

Thirty Third Annual Report 2011-2012

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 J. P. Sonthalia	-	<i>Managing Director</i>

Smt Puja Guin

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6, Nandalal Basu Sarani
(formerly Little Russell Street)
Kolkata - 700 071

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

Central Bank of India
Allahabad Bank

Singhi & Co.
Chartered Accountants

Shri B. M. Thakkar

Shri R. K. Gupta

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

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty Third 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 Tuesday, 7th day of August, 2012 at 3:00 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March 2012, the Statement of Profit and Loss for the year ended on 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 R.V. Kanoria, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri A.C. Mukherji, 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 an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Jagdish Prasad Sonthalia, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act 1956, be and is hereby appointed as Director of the Company."

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 appointment of Shri Jagdish Prasad Sonthalia 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 17th August, 2011 on the terms and conditions including remuneration as are set out in the Agreement executed by the Company with Shri Jagdish Prasad Sonthalia on 17th August 2011, 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 or any amendment thereto from time to time."

Registered Office :

6, Nandalal Basu Sarani
(formerly, Little Russell Street)
Kolkata - 700 071
9th May, 2012

By Order of the Board

Puja Guin
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 24.07.2012 to 07.08.2012 (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 23.07.2012 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 23.07.2012.
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 sections 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 NECS 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 the NECS 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 NECS form provided along with this Annual Report and send it to the Company's Registrars and Share Transfer Agents, immediately. 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.

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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 still wants 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, has been provided in the Corporate Governance Report.
 19. Annual Accounts of the subsidiary Companies available for inspection :
The Company, being the holding Company undertakes that annual accounts and the related detailed information of both the subsidiary Companies, namely, Ludlow Exports Limited and Sijberia Industries Limited shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point in time.
The shareholders are also hereby being informed that the annual accounts of the subsidiary companies shall also be kept for inspection by any of them in the registered office of Ludlow Jute & Specialities Limited (holding Company) and that of the registered offices of both the subsidiary Companies. The registered office address of Ludlow Exports Limited (subsidiary Company) is 6, Nandalal Basu Sarani (formerly, Little Russell Street), Kolkata 700 071 and that of Sijberia Industries Limited (subsidiary Company) is KCI Plaza, Seventh Floor, 23C Ashutosh Chowdhury Avenue, Kolkata 700 019. The holding Company shall furnish a hard copy of details of accounts of subsidiary Companies to any shareholder on receipt of a written request from them.
 20. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.

In terms of Section 173(2) of the Companies Act 1956, the following Explanatory Statement sets out all material facts relating to item 6 and item 7.

The Board of Directors of the Company ("The Board") had, pursuant to the provisions of section 260 of the Companies Act, 1956 and Article 84 of the Articles of Association of the Company, at its meeting held on 11th August, 2011 appointed Shri Jagdish Prasad Sonthalia (Shri J. P. Sonthalia) as the Additional Director of the Company, with effect from 17th August, 2011.

In terms of the provisions of Section 260 of the Act, Shri J. P. Sonthalia will hold office upto the date of this Annual General Meeting.

Pursuant to section 257 of the Companies Act 1956, the Company has received a notice in writing from a member signifying his intention to propose the candidature of Shri J. P. Sonthalia for the office of Director of the Company.

Shri J. P. Sonthalia possesses over 43 years of business experience. He has held positions as Managing Director, Chief Commercial Executive, Chemical Engineer, Development Officer, Production Manager and Export Manager etc., in reputed Companies. He has an impressive academic background which includes Bachelor of Technology (Chem.) from University of Madras and Master of Business Administration from Calcutta University. Shri J.P. Sonthalia has travelled extensively to various parts of the world and has a rich experience.

Apart from this Company, Shri J. P. Sonthalia holds directorship in Companies namely, Kanoria Chemicals & Industries Limited, Ludlow Exports Limited and Siberia Industries Limited.

The Board recommends the resolution set out at Item no.6 of the notice, for your approval.

Shri J. P. Sonthalia may be deemed to be concerned or interested in the resolution(s) relating to his appointment.

Shri J.P. Sonthalia was appointed as the Managing Director of the Company with effect from 17th August, 2011 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 J.P. Sonthalia on 17th August, 2011 an abstract of which is given below:

Rs. 2,50,000.00 (Rupees Two Lakh Fifty Thousand only) per month. His annual increment will be decided by the Board within the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.

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 restricted to the amount equal to the annual salary and shall be payable on pro-rata basis for any broken period/financial year.

Shri J. P. Sonthalia will be entitled to the following perquisites in addition to salary and commission, being restricted to an amount equal to 50% of his annual salary. Unless the context otherwise requires, the perquisites are classified into three categories A, B and C as follows :

Category - A

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

Housing

- a) Monthly House Rent Allowance to the maximum extent of 60% of the Salary.
- b) Reimbursement of expenditure on Gas, Electricity, Water and Furnishings which 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 premium on which does not exceed Rs.10,000.00 per annum.

Category - B

- a) Contribution to Provident Fund and Superannuation/Annuity Fund will not be included in the computation of the ceiling on perquisites/remuneration to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity not exceeding half a month's salary for each completed year of service. This will not be included in computation of ceiling on perquisites/remuneration.
- c) Consolidated leave of 45 days including sick and casual leave with pay for each completed year of service. Encashment of unavailed leave will be permitted as per the rules of the Company, subject to a maximum of 3 (three) months' salary and will not be included in the computation of the ceiling on perquisites/remuneration.

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 J. P. Sonthalia.

Perquisites shall be evaluated as per Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be valued at actual cost.

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 Shri J. P. Sonthalia, the Company may pay him, in respect of such financial year, remuneration by way of consolidated salary, perquisites and allowances as minimum remuneration in accordance with the limits prescribed in

Schedule XIII to the Companies Act, 1956 or any amendment thereto, as may be applicable at the relevant time.

About Shri J. P. Sonthalia

Shri J.P. Sonthalia possesses over 43 years of business experience. He has held positions as Managing Director, Chief Commercial Executive, Chemical Engineer, Development Officer, Production Manager and Export Manager etc., in reputed Companies. He has an impressive academic background which includes Bachelor of Technology (Chem.) from University of Madras and Master of Business Administration from Calcutta University. Shri J.P. Sonthalia has travelled extensively to various parts of the world and has a rich experience.

Your Directors feel that it will be advantageous to appoint Shri J.P. Sonthalia as Managing Director of the Company with liberty to the Board of Directors to vary the terms as mentioned in the resolution.

The Special Resolution set out at item no.7 of the annexed Notice is intended to obtain approval of the Members for the appointment of Shri J.P. Sonthalia 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 Shri J.P. Sonthalia on 17th August, 2011 is available for inspection of members at the registered office of the Company and will also be available at the venue of the meeting.

None of the Directors of the Company other than Shri J.P. Sonthalia is concerned with or interested in this resolution.

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

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

1. General Information

- | | |
|--|--|
| 1) Nature of Industry | Manufacturer of Jute Goods |
| 2) 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	Revenue From Operations (Net)	Operating Profit	Profit before Tax	Profit afterTax
2008	15574	593	432	293
2009	17123	620	416	229
2010	19354	809	553	334
2011	31608	2444	2175	1453
2012	28095	1056	695	490

- | | |
|--|---|
| 5) Export performance and net foreign exchange collaboration | Export for the year 2011-12 was Rs. 9656 lacs. |
| 6) Foreign Investments or Collaborators, if any | The Company does not have any foreign collaborator. |

II. Information about the Appointee

1) Background Details

Shri J.P. Sonthalia possesses over 43 years of business experience. He has held positions as Managing Director, Chief Commercial Executive, Chemical Engineer, Development Officer, Production Manager and Export Manager etc., in reputed Companies. He has an impressive academic background which includes Bachelor of Technology (Chem.) from University of Madras and Master of Business Administration from Calcutta University. Shri J.P. Sonthalia has travelled extensively to various parts of the world and has a rich experience.

He is a member of the Share Transfer and Shareholder's Grievances Committee of the Board of Directors of the Company.

2) Past Remuneration

Rs.65,77,690.43 (1st Apr. to 16th Aug., 2011)

3) Recognition or awards

Past President of Indian Association of Surabaya.

4) Job profile and his suitability

Shri J.P. Sonthalia 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. 2,50,000 per month (the Board may at its sole discretion, consider and grant an annual increment, within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto 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, Shri J. P. Sonthalia does not have any pecuniary

III. Other information

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

15 % approximately.

- 1) For Remuneration Package offered to Shri J.P. Sonthalia, Managing Director, please refer to item 2 of the Explanatory Statement hereinabove.
- 2) Detailed salary is being disclosed herewith :

Managing Director	Business Relationship with the Company, if any	Total Salary for the period 17.08.2011-31.03.2012 (in Rs.)
Shri J.P. Sonthalia	Managing Director	24,07,258.00

1. The Managing Director 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 appointed as such, with effect from 17th August, 2011.
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:

Perquisites : Rs. 6,24,193.00

The figure mentioned herein is for the period 17.08.2011 to 31.03.2012.

3. His appointment is for tenure of three years commencing from 17.08.2011 to 16.08.2014.
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 Managing Director is required to give a notice of three months or three months' salary in lieu thereof.

By Order of the Board

Puja Guin
Company Secretary

LUDLOW JUTE & SPECIALITIES LIMITED

Regd. Office : 6, Nandalal Basu Sarani
(formerly, Little Russel Street)
Kolkata 700 071

Dear Shareholder,

9th May, 2012

Sub : Green Initiative in Corporate Governance

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 inter-alia stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode.

To take part in the Green Initiative, we propose to send documents such as Notices, Annual Report etc. through electronic mode to the e-mail addresses which are made available to us by the Depositories and also which are registered and/or otherwise available with the Company's Registrar and Share Transfer Agents MCS Limited from time to time.

We earnestly request you to register your email id with your Depository Participant, or where you desire to have the above documents at any alternative e-mail address, then you may accordingly register/update your email-id with your Depository Participant (for shares held in electronic form) or with the Company's Registrar and Share Transfer Agents at mcskol@rediffmail.com.

Further, in case email address of any member has not been registered then the service of documents etc will be effected by other mode of service as provided under Section 53 of the Companies Act, 1956.

We are sure that you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives. It will not only be step to a Greener Earth but it will also be a faster mode of communication and there will be no chance of loss in postal transit.

Thank you for co-operating with us, as always.

For Ludlow Jute & Specialities Limited

Puja Guin
Company Secretary