborators, if any :  
There are 11 NRI Shareholders holding 32152 Ordinary Shares of Rs.10 each. The Company does not have any foreign Collaborator.

## II. Information about the Appointee

### 1) Background Details :

Shri S. S. Kanoria is an experienced businessman who is held in high esteem. He was the Founder and Chairman of Kanoria Chemicals & Industries Limited for a long period. He was also the President of the Federation of Indian Chambers of Commerce & Industry (FICCI) and has served on many important Committees of the Government. He enjoys a very good position in the social circle and is well known for his charitable activities.

He has been the Executive Chairman of the Company for the past 3 years.

### 2) Past Remuneration :

2009-10	Rs. 31,20,000
2008-09	Rs. 31,35,000
2007-08	Rs. 15,71,500 (part year)

### 3) Recognition or awards : —

- 4) Job profile and his suitability : Shri Kanoria devotes whole time attention to the management of the affairs of the Company and exercises powers subject to the superintendence, direction and control of the Board of Directors. He is responsible for the day-to-day management of the Company and carries out duties as entrusted to him from time to time by the Board of Directors.

- 5) Proposed Remuneration : Salary Rs. 3,00,000 per month (the Board may at its sole discretion, consider and grant annual increments within permissible limits under the Companies Act, 1956) and commission @ 3% of the net profits computed in the manner laid down under Sections 198 and 309 of the Companies Act, 1956 and perquisites, as spelt out in the explanatory statement.

- 6) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person : The remuneration proposed is in consonance with similar position in the Industry.

- 7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any : Except salary, commission and perquisites to be received from the Company and to receive dividend declared by the Company, Shri S. S. Kanoria does not have any pecuniary relationship directly or indirectly with the Company or relationship with any managerial personnel of the Company.

## III. Other information

- 1) Reasons of loss or inadequate profits and  
2) Steps taken or proposed to be taken for improvement :

There is profit in the Company at present, but as abundant caution for payment of minimum remuneration to Shri S. S. Kanoria, in case of no profit or inadequate profit in any particular year, this information is provided to the shareholders.

- 3) Expected increase in productivity and profits in measurable terms : 20% approximately.

## IV. Disclosures

- 1) For Remuneration Package offered to Shri Kanoria, Executive Chairman, please refer to the Item 2 of the Explanatory Statement hereinabove.

- 2) Detailed salary is being disclosed herewith :

Executive Chairman	Business Relationship with the Company, if any	Total Salary for 2009-2010 (in Rs.)
Shri S. S. Kanoria	Executive Chairman	31,20,000.00

### Notes :

4. The Executive Chairman is paid remuneration as per his agreement with the Company. This Agreement had been placed for approval before the Remuneration Committee and the Board and subject to the approval of the members he has been re-appointed as such, with effect from 01.10.2010.

5. Salary includes Basic Salary, Allowances, contribution to Provident and other Funds and Perquisites (including monetary value of Perquisites) etc, the break-up of which is as below :

Basic Salary	: Rs. 24,00,000.00
Perquisites	: Rs. 4,80,000.00
Provident fund	: Rs. 2,40,000.00

The figures mentioned herein is for financial year 2009-2010.

Commission at the rate of 3% of net profits of the Company for each financial year computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956.

6. His appointment is for a tenure of three years commencing from 01.10.2010 to 30.09.2013.  
7. The Company does not have any scheme for grant of stock options to its Directors or Employees.  
8. For termination of Agreement, the Company or the Executive Chairman is required to give a notice of three months or three months' salary in lieu thereof.

Registered Office :  
6, Little Russell Street  
Kolkata - 700 071  
24th day of May, 2010

For & on behalf of the Board  
**D. K. BUBNA**  
Executive Director cum  
Company Secretary



**DIRECTORS' REPORT  
TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting their Annual Report and Audited Accounts along with the Auditor's Report thereon of the Company for the year ended 31st March, 2010.

(Rs. in crores)

<b>FINANCIAL RESULTS</b>	<b>2009-2010</b>	<b>2008-2009</b>
Profit before Depreciation	<b>8.09</b>	6.21
Less : Depreciation	<b>2.56</b>	<u>2.05</u>
Profit for the year	<b>5.53</b>	4.16
Less : Provision for Current Taxation	<b>2.20</b>	1.60
Less/(Add) : Provision for Deferred Taxation	<b>(0.08)</b>	(0.30)
Less : Fringe Benefit Tax	—	0.08
Less : Income Tax for earlier years	<b>0.07</b>	<u>0.49</u>
Profit after Tax	<b>3.34</b>	2.29
(Less)/Add : Balance brought forward from last year	<b>3.83</b>	<u>2.80</u>
Balance carried forward and available for appropriation	<b>7.17</b>	<u>5.09</u>
Appropriated as under :		
Transfer to General Reserve	<b>0.17</b>	—
Proposed Dividend	<b>1.62</b>	1.08
Corporate Dividend Tax	<b>0.26</b>	<u>0.18</u>
Balance carried to Balance Sheet	<b>5.12</b>	<u>3.83</u>

**DIVIDEND**

In view of the sustained working results during the year, the Board of Directors are pleased to recommend a dividend of Re.1.50 per share (i.e. 15%) on 1,07,73,120 equity shares, aggregating to Rs.1,61,59,680.00 excluding Corporate Dividend Tax of Rs. 26,83,921.00 subject to approval of the members of the Company.

**OPERATIONS**

During the year under review, the Company's sale was Rs.195.08 crores and export was Rs. 51.49 crores against sales of Rs.172.51 crores and exports of Rs. 60.15 crores during the previous year. The production during the financial year was 41447 M.T. against 46788 M.T. during the previous year.

During the year unfortunately, there was an industry wide strike for 62 days from 14.12.2009 to 13.02.2010 which adversely effected the production, sales and exports of the Company during the year.

The continuous thrust on modernization and diversification has helped your Company to adjust the product mix as per market requirements.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**
**Industry Structure and Development**

- i) The Jute Packaging Materials (Compulsory use for Packing Commodities) Act 1987 (JPMA), which makes it compulsory for 100% packaging of Food grains and Sugar in Jute was extended till June, 2010. Due to, however, an unfortunate industry wide strike, the supply of Jute Bags was completely disrupted which prompted Govt. of India to dilute a substantial portion of Jute in favour of plastics both for food grain and sugar.
- ii) It is fortunate that Jute Industry has been able to arrive at agreement with workers for 3 years which is expected to assure continuous working

for next 3 years. This should strengthen the case of Jute Industry for continuation of 100% mandatory uses of Jute Bags for food grains and sugar. Further, in view of the ecological reasons, continued availability of the Jute Bags for packing food grains are of vital importance and should not be compromised at any cost.

- iii) Since Jute Mills in Bangladesh enjoy lower wages, lower power cost and substantial Government assistance, it is essential that the same treatment be accorded to the Indian Jute Industry as well, by providing suitable Export Market Allowance applicable to all composite Jute Mills against export of Jute Yarn to enable them to compete in the International Market.

#### **OPPORTUNITIES AND THREATS/RISKS AND CONCERNS**

Following are the major areas of risks and concerns for the Jute Industry :

- a) Competition from Bangladesh, which enjoys substantial benefits of lower wages and power cost, apart from getting sizeable Government assistance against exports.
- b) Economic meltdown in Europe and USA, in particular and globally in general has affected the exports of jute products adversely, particularly in items connected to the housing sector.
- c) Growing competition with cheaper synthetics which is fraught with ecological hazard. There is a need for well thought out plan to replace synthetic with Bio Degradable product like Jute in the near future.
- d) Continuous increase in Dearness Allowance of workers, without any corresponding increase in productivity which may lead to further increase in wage cost, which is already substantially higher than competitors at Bangladesh.
- e) Establishment of new units with lower wages and various incentives, non application of statutory benefits for new comers in West Bengal and elsewhere is unhealthy and an impediment towards the viability, modernization and diversification of the existing units.
- f) Dilution of The Jute Packaging Materials (Compulsory use for Packing Commodities) Act 1987 (JPMA) and on-going litigation creates uncertainty.

#### **OPPORTUNITIES**

Jute being Biodegradable product is likely to replace synthetic and other materials as a material of choice. Jute Industry has an opportunity to research the market and manufacture goods which may replace synthetic both in India and abroad. Apart from packaging materials, several other diversified fields where the usage of Jute can be introduced, need to be explored. For this, the Industry has to be innovative and equip itself with the necessary equipments. The recent agreement between workmen and the management in Jute Industry for 3 years uninterrupted working shall pave the way for further modernization in the Jute Industry and uninterrupted supply to the end users will improve the credibility of the Jute Industry as a reliable supplier.

#### **SEGMENTWISE OR PRODUCTWISE PERFORMANCE**

As Company's business activities falls within a single primary business segment viz. Jute Goods, the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable. However, the geographical segments considered for disclosure on the basis of sales are as under :

Within India	Rs. 141.75 crores
Outside India	Rs. 51.49 crores
<b>Total</b>	<b>Rs. 193.24 crores</b>

#### **OUTLOOK**

During the current year, Raw Jute Crop is expected to be higher than last year but due to low carry over, the Raw Jute prices are expected to remain at high level throughout the year. It is expected, however, to be lower than the prices prevailing at the end of the last year end season due to an unprecedented short crop. The Company continues to face absenteeism problem causing imbalances at times which results in lower production and higher wage cost. It is important that the workmen realize the importance of regular attendance without which the profitability and competitiveness of the Company gets affected.

Due to judicious buying of Raw Jute at reasonable prices and harnessing the opportunity of sudden spurt in export yarn market, the Company should be able to improve its performance substantially during first half of current year. Continuous modernization/