

ANNUAL REPORT
2007 - 2008



LUDLOW JUTE & SPECIALITIES LIMITED
(formerly Aekta Limited)

BOARD OF DIRECTORS

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

Registered Office

6, Little Russell Street
Kolkata - 700 071

Works

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

Bankers

Central Bank of India
Canara Bank
Allahabad Bank

Auditors

Singhi & Co.
Chartered Accountants

President (Works)

B. M. Thakkar

Vice President (Finance & Accounts)

R. K. Gupta

Registrar and Share Transfer Agents

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

NOTICE**TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of **LUDLOW JUTE & SPECIALITIES LIMITED** (formerly Aekta Limited) will be held at Sitaram Sekseria Auditorium at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017 on Thursday, the 28th day of August, 2008, at 10.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2008, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri J. K. Bhagat, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri I. P. Poddar, 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."

Registered Office :
6, Little Russell Street
Kolkata - 700 071
28th day of June, 2008

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

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution/Power of Attorney, authorizing their representatives to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books shall remain closed from 13th August, 2008 to 28th August, 2008 (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 12th August, 2008, 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 12th August, 2008.
5. 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.

6. The Company will be providing ECS facility to the shareholders, whereby they will be able to receive their dividend by direct electronic credit to their bank account(s). In the absence of availing of the ECS option by the shareholders, the Company shall send the dividend warrants by post in the normal manner.

Members **holding shares in physical form** are requested to fill in the form provided along with this Annual Report and send it to the Company's Registrars and Share Transfer Agents. Shareholders *holding shares in demat form are required to furnish* such details to their respective depository participants, if not furnished earlier.

7. 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.
8. 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.
9. Shareholders, who have not dematerialized their shares as yet, are advised to have their shares dematerialized to avail the benefit of paperless trading.
10. 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.
11. Members can avail the nomination facilities under Section 109A of the Companies Act, 1956 by filing Form No.2B with the Registrars and Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata - 700 029 (in the case of physical shares) or to the Depository.
12. Members are requested to notify immediately any change of address to the Depository Participants in respect of electronic share accounts and to the Registrars and Transfer Agents, MCS Limited, 77/ 2A, Hazra Road, Kolkata - 700 029 in respect of physical share accounts.
13. In case the mailing address mentioned in the Annual Report is without the Pin Code, members are requested to inform their Pin Code immediately.
14. 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.
15. Members are requested to bring their copy of the Annual Report to the meeting.
16. 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' shall be dispatched to the shareholders holding shares in physical mode. If any shareholder does not receive stickers, with the Company's new name, they may write to the Company or to the Registrars for the required number of stickers.
17. Re-appointment of Directors :

The information and/ or details pertaining to the appointment of the retiring Director, being eligible for re-appointment, to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchange(s), has been provided in the Corporate Governance Report.

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, 2008.

(Rs. in crores)

FINANCIAL RESULTS	2007-2008	2006-2007
Profit before Depreciation	5.93	3.46
Less : Depreciation	1.61	1.34
Profit for the year	4.32	2.12
Less : Provision for Current Taxation	2.35	1.14
Less/(Add) : Provision for Deferred Taxation	(1.04)	(0.52)
Less : Fringe Benefit Tax	0.08	0.08
Profit after Tax	2.93	1.42
(Less)/Add : Balance brought forward from last year	1.96	0.54
(Less)/Adjusted for gratuity	(0.83)	—
	1.13	0.54
Balance carried forward	4.06	1.96

DIVIDEND

In view of the improved working results during the year, the Board of Directors are pleased to recommend a dividend of Re.1.00 per share (i.e 10%) on 1,07,73,120 equity shares, aggregating to Rs. 1,26,04,012.00 including Corporate Dividend Tax of Rs. 18,30,892.00 subject to approval of the members of the Company.

CHANGE OF NAME OF THE COMPANY

The members of the Company had inter-alia passed resolutions in the Extra Ordinary General Meeting of the Company held on the 9th day of January, 2008 to change the name of the Company from 'Aekta Limited' to 'Ludlow Jute & Specialities Limited'.

Accordingly, a Fresh Certificate of Incorporation consequent upon change of name was issued by the Registrar of Companies, West Bengal dated 22nd day of May, 2008.

OPERATIONS

During the year under review, the Company's sale was Rs.156.85 crores and exports was Rs.70.11 crores against sales of Rs.132.23 crores and exports of Rs. 69.41 crores during the previous year. The production during the financial year was 47,906 M. T. whereas the same was 35,436 M. T. during the previous year. However, the figures are not comparable, since there was Industry wide strike for 63 days during 2006-2007.

During the year, the Company embarked upon massive modernization programs by replacement of old machineries with the latest equipments, which will result in improved productivity, better quality of products and higher production.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

- The Jute Packaging Materials (Compulsory use for Packing Commodities) Act 1987 (JPMA), which makes it compulsory for 100% packaging of Food grains and Sugar in Jute, will expire on 30.06.2008. The continuation of the 100% usage for the current year is vital to the industry.
- It is essential that the Export Marketing Assistance is extended for export of Jute Yarn, particularly to the composite Jute Mills, which are obliged to pay higher wages to its workers as compared to recently established EOUs.
- Since Jute Mills in Bangladesh enjoys lower wages, lower power cost and substantial Government assistance, it is essential that the same treatment be accorded to the Indian Jute Industry as well, to enable them to compete in the International Market. Jute Yarn is an important component in export of jute goods and needs special attention not only to increase but even to maintain the current level of export of Jute Yarn.

OPPORTUNITIES AND THREATS/RISKS AND CONCERNS

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

- Competition from Bangladesh, which enjoys substantial benefits of lower wages and power cost, apart from getting sizeable Government assistance against exports.

- b) Growing competition with cheaper synthetics which is fraught with ecological hazard. There is a need for well thought out plan to replace synthetic with Bio Degradable product like Jute in the near future.
- c) *Continuous increase in Dearness Allowance* of workers, without any corresponding increase in productivity which may lead to further increase in wage cost, which is already substantially higher than competitors at Bangladesh.
- d) Establishment of new units with lower wages, non application of statutory benefits and various incentives for new comers, in West Bengal and elsewhere is unhealthy and an impediment towards the viability, modernization and diversification of the existing units.
- e) Dilution of Jute Packaging Mandatory Act and on-going litigation creates uncertainty.

OPPORTUNITIES

Jute being a Biodegradable product will ultimately replace synthetic and other materials. Jute Industry has an opportunity to research the market and manufacture goods which may replace synthetic both in India and abroad. Apart from packaging materials several other diversified fields where the usage of Jute can be introduced to the benefits of all concerned. For this, the Industry has to be innovative and equip itself with the necessary equipments.

SEGMENTWISE OR PRODUCTWISE PERFORMANCE

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

Within India	Rs. 86.75 Crores
Outside India	Rs. 68.46 Crores
Total	Rs. 155.21 Crores

OUTLOOK

During the current year, due to substantial curtailment in area, Raw Jute Crop is expected to be lower which might result into higher raw jute prices and supply constraints. The Company is also

facing abnormal absenteeism causing imbalances, which results in lower production and higher cost. It is important that the workmen realize the importance of regular attendance, without which the profitability and competitiveness of the mills will be seriously affected.

In the face of high raw material cost, the manufacture and export of Jute Yarn is not expected to be remunerative due to severe competition from Bangladesh. However, on the whole, the working results for 2008-09 will be some what dependent on availability of raw jute at reasonable prices, regular attendance of workmen and prevailing market conditions of finished goods during the year.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a proper and adequate internal control procedure, which is well supplemented by the surveillance of the Internal Auditors.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

As a result of better marketing strategy, improvement in productivity and other measures undertaken, the Company has been able to increase its production/ productivity and procure substantial export orders during the year and is thereby able to achieve an all round improvement in production, sales, export and profitability during the year. With continuous thrust on modernization, new product development, productivity and cost control measures, the Company looks to the future with optimism and strength.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis Report, describing Company's objective, projection, expectation, estimate or prediction is based on the prevailing Industry position and market conditions which may be different from what is envisaged with regards to future prospects and performance. However this may undergo changes in future in view of the volatility involved based on weather condition, Government Policy relating to Jute Industry, global situation and market trends.

DELISTMENT OF EQUITY SHARES FROM CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED (CSEAL)

The members, in the Annual General Meeting held

on 30.08.2007, had passed a special resolution for voluntary delisting the equity shares of the Company from CSEAL. Accordingly, the equity shares of the Company has been de-listed from the Calcutta Stock Exchange Association Limited.

ISO CERTIFICATION

Due to continuously maintaining the High Quality Control Measures adopted by the Company, your Company obtained ISO 9001:2000 Certification for all its products, which is valid till 4th August, 2008 and the Company has applied for its renewal.

EXECUTIVE CHAIRMAN

In the Extra-Ordinary General Meeting held on 9th January, 2008, Shri S. S. Kanoria was appointed as the Executive Chairman of the Company for a period of three years commencing on and from 1st October, 2007.

DIRECTORS

Shri J. K. Bhagat and Shri I. P. Poddar retires from the Board by rotation, and being eligible, offers 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 accounts for the financial year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures subject to Note No. 3(iv) of the Auditors' Report together with Note No. B11 in Schedule N of Notes on Accounts;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and

for preventing and detecting fraud and other irregularities;

- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on 'going concern' basis;

CORPORATE GOVERNANCE REPORT

The code of Corporate Governance introduced by Clause 49 of the Listing Agreement with the Stock Exchanges, where the shares of the Company are listed, has been implemented by the Company 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.

CHANGE IN OBJECT CLAUSE OF THE COMPANY

The members of the Company had vide postal ballot system, the results of which was declared on 24th April, 2008, passed special resolutions, to alter the object clauses of the Company.

The Certificate of registration of the special resolutions confirming alteration of object clause(s) of the Company, issued by the Office of the Registrar of the Companies, West Bengal is dated 9th day of May, 2008.

AUDITORS AND AUDITORS' REPORT

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 above 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.

Pursuant to provisions of Section 233B of the Companies Act, 1956, Messrs. Prasad & Co., Cost Accountants has been appointed, subject to requisite approval of the Central Government, to conduct an audit of the Cost Accounts maintained by the Company for the year ending 31st March 2009.

During the year, the Company has fully provided for gratuity as per actuarial valuation basis in compliance with Revised Accounting Standard 15.

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.

SUBSIDIARIES

The statement required under section 212 of the Companies Act, 1956 in respect of Subsidiary Companies, is appended to this report.

APPRECIATION

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

Registered Office :
6, Little Russell Street
Kolkata - 700 071
The 28th day of June, 2008

For and on behalf of the Board

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, 2008.

I. CONSERVATION OF ENERGY :

As reported earlier, the Company accord 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.
- Continuous replacement of conventional choke with electronic choke.
- Optimism of machine speed, particularly in Spinning Frames, keeping in view the optimum productivity.
- 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.

(c) Impact of measures undertaken and under process is reflected in lower consumption of electricity per M.T. of finished goods production during the year.

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

	2007-2008	2006-2007
A. Power & Fuel Consumption :		
1. Electricity :		
a) Purchased :		
Unit (in lacs)	216.25	162.30
Total Amount (Rs. in lacs)	846.50	629.15
Rate/unit (Rs.)	3.91	3.88
b) Own Generation :		
Through Diesel Generator		
Unit (in lacs)	4.72	3.93
Unit per litre of Diesel Oil	2.59	2.67
Cost /unit (Rs.)	12.34	10.63
2. Coal (used for generation of steam in boiler) :		
Quantity (in tons)	836	295
Total Cost (Rs. in lacs)	30.50	9.42
Average Rate (Rs.)	3648	3193
B. Consumption per unit of production :		
Products (Unit : M.T.)	47906	35436
Electricity (KWH)	461.26	469.10
Coal (Steam Kgs.)	93	42

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 Jute Manufacturers Development Council (JMDC), 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 Rs. 6249 lacs as against Rs. 6205 lacs in the last year.

(b) Total foreign exchange used and earned :

Used - Rs. 2082 lacs

Earned - Rs. 7011 lacs

Registered Office :
6, Little Russell Street
Kolkata - 700 071
The 28th day of June, 2008

For and on behalf of the Board

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, 2008 in respect of the employees in receipt of remuneration for the year aggregating not less than Rs. 24,00,000/- per year or Rs. 2,00,000/- per month.

Name	Designation	Remuneration Received (Rs.)	Qualification	Experience (years)	Date of joining	Age (years)	Particulars of Last employment held
Shri S. S. Kanoria*	Executive Chairman	15,71,500	B. A. (Hons.)	58	01.10.2007	80	Kirtivardhan Finvest Services Limited as Executive Chairman

* employed for part of the year

Remuneration received includes Salary, Contribution to Provident Fund, Superannuation Fund, Gratuity Fund and Perquisites, as applicable.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has been following the principles of corporate governance over the years by placing emphasis on transparency, accountability and integrity so as to enhance value of all stakeholders namely employees, shareholders, customers, creditors and the society at large.

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, 2008 is 9 (nine), comprising of 7 (seven) Non-Executive and 6 (six) Non-Executive, Independent Directors. More than 75% of the present Board are Non-Executive. The Board is headed by the Executive Chairman. The Company, therefore meets with the requirements relating to the composition of Board of Directors as laid down in clause 49.

None of the Directors is a member of more than 10 committees and chairman of more than 5 committees (as specified in clause 49), across all the companies in which he is a Director. The necessary disclosures regarding committee memberships/chairmanships have been made by the Directors.

7 (seven) meetings of the Board of Directors were held during the year ended 31st March, 2008. 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. 19th April, 2007 | 5. 26th September, 2007 |
| 2. 10th May, 2007 | 6. 27th October, 2007 and |
| 3. 28th June, 2007 | 7. 31st January, 2008 |
| 4. 26th July, 2007 | |

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, 2008 are as follows :

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 Committee Membership	
							Member	Chairman
Shri S. S. Kanoria	Chairman	Executive*	7	Yes	5200	5	—	—
Shri R. V. Kanoria	Director	Non-Executive Non-Independent	4	No	5100	8	—	—
Shri A. C. Mukherji	Director	Non-Executive Independent	6	Yes	—	6	5	4
Shri J. K. Bhagat	Director	Non-Executive Independent	6	Yes	—	5	—	—
Shri A. K. Basu	Director	Non-Executive Independent	4	No	—	2	—	2
Shri I. P. Poddar	Director	Non-Executive Independent	7	Yes	—	1	—	—
Shri B. Choudhuri	Director	Non-Executive Independent	4**	Yes	—	8	2	2
Shri L. G. Toolsidass	Director	Non-Executive Independent	5**	Yes	—	2	—	—
Shri D. K. Bubna	Executive Director cum Company Secretary	Executive	7	Yes	500	1	—	—

*During the year, Shri S. S. Kanoria has been appointed as the Executive Chairman of the Company, w.e.f 01.10.2007, previous to which he was acting as the Non-Executive Chairman of the Company. The appointment of Shri S. S. Kanoria as the Executive Chairman of the Company, for a period of three years with effect from 01.10.2007, was confirmed by the shareholders in the EGM held on 09.01.2008.

**It is to be noted that Shri B. Choudhuri & Shri L.G. Toolsidass, were co-opted to the Board as Additional Directors on 28.06.2007. Their appointments were confirmed by the shareholders in the last AGM held on 30.08.2007.

Also, the re-appointment of Shri D.K. Bubna, Executive Director cum Company Secretary of the Company, with effect from 01.06.2007, was confirmed by the shareholders of the Company in the AGM held on 30.08.2007.

It is to be noted that the number of directorships are reckoned by excluding directorships in private limited companies, foreign companies, alternate directorships and companies under section 25 of the Companies Act, 1956.

And in cases of Committees, only the two committees, viz. the Audit Committee and the Share Transfer and Shareholder's Grievances Committee are considered.

2.2 Remuneration of Directors (Executive and Non-Executive)

The details of remuneration paid to the Directors of the Company are given below. No remuneration other than the sitting fees for attending Board & Committee Meetings was paid to the Non-Executive Directors.

A. Non-Executive Directors

Name of the Directors	Sitting Fees* (Rs.)	Salary (Note-1) (Rs.)	Commission Rs. in lacs.	Service Contract	Notice Period	Stock Options (Note-2)
Shri S. S. Kanoria**	25000/-	—	—	N.A.	N.A.	N.A.
Shri R. V. Kanoria	20000/-	—	—	N.A.	N.A.	N.A.
Shri J. K. Bhagat	46000/-	—	—	N.A.	N.A.	N.A.
Shri A. C. Mukherji	38000/-	—	—	N.A.	N.A.	N.A.
Shri A. K. Basu	34000/-	—	—	N.A.	N.A.	N.A.
Shri I. P. Poddar	49000/-	—	—	N.A.	N.A.	N.A.
Shri B. Choudhuri	28000/-	—	—	N.A.	N.A.	N.A.
Shri L. G. Toolsidass	27000/-	—	—	N.A.	N.A.	N.A.

**Shri S.S. Kanoria has been appointed as the Executive Chairman of the Company, with effect from 01.10.2007. Therefore after this date, the details of his salary etc. is mentioned herein below :

B. Executive Chairman

Name	Designation	Sitting fees (Rs.)	Commission (Rs.)	Salary * (Rs.)
Shri S. S. Kanoria	Executive Chairman	Nil	Nil	15,71,500/-

Notes :

1. The Executive Chairman is paid remuneration as per his agreement with the Company. His appointment as Executive Chairman of the Company along with the terms and conditions of his appointment has been duly approved by the members of the Company at a duly convened Extra Ordinary General Meeting held on 09.01.2008.

2. His appointment in the said capacity is from 01.10.2007. The figures shown above is the total salary paid from 01.10.2007 to 31.03.2008.
3. *Salary includes Basic Salary, Allowances, contribution to Provident and other Funds and Perquisites (including monetary value of Perquisites) etc, the break-up of which is as below :
 Basic Salary : Rs. 12,00,000/-
 Perquisites : Rs. 2,51,500/-
 Provident fund : Rs. 1,20,000/-
4. His appointment is for a tenure of three years commencing from 01.10.2007 to 30.09.2010.
5. The Company does not have any scheme for grant of stock options to its Directors or Employees.
6. 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. Executive Director

Name	Designation	Sitting fees (Rs.)	Commission (Rs.)	Salary * (Rs.)
Shri D. K. Bubna	Executive Director cum Company Secretary	Nil	Nil	23,30,000/- p.a

Notes :

1. The Executive Director cum Company Secretary is paid remuneration as per his agreement with the Company.
2. Salary includes Basic Salary, Allowances, contribution to Provident and other Funds and Perquisites (including monetary value of Perquisites) etc, the break-up of which is as below :
 Basic Salary : Rs. 14,00,000/- per annum
 Perquisites : Rs. 7,90,000/- per annum
 Provident fund : Rs. 1,40,000/- per annum
3. His re-appointment is for a tenure of three years commencing from 01.06.2007 to 31.05.2010.
4. The Company does not have any scheme for grant of stock options to its Directors or Employees.
5. For termination of Agreement, the Company or the Executive Director cum Company Secretary is required to give a notice of three months or three months' salary in lieu thereof.

2.3 Re-appointment of Directors

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be reappointed at the ensuing Annual General Meeting are as under :

I.

i. Name of the Director	Shri Jugal Kishore Bhagat
ii. Date of Birth	22.11.1943
iii. Date of appointment	31.01.2000
iv. Expertise in specific functional areas	An Industrialist having rich experience and vast knowledge of jute industry.
v. List of other Directorships held	a) Ginni Filaments Ltd. b) The Naihati Jute Mills Company Ltd. c) Tyroon Tea Company Ltd. d) Ludlow Exports Ltd. e) Ginni Flour & Foods Ltd.
vi. Chairman/Member of Committees of the Board (Other than Company) of the Companies in which he is a Director :	NIL
vii. Shareholding in the Company :	NIL

II.

i. Name of the Director	Shri Ishwari Prasad Poddar
ii. Date of Birth	01.04.1935
iii. Date of appointment	07.10.1987
iv. Expertise in specific functional areas	An Industrialist having rich business experience in textiles.
v. List of other Directorships held	a) Calcutta Silk Mfg. Co. Ltd. b) Pioneer Transmissions (P) Ltd. c) Shanta Busi-Deals (P) Ltd. d) Shanta Project (P) Ltd. e) Surya Developers (P) Ltd.
vi. Chairman/ Member of Committees of the Board (Other than Company) of the Companies in which he is a Director :	NIL
vii. Shareholding in the Company :	NIL

3. AUDIT COMMITTEE

- (i) The Audit Committee consists wholly of Independent Directors having 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 Exchanges. The Committee, inter-alia, acts as a vital link between the statutory and internal auditors and the Board of Directors.
- (ii) At present, the Committee comprises of Shri A.C. Mukherji (as its Chairman), Shri A.K. Basu, Shri B. Choudhuri and Shri I. P. Poddar, as its members. The said Committee was reconstituted during the year and before its reconstitution, it comprised of Shri A.K.Basu (as its Chairman), Shri A.C.Mukherji, Shri J.K.Bhagat and Shri I.P.Poddar as its members. The said 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 on 28.06.2007, 26.07.2007, 27.10.2007 and 31.01.2008 during the year ended 31st March, 2008. The attendance of each Committee Member is as under :

Name of Member	Status	No. of Meetings attended
Shri A. C.Mukherji	Chairman	3
Shri A. K. Basu	Member	2
Shri I. P. Poddar	Member	4
Shri J. K. Bhagat*	Member	1
Shri B. Choudhuri	Member	3

* Shri J. K. Bhagat was the member of the Audit Committee till 28.06.2007.

- (iv) Shri D.K. Bubna, Executive Director cum 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 :
- a) To discuss and review the comment on Internal Audit Reports submitted by Company's Internal Auditors.

- b) To review the progress on implementation of the suggestions made by the Systems Department and Internal Auditors.
- c) To discuss and review the observations of Internal Auditors and the Systems and Audit Department of the Company on systems and controls, cost control measures, statutory compliances etc. in various functional areas.
- d) To discuss the Quarterly and Annual financial results of the Company and submit the observation to the Board of Directors.
- e) 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 A. K. Basu	Member
Shri I. P. Poddar	Member
Shri D. K. Bubna	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. The total number of complaints received during the year under review was 32 and all were addressed and replied to the satisfaction of shareholders.

Outstanding complaints as on 31st March, 2008 was nil.

- (iii) Shri D. K. Bubna, the Executive Director cum Company Secretary is the Compliance Officer of the Company.

(iv) Business Transacted

- Ratification of share transfers effected by the Executive Director cum Company Secretary.
- Transfer and transmission of shares.
- Issue of duplicate share certificates.
- Consolidation and sub-division of shares.
- Review of routine complaints and corrective action taken.

Share Transfer System

Company's shares are in compulsory Demat segment. Share Transfer in physical form are presently registered and option letters for simultaneous Demat of shares are being sent 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 dispute.

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 dematerialisation.

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 exchanges.
- (ii) The Company has one Executive Chairman and one Executive Director on the Board, whose appointment and remuneration is approved by the Shareholders of the Company on recommendation of the Board of Directors of the Company, duly recommend by the Remuneration Committee.

- (iii) The Company's Remuneration Committee consists of three Directors :

Name of Member	Status
Shri A. K. Basu	Chairman
Shri B. Choudhuri	Member
Shri L. G. Toolsidass	Member

The Remuneration Committee was reconstituted during the year and before reconstitution, it consisted of Shri J.K. Bhagat (as its Chairman), Shri A.K. Basu and Shri A.C. Mukherji.

- (iv) Two meetings of the Remuneration Committee were required to be held during the financial year ending 31.03.2008, one for recommending the remuneration of Shri D.K. Bubna, Executive Director cum Company Secretary and other for recommending the remuneration of Shri S. S. Kanoria, Executive Chairman of the Company. The said meetings were held on 10.05.2007 and 26.09.2007 respectively.

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 exchanges. The code of conduct has been posted on the web-site of the Company.

7. GENERAL BODY MEETINGS

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

Annual General Meeting	Day, Date & Time	Venue
26th AGM	Thursday, 15th September, 2005 at 11:00 A.M.	"Bharatiya Bhasha Parishad" 36A, Shakespeare Sarani, Kolkata - 700 017.
27th AGM	Monday, 25th September, 2006 at 11:00 A.M.	"Bharatiya Bhasha Parishad" 36A, Shakespeare Sarani, Kolkata - 700 017.
28th AGM	Thursday, 30th August, 2007 at 10:30 A.M.	"Bharatiya Bhasha Parishad" 36A, Shakespeare Sarani, Kolkata - 700 017.

One Extra Ordinary General Meeting (EGM) was also held during the year :

EGM	Wednesday, 9th January, 2008 at 11:00 A.M.	"Bharatiya Bhasha Parishad" 36A, Shakespeare Sarani, Kolkata - 700 017.
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NOTE :

- (i) Two special resolutions were passed in the 28th AGM. One was for seeking approval for the re-appointment and remuneration of Shri D. K. Bubna as the Executive Director cum Company Secretary of the Company and the other was for voluntary delisting of equity shares of the Company from the Calcutta Stock Exchange Association Limited.
- (ii) Three special resolutions were passed in the EGM held on 09.01.2008. One was passed pursuant to section 163 of the Companies Act, 1956 in connection with the keeping of Register of Members, Index of Members and copies of the Annual Returns etc. at the office of the Company's Registrar and Share Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata - 700 029 and second was for seeking approval for appointment and remuneration of Shri S. S. Kanoria as the Executive Chairman of the Company, w.e.f 01.10.2007 & the third was for seeking approval u/s 21 of the Companies Act, 1956 for change of name of the Company from Aekta Limited to Ludlow Jute & Specialities Limited.

- (iii) No Special Resolutions through Postal Ballot was passed by the Company in the financial year 2007-2008. The Company has transacted a special business by way of postal ballot through which special resolutions for change in the object clause of the Company were proposed to be considered and passed by the Shareholders of the Company. Although, the notice for such postal ballot was dated 20.03.2008, the results of the same was declared on 24.04.2008. The resolutions were passed as special resolutions.
- (iv) There is no proposal of special resolution through postal ballot in upcoming AGM to be held on 28.08.2008.

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.
- (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.

9. DISCLOSURES OF ACCOUNTING TREATMENT

In view of the improved working results and to comply with the revised Accounting Standard 15, the Company has during the year, made the necessary provision for the employee benefits including provision for Rs. 370.49 lacs being the balance unprovided gratuity on actuarial valuation basis. The increase in liability as at the commencement of the year as per revised AS-15 amounting to Rs.125.04 lacs (net of deferred tax Rs. 82.54 lacs) has been adjusted against the opening profit and loss account in accordance with the said standard.

10. SUBSIDIARY COMPANY

There are no material non listed subsidiary Companies. The financial statement and investment made, if any, by subsidiary companies, are reviewed by Board of Directors.

11. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the newspapers as required by the Listing Agreements.

The financial results are normally published in the Business Standard/Financial Express and Kalantar/Pratidin.

The Management Discussion and Analysis Report is part of the Directors' Report.

12. GENERAL SHAREHOLDERS INFORMATION

12.1 The Registered Office of the Company is situated at

6, Little Russell Street, Kolkata - 700 071
Phone : (033) 2283-9081/9082/9083
Fax : (033) 2283-9078/4503
e-mail : ludlow@giasclo1.vsnl.net.in
website : www.ludlowjute.com

12.2 Address for Correspondence/Corporate Office is same as given above.

12.3 Plant Location

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

12.4 Registrar and Share Transfer Agents

MCS Ltd.

77/ 2A, Hazra Road, Kolkata - 700 029
Phone : (033) 2454-1892/93
Fax : (033) 2454-1961
E-mail : mcscal@cal2.vsnl.net.in

12.5 Annual General Meeting

Date : 28.08.2008, Thursday

Time : 10:30 A.M.

Venue : Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017

12.6 Book Closure : 13.08.2008 to 28.08.2008 (both days inclusive)
12.7 Listing of Share & 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

* The equity shares of the Company has been de-listed from the Calcutta Stock Exchange Association Limited.

Listing Fees :

The Company has paid listing fees for the financial year 2008-2009 to the Bombay Stock Exchange Limited, where securities of the Company is listed.

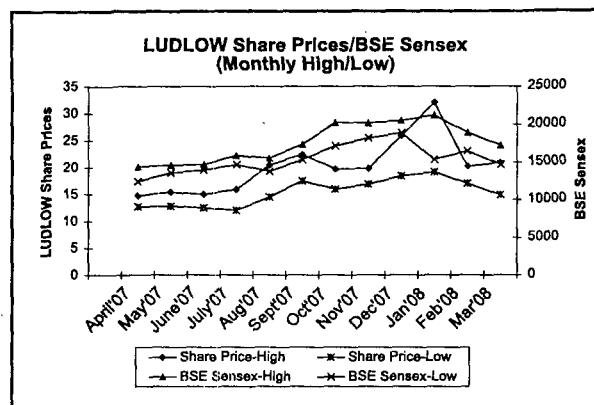
12.8 Market Price Data :

The details of monthly high/low market price of the shares at Mumbai and Calcutta Stock Exchanges as at the end of each month is given hereunder :

Month	Quotation of Calcutta Stock Exchange*		Quotation of Bombay Stock Exchange (in Rs.)	
	HIGH	LOW	HIGH	LOW
APR - 2007	NO TRANSACTION	NO TRANSACTION	14.75	12.70
MAY - 2007	NO TRANSACTION	NO TRANSACTION	15.40	12.80
JUNE- 2007	NO TRANSACTION	NO TRANSACTION	14.97	12.50
JULY- 2007	NO TRANSACTION	NO TRANSACTION	15.90	12.01
AUG - 2007	NO TRANSACTION	NO TRANSACTION	20.45	14.50
SEP - 2007	NO TRANSACTION	NO TRANSACTION	22.45	17.50
OCT - 2007	NO TRANSACTION	NO TRANSACTION	19.70	15.95
NOV - 2007	NO TRANSACTION	NO TRANSACTION	19.80	16.90
DEC - 2007	NO TRANSACTION	NO TRANSACTION	25.90	18.40
JAN - 2008	NO TRANSACTION	NO TRANSACTION	32.00	19.15
FEB - 2008	NO TRANSACTION	NO TRANSACTION	20.20	17.00
MAR- 2008	NO TRANSACTION	NO TRANSACTION	20.90	14.90

* There was no trading of the equity shares of the Company during the year 01.04.2007 to 31.03.2008 in Calcutta Stock Exchange Association Limited, hence no quotes are given.

12.9 Stock Performance in comparison to broad based indices :



12.10 Distribution of Shareholding

The shareholding distribution of equity shares as on 31st March, 2008 is given below:-

No. of Shares (Range defined)	No. of Equity Shares held	No. of Equity Shareholders	Percentage of Shareholding
1 - 500	1464387	9445	13.59
501 - 1000	313572	370	2.91
1001 - 2000	199933	127	1.86
2001 - 3000	116469	45	1.08
3001 - 4000	73293	20	0.68
4001 - 5000	126405	26	1.17
5001 - 10000	238425	34	2.21
10001 - 50000	614773	27	5.71
50001 - 100000	121644	1	1.13
And above	7504219	9	69.66
	10773120	10104	100.00

12.11 Shareholding Pattern as on 31st March, 2008

Category	No. of Shares	% of Shareholding
A. Promoters Holding		
a) Indian Promoters	5897701	54.74
b) Foreign Promoters	—	—
Sub Total "A"	5897701	54.74
B. Non-Promoters Holding		
a) Banks, Financial Institutions / Insurance Companies	600	.0056
b) Private Corporate Bodies	1557290	14.46
c) Resident Individuals	3289179	30.53
d) NRI / OCB	28350	0.26
Sub Total "B"	4875419	45.26
Grand Total : "A+B"	10773120	100.00

12.12 Dematerialisation of Shares

44.22% i.e. 4763925 Equity Shares of total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31.03.2008.

12.13 Financial Calendar 2008-2009

First Quarter Results	:	Before end of July, 2008
Second Quarter Results	:	Before end of October, 2008
Third Quarter Results	:	Before end of January, 2009
Audited Results for the year ended 31.03.2009	:	Before end of June, 2009
Date of Book Closure	:	13.08.2008 to 28.08.2008 (both days inclusive)
Dividend Payment Date	:	Within the statutory period of 30 days

FIVE YEARS PERFORMANCE					
	(Rs. in lacs)				
	2004	2005	2006	2007	2008
Sales	5853.48	4746.16	14229.86	12942.91	15537.89
Cash Profit	(154.96)	(132.22)	357.45	346.36	593.02
Net Profit/ (Loss) After tax	(211.75)	(185.62)	121.12	141.86	293.08
Gross Block	5964.08	6004.42	6026.85	6163.22	7139.77
Net Worth	1794.98	1609.36	1730.48	1872.34	1956.84
Debt	611.82	900.75	—	—	524.55
Cash EPS(Rs.)	(1.44)	(1.22)	3.32	3.22	5.50
EPS (Rs.)	(1.97)	(1.72)	1.12	1.32	2.72
Dividend(%)	—	—	—	—	10
Installed Capacity(M. Tons)	42954	42954	42954	42954	57500
Production - (M. Tons)	18779	15717	40161	35436	47906

Note : Net Worth is calculated by excluding Revaluation Reserve and Deferred Tax liability.

13. RISK MANAGEMENT

The Company has an integrated approach to managing risks inherent in various aspects of the business.

14. CEO/CFO CERTIFICATION

The necessary certificates under clause 49 V of the Listing Agreement has been placed before the Board of Directors.

15. NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements given under clause 49 of the Listing Agreement.

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 year 2007-2008.

Place : Kolkata
Date : 28th day of June, 2008

D. K. Bubna
Chief Executive Officer

**AUDITORS' CERTIFICATE OF COMPLIANCES WITH CORPORATE GOVERNANCE REQUIREMENT
UNDER CLAUSE 49 OF THE LISTING AGREEMENT TO THE MEMBERS OF LUDLOW JUTE &
SPECIALITIES LIMITED (formerly Aekta Limited)**

We have reviewed the Company's procedures for compliance with the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges for the year ended 31st March, 2008.

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 Exchanges.

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.

1 B, Old Post Office Street
Kolkata - 700 001
Dated : 28th day of June, 2008

For SINGHI & CO.
Chartered Accountants
M. L. SHUKLA
Partner
Membership No. 051505

AUDITORS' REPORT**To the Shareholders**

1. We have audited the attached Balance Sheet of **LUDLOW JUTE & SPECIALITIES LIMITED (formerly Aekta Limited)** as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement of the said Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amended) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

- ii) 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,
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Account.
- iv) In our Opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, *except as mentioned in Note No. B 11 in Schedule 'N'.*
- v) On the basis of written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the accounting policies & other Notes in Schedule "N" give the information required by the Companies Act, 1956 (as amended) 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - b) In the case of Profit and Loss Account of the Profit of the Company for the year ended on that date; and
 - c) In the case of Cash Flow Statement of the Cash Flow for the year ended on that date.

1 B, Old Post Office Street
Kolkata - 700 001
Dated : 28th day of June, 2008

For SINGHI & CO.
Chartered Accountants
M. L. SHUKLA
Partner
Membership No. 51505

ANNEXURE TO THE AUDITORS' REPORT

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, which has bearing on the going concern concept.
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. However, in an earlier year it has granted interest free advance, repayable on demand to a subsidiary company, the maximum balance outstanding as on 31.03.2008 was Rs. 2.50 lacs. Accordingly, clauses 4(III)(b) to (d) of the Order are not applicable.
- (b) The Company has not taken any 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.
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) As per the records of the Company and information and explanations given to us the transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- or more in respect of each party have been made at prices which were reasonable having regard to the prevailing market prices at the relevant time.
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 which commensurates with the size and nature of its business.
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 Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess, other statutory dues and Provident Fund, Employees State Insurance in respect of its regular employees.
In absence of required details we are unable to comment whether it is regular in depositing provident fund, employees state insurance and allied contributions in respect of its contractual employees.
During the year it has deposited Rs. 14.78 lacs as provident fund etc. in respect of its contractual employees against an order from provident fund authorities for the period April, 2006 to June, 2007 with the appropriate authorities.
Besides Customs duty amounting to Rs. 1.26 lacs to be refunded to govt. deptt. is lying outstanding for more than six months as on 31.03.2008.
- (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 in Annexure "A" attached herewith.

10. The Company does not have any accumulated loss as at 31st March 2008. 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 financial institutions, banks and debenture holders.
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. In our opinion, 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 by it. 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.
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 Company has not raised any term loan during the year.
17. *According to the information and explanations given to us, on an overall basis, funds raised on short term basis appears to have been used during the year for long term investment.*
18. 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, during the year 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.

For SINGHI & CO.
Chartered Accountants
M. L. SHUKLA
Partner
Membership No. 051505

1 B, Old Post Office Street
Kolkata - 700 001
Dated : 28th day of June, 2008

Statements of Statutory dues outstanding on account of disputes, as on March 31, 2008, referred to in para 9(b) of the Auditor's Report

No.	Nature of Dues	Gross Amount (Rs.in lakhs)	Paid under protest	Period to which the amount relates	Forum where dispute is pending
1.	a) Excise Duty	0.43	—	1964 to 1969	Pending at Calcutta High Court and Excise department
	b) Excise Duty	17.85	3.00	1986-87 to 1991-92	
2.	a) Sales Tax	62.59	12.70	1998 to 2002	D.C.C.T.(CD)
	b) Sales Tax	14.66	—	1991-92 & 1995-96	WBCT(A & R) Board
	c) Sales Tax	22.36	—	2004-05	D.C.C.T.(CD)
3.	Income Tax	37.09	—	AY 2002-03 & 2003-04	Pending before I.T.A.I.T.(A)
4.	Land Revenue	54.28	—	2001 to 2008	Pending before W.B. Land Reform Tribunal
5.	a) E.S.I	37.18	4.60	1985 to 1995	Pending before E.S.I. Court
	b) E.S.I.	19.73	12.53	1997-98 to 2000-01	Pending before High Court at Calcutta

Balance Sheet as at 31st March, 2008

(Rs. in '000)

	Schedule	As at 31st March, 2008	As at 31st March, 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	'A'	10,79,77	10,79,77
Reserves & Surplus	'B'	14,39,90	14,37,59
Loan Funds	'C'		
Secured Loans		5,24,55	—
Deferred Tax Liability (Net)		—	61,46
Total Funds Employed		<u>30,44,22</u>	<u>25,78,82</u>
APPLICATION OF FUNDS			
Fixed Assets	'D'		
Gross Block		70,06,21	61,63,22
Less : Depreciation		44,43,79	42,02,24
Net Block		<u>25,62,42</u>	<u>19,60,98</u>
Capital Work-in-Progress		1,33,56	—
Investments	'E'	2,60,29	4,60,27
Deferred Tax Assets (Net)		85,39	—
Current Assets, Loans & Advances	'F'		
Inventories		32,92,21	14,54,60
Sundry Debtors		8,34,90	5,34,23
Cash & Bank Balances		79,07	2,39,88
Loans, Advances & Deposits		6,58,96	3,40,35
		<u>48,65,14</u>	<u>25,69,06</u>
Less : Current Liabilities & Provisions	'G'		
Current Liabilities		31,44,85	15,75,01
Provisions		17,17,73	8,36,48
		<u>48,62,58</u>	<u>24,11,49</u>
Net Current Assets		<u>2,56</u>	<u>1,57,57</u>
Total Assets		<u>30,44,22</u>	<u>25,78,82</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS			
	'N'		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants

M. L. SHUKLA

Partner

Membership No. 051505

1-B, Old Post Office Street

Kolkata, the 28th day of June, 2008

For and on behalf of the Board

D. K. BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S. S. KANORIA
Ex. Chairman

Profit & Loss Account for the year ended 31st March, 2008

(Rs. in '000)

	Schedule	For the year ended 31st March, 2008	For the year ended 31st March, 2007
INCOME			
Sales	'H'	1,55,37,89	1,30,97,01
Other Income	'I'	3,14,41	66,22
Increase/(Decrease) in Finished Goods and Process Stocks	'J'	5,36,02	(1,77,22)
		<u>1,63,88,32</u>	<u>1,29,86,01</u>
EXPENDITURE			
Raw Materials Consumed	'K'	71,19,31	66,99,03
Purchase of Finished Goods		4,01	—
Manufacturing, Selling, Administrative and Other Expenses	'L'	85,55,84	58,67,47
Interest	'M'	1,16,14	73,15
		<u>1,57,95,30</u>	<u>1,26,39,65</u>
Profit/(Loss) Before Depreciation & Tax		5,93,02	3,46,36
Less : Depreciation		2,43,60	2,16,67
Less : Transferred from Revaluation Reserve		82,18	82,18
		<u>1,61,42</u>	<u>1,34,49</u>
Profit/(Loss) Before Tax		4,31,60	2,11,87
Less : Provision for			
Income Tax		2,34,63	1,13,89
Deferred Tax		(1,04,34)	(51,78)
Fringe Benefit Tax		8,23	7,90
		<u>2,93,08</u>	<u>1,41,86</u>
Profit After Tax		2,93,08	1,41,86
Balance brought forward from last A/c		1,96,08	54,22
Less : Adj. for employees benefit net of Deferred Tax (see note No. B-8(b)(vi) in Schedule "N")		82,54	—
		<u>1,13,54</u>	<u>54,22</u>
Balance available for appropriation		4,06,62	1,96,08
Proposed Dividend		1,07,73	—
Corporate Dividend Tax		18,31	—
		<u>2,80,58</u>	<u>1,96,08</u>
Balance carried to Balance Sheet			
Basic & Diluted Earning Per Share (Rs.)		2.72	1.32
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS			
	'N'		

The Schedules referred to above form an integral part of the Profit & Loss Account
As per our Report of even date annexed.
For SINGHI & CO.

Chartered Accountants
M. L. SHUKLA

Partner
Membership No. 051505
1-B, Old Post Office Street
Kolkata, the 28th day of June, 2008

For and on behalf of the Board

D. K. BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S. S. KANORIA
Ex. Chairman

Schedules to the Balance Sheet

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
1,49,90,000 Equity Shares of Rs.10/- each	14,99,00	14,99,00
1,000 Redeemable Preference Shares of Rs.100/- each	1,00	1,00
	<u>15,00,00</u>	<u>15,00,00</u>
ISSUED, SUBSCRIBED AND PAID UP		
10773120 Equity Shares of Rs.10/- each paid up (Out of above 6,00,000 Equity Shares issued for consideration other than cash in pursuance of Scheme of Arrangement sanctioned by High Court)	10,77,31	10,77,31
Add : Share Forfeiture	2,46	2,46
	<u>10,79,77</u>	<u>10,79,77</u>
SCHEDULE 'B'		
RESERVES & SURPLUS		
Capital Reserve (As per Last Balance Sheet)	10,54	10,54
Revaluation Reserve	6,45,01	7,27,20
Less : Transferred to Profit & Loss Account	82,18	82,18
	<u>5,62,83</u>	<u>6,45,02</u>
Share Premium (As per Last Balance Sheet)	5,85,95	5,85,95
Profit/(Loss) as per Account Annexed	2,80,58	1,96,08
	<u>14,39,90</u>	<u>14,37,59</u>
SCHEDULE 'C'		
I) SECURED LOANS		
OTHERS		
From Banks	5,24,55	—
	<u>5,24,55</u>	<u>—</u>

Note : Secured against hypothecation of stocks and book debts and also first charge on Fixed Assets of the company.

Schedules to the Balance Sheet

SCHEDULE 'D'

FIXED ASSETS

(Rs. in '000)

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Total Value As at 1.4.2007	Addition and/or Adjustment	Sales and/or Adjustment	Total Value As at 31.3.2008	Total as on 1.4.2007	Provided for the year	Sales/ Adj. for the year	Depreciation for Revaluation increase	Total upto 31.3.2008	As at 31.3.2008	As at 31.3.2007
Goodwill	(1)	—	—	(1)	—	—	—	—	—	(1)	(1)
Freehold/Leasehold Land	1,39,09	—	—	1,39,09	—	—	—	—	—	1,39,09	1,39,09
Buildings	14,05,12	42,17	—	14,47,29	8,91,48	5,41	—	47,66	9,44,55	5,02,74	5,13,64
Plant & Machinery	40,05,46	7,80,80	56,89	47,29,37	29,83,04	1,25,88	14	28,71	31,37,49	15,91,88	10,22,42
Workshop Machinery & Installations	21,96	—	—	21,96	21,95	—	—	—	21,95	1	1
Electrical Machinery & Installation	1,33,45	—	—	1,33,45	59,49	6,85	—	1,10	67,44	66,01	73,96
Water Supply Installation	1,22,80	—	—	1,22,80	49,61	1,40	—	2,80	53,81	68,99	73,19
Roads, Drainage, Fencing & Jetties	55,46	—	—	55,46	17,25	74	—	23	18,22	37,24	38,21
Motor Vehicles & Fork Lifts	1,94,46	62,76	23,93	2,33,29	1,15,14	12,30	1,91	1,68	1,27,21	1,06,08	79,32
Motor Launch	20	—	—	20	19	—	—	—	19	1	1
Furniture & Fixtures, Office Equipments, Air-Conditioners, Telephone Installations & Laboratory Equipments	85,22	38,08	—	1,23,30	64,09	8,84	—	—	72,93	50,37	21,13
Total	61,63,22	9,23,81	80,82	70,06,21	42,02,24	1,61,42	2,05	82,18	44,43,79	25,62,42	19,60,98
Previous Year	60,26,85	1,56,57	20,20	61,63,22	39,89,07	1,34,48	3,49	82,18	42,02,24	19,60,98	

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 Rs.30,04,76 on Net Current Replacement Basis. This increase had been transferred to Revaluation Reserve Account. After adjustment in respect of Fixed Assets sold/discarded the Revaluation Reserve now stands at Rs. 5,62,83 as on 31.03.2008.

Schedules to the Balance Sheet

(Rs. in '000)

		As at 31st March, 2008		As at 31st March, 2007
SCHEDULE 'E'				
INVESTMENTS				
(Long Term Other than Trade)				
No. of Shares/ Debentures	Face Value per Share/Debenture (Rs.)		No. of Shares/ Debentures	
GOVERNMENT SECURITIES				
Unquoted -				
7 years National Saving Certificates				
(Deposited with Central Excise and Sales				
Tax Authorities), (Matured)				
		5		5
FULLY PAID UP EQUITY SHARES :				
Quoted -				
50 Alliance Udyog Ltd.	10	(5,12)	50	(5,12)
24 Anglo India Jute Mills Co. Ltd. *	100	(4,62)	24	(4,62)
660 Birla Corporation Ltd.	10	1,48	660	1,48
305 Budge-Budge Co. Ltd. *	10	1	305	1
274 Cheviot Company Ltd.	10	7	183	7
1035 Delta International Ltd. *	10	20	1035	20
4 Hindustan Development Corpn. Ltd.	10	(2,92)	4	(2,92)
50 Howrah Mills Company Limited *	10	(4,75)	50	(4,75)
50 The Jagatdal Ind. Ltd.	10	(3,58)	50	(3,58)
19 Kanknarrah Co. Ltd. *	100	1	19	1
1000203 Kanoria Chemicals & Ind. Ltd.	5	2,28,32	333401	2,28,32
10 Kelvin Jute Co. Ltd.	100	(2,40)	10	(2,40)
70 Nellimarla Jute Mills Co. Ltd.	10	(3,68)	70	(3,68)
12 New Central Jute Mills Co. Ltd. *	100	(88)	12	(88)
100 Presidency Exports & Industries Ltd.	5	(1,05)	100	(1,05)
5430 Bajaj Hindusthan Sugar and Industries Limited	10	2	543	2
224 Reliance Ispat Industries Ltd.	10	6	224	6
200 Solarson Ind. Ltd.	10	2	200	2
50 The Agarpara Co. Ltd.*	10	(1,75)	50	(1,75)
990 The Auckland International Ltd.	10	(7,50)	990	(7,50)
660 Abhishek Jute & Industries Limited	10	(5,00)	660	(5,00)
5 The Baranagar Jute Factory Co. Ltd.*	5	(1,16)	5	(1,16)
100 Al Champdany Industries Ltd.	10	(3,44)	100	(3,44)
50 Fort William Industries Ltd.	10	2	50	2
50 The Ganges Manufacturing Co. Ltd.*	10	(3,75)	50	(3,75)
90 Gillanders Arbuthnot & Co. Ltd.	10	13	270	13
40 The Gouripore Co. Ltd.	10	(1,50)	40	(1,50)
1176 The Hooghly Mills Co. Ltd.	10	(7,42)	1176	(7,42)
62 The India Jute & Industries Ltd.*	10	2	62	2
25 The Nuddea Mills Co. Ltd. *	10	(50)	25	(50)
7 Waverly Investments Ltd.	1	(30)	7	(30)
1200 Willard India Ltd.	10	44	1200	44
112 Reliance Jute Mills (Int). Ltd. **			112	
FULLY PAID-UP DEBENTURES (Quoted)				
1 Hindustan Development Corpn. Ltd. (P.C.D.)	50	(50)	1	(50)
Balance Carried forward		2,30,92		2,30,92

Schedules to the Balance Sheet

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
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SCHEDULE 'E' (Contd.)

No. of Shares/ Debentures	Face Value per Share/Debenture (Rs.)	No. of Shares/ Debentures	
Balance Brought forward			2,30,92
FULLY PAID-UP EQUITY SHARES :			2,30,92
Unquoted -			
10 Birds Jute & Exports Ltd.	100	10	1
50 National Co.Ltd.*	10	50	(6,69)
200 Santosh Garden Co. op.	10	2,00	2
5 The Alexandera Jute Mills Ltd.*	100	5	(2,59)
50 The Empire Jute Co. Ltd.	10	50	(1,34)
50 Caledonian Jute & Industries	10	50	(5,05)
62 The Khardah Co. Ltd.*	10	62	(4,76)
12 The Kinnison Jute Mills Co. Ltd.*	100	12	2
10 The Lawrence Investment & Property Co. Ltd.	100	10	(9,80)
50 The North Brooke Co. Ltd.	10	50	(8,94)
10 Union Jute Co. Ltd. *	100	10	(7,18)
56 RJM Fibres Industries Ltd.	10	56	(5,74)
56 RJM Investment Ltd.	10	56	(5,46)
50325 Sijberia Industries Ltd.	10	50,325	5,03
IN SUBSIDIARY COMPANIES (UN-QUOTED)			
50 Vidun Dealers Ltd.	10	50	(5,05)
250000 Ludlow Exports Ltd.	10	25,00,00	25,00
* B.I.F.R. Companies			
IN MUTUAL FUND			
HDFC Cash Management Fund			1,00,00
BIRLA Fixed Term Plan			1,00,00
			2,61,06
Less : Prov.for diminution in market value of Investment			77
			2,60,29

	As at 31st March, 2008		As at 31st March, 2007	
	Book	Market	Book	Market
	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)
Aggregate Amount of :				
Quoted Investments	2,30,09	2,94,86	2,30,07	3,02,84
Unquoted Investments	30,20		30,20	
Investment in Mutual Fund	—		2,00,00	
	2,60,29	2,94,86	4,60,27	3,02,84

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

Schedules to the Balance Sheet

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 'F'		
CURRENT ASSETS, LOANS, ADVANCES & DEPOSITS		
(A) CURRENT ASSETS		
Closing Stock (as certified by the Management) :		
Stores, Spare Parts & Packing Materials (at cost)	1,30,40	1,09,79
Raw Materials		
Raw Jute	23,22,89	10,47,52
(at lower of cost or net realisable value)		
Finished Goods (Includes Rs.699 on account of Jute Manufacturing Cess)	7,34,73	1,83,79
(at lower of cost or net realisable value)		
Stock-in-Process	1,04,19	1,13,50
(at lower of cost or net realisable value)		
	<u>32,92,21</u>	<u>14,54,60</u>
SUNDRY DEBTORS		
Debts exceeding six months		
Unsecured Considered good	77,31	72,86
Considered doubtful	—	2,54
Less : Provision for Doubtful Debts	—	2,54
Other Debts		
Unsecured Considered good	7,57,59	4,61,37
	<u>8,34,90</u>	<u>5,34,23</u>
CASH AND BANK BALANCES		
Cash in hand (incl.d.stamps) (as certified by the management)	8,92	7,49
Balances with Scheduled Banks		
in Current Accounts	23,96	1,35,82
in Margin Account	1,20	1,20
in EEFC Account	2,99	95,37
in Fixed Deposit Account	42,00	—
	<u>79,07</u>	<u>2,39,88</u>

Schedules to the Balance Sheet

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 'F' (Contd.)		
(B) LOANS, ADVANCES & DEPOSITS		
Advances (recoverable in cash or in kind or for value to be received and/or pending adjustment)(Unsecured,considered good/ except otherwise stated)		
For purchase of goods	47,25	23,97
Advance against Income Tax & TDS	4,35,60	1,33,51
Advance against Fringe Benefit Tax	17,93	14,48
Prepaid and for other expenses	24,10	20,11
To Others	9,77	9,78
To Subsidiary	2,50	2,50
To Workmen Festival Advance	3,03	30,06
To Staff	1,67	63
Balance with Government Authorities	43,77	45,95
Claims receivable etc.	—	4,34
DEPB Licence Receivable	28,46	20,97
Deposits (Unsecured, considered good except otherwise stated)	4,77	2,33
Duty Draw Back Receivable	40,11	31,72
	<u>6,58,96</u>	<u>3,40,35</u>
SCHEDULE 'G'		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
Due to SSI Units	19,48	10,70
Due to Others	30,90,29	15,29,25
Due to Subsidiary	24,71	24,71
Security & Trade Deposits	10,37	10,35
	<u>31,44,85</u>	<u>15,75,01</u>
PROVISIONS		
For Disputed Statutory Dues		
i) Employee State Insurance	2,59	4,09
ii) Land Revenue Tax	49	49
For Gratuity	11,26,46	6,30,93
For Leave Pay	58,80	40,48
For Income Tax	3,80,52	1,45,89
For Fringe Benefit Tax	22,83	14,60
For Proposed Dividend	1,07,73	—
For Proposed Dividend Tax	18,31	—
	<u>17,17,73</u>	<u>8,36,48</u>

Schedules to the Profit & Loss Account

(Rs. in '000)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
SCHEDULE 'H'		
SALES		
Finished Products	1,55,20,91	1,30,69,20
Less : Jute Manufacturing Cess	1,47,30	1,26,29
Refer note B(9) in Schedule "N"		
	<u>1,53,73,61</u>	<u>1,29,42,91</u>
Add : <u>Sales related Income</u>		
External Market Assistance	—	20,00
Income from DEPB Entitlement	16,33	40,36
Duty Draw Back	1,47,95	93,74
Sub - Total	<u>1,64,28</u>	<u>1,54,10</u>
Grand Total	<u>1,55,37,89</u>	<u>1,30,97,01</u>
SCHEDULE 'I'		
OTHER INCOME		
Rent (TDS Rs. Nil, Previous Year Rs. Nil)	12,48	8,98
Exchange Fluctuation Gain	2,23,47	12,28
Miscellaneous Income	26,15	14,71
Insurance & Other Claims	10,13	25
Excess Liabilities & Credit Balance w/back	1,10	—
Dividend received (on Long-term Investments)	32,84	28,04
Interest received (TDS Rs. Nil, Previous Year - Rs. 07)	2,24	1,96
Profit on Sale of Fixed Assets	5,97	—
Provision for Dimunition in Investment w/back	3	—
	<u>3,14,41</u>	<u>66,22</u>
SCHEDULE 'J'		
INCREASE/(DECREASE) IN STOCK		
OPENING STOCK		
Finished Goods (including semi-finished goods Rs. 44,60)	1,83,79	3,88,61
Stock-in-Process	1,13,50	88,40
Less : Vat Adjustment	—	—
	<u>2,97,29</u>	<u>4,77,01</u>
CLOSING STOCK		
Deduct : Finished Goods (including semi-finished goods Rs. 84,66)	7,34,73	1,83,79
Stock-in-Process	1,04,19	1,13,50
	<u>8,38,92</u>	<u>2,97,29</u>
	5,41,63	(1,79,72)
Less : Differences of charges on a/c of Cess on Opening & Closing Stock	5,61	(2,50)
Net Differences	<u>5,36,02</u>	<u>(1,77,22)</u>

Schedules to the Profit & Loss Account

(Rs. in '000)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
SCHEDULE 'K'		
RAW MATERIALS CONSUMED		
Opening Stock	10,47,52	9,38,47
Add : Purchases	83,94,68	68,08,08
	94,42,20	77,46,55
Less : Closing Stock	23,22,89	10,47,52
	71,19,31	66,99,03
SCHEDULE 'L'		
MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Consumption of Stores & Spares (including packing materials)	10,17,52	7,65,30
Power & Fuel	9,38,17	6,80,34
Manufacturing & Processing Expenses	2,53,18	1,69,46
Salaries, Wages & Bonus	32,78,43	21,85,75
Gratuity (Refer Note No. B-11 of Schedule N)	4,66,16	1,80,01
Contribution to P. F. & Other Funds	4,53,88	2,90,25
Staff & Workers Welfare Expenses	46,95	41,80
Rates & Taxes	6,13	6,15
Rent	28,84	19,38
Insurance	44,59	54,23
Repairs & Maintenance :		
Plant & Machinery	1,45,01	1,16,45
Buildings	1,29,10	73,55
Others	58,93	30,92
Commission & Brokerage on sales	49,39	59,84
Freight, Transport & Selling Expenses	14,36,70	10,08,30
Travelling Expenses (Including Directors' Travelling Rs. 28,55)	40,05	19,60
Legal & Professional Expenses	25,12	35,62
Bad Debts	—	21
Provision for Diminution of Investment	—	4
Miscellaneous Expenses	1,31,64	1,19,89
Loss on Sale of Fixed Assets	—	4,96
Directors' Fee	2,67	2,06
Payment to Auditors :		
Audit Fee	2,25	2,24
Fees for certification	93	92
Cost Audit Fees	20	20
	85,55,84	58,67,47

Schedules to the Profit & Loss Account

(Rs. in '000)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
SCHEDULE 'M'		
INTEREST		
To Banks & Others	1,16,14	73,15
	<u>1,16,14</u>	<u>73,15</u>

Schedules to the Accounts

SCHEDULE 'N'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Fixed Assets & Capital Work-in-Progress

Fixed Assets including modernisation expenses incurred as per schemes are stated at cost of acquisition, construction and improvement made which is inclusive of freight, duties, taxes, incidental expenses, interest and other pre-operative expenses apportioned and also includes revaluation amount.

Capital Work-in-Progress is stated at cost.

2. Intangible Assets

Intangible Assets are stated at cost. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

3. Depreciation and Amortisation

a) Depreciation on Fixed Assets has been provided on straight-line method at the Rate 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.

4. Impairment

Impairment loss is recognised wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognised 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 recognised in prior years is adjusted when there is an indication that the Impairment losses recognised for the asset no longer exist or have decreased.

5. 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.

Schedules to the Accounts**SCHEDULE 'N' (Contd.)****6. 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 Realisable Value whichever is lower
Work-in-Progress	: At Cost, based on weighted average method or Net Realisable Value whichever is lower
Finished Goods	: At Cost based on standard cost duly adjusting the variance or net realisable value, whichever is lower

7. Foreign Currency Transactions

Foreign Currency Transactions are recorded at the exchange rate prevailing on the date of transactions. Premium on forward contract are being accounted for during the life of the contract. Foreign Currency Assets/Liabilities, not covered by forward contracts, are reinstated at the rate prevailing at the year-end.

8. Recognition of Income and Expenditure

Items of Income and Expenditure are recognised on accrual basis.

9. Sales

Sales are inclusive of transport & delivery charges realised less excise duty, cess, rebates & claims, sales returns & discounts including for earlier years.

10. Borrowing Cost

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

11. Employee Benefit

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

12. 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 substantially 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. Fringe Benefit Tax is accounted for on the estimated value of fringe benefits for the year as per the related provisions of Income Tax Act, 1961.

Schedules to the Accounts

SCHEDULE 'N' (Contd.)

(Rs. in '000)

13. Provision, Contingent Liability and Contingent Assets

Provisions are recognised 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 recognised nor disclosed in financial statement.

14. Government Grant

Grant from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Capital incentives received during the year are deducted from Fixed Assets. Revenue Grants related to export incentives are shown under the head Sales as Sales related income & other grants are deducted from the other expenses.

B. NOTES ON ACCOUNTS :

	As at 31st March, 2008	As at 31st March, 2007
1. Contingent Liabilities not provided for in respect of :		
a) Bills Discounted with Banks	6,05,75	97,50
b) Other Disputed Claims (ESI) (Advance paid Rs. 17,13)	56,91	56,91
c) Excise Duty Demand disputed		
(i) Excise Authority raised the demand on transit loss of JBO 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. (An advance of Rs. 3,00 paid during the year)	17,80	17,80
(iii) Penalty imposed by Excise Official on Jute Twine lifted during 2006-07, pending before Central Excise Appeal.	5	—
d) (i) Disputed demand against Sales Tax for which the Company has preferred appeal (Advance paid Rs. 12,70)	77,25	77,25
(ii) Disputed demand against Sales Tax for the 4 Q. E. 31.03.2005 for which Appeal is pending before D.C.C.T. (CD).	22,36	—
e) Disputed demand against Income Tax for which Appeals are pending with ITAT (A.Y. 2002-03 & 2003-04)	37,09	37,09
f) 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.	54,28	42,74

Schedules to the Accounts

SCHEDULE 'N' (Contd.)

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
2. a) Outstanding Bank Guarantees	2,55,22	2,32,94
b) Outstanding Letter of Credit	5,12,82	4,49,37
3. Estimated amount of contracts remaining to be executed on Capital Account not provided for (Advance given Rs. 16,69)	54,46	1,51,02
4. Sundry Creditors include Advance against sale of goods	33,19	27,11
5. Loans, Advances & Deposits include receivable from a Subsidiary Company	2,50	2,50
6. Remuneration to Executive Chairman & Executive Director cum Company Secretary for the year is debited to respective heads of account.		
- Salary	26,00	11,80
- Contribution to Provident Fund	2,60	1,18
- Perquisites	10,41	6,00

7. Disclosure as per Accounting Standard - 29

Particulars	Opening Balance	Addition	Deduction	Closing Balance
Disputed Statutory Matter	4,58	—	1,50	3,08

Represents the provision for disputed Statutory liabilities on account of cases pending with courts/or concerned authorities based on estimate made by the company considering the facts & circumstances.

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

a) The amount recognised as expenses for the Defined Contribution Plans are as under :-

For the year ended
31st March, 2008

i) Employees Provident Fund	14,60
ii) Employees Pension Scheme	2,22,33
iii) Employees State Insurance	1,50,50
iv) Employees Deposit Linked Insurance	12,84
v) Labour Welfare Fund	77

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

i) Benefits are of the following types :

- Every employee who has completed 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.

Schedules to the Accounts

SCHEDULE 'N' (Contd.)

(Rs. in '000)

- ii) The amounts recognised in the Balance Sheet as at 31st March 2008 are as follows :

	Gratuity
Present Value of unfunded obligations	11,26,46
Unrecognised past service cost	—
Liabilities in respect of unfunded obligations Based on actuarial basis	<u>11,26,46</u>
The amounts recognised in the Profit and Loss account for the year ended 31st March 2008 are as follow :	
Current service cost	1,07,16
Interest on obligation	86,93
Expected Return on plan assets	—
Expected Return on any reimbursement right	—
Recognised as an asset	—
Net actuarial losses / (gains) recognised during the year	(1,63,69)
Past service cost	—
Losses / (gains) on curtailments and settlements	—
Total on the basis of actuarial basis included in 'Payments to and provisions for Employees'	<u>30,40</u>
Gratuity Expenses on actual basis included in 'Payments to and provisions for Employees'	<u>95,67</u>

- iii) Principal actuarial assumptions at the balance sheet date are as follows :

Discount rate at 31st March	7.50% p.a.
Mortality Rate	LIC (1994-96) Ultimate table
Salary escalation	5% p.a.
Withdrawal rate	2% to 1% depending on age and length of service

- iv) The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- v) In respect of provident funds in the nature of defined benefits plan, pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability and therefore contribution to those provident funds amounting to Rs. 53.61 during the year is recognised as expense and included in 'Payments to and Provision for Employees'.
- vi) Since AS-15 (Revised 2005) on employee benefits has been implemented for the first time, disclosures are given only for the current year.
9. Sales include Rs. 13,99,86 on account of goods sent on consignment (Previous year Rs. 8,69,52) has been considered on the basis of proforma invoice/actual realisation. However, the Management does not anticipate any loss on this account.
10. Raw materials, Stores & Spares Parts consumed include profit and/or loss on sale and excess/short found on physical verification.

Schedules to the Accounts

SCHEDULE 'N' (Contd.)

(Rs. in '000)

11. During the year the company has further provided the balance gratuity of Rs. 3,70,49 (which pertains to the period up to 31.03.2007). Rs. 82,54 net of deferred tax assets of Rs. 42,50 adjusted with opening balance of Profit & Loss Accounts as on 01.04.2007. In addition to above Rs. 6,30,93 already provided up to last year out of total gratuity liability as per actuarial valuation as on 31.03.08 of Rs. 11,26,46 (Previous year Rs. 10,66,67).
12. The amount of borrowing cost capitalised during the year is Rs. Nil.
13. The financial effects of changes in Foreign Exchange rate are as under :
 - i) Net gain of Rs. 2,19,40 for the year on account of exchange difference is included in "Other Income" under Schedule I.
 - ii) Exchange difference adjusted in the carrying amount of EEFC (Dollar deposit) A/c during the year is Rs. 5 (Loss).
 - iii) Exchange difference loss in respect of forward exchange contract is recognised in the Profit or Loss for the accounting year is Rs. 4,11 excluded in para (i) above.
14. The Company is entitled for export incentives available under target plus scheme, in relation to additional export made during the year as per Foreign Trade Policy. The incentive under the scheme is non-transferable and can be utilised for import of material only. Due to uncertainty about sufficient future import of material within stipulated time for utilising the incentive, the Company has not recognised the export incentive during the year. The same will be accounted for on certainty about the utilisation of incentives on import of material.
15. Break up of major component of Deferred Tax at the year end is as follows :

Liability	As at 31st March, 2008	As at 31st March, 2007
Timing difference in depreciable Assets	<u>3,17,90</u>	<u>2,91,01</u>
Total : A	3,17,90	2,91,01
Assets		
Provision for Leave, Doubtful Debts & Gratuity	4,02,86	2,29,12
Other timing difference	<u>43</u>	<u>43</u>
Total : B	4,03,29	2,29,55
Deferred Tax (Assets)/Liability Net (A - B)	<u>(85,39)</u>	<u>61,46</u>

16. 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) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to the parties during the year is nil.

The name of the Small Scale Industries to whom the Company owes any sum together with interest outstanding for more than 30 days but being paid within agreed period are as follows :-

- Kailash Engineering Works
- Magnum Machinery
- Pawan Trading Co.
- Associated Engineering Enterprise
- Sugan Engineering Co.
- Shraman Traders & Industries Pvt. Ltd.
- UIC Udyog Ltd.

Schedules to the Accounts

SCHEDULE 'N' (Contd.)

(Rs. in '000)

These outstandings are in normal course of business and information regarding small scale undertakings have been determined to the extent of such parties identified on the basis of information available with the Company.

17. a) Foreign Exchange Forward/Option Contracts taken for future transaction for hedging and outstanding as on 31st March, 2008 are as follows :

Currency	Nature of transactions	Amount in US\$	Exposure
US\$	SELL	8242	US\$ earning

- b) Unhedged foreign currency exposure as on 31st March, 2008 in Rs. 7,70

18. Balance with Government authorities include Rs. 6,50 being cash seized and lying with Income Tax Department since 2002-03. The matter is pending.

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

	2007-08	2006-07
Within India	86,74,66	62,82,72
Outside India	68,46,25	67,86,48

20. Consumption of Raw Materials, Spares and Components :

	Raw Materials				Spares & Components			
	For the year ended 31st March, 2008		For the year ended 31st March, 2007		For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Total	%	Total	%	Total	%	Total	%
Imported	17,45,97	24.52	19,59,49	29.25	18,35	3.74	9,77	2.84
Indigenous	5,37,33	75.48	47,39,54	70.75	4,72,47	96.26	3,34,69	97.16
	<u>71,19,31</u>	<u>100.00</u>	<u>66,99,03</u>	<u>100.00</u>	<u>4,90,82</u>	<u>100.00</u>	<u>3,44,46</u>	<u>100.00</u>
					For the year ended 31st March, 2008		For the year ended 31st March, 2007	

21. Expenditure in Foreign Currencies (paid/provided) :

Travelling	15,72	10,48
Commission	35,02	41,60
Miscellaneous	3,75,55	46,44

22. C.I.F. Value of Imports :

Raw Materials	16,56,01	18,60,18
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23. Earnings in Foreign Exchange :

F.O.B. Value of Exports	62,48,85	62,05,46
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Schedules to the Accounts

SCHEDULE 'N' (Contd.)

(Rs. '000)

24. Raw Materials consumed

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Qty. M.T.	Value	Qty. M.T.	Value
Raw Jute	52,188	70,91,33	38,748	66,85,27
Cotton, Yarn, Viscose & P.P. Tape	—	27,98	—	13,76
		71,19,31		66,99,03

25. Installed Capacity (*)

Particulars	2007-2008 M. T.	2006-2007 M. T.
Installed Capacity	57,500	47,250

* Installed Capacity has been certified by the Company's technical experts.

26. Production, Sales and Stocks

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Qty. M.T.	Value	Qty. M.T.	Value
Production : Jute Goods	47,906	—	35,436	—
Outside Purchases Jute Goods	11	4,00	—	—
Sales : Jute Goods	46,360	1,55,20,91	35,969	1,30,69,20
Damaged / Destroyed	26	9,04	—	—

	Opening Stock 2006-2007		Closing Stock 2006-2007 Opening Stock 2007-2008		Closing Stock 2007-2008	
	Qty. M.T.	Amount	Qty. M.T.	Amount	Qty. M.T.	Amount
Jute Goods	947	3,88,61	414	1,83,79	1945	7,34,73

(Amount includes value of semi-finished goods)

Note : Closing Stock is after adjustment of internal consumption for manufacture of Products and wastage/disposal & samples.

27. Related Party Disclosures

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

A. Relationships

1) Subsidiaries

- Ludlow Exports Ltd.
- Vidun Dealers Ltd.

2) Key Managerial Personnel

- Sri S. S. Kanoria (Executive Chairman)
- Sri D.K.Bubna (Executive Director cum Company Secretary)
- Sri B.M.Thakkar (President - Works)

Schedules to the Accounts

SCHEDULE 'N' (Contd.)

(Rs. '000)

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

	2007-08		2006-07	
	A (1)	A (2)	A (1)	A (2)
a) Sales of goods	—	—	—	—
b) Guarantees given	—	—	—	—
c) Debit balance	2,50	—	2,50	—
d) Credit balance	24,71	—	24,71	—
e) Investment	25,01	—	25,01	—
f) Rendering of services	—	50,10	—	28,41

28. The Company has conducted the impairment test as of 31st March, 2008 as per AS - 28 "Impairment of Assets" and found that recoverable amount of the assets is more than the carrying amount.

29. Earning Per Share :

	As at 31st March, 2008	As at 31st March, 2007
Earning Per Share has been computed as under :		
a) Profit/(Loss) after Taxation as per Profit & Loss Account.	2,93,07	1,41,86
b) Weighted average number of Equity Shares	1,07,73,120	1,07,73,120
c) Basic and Diluted Earnings Per Share (in Rs.) (Face value per share Rs.10/-)	2.72	1.32

30. Figures of the Previous year have been re-grouped/re-arranged/re-casted wherever found necessary.

31. Figures are not exclusively comparable as the mill was under closure from 5th January, 2007 to 8th March, 2007 due to mass Industrial Strike. There were no production activities during that period.

32. Figures of less than Rs.1000 have been shown at actual in brackets in schedules 'D' and 'E'.

Signatures to Schedules "A" to "N"

For SINGHI & CO.

Chartered Accountants

M. L. SHUKLA

Partner

Membership No. 051505

1-B, Old Post Office Street

Kolkata, the 28th day of June, 2008

For and on behalf of the Board

D. K. BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S. S. KANORIA
Ex. Chairman

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS

Registration No.	32394
State Code	21
Balance Sheet Date	31st March, 2008

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. thousands)

Public Issue	Nil
Rights Issue	Nil
Private Placement	Nil
Bonus Issue	Nil

**III. POSITION OF MOBILISATION AND
DEPLOYMENT OF FUNDS**

(Amount in Rs. thousands)

Total Liabilities	304422
Total Assets	304422

SOURCES OF FUNDS

Paid-up Capital	107977
Reserves & Surplus	143990
Secured Loans	52455
Unsecured Loans	Nil
Deferred Tax	Nil

APPLICATION OF FUNDS

Net Fixed Assets	269598
Investments	26029
Current Assets (Net)	256
Misc. Expenditure	Nil
Accumulated Losses	Nil
Deferred Tax	8539

IV. PERFORMANCE OF THE COMPANY

(Amount in Rs. thousands)

Turnover(Gross Revenue)	1638832
Total Expenditure	1595672
Profit/(Loss) before Tax	43160
Profit/(Loss) after Tax	29308
Earnings Per Share (in Rs.)	2.72
Dividend Rate (%)	10% (Proposed)

**V. GENERIC NAMES OF PRINCIPAL
PRODUCTS/SERVICES OF THE COMPANY**

(As per monetary terms)

Item Code No. (ITC Code)	590700
Product Description	Jute Fabrics
Item Code No. (ITC Code)	530700
Product Description	Jute Yarn

For and on behalf of the Board

D. K. BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S. S. KANORIA
Ex. Chairman

Kolkata, the 28th day of June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in '000)

	2007-2008	2006-2007
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT/(LOSS) BEFORE TAX & EXTRAORDINARY ITEMS	4,31,60	2,11,87
Adjustments for :		
Depreciation	1,61,42	1,34,49
Income from Interest	(2,25)	(1,96)
Income from Dividend	(32,84)	(28,04)
Interest Expenses	1,16,14	73,15
(Profit)/Loss from Sale of Fixed Assets	(5,97)	4,96
Provision For Gratuity	3,70,49	80,38
Provision For Leave	18,31	—
Provision for diminution in the value of investment written back	(3)	4
	<u>10,56,87</u>	<u>4,74,89</u>
Adjustment for change in Working Capital		
Trade & other receivables (increase)	(3,13,74)	4,19,09
Inventories	(18,37,62)	62,12
Trade Payables and liabilities	<u>15,68,34</u>	<u>(5,62,42)</u>
CASH GENERATED FROM OPERATIONS	<u>4,73,85</u>	<u>3,93,68</u>
Income tax Net of paid/provisions (including FBT)	<u>3,05,54</u>	<u>1,36,26</u>
NET CASH FROM OPERATING ACTIVITIES	<u>1,68,31</u>	<u>2,57,42</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(9,99,50)	(1,24,97)
Sale/Adjustment of Fixed Assets	26,88	3,84
Sale/(Purchase) of Investment	2,00,00	(2,00,00)
Interest Received	2,25	1,96
Dividend Received	<u>32,84</u>	<u>28,04</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(7,37,53)</u>	<u>(2,91,13)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Borrowings	5,24,55	—
Interest Paid	(1,16,14)	(73,15)
CASH FLOW USED IN FINANCING ACTIVITIES	<u>4,08,41</u>	<u>(73,15)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	<u>(1,60,81)</u>	<u>(1,06,86)</u>
OPENING CASH & CASH EQUIVALENTS	<u>2,39,88</u>	<u>3,46,74</u>
CLOSING CASH & CASH EQUIVALENTS	<u>79,07</u>	<u>2,39,88</u>
CASH & CASH EQUIVALENTS COMPRISES		
Cash and Bank Balances	79,07	2,39,88

Notes :

1. Above statement has been prepared in indirect method except in case of interest, dividend, purchase of investments and taxes which have been considered on the basis of the actual movement of cash, with corresponding adjustments in assets & liabilities.
2. Additions to Fixed Assets are stated at inclusive of movements of Capital Work-in-Progress between beginning and end of the year and treated as part of investing activities.
3. Figures have been regrouped where ever necessary.

As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants

M. L. SHUKLA

Partner

Membership No. 051505

1-B, Old Post Office Street

Kolkata, the 28th day of June, 2008

For and on behalf of the Board

D. K. BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S. S. KANORIA
Ex. Chairman

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

Section 212 (1) (e)

<u>Name of Subsidiary Companies</u>	<u>Financial Year ended</u>	<u>Holding Company's Interest</u>
Vidun Dealers Limited	31.3.2008	100.00%
Ludlow Exports Limited	31.3.2008	100.00%
	<u>For the Financial Year ended 31.3.2008</u>	<u>For the Previous Financial Year ended 31.03.2007</u>
	(in Rs.)	(in Rs.)

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 :

Vidun Dealers Limited	(10827)	(18915)
Ludlow Exports Limited	(18123)	39071

- ii) Net aggregate amount of Subsidiary's profit dealt with in the Company's Accounts.

Nil Nil

SECTION 212 (5)

The Financial years of the Subsidiary 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 28th day of June, 2008

D. K. BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S. S. KANORIA
Ex. Chairman

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF LUDLOW JUTE & SPECIALITIES LIMITED
(FORMERLY AEKTA LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LUDLOW
JUTE & SPECIALITIES LIMITED (FORMERLY AEKTA LIMITED) AND ITS SUBSIDIARIES**

1. We have examined the attached consolidated Balance Sheet of **Ludlow Jute & Specialities Limited** (Formerly Aekta Limited) and its subsidiaries as at 31st March, 2008 and also the consolidated Profit & Loss Account of the said Company for the year ended on that date annexed hereto and the consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statement reflect total assets of Rs. 26.01 Lacs as at 31st March 2008 and total revenues of Rs. Nil for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of Accounting Standard (AS) 21 "Consolidated Financial Statement" on the basis of the separate audited financial statement of Ludlow Jute & Specialities Limited (Formerly Aekta Limited) and its subsidiaries included in the Consolidated Financial Statement.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of Ludlow Jute & Specialities Limited (Formerly Aekta Limited) and its aforesaid subsidiaries and *read with the accounting policies & other Notes in Schedule "M" give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view :-*
 - i) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of Ludlow Jute & Specialities Limited (Formerly Aekta Limited) and its subsidiaries as at 31st March, 2008;
 - ii) In the case of the consolidated Profit & Loss Account, of the consolidated result of operations of Ludlow Jute & Specialities Limited (Formerly Aekta Limited) and its subsidiaries for the year ended on that date; and
 - iii) In the case of the consolidated Cash Flow Statement, of the consolidated Cash Flow of Ludlow Jute & Specialities Limited (Formerly Aekta Limited) and its subsidiaries for the year ended on that date.

1-B, Old Post Office Street
Place : Kolkata
Dated : 28th day of June, 2008

For SINGHI & CO.
Chartered Accountants

M. L. SHUKLA
Partner
Membership No. 051505

Ludlow Jute & Specialities Limited

Consolidated Balance Sheet of Ludlow Jute & Specialities Ltd. and its Subsidiaries as at 31st March, 2008

(Rs. in '000)			
	Schedule	As at 31st March, 2008	As at 31st March, 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	'A'	10,79,77	10,79,77
Reserves & Surplus	'B'	14,37,81	14,35,95
Loan Funds			
Secured Loans	'C'	5,24,55	—
Deferred Tax Liability (Net)		—	61,46
Total Funds Employed		30,42,13	25,77,18
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	'D'	70,06,21	61,63,47
Less : Depreciation		44,43,79	42,02,24
Net Block		25,62,42	19,61,23
Capital Work-in-Progress		1,33,56	—
Investments		2,35,29	4,35,26
Deferred Tax Assets (Net)		85,39	—
Current Assets, Loans & Advances			
Inventories	'E'	32,92,21	14,54,60
Sundry Debtors		8,34,90	5,34,23
Cash & Bank Balances		79,72	2,41,13
Loans, Advances & Deposits		6,57,11	3,38,55
		48,63,94	25,68,51
Less : Current Liabilities & Provisions			
Current Liabilities	'F'	31,20,72	15,51,12
Provisions		17,17,75	8,36,70
		48,38,47	23,87,82
Net Current Assets		25,47	1,80,69
Total Assets		30,42,13	25,77,18
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS			
	'M'		

The Schedules referred to above form an integral part of the Balance sheet

As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants

M. L. SHUKLA

Partner

Membership No. 051505

1-B, Old Post Office Street

Kolkata, the 28th day of June, 2008

For and on behalf of the Board

D.K.BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S.S.KANORIA
Ex. Chairman

Consolidated Profit & Loss A/c. of Ludlow Jute & Specialities Ltd. and its Subsidiaries as at 31st March, 2008

(Rs. in '000)

	Schedule	For the year ended 31st March, 2008	For the year ended 31st March, 2007
INCOME			
Sales	'G'	1,55,37,89	1,31,46,87
Other Income	'H'	3,14,41	66,22
Increase/(Decrease) in Finished Goods and Process Stocks	'I'	5,36,02	(1,77,22)
		<u>1,63,88,32</u>	<u>1,30,35,87</u>
EXPENDITURE			
Raw Materials Consumed	'J'	71,19,31	66,99,03
Purchase of Finished Goods		4,01	48,47
Manufacturing, Selling, Administrative and Other Expenses	'K'	85,56,13	58,68,45
Interest	'L'	1,16,14	73,15
		<u>1,57,95,59</u>	<u>1,26,89,10</u>
Profit/(Loss) Before Depreciation & Tax		5,92,73	3,46,77
Less : Depreciation		2,43,60	2,16,67
Less : Transferred from Revaluation Reserve		82,18	82,18
		1,61,42	1,34,49
Profit/(Loss) Before Tax		4,31,31	2,12,28
Less : Provision for			
Income Tax		2,34,54	1,14,09
Deferred Tax		(1,04,34)	(51,78)
Fringe Benefit Tax		8,23	7,90
Profit After Tax		2,92,88	1,42,07
Balance Brought Forward from Last A/c		1,94,39	52,32
Less : Goodwill written off		25	—
Less : Adj. for employees benefit net of deferred tax {see note No. B-7(b)(vi) in Schedule "M"}		82,54	—
		1,11,60	52,32
Balance available for appropriation		4,04,48	1,94,39
Proposed Dividend		1,07,73	—
Corporate Dividend Tax		18,31	—
Balance carried to Balance Sheet		2,78,44	1,94,39
Basic & Diluted Earning Per Share (Rs.)		2.72	1.32

**SIGNIFICANT ACCOUNTING POLICIES
& NOTES ON ACCOUNTS**

'M'

The Schedules referred to above form an integral part of the Profit & Loss Account
As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants

M. L. SHUKLA

Partner

Membership No. 051505

1-B, Old Post Office Street

Kolkata, the 28th day of June, 2008

For and on behalf of the Board

D.K.BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S.S.KANORIA
Ex. Chairman

Schedules to the consolidated Balance Sheet

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
14990000 Equity Shares of Rs.10/- each	14,99,00	14,99,00
1000 Redeemable Preference Shares of Rs.100/- each	1,00	1,00
	<u>15,00,00</u>	<u>15,00,00</u>
ISSUED, SUBSCRIBED AND PAID UP		
10773120 Equity Shares of Rs.10/- each paid up (Out of above 6,00,000 Equity Shares issued for consideration other than cash in pursuance of Scheme of Arrangement sanctioned by High Court).	10,77,31	10,77,31
Add : Share Forfeiture	2,46	2,46
	<u>10,79,77</u>	<u>10,79,77</u>
SCHEDULE 'B'		
RESERVES & SURPLUS		
Capital Reserve (As per Last Balance Sheet)	10,54	10,54
Capital Redemption Reserve	5	5
Revaluation Reserve	6,45,01	7,27,20
Less : Transferred to Profit & Loss Account	82,18	82,18
	<u>5,62,83</u>	<u>6,45,02</u>
Share Premium (As per Last Balance Sheet)	5,85,95	5,85,95
Profit/(Loss) as per Account Annexed	2,78,44	1,94,39
	<u>14,37,81</u>	<u>14,35,95</u>
SCHEDULE 'C'		
SECURED LOANS		
OTHERS		
From Banks	5,24,55	—
	<u>5,24,55</u>	<u>—</u>

Note : Secured against hypothecation of stocks and book debts and also first charge on Fixed Assets of the Company.

Schedules to the consolidated Balance Sheet

SCHEDULE 'D'

FIXED ASSETS

(Rs. in '000)

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Total Value As at 1.4.2007	Addition and/or Adjust-ment	Sales and/or Adjust-ment	Total Value As at 31.3.2008	Total as on 1.4.2007	Provided for the year	Sales/ Adj. for the year	Depreciation for Revaluation Increase	Total upto 31.3.2008	As at 31.3.2008	As at 31.3.2007
Goodwill	25	—	25	(1)	—	—	—	—	—	(1)	25
Freehold/Leasehold Land	1,39,09	—	—	1,39,09	—	—	—	—	—	1,39,09	1,39,09
Buildings	14,05,12	42,17	—	14,47,29	8,91,48	5,41	—	47,66	9,44,55	5,02,74	5,13,64
Plant & Machinery	40,05,46	7,80,80	56,89	47,29,37	29,83,04	1,25,88	14	28,71	31,37,49	15,91,88	10,22,42
Workshop Machinery & Installations	21,96	—	—	21,96	21,95	—	—	—	21,95	1	1
Electrical Machinery & Installations	1,33,45	—	—	1,33,45	59,49	6,85	—	1,10	67,44	66,01	73,96
Water Supply Installations	1,22,80	—	—	1,22,80	49,61	1,40	—	2,80	53,81	68,99	73,19
Roads, Drainage, Fencing & Jetties	55,46	—	—	55,46	17,25	74	—	23	18,22	37,24	38,21
Motor Vehicles & Fork Lifts	1,94,46	62,76	23,93	2,33,29	1,15,14	12,30	1,91	1,68	1,27,21	1,06,08	79,32
Motor Launch	20	—	—	20	19	—	—	—	19	1	1
Furniture & Fixtures, Office Equipments, Air-Conditioners, Telephone Installations & Laboratory Equipments	85,22	38,08	—	1,23,30	64,09	8,84	—	—	72,93	50,37	21,13
Total	61,63,47	9,23,81	81,07	70,06,21	42,02,24	1,61,42	2,05	82,18	44,43,79	25,62,42	19,61,23
Previous Year	60,27,10	1,56,57	20,20	61,63,47	39,89,07	1,34,48	3,49	82,18	42,02,24	19,61,23	

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 Rs. 30,04,76 on Net Current Replacement Basis. This increase had been transferred to Revaluation Reserve Account. After adjustment in respect of Fixed Assets sold/discarded the Revaluation Reserve now stands at Rs. 5,62,83 as on 31.03.2008.

Schedules to the consolidated Balance Sheet

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 'E'		
CURRENT ASSETS, LOANS, ADVANCES & DEPOSITS		
(A) CURRENT ASSETS		
Closing Stock (as taken, valued and certified by the Management) :		
Stores, Spare Parts & Packing Materials (at cost)	1,30,40	1,09,79
<u>Raw Materials</u>		
Raw Jute	23,22,89	10,47,52
(at lower of cost or net realisable value)		
Finished Goods (Includes Rs.6,99 on account of Jute Manufacturing cess)	7,34,73	1,83,79
(at lower of cost or net realisable value)		
Stock-in-Process	1,04,19	1,13,50
(at lower of cost or net realisable value)		
	32,92,21	14,54,60
SUNDRY DEBTORS		
Debts exceeding six months		
Unsecured Considered good	77,31	72,86
Considered doubtful	—	2,54
Less : Provision for Doubtful Debts	—	2,54
Other Debts		
Unsecured Considered good	7,57,59	4,61,37
	8,34,90	5,34,23
CASH AND BANK BALANCES		
Cash in hand (incl. stamps) (as certified by the management)	8,96	7,55
Balances with Scheduled Banks		
in Current Accounts	24,57	1,37,01
in Margin Account	1,20	1,20
in EEFC Account	2,99	95,37
in Fixed Deposit Account	42,00	—
	79,72	2,41,13

Schedules to the consolidated Balance Sheet

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
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SCHEDULE 'E' (Contd.)

(B) LOANS, ADVANCES & DEPOSITS

Advances (recoverable in cash or in kind or for value to be received and/or pending adjustment) (Unsecured, considered good/ except otherwise stated)

For purchase of goods	47,25	23,97
Advance against Income Tax & TDS	4,36,22	1,34,18
Advance against Fringe Benefit Tax	17,93	14,48
Prepaid and for other expenses	24,10	20,11
To Others	9,80	9,81
To Workmen Festival Advance	3,03	30,06
To Staff	1,67	63
Balance with Government Authorities	43,77	45,95
Claims Receivable etc.	—	4,34
DEPB Licence Receivable	28,46	20,97
Deposits (Unsecured, considered good/ except otherwise stated)	4,77	2,33
Duty Draw Back Receivable	40,11	31,72
	<u>6,57,11</u>	<u>3,38,55</u>

SCHEDULE 'F'

CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Sundry Creditors

Due to SSI Units	19,48	10,70
Due to Others	30,90,87	15,30,07
Security & Trade Deposits	10,37	10,35
	<u>31,20,72</u>	<u>15,51,12</u>

PROVISIONS

For Disputed Statutory Dues

i) Employee State Insurance	2,59	4,09
ii) Land Revenue Tax	49	49
For Gratuity	11,26,46	6,30,93
For Leave Pay	58,80	40,48
For Income Tax	3,80,54	1,46,11
For Fringe Benefit Tax	22,83	14,60
For Proposed Dividend	1,07,73	—
For Proposed Dividend Tax	18,31	—
	<u>17,17,75</u>	<u>8,36,70</u>

Schedules to the Profit & Loss Account

(Rs. in '000)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
SCHEDULE 'G'		
SALES		
Finished Products	1,55,20,91	1,31,19,06
Less : Jute Manufacturing Cess	1,47,30	1,26,29
Refer note B(8) in Schedule "M"		
	<u>1,53,73,61</u>	<u>1,29,92,77</u>
Add : SALES RELATED INCOME		
External Market Assistance	—	20,00
Income from DEPB Entitlement	16,33	40,36
Duty Draw Back	1,47,95	93,74
Sub Total	<u>1,64,28</u>	<u>1,54,10</u>
Grand Total	<u>1,55,37,89</u>	<u>1,31,46,87</u>
SCHEDULE 'H'		
OTHER INCOME		
Rent (TDS Rs. Nil, Previous Year Rs. Nil)	12,48	8,98
Exchange Fluctuation Gain	2,23,47	12,28
Miscellaneous Income	26,15	14,71
Insurance & Other Claims	10,13	25
Excess Liabilities & Credit balance w/back	1,10	—
Dividend received (on Long-term Investments)	32,84	28,04
Interest received (TDS Rs. Nil, Previous Year Rs. 07)	2,24	1,96
Profit on Sale of Fixed Assets	5,97	—
Provision for Diminution in Investment w/back	3	—
	<u>3,14,41</u>	<u>66,22</u>
SCHEDULE 'I'		
INCREASE/(DECREASE) IN STOCK		
OPENING STOCK		
Finished Goods (including Semi-finished goods Rs. 44,60)	1,83,79	3,88,61
Stock-in-Process	1,13,50	88,40
	<u>2,97,29</u>	<u>4,77,01</u>
CLOSING STOCK		
Deduct : Finished Goods (including Semi-finished goods Rs. 84,66)	7,34,73	1,83,79
Stock-in-Process	1,04,19	1,13,50
	<u>8,38,92</u>	<u>2,97,29</u>
	5,41,63	(1,79,72)
Less : Differences of charges on account of Cess on Opening and Closing Stock	5,61	(2,50)
Net Differences	<u>5,36,02</u>	<u>(1,77,22)</u>

Schedules to the Profit & Loss Account

(Rs. in '000)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
SCHEDULE 'J'		
RAW MATERIALS CONSUMED		
Opening Stock	10,47,52	9,38,47
Add : Purchases	83,94,68	68,08,08
	94,42,20	77,46,55
Less : Closing Stock	23,22,89	10,47,52
	<u>71,19,31</u>	<u>66,99,03</u>
SCHEDULE 'K'		
MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Consumption of Stores & Spares (including packing materials)	10,17,52	7,65,30
Power & Fuel	9,38,17	6,80,34
Manufacturing & Processing Expenses	2,53,18	1,69,46
Salaries, Wages & Bonus	32,78,43	21,85,75
Gratuity (Refer Note No. B-10 of Schedule M)	4,66,16	1,80,01
Contribution to P. F. & Other Funds	4,53,88	2,90,25
Staff & Workers Welfare Expenses	46,95	41,80
Rates & Taxes	6,20	6,27
Rent	28,84	19,38
Insurance	44,59	54,23
Repairs & Maintenance :		
Plant & Machinery	1,45,01	1,16,45
Buildings	1,29,10	73,55
Others	58,93	30,92
Commission & Brokerage on Sales	49,39	60,27
Freight, Transport & Selling Expenses	14,36,70	10,08,30
Travelling Expenses (Including Directors' Travelling Rs. 28,55)	40,05	19,60
Legal & Professional Expenses	25,18	35,62
Bad Debts	—	21
Provision for Diminution of Investment	—	4
Miscellaneous Expenses	1,31,68	1,20,20
Loss on Sale of Fixed Assets	—	4,96
Directors' Fee	2,67	2,06
Payment to Auditors :		
Audit Fee	2,37	2,36
Fees for certification	93	92
Cost Audit Fees	20	20
	<u>85,56,13</u>	<u>58,68,45</u>
SCHEDULE 'L'		
INTEREST		
To Banks & Others	1,16,14	73,15
	<u>1,16,14</u>	<u>73,15</u>

Schedules to the Accounts**SCHEDULE 'M'****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****PRINCIPLES OF CONSOLIDATION**

The Consolidated Financial Statements have been prepared in accordance with the generally accepted accounting principles and Accounting Standards issued by "The Institute of Chartered Accountants of India". The Consolidated Financial Statement relate to Ludlow Jute & Specialities Limited (formerly Aekta Limited), the parent Company and its two subsidiary companies. In the Consolidated Financial Statement the term "Company" refers to Ludlow Jute & Specialities Limited (formerly Aekta Limited) and collectively with its subsidiaries refers to as the "Group".

The subsidiary companies considered in the consolidated financial statements are :

Sl. No.	Name of the Company	Country of Incorporation	% of Holding
1.	Vidun Dealers Limited	India	100
2.	Ludlow Export Limited	India	100

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES****1. Fixed Assets & Capital Work-in-Progress**

Fixed Assets including modernisation expenses incurred as per schemes are stated at cost of acquisition, construction and improvement made which is inclusive of freight, duties, taxes, incidental expenses, interest and other pre-operative expenses apportioned and also includes revaluation amount.

Capital Work-in-Progress is stated at cost.

2. Intangible Assets

Intangible Assets are stated at cost. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

3. Depreciation and Amortisation

a) Depreciation on Fixed Assets has been provided on straight-line method at the Rate 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.

4. Impairment

Impairment loss is recognised wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognised 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 recognised in prior years is adjusted when there is an indication that the Impairment losses recognised for the asset no longer exist or have decreased.

5. 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.

Schedules to the Accounts

SCHEDULE 'M' (Contd.)

6. 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 realisable value whichever is lower
Work-in-Progress	: At Cost, based on weighted average method or Net realisable value whichever is lower
Finished Goods	: At Cost based on standard cost duly adjusting the variance or net realisable value, whichever is lower

7. Foreign Currency Transactions

Foreign Currency Transactions are recorded at the exchange rate prevailing on the date of transactions. Premium on forward contract are being accounted for during the life of the contract. Foreign Currency Assets/Liabilities, not covered by forward contracts, are reinstated at the rate prevailing at the year-end.

8. Recognition of Income and Expenditure

Items of Income and Expenditure are recognised on accrual basis.

9. Sales

Sales are inclusive of transport & delivery charges realised less excise duty, cess, rebates & claims, sales returns & discounts including for earlier years.

10. Borrowing Cost

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

11. Employee Benefit

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

12. 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 substantially 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. Fringe Benefit Tax is accounted for on the estimated value of fringe benefits for the year as per the related provisions of Income Tax Act, 1961.

Schedules to the Accounts

SCHEDULE 'M' (Contd.)

(Rs. in '000)

13. Provision, Contingent Liability and Contingent Assets

Provisions are recognised 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 recognised nor disclosed in financial statement.

14. Government Grant

Grant from Government are recognised on compliance of conditions and on reasonable assurance of the same being received. Capital incentives received during the year are deducted from Fixed Assets. Revenue Grants related to export incentives are shown under the head Sales as Sales related income & other grants are deducted from the other expenses.

B. NOTES ON ACCOUNTS :

	As at 31st March, 2008	As at 31st March, 2007
1 Contingent Liabilities not provided for in respect of :		
a) Bills Discounted with Banks	6,05,75	97,50
b) Other Disputed Claims (ESI) (Advance paid Rs. 17,13)	56,91	56,91
c) Excise Duty Demand disputed		
(i) Excise Authority raised the demand on transit loss of JBO 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. (An advance of Rs. 3,00 paid during the year)	17,80	17,80
(iii) Penalty imposed by Excise Official on Jute Twine lifted during 2006-07, pending before Central Excise Appeal.	5	—
d) (i) Disputed demand against Sales Tax for which the Company has preferred appeal (Advance paid Rs. 12,70)	77,25	77,25
(ii) Disputed demand against Sales Tax for the 4 Q. E. 31.03.2005 for which Appeal is pending before D.C.C.T. (CD).	22,36	—
e) Disputed demand against Income Tax for which Appeals are pending with ITAT (A.Y. 2002-03 & 2003-04)	37,09	37,09
f) 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.	54,28	42,74

Schedules to the Accounts

SCHEDULE 'M' (Contd.)

(Rs. in '000)

	As at 31st March, 2008	As at 31st March, 2007
2. a) Outstanding Bank Guarantees	2,55,22	2,32,94
b) Outstanding Letter of Credit	5,12,82	4,49,37
3. Estimated amount of contracts remaining to be executed on Capital Account not provided for (Advance given Rs. 16,69)	54,46	1,51,02
4. Sundry Creditors include Advance against sale of goods	33,19	27,11
5. Remuneration to Executive Chairman & Executive Director cum Company Secretary for the year is debited to respective heads of account.		
- Salary	26,00	11,80
- Contribution to Provident Fund	2,60	1,18
- Perquisites	10,41	6,00

6. Disclosure as per Accounting Standard - 29

Particulars	Opening Balance	Addition	Deduction	Closing Balance
Disputed Statutory Matter	458	—	150	308

Represents the provision for disputed Statutory liabilities on account of cases pending with courts /or concerned authorities based on estimate made by the company considering the facts & circumstances.

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

a) The amount recognised as expenses for the Defined Contribution Plans are as under :-

For the year ended
31st March, 2008

i) Employees Provident Fund	14,60
ii) Employees Pension Scheme	2,22,33
iii) Employees State Insurance	1,50,50
iv) Employees Deposit Linked Insurance	12,84
v) Labour Welfare Fund	77

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

i) Benefits are of the following types :

— Every employee who has completed 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 recognised in the Balance Sheet as at 31st March 2008 are as follows :

	Gratuity
Present Value of unfunded obligations	11,26,46
Unrecognised past service cost	—
Liabilities in respect of unfunded obligations Based on actuarial basis	11,26,46

Schedules to the Accounts

SCHEDULE "M" (Contd.)

(Rs. in '000)

The amounts recognised in the Profit and Loss account for the year ended 31st March 2008 are as follow :

Current service cost	1,07,16
Interest on obligation	86,93
Expected Return on plan assets	—
Expected Return on any reimbursement right	—
Recognised as an asset	
Net actuarial losses / (gains) recognised during the year	(1,63,69)
Past service cost	—
Losses / (gains) on curtailments and settlements	—
Total on the basis of actuarial basis included in 'Payments to and provisions for Employees'	30,40
Gratuity Expenses on actual basis included in 'Payments to and provisions for Employees'	95,67

iii) Principal actuarial assumptions at the balance sheet date are as follows :

Discount rate at 31st March	7.50% p.a.
Mortality Rate	LIC (1994-96) Ultimate table
Salary escalation	5% p.a.
Withdrawal rate	2% to 1% depending on age and length of service

- iv) The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- v) In respect of provident funds in the nature of defined benefits plan, pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability and therefore contribution to those provident funds amounting to Rs. 53.61 during the year is recognised as expense and included in 'Payments to and Provision for Employees'.
- vi) Since AS-15 (Revised 2005) on employee benefits has been implemented for the first time, disclosures are given only for the current year.
8. Sales include Rs. 13,99,86 on account of goods sent on consignment (Previous year Rs. 8,69,52) has been considered on the basis of proforma invoice/actual realisation. However, the Management does not anticipate any loss on this account.
9. Raw materials, Stores & Spares Parts consumed include profit and/or loss on sale and excess/short found on physical verification.
10. During the year the company has further provided the balance gratuity of Rs. 3,70,49 (which pertains to the period up to 31.03.2007). Rs. 82,54 net of deferred tax assets of Rs. 42,50 adjusted with opening balance of Profit & Loss Accounts as on 01.04.2007. In addition to above Rs. 6,30,93 already provided up to last year out of total gratuity liability as per actuarial valuation as on 31.03.08 of Rs. 11,26,46 (Previous year Rs. 10,66,67).
11. The amount of borrowing cost capitalised during the year is Rs. Nil.
12. The financial effects of changes in Foreign Exchange rate are as under :
 - i) Net gain of Rs. 2,19,40 for the year on account of exchange difference is included in "Other Income" under Schedule I.

Schedules to the Accounts

SCHEDULE "M" (Contd.)

(Rs. in '000)

- ii) Exchange difference adjusted in the carrying amount of EEFC (Dollar deposit) A/c during the year is Rs. 5 (Loss).
- iii) Exchange difference loss in respect of forward exchange contract is recognised in the Profit or Loss for the accounting year is Rs. 4,11 excluded in para (i) above.
13. The company is entitled for export incentives available under target plus scheme, in relation to additional export made during the year as per Foreign Trade Policy. The incentive under the scheme is non-transferable and can be utilised for import of material only. Due to uncertainty about sufficient future import of material within stipulated time for utilising the incentive, the company has not recognised the export incentive during the year. The same will be accounted for on certainty about the utilisation of incentives on import of material.
14. Break up of major component of Deferred Tax at the year end is as follows :

	As at 31st March, 2008	As at 31st March, 2007
Liability		
Timing difference in depreciable Assets	3,17,90	2,91,01
Total : A	3,17,90	2,91,01
Assets		
Provision for Leave, Doubtful Debts & Gratuity	4,02,86	2,29,12
Other timing difference	43	43
Total : B	4,03,29	2,29,55
Deferred Tax (Assets)/ Liability Net (A - B)	(85,39)	61,46

15. a) Foreign Exchange Forward/Option Contracts taken for future transaction for hedging and outstanding as on 31st March, 2008 are as follows :

Currency	Nature of transactions	Amount in US\$	Exposure
US\$	SELL	8242	US\$ earning

- b) Unhedged foreign currency exposure as on 31st March, 2008 in Rs. 7,70
16. Balance with Government authorities include Rs. 6,50 being cash seized and lying with Income Tax Department since 2002-03. The matter is pending.
17. As Company's business activities falls within a single primary business segment viz. Jute Goods, the disclosure requirements of Accounting Standard 17 'Segment Reporting' issued by Institute of Chartered Accountants of India are not applicable in respect of business segment. However, the geographical segments considered for disclosures are on the basis of sales are as under :

	2007-08	2006-07
Within India	86,74,66	62,82,72
Outside India	68,46,25	67,86,48

18. Related Party Disclosures

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

A. Key Managerial Personnel

- a) Sri S. S. Kanoria (Executive Chairman)
- b) Sri D. K. Bubna (Executive Director cum Company Secretary)
- c) Sri B. M. Thakkar (President - Works)

Schedules to the Accounts

SCHEDULE 'M' (Contd.)

(Rs. in '000)

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

	2007-08	2006-07
Rendering of services	50,10	28,41

19. The Company has conducted the impairment test as of 31st March, 2008 as per AS-28 "Impairment of Assets" and found that recoverable amount of the assets is more than the carrying amount.

20. Earning Per Share :

	As at 31st March, 2008	As at 31st March, 2007
Earning Per share has been computed as under :		
a) Profit/(Loss) after Taxation as per Profit & Loss Account.	2,93,07	1,41,86
b) Weighted average number of Equity Shares	1,07,73,120	1,07,73,120
c) Basic and Diluted Earnings Per Share (in Rs.) (Face value per share Rs.10/-)	2.72	1.32

21. Figures are not exclusively comparable as the Ludlow Jute Mill was under closure from 5th January, 2007 to 8th March, 2007 due to mass Industrial Strike. There were no production activities during that period.

22. Figures of less than Rs.1,000 have been shown at actual in brackets in schedules 'D' and 'E'.

23. Figures of the Previous year have been re-grouped/re-arranged/re-casted wherever found necessary.

Signatures to Schedules 'A' to 'M'

For SINGHI & CO.

Chartered Accountants

M. L. SHUKLA

Partner

Membership No. 051505

1-B, Old Post Office Street

Kolkata, the 28th day of June, 2008

For and on behalf of the Board

D.K.BUBNA

Executive Director cum
Company Secretary

A. C. MUKHERJI

Director

S.S.KANORIA

Ex. Chairman

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS

Registration No.	32394
State Code	21
Balance Sheet Date	31st March, 2008

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. thousands)

Public Issue	Nil
Right Issue	Nil
Private Placement	Nil
Bonus Issue	Nil

**III. POSITION OF MOBILISATION AND
DEPLOYMENT OF FUNDS**

(Amount in Rs. thousands)

Total Liabilities	30,42,13
Total Assets	30,42,13

SOURCES OF FUNDS

Paid-up Capital	10,79,77
Reserves & Surplus	14,37,81
Secured Loans	5,24,55
Unsecured Loans	Nil
Deferred Tax	Nil

APPLICATION OF FUNDS

Net Fixed Assets	26,95,98
Investments	2,35,29
Current Assets (Net)	25,47
Misc. Expenditure	Nil
Accumulated Losses	Nil
Deferred Tax	85,39

IV. PERFORMANCE OF THE COMPANY

(Amount in Rs. thousands)

Turnover (Gross Revenue)	1,63,88,32
Total Expenditure	1,59,57,01
Profit/(Loss) before Tax	4,31,31
Profit/(Loss) after Tax	2,92,88
Earnings Per Share (in Rs.)	2.72
Dividend Rate (%)	10% (Proposed)

**V. GENERIC NAMES OF PRINCIPAL
PRODUCTS/SERVICES OF THE COMPANY**

(As per monetary terms)

Item Code No. (ITC Code)	590700
Product Description	Jute Fabrics
Item Code No. (ITC Code)	530700
Product Description	Jute Yarn

For and on behalf of the Board

	D. K. BUBNA	A. C. MUKHERJI	S. S. KANORIA
	Executive Director cum	Director	Ex. Chairman
Kolkata, the 28th day of June, 2008	Company Secretary		

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs'000)

	2007-2008	2006-2007
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT/(LOSS) BEFORE TAX & EXTRAORDINARY ITEMS	4,31,31	2,12,28
Adjustments for :		
Depreciation	1,61,42	1,34,49
Income from Interest	(2,25)	(1,96)
Income from Dividend	(32,84)	(28,04)
Interest Expenses	1,16,14	73,15
(Profit)/Loss from Sale of Fixed Assets	(5,97)	4,96
Provision for Gratuity	3,70,49	80,38
Provision for Leave	18,31	—
Provision for diminution in the value of investment Written Back	(3)	4
	<u>10,56,58</u>	<u>4,75,30</u>
Adjustment for change in Working Capital		
Trade & other receivables decrease/(increase)	(3,13,69)	4,19,33
Inventories	(18,37,61)	62,12
Trade Payables and liabilities	<u>15,68,10</u>	<u>(5,62,45)</u>
CASH GENERATED FROM OPERATIONS	<u>4,73,38</u>	<u>3,94,30</u>
Income tax Net of paid/provisions (including FBT)	<u>3,05,67</u>	<u>1,36,26</u>
NET CASH FROM OPERATING ACTIVITIES	<u>1,67,71</u>	<u>2,58,04</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(9,99,50)	(1,24,97)
Sale/Adjustment of Fixed Assets	26,88	3,84
Sale/(Purchase) of Investment	2,00,00	(2,00,00)
Interest Received	2,25	1,96
Dividend Received	<u>32,84</u>	<u>28,04</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(7,37,53)</u>	<u>(2,91,13)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Borrowings	5,24,55	—
Interest Paid	<u>(1,16,14)</u>	<u>(73,15)</u>
CASH FLOW USED IN FINANCING ACTIVITIES	<u>4,08,41</u>	<u>(73,15)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	<u>(1,61,41)</u>	<u>(1,06,24)</u>
OPENING CASH & CASH EQUIVALENTS	<u>2,41,13</u>	<u>3,47,37</u>
CLOSING CASH & CASH EQUIVALENTS	<u>79,72</u>	<u>2,41,13</u>
CASH & CASH EQUIVALENTS COMPRISES		
Cash and Bank Balances	79,72	2,41,13

- Notes :**
1. Above statement has been prepared in indirect method except in case of interest, dividend, purchase of investments and taxes which have been considered on the basis of the actual movement of cash, with corresponding adjustments in assets & liabilities.
 2. Additions to Fixed Assets are stated at inclusive of movements of Capital Work-in-Progress between beginning and end of the year and treated as part of investing activities.
 3. Figures have been re-grouped where ever necessary.

As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants

M. L. SHUKLA

Partner

Membership No. 051505

1-B, Old Post Office Street

Kolkata, the 28th day of June, 2008

For and on behalf of the Board

D. K. BUBNA
Executive Director cum
Company Secretary

A. C. MUKHERJI
Director

S. S. KANORIA
Ex. Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

Yours Directors have pleasure in presenting the 24th Annual Report along with the Audited Statements of Accounts of the Company for the year ended 31st March, 2008.

	2007-2008 (Rs.)	2006-2007 (Rs.)
FINANCIAL RESULTS		
Profit/(Loss) for the year	(10,827)	(18,915)
Less : Provision for Taxation	—	—
Profit/(Loss) for the year	(10,827)	(18,915)
Add : Balance Brought forward from last year	(2,16,697)	(1,97,782)
Balance carried forward	(2,27,524)	(2,16,697)

In view of carry forward losses, the Directors regret that they are unable to recommend dividend for the year under review.

DIRECTORATE

Shri M. P. Sanganageria, Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2008, the

applicable accounting standards had 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 reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2008, on a 'going concern' basis.

AUDITORS

Messrs. Salarpuria Jajodia & Co., Chartered Accountants, Statutory Auditors of the Company, retire and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The observations of auditors in their report are self-explanatory and need no further clarifications.

For and on behalf of the Board

Registered Office :
6, Little Russell Street
Kolkata - 700 071
The 20th day of June, 2008

B. K. SHAH
Director

M. P. SANGANERIA
Director

AUDITORS' REPORT**TO THE MEMBERS**

We have audited the attached Balance Sheet of **VIDUN DEALERS LTD.** as at 31st March, 2008 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

- ii) 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.
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) Since we have not received any written representation from Directors of the Company, we are unable to report about director's disqualification as at 31.03.2008, pursuant to Clause(g) of sub-section 1 of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes given in Schedule 'G' give the information required by the Companies Act, 1956, 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 31st March, 2008;
- b) in the case of the Profit & Loss Account of the Loss for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For SALARPURIA JAJODIA & CO.
Chartered Accountants

7, Chittaranjan Avenue
Kolkata - 700 072
The 20th day of June, 2008

RAKESH SALARPURIA
Partner
Membership No. 51374

ANNEXURE TO THE AUDITORS' REPORT

- 1) As the company has no fixed assets the Clauses (i) (a) (b) & (c) of the said order are not applicable.
- 2) As the company has no Inventories Clauses (ii) (a) (b) & (c) of the said order are not applicable to this Company.
- 3) As explained, during the year the company has not taken or granted any loans from Parties as are listed in the Register maintained U/s. 301 of the Companies Act, 1956, the comment on Clauses iii (a) to iii (g) does not arise. However, the company has taken advances from its holding company, the terms and conditions on which advance taken are not prima facie prejudicial to the interest of the company.
- 4) Based on the audit procedures applied by us & according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register maintained U/s. 301 have been so entered. There was no transactions exceeding value of Rs. 5 lacs in respect of any party and as such comment on Clause No. v(b) does not arise.
- 5) Since the paid up capital and reserves of the company is less than Rs. 50 lacs as at the commencement of the financial year concerned and the company has not started operational activities. So the company is not required to have an internal audit system.
- 6) a) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 2008, for a period of more than six months from the date they became payable.
b) According to the information and explanations given to us there is no disputed demand of Statutory dues against the company.
- 7) The accumulated loss of the company at the end of financial year are more than 50% of its net worth and it has incurred cash losses, in the financial year under report, and in the immediately preceeding financial year.
- 8) As per the information of the Management and since the operational activities of the company are not there during the year the other clauses of the said order are not applicable to it viz. Clause No. iv, vi, viii, xi, xii, xiii, xiv, xv, xvi, xvii, xviii, xix, xx, xxi.

7, Chittaranjan Avenue
Kolkata - 700 072
The 20th day of June, 2008

For SALARPURIA JAJODIA & CO.
Chartered Accountants

RAKESH SALARPURIA
Partner
Membership No. 51374

BALANCE SHEET

AS AT 31ST MARCH, 2008

	Schedule	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	'A'	500	500
Reserves & Surplus	'B'	4,500	4,500
Total Funds Employed		5,000	5,000
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	'C'	19,677	24,736
Loans & Advances	'D'	61,840	61,840
		81,517	86,576
Less : Current Liabilities & Provisions	'E'	3,04,041	2,98,273
Net Current Assets		(2,22,524)	(2,11,697)
Balance of Loss as per P/L A/c		2,27,524	216,697
Total		5,000	5,000

Notes on Accounts 'G'

Schedule 'A' to 'E' and Notes 'G' form an integral part of the Accounts

As per our separate report of even date attached hereto.

For SALARPURIA JAJODIA & CO.
Chartered Accountants
RAKESH SALARPURIA
Partner
Membership No. 51374
7, Chittaranjan Avenue
Kolkata - 700 072
The 20th day of June, 2008

For and on behalf of the Board
M. P. SANGANERIA
B. K. SHAH
Directors

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
INCOME			
Total 'A'		—	—
EXPENDITURE			
Other Expenses	'F'	10,827	18,915
Total 'B'		10,827	18,915
PROFIT/(LOSS) ('A' - 'B')		(10,827)	(18,915)
Profit/(Loss) after Taxation		(10,827)	(18,915)
Add : Balance brought forward from Last Year		(2,16,697)	(1,97,782)
Balance carried forward		(2,27,524)	(2,16,697)

Basic and Diluted Earning
Per Share of Rs. 10/- each

Refer Note No. 2(h) of Schedule 'G' (216.54) (378.30)

Notes on Accounts 'G'

Schedule 'F' and Notes 'G' form an integral part of the Accounts

As per our separate report of even date attached hereto.

For SALARPURIA JAJODIA & CO.
Chartered Accountants
RAKESH SALARPURIA
Partner
Membership No. 51374
7, Chittaranjan Avenue
Kolkata - 700 072
the 20th day of June, 2008

For and on behalf of the Board
M. P. SANGANERIA
B. K. SHAH
Directors

SCHEDULES TO THE BALANCE SHEET

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
40,000 Equity Shares of Rs.10/- each	4,00,000	4,00,000
1,000 Redeemable Preference Shares of Rs.100/- each (Non-Cumulative)	1,00,000	1,00,000
	<u>5,00,000</u>	<u>5,00,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
50 Equity Shares of Rs.10/- each	500	500
	<u>500</u>	<u>500</u>
(All the Share Capital of the Company is being held by its Holding Company namely Ludlow Jute & Specialites Limited - formerly Aekta Ltd.)		
SCHEDULE 'B'		
RESERVES & SURPLUS		
Capital Redemption Reserve	4,500	4,500
	<u>4,500</u>	<u>4,500</u>
SCHEDULE 'C'		
CASH & BANK BALANCE		
Cash in Hand	695	1,165
Balance with Scheduled Banks in Current Account	18,982	23,571
	<u>19,677</u>	<u>24,736</u>
SCHEDULE 'D'		
LOANS & ADVANCES (Unsecured Considered Goods)		
Advances (Recoverable in Cash or in kind or for value to be received)		
Tax Deducted at Source	61,156	61,156
Income Tax Refundable	684	684
	<u>61,840</u>	<u>61,840</u>

SCHEDULES TO THE BALANCE SHEET

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE 'E'		
CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors for Expenses	51,741	45,973
Advance from Holding Company	2,50,000	2,50,000
	<u>3,01,741</u>	<u>2,95,973</u>
B) Provision		
For Taxation	2,300	2,300
	<u>3,04,041</u>	<u>2,98,273</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

	For the Year Ended 31.03.2008 Rs.	For the Year Ended 31.03.2007 Rs.
SCHEDULE 'F'		
OTHER EXPENSES		
Auditor's Remuneration		
Audit Fees	5,768	5,768
Printing & Stationary	—	2,883
Rates & Taxes	4,470	8,254
Bank Charges	589	2,010
	<u>10,827</u>	<u>18,915</u>

SCHEDULE 'G'**NOTES ON ACCOUNT/ACCOUNTING POLICIES**

1. Significant Accounting Policies :

a) **Basis of Accounting**

The company follows the Mercantile system of Accounting.

b) **Taxation**

Provision for Current Tax and Fringe Benefit Tax is being made based on the liabilities computed in accordance with the relevant tax laws. Provision for Deferred Tax is being made for the timing difference arising between taxable income and accounting income computed at the rates of tax enacted or substantively enacted as on Balance sheet date. Deferred Tax Assets are recognised only if there is a virtual certainty that they will be realised and are reviewed for appropriateness of their respective carrying values at each Balance Sheet date.

SCHEDULES TO THE ACCOUNTS

c) Provision, Contingent Liabilities & Assets

Provisions involving substantial degree of estimations in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. Notes on Accounts :

- a) The payment of Gratuity Act and other employees Benefits are not applicable to the Company.
- b) Other Information pursuant to Part-II of Schedule-VI of the Companies Act, 1956 NIL (NIL)
- c) The company has not increased the Share Capital of the Company as prescribed by the Companies Amendment Act, 2000 as minimum limit of paid up Share Capital.
- d) As a matter of prudence and due to lack of virtual certainty supported by convincing evidence in support of subsequent realisation of deferred tax assets, deferred tax assets are not created for the financial year in the accordance with Accounting Standard (AS) 22 "Accounting for Taxes on Income" notified in the Companies (Accounting Standard) Rules, 2006.
- e) Previous year figures have been regrouped and/or recasted wherever necessary and have been indicated in brackets.
- f) There is no amount due as on 31.03.08 to be credited to Investor Education and Protection Fund.
- g) None of the supplier is Micro & Medium Enterprise under "Micro, Small and Medium Enterprise Development Act, 2006" hence disclosures relating to amounts unpaid etc are not applicable.
- h) Earning Per Share

	2007-08	2006-07
	<u>Rs.</u>	<u>Rs.</u>
Net Profit after tax available for Equity Shareholders	(10,827)	(18,915)
No. of Equity Shares	50	50
Basic/Diluted Earning Per Share	(216.54)	(378.20)

- i) Related Party Disclosure in accordance with Accounting Standard 18 as notified in the Companies (Accounting Standards) Rules, 2006.

i) List of Related Parties

Sl. No.	Name	Relationship
01	Ludlow Jute & Specialities Limited (formerly Aekta Ltd.)	Holding Company

ii) Transaction with Related Parties

Advances	Rs. —	(Rs. 25,000)
Maximum Amount Outstanding	Rs. 250,000	(Rs. 250,000)

*As identified by management.

- j) Disclosures as required by Accounting Standard '17' Segment Reporting as notified in the Companies (Accounting Standard) Rules, 2006 are not applicable to Company under present Activities.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
INFORMATION PURSUANT TO PART IV OF SHCEDULE VI OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No.	21-37586	State Code	21
Balance Sheet Date	31.3.2008		

II. Capital raised during the Year (Amount in Rs. thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	309	Total Assets	309
-------------------	-----	--------------	-----

Sources of Funds

Paid up Capital	0.5	Reserve & Surplus	4.5
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	(222)	Miscellaneous Expenditure	NIL
Accumulated Loss	227		

IV. Performance of the Company (Amount in Rs. thousands)

Total Income	NIL	Total Expenditure	11
Profit/(Loss) before Tax	(11)	Profit/(Loss) after Tax	(11)
Earning Per Share (in Rs.)	(216.54)	Dividend Rate (%)	NIL

V. Generic Names of The Principal Products/Services of Company (as per monetary term)

Item Code No. (I.T.C. Code)	N.A.	This Clause is not applicable to this Company
Product Description	N.A.	

For and on behalf of the Board

M. P. SANGANERIA
B. K. SHAH
Directors

The 20th day of June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2008

	31.03.2008 Rs.	31.03.2007 Rs.
A. Cash Flow from Operating Activities		
Net Loss before Tax and extraordinary items	(10,827)	(18,915)
Operating Profit before Working Capital Changes	(10,827)	(18,915)
Adjustments for Trade Payable	5,768	27,401
Cash Generated from Operations	(5,059)	8,486
B. Cash Flow from Investing Activities	—	—
Net Cash used in Investing Activities	—	—
C. Cash flow from Financing Activities	—	—
	—	—
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	(5,059)	8,486
Cash and Cash Equivalents as at (Opening Balance)	24,736	16,250
Cash and Cash Equivalents as at (Closing Balance)	19,677	24,736

For SALARPURIA JAJODIA & CO.
Chartered Accountants
RAKESH SALARPURIA
Partner
Membership No. 51374
7, Chittaranjan Avenue
Kolkata - 700 072
The 20th day of June, 2008

For and on behalf of the Board

M. P. SANGANERIA
B. K. SHAH
Directors

**DIRECTORS' REPORT
TO THE SHAREHOLDERS**

Yours Directors have pleasure in presenting the 14th Annual Report along with the Audited Statement of Accounts of the Company for the year ended 31st March, 2008.

	2007-2008 (Rs.)	2006-2007 (Rs.)
FINANCIAL RESULTS		
Profit/(Loss) for the year	(18,123)	58,971
Less : Provision for Taxation	—	19,900
Profit/(Loss) after Tax	(18,123)	39,071
Add : Provision for Taxation no longer required	9,249	—
Add : Balance Brought forward from last year	22,861	(16,210)
Balance carried forward	13,987	22,861

The Directors regret that they are unable to recommend dividend for the year under review, in view of the financial position of the Company.

OPERATIONS

The net loss of the Company during the year was Rs. 18,123/- against a net profit of Rs. 39,071/- during last year.

DIRECTORATE

Shri S. S. Kanoria, Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

COMPLIANCE CERTIFICATE

Compliance Certificate issued by a Company Secretary in whole time practice, is annexed herewith and is self explanatory in nature.

**CONSERVATION OF ENERGY, TECHNOLOGY
ABSORPTION AND FOREIGN EXCHANGE
EARNINGS**

The Company being a Merchant Exporter, the provisions relating to conservation of energy and technology absorption are not applicable to the

Company. The foreign exchange earning during the year under review are as follows :

Earning : FOB value of Exports - Rs. NIL

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2008, the applicable accounting standards had 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 reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern' basis;

AUDITORS

Messrs K. G. Garg & Co., Chartered Accountants, Statutory Auditors of the Company, retire and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. The observations of auditors in their report are self explanatory and need no further clarifications.

Registered Office :
6, Little Russell Street
Kolkata - 700 071.
The 20th day of June, 2008

For and on behalf of the Board

D. K. BUBNA S. S. KANORIA
Director Director

AUDITOR'S REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **LUDLOW EXPORTS LIMITED**, as at 31st March, 2008, and also the annexed Profit & Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the annexure referred to above, we report that :
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) 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 the books of account of the Company;

- (iii) the Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account of the Company;
- (iv) in our opinion the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) based on the written representations made by the Directors of the Company and taken on record by the Board of Directors and the information and explanations given to us, we report that none of the directors is, as at 31st March, 2008, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present 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 31st March, 2008 and
 - (b) in the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.

407, Bentinck Chambers
37A, Bentinck Street
Kolkata - 700 069
Dated, the 20th day of June, 2008

For K. G. GARG & CO.
Chartered Accountants

K. G. AGARWAL
Proprietor
Membership No. 11436

ANNEXURE TO THE AUDITORS' REPORT**(REFERRED TO IN PARAGRAPH (2) OF OUR REPORT OF EVEN DATE)**

1. The Company has no fixed assets and as such the question of maintaining fixed assets register and physical verification and revaluation thereof does not arise.
2. During the year under audit, the Company did not have any stock in trade, hence the question of physical verification and maintenance of record of stock does not arise.
3. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures that commensurates with the size of the Company and the nature of its business.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions during the financial year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. The provisions relating to internal audit are not applicable to the Company.
8. The Company is not required to maintain cost records under Section 209 (1)(d) of the Companies Act, 1956.
9. As informed to us, the Provident Fund and Employees State Insurance Act are not presently applicable to the Company. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues as applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty and Excise Duty and Cess were outstanding, at the year end for a period of more than six months from the date they became payable.
10. In our opinion and according to the information and explanations given to us there are no disputed liabilities outstanding including Income Tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Custom Duty and Cess.
11. The Company does not have accumulated losses at the end of the financial year, however it has incurred cash losses in the current financial year.
12. The Company has not taken any loan from any financial institution, bank or debenture holders.
13. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/society.
15. The Company does not deal or trade in shares, securities, debentures and other investments.
16. 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.
17. The Company did not have any term loan during the year.
18. The Company did not have any outstanding borrowings during the year.
19. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
20. The Company has not issued any debentures during the year.
21. The Company has not raised any money by public issue during the year.
22. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

407, Bentinck Chambers
37A, Bentinck Street
Kolkata - 700 069
Dated, the 20th day of June, 2008

For K. G. GARG & CO.
Chartered Accountants

K. G. AGARWAL
Proprietor
Membership No. 11436

BALANCE SHEET

AS AT 31ST MARCH, 2008

	Schedule	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	'A'	25,00,000	25,00,000
Reserves & Surplus			
Profit & Loss Account		13,987	22,861
		<u>25,13,987</u>	<u>25,22,861</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
	'B'		
Sundry Debtors		24,71,584	24,71,584
Cash & Bank Balances		44,941	1,00,216
Loans & Advances		3,080	7,114
		<u>25,19,605</u>	<u>25,78,914</u>
Less : Current Liabilities and Provisions			
	'C'		
Liabilities		5,618	36,153
Provisions		—	19,900
		<u>5,618</u>	<u>56,053</u>
Net Current Assets		<u>25,13,987</u>	<u>25,22,861</u>
Miscellaneous Expenditure to the extent not written off			
Balance Loss as per Profit & Loss Account annexed			
		<u>—</u>	<u>—</u>
		<u>25,13,987</u>	<u>25,22,861</u>

Significant Accounting Policies & Notes on Accounts 'E'

Schedules 'A' to 'C' & 'E' form an integral part of the Balance Sheet

As per our separate report attached.

For K. G. GARG & CO.
Chartered Accountants
K. G. AGARWAL
Proprietor
Membership No. 11436
407, Bentinck Chambers
37A, Bentinck Street
Kolkata - 700 069
The 20th day of June, 2008

For and on behalf of the Board
D. K. BUBNA S. S. KANORIA
Director Chairman

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	Year ended 31.03.2008 (Rs.)	Year ended 31.03.2007 (Rs.)
INCOME			
Sales & other Income		—	49,85,873
		<u>—</u>	<u>49,85,873</u>
EXPENDITURE			
Purchases		—	48,47,400
Selling, Administrative & other expenses	'D'	18,123	79,502
		<u>18,123</u>	<u>49,26,902</u>
Profit/(Loss) before interest & tax		(18,123)	58,971
Less : Provision of Income Tax		—	19,900
Profit/(Loss) after Tax		<u>(18,123)</u>	<u>39,071</u>
Add : Provision for Taxation no longer required		9,249	—
Add : Balance brought forward from last Account		22,861	(16,210)
Balance Profit/(Loss) carried over to Balance Sheet		<u>13,987</u>	<u>22,861</u>
Significant Accounting Policies & Notes on Accounts 'E'			

Schedules 'D' & 'E' form an integral part of the Profit & Loss Account

As per our separate report attached.

For K. G. GARG & CO.
Chartered Accountants
K. G. AGARWAL
Proprietor
Membership No. 11436
407, Bentinck Chambers
37A, Bentinck Street
Kolkata - 700 069
The 20th day of June, 2008

For and on behalf of the Board
D. K. BUBNA S. S. KANORIA
Director Director

SCHEDULES TO THE BALANCE SHEET as at 31st March, 2008

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
2,50,000 Equity Shares of Rs.10/- each	<u>25,00,000</u>	<u>25,00,000</u>
	<u>25,00,000</u>	<u>25,00,000</u>
ISSUED		
2,50,000 Equity Shares of Rs.10/- each	<u>25,00,000</u>	<u>25,00,000</u>
SUBSCRIBED & PAID UP		
2,50,000 Equity Shares of Rs. 10/- each fully paid up in Cash (The entire 250000 Equity Shares are held by holding Company)	<u>25,00,000</u>	<u>25,00,000</u>
	<u>25,00,000</u>	<u>25,00,000</u>
SCHEDULE 'B'		
CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
Sundry Debtors (Unsecured Considered Goods)		
Outstanding for more than six months	24,71,584	—
(This outstanding is from Holding Co.)		
Other Debts	—	24,71,584
	<u>24,71,584</u>	<u>24,71,584</u>
B. CASH & BANK BALANCES		
Cash-in-Hand (As per books & certified)	2,874	5,400
Balance With Scheduled Bank :		
In Current Account	<u>42,067</u>	<u>94,816</u>
	<u>44,941</u>	<u>1,00,216</u>
C. LOANS & ADVANCES		
Advance against Supply of Goods	—	—
E.I.A. Deposit	2,580	2,580
Security Deposit	500	500
Income Tax Advance	—	4,034
	<u>3,080</u>	<u>7,114</u>
A + B + C	<u>25,19,605</u>	<u>25,78,914</u>
SCHEDULE 'C'		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors	5,618	34,439
Other Liabilities	—	1,714
	<u>5,618</u>	<u>36,153</u>
B. Provisions		
Provision for Income Tax	—	19,900
	<u>5,618</u>	<u>56,053</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT for the year ended 31st March, 2008

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
SCHEDULE 'D'		
SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Bank Charges	888	19,881
Rates & Taxes	2,970	4,110
Filing Fees	1,500	1,500
Brokerage	—	43,209
Miscellaneous Expenses	590	5,184
Auditors Remuneration	5,618	5,618
Tax Audit Fees	3,371	—
Professional charges	3,186	—
	<u>18,123</u>	<u>79,502</u>

SCHEDULE 'E'

Significant Accounting Policies and Notes on Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. Revenue Recognition :

The Company follows the mercantile system of accounting and recognises the income and expenditure on accrual basis.

2. Current Tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax liabilities and assets are recognised at subsequently 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 period and are capable of reversal in one or more subsequent periods.

B. NOTES TO ACCOUNT

1. Quantitative information in respect of Purchases, Sales and Stock

Class of Goods	Year	Opening Stock		Purchase		Sales		Closing Stock	
		Qty (MT)	Value Rs. Lacs	Qty (MT)	Value Rs. Lacs	Qty (MT)	Value Rs. Lacs	Qty (MT)	Value Rs. Lacs
Raw Jute	2007-2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Raw Jute	2006-2007	Nil	Nil	296.77	48.47	296.77	49.86 *	Nil	Nil

* The sale is to Holding Co.

2. Foreign Currency Income & Expenditure

C.I.F. Value of Imports

Raw Jute

Rs. Nil
(Rs. 43,20,971)

Signature to Schedule 'A' to 'E'

For K. G. GARG & CO.

Chartered Accountants

K. G. AGARWAL

Proprietor

Membership No. 11436

407, Bentinck Chambers

37A, Bentinck Street

Kolkata - 700 069

The 20th day of June, 2008

For and on behalf of the Board

D. K. BUBNA
Director

S. S. KANORIA
Director

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS

Registration No.	65400
State Code	21
Balance Sheet Date	31st March, 2008

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)

Public Issue	Nil
Right Issue	Nil
Private Placement	Nil
Bonus Issue	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)

Total Liabilities	2,514
Total Assets	2,514

SOURCES OF FUNDS :

Paid-up Capital	2,500
Reserves & Surplus	14
Secured Loans	Nil
Unsecured Loans	Nil

APPLICATION OF FUNDS :

Net Fixed Assets	Nil
Investments	Nil
Net Current Assets	2,514
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. thousands)

Turnover (Gross Revenue)	Nil
Total Expenditure	18
Profit/(Loss) before Tax	(18)
Profit/(Loss) after Tax	(18)
Earnings per Share (in Rs.)	(-) 0.07
Dividend Rate (%)	Nil

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No. (I.T.C. Code)	N.A.	This Clause is not applicable to this Company
Product Description	N.A.	

For and on behalf of the Board

Kolkata, the 20th day of June, 2008

D. K. BUBNA
Director

S. S. KANORIA
Director



Ludlow Jute & Specialities Limited

Regd. Office : 6, Little Russell Street, Kolkata-700 071

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

MCS Limited

Unit : Ludlow Jute & Specialities Limited

77/2A, Hazra Road

Kolkata - 700 029

Dear Sir,

FORM FOR ELECTRONIC CLEARING SERVICES-MANDATE OF DIVIDEND

I hereby give my mandate to credit my Dividend on the Shares held by me under the Folio mentioned below directly to my bank account through the Electronic Clearing System (ECS)/to prepare my dividend warrant with details of my Bank Account No. and name of the Bank and Branch. The details of the Bank Account is given below :

Master Folio No.	<input type="text"/>	FOR OFFICE USE ONLY	ECS Ref. No.	<input type="text"/>
------------------	----------------------	---------------------	--------------	----------------------

No. of Shares held

Name of First holder	<input type="text"/>
Bank Name	<input type="text"/>
Branch Name	<input type="text"/>
Branch Code	<input type="text"/> (9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the bank's name, branch name and code number.

Account type (Please ✓)	Savings <input type="checkbox"/>	Current <input type="checkbox"/>	Cash Credit <input type="checkbox"/>
A/c No. (as appearing in the cheque book)	<input type="text"/>		
Effective date of this mandate	<input type="text"/>		

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, MCS Limited/ Company will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by Ludlow Jute & Specialities Limited.

I further undertake to inform the Company/Registrar and Share Transfer Agents any change in my Bank/branch and account number.

Place :

Date :

(Signature of first holder)



Ludlow Jute & Specialities Limited

Regd. Office : 6, Little Russell Street, Kolkata-700 071

ATTENDANCE SLIP

29TH ANNUAL GENERAL MEETING - THURSDAY, 28TH AUGUST, 2008 - 10.30 A.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 **29TH ANNUAL GENERAL MEETING** of the Company to be held at Sitaram Sekseria Auditorium at Bharatiya Bhasa Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017 on **Thursday, 28th August, 2008**.

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, Little Russell Street, 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 **29TH ANNUAL GENERAL MEETING** of the
Company to be held at Sitaram Sekseria Auditorium at Bharatiya Bhasa Parishad, 36A, Shakespeare Sarani,
Kolkata-700 017 on **Thursday, 28th August, 2008** at 10.30 A.M. and/or at any adjournment thereof.

Signed this.....day of.....2008.

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.

BOOK POST

If undelivered please return to :
LUDLOW JUTE & SPECIALITIES LIMITED
(formerly Aekta Limited)
6, Little Russell Street
Kolkata - 700 071