



LUDLOW JUTE & SPECIALITIES LTD.

Registered. Office :

6, Little Russell Street, 4th Floor, Kolkata - 700 071, India

Phone : 2283 9081 / 9082 / 9083, Fax : 91-33-2283 9078 / 4503

E-mail : ludlow@giascl01.vsnl.net.in; ludlow_123@dataone.in

Website : www.ludlowjute.com

The Secretary
Bombay Stock Exchange Limited
25th Floor, P.J Towers
Dalal Street
Mumbai – 400 001

Dated: 12th August, 2013

Dear Sir,


Ref: Scrip Code: 526179

Sub: Submission of Annual Report of the Company- 2012-2013

We are enclosing herewith six copies of the annual report for the financial year 2012-2013.

Further as required under Clause 31 of the Listing Agreement, Declaration in Form A is given as under:

FORM A

| | | |
|----|---|--|
| 1. | Name of the Company | Ludlow Jute & Specialities Limited |
| 2. | Annual financial statement for the year ended | 31 st March, 2013 |
| 3. | Type of Audit observation | Un-qualified |
| 4. | Frequency of observation | NA |
| 5. | To be signed by- | |
| | CEO |  Shri J.P. Sonthalia (Managing Director) |
| | CFO |  Shri R.K. Gupta (V.P. Finance & Accounts) |
| | Auditor of the Company |  M. L. Shukla (Singhi & Co) M. No. 051505 |
| | Audit Committee Chairman |  A. C. Mukherji Independent Non-Executive Director |

This is for your information and records.

Thanking you,
Yours truly,
for **Ludlow Jute & Specialities Limited**



(Puja Guin)
Company Secretary
encl: as above



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CAUTIONARY STATEMENT

Statement in the 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

CORPORATE INFORMATION

Thirty Four Annual Report 2012-2013

BOARD OF DIRECTORS

Shri S. S. Kanoria

Executive Chairman

Shri A. C. Mukherji

Director

Shri R. V. Kanoria

Director

Shri J. K. Bhagat

Director

Shri I. P. Poddar

Director

Shri B. Choudhuri

Director

Shri L. G. Toolsidass

Director

Shri S. Kapur

Director

Shri J. P. Sonthalia

Managing Director

COMPANY SECRETARY

Smt Puja Guin

RESIDENT DIRECTOR

Shri B. M. Thakkar

VICE PRESIDENT (FINANCE & ACCOUNTS)

Shri 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 - 700 029

REGISTERED OFFICE

6, Nandalal Basu Sarani

(Formerly Little Russell Street)

Kolkata - 700 071

WORKS

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

Notice

To

The Shareholders

NOTICE is hereby given that the Thirty Fourth 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 Monday, 12th day of August, 2013 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 2013, 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 Satish Kapur, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri B. Choudhuri, 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 S. S. Kanoria as the Executive Chairman of the Company for a period of three years with effect from 1st October, 2013 on the terms and conditions including remuneration as are set out in the Agreement executed by the Company with Shri S. S. Kanoria on 15th May, 2013, a copy whereof is placed before this meeting, which Agreement is hereby specially 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
15th May, 2013

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.

Notice

3. The Register of Members and Share Transfer Books shall remain closed from 29.07.2013 to 12.08.2013 (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 26.07.2013 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 26.07.2013.
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.
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 Share Transfer Agent Limited, 12/1/5, Manoharpukur Road, Ground Floor Kolkata - 700 026 (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 Share Transfer Agent Limited, 12/1/5, Manoharpukur Road, Ground Floor, Kolkata - 700 026 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.

Notice

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 of 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.

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 S. S. Kanoria was reappointed as the Executive Chairman of the Company with effect from 01st October, 2013 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 15th May, 2013, an abstract of which is given below :

- a) **Salary :** ₹ 3,00,000 (Rupees three lacs only) per month. The Board may at its sole discretion, consider and grant annual increments, within permissible limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.
- 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 Section 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 the aforesaid salary and commission, Shri S. S. Kanoria 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 ₹ 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.
- 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 of 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 Shri S. S. Kanoria, 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.

Annexure to the Notice

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. 6 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 15th May, 2013, 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

(₹ in lacs)

| Year ending 31st March | Revenue From Operations (Net) | Operating Profit | Profit before Tax | Profit after Tax |
|------------------------|-------------------------------|------------------|-------------------|------------------|
| 2009 | 17123 | 620 | 416 | 229 |
| 2010 | 19354 | 809 | 553 | 334 |
| 2011 | 31608 | 2444 | 2175 | 1453 |
| 2012 | 28095 | 1056 | 695 | 490 |
| 2013 | 28267 | 1706 | 1301 | 844 |

- 5) Export Performance and net foreign exchange collaborations Export for the year 2012-2013 was ₹ 6648 lacs.
- 6) Foreign Investments or Collaborators, if any The Company does not have any foreign collaborator.

Annexure to the Notice

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 6 years.

2) Past Remuneration

₹ 33,00,000
(April 2011 to March 2012)

3) Recognition or awards

-

4) Job profile and his suitability

Shri S. S. 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 ₹ 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

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.

2) Steps taken or proposed to be taken for improvement

3) Expected increase in productivity and profits in measurable terms

20% approximately.

Notice

IV. Disclosures

- 1) For Remuneration Package offered to Shri Kanoria, Executive Chairman, please refer to the Item1 of the Explanatory Statement hereinabove.
- 2) Detailed salary is being disclosed herewith :

| Executive Chairman | Business Relationship with the Company, if any | Commission (₹) | * Salary (₹) during 2012-2013 |
|---------------------------|---|-----------------------|--------------------------------------|
| Shri S. S. Kanoria | Executive Chairman | 23,37,177 | 51,60,000 |

Notes :

1. 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 1st October, 2013.
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 : ₹ 36,00,000
 - Perquisites : ₹ 12,00,000
 - Provident fund : ₹ 3,60,000
 (the above does not include provision for gratuity and leave encashment).
 Shri S. S. Kanoria has also been given commission amounting to ₹ 23,37,177 as per his agreement with the Company.
3. His appointment is for tenure of three years commencing from 01.10.2013 to 30.09.2016.
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 Chairman is required to give a notice of three months or three months' salary in lieu thereof.

Registered Office :
 6, Nandalal Basu Sarani
 (formerly, Little Russell Street)
 Kolkata - 700 071
 15th May, 2013

By Order of the Board

Puja Guin
 Company Secretary

LUDLOW JUTE & SPECIALITIES LIMITED

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

15th May, 2013

Dear Shareholder

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 address, 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 Share Transfer Agent Limited from time to time.

We earnestly request you to register your email id with your Depository Participants, or when 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 mcssta@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

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, 2013.

(₹ in crores)

| FINANCIAL RESULTS | 2012-2013 | 2011-2012 |
|---|--------------|--------------|
| Profit before Depreciation | 17.06 | 10.56 |
| Less : Depreciation | 4.05 | 3.61 |
| Profit for the year | 13.01 | 6.95 |
| Less : Provision for Current Taxation | 2.78 | 1.29 |
| Less : Provision for Deferred Taxation | 1.78 | 0.75 |
| Less : Income Tax for earlier years | 0.01 | 0.01 |
| Profit after Tax | 8.44 | 4.90 |
| Add : Balance brought forward from last year | 17.10 | 15.07 |
| Balance carried forward and available for appropriation | 25.54 | 19.97 |
| Appropriated as under : | | |
| Transfer to General Reserve | 0.84 | 0.37 |
| Proposed Dividend | 2.69 | 2.15 |
| Corporate Dividend Tax | 0.46 | 0.35 |
| Balance carried to Balance Sheet | 21.55 | 17.10 |

DIVIDEND

In view of the working results during the year, the Board of Directors are pleased to recommend a dividend of Rs. 2.50 per share (i.e. 25%) on 1,07,73,120 equity shares, aggregating to ₹ 2,69,32,800 excluding Corporate Dividend Tax of ₹ 45,77,229 subject to approval of the members of the Company.

OPERATIONS

During the year under review, the Company's sale was ₹ 283.16 crores including export of ₹ 66.48 crores against sales of ₹ 280.06 crores including export of ₹ 96.56 crores during the previous year. The production during the financial year was 49190 M.T. against 50521 M.T. during the previous year.

The local market was well supported by continuous government order for both Rabi and Kharif crops. Government orders contribute to approximately 70% of jute products sold in the local market. We have installed new S4A looms. The specifications of product from these looms have been approved by Government of India which will allow us to produce more efficiently. The export of jute products from India especially jute yarn has declined due to higher subsidies provided by the Government of Bangladesh as well as cheaper labour and power costs compared to India. Further, due to a slow down in Europe and the USA, the demand for jute product has also reduced. The jute crop forecast for the current year is better than last year, however, because of very low carry over stock, the prices of raw jute in the current year are likely to be maintained.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

- a) The Jute Packaging Material Act (JPMA) of the Government of India has allowed that minimum 90% of foodgrains and 40% of sugar production will be required to be packed in jute material during the jute year 2012-2013 (July 2012 to June 2013).

The following will, however, be out of the purview of the above reservation :

- Sugar fortified with vitamins
- Packaging for export of commodities

Directors' Report

- Small consumer packs of 25 kgs and below
 - Bulk packaging of more than 100 kgs
- b) Jute mills in Bangladesh enjoy competitive advantage on account of relatively lower wages, lower power cost and substantial government assistance.

OPPORTUNITIES AND THREATS/RISKS AND CONCERNS

Following are the major areas of risks and concerns :

- a) Unprecedented absenteeism of workmen in jute mills resulting not only in idle capacity but also resulting in substantially lower productivity in the absence of skilled workers. Wilful absenteeism without prior notice is a cause of serious concern.
- b) Continuous increases in wage cost due to upward revision in dearness allowances, without any corresponding increase in productivity.
- c) Multiple trade unions are one of the major problems faced by the jute industry. Resolution of issues related to workmen is both time consuming and difficult.
- d) The industry is facing challenges of high production cost and poor supply-chain management. Lack of technological advancement in the Indian industry for manufacturing jute products and high costs of inputs keeps export prices high and erodes competitiveness.
- e) Inadequate Research & Development (R&D) efforts and the dearth of new innovation is a cause for concern.
- f) As an agriculture product, availability of raw jute depends on the vagaries of nature. Adverse weather conditions may adversely affect raw jute pricing and availability.
- g) Volatility in exchange rates poses problems for management and risks mitigation.
- h) The Company derives its entire revenue from a single primary business segment. Any slowdown of demand in global markets adversely affects demand for jute products.

OPPORTUNITIES

Jute is a natural, renewable, biodegradable and eco-friendly product and is most suitable to replace synthetics and other materials which pose ecological problems. Jute is versatile and with the right application development has prospects of usage as geo-textiles, carpet yarns, apparel, composites, decoratives, upholstery furnishings, and also non-wovens for both technical and non technical purposes. With global shifts in favour of sustainability, jute is expected to feature high in terms of consumer preference.

SEGMENTWISE OR PRODUCTWISE 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 is not applicable.

OUTLOOK

During the current year, the jute crop is expected to be lower compared to last year. The export market for India, particularly Jute Yarn, is likely to remain depressed. The local demand will be commensurate to growth in foodgrains output. It is expected that industry performance will be similar to the last year.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control procedures, which are well supplemented by surveillance of Internal Auditors.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

(₹ in lacs)

| Particulars | 2012-2013 | 2011-2012 |
|-------------------------------|-----------|-----------|
| Revenue from Operations (Net) | 28266.90 | 28094.70 |
| Cost of Material Consumed | 14778.19 | 15159.45 |
| Finance Cost | 144.98 | 204.82 |
| Profit After Tax | 844.27 | 490.00 |
| Inventory | 3708.49 | 2622.80 |

Directors' Report

CAUTIONARY STATEMENT

Statements made in this section of the report are based on assumptions and expectations of further events. Actual results could, however, differ from those expressed or implied.

ISO CERTIFICATION

The Company has been recertified under ISO 9001:2008 for all its products/processes which is valid till 4th August, 2014.

The Company has also been certified under ISO 14001:2004 for its Environmental Management Systems and this certificate is valid till 21st December, 2014.

DIRECTORS

Shri Satish Kapur and Shri B. Choudhuri retire from the Board by rotation, and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

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 annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 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, 2013, on 'a going concern' basis.

CORPORATE GOVERNANCE REPORT

The code of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges, where the shares of the Company are listed, has been implemented by the Company in its true spirit. 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, along with a certificate from the Company's Auditors confirming compliance is annexed and forms part of the report.

STATUTORY AUDITORS

The Statutory Auditors, M/s. Singhi & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting of the Company and offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board recommends the re-appointment of M/s. Singhi & Co., Chartered Accountants as Statutory Auditors of the Company.

COST AUDITORS

As per directives of the Central Government and in pursuance to the provisions of Section 233B of the Companies Act, 1956 read with rules framed there under, the Company is required to carry out an audit of cost accounts maintained by the Company in respect of each financial year. Accordingly, the Central Government has approved the appointment of M/s. Prasad & Co., Cost Accountants, to conduct the said cost audit for the financial year ended 31st March, 2013.

As per The Companies (Cost Audit Report) Rules, 2011, the due date for filling the cost audit report for the previous financial year ended 31st March, 2012 with the Central Government was extended till 28th February, 2013 and the said report was filed by the cost auditor on 30th January, 2013.

Directors' Report

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956, and the Rules made there under, particulars of the employees concerned are given in the Annexure, which is attached hereto and forms part of the Directors' Report.

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.

CONSOLIDATED ACCOUNTS

As per the Listing Agreement with the Stock Exchange, Consolidated Accounts has been annexed with the financial results of the Company.

ACCOUNTS OF SUBSIDIARIES

In view of the general exemption from the applicability of Section 212(8) of the Companies Act 1956, granted by the Ministry of Corporate Affairs, vide its General Circular No.2/2011 dated 8th February 2011, the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary Companies are not annexed. Shareholders who wish to have a copy of the full report and accounts of the Subsidiaries will be provided the same on receipt of a written request from them. These documents will also be available for inspection by any shareholder at the Registered Office of the Company and also that of its Subsidiaries on any working day during business hours.

ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

The Company has also obtained certification under ISO 14001:2004 for its Environmental Management Systems.

APPRECIATION

Your Directors would like to express their grateful appreciation for the assistance extended by the Banks, Government Authorities, Dealers, Customers and Shareholders and to all others who continue to give their valued assistance to the Company.

For and on behalf of the Board

Registered Office :

6, Nandalal Basu Sarani
(formerly : Little Russell Street)
Kolkata - 700 071
Dated : 15th May, 2013

S. S. Kanoria
Executive Chairman

Annexure to the Directors' Report

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2013.

I. CONSERVATION OF ENERGY :

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

(a) During the year, the Company has taken various measures to economize on Electricity consumption by –

- Installing lower H.P. Motors, wherever possible.
- Replacement of old Motors with new energy efficient motors.
- Installation of TFC lights to reduce power consumption.
- Continuous replacement of conventional choke with electronic choke.
- Optimization of machine speed, particularly in Spinning Frames and S4A Loom.
- Change of Belts to reduce slippage and better utilization and conservation of power.
- Maintenance of all machines, including boiler and compressor to make them energy efficient and minimize losses.

(b) The Company has been making investment on continuous basis for the purpose of Energy Conservation.

Total energy consumption and energy consumption per unit of production as per Form 'A'

| | 2012-2013 | 2011-2012 |
|--|-----------|-----------|
| A Power & Fuel Consumption : | | |
| 1 Electricity : | | |
| a) Purchased : | | |
| Unit (in lacs) | 211.06 | 221.02 |
| Total Amount (Rs. in lacs) | 1460.69 | 1472.88 |
| Rate/unit (Rs.) | 6.92 | 6.66 |
| b) Own Generation : | | |
| Through Diesel Generator | | |
| Unit (in lacs) | 3.58 | 2.19 |
| Unit per litre of Diesel Oil | 3.04 | 2.71 |
| Cost/unit (Rs.) | 17.44 | 17.03 |
| 2 Coal (used for generation of steam in boiler) : | | |
| Quantity (in tons) | 94 | 197 |
| Total Cost (Rs. in lacs) | 8.22 | 12.75 |
| Average Rate (Rs.) | 8753 | 6468 |
| B Consumption per unit of production : | | |
| Products (Unit : M.T.) | 49190 | 50521 |
| Electricity (KWH) | 436.34 | 441.82 |
| Coal (Steam Kgs) | 10 | 21 |

II. TECHNOLOGY ABSORPTION :

Research & Development (R & D)

(a) Specification of technology :

The Company is a member of the Indian Jute Industries Research Association (IJIRA) and National Jute Board

Annexure to the Directors' Report

(NJB), the prime Research body for the Jute Industry and are getting the benefits of Research and Development made by the Association.

(b & c) Benefit and future plan of action :

The Company expects to derive benefits in future by higher value addition and per unit realization of its products.

(d) Expenditure on R & D :

The Company contributes to the Indian Jute Industries Research Association for Research and Development.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(a) Export activities :

During the year under review, the FOB value of the exports of the Company was ₹ 6300 lacs as against ₹ 9103 lacs in the last year.

(b) Total foreign exchange used and earned :

| | |
|--------|-------------|
| Used | ₹ 4290 lacs |
| Earned | ₹ 6300 lacs |

For and on behalf of the Board

Registered Office :

6, Nandalal Basu Sarani
(formerly : Little Russell Street)
Kolkata - 700 071
Dated : 15th May, 2013

S. S. Kanoria
Executive Chairman

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER

and forming part of the Directors' Report for the year ended 31st March, 2013 in respect of the employees in respect of remuneration* for the year, aggregating not less than ₹ 60,00,000/- per year or ₹ 5,00,000/- per month.

| Name/Age | Designation | Gross Remuneration Received (₹) | Qualification & Experience | Date of Joining | Last Employment |
|------------------------------------|-----------------------|---------------------------------|---------------------------------------|-----------------|---|
| Shri S.S. Kanoria (85 years) | Executive Chairman | 74,97,177 | B.A. (Hons.) (over 62 years) | 01.10.2007 | Kirtivardhan Finvest Services Limited as Executive Chairman |
| Shri J. P. Sonthalia (68 years) | Managing Director | 71,85,370 | B.Tech (Chem.), MBA(over 45 years) | 17.08.2011 | Kanoria Chemicals & Industries Limited as Managing Director |

*Gross Remuneration received includes Salary, Allowances, Medical Benefits, Commission, Company's Contribution to Provident Fund and value of Perquisites but excludes contribution to Gratuity Fund & Leave Encashment.

For and on behalf of the Board

Registered Office :

6, Nandalal Basu Sarani
(formerly : Little Russell Street)
Kolkata - 700 071
Dated : 15th May, 2013

S. S. Kanoria
Executive Chairman

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance involves a set of relationships between the Company's management, its Board, its shareholders and other stakeholders and is a set of systems and practices aiding accountability, transparency, fairness in its transactions and meeting stakeholders' aspirations and societal expectations.

At Ludlow, Corporate Governance has always been a focal point of attention with emphasis on the complete well-being of all constituents. The Company emphasises the need for transparency and accountability in its transactions, in order to protect the interests of all stakeholders.

We give hereunder our report on the prevailing practices in your Company :

2. BOARD OF DIRECTORS

2.1 Composition of the Board

The strength of the Board of Directors as on 31st March, 2013 is 9 (nine), comprising of 7 (seven) non-executive, out of which 6 (six) are non-executive, independent Directors. More than 75% of the present Board is non-executive. The Board is headed by the Executive Chairman. The Company therefore meets with the requirements relating to the composition of the Board of Directors as laid down in clause 49 of the Listing Agreement.

2.2 Membership of Board Committees

None of the Directors are members of more than 10 committees and Chairman of more than 5 committees (as specified in clause 49), across all the Companies in which they are Directors. The necessary disclosures regarding committee memberships/ chairmanships have been made by the Directors.

2.3 Number of Board Meetings held

Four (4) meetings of the Board of Directors were held during the year ended 31st March, 2013. The intervening period between two Board Meetings was well within the maximum time gap of four months prescribed in Clause 49 of the Listing Agreement.

The meetings were held on :

1. 9th May, 2012
2. 7th August, 2012
3. 8th November, 2012 and
4. 6th February, 2013

2.4 Details of Directors

The composition and category of the Directors on Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also number of directorships and committee memberships/chairmanships and number of shares held by them as on 31st March, 2013 are as follows :

Report on Corporate Governance

| Name of Directors | Position held | Category/ Classification | No. of Board Meetings Attended | Attendance in last AGM | No. of shares held | No. of other Directorships | Details of other Board Committees Membership | |
|-----------------------|-------------------|-------------------------------|--------------------------------|------------------------|--------------------|----------------------------|--|----------|
| | | | | | | | Member | Chairman |
| Shri S. S. Kanoria | Chairman | Executive | 4 | No | 5200 | 5 | - | - |
| Shri R. V. Kanoria | Director | Non-Executive Non-Independent | 4 | Yes | 5100 | 7 | 1 | 1 |
| Shri A. C. Mukherji | Director | Non-Executive Independent | 2 | Yes | - | 5 | 3 | 3 |
| Shri J. K. Bhagat | Director | Non-Executive Independent | 3 | Yes | - | 6 | 4 | - |
| Shri I. P. Poddar | Director | Non-Executive Independent | 4 | Yes | - | 1 | - | - |
| Shri B. Choudhuri | Director | Non-Executive Independent | 4 | No | - | 7 | 2 | 5 |
| Shri L. G. Toolsidass | Director | Non-Executive Independent | 4 | Yes | - | 3 | - | - |
| Shri Satish Kapur | Director | Non-Executive Independent | 4 | Yes | 800 | 3 | - | - |
| Shri J.P. Sonthalia | Managing Director | Executive | 4 | Yes | - | 3 | - | - |

The number of directorships is reckoned by excluding directorships in private limited companies, foreign companies, alternate directorships and companies under section 25 of the Companies Act, 1956.

In case of committees, only two committees, viz. the Audit Committee and the Share Transfer and Shareholder's Grievance Committee are considered.

Shri R.V Kanoria, Director of the Company is related to Shri S. S. Kanoria, Executive Chairman as per Section 6 of the Companies Act, 1956. Shri R.V. Kanoria is the son of Shri S. S. Kanoria.

2.5 Remuneration of Directors (Executive and Non-Executive)

Sitting fees for attending Board/Committee meetings are paid to the Non-Executive Directors. The Non-Executive Directors are not paid any commission. The details of sitting fees and the remuneration paid to the Executive and Non-Executive Directors are given below :

A. Non-Executive Directors

| Name of the Directors | Sitting fees (₹) | Salary (₹) | Commission (₹) | Service Contract | Notice Period | Stock Options |
|-----------------------|------------------|------------|----------------|------------------|---------------|---------------|
| Shri R. V. Kanoria | 40000 | - | - | N.A. | N.A. | N.A. |
| Shri J. K. Bhagat | 52500 | - | - | N.A. | N.A. | N.A. |
| Shri A. C. Mukherji | 30000 | - | - | N.A. | N.A. | N.A. |
| Shri I. P. Poddar | 85000 | - | - | N.A. | N.A. | N.A. |
| Shri B. Choudhuri | 65000 | - | - | N.A. | N.A. | N.A. |
| Shri L. G. Toolsidass | 82500 | - | - | N.A. | N.A. | N.A. |
| Shri Satish Kapur | 40000 | - | - | N.A. | N.A. | N.A. |

Report on Corporate Governance

B. Executive Chairman

| Name | Designation | Sitting fees (₹) | Commission (₹) | Salary* during 2012-2013 (₹) |
|--------------------|--------------------|---------------------|-------------------|---------------------------------|
| Shri S. S. Kanoria | Executive Chairman | Nil | 23,37,177 | 51,60,000 |

Notes :

- The Executive Chairman is paid remuneration as per his agreement with the Company.
- His appointment is for tenure of three years commencing from 01.10.2010 to 30.09.2013 and a resolution is being proposed for his reappointment for a further period of 3 years.
- *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 : ₹ 36,00,000

Perquisites : ₹ 12,00,000

Provident fund : ₹ 3,60,000

(the above does not include provision for gratuity and leave encashment).

Shri S. S. Kanoria has also been given commission amounting to ₹ 23,37,177 as per his agreement with the company.

- The Company does not have any scheme for grant of stock options to its Directors or Employees.
- 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.

C. Managing Director

| Name | Designation | Sitting fees (₹) | Commission (₹) | Salary* during 2012-2013 (₹) |
|----------------------|-------------------|---------------------|-------------------|---------------------------------|
| Shri J. P. Sonthalia | Managing Director | Nil | 14,27,435 | 57,57,935 |

Notes :

- The Managing Director is paid remuneration as per his agreement with the Company.
- His appointment is for tenure of three years commencing from 17.08.2011 to 16.08.2014, in the said capacity.
- *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 : ₹ 35,98,709

Perquisites : ₹ 17,99,355

Provident fund : ₹ 3,59,871

(the above does not include provision for gratuity and leave encashment).

Shri J. P. Sonthalia has also been given commission amounting to ₹ 14,27,435 as per his agreement with the company.

- The Company does not have any scheme for grant of stock options to its Directors or Employees.
- 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.

2.6 Re-appointment of Directors

Shri Satish Kapur and Shri B. Choudhuri, Directors would retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The brief particulars to these Directors are as follows :

I.

| | |
|-------------------------|-------------------|
| i. Name of the Director | Shri Satish Kapur |
| ii. Date of birth | 27.01.1945 |

Report on Corporate Governance

| | |
|---|--|
| iii. Date of appointment | 29.01.2009 |
| iv. Expertise in specific functional areas | An industrialist with rich business experience and vast knowledge. |
| v. List of other Directorships held in Public Limited Companies | a) The Warehousing & Cold Storage General Enterprises India Ltd. b) Jayshree Chemicals Ltd. c) Hindusthan Engineering & Industries Ltd. |
| vi. Chairman/Member of Committees of the Board of other Public Limited Companies in which he is a Director (Audit Committee and Shareholders/Investor Grievance Committee has been considered) | Nil |
| vii. Shareholding in the Company | 800 shares |
| II. | |
| i. Name of the Director | Shri B. Choudhuri |
| ii. Date of birth | 30.04.1942 |
| iii. Date of appointment | 28.06.2007 |
| iv. Expertise in specific functional areas | Rich and varied experience in Engineering, Banking & Management. He is B. Tech (Hons) and FICWA. |
| v. List of other Directorships held in Public Limited Companies | a) Aditya Birla Chemicals (India) Ltd. b) Hindusthan Engineering & Industries Ltd. c) Godawari Power and Ispat Ltd. d) R.V. Investment & Dealers Limited e) Maithan Alloys Limited f) Khaitan Electricals Limited g) Hira Ferro Alloys Limited |
| vi. Chairman/ Member of Committees of the Board of other Public Limited Companies in which he is a Director (Audit Committee and Shareholders/Investor Grievance Committee has been considered) | Chairman : a) Aditya Birla Chemicals (India) Ltd. – Audit Committee b) Godawari Power and Ispat Ltd. – Audit Committee c) Hindusthan Engineering & Industries Ltd. – Audit Committee d) Hira Ferro Alloys Ltd. – Audit Committee e) Hira Ferro Alloys Ltd. – Shareholders/Investor Grievance Committee Member : a) Khaitan Electricals Ltd. – Audit Committee b) Aditya Birla Chemicals (India) Ltd. - Shareholders/Investor Grievance Committee |
| vii. Shareholding in the Company | NIL |

2.7 The Board has periodically reviewed compliance reports of all laws applicable to the Company, placed by the Company in the board meetings.

3. AUDIT COMMITTEE :

(i) The Audit Committee consists wholly of independent Directors with requisite knowledge of finance, accounts and company law. The role and terms of reference of this Committee is in line with Clause 49 of the Listing Agreement with the Stock Exchange. The Committee, inter-alia, acts as a vital link between the statutory and internal auditors and the Board of Directors.

Report on Corporate Governance

- (ii) At present, the Committee comprises of Shri A.C. Mukherji (as Chairman) and Shri B. Choudhuri, Shri L.G. Toolsidass, Shri I. P. Poddar as members. The Committee is mandated to meet at least four times in a year, once to assess the audited accounts for the year before they are put up to the Board, besides meeting at least once in 4 months in the usual course.
- (iii) 4 (four) Audit Committee meetings were held during the year ended 31st March 2013, dates being 09.05.2012, 07.08.2012, 08.11.2012 and 06.02.2013. The attendance of each committee member is as under :

| Name of member | Status | No. of meetings attended |
|-----------------------|----------|--------------------------|
| Shri A. C. Mukherji | Chairman | 2 |
| Shri I. P. Poddar | Member | 4 |
| Shri B. Choudhuri | Member | 4 |
| Shri L. G. Toolsidass | Member | 4 |

- (iv) Smt Puja Guin, Company Secretary, acts as the Secretary to the said Committee.
Shri R.K. Gupta, Vice President (Finance & Accounts) is also an invitee to the Committee and he remained present at all the meetings of the Audit Committee.
- (v) The broad functions of the Audit Committee are :-
- To discuss and review the comment on Internal Audit Reports submitted by Company's Internal Auditors.
 - To review the progress on implementation of the suggestions made by the Internal Auditors.
 - To discuss and review the observations of Internal Auditors, cost control measures, statutory compliances etc. in various functional areas.
 - To discuss the Quarterly and Annual financial results of the Company and submit the observation to the Board of Directors.
 - To interact with Statutory Auditors on the Annual Accounts and other accounting matters.

4. SHARE TRANSFER AND SHAREHOLDERS' GRIEVANCE COMMITTEE :

- (i) The present composition of the Share Transfer and Shareholders' Grievance Committee is as under:

| Name of member | Status |
|-----------------------|----------|
| Shri J. K. Bhagat | Chairman |
| Shri L. G. Toolsidass | Member |
| Shri I. P. Poddar | Member |
| Shri J. P. Sonthalia | Member |

The Committee meets at least once in a month.

- (ii) The Committee looks into redressal of shareholder's complaints like transfer of shares, transmissions, demat and remat of shares etc, redressal of shareholders/investors grievances. In the beginning of the year, there were no outstanding complaints, the total number of complaints received during the year under review was 11 and all were addressed and replied to the satisfaction of shareholders.

Outstanding complaints as on 31st March, 2013 was nil.

- (iii) Smt Puja Guin, Company Secretary is the Compliance Officer of the Company.
- (iv) Business transacted
- Ratification of share transfers.
 - Transfer and transmission of shares.
 - Issue of duplicate share certificates.
 - Consolidation and sub-division of shares.
 - Review of routine complaints and corrective action taken.

Report on Corporate Governance

5. REMUNERATION COMMITTEE

- (i) The Committee is responsible for recommending to the Board of Directors to review and/or determine and recommend the remuneration package of the Executive Directors of the Company in accordance with the guidelines laid out by the statute and the Listing Agreement with the stock exchange.
- (ii) The Company has one Executive Chairman and one Managing Director on the Board, both of whose remuneration were duly recommended by the Remuneration Committee.
- (iii) The present composition of the Remuneration Committee is as under :

| Name of member | Status |
|-----------------------|----------|
| Shri B. Choudhuri | Chairman |
| Shri L. G. Toolsidass | Member |
| Shri I. P. Poddar | Member |

- (iv) 1 (one) meeting of the Remuneration Committee was held for discussing and recommending to the Board, the revision of the remuneration of the Managing Director of the Company. The said meeting was held on 07.08.2012. The attendance of each committee member is as under :

| Name of Member | Status | No. of Meetings attended |
|-----------------------|----------|--------------------------|
| Shri B. Choudhuri | Chairman | 1 |
| Shri L. G. Toolsidass | Member | 1 |
| Shri I. P. Poddar | Member | 1 |

6. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for its members and the senior managerial personnel of the Company. All the Directors and senior managerial personnel of the Company have affirmed compliance with the Code of Conduct of the Company, as envisaged in Clause 49 of the Listing Agreement with the stock exchange. The code of conduct also has been posted on the web-site of the Company, www.ludlowjute.com.

7. GENERAL BODY MEETINGS

The details of Annual General Meetings held in last 3 years are as under :

| Annual General Meeting (AGM) | Day, Date & Time | Venue |
|------------------------------|--|--|
| 31st AGM | Friday, 30th July, 2010 at 3:00 P.M | Rotary Sadan, 94/2, Chowringhee Road Kolkata - 700020 |
| 32nd AGM | Thursday, 11th August, 2011 at 3:00 P.M. | Rotary Sadan, 94/2, Chowringhee Road Kolkata - 700020 |
| 33rd AGM | Tuesday, 7th August, 2012 at 3:00 P.M | Rotary Sadan, 94/2, Chowringhee Road Kolkata - 700020 |

Notes :

- (i) No special resolution was passed in the 32nd AGM. However, following Special Resolution(s) were passed by the members of the Company in the 31st and 33rd Annual General Meeting :

Annual General Meeting held on 30th July, 2010

- Re-appointment and remuneration of Shri S. S. Kanoria as the Executive Chairman of the Company.
- Re-appointment and remuneration of Shri D. K. Bubna as the Executive Chairman cum Company secretary of the Company.

Annual General Meeting held on 7th August, 2012

- Appointment & remuneration of Shri J. P. Sonthalia as Managing Director of the Company.

Report on Corporate Governance

Postal Ballot and postal ballot process

During the last year, on 23rd November, 2012, a Special Resolution relating to revision in the remuneration of Shri J. P. Sonthalia, the Managing Director of the Company was passed through postal ballot.

Person conducting the postal ballot exercise :

Smt Puja Guin, Company Secretary of the Company, was authorized to do all such acts, deeds and things as may be necessary to issue notices to the members of the Company pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011. Smt Mamta Binani, Practising Company Secretary was appointed as scrutinizer for postal ballot process.

Procedure followed :

The Company issued postal ballot notice dated 5th October, 2012, seeking approval of the members for revision in the remuneration of Shri J.P. Sonthalia, the Managing Director of the Company with effect from 17th August, 2012.

The draft resolution together with the explanatory statement and the postal ballot form and self addresses envelopes were dispatched to the members for their approval. The members were advised to carefully read the instructions printed on the postal ballot form and return the duly completed form in the attached self-addressed envelopes, so as to reach the scrutinizer on or before close of business hours on 19th November, 2012. After due scrutiny of all the postal ballot forms received, the scrutinizer Smt Mamta Binani, Practising Company Secretary, submitted her report on 22nd November, 2012. The results of the postal ballot were declared by Shri S. S. Kanoria, Executive Chairman of the Company on 22nd November, 2012. The same was announced by Smt Puja Guin, Company Secretary of the Company on 23rd November, 2012. The Special Resolution relating to revision in the remuneration of Shri J. P. Sonthalia, Managing Director of the Company has been approved by the members of the Company with requisite majority. The results of the postal ballot were published in Kalantar and Business Standard on Saturday, 24th November, 2012.

8. DISCLOSURES

- (i) The non-executive Directors have no pecuniary relationship or transactions with the Company in their personal capacity. Non-executive Directors were not paid any remuneration except the sitting fees for attending various meetings of Board/Committees.
- (ii) Related party transactions entered in the ordinary course were placed before the Board. Details of transactions with related parties during the year have been furnished in Note No 2.38 of the Financial Statements.
- (iii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or by any other statutory authority on any matter related to capital markets, during the last three years.
- (iv) The Company does not have any whistle blower policy as of now.
- (v) The Company adopted all mandatory requirements as recommended by Clause 49 of the Listing Agreement with Stock Exchanges. Adoption of non mandatory requirements of Clause 49 of the Listing agreement are being reviewed by the Board from time to time and adopted wherever necessary.

However till date, except for the constitution of the Remuneration Committee, none of the non-mandatory requirements of Clause 49 have been adopted or implemented.

- (vi) The Company has laid down Risk Management Policy within a well defined framework.

9. SUBSIDIARY COMPANY

There are no material non listed subsidiary Company(s). The financial statement and investment made, if any, by subsidiary Company(s), are reviewed by Board of Directors.

10. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Company are sent to the stock exchange immediately after they are approved by the Board. These are also published in the newspapers as required by the Listing Agreement. The Company has its website i.e. www.ludlowjute.com wherein the quarterly results are displayed.

Report on Corporate Governance

The financial results are normally published in Business Standard/ Financial Express and Kalantar/News Bangla. The Management Discussion and Analysis Report is part of the Directors' Report.

11. GENERAL SHAREHOLDERS INFORMATION

11.1 The Registered Office of the Company is situated at

6, Nandalal Basu Sarani
(formerly : Little Russell Street)
Kolkata - 700 071
Phone : (033) 2283-9081/9082/9083 • Fax : (033) 2283-9078/ 4503
E-mail : ludlow_123@dataone.in/info@ludlowjute.com • Website : www.ludlowjute.com

11.2 Address for Correspondence/Corporate Office is same as given above

11.3 Exclusive e-mail id for Investors' Grievances

Pursuant to clause 47(f) of the Listing Agreement with the Stock Exchanges, the following e-mail id has been designated for communicating investors' grievances :

investors.grievance@ludlowjute.com

11.4 Plant Location

Chengail, Howrah -711 308.
Phone : (033) 2642-8366/8820/9821
Fax : (033) 2642-8367

11.5 Registrar and Share Transfer Agents

MCS Share Transfer Agent Limited
12/1/5, Manoharpukur Road, Ground Floor
Kolkata 700 026
Phone : (033) 40724051/52/53
Fax : (033) 4072 -4050
E-mail : mcssta@rediffmail.com

11.6 Annual General Meeting

Date : 12.08.2013
Day : Monday
Time : 3.00 p.m
Venue : Rotary Sadan, 94/2 Chowringhee Road, Kolkata - 700 020

11.7 Book Closure : 29.07.2013 to 12.08.2013 (both days inclusive)

11.8 Listing of Shares & Other Securities

| Name of the Stock Exchange | Stock Code |
|---|------------|
| Equity Shares | |
| Bombay Stock Exchange Limited, 25th Floor, P. J. Towers Dalal Street, Mumbai - 400 001 | 526179 |

Listing Fees

The Company has paid listing fees for the financial year 2013-2014 to the Bombay Stock Exchange Limited, where securities of the Company are listed.

11.9 Share Transfer System

Company's shares are in compulsory demat segment. Share Transfer in physical form are presently registered within a period of twenty to twenty five days from the date of receipt provided the documents are complete and the shares under transfer are not under known dispute. Option letters for simultaneous demat of shares are also being sent to the shareholders.

Report on Corporate Governance

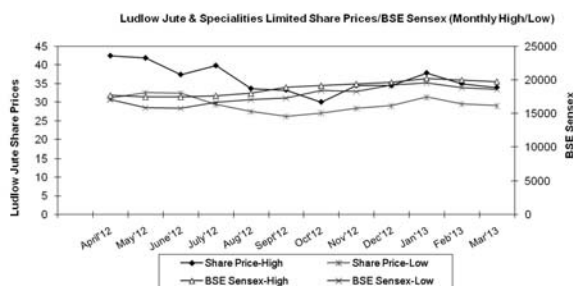
The share certificates, duly endorsed, are being returned immediately after expiry of 30 days from the date of option letter to those who have not opted for simultaneous transfer cum dematerialization.

11.10 Market Price Data

The details of monthly high/low market price of the shares at Bombay Stock Exchange Limited during each month of 2012-2013 are given hereunder :

| Month | Quotation of Bombay Stock Exchange (in ₹) | |
|-------------|---|-------|
| | HIGH | LOW |
| APR - 2012 | 42.50 | 31.00 |
| MAY - 2012 | 41.90 | 32.50 |
| JUNE - 2012 | 37.40 | 32.35 |
| JULY - 2012 | 39.85 | 29.40 |
| AUG - 2012 | 33.65 | 27.50 |
| SEP - 2012 | 33.25 | 26.20 |
| OCT - 2012 | 30.00 | 27.10 |
| NOV - 2012 | 34.45 | 28.30 |
| DEC - 2012 | 34.45 | 29.00 |
| JAN - 2013 | 37.85 | 31.30 |
| FEB - 2013 | 35.00 | 29.50 |
| MAR - 2013 | 33.95 | 29.00 |

11.11 Stock Performance in comparison to broad based indices



11.12 Distribution of Shareholding

The shareholding distribution of equity shares as on 31st March, 2013 is given below :

| No. of Shares (Range defined) | No. of Equity Shares held | No. of Shareholders | Percentage of Shareholding (%) |
|-------------------------------|---------------------------|---------------------|--------------------------------|
| 1 - 500 | 1398615 | 9397 | 12.98 |
| 501 - 1000 | 371398 | 447 | 3.45 |
| 1001 - 2000 | 224887 | 144 | 2.09 |
| 2001 - 3000 | 155944 | 61 | 1.45 |
| 3001 - 4000 | 117600 | 33 | 1.09 |
| 4001 - 5000 | 89995 | 19 | 0.84 |
| 5001 - 10000 | 211823 | 29 | 1.96 |
| 10001 - 50000 | 547676 | 28 | 5.08 |
| 50001 - 100000 | 114613 | 2 | 1.06 |
| And above | 7540569 | 4 | 70.00 |
| | 10773120 | 10164 | 100.00 |

Report on Corporate Governance

11.13 Shareholding Pattern as on 31st March 2013

| Category | No. of Shares | % of Shareholding |
|---|-----------------|-------------------|
| Promoters Holding | | |
| a) Indian Promoters | 7239208 | 67.20 |
| b) Foreign Promoters | - | - |
| Sub Total "A" | 7239208 | 67.20 |
| Non-Promoters Holding | | |
| a) Banks, Financial Institutions/ Insurance Companies | 600 | 0.0056 |
| b) Private Corporate Bodies | 281389 | 2.612 |
| c) Resident Individuals | 3241115 | 30.09 |
| d) NRI/ OCB | 10798 | 0.1002 |
| e) Trust & Foundations | 10 | 0.0001 |
| Sub Total "B" | 3533912 | 32.80 |
| Grand Total : "A+B" | 10773120 | 100.00 |

11.14 Dematerialisation of Shares

90.00% i.e. 9695864 Equity Shares of total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31.03.2013.

11.15 Financial Calendar 2012 - 2013

| | |
|---|---|
| First Quarter Results | On or before 14th August, 2013 |
| Second Quarter Results | On or before 14th November, 2013 |
| Third Quarter Results | On or before 14th February, 2014 |
| Audited Results for the year ended 31.03.2014 | On or before 30th May, 2014 |
| Date of Book Closure | 29.07.2013 to 12.08.2013 |
| Dividend Payment Date | On or after 12th August 2013 (within the statutory period of 30 days), subject to Shareholders' approval. |

12. CEO/CFO CERTIFICATION

A Certificate from the Managing Director and Chief Financial officer, pursuant to Clause 49(V) of the Listing Agreement had been tabled at the Board Meeting and is also annexed to this report.

13. NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements given under clause 49 of the Listing Agreement, except that it has a Remuneration Committee.

DECLARATION OF CEO

I confirm that all members of the Board of Directors and senior managerial personnel have affirmed their compliance with the Code of Conduct, for the financial year 2012-13.

Place : Kolkata
Date : 15th May, 2013

J. P. Sonthalia
Managing Director

Report on Corporate Governance

CEO/CFO CERTIFICATION TO THE BOARD

The Board of Directors
6, Nandalal Basu Sarani
(formerly, Little Russell Street)
Kolkata-700 071

15 May, 2013

Pursuant to the provisions of Clause 49(V) of the Listing Agreement, we, J.P. Sonthalia, Managing Director and R. K. Gupta, Chief Financial Officer hereby certify that:

- (a) we have reviewed financial statements and the cash flow statement for the year 2012-13 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls.
- (d) we have indicated to the auditors and the Audit Committee that:
 - (i) there have been no significant changes in internal control over financial reporting during the year;
 - (ii) there have been no significant changes in accounting policies during the year; and
 - (iii) there have been no instances of significant fraud of which we have become aware.

For Ludlow Jute & Specialities Limited

J. P. Sonthalia
Managing Director

R. K. Gupta
Chief Financial Officer

Report on Corporate Governance

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

TO
THE MEMBERS OF
LUDLOW JUTE & SPECIALITIES LIMITED

We have reviewed the compliance of conditions of Corporate Governance by Ludlow Jute & Specialities Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

On the basis of our review and according to the information and explanations given to us and the representations made to us by the Management, we state that to the best of our knowledge and belief, the Company has complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement of the Stock Exchange.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

M. L. Shukla
Partner
Membership No. 051505

STANDALONE FINANCIAL SECTION

Independent Auditors' Report

To the Members of
LUDLOW JUTE & SPECIALITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **LUDLOW JUTE & SPECIALITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the accounting policies in Note No 1 and other Notes to Account give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

Independent Auditors' Report

- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

M. L. Shukla
Partner
Membership No. 051505

Annexure to the Independent Auditors' Report

The Annexure referred to in paragraph 1 of our report of even date to the members of LUDLOW JUTE & SPECIALITIES LIMITED on the accounts of the Company for the year ended 31st March, 2013 :

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management as per a based programme of verification of its Fixed Assets adopted by the company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. As per the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) No substantial part of Fixed Assets has been disposed off during the year.
2. (a) According to the information and explanations given to us, the inventories have been physically verified at reasonable interval during the year by the management.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4(III) (b) to (d) of the Order are not applicable.
- (e) The Company has not taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (f) to (g) of the Order are not applicable. However it has taken in an earlier year interest free unsecured loan from one of its subsidiaries, the maximum amount of which outstanding at any time during the year was Rs. 24.46 Lakhs and closing balance as on 31st March' 2013 was Rs. Nil.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods;
5. (a) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been duly entered.
- (b) According to the information and explanations given to us, during the year the company has entered into contract to purchase Fixed Assets from one of its subsidiaries at Cost/WDV in the books of subsidiary. In this regard we have accepted the management's contention that the same is reasonable. However, in our opinion the transaction is not prejudicial to the interest of the company.
6. The Company has not accepted any deposit during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under. Accordingly clause 6(B) of the order is not applicable.
7. In our opinion, the Company has internal audit system commensurate with the size and nature of its business.

Annexure to the Independent Auditors' Report

8. We have broadly reviewed the Books of Account maintained by the Company in respect of its product as prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we have not carried out a detailed examination of such accounts and records.
9. (a) The Company has generally been regular in depositing undisputed statutory dues, in respect of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty and Cess with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of sales tax, Income tax, Service tax, Custom duty, Excise duty and Cess outstanding on account of any dispute, other than those stated below :-

(Rs. in 000)

| Sl. No. | Nature of Dues | Gross Amount Outstanding | Paid under protest | Period to which the amount relates | Forum where dispute is pending |
|---------|----------------|--------------------------|--------------------|------------------------------------|--------------------------------|
| 1 | a) Excise Duty | 43 | - | 1964 to 1969 | Pending at Calcutta High Court |
| | b) Excise Duty | 17,80 | 3,00 | 1986-1987 to 1991-1992 | CESTAT |
| 2 | a) Sales Tax | 55,96 | 11,20 | 1999-2000 & 2004-2005 | WBCT (A & R) Board |
| | b) Sales Tax | 5,71,48 | - | 2006-2007 & 2009-2010 | SR/Add. Joint Commissioner, CD |
| | c) Sales Tax | 4,61,34 | - | 2005-2006, 2007-2008 and 2008-2009 | WBCT (A & R) Board |
| | Total | 11,07,01 | 14,20 | | |

10. The Company does not have any accumulated loss as at 31st March 2013. The Company has not incurred any cash loss during the financial year ended on that date and in immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks.
12. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities etc. However it has maintained proper records of the transactions and contracts of the investments dealt in by it and timely entries have been made therein. The investments made by the company are held in its own name except to the extent of the exemption granted under section 49 of the companies Act, 1956.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loan taken during the year has been applied for the purpose for which it was taken.
17. According to the information and explanations given to us, funds raised on short term basis have not been used for long term investment.

Annexure to the Independent Auditors' Report

18. During the year the Company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956, and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
19. The Company has not issued any debentures during the year.
20. The Company has not raised monies by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E
M. L. Shukla
Partner
Membership No. 051505

Balance Sheet

as at 31st March, 2013

(₹ in '000)

| | Note No. | As at | |
|---------------------------------|----------|-----------------|-----------------|
| | | 31st March 2013 | 31st March 2012 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2.1 | 107,977 | 107,977 |
| Reserves and Surplus | 2.2 | 318,656 | 273,958 |
| | | 426,633 | 381,935 |
| Non-Current Liabilities | | | |
| Long-Term Borrowings | 2.3 | 27,961 | 8,953 |
| Deferred Tax Liabilities (Net) | 2.4 | 27,145 | 9,353 |
| Other Long-Term Liabilities | 2.5 | 1,632 | 1,883 |
| Long-Term Provisions | 2.6 | 11,288 | 9,821 |
| | | 68,026 | 30,010 |
| Current Liabilities | | | |
| Short-Term Borrowings | 2.7 | 42,936 | 2,446 |
| Trade Payables | 2.8 | 138,662 | 108,170 |
| Other Current Liabilities | 2.9 | 165,772 | 158,104 |
| Short-Term Provisions | 2.6 | 81,229 | 125,430 |
| | | 428,599 | 394,150 |
| Total | | 923,258 | 806,095 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 2.10 | 360,920 | 346,648 |
| Intangible Assets | 2.10 | (1) | (1) |
| Capital Work-in-Progress | | 7,168 | 10,492 |
| | | 368,088 | 357,140 |
| Non-Current Investments | 2.11 | 11,560 | 11,561 |
| Long-Term Loans and Advances | 2.12 | 5,589 | 8,207 |
| Other Non-Current Assets | 2.13 | 14,320 | - |
| | | 399,557 | 376,908 |
| Current Assets | | | |
| Current Investments | 2.11 | - | 141 |
| Inventories | 2.14 | 370,849 | 262,280 |
| Trade Receivables | 2.15 | 115,853 | 78,070 |
| Cash and Bank Balances | 2.16 | 8,864 | 34,291 |
| Short-Term Loans and Advances | 2.12 | 24,542 | 21,106 |
| Other Current Assets | 2.13 | 3,593 | 33,299 |
| | | 523,701 | 429,187 |
| Total | | 923,258 | 806,095 |
| Significant Accounting Policies | 1 | | |

The Accompanying Notes are an integral part of the Financial Statements

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

For and on behalf of the Board

M. L. Shukla
Partner
Membership No. 051505
1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

Statement of Profit & Loss

for the year ended 31st March, 2013

(₹ in '000)

| | Note No. | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|----------|--|--|
| INCOME | | | |
| Revenue from Operations (Gross) | 2.17 | 2,854,234 | 2,836,700 |
| Less : Jute Manufacturing Cess | | 27,544 | 27,230 |
| Revenue from Operations (Net) | | 2,826,690 | 2,809,470 |
| Other Income | 2.18 | 5,679 | 8,744 |
| Total Revenue | | 2,832,369 | 2,818,214 |
| EXPENSES | | | |
| Cost of Materials Consumed | 2.19 | 1,477,819 | 1,515,945 |
| (Increase)/Decrease in Inventories of Finished Goods and Work-in-Progress | 2.20 | (45,930) | 34,863 |
| Employee Benefits Expense | 2.21 | 703,166 | 640,408 |
| Finance Costs | 2.22 | 14,498 | 20,482 |
| Other Expenses | 2.23 | 512,212 | 500,910 |
| | | 2,661,765 | 2,712,608 |
| Profit before Tax, Depreciation and Amortisation | | 170,604 | 105,606 |
| Depreciation and Amortisation Expense | 2.24 | 40,489 | 36,137 |
| Profit before Tax | | 130,115 | 69,469 |
| Tax Expense : | 2.25 | | |
| Current Tax | | 27,896 | 12,991 |
| Deferred Tax | | 17,792 | 7,478 |
| Profit for the year | | 84,427 | 49,000 |
| Earnings Per Share [nominal value ₹ 10 /-] | | | |
| Weighted Average Number of Ordinary Shares outstanding during the year | | 10,773,120 | 10,773,120 |
| Basic and Diluted earning per share (in ₹) | | 7.84 | 4.55 |
| Significant Accounting Policies | 1 | | |

The Accompanying Notes are an integral part of the Financial Statements

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

M. L. Shukla
Partner
Membership No. 051505
1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

Cash Flow Statement

for the year ended 31st March, 2013

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 | |
|---|--|--|-----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before Tax | 130,115 | 69,469 | |
| Adjustments for : | | | |
| Depreciation & Amortisation | 40,489 | 36,137 | |
| Provision for Diminution in Long Term Investments | - | 1 | |
| (Profit)/Loss on Sale of Fixed Assets (Net) | (1,415) | (534) | |
| (Profit)/Loss on Sale of Investment (Net) | - | (2,172) | |
| Interest received from Banks | (144) | (712) | |
| Finance Costs | 14,498 | 20,482 | |
| Provision for doubtful debts written back | - | (89) | |
| Excess Liabilities and unclaimed balances written back | (534) | (107) | |
| Excess Depreciation written back | - | (111) | |
| Dividend received on Non Current Investments | (13) | (5,010) | |
| Dividend received on Current Investments | - | (9) | |
| Unrealised Loss / (Gain) on Foreign Exchange | 114 | 32 | |
| Provision for Gratuity & Leave | (46,113) | (21,456) | |
| | 136,997 | 95,921 | |
| Operating Profit before Working Capital changes | | | |
| Adjustments for : | | | |
| (Increase)/Decrease in Trade & Other Receivables | (25,852) | 49,691 | |
| (Increase)/Decrease in Inventories | (108,569) | 102,541 | |
| (Increase)/Decrease in Trade Payables & Other Liabilities | 37,543 | (80,951) | |
| Cash Generated from Operations | 40,119 | 167,202 | |
| Direct Taxes (Paid)/Refund | (28,156) | 9,595 | |
| Net Cash from Operating Activities | | | 176,797 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Tangible & Intangible Assets including CWIP | (59,956) | (47,160) | |
| Sale of Tangible Assets | 1,717 | 2,434 | |
| (Purchase)/Sale of Investments (Net) | - | 16,109 | |
| Capital Subsidy | - | 2,486 | |
| Interest received from Banks | 144 | 712 | |
| Dividend received on Non Current Investments | 13 | 5,010 | |
| Dividend received on Current Investments and Re-invest | - | 9 | |
| Net Cash used in Investing Activities | (58,082) | | (20,400) |

Cash Flow Statement

for the year ended 31st March, 2013

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayments)/Proceeds from Borrowings | 59,498 | (96,495) |
| Finance Costs | (14,498) | (20,362) |
| Dividend Paid | (20,646) | (25,895) |
| Corporate Dividend tax paid | (3,662) | (4,369) |
| Net Cash used in Financing Activities | 20,692 | (147,121) |
| Net Increase in Cash and Cash Equivalents | (25,427) | 9,276 |
| Cash and Cash Equivalents (Opening Balance) | 34,291 | 25,015 |
| Cash and Cash Equivalents (Closing Balance) | 8,864 | 34,291 |
| Cash and Bank Balances consist of the following : | | |
| Balances With Banks : | | |
| - In Current Account | 3,343 | 29,456 |
| - Cash in hand (Incl Stamps) (As certified by the Management) | 2,069 | 1,546 |
| | 5,412 | 31,002 |
| Other Bank Balances | | |
| In Unpaid Dividend Account | 3,452 | 2,551 |
| Balances with Bank held as margin money/security | - | 738 |
| | 3,452 | 3,289 |
| | 8,864 | 34,291 |
| Significant Accounting Policies | 1 | |

Notes :

- The Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard-3 "Cash Flow Statement", as notified by the Companies (Accounting Standard) Rules, 2006.
- Previous year figures have been regrouped/rearranged wherever considered necessary.

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

M. L. Shukla
Partner
Membership No. 051505

1B, Old Post Office Street
Kolkata - 700 001

15th day of May, 2013

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

(₹ in '000)

A. Basis of Accounting

The Financial Statements are prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The financial statements has been prepared and presented as per the requirement of revised Schedule VI as notified under Companies Act 1956 with effect from last year. The adoption of revised schedule VI does not have any impact on recognition and measurement principles as followed by the company.

B. Use of Estimates

The preparation of financial statements require judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized.

C. Tangible Assets & Capital Work-in-Progress

Fixed Assets other than those which have been revalued, are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses. In respect of qualifying assets, related pre-operational expenses including borrowing cost are also capitalised and included in the cost. Revalued assets are stated at the values determined on revaluation.

Capital Work in Progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

D. Intangible Assets

Intangible assets are recognized only when future economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. Intangible assets are stated at cost. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

E. Depreciation and Amortisation

- a) Depreciation on Fixed Assets has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 (as amended). Depreciation on revalued amount of fixed assets is adjusted by transferring the equivalent amount from Revaluation Reserve Account.
- b) Intangible assets are amortised over their estimated useful life.
- c) All the assets costing ₹ 5 or less are fully depreciated in the year of acquisition.

F. Impairment

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior years is adjusted when there is an indication that the Impairment losses recognized for the asset no longer exist or have decreased.

G. Investments

Long Term Investments are stated at Cost. Provision for diminution in value is made if the decline in value is other than temporary in the opinion of the management. Current Investments are stated at lower of cost and fair value.

H. Inventories

Basis of Valuation :

| | |
|---|---|
| Stores, Spare Parts & Packing Materials | At Cost, based on weighted average method. |
| Raw Materials | At Cost based on weighted average method or Net realizable value whichever is lower. |
| Work-in-progress | At Cost based on weighted average method or Net realizable value whichever is lower. |
| Finished Goods | At Cost based on standard cost duly adjusting the variance or net realisable value, whichever is lower. |

Notes to Financial Statements

(₹ in '000)

I. Foreign Currency Transactions

- i) Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.
- ii) In respect of transactions covered by Forward Exchange contract (except for firm commitments and highly probable forecast transactions), the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Exchange differences between rate at the inception of such contracts and rate on the reporting date are recognized as income or expenses for the period.
- iii) Outstanding forward contract for firm commitment and highly probable forecast transactions and derivative contracts, other than those stated, above are marked to market and the resulting loss, if any, is charged to the Profit & Loss Account. Gain, if any, on such marking to market is not recognized as a prudent accounting policy.

J. Recognition of Income and Expenditure

- a) All Income and Expenditure are accounted for on accrual basis except as otherwise stated.
- b) Sales are inclusive of transport & delivery charges realised less excise duty, cess, rebates & claims, sales returns and discounts etc., if any.
- c) Export benefit entitlements to the Company under the EXIM/Foreign Trade Policy are recognised in the year of exports on accrual basis.

K. Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised. Other borrowing costs are recognized as expenses in the year in which they are incurred.

L. Employee Benefits

- i) Employee benefits of short term nature are recognized as expenses as and when it accrues.
- ii) Employee benefits of long term nature are recognized as expenses based on actuarial valuation.
- iii) Post employment benefits :
 - a) In the nature of Defined Contribution Plans are recognized as expenses as and when it accrues.
 - b) In the nature of Defined Benefit Plans in respect of employees on roll are recognized as expenses based on actuarial valuation.
- iv) Actuarial gains and losses are recognized immediately in the Profit and Loss account as income and expense.

M. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the Provisions of the Income Tax Act 1961. Deferred tax liabilities and assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in the year and are capable of reversal in one or more subsequent years.

N. Government Grants

Grants from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Grants received from Government Agencies against specific fixed assets are adjusted to the cost of the assets and Capital Grants for Project Capital Subsidy are credited to Capital Reserve. Revenue grants are recognized as other income or reduced from respective expenses.

O. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized where reliable estimate can be made for probable outflow of resources to settle the present obligation as a result of past event and the same is reviewed at each Balance Sheet date. Contingent liabilities are generally not provided for in the accounts and are shown separately in Notes on Accounts. Contingent assets are neither recognized nor disclosed in financial statement.

Notes to Financial Statements

(₹ in '000)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| NOTE 2.1 SHARE CAPITAL | | |
| Authorised | | |
| 1,49,90,000 (PY - 1,49,90,000) Equity Shares of ₹ 10/- each | 149,900 | 149,900 |
| 1,000 (PY - 1,000) Redeemable Preference Shares of ₹ 100/- each | 100 | 100 |
| | 150,000 | 150,000 |
| Issued | | |
| 1,07,73,120 (PY - 1,07,73,120) Equity Shares of ₹ 10/- each | 107,731 | 107,731 |
| Subscribed and Paid-up | | |
| 1,07,73,120 (PY - 1,07,73,120) Equity Shares of ₹ 10/- each fully paid-up | 107,731 | 107,731 |
| Add : Forfeited Equity Shares (Amount originally paid-up) | 246 | 246 |
| | 107,977 | 107,977 |

- a) There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period.
- b) The Company has only one class of issued shares i.e. Equity Shares having par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.
- c) R.V. Investment & Dealers Limited is the Holding Company of this Company.
- d) Details of shareholders holding more than 5% shares in the Company :

| Equity Shares of ₹ 10 each fully paid | No. of Shares | |
|---|---------------|-----------|
| R V Investment & Dealers Ltd (%age of Holding, CY - 59.825, PY - 54.854) | 6,445,038 | 5,909,454 |

- e) No Equity Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.
- f) No shares have been allotted or has been bought back by the Company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.
- g) No securities which are convertible into Equity/Preference shares have been issued by the Company during the year.
- h) No calls are unpaid by any directors or officers of the Company during the year.

Notes to Financial Statements

(₹ in '000)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| NOTE 2.2 RESERVES AND SURPLUS | | |
| Capital Reserves | | |
| As per the last Financial Statements | 1,054 | 1,054 |
| Security Premium | | |
| As per the last Financial Statements | 58,595 | 58,595 |
| Revaluation Reserve | | |
| As per the last Financial Statements | 23,409 | 31,628 |
| Less : Transfer to the Statement of Profit & Loss being difference of depreciation on revalued cost of assets and on the original cost | 8,219 | 8,219 |
| | 15,190 | 23,409 |
| General Reserve | | |
| As per the last Financial Statements | 19,879 | 16,204 |
| Add : Transferred from Surplus | 8,443 | 3,675 |
| | 28,322 | 19,879 |
| Surplus | | |
| As per the last Financial Statements | 171,021 | 150,738 |
| Add : Profit for the year | 84,427 | 49,000 |
| | 255,448 | 199,738 |
| Less : Appropriations | | |
| Proposed Dividend | 26,933 | 21,546 |
| Corporate Dividend Tax on Proposed Dividend | 4,577 | 3,496 |
| General Reserve | 8,443 | 3,675 |
| | 39,953 | 28,717 |
| | 215,495 | 171,021 |
| Net Surplus | 318,656 | 273,958 |

| | Non-current portion | | Current Maturities | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.3 LONG-TERM BORROWINGS | | | | |
| Term Loans (Secured) | | | | |
| Rupee Loan from Bank | 27,961 | 8,953 | 9,300 | 5,840 |
| | 27,961 | 8,953 | 9,300 | 5,840 |
| Amount disclosed under the head "Other Current Liabilities" (Note 2.9) | | | | |
| | — | — | 9,300 | 5,840 |
| | 27,961 | 8,953 | — | — |

- a. Rupee Term Loan from Bank is repayable in 10 semi-annual installment for ₹ 14,600 between March 2012 to March 2016 for ₹ 14,821 between Jan 2013 to March 2018 and for ₹ 15,000 between September 2013 to March 2018 and the primary security against such asset is hypothecation of machineries purchased under the Term Loan.

Notes to Financial Statements

(₹ in '000)

| | As at 31st March, 2013 | | As at 31st March, 2012 | |
|--|------------------------|---------------|------------------------|--------------|
| NOTE 2.4 DEFERRED TAX LIABILITIES (NET) | | | | |
| Deferred Tax Liabilities | | | | |
| Arising on account of : | | | | |
| Depreciation | | 45,461 | | 42,604 |
| Less : Deferred Tax Assets | | | | |
| Arising on account of : | | | | |
| Section 43B of Income-tax Act | 18,285 | | 33,220 | |
| Others | 31 | 18,316 | 31 | 33,251 |
| Deferred Tax Liabilities (Net) | | 27,145 | | 9,353 |

| | As at 31st March, 2013 | | As at 31st March, 2012 | |
|---|------------------------|--------------|------------------------|--------------|
| NOTE 2.5 OTHER LONG TERM LIABILITIES | | | | |
| Other Liabilities | | | | |
| Trade and Security Deposits | | 1,583 | | 1,583 |
| Statutory Liability under Litigation | | 49 | | 300 |
| | | 1,632 | | 1,883 |

| | Long Term | | Short Term | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.6 PROVISIONS | | | | |
| Provision for Employee Benefits | 11,288 | 9,821 | 44,115 | 91,695 |
| Other Provisions | | | | |
| Provisions for Taxation (Net of Payments) | – | – | 5,604 | 8,693 |
| Proposed Dividend | – | – | 26,933 | 21,546 |
| Corporate Dividend Tax | – | – | 4,577 | 3,496 |
| | – | – | 37,114 | 33,735 |
| | 11,288 | 9,821 | 81,229 | 125,430 |

| | As at 31st March, 2013 | | As at 31st March, 2012 | |
|--|------------------------|---------------|------------------------|--------------|
| NOTE 2.7 SHORT TERM BORROWINGS | | | | |
| Working Capital Borrowings | | | | |
| From Banks | | | | |
| Rupee Loan from Bank (Secured) | | 42,936 | | – |
| | | 42,936 | | – |
| Loan & Advances from Related Parties | | | | |
| From Subsidiary Companies (Unsecured, Considered good) | | – | | 2,446 |
| | | – | | 2,446 |
| | | 42,936 | | 2,446 |

- a) Working Capital Borrowings in Rupee is secured against hypothecation of entire stocks together with bank paripassu 1st charge on entire assets both present and future of the company.

Notes to Financial Statements

(₹ in '000)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|--------------------------------|------------------------|------------------------|
| NOTE 2.8 TRADE PAYABLES | | |
| For Goods and Services | 138,662 | 108,170 |
| | 138,662 | 108,170 |

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|------------------------|------------------------|
| NOTE 2.9 OTHER CURRENT LIABILITIES | | |
| Current maturities of Long Term Debt (See Note 2.3) | 9,300 | 5,840 |
| For Employees | 132,243 | 129,132 |
| Unpaid and unclaimed dividends | 3,451 | 2,551 |
| Statutory Dues | 19,235 | 17,048 |
| Interest Accrued & Due | 120 | 120 |
| Advances Received from Customers | 1,302 | 2,385 |
| Others | 121 | 1,028 |
| | 165,772 | 158,104 |

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
|--------------------------|---|---------------------------------|--|---|----------------------------|--------------------------------|--|---|----------------------------|-----------------------------|-----------------------------|
| | Cost/Value As at 31st March 2012 | Additions during the Year | Deductions/ Adjustments during the year | Cost/Value As at 31st March 2013 | Upto 31st March 2012 | Provided during the year | Deductions/ Adjustments during the year | Depreciation for Addition on Revaluation during the year | Upto 31st March 2013 | As at 31st March 2013 | As at 31st March 2012 |
| TANGIBLE ASSETS | | | | | | | | | | | |
| Freehold Land | 13,909 | 1,506 | - | 15,415 | - | - | - | - | - | 15,415 | 13,909 |
| Buildings | 162,382 | 1,681 | - | 164,063 | 119,132 | 1,148 | - | 4,777 | 125,057 | 39,006 | 43,250 |
| Plant & Machinery | 682,081 | 58,692 | 64 | 740,709 | 421,262 | 34,818 | 62 | 3,442 | 459,460 | 281,249 | 260,819 |
| Furniture & Fittings | 4,170 | 95 | - | 4,265 | 3,222 | 190 | - | - | 3,412 | 853 | 948 |
| Vehicles | 46,060 | 985 | 1,883 | 45,162 | 22,565 | 3,419 | 1,584 | - | 24,400 | 20,762 | 23,495 |
| Office Equipment | 12,589 | 321 | - | 12,910 | 8,362 | 913 | - | - | 9,275 | 3,635 | 4,227 |
| Total | 921,191 | 63,280 | 1,947 | 982,524 | 574,543 | 40,488 | 1,646 | 8,219 | 621,604 | 360,920 | 346,648 |
| INTANGIBLE ASSETS | | | | | | | | | | | |
| Goodwill | (1) | - | - | (1) | - | - | - | - | - | (1) | (1) |
| Total | (1) | - | - | (1) | - | - | - | - | - | (1) | (1) |
| Grand Total | 921,191 | 63,280 | 1,947 | 982,524 | 574,543 | 40,488 | 1,646 | 8,219 | 621,604 | 360,920 | 346,648 |
| Previous Year | 880,010 | 46,034 | * 4,853 | 921,191 | 530,765 | 36,137 | * 578 | 8,219 | 574,543 | 346,648 | |

Note :

- Fixed Assets of the Company excluding minor items, were revalued by an external Independent Valuer on 31st March, 1992 which resulted in increase of Fixed Assets Value by ₹ 300,476 on Net Current Replacement Basis. This increase had been transferred to Revaluation Reserve Account. After adjustment in respect of Fixed Assets sold/discarded and Depreciation Provided, the Revaluation Reserve now stands at ₹ 15,190 as on 31.03.2013. (P.Y. ₹ 23,409)
- * The Company has received subsidy on Plant & Machinery capitalised during the year amounting to ₹ NIL. Consequently depreciation charged in the last year on such assets amounting to ₹ NIL has been written back.

Notes to Financial Statements

(₹ in '000)

NOTE 2.11 INVESTMENTS

NON CURRENT INVESTMENTS

| Face Value per Share/Debenture (₹) | Particulars | As at 31st March, 2013 | | As at 31st March, 2012 | |
|--|--|------------------------------|---------------|------------------------------|---------------|
| | | No. of Shares /Debentures | Value | No. of Shares /Debentures | Value |
| | Trade Investment (Valued at Cost) | | | | |
| | Equity Shares in Subsidiary Company(Un-Quoted) | | | | |
| 10 | Ludlow Exports Ltd. | 250000 | 2,500 | 250000 | 2,500 |
| 10 | Sijberia Industries Ltd. | 562859 | 8,887 | 562859 | 8,887 |
| | Sub - Total | | 11,387 | | 11,387 |
| | Non-Trade Investments | | | | |
| | Investment in Equity Instruments : | | | | |
| | Quoted - (Valued at cost less provision for other than temporary/diminution in the value of investment) | | | | |
| 10 | Alliance Udyog Ltd. | 50 | (512) | 50 | (512) |
| 100 | Anglo India Jute Mills Co. Ltd. * | 24 | (462) | 24 | (462) |
| 10 | Birla Corporation Ltd. | 660 | 148 | 660 | 148 |
| 10 | Budge-Budge Co. Ltd. * | 305 | 1 | 305 | 1 |
| 10 | Cheviot Company Ltd. | 274 | 7 | 274 | 7 |
| 10 | Delta International Ltd. * | 1035 | 20 | 1035 | 20 |
| 10 | Malanpur Industries Ltd. (Formerly Hindustan Development Corpn. Ltd.) | | | 2 | (342) |
| 10 | Howrah Mills Co. Ltd. * | 50 | (475) | 50 | (475) |
| 10 | The Jagatdal Ind. Ltd. | 50 | (358) | 50 | (358) |
| 100 | Kanknarrah Co. Ltd. * | 19 | 1 | 19 | 1 |
| 10 | Trend Vyapaar Limited (Formerly Kelvin Jute Co. Ltd.) | 1 | (240) | 1 | (240) |
| 10 | Nellimarla Jute Mills Co. Ltd. | 70 | (368) | 70 | (368) |
| 10 | New Central Jute Mills Co. Ltd. * | 12 | (88) | 12 | (88) |
| 10 | Presidency Exports & Industries Ltd. | 10 | (105) | 10 | (105) |
| 1 | Bajaj Hindusthan Sugar and Industries Ltd | 5430 | 2 | 5430 | 2 |
| 10 | Reliance Ispat Ltd. | 224 | 6 | 224 | 6 |
| 10 | Solarson Ind. Ltd. | 200 | 2 | 200 | 2 |
| 10 | The Agarpara Co. Ltd. * | 50 | (175) | 50 | (175) |
| 10 | The Auckland International Ltd. | 990 | (750) | 990 | (750) |
| 10 | Abhishek Jute & Industries Limited | 660 | (500) | 660 | (500) |
| 5 | The Baranagar Jute Factory Co. Ltd.* | 5 | (116) | 5 | (116) |
| 10 | AI Champdany Industries Ltd. | 314 | (344) | 314 | (344) |
| 10 | Fort William Industries Limited | 50 | 2 | 50 | 2 |
| 10 | The Ganges Manufacturing Co. Ltd. * | 50 | (375) | 50 | (375) |
| 10 | Gillanders Arbuthnot & Co. Ltd. | 135 | 13 | 135 | 13 |
| 10 | The Gouripore Co. Ltd. | 40 | (150) | 40 | (150) |
| 10 | The Hooghly Mills Co. Ltd. | 1176 | (742) | 1176 | (742) |
| | Balance Carried over | | 207 | | 208 |

Notes to Financial Statements

(₹ in '000)

NOTE 2.11 INVESTMENTS

NON CURRENT INVESTMENTS

| Face Value per Share/Debenture (₹) | Particulars | As at 31st March, 2013 | | As at 31st March, 2012 | |
|--|--|------------------------------|---------------|------------------------------|---------------|
| | | No. of Shares /Debentures | Value | No. of Shares /Debentures | Value |
| | Balance Brought forward | | 207 | | 208 |
| 10 | The India Jute & Industries Ltd. * | 62 | 2 | 62 | 2 |
| 10 | The Nuddea Mills Co. Ltd. * | 25 | (50) | 25 | (50) |
| 1 | Waverly Investments Ltd. | 7 | (30) | 7 | (30) |
| 10 | Willard India Ltd. | 1200 | 44 | 1200 | 44 |
| 10 | Reliance Jute Mills (Int.) Ltd. @ | 112 | | 112 | |
| | Total of Quoted Equity Instruments | | 253 | | 254 |
| | Less : Provision for other than temporary diminution in the value of investments | | 85 | | 85 |
| | Net Total (Quoted Investment) | | 168 | | 169 |
| | Investment in Equity Instruments : | | | | |
| | Unquoted - (Valued at cost less provision for other than temporary diminution in the value of investment) | | | | |
| 100 | Birds Jute & Exports Ltd. | 10 | 1 | 10 | 1 |
| 10 | National Co.Ltd. * | 50 | (669) | 50 | (669) |
| 10 | Santosh Garden Co Operative | 200 | 2 | 200 | 2 |
| 100 | The Alexandera Jute Mills Ltd. * | 5 | (259) | 5 | (259) |
| 10 | The Empire Jute Co. Ltd. | 26 | (134) | 26 | (134) |
| 10 | Caledonian Jute & Industries | 50 | (505) | 50 | (505) |
| 10 | The Khardah Co. Ltd. * | 62 | (476) | 62 | (476) |
| 100 | The Kinnison Jute Mills Co. Ltd. * | 2 | 2 | 2 | 2 |
| 100 | The Lawrence Investment & Property Co. Ltd. | 10 | (980) | 10 | (980) |
| 10 | The North Brooke Co. Ltd. | 50 | (894) | 50 | (894) |
| 100 | Union Jute Co. Ltd. * | 10 | (718) | 10 | (718) |
| 10 | RJM Fibres Industries Ltd. | 56 | (574) | 56 | (574) |
| 10 | RJM Investment Ltd. | 56 | (546) | 56 | (546) |
| | Total of Unquoted Equity Instruments | | 11 | | 11 |
| | Less : Provision for other than temporary diminution in the value of Investment | | 11 | | 11 |
| | Net Total (Un-Quoted Investment) | | - | | - |
| | Investment on Government Securities | | | | |
| | Unquoted - | | | | |
| | 7 years National Saving Certificates (Deposited with Central Excise and Sales Tax Authorities),(Matured) | | 5 | | 5 |
| | Total Government Securities | | 5 | | 5 |
| | Total Non - Current Investment | | 11,560 | | 11,561 |

Notes to Financial Statements

(₹ in '000)

NOTE 2.11 INVESTMENTS

| | As at 31st March, 2013 | | As at 31st March, 2012 | |
|--|------------------------|--------------|------------------------|--------------|
| | Book Value | Market Value | Book Value | Market Value |
| AGGREGATE AMOUNT OF | | | | |
| Quoted Investments | 253 | 360 | 254 | 467 |
| Unquoted Investments | 11,403 | - | 11,403 | - |
| Provision for other than temporary diminution in the value of investment | 96 | - | 96 | - |
| | 11,560 | 360 | 11,561 | 467 |

* BIFR Companies

@ Shares in Reliance Jute Mills (Int.) Ltd. has been acquired as per scheme of Arrangement of Reliance Jute Ltd. with Reliance International Ltd.

In absence of availability of quoted rates, market value of such shares have been considered at Rs. 1/-.

CURRENT INVESTMENTS

| Face Value per Share/Debenture (₹) | Particulars | No. of Units | As at 31st March, 2013 | No. of Units | As at 31st March, 2012 |
|------------------------------------|---|--------------|------------------------|--------------|------------------------|
| | Investment in Mutual Funds (Unquoted value at cost or Market Value whichever is lower) | | | | |
| 10 | HDFC Cash Mgmt. Fund | - | | 14070.499 | 141 |
| | Treasury advantage plan-Weekly dividend plan | | | | |
| | Total Current Investment : | - | | | 141 |

| | As at 31st March, 2013 | | As at 31st March, 2012 | |
|----------------------------|------------------------|--------------|------------------------|--------------|
| | Book Value | Market Value | Book Value | Market Value |
| AGGREGATE AMOUNT OF | | | | |
| Quoted Investments | - | - | - | - |
| Unquoted Investments | - | - | 141 | - |
| | - | - | 141 | - |

| | Long Term | | Short Term | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.12 LOANS & ADVANCES | | | | |
| Capital Advances | | | | |
| Unsecured, considered good | - | 625 | - | - |
| | - | 625 | - | - |
| Security Deposits | | | | |
| Unsecured, considered good | 1,700 | 257 | - | - |
| | 1,700 | 257 | - | - |
| Other Loans and Advances (Unsecured, Considered good) | | | | |
| Advance Tax and TDS (Net of provisions) | 567 | 3,204 | - | - |
| Advance against supply of Goods and Services | - | - | 14,039 | 7,065 |
| Prepaid Expenses | 471 | - | 7,738 | 8,724 |
| Advance to Employees | - | - | 1,303 | 4,770 |
| Balances with Government & Statutory Authorities | 2,851 | 4,121 | 1,462 | 547 |
| | 3,889 | 7,325 | 24,542 | 21,106 |
| | 5,589 | 8,207 | 24,542 | 21,106 |

Notes to Financial Statements

(₹ in '000)

| | Non-Current | | Current | |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.13 OTHER ASSETS | | | | |
| Insurance Claim Receivable * | 14,320 | - | - | 20,705 |
| DEPB Licence Receivable | - | - | - | 2,891 |
| Duty Draw Back Receivable | - | - | 3,593 | 9,703 |
| | 14,320 | - | 3,593 | 33,299 |

* The above Insurance claim receivables are outstanding since about two years . The Company is still hopeful of settling the same in the near future. Otherwise Company may go to some appropriate tribunal forum for recovering of the same.

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|------------------------|------------------------|
| NOTE 2.14 INVENTORIES | | |
| (As taken, valued and certified by the Management) | | |
| Raw Materials (including in transit CY - Nil, PY - Nil) | 192,835 | 131,820 |
| Work in Progress (including in transit CY - Nil, PY - Nil) | 23,828 | 23,865 |
| Finished Goods (including in transit CY - 9,883, PY - Nil) | 131,314 | 85,347 |
| Stores and Spares etc (including in transit CY - Nil, PY - Nil) | 22,872 | 21,248 |
| | 370,849 | 262,280 |

| | Finished Goods | | Work-in-Progress | |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| DETAILS OF INVENTORIES | | | | |
| Jute | 131,314 | 85,347 | 23,828 | 23,865 |
| | 131,314 | 85,347 | 23,828 | 23,865 |

| | Non-Current | | Current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.15 TRADE RECEIVABLES | | | | |
| Outstanding for a period exceeding six months | | | | |
| Unsecured, considered good | - | - | 10,714 | 6,370 |
| Doubtful | - | - | - | - |
| | - | - | 10,714 | 6,370 |
| Provision for doubtful receivables | - | - | - | - |
| | - | - | 10,714 | 6,370 |
| Other Receivables | | | | |
| Unsecured, considered good | - | - | 105,139 | 71,700 |
| | - | - | 115,853 | 78,070 |

Notes to Financial Statements

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.18 OTHER INCOME | | |
| Interest Income | | |
| On Banks Deposits | 105 | 95 |
| Others | 39 | 617 |
| Dividend Income | | |
| On Long term investments | 13 | 5,010 |
| On Current investments | – | 9 |
| Net gain/(loss) on sale of Investments | | |
| On Long term investments | – | 2,172 |
| Other Non Operating Income | | |
| Profit on sale of Fixed Assets | 1,415 | 534 |
| Excess Liabilities and Unclaimed Balances written back | 534 | 107 |
| Provision for doubtful debts of earlier year written back | – | 89 |
| Excess Depreciation written back | – | 111 |
| Net gain / (loss) on Foreign Currency transactions | 3,573 | – |
| | 5,679 | 8,744 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.19 COST OF MATERIALS CONSUMED | | |
| Raw Material Consumed | | |
| Opening Inventories | 131,820 | 198,342 |
| Add : Purchase | 1,538,834 | 1,449,423 |
| | 1,670,654 | 1,647,765 |
| Less : Closing Inventories | 192,835 | 131,820 |
| | 1,477,819 | 1,515,945 |
| Details of Raw Material Consumed | | |
| Jute | 1,477,819 | 1,515,025 |
| Others | – | 920 |
| | 1,477,819 | 1,515,945 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|--|--|--|
| NOTE 2.20 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS | | |
| Inventories at the beginning of the year | | |
| Finished Goods | 85,347 | 115,470 |
| Work-in-Progress | 23,865 | 28,605 |
| | 109,212 | 144,075 |
| Inventories at the end of the year | | |
| Finished Goods | 131,314 | 85,347 |
| Work-in-Progress | 23,828 | 23,865 |
| | 155,142 | 109,212 |
| | (45,930) | 34,863 |

Notes to Financial Statements

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.21 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries & Wages | 512,315 | 461,485 |
| Contribution to Provident Funds & Others | 66,776 | 62,011 |
| Contribution to Gratuity Fund | 46,418 | 52,022 |
| Staff Welfare Expenses | 7,477 | 6,363 |
| Labour Charges (Manufacturing & Processing Exp) | 70,180 | 58,527 |
| | 703,166 | 640,408 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.22 FINANCE COSTS | | |
| Interest Expenses | | |
| To Banks on Term Loans | 1,812 | 629 |
| To Banks on Working Capital Loans | 282 | 1,957 |
| To Bill Discounting Charges/Retirement of Bills | 9,785 | 14,546 |
| To Others | 692 | 120 |
| | 12,571 | 17,252 |
| Other Borrowing Cost | | |
| Financial Charges | 1,927 | 3,230 |
| | 14,498 | 20,482 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.23 OTHER EXPENSES | | |
| MANUFACTURING EXPENSES | | |
| Stores, Spare Parts & Packing Materials Consumed | 126,917 | 127,700 |
| Power & Fuel | 153,130 | 152,296 |
| Repairs to Buildings | 11,937 | 17,647 |
| Repairs to Machinery | 19,404 | 13,500 |
| Repairs to Other Assets | 10,674 | 8,953 |
| Increase/(Decrease) in Cess on Stocks | 495 | (290) |
| | 322,557 | 319,806 |
| SELLING AND ADMINISTRATION EXPENSES | | |
| Brokerage & Commission on Sales | 7,714 | 6,109 |
| Transport & Forwarding Expenses | 141,764 | 128,037 |
| Rent | 1,073 | 2,857 |
| Insurance | 9,796 | 9,581 |
| Rates & Taxes | 1,316 | 543 |
| Legal & Professional Expenses | 2,812 | 3,835 |
| Travelling Expenses | 545 | 1,716 |
| Provision for Other than temporary Diminution of Long Term Investment | - | 1 |
| Miscellaneous Expenses | 19,781 | 17,393 |

Notes to Financial Statements

(₹ in '000)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|--|------------------------|------------------------|
| NOTE 2.26 Contingent Liabilities not provided for in respect of | | |
| d) i) Disputed demand against Sales Tax for the year 1999-2000 and 2004-2005 for which the Company has preferred appeal and it is pending before W.B.C.T. (A & R) Board (Advance paid ₹ 1,120, Previous Year ₹ 1,120) (Gross) | 4,708 | 5,596 |
| ii) Disputed demand against Sales Tax for the year 2005-2006 to 2009-2010 for which Appeal is pending before SR. and AD. Joint Commissioner (CD) and WBCT (A&R) Board | 103,282 | 31,540 |
| e) Land Revenue (Rent) raised by the office of the B.L & L.R. Officer Uluberia- II, Howrah due to retrospective changes in W.B. Land Reform Act. Matter is pending before W.B. Land Reform Tribunal since 2002-2003. | 10,392 | 9,238 |
| f) a) Outstanding Bank Guarantees | 36,889 | 32,732 |
| b) Outstanding Letter of Credit | 75,481 | 86,762 |

NOTE 2.27

| | | |
|--|--------|--------|
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance amounting to ₹ 1,888 Previous year ₹ 625) | 20,033 | 20,866 |
|--|--------|--------|

NOTE 2.28

In accordance with the revised Accounting Standard – 15 i.e. Employee Benefits, the requisite disclosure are as follows :

a) The amount recognized as expense for the Defined Contribution Plans are as under :

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|------------------------------|--|--|
| i) Employees Provident Fund | 1,574 | 1,473 |
| ii) Employees Pension Scheme | 30,471 | 28,729 |

b) In respect of Defined Benefits Plans, necessary disclosures are as under :-

i) Benefits are of the following types :

- Every employee who has completed continuous five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972.
- Provident Fund (other than government administered) as per the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.

ii) The amounts recognized in the Balance Sheet as at 31st March, 2013 are as follows :

| | Gratuity | |
|--|----------|---------|
| | 2012-13 | 2011-12 |
| Present Value of funded obligations | 256,701 | 217,581 |
| Fair value of Plan Assets | 215,885 | 128,182 |
| Liabilities in respect of funded obligation based on actuarial valuation basis | 40,816 | 89,399 |

Notes to Financial Statements

(₹ in '000)

The amounts recognized in the statement of Profit and Loss for the year ended 31st March, 2013 are as follow :

| | 2012-13 | 2011-12 |
|---|---------|---------|
| Current service cost | 21,942 | 18,471 |
| Interest cost on obligation | 18,971 | 15,598 |
| Expected Return on plan assets (-) | 13,236 | 6,760 |
| Expected Return on any reimbursement right recognized as an asset | - | - |
| Net actuarial losses/(gains) recognized during the year | 18,741 | 24,713 |
| Past service cost | - | - |
| Losses/(gains) on curtailments and settlements | - | - |
| Total included in 'Employee Benefit Expenses' | 46,418 | 52,022 |

iii) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

| | 2012-13 | 2011-12 |
|--|-----------|-----------|
| Present value of defined benefit obligation at the beginning of the year | 217,581 | 172,377 |
| Employer Service Cost (+) | 21,942 | 18,471 |
| Interest Cost (+) | 18,971 | 15,598 |
| Curtailement Cost (+) | - | - |
| Settlement Cost (+) | - | - |
| Plan Amendments | - | - |
| Acquisitions | - | - |
| Actuarial Gains (-)/ Loss (+) | (+)18,674 | (+)24,713 |
| Benefit Paid/ Liabilities Created(-) | 20,467 | 13,578 |
| Present value of Defined Benefit obligations at the end of the year | 256,701 | 217,581 |

Notes to Financial Statements

vi) Principal actuarial assumptions at the balance sheet date are as follows : (₹ in '000)

| | 2012-13 | 2011-12 |
|----------------------------|---|---|
| 1 Mortality | LIC (1994-96), ultimate table | LIC (1994-96), ultimate table |
| 2 Morbidity | No Explicit Allowance | No Explicit Allowance |
| 3 Withdrawal | 2% to 1%, depending on the age and length of service | 2% to 1%, depending on the age and length of service |
| 4 Discount Rate | 8% p.a. being consistent with the yield on Long Term Govt. Bond | 8% p.a. being consistent with the yield on Long Term Govt. Bond |
| 5 Salary Increase | 5% p.a. | 6% p.a. |
| 6 Normal Age of Retirement | 58 Years | 58 Years |

vii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

viii) In respect of provident funds for eligible employees maintained by a trust, in the nature of defined benefits plan, upto date shortfall, if any, as per actuarial valuation, in respect of contribution towards such fund is yet to be identified. However, contribution to those provident fund amounting to ₹ 8,803 (Previous Year ₹ 7,890) is recognized as expense and included in "Employees Benefit Expenses".

2.29 Raw materials, Stores & Spares Parts consumed include profit and/or loss on sale and excess/short found on physical verification.

2.30 The amount of borrowing cost capitalized during the year is ₹ Nil (Previous Year ₹ Nil).

2.31 a) Outstanding forward exchange contracts booked for the purpose of hedging Receivables/orders are USD 383, EURO 58 & Sterling Pound 23 (Previous Year USD 2964, EURO 40 and Sterling Pound Nil)

b) Unhedged foreign currency payables are USD 11 (Previous Year USD 10).

c) The marked to market loss amounting to ₹ 4 (Previous Year – ₹ 245) has been accounted for. However, marked to market gain amounting to ₹ 608 (Previous Year – ₹ 2,275) on Forward Exchange Contracts for firm commitments and highly probable forecast transaction has not been accounted for.

2.32 The Company has not received any memorandum as required to be filed by the suppliers with the notified authority under Micro, Small and Medium enterprises development Act, 2006 for claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to such parties during the year is ₹ NIL. (Previous Year ₹ Nil).

2.33 As Company's business activities fall within a single primary business segment viz. Jute Goods, the disclosure requirements of Accounting Standard – AS-17' Segment Reporting issued by The Institute of Chartered Accountants of India are not applicable in respect of business segment. However, the geographical segments considered for disclosures on the basis of sales are as under :

| | 2012-13 | 2011-12 |
|---------------|------------------|------------------|
| Within India | 2,166,848 | 1,834,978 |
| Outside India | 664,781 | 965,612 |
| Total | 2,831,629 | 2,800,590 |

Notes to Financial Statements

(₹ in '000)

2.34 Consumption of Raw Materials, Spares and Components :

| | Raw Materials | | | | Spares & Components | | | |
|------------|---------------------------------------|---------------|---------------------------------------|---------------|---------------------------------------|---------------|---------------------------------------|---------------|
| | For the year ended 31st March 2013 | | For the year ended 31st March 2012 | | For the year ended 31st March 2013 | | For the year ended 31st March 2012 | |
| | Total (₹) | (In %) | Total (₹) | (In %) | Total (₹) | (In %) | Total (₹) | (In %) |
| Imported | 409,984 | 27.74 | 408,176 | 26.93 | 2,368 | 3.79 | 1,625 | 2.90 |
| Indigenous | 1,067,835 | 72.26 | 1,107,769 | 73.07 | 60,087 | 96.21 | 54,456 | 97.10 |
| | 1,477,819 | 100.00 | 1,515,945 | 100.00 | 62,455 | 100.00 | 56,081 | 100.00 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|--|--|--|
| NOTE 2.35 EXPENDITURE IN FOREIGN CURRENCIES (PAID/PROVIDED) | | |
| Traveling | 170 | 309 |
| Commission | 1,445 | 3,661 |
| Spares/Machinery purchased | 32,284 | 21,314 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|--|--|--|
| NOTE 2.36 C.I.F. VALUE OF IMPORTS | | |
| Raw Materials | 395,092 | 309,918 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.37 EARNINGS IN FOREIGN CURRENCY | | |
| F.O.B. Value of Exports | 630,032 | 910,301 |

NOTE 2.38 RELATED PARTY DISCLOSURES

Related Party disclosures as required by AS-18 are given below :

A. Relationships

1) Subsidiary

- a) Ludlow Exports Ltd.
- b) Sijberia Industries Ltd.

2) Key Managerial Personnel (KMP)

- a) Sri S. S. Kanoria (Executive Chairman)
- b) Sri J. P. Sonthalia (Managing Director)
- c) Sri B. M. Thakkar (Resident Director)

Notes to Financial Statements

(₹ in '000)

NOTE 2.38 RELATED PARTY DISCLOSURES (Contd.)

B. The following transactions were carried out with the related parties in the ordinary course of business :

| | 2012-13 | | 2011-12 | |
|---------------------------------------|------------|--------|------------|--------|
| | Subsidiary | KMP | Subsidiary | KMP |
| a) Investment | - | - | 8,887 | - |
| b) Remuneration, Perquisites & Others | - | 13,563 | - | 12,434 |
| c) Director's Commission | - | 3,765 | - | - |
| Balance outstanding at the year end | | | | |
| d) Creditors | - | - | 2,446 | - |
| e) Purchase of Services | - | - | 905 | - |
| f) Purchase of Shares | - | - | - | 8,865 |
| g) Purchase of Fixed Assets | 3,898 | - | - | - |

2.39 Figures of less than ₹ 1000 have been shown at actual in brackets in Notes to Account No 2.10 and 2.11.

2.40 Figures of the Previous Year have been regrouped/rearranged wherever considered necessary.

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

M. L. Shukla
Partner
Membership No. 051505
1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

Section 212

STATEMENT REGARDING SUBSIDIARIES COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.

Section 212 (1) (e)

(₹ '000)

| Name of Subsidiary Companies | Financial Year ended | Holding Company's Interest |
|---|--|---|
| Ludlow Exports Limited | 31.03.2013 | 100.00% |
| Sijberia Industries Limited | 31.03.2013 | 53.91% |
| | For the Financial Year ended 31.03.2013 (in ₹) | For the Previous Financial Year 31.03.2012 (in ₹) |
| Section 212 (3) (b) | | |
| i) Net aggregate amount of Subsidiary's Profit(+) / Loss (-) which concerns the Members of the Holding Company and not Dealt with in the Company's Accounts : | | |
| Ludlow Exports Limited | 2 | 2 |
| Sijberia Industries Limited | 945 | 2513 |
| ii) Net aggregate amount of Subsidiaries profit dealt with in the Company's Accounts. | | |
| Ludlow Export Limited | Nil | Nil |
| Sijberia Industries Limited | Nil | Nil |
| Section 212 (5) | | |

The Financial years of the Subsidiaries Companies coincide with the Financial year of the Holding Company and as such Section 212 (5) of the Act is not applicable in this case.

For and on behalf of the Board

Kolkata, the 15th day of May, 2013

S S Kanoria
Executive Chairman

J P Sonthalia
Managing Director

P. Guin
Company Secretary

CONSOLIDATED FINANCIAL SECTION

Independent Auditors' Report

To

The Board of Directors

LUDLOW JUTE & SPECIALITIES LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **LUDLOW JUTE & SPECIALITIES LIMITED** ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements read with the accounting policies in Note No "1" and other Notes to Accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of both the subsidiaries of the company, whose financial statements reflect total assets of Rs. 224.84 lacs as at March 31, 2013, total revenue of ₹ 18.16 lacs and net cash inflows of ₹ 21.86 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion, in so far as it relates to the amounts included in respect of such subsidiaries, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

M. L. Shukla

Partner

Membership No. 051505

1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

Consolidated Balance Sheet

as at 31st March, 2013

(₹ in '000)

| | Note No. | As at | |
|---------------------------------|----------|-----------------|-----------------|
| | | 31st March 2013 | 31st March 2012 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2.1 | 107,977 | 107,977 |
| Reserves and Surplus | 2.2 | 320,913 | 275,702 |
| | | 428,890 | 383,679 |
| | | 8,796 | 8,360 |
| Minority Interest | | | |
| | 2.3 | | |
| Non-Current Liabilities | | | |
| Long-Term Borrowings | 2.4 | 27,961 | 8,953 |
| Deferred Tax Liabilities (Net) | 2.5 | 27,145 | 9,755 |
| Other Long-Term Liabilities | 2.6 | 1,632 | 1,883 |
| Long-Term Provisions | 2.7 | 11,288 | 9,821 |
| | | 68,026 | 30,412 |
| Current Liabilities | | | |
| Short-Term Borrowings | 2.8 | 42,936 | - |
| Trade Payables | 2.9 | 138,685 | 108,190 |
| Other Current Liabilities | 2.10 | 165,772 | 158,104 |
| Short-Term Provisions | 2.7 | 81,249 | 125,446 |
| | | 428,642 | 391,740 |
| Total | | 934,354 | 814,191 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 2.11 | 365,843 | 350,606 |
| Intangible Assets | 2.11 | (1) | (1) |
| Capital Work-in-Progress | | 7,168 | 10,492 |
| | | 373,011 | 361,098 |
| Non-Current Investments | | 173 | 173 |
| Long-Term Loans and Advances | 2.12 | 5,588 | 8,207 |
| | | 378,772 | 369,478 |
| Current Assets | | | |
| Current Investments | | - | 141 |
| Inventories | 2.13 | 370,849 | 262,280 |
| Trade Receivables | 2.14 | 115,853 | 78,070 |
| Cash and Bank Balances | 2.15 | 26,316 | 49,557 |
| Short-Term Loans and Advances | 2.12 | 24,620 | 21,333 |
| Other Current Assets | 2.16 | 17,944 | 33,332 |
| | | 555,582 | 444,713 |
| Total | | 934,354 | 814,191 |
| Significant Accounting Policies | 1 | | |

The Accompanying Notes are an integral part of the Financial Statements

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

For and on behalf of the Board

M. L. Shukla
Partner
Membership No. 051505
1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

Consolidated Statement of Profit & Loss

for the year ended 31st March, 2013

(₹ in '000)

| | Note No. | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|--|----------|--|--|
| INCOME | | | |
| Revenue from Operations (Gross) | 2.17 | 2,854,234 | 2,836,751 |
| Less : Jute Manufacturing Cess | | 27,544 | 27,230 |
| Revenue from Operations (Net) | | 2,826,690 | 2,809,521 |
| Other Income | 2.18 | 7,494 | 9,329 |
| Total Revenue | | 2,834,184 | 2,818,850 |
| EXPENSES | | | |
| Cost of Materials Consumed | 2.19 | 1,477,819 | 1,515,945 |
| (Increase)/Decrease in Inventories of Finished Goods and Work-in-Progress | 2.20 | (45,930) | 34,863 |
| Employee Benefits Expense | 2.21 | 703,568 | 640,551 |
| Finance Costs | 2.22 | 14,498 | 20,482 |
| Other Expenses | 2.23 | 512,565 | 500,185 |
| | | 2,662,520 | 2,712,026 |
| Profit before Tax, Depreciation and Amortisation | | 171,664 | 106,824 |
| Depreciation and Amortisation Expense | 2.24 | 40,549 | 36,273 |
| Profit before Tax | | 131,115 | 70,551 |
| Tax Expense : | 2.25 | | |
| Current Tax | | 28,349 | 13,151 |
| Deferred Tax | | 17,390 | 7,444 |
| Profit for the year | | 85,376 | 49,956 |
| Minority Interest | | 436 | 440 |
| Profit for the period | | 84,940 | 49,516 |
| Earnings Per Share [Face value of ₹ 10 /- each] | | | |
| Weighted Average Number of Ordinary Shares outstanding during the year (in number) | | 10,773,120 | 10,773,120 |
| Basic and Diluted earning per share (in ₹) | | 7.88 | 4.60 |
| Significant Accounting Policies | 1 | | |

The Accompanying Notes are an integral part of the Financial Statements

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

M. L. Shukla
Partner
Membership No. 051505
1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2013

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 | |
|---|--|--|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before Tax | 131,115 | 70,551 | |
| Adjustments for : | | | |
| Depreciation & Amortisation | 40,549 | 36,273 | |
| Provision for Diminution in Long Term Investments | - | 1 | |
| (Profit)/Loss on Sale of Fixed Assets (Net) | (1,415) | (534) | |
| (Profit)/Loss on Sale of Investment (Net) | - | (2,654) | |
| Interest received from Banks | (1,941) | (762) | |
| Finance Costs | 14,498 | 20,482 | |
| Provision for doubtful debts written back | - | (89) | |
| Excess Liabilities and unclaimed balances written back | (534) | (129) | |
| Excess Depreciation written back | - | (111) | |
| Dividend received on Non Current Investments | (13) | (5,010) | |
| Dividend received on Current Investments | - | (9) | |
| Unrealised Loss/(Gain) on Foreign Exchange | 114 | 32 | |
| Provision for Gratuity & Leave | (46,108) | (21,452) | |
| | 136,265 | 96,589 | |
| Operating Profit before Working Capital changes | | | |
| Adjustments for : | | | |
| (Increase)/Decrease in Trade & other Receivables | (25,926) | 50,104 | |
| (Increase)/Decrease in Inventories | (108,569) | 102,541 | |
| (Increase)/Decrease in Trade Payables & Other Liabilities | 37,546 | (81,006) | |
| Cash generated from Operations | 39,316 | 168,228 | |
| Direct Taxes (Paid)/Refund | (28,384) | 9,209 | |
| Net Cash from Operating Activities | | | 177,437 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Tangible & Intangible Assets including CWIP | (61,418) | (47,160) | |
| Sale of Tangible Assets | 2,153 | 2,434 | |
| (Purchase)/Sale of Investments (Net) | - | 28,591 | |
| Capital Subsidy | - | 2,486 | |
| Interest received from Banks | 1,941 | 762 | |
| Dividend received on Non Current Investments | 13 | 5,010 | |
| Dividend received on Current Investments and Re-invest | - | 9 | |
| Net Cash used in Investing Activities | (57,311) | | (7,868) |

Consolidated Cash Flow Statement

for the year ended 31st March, 2013

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayments)/Proceeds from Borrowings | 61,944 | (96,744) |
| Finance Costs | (14,498) | (20,362) |
| Dividend Paid | (20,646) | (25,895) |
| Corporate Dividend tax paid | (3,662) | (4,369) |
| Net Cash used in Financing Activities | 23,138 | (147,370) |
| Net Increase in Cash and Cash Equivalents | (23,241) | 22,199 |
| Cash and Cash Equivalents (Opening Balance) | 49,557 | 27,358 |
| Cash and Cash Equivalents (Closing Balance) | 26,316 | 49,557 |
| Cash and Bank Balances consist of the following : | | |
| Balances with Banks : | | |
| - In Current Account | 3,826 | 29,714 |
| - Cash in hand (Incl Stamps) (As certified by the Management) | 2,078 | 1,554 |
| | 5,904 | 31,268 |
| Other Bank Balances | | |
| In Unpaid Dividend Account | 3,452 | 2,551 |
| In Fixed Deposit | 16,960 | 738 |
| Balances with Bank held as margin money/security | - | 15,000 |
| | 20,412 | 18,289 |
| | 26,316 | 49,557 |
| Significant Accounting Policies | 1 | |

Notes :

- The Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard-3 "Cash Flow Statement", as notified by the Companies (Accounting Standard) Rules, 2006.
- Figures have been regrouped/rearranged wherever necessary.

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

M. L. Shukla
Partner
Membership No. 051505
1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary

Consolidated Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

(₹ in '000)

A. PRINCIPLES OF CONSOLIDATION

The Consolidation of Financial statements (CFS) relate to Ludlow Jute & Specialities Limited (Formerly Aekta Limited), and its Subsidiaries. The CFS have been prepared in accordance with the generally accepted accounting principles and Accounting Standards issued by "The Institute of Chartered Accountants of India" and are prepared on the following basis :

- a) The financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter-group balances and inter-group transactions including unrealized profits/losses in period end assets, such as inventories, fixed assets etc. The difference between the Company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Minority Interest's share in net profit/loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration :
 - i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
 - ii) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.
 - iii) The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
 - iv) The excess of loss over the minority interest in the equity is adjusted against General Reserve of the Company.
- b) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

The subsidiary companies considered in the consolidated financial statements are :

| Sl. No. | Name of the Company | Country of Incorporation | % of Holding |
|---------|-----------------------------|--------------------------|--------------|
| 1. | Ludlow Exports Limited | India | 100.00 |
| 2. | Sijberia Industries Limited | India | 53.91 |

B. Basis of Accounting

The Financial Statements are prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The financial statements has been prepared and presented as per the requirement of revised Schedule VI as notified under Companies Act, 1956 with effect from previous year. The adoption of revised Schedule VI does not have any impact on recognition and measurement principles as followed by the Company.

C. Use of Estimates

The preparation of financial statements require judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized.

D. Tangible Assets & Capital Work-in-Progress

Fixed Assets other than those which have been revalued, are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses. In respect of qualifying assets, related pre-operational expenses including borrowing cost are also capitalised and included in the cost. Revalued assets are stated at the values determined on revaluation.

Capital Work-in-Progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

Consolidated Notes to Financial Statements

(₹ in '000)

E. Intangible Assets

Intangible assets are recognized only when future economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. Intangible assets are stated at cost. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

F. Depreciation and Amortisation

- a) Depreciation on Fixed Assets has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 (as amended). Depreciation on revalued amount of fixed assets is adjusted by transferring the equivalent amount from Revaluation Reserve Account.
- b) Intangible assets are amortised over their estimated useful life.
- c) All the assets costing ₹ 5 or less are fully depreciated in the year of acquisition.

G. Impairment

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior years is adjusted when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

H. Investments

Long Term Investments are stated at Cost. Provision for diminution in value is made if the decline in value is other than temporary in the opinion of the management. Current Investments are stated at lower of cost and fair value.

I. Inventories

Basis of Valuation

| | |
|---|---|
| Stores, Spare Parts & Packing Materials | At Cost, based on weighted average method. |
| Raw Materials | At Cost based on weighted average method or NRV whichever is lower. |
| Work-in-progress | At Cost based on weighted average method or NRV whichever is lower. |
| Finished Goods | At Cost based on standard cost duly adjusting the variance or NRV whichever is lower. |

J. Foreign Currency Transactions

- i) Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.
- ii) In respect of transactions covered by Forward Exchange contract (except for firm commitments and highly probable forecast transactions), the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Exchange differences between rate at the inception of such contracts and rate on the reporting date are recognized as income or expenses for the period.
- iii) Outstanding forward contract for firm commitment and highly probable forecast transactions and derivative contracts, other than those stated, above are marked to market and the resulting loss, if any, is charged to the Profit & Loss Account. Gain, if any, on such marking to market is not recognized as a prudent accounting policy.

K. Recognition of Income and Expenditure

- a) All Income and Expenditure are accounted for on accrual basis except as otherwise stated.
- b) Sales are inclusive of transport & delivery charges realised less excise duty, cess, rebates & claims, sales returns and discounts etc., if any.
- c) Export benefit entitlements to the Company under the EXIM/Foreign Trade Policy are recognised in the year of exports on accrual basis.

L. Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised. Other borrowing costs are recognized as expenses in the year in which they are incurred.

M. Employee Benefits

- i) Employee benefits of short term nature are recognized as expenses as and when it accrues.
- ii) Employee benefits of long term nature are recognized as expenses based on actuarial valuation.

Consolidated Notes to Financial Statements

iii) Post employment benefits :

a) In the nature of Defined Contribution Plans are recognized as expenses as and when it accrues.

b) In the nature of Defined Benefit Plans in respect of employees on roll are recognized as expenses based on actuarial valuation.

iv) Actuarial gains and losses are recognized immediately in the Profit and Loss account as income and expense.

N. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the Provisions of the Income Tax Act 1961. Deferred tax liabilities and assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in the year and are capable of reversal in one or more subsequent years.

O. Government Grants

Grants from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Grants received from Government Agencies against specific fixed assets are adjusted to the cost of the assets and Capital Grants for Project Capital Subsidy are credited to Capital Reserve. Revenue grants are recognized as other income or reduced from respective expenses.

P. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized where reliable estimate can be made for probable outflow of resources to settle the present obligation as a result of past event and the same is reviewed at each Balance Sheet date. Contingent liabilities are generally not provided for in the accounts and are shown separately in Notes on Accounts. Contingent assets are neither recognized nor disclosed in financial statement.

(₹ in '000)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| NOTE 2.1 SHARE CAPITAL | | |
| Authorised | | |
| 1,49,90,000 (PY - 1,49,90,000) Equity Shares of ₹ 10/- each | 149,900 | 149,900 |
| 1,000 (PY - 1,000) Redeemable Preference Shares of ₹ 100/- each | 100 | 100 |
| | 150,000 | 150,000 |
| Issued | | |
| 1,07,73,120 (PY - 1,07,73,120) Equity Shares of ₹ 10/- each | 107,731 | 107,731 |
| Subscribed and Paid-up | | |
| 1,07,73,120 (PY - 1,07,73,120) Equity Shares of ₹ 10/- each fully paid-up | 107,731 | 107,731 |
| Add : Forfeited Equity Shares (Amount originally paid-up) | 246 | 246 |
| | 107,977 | 107,977 |

a) There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period.

b) The Company has only one class of issued shares i.e. Equity Shares having par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

c) R.V. Investment & Dealers Limited is the Holding Company of Ludlow Jute & Specialities Ltd.

d) Details of shareholders holding more than 5% shares in the Company :

| Equity Shares of ₹ 10 each fully paid | No. of Shares | |
|---|---------------|-----------|
| R V Investment & Dealers Ltd (%age of Holding, CY - 59.825, PY - 54.854) | 6,445,038 | 5,909,454 |

e) No Equity Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

f) No shares have been allotted or has been bought back by the Company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.

g) No securities which are convertible into Equity/Preference shares have been issued by the Company during the year.

h) No calls are unpaid by any directors or officers of the Company during the year.

Consolidated Notes to Financial Statements

(₹ in '000)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| NOTE 2.2 RESERVES AND SURPLUS | | |
| Capital Reserves | | |
| As per the last Financial Statements | 1,431 | 1,431 |
| Capital Redemption Reserve | | |
| As per the last Financial Statements | 836 | 836 |
| Security Premium | | |
| As per the last Financial Statements | 58,595 | 58,595 |
| Revaluation Reserve | | |
| As per the last Financial Statements | 23,409 | 31,628 |
| Less : Transfer to the Statement of Profit & Loss being difference of depreciation on revalued cost of assets and on the original cost | 8,219 | 8,219 |
| | 15,190 | 23,409 |
| General Reserve | | |
| As per the last Financial Statements | 19,879 | 16,204 |
| Add : Transferred from Surplus | 8,443 | 3,675 |
| | 28,322 | 19,879 |
| Surplus | | |
| As per the last Financial Statements | 171,552 | 150,753 |
| Add : Profit for the year | 84,940 | 49,516 |
| | 256,492 | 200,269 |
| Less : Appropriations | | |
| Proposed Dividend | 26,933 | 21,546 |
| Corporate Dividend Tax on Proposed Dividend | 4,577 | 3,496 |
| General Reserve | 8,443 | 3,675 |
| | 39,953 | 28,717 |
| | 216,539 | 171,552 |
| Net Surplus | 320,913 | 275,702 |

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| NOTE 2.3 MINORITY INTEREST | | |
| In Equity | | |
| Sijberia Industries Limited 4,81,864 (PY. 4,81,864) Equity Shares of ₹ 10/- each held by minority having 46.08% (PY. 46.08%) interest | 4,812 | 4,812 |
| In Non Equity | | |
| Sijberia Industries Limited | 3,984 | 3,548 |
| | 8,796 | 8,360 |

Consolidated Notes to Financial Statements

(₹ in '000)

| | Non-current portion | | Current Maturities | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.4 LONG-TERM BORROWINGS | | | | |
| Term Loans (Secured) | | | | |
| Rupee Loan from Bank | 27,961 | 8,953 | 9,300 | 5,840 |
| | 27,961 | 8,953 | 9,300 | 5,840 |
| Amount disclosed under the head "Other Current Liabilities" (Note 2.10) | - | - | 9,300 | 5,840 |
| | 27,961 | 8,953 | - | - |

- (a) Rupee Term Loan from Bank is repayable in 10 semi-annual installment for ₹ 14,600 between March 2012 to March 2016 for ₹ 14,821 between January 2013 to March 2018 and for ₹ 15,000 between September 2013 to March 2018 and the primary security against such asset is hypothecation of machineries purchased under the Term Loan.

| | As at 31st March, 2013 | | As at 31st March, 2012 | |
|--|------------------------|---------------|------------------------|--------------|
| NOTE 2.5 DEFERRED TAX LIABILITIES (NET) | | | | |
| Deferred Tax Liabilities | | | | |
| Arising on account of : | | | | |
| Depreciation | | 45,461 | | 43,010 |
| Less : Deferred Tax Assets | | | | |
| Arising on account of : | | | | |
| Section 43B of Income-tax Act | 18,285 | | 33,224 | |
| Others | 31 | 18,316 | 31 | 33,255 |
| Deferred Tax Liabilities (Net) | | 27,145 | | 9,755 |

| | As at 31st March, 2013 | | As at 31st March, 2012 | |
|---|------------------------|--------------|------------------------|--------------|
| NOTE 2.6 OTHER LONG TERM LIABILITIES | | | | |
| Other Liabilities | | | | |
| Trade and Security Deposits | | 1,583 | | 1,583 |
| Statutory Liability under Litigation | | 49 | | 300 |
| | | 1,632 | | 1,883 |

| | Long-Term | | Short-Term | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.7 PROVISIONS | | | | |
| Provision for Employee Benefits | 11,288 | 9,821 | 44,136 | 91,711 |
| Other Provisions | | | | |
| Provisions for Taxation (Net of Payments) | - | - | 5,603 | 8,693 |
| Proposed Dividend | - | - | 26,933 | 21,546 |
| Corporate Dividend Tax | - | - | 4,577 | 3,496 |
| | - | - | 37,113 | 33,735 |
| | 11,288 | 9,821 | 81,249 | 125,446 |

Consolidated Notes to Financial Statements

(₹ in '000)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---------------------------------------|------------------------|------------------------|
| NOTE 2.8 SHORT TERM BORROWINGS | | |
| Working Capital Borrowings | | |
| From Banks | | |
| Rupee Loan from Bank (Secured) | 42,936 | - |
| | 42,936 | - |

a) Working Capital Borrowings in Rupee is secured against hypothecation of entire stocks together with bank pari passu 1st charge on entire assets both present and future of the Company.

| | As at 31st March, 2013 | As at 31st March, 2012 |
|--------------------------------|------------------------|------------------------|
| NOTE 2.9 TRADE PAYABLES | | |
| For Goods and Services | 138,685 | 108,190 |
| | 138,685 | 108,190 |

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|------------------------|------------------------|
| NOTE 2.10 OTHER CURRENT LIABILITIES | | |
| Current maturities of Long Term Debt (See Note 2.4) | 9,300 | 5,840 |
| For Employees | 132,243 | 129,132 |
| Unpaid and unclaimed dividends | 3,451 | 2,551 |
| Statutory Dues | 19,235 | 17,048 |
| Interest Accrued & Due | 120 | 120 |
| Advances Received from Customers | 1,302 | 2,385 |
| Others | 121 | 1,028 |
| | 165,772 | 158,104 |

| NOTE 2.11 FIXED ASSETS | | | | | | | | | | | |
|-------------------------------|---|---------------------------------|--|---|----------------------------|--------------------------------|--|---|----------------------------|-----------------------------|-----------------------------|
| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
| | Cost/Value As at 31st March 2012 | Additions during the Year | Deductions/ Adjustments during the year | Cost/Value As at 31st March 2013 | Upto 31st March 2012 | Provided during the year | Deductions/ Adjustments during the year | Depreciation for Addition on Revaluation during the year | Upto 31st March 2013 | As at 31st March 2013 | As at 31st March 2012 |
| TANGIBLE ASSETS | | | | | | | | | | | |
| Freehold Land | 15,416 | 2,935 | - | 18,351 | - | - | - | - | - | 18,351 | 15,416 |
| Buildings | 165,072 | 1,681 | 734 | 166,019 | 120,687 | 1,161 | 1,567 | 4,777 | 125,058 | 40,961 | 44,385 |
| Plant & Machinery | 700,481 | 58,692 | 18,464 | 740,709 | 438,346 | 34,865 | 17,193 | 3,442 | 459,460 | 281,249 | 262,135 |
| Furniture & Fittings | 4,170 | 95 | - | 4,265 | 3,222 | 190 | - | - | 3,412 | 853 | 948 |
| Vehicles | 46,060 | 985 | 1,883 | 45,162 | 22,565 | 3,419 | 1,584 | - | 24,400 | 20,762 | 23,495 |
| Office Equipment | 12,589 | 354 | - | 12,943 | 8,362 | 914 | - | - | 9,276 | 3,667 | 4,227 |
| Total | 943,788 | 64,742 | 21,081 | 987,449 | 593,182 | 40,549 | 20,344 | 8,219 | 621,606 | 365,843 | 350,606 |
| INTANGIBLE ASSETS | | | | | | | | | | | |
| Goodwill | (1) | - | - | (1) | - | - | - | - | - | (1) | (1) |
| Total | (1) | - | - | (1) | - | - | - | - | - | (1) | (1) |
| Grand Total | 943,788 | 64,742 | 21,081 | 987,449 | 593,182 | 40,549 | 20,344 | 8,219 | 621,606 | 365,843 | 350,606 |
| Previous Year | 902,607 | 46,034 | * 4,853 | 943,788 | 549,045 | 36,496 | * 578 | 8,219 | 593,182 | 350,606 | |

Note :

- a) Fixed Assets of the Company excluding minor items, were revalued by an external Independent Valuer on 31st March, 1992 which resulted in increase of Fixed Assets Value by ₹ 300,476 on Net Current Replacement Basis. This increase had been transferred to Revaluation Reserve Account. After adjustment in respect of Fixed Assets sold/discarded and Depreciation Provided, the Revaluation Reserve now stands at ₹ 15190 as on 31.03.2013 (P.Y. ₹ 234,09).
- b) * The Company has received subsidy on Plant & Machinery capitalised during the year amounting to ₹ NIL. Consequently depreciation charged in the last year on such assets amounting to ₹ NIL has been written back.

Consolidated Notes to Financial Statements

(₹ in '000)

| | Long-Term | | Short-Term | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.12 LOANS & ADVANCES | | | | |
| Capital Advances | | | | |
| Unsecured, considered good | - | 625 | - | - |
| | - | 625 | - | - |
| Security Deposits | | | | |
| Unsecured, considered good | 1,699 | 257 | - | - |
| | 1,699 | 257 | - | - |
| Other Loans and Advances (Unsecured, Considered good) | | | | |
| Advance Tax and TDS including MAT (Net of provisions) | 567 | 3,204 | 64 | 226 |
| Accrued Interest on Fixed Deposit | - | - | 14 | - |
| Advance against supply of Goods and Services | - | - | 14,039 | 7,065 |
| Prepaid Expenses | 471 | - | 7,738 | 8,725 |
| Advance to Employees | - | - | 1,303 | 4,770 |
| Balances with Government & Statutory Authorities | 2,851 | 4,121 | 1,462 | 547 |
| | 3,889 | 7,325 | 24,620 | 21,333 |
| | 5,588 | 8,207 | 24,620 | 21,333 |

| | As at 31st March, 2013 | As at 31st March, 2012 |
|--|------------------------|------------------------|
| NOTE 2.13 INVENTORIES | | |
| (As taken, valued and certified by the Management) | | |
| Raw Materials (including in transit ₹ Nil, P.Y. ₹ Nil) | 192,835 | 131,820 |
| Work in Progress (including in transit ₹ Nil, P.Y. ₹ Nil) | 23,828 | 23,865 |
| Finished Goods (including in transit ₹ 9,883, P.Y. ₹ Nil) | 131,314 | 85,347 |
| Stores and Spares etc (including in transit ₹ Nil, P.Y. ₹ Nil) | 22,872 | 21,248 |
| | 370,849 | 262,280 |

| | Finished Goods | | Work-in-Progress | |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| DETAILS OF INVENTORIES | | | | |
| Jute | 131,314 | 85,347 | 23,828 | 23,865 |
| | 131,314 | 85,347 | 23,828 | 23,865 |

Consolidated Notes to Financial Statements

(₹ in '000)

| | Current | |
|--|------------------------|------------------------|
| | As at 31st March, 2013 | As at 31st March, 2012 |
| NOTE 2.14 TRADE RECEIVABLES | | |
| Outstanding for a period exceeding six months | | |
| Unsecured, considered good | 10,714 | 6,370 |
| | 10,714 | 6,370 |
| Other Receivables | | |
| Unsecured, considered good | 105,139 | 71,700 |
| | 115,853 | 78,070 |

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---|------------------------|
| | NOTE 2.15 CASH AND BANK BALANCES | |
| Cash and Cash Equivalents | | |
| Balances with Banks : | | |
| In Current Account | 3,826 | 29,714 |
| Cash in hand (Incl Stamps) (As certified by the Management) | 2,078 | 1,554 |
| | 5,904 | 31,268 |
| Other Bank Balances | | |
| In Unpaid Dividend Account | 3,452 | 2,551 |
| Fixed Deposit with Bank with Original maturity of less than 12 months | 16,960 | 15,000 |
| Balances with Bank held as margin money/security | – | 738 |
| | 20,412 | 18,289 |
| | 26,316 | 49,557 |

| | As at 31st March, 2013 | As at 31st March, 2012 |
|--------------------------------|---------------------------------------|------------------------|
| | NOTE 2.16 OTHER CURRENT ASSETS | |
| Insurance Claim Receivable (a) | 14,320 | 20,705 |
| Interest Receivable | 28 | 30 |
| DEPB Licence Receivable | – | 2,891 |
| Duty Draw Back Receivable | 3,593 | 9,703 |
| Others | 3 | 3 |
| | 17,944 | 33,332 |

(a) The above Insurance claim receivables are outstanding since above two years . The Company is still hopeful of settling the same in the near future. Otherwise Company may go to some appropriate tribunal forum for recovery of the same.

Consolidated Notes to Financial Statements

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.17 REVENUE FROM OPERATIONS (GROSS) | | |
| Sale of Products (including Export Sales of ₹ 664,781, Pr. Yr. ₹ 965,612) | 2,831,629 | 2,800,590 |
| | 2,831,629 | 2,800,590 |
| Other Operating Revenues | | |
| Export Benefits | 17,080 | 30,170 |
| Miscellaneous Sale | 5,509 | 4,351 |
| Insurance and Other Claims (Net) | 16 | 1,640 |
| | 22,605 | 36,161 |
| | 2,854,234 | 2,836,751 |
| Details of Sale of Products | | |
| Jute Goods | 2,831,629 | 2,800,590 |
| | 2,831,629 | 2,800,590 |

Sales include ₹ Nil on account of goods sent on consignment (Previous year ₹ 271,486) which has been considered on the basis of proforma invoice/actual realisation. However, the Management does not anticipate any loss on this account.

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.18 OTHER INCOME | | |
| Interest Income | | |
| On Banks Deposits | 1,902 | 145 |
| Others | 39 | 617 |
| Dividend Income | | |
| On Long term Investments | 13 | 5,010 |
| On Current Investments | – | 9 |
| Net gain/(loss) on Sale of Investments | | |
| On Long term Investments | – | 2,654 |
| Other Non Operating Income | | |
| Profit on Sale of Fixed Assets | 1,415 | 534 |
| Excess Liabilities and Unclaimed Balances written back | 534 | 129 |
| Provision for doubtful debts of earlier year written back | – | 89 |
| Excess Depreciation written back | – | 111 |
| Net gain/(loss) on Foreign Currency transactions | 3,573 | – |
| Miscellaneous Income | 18 | 31 |
| | 7,494 | 9,329 |

Consolidated Notes to Financial Statements

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.19 COST OF MATERIALS CONSUMED | | |
| Raw Material Consumed | | |
| Opening Inventories | 131,820 | 198,342 |
| Add : Purchase | 1,538,834 | 1,449,423 |
| | 1,670,654 | 1,647,765 |
| Less : Closing Inventories | 192,835 | 131,820 |
| | 1,477,819 | 1,515,945 |
| Details of Raw Material Consumed | | |
| Jute | 1,477,819 | 1,515,025 |
| Others | - | 920 |
| | 1,477,819 | 1,515,945 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|--|--|--|
| NOTE 2.20 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS | | |
| Inventories at the beginning of the year | | |
| Finished Goods | 85,347 | 115,470 |
| Work-in-Progress | 23,865 | 28,605 |
| | 109,212 | 144,075 |
| Inventories at the end of the year | | |
| Finished Goods | 131,314 | 85,347 |
| Work-in-Progress | 23,828 | 23,865 |
| | 155,142 | 109,212 |
| | (45,930) | 34,863 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|--|--|--|
| NOTE 2.21 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries & Wages | 512,716 | 461,628 |
| Contribution to Provident Funds & Others | 66,776 | 62,011 |
| Contribution to Gratuity Fund | 46,418 | 52,022 |
| Staff Welfare Expenses | 7,478 | 6,363 |
| Labour Charges (Manufacturing & Processing Expenses) | 70,180 | 58,527 |
| | 703,568 | 640,551 |

Consolidated Notes to Financial Statements

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.22 FINANCE COSTS | | |
| Interest Expenses | | |
| To Banks on Term Loans | 1,812 | 629 |
| To Banks on Working Capital Loans | 282 | 1,957 |
| To Bill Discounting Charges/Retirement of Bills | 9,785 | 14,546 |
| To Others | 692 | 120 |
| | 12,571 | 17,252 |
| Other Borrowing Cost | | |
| Financial Charges | 1,927 | 3,230 |
| | 14,498 | 20,482 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.23 OTHER EXPENSES | | |
| MANUFACTURING EXPENSES | | |
| Stores, Spare Parts & Packing Materials Consumed | 126,917 | 127,700 |
| Power & Fuel | 153,129 | 152,296 |
| Repairs to Buildings | 11,937 | 17,677 |
| Repairs to Machinery | 19,522 | 13,500 |
| Repairs to Other Assets | 10,674 | 8,953 |
| Increase/(Decrease) in Cess on Stocks | 495 | (289) |
| | 322,674 | 319,837 |
| SELLING AND ADMINISTRATION EXPENSES | | |
| Brokerage & Commission on Sales | 7,714 | 6,109 |
| Transport & Forwarding Expenses | 141,764 | 128,037 |
| Rent | 1,073 | 1,952 |
| Insurance | 9,796 | 9,581 |
| Rates & Taxes | 1,326 | 551 |
| Legal & Professional Expenses | 2,862 | 3,875 |
| Travelling Expenses | 545 | 1,717 |
| Provision for Other than temporary Diminution of Long Term Investment | - | 1 |
| Miscellaneous Expenses | 19,937 | 17,473 |
| Auditors' Remuneration - | | |
| Statutory Auditors - | | |
| Audit Fees | 410 | 340 |
| Issue of Certificates | 279 | 138 |
| Cost Auditors - | | |
| Audit Fees | 25 | 25 |
| Net (Gain)/Loss on Foreign currency transaction and translation | - | 10,131 |
| Director's Commission | 3,765 | - |
| Directors' Fees | 395 | 418 |
| | 189,891 | 180,348 |
| | 512,565 | 500,185 |

Consolidated Notes to Financial Statements

(₹ in '000)

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.24 DEPRECIATION AND AMORTISATION EXPENSES | | |
| On Tangible Assets | 48,768 | 44,492 |
| Less : Transferred from Reserve on Revaluation | 8,219 | 8,219 |
| | 40,549 | 36,273 |

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|--|--|
| NOTE 2.25 TAX EXPENSE | | |
| Current Tax for the year (Pr. Year under MAT u/s 115 JB of The Income Tax Act, 1961) | 28,253 | 13,055 |
| Add : Income Tax related to earlier years | 96 | 96 |
| Current Tax | 28,349 | 13,151 |
| Deferred Tax | 17,390 | 7,444 |
| | 45,739 | 20,595 |

Consolidated Notes to Financial Statements

(₹ in '000)

| | As at 31st March, 2013 | As at 31st March, 2012 |
|--|------------------------|------------------------|
| NOTE 2.26 Contingent Liabilities not provided for in respect of | | |
| a) Bills Discounted with Banks | 46,168 | 163,567 |
| b) Other Disputed Claims (ESI) (Gross) (Advance paid ₹ 1,873, Previous Year ₹ 1,873) | 5,691 | 5,691 |
| c) Excise Duty Demand disputed | | |
| (i) Excise Authority raised the demand on transit loss of Jute Batching Oil from 1964 to 1969. Writ Petition pending before High Court at Kolkata. | 43 | 43 |
| (ii) Excise Authority raised the demand on Jute Webbing as differential duty between specific rate as per classification list and advalorem rate. Matter is pending before Appellate Authority for the year 1986-1987 to 1991-1992. (Advance paid ₹ 300 Previous Year ₹ 300) | 1,780 | 1,780 |
| d) i) Disputed demand against Sales Tax for the year 1999-2000 and 2004-2005 for which the Company has preferred appeal and it is pending before W.B.C.T. (A & R) Board (Advance paid ₹ 1,120, Previous Year ₹ 1,120) (Gross) | 4,708 | 5,596 |
| ii) Disputed demand against Sales Tax for the year 2005-2006 to 2009-2010 for which Appeal is pending before D.C.C.T. (CD) | 103,282 | 31,540 |
| e) Land Revenue (Rent) raised by the office of the B.L. & L.R. Officer Uluberia- II, Howrah due to retrospective changes in W.B. Land Reform Act. Matter is pending before W.B. Land Reform Tribunal since 2002-2003. | 10,392 | 9,238 |
| f) a) Outstanding Bank Guarantees | 36,889 | 32,732 |
| b) Outstanding Letter of Credit | 75,481 | 86,762 |

NOTE 2.27

| | | |
|--|--------|--------|
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance amounting to ₹ 1,888 Previous Year ₹ 625) | 20,033 | 20,866 |
|--|--------|--------|

NOTE 2.28

In accordance with the revised Accounting Standard – 15 i.e. Employee Benefits, the requisite disclosure are as follows :

a) The amount recognized as expense for the Defined Contribution Plans are as under :

| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|------------------------------|--|--|
| i) Employees Provident Fund | 1,574 | 1,473 |
| ii) Employees Pension Scheme | 30,471 | 28,729 |

Consolidated Notes to Financial Statements

(₹ in '000)

b) In respect of Defined Benefits Plans, necessary disclosures are as under :-

i) Benefits are of the following types :

- Every employee who has completed continuous five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972.
- Provident Fund (other than government administered) as per the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.

ii) The amounts recognized in the Balance Sheet as at 31st March, 2013 are as follows :

| | Gratuity | |
|--|---------------|---------------|
| | 2012-13 | 2011-12 |
| Present Value of funded obligations | 256,701 | 217,581 |
| Fair value of Plan Assets | 215,885 | 128,182 |
| Liabilities in respect of funded obligation based on actuarial valuation basis | 40,816 | 89,399 |

The amounts recognized in the statement of Profit and Loss for the year ended 31st March, 2013 are as follow :

| | 2012-13 | 2011-12 |
|---|---------------|---------------|
| Current service cost | 21,942 | 18,471 |
| Interest cost on obligation | 18,971 | 15,598 |
| Expected Return on plan assets (-) | 13,236 | 6,760 |
| Expected Return on any reimbursement right recognized as an asset | - | - |
| Net actuarial losses/(gains) recognized during the year | 18,741 | 24,713 |
| Past service cost | - | - |
| Losses/(gains) on curtailments and settlements | - | - |
| Total included in 'Employee Benefit Expenses' | 46,418 | 52,022 |

iii) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

| | 2012-13 | 2011-12 |
|--|----------------|----------------|
| Present value of defined benefit obligation at the beginning of the year | 217,581 | 172,377 |
| Employer Service Cost (+) | 21,942 | 18,471 |
| Interest Cost (+) | 18,971 | 15,598 |
| Actuarial Gains (-)/ Loss (+) | (+)18,674 | (+)24,713 |
| Benefit Paid/ Liabilities Created(-) | 20,467 | 13,578 |
| Present value of Defined Benefit obligations at the end of the year | 256,701 | 217,581 |

Consolidated Notes to Financial Statements

(₹ in '000)

iv) Changes in the fair value of plan assets representing Reconciliation of opening and closing balances thereof are as follows :

| Change in Assets | 2012-13 | 2011-12 |
|--|----------------|----------------|
| Fair value of Plan Assets at the beginning of the year | 128,182 | 60,000 |
| Acquisition adjustments | | |
| Expected return on Plan Assets (+) | 13,236 | 6,760 |
| Actual Company Contribution (+) | 95,000 | 75,000 |
| Benefit Payments (-) | 20,467 | 13,578 |
| Appreciation/Depreciation of Plan Assets Actuarial Gain(-)/Loss(+) | (-)66 | - |
| Fair Value of Plan Assets at the end of the period | 215,885 | 128,182 |

v) The major categories of plan assets as a percentage of total plan assets are as follows :

| | 2012-13 | 2011-12 |
|-----------------------------|---------|---------|
| Qualifying insurance policy | 100% | 100% |

vi) Principal actuarial assumptions at the Balance Sheet date are as follows :

| | 2012-13 | 2011-12 |
|----------------------------|---|---|
| 1 Mortality | LIC (1994-96), ultimate table | LIC (1994-96), ultimate table |
| 2 Morbidity | No Explicit Allowance | No Explicit Allowance |
| 3 Withdrawal | 2% to 1%, depending on the age and length of service | 2% to 1%, depending on the age and length of service |
| 4 Discount Rate | 8% p.a. being consistent with the yield on Long Term Govt. Bond | 8% p.a. being consistent with the yield on Long Term Govt. Bond |
| 5 Salary Increase | 5% p.a. | 6% p.a. |
| 6 Normal Age of Retirement | 58 Years | 58 Years |

vii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

viii) In respect of provident funds for eligible employees maintained by a trust, in the nature of defined benefits plan, upto date shortfall, if any, as per actuarial valuation, in respect of contribution towards such fund is yet to be identified. However, contribution to those provident fund amounting to ₹ 8,803 (Previous Year ₹ 7,890) is recognized as expense and included in "Employees Benefit Expenses".

2.29 Raw materials, Stores & Spares Parts consumed include profit and/or loss on sale and excess/short found on physical verification.

2.30 The amount of borrowing cost capitalized during the year is ₹ Nil (Previous Year ₹ Nil).

2.31 a) Outstanding forward exchange contracts booked for the purpose of hedging Receivables/orders are USD 383, EURO 58 & Sterling Pound 23 (Previous Year USD 2964, EURO 40 and Sterling Pound Nil)

b) Unhedged foreign currency payables are USD 11 (Previous Year USD 10).

c) The marked to market loss amounting to ₹ 4 (Previous Year - ₹ 245) has been accounted for. However, marked to market gain amounting to ₹ 608 (Previous Year - ₹ 2,275) on Forward Exchange Contracts for firm commitments and highly probable forecast transaction has not been accounted for.

Consolidated Notes to Financial Statements

(₹ in '000)

2.32 The Company has not received any memorandum as required to be filed by the suppliers with the notified authority under Micro, Small and Medium enterprises development Act, 2006 for claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to such parties during the year is ₹ NIL. (Previous Year ₹ Nil).

2.33 As Company's business activities fall within a single primary business segment viz. Jute Goods, the disclosure requirements of Accounting Standard – AS-17' Segment Reporting issued by The Institute of Chartered Accountants of India are not applicable in respect of business segment. However, the geographical segments considered for disclosures on the basis of sales are as under :

| | 2012-13 | 2011-12 |
|---------------|------------------|------------------|
| Within India | 2,166,848 | 1,834,978 |
| Outside India | 664,781 | 965,612 |
| Total | 2,831,629 | 2,800,590 |

NOTE 2.34 RELATED PARTY DISCLOSURES

Related Party disclosures as required by AS-18 are given below :

A. Relationships

Key Managerial Personnel (KMP)

- Sri S. S. Kanoria (Executive Chairman)
- Sri J. P. Sonthalia (Managing Director)
- Sri B. M. Thakkar (Resident Director)

B. The following transactions were carried out with the related parties in the ordinary course of business :

| | 2012-13 | 2011-12 |
|---------------------------------------|---------|---------|
| a) Remuneration, Perquisites & Others | 13,563 | 12,434 |
| b) Director's Commission | 3,765 | - |
| Balance outstanding at the year end | | |
| c) Purchase of Shares | - | 8,865 |

2.35 Figures of less than ₹ 1000 have been shown at actual in brackets in Notes to Account No 2.11.

2.36 Figures of the Previous Year have been regrouped/rearranged wherever considered necessary.

As per our Report annexed
For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E

M. L. Shukla
Partner
Membership No. 051505
1B, Old Post Office Street
Kolkata - 700 001
15th day of May, 2013

For and on behalf of the Board

S. S. Kanoria
Executive Chairman

J. P. Sonthalia
Managing Director

Puja Guin
Company Secretary



Ludlow Jute & Specialities Limited

Regd. Office : 6, Nandalal Basu Sarani, (formerly : Little Russell Stret), Kolkata - 700 071

ATTENDANCE SLIP

34TH ANNUAL GENERAL MEETING - MONDAY, 12TH AUGUST, 2013 - 3.00 P.M.

| Name of shareholder | Folio No. / DP ID & Client ID No. | No. of Shares |
|---------------------|-----------------------------------|---------------|
| | | |

I/We certify that I am/We are registered shareholder/s/proxy for the registered shareholder/s of the Company.

I/We hereby record my/our presence at the **34TH ANNUAL GENERAL MEETING** of the Company to be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on **Monday, 12th August, 2013.**

Member/s/Proxy Signature

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE HALL.

----- (TEAR HERE) -----



Ludlow Jute & Specialities Limited

Regd. Office : 6, Nandalal Basu Sarani, (formerly : Little Russell Stret), Kolkata - 700 071

FORM OF PROXY

I/We of
..... being a Member/Members of LUDLOW
JUTE & SPECIALITIES LIMITED, hereby appoint.....
of or failing him
..... of

as my/our proxy to attend and vote for me/us on my/our behalf at the **34TH ANNUAL GENERAL MEETING** of the Company to be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on **Monday, 12th August, 2013** at 3.00 P.M. and/or at any adjournment thereof.

Signed this.....day of.....2013.

Folio No./DP ID & Client ID No.

No. of Shares

Signature

Affix a
Revenue
Stamp

- Note :**
1. Please do not fail to put proper revenue stamp and your signature, when sending this form to the Company.
 2. The proxy form must be returned so as to reach the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.



Ludlow Jute & Specialities Limited

Regd. Office : 6, Nandalal Basu Sarani, (formerly : Little Russell Stret), Kolkata - 700 071

NATIONAL ELECTRONIC CLEARING SERVICES (NECS) MANDATE FORMAT

MCS SHARE TRANSFER AGENT LIMITED

Unit : Ludlow Jute & Specialities Limited

12/1/5, Monoharpukur Road, Ground Floor, Kolkata - 700 026

Re : Payment of Dividend Through NECS

I wish to participate in the National Electronic Clearing Services (NECS) introduced by the Reserve Bank of India.

I do not wish to participate in the NECS. However, kindly print the bank particulars given below on the Dividend Warrant being issued to me.

1. Name of the Shareholder(s) : _____

2. Regd. Folio No. : _____

3. Particulars of Bank Account

a. Name of the Bank : _____

b. Name of the Branch : _____

Address : _____

Telephone No. : _____

* c. 9 digit Code Number of the Bank and Branch as appearing on the MICR Cheque issued by the Bank

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

: Savings Current Cash Credit

d. Type of the account (Please tick)

e. Ledger and Ledger folio number (if any) of your bank account : _____

f. Account number (as appearing on the cheque book) : _____

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank passbook issued by your bank for verification of the above particulars)

I hereby declare that the particulars given above are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

Date : _____

Signature of the first holder

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

Date :

Signature of the authorised official of the Bank

Delete whichever is not applicable.

* The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.

BOOK POST

If undelivered please return to :

LUDLOW JUTE & SPECIALITIES LIMITED

6, NANDALAL BASU SARANI
(Formerly Little Russell Street)
KOLKATA - 700 071