





FORWARD LOOKING STATEMENT

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements-written and oral-that we periodically make, contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove in accurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



This Annual Report is available online at www.ludlowjute.com

Between the Covers

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CORPORATE INFORMATION

Thirty Seventh Annual Report 2015-16

BOARD OF DIRECTORS

Mr. R. V. Kanoria
Non-Executive Chairman

Mr. A. C. Mukherji
Independent Director

Mr. J. K. Bhagat
Independent Director

Mr. I. P. Poddar
Independent Director

Mr. B. Choudhuri
Independent Director

Mr. L. G. Toolsidass
Independent Director

Mr. S. Kapur
Independent Director

Ms. Nayantara Palchoudhuri
Independent Director

Mr. Ajay Todi
Managing Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Minu Rohila

CHIEF FINANCIAL OFFICER

Mr. R. K. Gupta

AUDITORS

Singhi & Co.

Chartered Accountants

BANKERS

Central Bank of India

Allahabad Bank

REGISTRAR & SHARE TRANSFER AGENTS

MCS Share Transfer Agent Limited

12/1/5, Manoharpukur Road

Ground Floor, Kolkata - 700 026

Phone : +91 33 4072 4051 / 52 / 53

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Email : mcssta@rediffmail.com

REGISTERED OFFICE

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Phone : +91 33 2283 9081

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WORKS

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West Bengal, India

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न जायते म्रियते वा कदाचि - न्नायं भूत्वा भविता वा न भूयः ।
अंजो नित्यः शाश्वतोऽयं पुराणो न हन्यते हन्यमाने शरीरे ॥



The soul never takes birth and never dies.
The soul is unborn eternal, imperishable and timeless



Your memory will live with us forever



January 28, 1928 – March 31, 2016

Sri Shyam Sundar Kanoria embodied the spirit of a modern, enlightened, socially conscious private enterprise.

He propagated good industrial relations and peaceful operations as a basic tenet for a successful business. He always encouraged promotion and use of jute considering its environment friendliness, renewability and biodegradability. He ensured that mills could have better top line and bottom line provided they used their capacity for value addition. He believed that in addition to sacking and hessian, the industry should project the use of jute as a lifestyle product.

His efforts to bring a paradigm shift in the standards of efficiency and ethical values in the jute industry remains Ludlow's guiding principle and perhaps the panacea for the Jute Industry as well.



Board's Report

Dear Members,

Your Board takes pleasure in presenting its Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2016.

1. FINANCIAL SUMMARY

(₹ in crores)

| Particulars | 2015-16 | 2014-15 |
|---|--------------|--------------|
| Sales excluding excise duty | 351.58 | 230.20 |
| Profit before Finance Costs and Depreciation | 17.64 | (4.58) |
| Less : Finance Costs | 3.14 | 4.26 |
| Gross Profit | 14.50 | (8.84) |
| Less: Depreciation and amortisation | 5.86 | 7.13 |
| Profit before Exceptional Items and Tax | 8.64 | (15.97) |
| Less/ (Add): Exceptional items | — | 9.31 |
| Profit before tax | 8.64 | (6.66) |
| Less: Tax expenses | 3.00 | 2.12 |
| Profit for the year | 5.64 | (4.54) |
| Add: Balance as per last Financial Statements | 16.25 | 22.21 |
| Adjustment for Depreciation (net of tax) | — | (0.96) |
| Add: Adjustment for tax of earlier year | — | 0.19 |
| Profit available for appropriations | 21.89 | 16.90 |
| Appropriations : | | |
| General Reserve | 0.28 | — |
| Proposed Dividend on Equity Shares | 1.62 | 0.54 |
| Corporate Dividend Tax | 0.33 | 0.11 |
| Total | 2.23 | 0.65 |
| Balance carried forward to Balance Sheet | 19.66 | 16.25 |

2. DIVIDEND

The Board of Directors recommends, for consideration of shareholders at the Annual General Meeting, a Dividend @ 15% (₹ 1.50 per share) on Equity Shares of ₹ 10/- each for the year ended 31st March, 2016.

3. TRANSFER TO RESERVES

In view of the gains earned by the Company this year, ₹ 28.20 lacs has been transferred to the General Reserve.

4. OPERATIONS

During the year under review, the Company's sale was ₹ 355.07 crores (including exports of ₹ 45.93 crores) against sales of ₹ 232.51 crores (including exports of ₹ 44.53 crores) during the previous year. The production was 45372 M.T. against 37195 M.T. during the previous year.

Your Company coped with the challenge posed by the serious dearth of orders in Q1 FY 16 by adopting a proactive approach whereby advance orders booked in Q4 FY15 were serviced in Q1 FY16 at a time when Government orders had dried up. This enabled us to increase production as well as tide over an otherwise difficult situation when several other mills closed down in the period May-July, 2015.

On the export front, yarn exports continue to suffer from competition from Bangladeshi export subsidy supported yarn produced with unregulated, exploited low cost labour. The spurt in raw jute prices in India in Q3 FY16 coupled with the ban on raw jute exports from Bangladesh in November, 2015 further caused an unfavorable situation.

Board's Report

5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

i) Industry Structure And Developments

Encouragement of eco-friendly jute packaging via JPM (Jute Packaging Materials) Act, 1987 was continued in the year gone by. However, due to acute shortage of raw jute after a second successive poor crop year, prices of raw jute increased rapidly from December 2015. As a corrective measure, Government of India diverted orders equivalent to 5.5 lac bales of jute sacking to synthetics. The jute industry also responded proactively in FY16 and a lighter 580 gms jute sacking bag was developed to replace the 665 grams bag, thereby conserving raw jute and also substantially reducing the cost of Jute sacks being procured by the Government.

The massive increase in wage costs due to steep increases in Dearness Allowance in FY16 continued to hugely impact the jute Industry.

ii) Opportunities

With increasing focus on climate change and growing environmental awareness, natural fibres are finding favour with the consumers world over. Jute is the most sustainable, renewable, biodegradable and eco-friendly natural fibre with a crop cycle of only 120 days and, thus, it provides sustenance as a extra soil-strengthening cash crop for farmers. It is high time that instead of looking at short term material costs, all stakeholders factor in the huge savings from jute resulting from its biodegradability, thereby avoiding the massive ecological problems that lie ahead due to non-biodegradable toxic waste generated out of synthetic sacking.

We are seeing increased exploration of Jute's versatile applications for lifestyle and promotional bags, decoratives, geo-textiles, apparels, composites, upholstery furnishings, and also non-wovens for both technical and non technical purposes.

Greater focus on Jute farming practices like use of certified seeds, row-sowing and mechanised de-weeding would help increase yields thereby enabling reduction in cost of raw jute.

iii) Threats/Risks And Concerns

Following are the major areas of risks and concerns:

- a) Dilution of the Jute Packaging Material Act, 1987 remains a primary area of concern and uncertainty; inadequate leverage of the environment-friendly nature of Jute has been a bane for the industry.
- b) Availability of skilled labour due to the rigorous nature of work involved. Uncapped increases in dearness allowance (with a 190% of DA payment liability imposed on the jute industry).
- c) Lack of ground level direct linkage between wages and productivity in real terms in the jute industry due to legacy issues. Ad hoc absenteeism of workmen in jute mills compounds the problem. Existence of multiple trade unions due to which resolution of workers related issues is time consuming and difficult.
- d) As an agricultural product, availability of raw jute depends on the vagaries of nature. Adverse weather conditions may adversely affect raw jute pricing and availability.
- e) Continuous canvassing for Government support is essential. Bangladeshi Govt. supports its local jute industry by providing a 10% export subsidy on Jute goods exports alongwith moratorium on interest payments for investments in jute sector.
- f) Duty-free imports dumped from Bangladesh are causing harm to the Indian Jute Industry while Indian Raw Jute importers have to pay 4% Duty on raw jute imports from Bangladesh.

iv) Segment-wise or Product-wise Performance

As the Company's business activities fall within a single primary business segment, the disclosure requirement of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India stands complied.

v) Outlook

The industry has welcomed good governance in the monitoring of government procurement of foodgrain sacking bags which augurs well for the future.



Board's Report

With raw jute prices attaining historically highest levels last year, increased sowing across all jute producing areas in the current crop year has been reported. The Indian Meteorological Department has already predicted a good monsoon in 2016. Given this, the expectation of higher jute production in 2016 brings solace and optimism. We expect record jute production (even beyond 100 lac bales) in case actual weather conditions match MET predictions.

With higher foodgrains production also expected, higher government sacking offtake is expected. Hence, we expect adequate Government sacking orders for jute despite the possibility of diversion of some quantities to synthetics. However, the export markets for India, particularly Jute Yarn, remain highly competitive for reasons stated earlier.

In the Non-Government domestic markets, serious competition is expected due to dumping by the export subsidy aided and low wage cost assisted Bangladeshi Jute Industry. Increased focus on jute diversifications would be the flavor of the year.

vi) Internal Control System and Their Adequacy

The Company has adequate internal control procedures, which provide reasonable assurance with regard to safeguarding the Company's assets, preventing revenue leakages, promoting operational efficiency by cost control and compliance with various statutory provisions. Audit reports are placed before the Audit Committee on a periodical basis, for review. The Committee actively reviews the adequacy and effectiveness of the internal control systems which are well supplemented by surveillance of Internal Auditors. The Company's Internal Financial Controls have been diligently studied and the required systems are in place.

vii) Industrial Relations Front

We are happy to inform that industrial relations at your Company remained cordial during the year under review. In addition to various staff welfare schemes, a renewed focus on sanitation and hygiene has been taken up. The Company seriously propagated the importance of the Jute specific PGDJTM course at Calcutta University and we plan to sponsor students for the course as well.

viii) Cautionary Statement

Statements made in this section of the report are based on the prevailing position in the jute industry and market conditions. Actual results might differ from what we perceive with respect to Company's outlook and performance.

6. CORPORATE GOVERNANCE

The Company has complied with the corporate governance requirements under the Companies Act, 2013; and as stipulated under the SEBI (Listing Obligations & Disclosure Requirements), 2015, a separate section on corporate governance along with a certificate from the Statutory Auditors of the Company confirming the compliance, is annexed and forms part of this Report.

7. EXTRACT OF THE ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return for the year ended 31st March, 2016 in Form No. MGT 9 is annexed as Annexure II, forming part of this Report.

8. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The Company has not given any loan, guarantee or made any investments exceeding sixty per cent of its paid up share capital, free reserve and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more, as prescribed in Section 186 of the Companies Act, 2013.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

A Related Party Policy has been devised by the Board of Directors for determining the materiality of transactions with related parties and dealings with them. The said policy may be referred to at the website of the Company

Board's Report

www.ludlowjute.com. The Audit Committee reviews all related party transactions quarterly. Necessary approval of the Audit Committee and the Board of Directors were taken wherever required.

Further the members may note that the Company has entered into the following related party transactions at arm's length price :

- Property taken on lease from Kirtivardhan Finvest Services Limited.
- Availing of services like maintenance, upkeepment, allied services and facilities, amenities, etc., from Belvedere Gardens Limited.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act 2013, read with Rule 8 of the Companies (Accounts) Rules 2014, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed as Annexure I, forming part of this Report.

11. RISK & MITIGATING STEPS

The Company has identified various risks faced from different areas. As required under the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Board has adopted a Risk Management Policy whereby a proper framework is set up. Appropriate structures are present so that risks are inherently monitored and controlled. A combination of policies and procedures attempts to counter risk as and when they evolve.

The Company has also formed a Risk Management Committee which monitors the risk elements and mitigation procedures at periodical intervals. The constitution and terms of reference are set out in details in the Corporate Governance Report. The risks and its mitigating factors are discussed by the Committee and subsequently placed before the Board.

12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The composition and terms of reference of the Corporate Social Responsibility Committee have been furnished in the Corporate Governance Report, forming part of this Report. The said policy may be referred to on the Company's official website www.ludlowjute.com.

The Company wishes to inform the members that it is well aware of its social responsibilities. However, CSR in terms of Section 135 of the Companies Act, 2013 was not mandated by the Board in view of impact on the shareholders given the then economic situation of the Company in FY 15 and going into FY 16.

The Board took note that there has been an improvement in the Company's performance, but the jute industry being volatile in nature, the performance stability would be observed. Identification of activities for CSR is in process and is to be studied and presented to the Board.

13. VIGIL MECHANISM/WHISTLE BLOWER POLICY

A Vigil Mechanism/Whistle Blower Policy has been formulated by the Company for its Directors and Employees. The policy allows intimation by affected persons in good faith of any concern or misconduct through a written communication. The Audit Committee oversees the Vigil Mechanism for disposal of the complaints. The said policy may be referred to on the Company's website www.ludlowjute.com.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Puja Guin resigned as the Company Secretary of the Company w.e.f. 16th May, 2015 and in her place, Ms. Minu Rohila was appointed as the Company Secretary and Compliance Officer w.e.f. 2nd November, 2015.

None of the Directors of the Company are disqualified for being appointed as a Director, as specified in Section 164(2) of the Companies Act, 2013.

I. Declaration from Independent Directors on Annual Basis

The Company has received necessary declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013.



Board's Report

II. Nomination and Remuneration Policy

The Company follows a policy on nomination and remuneration of Directors and Senior Management Employees. The Nomination and Remuneration Committee reviews the composition and diversity of the Board, keeping in view the requirements of the Companies Act, 2013, and Listing Agreement and recommends to the Board, appointment/re-appointment of eligible personnel including their terms of appointment and remuneration. The Nomination and Remuneration Policy including criteria for determining qualifications, positive attributes and independence of a Director has been formulated. The said policy may be referred to on the Company's website www.ludlowjute.com.

The performance of the Board has been evaluated as per the policy laid down in that regard.

III. Ratio of Remuneration of each Director

Details of Ratio of Remuneration of each Director to the median employee's remuneration is annexed as Annexure IV, forming part of this Report.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable Accounting Standards had been followed;
- b) 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/loss of the Company for that period;
- c) 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors have prepared the accounts for the financial year ended 31st March, 2016, on 'a going concern' basis;
- e) That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- f) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

16. BOARD MEETINGS

The Board of Directors of the Company met four times during the financial year ended 31st March, 2016, at a gap not in exceeding one hundred and twenty days as per Section 173 of the Companies Act, 2013. Details are available in the Corporate Governance Report forming part of this Report.

17. AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee have been furnished in the Corporate Governance Report forming part of this Report. There have been no instances where the Board has not accepted the recommendations of the Audit Committee.

18. PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration exceeding the limit as prescribed under Section 134 of the Companies Act, 2013.

19. FIXED DEPOSIT

Your Company has not accepted any deposits from public in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance and Deposits) Rules, 2014.

Board's Report

20. SUBSIDIARY COMPANIES

During the year no Company became or ceased to be a subsidiary, joint venture or associate of the Company.

The Performance and Financial position of the subsidiaries are as hereunder: (₹ in 000)

| Financial Position | Sijberia Industries Ltd. | Ludlow Exports Ltd. |
|----------------------|--------------------------|---------------------|
| Reporting Currency | INR | INR |
| Share Capital | 10440 | 2500 |
| Reserves and Surplus | 10795 | 489 |
| Total Assets | 21401 | 3172 |
| Total Liabilities | 21401 | 3172 |
| % of Shareholding | 53.91% | 100% |

| Performance | Sijberia Industries Ltd. | Ludlow Exports Ltd. |
|------------------------|--------------------------|---------------------|
| Turnover | 1351 | 241 |
| Profit before Tax | 453 | 219 |
| Provision for Taxation | 151 | 68 |
| Profit after Tax | 302 | 151 |
| Proposed Dividend | Nil | Nil |

21. CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. The Audited Consolidated Financial Statements together with Auditors' Report form part of the Annual Report.

22. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

No material changes and commitments affecting the Financial Position of the Company have occurred between 31st March, 2016 and the date of Board's Report.

23. LISTING WITH STOCK EXCHANGE

Your Company is listed with Bombay Stock Exchange Limited and has paid listing fees for the financial year 2016-17.

24. STATUTORY AUDITORS

In the 35th AGM held on 5th September, 2014, M/s Singhi & Co., Chartered Accountants had been appointed as Statutory Auditor of the Company for a period of three years. Ratification of the appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

Further, the report of the Statutory Auditor along with notes to Schedules is enclosed to this Annual Report. The observations made in the Auditors' Report are self explanatory and therefore do not call for any further comments.

25. COST AUDITORS

As per directives of the Central Government and in pursuance to the provisions of Section 148 of the Companies Act, 2013 read with Rules framed thereunder, the Company is required to carry out an audit of Cost Accounts maintained by the Company in respect of each financial year. In view of the same, M/s Prasad & Co., Cost Accountants have been appointed as Cost Auditors to conduct the audit of Cost Records of your Company for the financial year 2016-17. The remuneration proposed to be paid to them, recommended for ratification by the Audit Committee, requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing AGM.