

**A N N U A L
R E P O R T
2011 – 2012
(ABRIDGED)**

AI CHAMPDANY INDUSTRIES LIMITED

AI Champdany Industries Limited

BOARD OF DIRECTORS

Mr. G. J. Wadhwa, Chairman
 Mr. Harbhajan Singh
 Mr. S. M. Palia
 Mr. S. K. Mehera
 Mr. D. J. Wadhwa
 Dr. G. Goswami
 Mr. N. Das
 Mr. B. Wadhwa
 Dr. B Sen (w e f 30th May 2012)
 Mr. N Pujara (Executive Director)

Mr. B. K. Chowdhury
*Sr. General Manager (Accounts)
 & Company Secretary*

AUDITORS

D P Sen & Co.
*Chartered Accountants
 FRN 301054E*

BANKERS

Bank of Baroda
 Allahabad Bank
 Export-Import Bank of India
 ING Vysya Bank Ltd.
 IndusInd Bank Ltd.

REGISTERED OFFICE

25, Princep Street
 Kolkata-700 072
 Share Department
 25, Princep Street
 Kolkata-700 072
 Phone: 2237 7880/85
 Fax: 033-2236 3754/033-2225 0221
 E-mail: cil@ho.champdany.co.in
 Website: www.jute-world.com

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WORKS

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|---|--|---|--|--|---|--|---|
| Wellington Jute Mill 9, G T Road Rishra Hooghly West Bengal Pin: 712 248 | Anglo India Jute Mill 1, West Ghosh Para Road Jagatdal 24, Parganas (N) West Bengal Pin: 743 125 | Fine Yarn Unit 1, West Ghosh Para Road Jagatdal 24, Parganas (N) West Bengal Pin: 743 125 | Flax Unit 1, West Ghosh Para Road Jagatdal 24, Parganas (N) West Bengal Pin: 743 125 | Kankinara Unit Bhutnath Kolay Road PO: Kankinara 24, Parganas (N) West Bengal Pin: 743 126 | Weaving Unit Rishra Dist: Hooghly West Bengal Pin: 712 248 | Weaving Unit Konnagar Naity Road Barabahera Dist: Hooghly West Bengal Pin: 712 246 | Yarn Unit Rishra Dist: Hooghly West Bengal Pin: 712 248 |
| | Beldanga Unit PO: Beldanga Murshidabad West Bengal Pin: 742 101 | Libra Carpet Choudwar Dist: Cuttack Orissa Pin: 754 025 | Shalimar Unit 39, Shalimar Road Howrah (South) West Bengal Pin: 711 103 | Yarn Unit Choudwar Dist: Cuttack Orissa Pin: 754 025 | Weaving Unit Narayanpur 24, Parganas (N) West Bengal Pin: 700 136 | | |

AI CHAMPDANY INDUSTRIES LIMITED

Notice to the Shareholders

Notice is hereby given that the Ninety Fourth Annual General Meeting of the Members of the Company will be held on Wednesday, 12th September, 2012 at 10.30 A.M. at the Auditorium of Bharatiya Bhasha Parishad, 3rd Floor, 36A, Shakespeare Sarani, Kolkata -700 017 to transact the following business:

As Ordinary Business:

- (1) To consider and adopt the audited Balance Sheet as at March 31, 2012 and the Profit & Loss Account for the year ended on that date, together with the Report of the Directors and Auditors thereon.
- (2) To appoint a Director in place of, Mr. S. K. Mehera who retires by rotation and, being eligible, offer himself for re-appointment.
- (3) To appoint a Director in place of, Mr. S. M. Palia who retires by rotation and, being eligible, offer himself for re-appointment.
- (4) To appoint a Director in place of, Mr. N. Das who retires by rotation and, being eligible, offer himself for re-appointment.
- (5) To appoint auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"Resolved that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. D. P. Sen & Co., Chartered Accountants, be and are hereby re-appointed as auditors of the Company for audit of the Company's accounts and the auditors are to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company on a remuneration to be decided by the Board of Directors in consultation with the Auditors."

Special Business :

To consider and if thought fit to pass with or without modification the following Resolutions;

6. As an ordinary Resolution.

"RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 any statutory modifications(s) or re-enactment thereof Dr. Basudeb Sen, who was appointed as an additional director pursuant to the provisions of section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the company subject to retirement by rotation under the provisions of Article 96 of the Articles of Association of the Company".

7. As an ordinary Resolution.

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification and /or re-enactment thereof for the time being or from time to time in force), the Company hereby approves of the re-appointment and terms of remuneration of Mr. N. Pujara, Executive Director of the Company for a period of 5 years with effect from 01st January, 2013 upon the terms and conditions set out in the agreement submitted to the meeting and for identification signed by the Chairman thereto, which agreement is hereby specifically approved with liberty to the Board of Directors, to increase remuneration and alter and vary the terms and conditions of said appointment, and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or an amendments and/or modifications that may hereafter be agreed to between the Board of Directors and Mr. N. Pujara.

Further resolved that in the event of absence or inadequacy of profits in any financial year during the aforesaid period of five years, the Company will pay to Mr. N Pujara minimum remuneration by way of salary and perquisites as per Schedule XIII of the Companies Act, 1956 as applicable and/or such other approval as may be required."

8. As a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) to or re-enactment thereof) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed

and in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI"(ICDR) Regulations) (including any amendment(s) to or re-enactment thereof) and subject to the approvals, consents, permissions and /or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the "the appropriate authorities") and subject to such terms, conditions, alterations, corrections, changes, variations and /or modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which terms shall be deemed to include any Committee duly constituted by the Board or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board

- i) to create, offer, issue and allot 2204706 equity shares of the face value of 5 /- each, ranking pari-passu with the existing equity shares of the Company, for cash, to Rishra Investments Ltd. (Rishra), Shibir India Ltd (Shibir) and Amar Investments Ltd (Amar) at a price of Rs. 20.50 (including premium of Rs. 15.50) being not less than the price determined in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009, on preferential allotment basis, so however that the value of the total number of shares so issued, at a price determined in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009 (including premium), aggregates to not less than Rs. 1,10,23,530 plus Premium of Rs. 3,41,72,943 totalling Rs.4,51,96,473 and
- ii) to allot 2683045 convertible warrants at a price of Rs. 20.50 (including premium of Rs. 15.50) per convertible warrant determined in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009, aggregating to Rs. 5,50,02,422.50 on preferential allotment basis to Rishra, Shibir and Amar with right to convert each warrant into one fully paid equity share of face value of Rs. 5/- each not before 31.03.2013 and not later than 18 months from the date of allotment of convertible warrant.

RESOLVED FURTHER that the price of the equity shares and convertible warrants to be issued has been determined as per the Regulations issued by SEBI in this respect, i.e.

- a) The average of the Weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchanges is Rs. 20.18 during the six months preceding the 'relevant date'.

Or

- b) The average of the Weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchanges is Rs. 20.49 during the two weeks preceding the 'relevant date', whichever is higher.

FURTHER RESOLVED THAT the relevant date for the purpose of calculating the price for equity share and convertible warrant under Chapter VII of SEBI (ICDR) Regulations, 2009 is 13th August, 2012.

RESOLVED FURTHER THAT the said shares and convertible warrants (on conversion into equity shares) shall rank in all respects, pari-passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Chapter VII of SEBI(ICDR) Regulations, 2009 the fresh equity shares to be allotted shall be locked in for a period of three years from the date of allotment and or conversion of warrants into Equity Shares and that the equity shares shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in except to the extent and in the manner permitted there under.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, Dr. G. Goswami, Director or Mr. B. K Chowdhury, Secretary be and are hereby severally authorised on behalf of the Company to take all actions and do all such acts, deeds, matters and things as they may, at their discretion deem necessary, desirable or expedient to effect the issue or allotment of aforesaid securities and listing thereof with the Stock Exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of any of the said securities and to do all acts, deeds, and things in connection therewith and incidental thereto as they may in their absolute discretion deem fit, without being required to seek any further consent or approval of the Board".

Registered Office
25, Princep Street
Kolkata - 700 072
Dated : 13th August, 2012

By Order of the Board

B. K. Chowdhury
Senior. General Manager (Accounts) &
Company Secretary

Notes:

- a) A member entitled to attend and vote at the Annual General Meeting (the meeting) is also entitled to appoint a proxy to attend and vote on a poll instead of himself / herself, and the proxy need not be a member of the Company. The instrument appointing the proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- b) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- c) In terms of Article 101 of the Articles of Association of the Company Mr. S. K. Mehera, Mr. S. M. Palia and Mr. N. Das, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Brief resume of Mr. S. K. Mehera, Mr. S. M. Palia and Mr. N. Das are annexed to the notice.
- d) Members are requested to bring their Attendance Slip along-with their copy of Annual Report to the meeting.
- e) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in Physical form are requested to write their Folio Number in the Attendance Slip for attending the meeting.
- f) The register of Members and the Share Transfer Book of the Company will remain closed from 01st September, 2012 to 12th September, 2012 (both days inclusive)
- g) The Company has entered into necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the shareholders to dematerialize their shareholdings in the Company for which they may contact the Depository Participants of either of the Depositories.
- h) Shareholders are requested to intimate changes, if any, in their Registered address, to the Share Transfer Agents of the Company at the following address or to the Company

**M/s MCS Ltd.
77/2A, Hazra Road,
Kolkata – 700 029
Phone : 2454-1892
Fax: 2454 –1961**

- i) Members holding shares in physical form may send their request for nomination in the prescribed Form 2B duly filled in and signed to the Company Secretary at its registered office or to the Company's Registrar and Share Transfer Agent. The member holding shares in dematerialized form may contact their respective Depository Participants (DP) for availing nomination facility.
- j) Pursuant to the provision of Section 205A of the companies Act, 1956 as amended, dividend for the financial year ended March 31, 1996, and thereafter, which remained unpaid or unclaimed for a period of seven years, will be transferred to the "**Investors Education and Protection Fund**" of the Central Government. **Shareholders, who have not encashed the dividend warrants so far for the financial year March 31, 2005 or any subsequent period, are requested to make their claims to the Registered Office of the Company at 25, Princep Street, Kolkata-700 072.** It may please be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.
- k) As approved by the Shareholders, the company has sub divided the Equity Shares of Rs. 10/- each into 2 equity shares of Rs. 5/- each with effect from September 19, 2008. Shareholders who have not yet surrendered old share certificates of face value of Rs. 10/- each are requested to surrender the same to the Registrar and Transfer Agent to enable the Company to dispatch new share certificates in lieu of old certificates.
- l) **The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in the Corporate Governance" by introducing paperless compliances allowing service of documents through electronic mode to the members by giving an advance opportunity to every member to register their e-mail address, and changes therein from time to time.**

In view of the above, to take part in the Green initiative, we propose to send documents such

as Notices, Annual Reports etc. by e-mail to those members who register their e-mail addresses with the Company.

Please provide your e-mail address mentioning the Company's name and Folio Number to our Registrars, M/s MCS Ltd., by post at their postal address 77/2A, Hazra Road, Kolkata-700029 or by email at mcskol@rediffmail.com in case shares held in physical form. Members who hold shares in dematerialised form are requested to write their e-mail address to concerned Depository Participant (DP), mentioning DP ID and Client ID to update their record.

In case the service of documents by electronic mode, please note that member may, subsequently, make a specific request for furnishing physical copies of such documents also.

m) **EXPLANATORY STATEMENT pursuant to Section 173 of the Companies Act, 1956.**

Item No. 6.

The Board of Directors of the Company (the Board) has appointed, pursuant to Article 97(a) of Articles of Association of the Company, Dr. Basudeb Sen, as additional director with effect from 30.05.2012, in terms of the provision of section 260 of the Act, he would hold office up-to the date of this Annual General Meeting.

Dr. Basudeb Sen aged 63 years has over 33 years of management experience in different areas of commercial banking, development banking and investment management. He is an M.A. in Economics from the University of Calcutta and a Ph.D. from the Indian Statistical Institute, besides being an alumnus of the Harvard Business School.

Dr. Sen has been associated with management education as director /visiting faculty of various business schools and as course director in executive development programmes. He has contributed several articles in academic /professional journals and financial papers on a wide range of issues related to management, economics, banking, financial markets and energy.

Dr. Sen has served as Chairman and Managing Director of the Industrial Investment Bank of India Limited and Executive Director of UTI. His special interest/expertise areas include corporate governance, sustainability, strategic planning, risk management system, investment portfolio management and fund marketing & credit / project appraisal. He has also served as Chairman and / or Member of various working groups / committees set up by SEBI, the RBI and Indian financial institutions and industry associations on issues such as consortium lending, corporate governance, institutional disinvestment, overseas investment by mutual funds, money markets and corporate debt restructuring. Dr. Sen is on the Board of following companies:

ITC Limited
Mahanagar Gas Limited
Gujarat NRE Coke Limited
Srei Venture Capital Limited
Sumedha Fiscal Services Limited
Himadri Chemicals & Industries Limited
Dhunseri Petrochem & Tea Limited

The Company has received notice in writing from members along with requisite deposit, proposing the candidature of above persons for the office of the Director of the Company, under the provisions of section 257 of the Act.

The Board recommends the resolution set out at item no 6 of the Notice for your approval.

Except Dr. Basudeb Sen, no other Director is interested in the above resolution.

Item No. 7.

Mr. N. Pujara was re-appointed as Executive Director (Marketing) of the Company for the period of 5 years with effect from 01st January, 2008 which was approved at the Annual General Meeting (AGM) held on 31st August, 2007. At the meeting of the Board of Directors of the Company held on 30th May, 2012 the designation of Mr. N Pujara has been changed to Executive Director. The present terms of office of Mr. N. Pujara Executive Director of the Company will expire on 31st December, 2012. Mr. N. Pujara has been associated with "The Champdany Industries Ltd" (since merged with the Company) from 1973 holding different senior level positions leading to appointment as Executive Director (Marketing) in the year 1993. In the year 1994 he was inducted as Director of the Company and in June 2006 he became Executive Director (Mktg.) consequent on merger of "The Champdany Industries Ltd" with the Company. In view of his vast experience and significant contribution to the Company's overall growth and profitability, the Board of Directors on 13th August, 2012 approved for re-appointment of Mr. Pujara as Executive Director for a period of five years with effect from 01st January, 2013. The terms and conditions mentioned in the agreement between the Company and Mr. Pujara are subject to approval of the shareholders.

The principal terms and conditions including the remuneration governing the re-appointment of Mr. Pujara are set out below.

1. **Salary:** Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) per month or Rs. 18,00,000/- (Rupees Eighteen lakh only) in a year including dearness and all other allowances.
2. **Perquisites:** The value of total perquisites will not exceed Rs. 25,000/- (Rupees Twenty Five Thousand only) per month or Rs. 3,00,000/- (Rupees Three Lakh only) in a year calculated as per Income Tax Rules (excluding perquisites which is not included in the ceiling on remuneration as specified in Clause 2 of Section II of Part II of Schedule XIII of the Companies Act, 1956).
3. Mr. Pujara shall not be paid any sitting fees for attending the meeting of the Board or any Committee Meeting thereof.
4. Mr. Pujara will be paid the aforesaid remuneration which is within the ceiling prescribed under section II [1(A)] of Part II of Schedule XIII of the Companies Act, 1956 in the event of absence or inadequacy of profit in a particular year, if the situation so arises.
5. The contract can be terminated by either party by giving 3 months prior notice in writing.

The Board recommends the passing of the above resolution. Except Mr. Pujara no other Directors of the Company is interested or concerned in the Resolution.

The above should also be considered as an abstract of the terms of the re-appointment of Mr. Pujara and a Memorandum as to the nature of the concern and interest of the Directors in the said re-appointment in terms of Section 302 of the Companies Act, 1956.

Inspection of Documents:

The copy of the agreement for the above re-appointment is available for inspection at the Registered Office of the Company on any working day prior to the date of Meeting between 11.00 A.M. and 4.00 P.M. and will also be available for inspection at the Annual General Meeting.

Item No. 8.

A. Material Facts Relating to the Preferential Allotment.

- (i) The proceed from the preferential allotment shall be utilised to redeem high cost 7% Cumulative Redeemable preference shares aggregating to Rs. 2.20 crore and for general corporate purposes including repayment of debt, as may be decided by the Board from time to time, and thus, it is proposed to issue equity shares and warrants on a Preferential Allotment basis to the Promoter group entities Rishra Investments Ltd. (Rishra), Shibir India Ltd (Shibir) and Amar Investments Ltd (Amar) in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). This would be the most cost-effective source of raising equity funds as it would be at market related prices and enable the Company to meet a part of its fund requirements.
- (ii) The Equity Shares allotted pursuant to the above Resolution and on exercise of option by Warrant holders shall rank in all respects pari-passu with the existing equity shares of the Company.
- (iii) Pursuant to the provisions of section 81(1A) of Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company requires prior approval of the shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all Securities for subscription pro-rata to the shareholders, unless the shareholders in a general meeting decide otherwise.
- (iv) The proposed preferential allotment of Securities to Rishra, Shibir and Amar would be strictly in accordance with Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ("SEBI ICDR Regulations 2009") and the following parameters would be subject to such changes as may be required to conform to the SEBI ICDR Regulations 2009. Such proposed preferential issue would comprise of up to 2204786 Equity Shares of face value of 5/- each and up to 2683045 Warrants with a right exercisable by the warrant holder to subscribe for One Equity Shares per warrant. The holders of the Warrants shall have the option to exercise the Warrants to subscribe to Equity Shares of the Company after 31.03.2013, but within eighteen months of its allotment.

- (v) The Company had sought indication from Rishra, Shibir and Amar whether they would be desirous to subscribe to the above securities Rishra, Shibir and Amar in turn has confirmed and conveyed its intent to subscribe to these securities.
- (vi) The pricing of the Equity Shares and convertible warrants to be allotted on preferential basis to Rishra, Shibir and Amar each not lower than the price determined in accordance with the SEBI ICDR Regulations 2009. Currently SEBI ICDR Regulations 2009 provide that the issue of shares on preferential basis can be made at a price not less than higher of the following:
- The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the relevant date; or
 - The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The Relevant date for the purpose of pricing of the Equity Shares and Equity Shares arising out of exercise of Warrants is 13th August, 2012 being the date which is 30 days prior to the meeting of the shareholders i.e. 12th September, 2012 in terms of section 81(1A) of the Companies Act, 1956, to consider the proposed issue.

“Stock Exchange” for this purpose shall mean any of the recognized stock exchanges on which the highest trading volume in respect of the shares of the Company has been recorded during the preceding six months prior to the Relevant Date.

- (vii) An amount equivalent to at least 25% of the consideration payable on the Warrants shall be paid at the time of allotment of the Warrants and the remainder shall be paid upon allotment of Equity Shares upon exercise of the Warrants.
- (viii) The Equity Shares (including those arising out of exercise of right attached to the Warrants) to be allotted to Rishra, Shibir and Amar pursuant to the proposed special resolution shall be subject to lock-in for a period of 3 years from the date of allotment of equity share/conversion of warrants into equity shares, consistent with SEBI ICDR Regulations 2009.
- (ix) The preferential issue shall have the effect of increasing the shareholding of the promoter/promoters group in the company. The increase in the shareholding of the promoter/promoters group in the company shall be restricted to maximum 5% within a financial year which is the permissible limit under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 without triggering the requirement of public announcement of an Open Offer for acquiring equity shares of the company.

B. Disclosures prescribed under the SEBI ICDR Regulations 2009.

- (i) The object(s) of the preferential issue: To raise fund for redemption of high cost 7% Cumulative Redeemable preference shares aggregating to Rs. 2.20 crore and for general corporate purpose including repayment of debt, as may be decided by the Board from time to time.
- (ii) The Proposal of the Promoters, Directors or Key Management Personnel of the issuer to subscribe to the offer: The Promoters group entities of the Company i.e. Rishra, Shibir and Amar have conveyed their intention to subscribe to the offer. No shares are being offered to the Directors or Key Managerial Personnel.
- (iii) Shareholding pattern before and after the preferential issue

| Shareholders category | % of shareholding before the proposed Allotment | % of shareholding after allotment of equity shares | % of shareholding after allotment of equity Shares on exercise of Warrants (assuming full exercise of the Warrants) |
|---------------------------------|---|--|---|
| Promoters Group | 43.90 | 48.90 | 53.90 |
| Indian Financial Institutions | 12.21 | 11.12 | 10.03 |
| State Government | 0.00 | 0.00 | 0.00 |
| Insurance Companies | 0.00 | 0.00 | 0.00 |
| Foreign Institutional Investors | 0.01 | 0.01 | 0.01 |
| Bodies Corporate | 2.85 | 2.55 | 2.30 |
| NRI | 0.02 | 0.02 | 0.02 |
| Foreign Bodies Corporate | 37.87 | 34.49 | 31.12 |
| Individuals & Others | 3.14 | 2.91 | 2.62 |
| Total | 100.00 | 100.00 | 100.00 |

- (iv) The time within which the preferential issue shall be completed: The allotment of Equity Shares and the Warrants pursuant to this resolution will be completed within 15 days from the date of passing this Resolution. Provided that if the approval of permission by any regulatory authority or the Central Government for allotment is pending, the period of 15 days shall be counted from the date of such approval or permission, as the case may be. The allotment of Equity Shares pursuant to the exercise of option by Warrant holder will be made within a reasonable time after exercise of such option.
- (v) The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them and change in control, if any, of the issuer consequent to the preferential allotment:

| Name of the promoter group entities | Equity shares to be Allotted | Holding After Allotment of Equity Shares | Warrants to be Allotted | Holding on conversion of Warrant into Equity shares | % to Equity Capital after conversion of warrant |
|-------------------------------------|------------------------------|--|-------------------------|---|---|
| Rishra Investments Ltd | 906450 | 2734876 | 1103076 | 3837952 | 14.00 |
| Shibir India Ltd | 697110 | 2103269 | 848326 | 2951594 | 10.76 |
| Amar Investments Ltd | 601226 | 1813976 | 731643 | 2545619 | 9.28 |

Promoters Group would be holding 48.90% of the paid up Equity Share capital after allotment of Equity Shares and 53.90% of the paid up Equity Share capital after allotment of Equity Shares on exercise of the Warrants (assuming full subscription of equity shares / warrants proposed to be allotted herein). There will be no change in control of the Company pursuant to the preferential allotment.

- (vi) The Company hereby undertakes that:-
- (a) it would recompute the price of the Securities specified above in terms of the provisions of the SEBI ICDR Regulations 2009, where it is required to do so.
- (b) If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations 2009, the above specified securities shall continue to be locked in till the time such amount is paid by the allottees.
- (vii) The Auditors' Certificate required under Clause 73(2) of the SEBI ICDR Regulations 2009 is available for inspection at the Registered Office of the Company between 11.00 a.m. and 4:00 p.m. on any working day upto the last date for the general meeting. The Auditors' Certificate will also be displayed on the website of the Company i.e. www.jute-world.com.

Disclosure.

- a) Mr. G J Wadhwa, Mr. D J Wadhwa and Mr. B Wadhwa being promoter directors and Mr. N Pujara being Director and shareholder of Rishra, Shibir and Amar are deemed to be interested in the passing of this Resolution.
- b) Disclosure of shareholding of the Director's holding not less than 20% in proposed allottees Company (in terms of proviso to section 173(2) of the Companies Act, 1956).

Mr. D. J. Wadhwa holds 36.80% Equity shares in Amar Investments Ltd in his individual capacity. Except above none of the Directors of the Company are interested in the proposed resolution.

Inspection of Documents:

All the documents referred to in the notice and explanatory statement related to items no 6, 7 and 8 including the Memorandum and Articles of Association of the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. and 4.00 P.M. on any working day prior to the date of the Annual General Meeting.

By Order of the Board

Registered Office
25, Princep Street
Kolkata - 700 072
Dated : 13th August, 2012

B. K. Chowdhury
Senior. General Manager (Accounts) &
Company Secretary

Annexure to Notice:

Details of Directors seeking re-appointment in ensuing Annual General Meeting to be held on 12th September, 2012.

| | | | |
|--|---|---|---|
| Name of Directors | Mr. S.K. Mehera | Mr. S. M. Palia | Mr. N. Das |
| Age | 84 years | 74 years | 75 years |
| Date of appointment | 31st May, 2006 | 31st May, 2006 | 31st May, 2006 |
| Expertise in specific functional area | Company Executive with rich business & management experience. | Ex-Development Banker with rich experience in finance and Management. | Company Executive with rich experience in Finance, Accounts and Management. |
| List of outside Directorships held | NIL | Tata Steel Ltd. ACC Ltd. GRUH Finance Limited Saline Area Vitalisation Enterprises Ltd Tata Motors Ltd The Bombay Dyeing & Mfg. Co. Ltd | Nicco Corporation Ltd Nicco Engineering Services Ltd. Nicco Biotech Ltd. Shibir India Ltd. |
| Chairman/Member of the Committee of Board of Directors of the Company | Member in Audit Committee and Chairman of Remuneration Committee. | NIL | Members in Remuneration Committee. |
| Chairman/Member of the Committee of the Board of Directors of other Public Limited Companies | NIL | Chairman of 2 committees of GRUH finance Ltd and in 1 Committee of Tata Motors Ltd, and member in one Committee of Tata Motors Ltd, The Bombay Dyeing & Mfg. Co. Ltd, ACC Ltd and Tata Steel Ltd. | Chairman of 3 committees of Nicco Corporation Ltd and member in one Committee in Shibir India Ltd. |
| No. of shares held | Equity: 266 | Equity: 266 2% Preference: 500 | Equity: 2666 |

AI CHAMPDANY INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their report alongwith Audited Financial Results of the Company for the year ended 31st March 2012.

(Rs. in lacs)

| | Year ended 31st March, 2012 | Year ended 31st March, 2011 |
|--|-----------------------------------|-----------------------------------|
| Total Income | 39440.62 | 34515.21 |
| Profit before Finance Cost, Depreciation, Exceptional items and Tax | 1921.32 | 1294.58 |
| Less: | | |
| Finance Cost | 801.48 | 619.08 |
| Depreciation and Amortisation | 697.34 | 652.79 |
| Profit before Exceptional items and Tax | 422.50 | 22.71 |
| Exceptional items | 361.37 | 0.93 |
| Profit Before Tax | 61.13 | 21.78 |
| Provision for Tax: | | |
| - Current Tax | 13.15 | 6.30 |
| - Deferred Tax Liability/ (Asset) | (27.03) | 0.35 |
| Profit After Tax | 75.01 | 15.13 |
| Adjustment relating to earlier years (taxes) | 7.19 | 15.99 |
| Balance carried over | 67.82 | (0.86) |

DIVIDEND:

In view of inadequacy of profits, your Directors do not recommend any dividend on Preference or Equity Shares.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate Section and forms part of the Directors' Report.

CORPORATE GOVERNANCE:

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance as prescribed by SEBI. The Corporate Governance Report and a certificate from the Auditors of the Company certifying compliance with the conditions of Corporate Governance are attached hereto and form part of the Directors' Report.

BOARD OF DIRECTORS:

As per the provisions contained in the Companies Act, 1956 and the Articles of Association of the Company, Mr. S K Mehera, Mr. S M Palia and Mr. N Das, Directors retire by rotation and being eligible, offer themselves for re-appointment.

The brief resume/details relating to Directors seeking re-appointment are furnished in the Annexure to the notice of the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanation received from the day to day operating management, your Directors make the following statements pursuant to Sub-Section (2AA) of Section 217 of the Companies Act, 1956.

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with a 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 are 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 of the Company for that period.
- (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 and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Annual Accounts have been prepared on a going concern basis.

LEGAL MATTERS

The Company's two foreign shareholders – Blancatex AG and Aldgate International SA have filed two separate petitions under section 397 and 398 of the Companies Act, 1956 before the Company Law Board (CLB) primarily challenging the transfer of the Rampur Texpro Unit to Champdany Constructions Ltd, the Company's wholly owned subsidiary and proposed transfer of the Shalimar Unit to AIC Properties Ltd, another wholly owned subsidiary of the Company.

The CLB had passed an interim order dated 12 January 2010 against the Company restraining it from acting in furtherance of the resolution for transfer of the Shalimar Unit during the pendency of the proceedings. The said order also restrained Champdany Constructions Ltd from transferring or creating any third party interest in the fixed assets of the Rampur Texpro Unit. The interim order dated 12 January 2010 has been set aside/modified in an appeal filed by the Company's subsidiary Champdany Construction Ltd which has been allowed to lease out the premises in question.

The Company is contesting the said petitions to be without any merit since the transfer of the Rampur Texpro Unit and proposed transfer of the Shalimar Unit have been approved by the majority shareholders of the Company.

In the pending proceedings, the two shareholders also sought disclosure of certain documents including board minutes and notes etc.

The Company has strongly contested the said application as well. CLB vide its order dated 17 May 2010 partly allowed the said application and directed the company to disclose board minutes relating to incorporation of subsidiary companies for diversifying into the construction and/or real estate business and expenditure and income that may be generated from the Rampur Texpro Unit and the Shalimar Unit.

The Company preferred two appeals separately against the two shareholders viz. Blancatex AG and Aldgate International SA. Blancatex AG and Aldgate International SA also preferred cross appeals challenging the Order dated 17 May 2010 for not allowing inspection and disclosure of all the documents as sought.

By a Judgement dated 21 March 2011, all the appeals were disposed of by the Hon'ble High Court directing the two shareholders to file their respective rejoinders and directed the CLB to reconsider the application seeking disclosure after completion of pleadings. Blancatex AG and Aldgate International SA have filed their respective rejoinders.

The two shareholders "Blancatex AG and Aldgate International SA" have now approached the Company with a proposal of settlement and have proposed to withdraw the proceedings. The proposal is being considered.

AUDITORS:

D. P. Sen & Co., Auditors of the Company, hold office until conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

Appointment of Cost Auditor:

The Board of Directors at its Meeting held on 30 May 2011 has reappointed M/s N Radhakrishnan & Co, Cost Accountants as Auditor for carrying out audit of cost accounting records in respect of jute goods for the financial year 2011-12.

The Auditors Reports on cost accounting records of the company for the financial year 2010-11 were filed with Ministry of Corporate Affairs on 5 September 2011 (within the due date).

SUBSIDIARY:

As required under the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts, together with the Directors' Report and Auditor's Report of the subsidiary Companies namely, Landale & Clark Limited, West Bengal Multifiber Jute Park Ltd, Champdany Constructions Limited and AIC Properties Ltd, are appended to and form part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENT:

In compliance with the requirements of Accounting Standards (AS-21) prescribed by the Institute of Chartered Accountants of India, on the Consolidated Financial Statement, this Annual Report also includes the Consolidated Financial Statement.

AUDITOR'S REPORT:

Observations of the Auditors in their report vide para D (I) (i) to D (I) (v), have been adequately dealt with in the Notes 45 to 48 of the Accounts, which are explained hereunder seriatim.

- (i) The commodity hedging contracts are accounted for on the date of their settlement and realised gain/loss in respect of only settled contracts are recognised in the Profit and Loss Account, alongwith underlying transactions. This is in accordance with the principles of prudence.
- (ii) In respect of Loss on Account of Fire at the Company's Wellington Jute Mill on 22nd April, 2006 and 21st January 2011, the Company has not made any adjustment in the books as the claim is pending settlement with the Arbitrator and Insurance Company respectively. The Company recognises insurance claims on receipt/assessment basis of related claim from the insurance authorities.
- (iii) The Company is providing Gratuity Liability on accrual basis for all its units and only in respect of one unit i.e. Jagatdal, it was accounted for on cash basis for the intervening period of 1996-97 to 2006-07 as explained in Note No.47 to the Accounts.
- (iv) Remission of Taxes by the Sales Tax authorities: The matter is pending settlement with the authorities and will be adjusted on reaching finality. Meanwhile it has been adequately explained in the Note 48 (a) to the Accounts which is an integral part of the Annual Accounts.
- (v) There is a long-standing advance of Rs.26.93 lacs which is pending since takeover of erstwhile Anglo-India Jute Mills Co. Ltd from BIFR and recoverable from the erstwhile promoter on finality of court cases.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956:

The provision of Section 217(2A) of the Companies Act, 1956 read with rules thereunder is not applicable to the Company, since there is no employee in the service of the Company drawing remuneration in excess of the prescribed limit.

Additional information required under Section 217(1)(e) of the Companies Act, 1956 on conservation of energy, technology absorption and foreign exchange earnings and outgo, is set out in a separate statement attached to this report and forms part of it.

INDUSTRIAL RELATIONS:

Industrial Relations in all units and branches of the Company remained generally cordial and peaceful throughout the year, except Units under suspension of work etc as mentioned in Management Discussion & Analysis Report annexed herewith.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their appreciation of the continuous support, encouragement and co-operation received from Export-Import Bank of India, the Government of West Bengal, the Company's bankers, customers, employees, shareholders and other business associates.

On Behalf of the Board

Place: Kolkata

Dated: August 13 2012.

D. J. Wadhwa }
N. Pujara } Directors

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure and Development:

During the year Raw Jute prices which were continuously rising for few years corrected substantially from a level of Rs. 3,800/- per quintal (TD-4 variety) to Rs. 2,400/- per quintal, so the availability and prices of Raw Material was relatively comfortable, whereas labour shortage in the Industry continued to adversely effect the production with migratory workers usually available in the Industry shrinking further due to job opportunities being available at their native places under various Government Schemes as well as new options also available in farming and Industrial activities in their home States like Bihar, Uttar Pradesh, Odisha etc.

Currently Jute prices are prevailing at a reasonable level at Rs. 2,600/- per quintal (TD-4 variety) and with higher carry over from previous year's crop and estimation of good crop in ensuing jute season, barring further adverse weather conditions, it is expected that Raw Jute prices should remain at a reasonable level.

The country already having record food grain production and with forecast of normal monsoon for this year, the demand for sacking bags which as it is being quite robust is expected to remain strong in the near term. The Industry has to therefore gear itself to produce more sacking bags so that procurement of food grains is not adversely effected for want of jute bags. With the Industry already facing shortage of trained workers which is likely to continue, it is imperative for the Industry to focus on training more new workers while simultaneously also putting greater thrust on installation of new generation equipment where not only manpower requirement is less but such equipment is capable of producing more value added and quality goods.

B. Opportunities/Threats, Risks & Concerns:

❖ Opportunities

At present the Industry is enjoying robust demand for sacking bags for packaging of record food grain procurement which could get a further boost with a normal monsoon. Raw Jute availability and prices being also at reasonable level, the Industry should make all out efforts to increase the production of sacking bags which is procured by the Government Agencies on

cost plus basis as per price fixation formula. Apart from Government buying there is good demand in the other domestic segments also whereas export has to be curtailed to fulfil the Government demand which is not the ideal situation in view of India operating already as a residual supplier in International markets.

❖ **Threats/Risks and Concerns**

- Shortage of trained workers which needs to be addressed by devising appropriate training programmes by efforts both from Industry and Government side.
- High Interest Cost making Indian products uncompetitive in Export market with Export related segments need to be given special consideration more so in extremely volatile currency scenario across the world.
- Low productivity in the Jute Industry requiring concerted efforts from Government, Industry and Workers to take necessary measures for improvement to maintain competitiveness of the Industry in the interest of all concerned.
- Continuation of Jute Packaging Materials (Compulsory use for Packaging Commodities) Act, 1987 which is presently valid upto June 30, 2012.

C. Outlook:

With robust demand of sacking material for packaging of Food Grains which will remain strong with a normal monsoon and Raw Jute prices at reasonable level it is expected that barring unforeseen circumstances, current year should be good for Jute Industry. Flax Unit of the Company located at Jagatdal is under suspension of work since January 2, 2012 due to unreasonable demands of workers unions leading to labour unrest. Negotiations are continuing both at State Government level and workers union for early resumption of operations at the Unit.

D. Internal Control System & Adequacy:

The Company has a proper internal control system in place across all its operations. Internal audit work has been assigned to a professional firm of Chartered Accountants who have expressed satisfaction about the adequacy of internal control systems and procedures followed by the Company. The Audit Committee reviews the observations of the internal auditors and implementation aspects on a regular basis.

E. Financial & Operating Performance:

During the year under review, production and sales/related income was 42021 MT and Rs. 390.68 crores respectively compared to 52367 MT and Rs. 341.33 crores respectively in the previous year. Export Sales (CIF) was Rs.219.21 crores compared to Rs. 95.60 crores in the previous year.

Performance was adversely effected for the following reasons:

- 1) Suspension of work at Wellington Jute Mills from March 21, 2011 to July 30, 2011 due to labour unrest.
- 2) Workers strike at Anglo India Middle Mill from December 25, 2011 to January 3, 2012 and from January 27, 2012 to March 19, 2012.
- 3) Suspension of work at Flax Unit continuing since January 2, 2012.
- 4) Political and Currency volatility in Syria and EU Countries in particular and generally worldwide.

Debonding of 100% EOUs

The Company's 100% EOU at Konnagar and 100% EOU at Narayanpur got debonded with effect from May 18, 2011 and December 7, 2011 respectively and have accordingly ceased operations.

100% EOU (Weaving) at Rishra has also been debonded from May 25, 2012 which has now become Domestic Tariff Area (DTA) Unit.

F. Material Development in Human Resources/Industrial Relations Front:

The Company continues to rationalize its workforce and put emphasis on providing quality training under the Company's programme.

The Shalimar Unit, 100% EOU - Narayanpur and 100% EOU - Konnagar have been closed with due process of law. Operations at the Yarn Unit and Libra Carpet Unit located at Choudwar, District Cuttack, Odisha continued to be under suspension of work.

Disruptions of operations at other units during the year have been mentioned at Clause E of this report.

G. Cautionary Statements:

Certain statements in this report may be construed as forward looking statements which have been made as required by laws and regulations, as applicable. There are several factors, which would be beyond the control of management and as such, may affect the actual results, which could be different from that envisaged.

**Auditors' Certificate on Compliance with the conditions of
Corporate Governance Under Clause 49 of the Listing Agreement**

To the Members of AI Champdany Industries Limited

We have examined the compliance of conditions of Corporate Governance by AI Champdany Industries Limited ("the Company") for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to 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 opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Kolkata
Dated: August 13 2012.

for D. P. Sen & Co.
Chartered Accountants
FRN 301054E
S. K. Nayak
Partner
Membership No: 58711

AI CHAMPDANY INDUSTRIES LIMITED

Corporate Governance Report for the year ended 31st March, 2012.

The detailed report on Corporate Governance and process including compliance by the Company with the provisions of Clause 49 of the Listing Agreement is set out below:

1. Company's Philosophy on Code of Governance:

The Board of Directors and Management are committed to maximizing shareholder value on a sustained basis. The Company considers good Corporate Governance to be a pre-requisite for meeting the objective of shareholders' wealth maximization. Good Governance practices in the Company include adoption of best Board practices, respect and protection of minority views and interests and institutionalization of a fair and transparent reporting system.

2. Board of Directors:

During the year under review, the strength of the Board of Directors was 9 (nine) comprising of 3 promoters non-executive Directors (including a non-executive Chairman), 5 non-executive independent Directors and 1 Executive Director.

During the financial year ended 31st March, 2012, four Board meetings were held on 30th May, 2011, 13th August, 2011, 11th November 2011 and 14th February, 2012. The maximum gap between any two meetings was less than 3 months.

The composition of the Board of Directors, the attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) and also the number of other Directorships or Committee of which he is a Member/Chairman are as under:

| Name of the Director | Category | Attendance | | No. of other Directorships and Committee Memberships/Chairmanships | | |
|----------------------|---------------------------------------|----------------|----------|--|-----------------------|-------------------------|
| | | Board Meetings | Last AGM | Other Directorships | Committee Memberships | Committee Chairmanships |
| Mr. G. J. Wadhwa | Promoter Non-Executive Chairman | 3 | No | 3 | NIL | NIL |
| Mr. S. M. Palia | Independent Non-executive | 1 | Yes | 8 | 5 | 2 |
| Mr. S K Mehera | Independent Non-executive | 4 | Yes | NIL | NIL | NIL |
| Mr. Harbhajan Singh | Independent Non-executive | 4 | Yes | 6 | NIL | NIL |
| Dr. G. Goswami | Independent Non-executive | 4 | Yes | 6 | 3 | NIL |
| Mr. D. J. Wadhwa | Promoter Non-Executive | 4 | Yes | 3 | NIL | NIL |
| Mr. N. Das | Independent Non-executive | 4 | Yes | 4 | 2 | 3 |
| Mr. N. Pujara | Executive Director (Mktg.) | 3 | No | 14 | NIL | 2 |
| Mr. B. Wadhwa | Promoter Non-Executive | 4 | Yes | 7 | NIL | NIL |

The brief resume/details relating to Directors seeking re-appointment are furnished in the Annexure to the Notice of the ensuing Annual General Meeting.

3 Audit Committee:

The Board of Directors has set up an Audit Committee under the provisions of Section 292(A) of the Companies Act, 1956, and for compliance of Corporate Governance Code under Clause 49 of the Listing Agreement. The terms of reference of Audit Committee are determined by the Board from time to time. The role and composition of the Audit Committee are as follows:

- Overseeing Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors, any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with external auditors before the audit commencement, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

The Audit Committee consisting three non-executive independent Directors and one non-executive promoter Director as follows:

- | | | |
|------------------------|---|---|
| i) Mr. Harbhajan Singh | - | Chairman (non-executive independent Director) |
| ii) Mr. S. K. Mehera | - | Member (non-executive independent Director) |
| iii) Dr. G. Goswami | - | Member (non-executive independent Director) |
| iv) Mr. D. J. Wadhwa | - | Member (non-executive promoter Director) |

The Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors and Internal Auditors are invitees to the meetings of the Audit Committee.

During the financial year ended 31st March, 2012, four Audit Committee meetings were held on 30th May, 2011, 13th August, 2011, 11th November, 2011 and 14th February, 2012. Mr. Harbhajan Singh attended four meetings, Mr. S. K. Mehera attended four meetings, Dr. G. Goswami attended four meetings and Mr. D. J. Wadhwa attended four meetings.

The minutes of the Audit Committee meetings are noted by the Board of Directors at the subsequent Board meetings.

4. Remuneration Committee:

Composition: The Remuneration Committee of the Board comprises of three Independent Directors, namely Mr. S. K. Mehera, Chairman; Dr. G. Goswami and Mr. N. Das.

Terms of Reference: The Remuneration Committee has been constituted to review / recommend / approve remuneration of the Executive Director/whole time Director, based on their performance.

Meetings: During the financial year ended 31st March 2012, there was no Remuneration Committee Meeting was held.

Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the financial year 2011-12 is as under:

DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2012.

A. Non-Executive Directors

| Name of the Director | Meeting Fees | | | Total | No. of Shares held | | |
|----------------------|-----------------|-----------------|--------------------|-----------------|--------------------|---------------|---------------|
| | Audit Committee | Board | Other * Committees | | Equity | 2% Perference | 7% Perference |
| Mr. G. J. Wadhwa | - | 22,500 | - | 22,500 | 1189300 | 1189300 | - |
| Mr. S. M. Palia | - | 7,500 | - | 7,500 | 266 | 500 | - |
| Mr. S. K. Mehera | 30,000 | 30,000 | - | 60,000 | 266 | - | - |
| Mr. Harbhajan Singh | 30,000 | 30,000 | - | 60,000 | - | - | - |
| Dr. G. Goswami | 30,000 | 30,000 | 7,500 | 67,500 | - | - | - |
| Mr. D. J. Wadhwa | 30,000 | 30,000 | - | 60,000 | 2645642 | 2645642 | 595000 |
| Mr. N. Das | - | 30,000 | - | 30,000 | 2666 | - | - |
| Mr. B. Wadhwa | - | 30,000 | 7,500 | 37,500 | 1732 | 1532 | - |
| Total | 1,20,000 | 2,10,000 | 15,000 | 3,45,000 | | | |

* for attending Investors' Grievance Committee meetings.

B. Remuneration to Executive Director/Whole time Director

The appointment of Executive Director/Whole time Director is governed by the recommendation of the Remuneration Committee, resolutions passed by the Board of Directors and shareholder of the Company, which cover the terms of such appointment and remuneration, read with the service rules of the company. Payment of remuneration to Executive Director/Whole time Director is governed by the respective Agreements executed between them and the Company. The remuneration package of Executive Director/Whole time Director comprises of salary, perquisites and allowances and contributions to Provident and other Retirement Benefit Funds as approved by the shareholder at the General Meetings. Annual increments are linked to performance and are decided by the Remuneration Committee and recommended to the Board for approval thereof.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high calibre talent.

There is no separate provision for payment of severance fees under the resolutions governing the appointment of Executive Director/Whole time Director.

| Name of the Executive Director | Salary (Rs.) | Benefits (Rs.) | Remarks |
|--------------------------------|--------------|----------------|--|
| Mr. Nirmal Pujara | 18,00,000 | 2,32,455 | Appointment for a period of 5 years from January 1, 2008 to December 31, 2012. The contract is terminable by either party by giving 3 months notice. |

5. Investors' Grievances Committee.

The Board has set up an Investors' Grievances Committee consisting of one independent non-executive Director and one promoter non-executive Director as under:

- i) Dr. G. Goswami - Chairman (Independent non-executive Director)
- ii) Mr. B. Wadhwa - Member (Promoter non-executive Director)

During the financial year ended 31st March, 2012, one Investors' Grievances Committee meeting was held on 14th February, 2012.

The details of the position of the shareholders' complaints are as under:

- a) Number of complaints received from Stock Exchange/SEBI - NIL
- b) Number of complaints non-resolved/non-action taken - NIL
- c) Number of pending share transfer as on 31st March, 2012 - NIL

Investors' grievances are resolved expeditiously.

Mr. B.K. Chowdhury Company Secretary has been designated as Compliance Officer.

6. General Body Meeting:

Location and time where the last three Annual General Meeting were held.

| Financial Year | Location of Meeting | Date | Time |
|----------------|---|----------------------|-----------|
| 2008-2009 | 'Bharatiya Bhasha Parishad' 36A, Shakespeare Sarani Kolkata-700 017 | 31st July, 2009 | 2.00 P.M. |
| 2009-2010 | 'Bharatiya Bhasha Parishad' 36A, Shakespeare Sarani Kolkata-700 017 | 29th September, 2010 | 10.30 A.M |
| 2010-2011 | Bengal National Chamber of Commerce & Industry 1st Floor, 23, Sir R N Mukherjee Road Kolkata - 700001 | 13th August, 2011 | 11.30 A.M |

No Special Resolution was passed in the previous three Annual General Meeting.

7. Subsidiary:

The Company has non-listed Indian Subsidiary Companies i.e. Champdany Constructions Ltd., Landale & Clark Ltd., West Bengal Multifiber Jute Park Ltd and AIC Properties Ltd. These are not material subsidiaries.

- a) Financial Statement in particular the investments made by the subsidiary Companies are reviewed quarterly by the Audit Committee of the Company.
- b) All minutes of the meetings of the subsidiary companies are placed before the Company's Board Meeting regularly.

- c) A statement containing all significant transactions and arrangements entered with subsidiary companies are placed before the Company's Board.

8. Disclosures:

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its management & their relatives etc. that may have potential conflict with the interest of the Company at large.

None.

- b) The material financial and commercial transactions where persons in management have personal interest, exclusively relate to transactions involving Key Management Personnel forming part of the disclosure on related parties referred to in Note No. 37 to Annual Accounts, which were reported to Board of Directors. The Register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for approval.

The Company has complied with all the legal requirements related to Capital Markets and there were no strictures passed/penalties levied by Stock Exchange/SEBI or any other regulatory body.

9. Means of Communication:

The un-audited quarterly and audited annual financial results along with the notes are normally published in one National English Newspaper (Financial Express) and one Bengali Newspaper (Dainik Lipi) circulating in Kolkata, within 48 hours of approval by the Board and are faxed/intimated to Stock Exchanges. The quarterly results of the Company are put on the web site of the Company after these are submitted to the Stock Exchanges. Our web site address is www.jute-world.com

10. General Shareholders' information:

a) AGM date, time and venue:

Annual General Meeting is to be held on Tuesday, 12th September, 2012. at the Auditorium of Bharatiya Bhasha Parishad, 3rd Floor, 36A, Shakespeare Sarani, Kolkata-700017 at 10.30 AM.

b) Financial Calendar:

Financial year: 1st April to 31st March.

| | | |
|-------------------------------|---|--------------------|
| Unaudited 1st quarter results | : | Middle of August |
| Unaudited 2nd quarter results | : | Middle of November |
| Unaudited 3rd quarter results | : | Middle of February |
| Audited Annual Results | : | End May |

- c) **Book Closure period:** From 01st September, 2012 to 12th September, 2012 both days inclusive.

- d) **Dividend payment date :** N.A.

e) Listing on Stock Exchange.

The Company's Equity shares are listed on The Calcutta Stock Exchange Limited, Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. Annual Listing fees as prescribed have been paid to the Stock Exchanges for the year 2012-2013.

f) Scrip Code

| | | |
|-------------------------------|------------------------------|--------------------------------|
| <u>Kolkata Stock Exchange</u> | <u>Bombay Stock Exchange</u> | <u>National Stock Exchange</u> |
| 011001 | 532806 | AICHAMP |

g) Stock price data:

| Month | BSE | | NSE | |
|-----------------|-------|-------|-------|-------|
| | High | Low | High | Low |
| April, 2011 | 25.85 | 21.70 | 25.95 | 22.50 |
| May, 2011 | 23.50 | 19.65 | 28.20 | 22.05 |
| June, 2011 | 24.65 | 20.85 | 24.85 | 17.85 |
| July, 2011 | 28.80 | 19.45 | 28.80 | 18.90 |
| August, 2011 | 34.15 | 28.75 | 36.45 | 26.65 |
| September, 2011 | 37.65 | 27.55 | 41.75 | 37.90 |
| October, 2011 | 27.50 | 19.75 | 46.00 | 39.50 |
| November, 2011 | 24.95 | 19.30 | 22.95 | 17.00 |
| December, 2011 | 19.30 | 15.60 | 18.60 | 17.00 |
| January, 2012 | 18.60 | 16.00 | 20.55 | 17.80 |
| February, 2012 | 21.45 | 17.75 | 21.00 | 17.30 |
| March, 2012 | 17.75 | 16.00 | 20.30 | 16.35 |

h) Registrar and Share Transfer Agents:

The Company has appointed MCS Limited having its office at 77/2A, Hazra Road, Ground Floor, Kolkata - 700 029 as Registrar for both demat and physical segment.

i) Share Transfer System:

Shares in demat and physical form are being processed by the registrar on regular basis. Share transfer requests received in physical form are registered within 30 days from the date of receipt and demat requests are normally confirmed within an average of 15 days from the date of receipt.

j) Distribution of Shareholding as on 31st March, 2012:

| Group of Shares | Equity | | | |
|--------------------|---------------------|-------------------|--------------------|-------------------|
| | No. of Shareholders | % of Shareholders | No. of Shares held | % of Total Shares |
| 1 to 500 | 2776 | 88.97 | 231176 | 1.03 |
| 501 to 1000 | 159 | 5.11 | 110021 | 0.49 |
| 1001 to 2000 | 88 | 2.82 | 127479 | 0.56 |
| 2001 to 3000 | 23 | 0.74 | 57683 | 0.26 |
| 3001 to 4000 | 15 | 0.48 | 51105 | 0.22 |
| 4001 to 5000 | 6 | 0.19 | 27028 | 0.12 |
| 5001 to 10000 | 4 | 0.13 | 26981 | 0.12 |
| 10001 to 50000 | 11 | 0.35 | 202073 | 0.90 |
| 50001 to 100000 | 6 | 0.19 | 454871 | 2.02 |
| 100001 and above | 32 | 1.02 | 21244583 | 94.28 |
| GRAND TOTAL | 3120 | 100.00 | 22533000 | 100.00 |

| Group of Shares | 2% Preference Share | | | | 7% Preference Share | | | |
|--------------------|----------------------|--------------------|--------------------|-------------------|----------------------|--------------------|--------------------|-------------------|
| | No. of Share-holders | % of Share-holders | No. of Shares held | % of Total Shares | No. of Share-holders | % of Share-holders | No. of Shares held | % of Total Shares |
| 1 to 500 | 66 | 61.11 | 11510 | 0.10 | - | - | - | - |
| 501 to 1000 | 7 | 6.48 | 6532 | 0.05 | - | - | - | - |
| 1001 to 2000 | 6 | 5.55 | 8763 | 0.07 | - | - | - | - |
| 2001 to 3000 | 1 | 0.93 | 2700 | 0.02 | - | - | - | - |
| 3001 to 4000 | 4 | 3.70 | 13600 | 0.11 | - | - | - | - |
| 4001 to 5000 | 1 | 0.93 | 5000 | 0.04 | - | - | - | - |
| 5001 to 10000 | 1 | 0.93 | 10000 | 0.08 | - | - | - | - |
| 10001 to 50000 | 2 | 1.85 | 44932 | 0.36 | - | - | - | - |
| 50001 to 100000 | 2 | 1.85 | 141674 | 1.14 | - | - | - | - |
| 100001 and above | 18 | 16.67 | 12169642 | 98.03 | 7 | 100.00 | 2200000 | 100.00 |
| GRAND TOTAL | 108 | 100.00 | 12414353 | 100.00 | 7 | 100.00 | 2200000 | 100.00 |

K) Categories of Shareholders as on March 31, 2012

| Particulars | Equity | | | 2% Preference | | | 7% Preference | | |
|-------------------------------------|----------------|----------------------|---------------|----------------|----------------------|---------------|----------------|----------------------|---------------|
| | No. of Holders | Holding/ Shares held | % to Capital | No. of Holders | Holding/ Shares held | % to Capital | No. of Holders | Holding/ Shares held | % to Capital |
| Promoters Group | 31 | 9891943 | 43.90 | 21 | 9773156 | 78.72 | 7 | 2200000 | 100.00 |
| Indian Financial Institutions/Banks | 29 | 2751582 | 12.21 | 4 | 2558332 | 20.61 | - | - | - |
| State Government | 2 | 704 | 0.00 | - | - | - | - | - | - |
| Insurance Companies | - | - | - | - | - | - | - | - | - |
| Foreign Institutional Investors | 2 | 1332 | 0.01 | - | - | - | - | - | - |
| Bodies Corporate | 140 | 642877 | 2.85 | 7 | 6790 | 0.05 | - | - | - |
| NRI | 39 | 4178 | 0.02 | - | - | - | - | - | - |
| Foreign Bodies Corporate | 2 | 8533332 | 37.87 | - | - | - | - | - | - |
| Individual & others | 2875 | 707052 | 3.14 | 76 | 76075 | 0.62 | - | - | - |
| Total | 3120 | 22533000 | 100.00 | 108 | 12414353 | 100.00 | 7 | 2200000 | 100.00 |

l) Dematerialization of shares

As on 31st March, 2012, 48.17% of total holding of Equity Shares and 79.38% of total holding of 2% Preference Shares have been dematerialised.

m) ISIN allotted by NSDL/CDSL Shares of the Company:

INE 768E01024 for Equity Share and INE768E04010 for 2% Preference Share

n) Plant Location :

As appearing on the first page of Annual Report

o) Investors' Correspondence :

For assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividends and any other queries relating to shares, investors may write to: Share Department, AI Champdany Industries Limited, 25, Princep Street, Kolkata-700 072; Telephone (033) 2237 7880 to 85; Fax: (033) 2225 0221, 2236 3754 or Company's

Registrar and Share Transfer Agent M/s MCS Limited, 77/2A, Hazra Road, Ground Floor, Kolkata – 700 029, Telephone: (033) 2454-1892-93, Fax (033) 2454 –1961,

Shareholders, holding shares in electronic mode, should address all their correspondences to their respective Depository Participant.

p) The Investors Education and Protection Fund :

The shareholders and other stakeholders are hereby informed that pursuant to provisions of Section 205A(5) of the Companies Act, 1956, all dividend remaining unpaid/unclaimed for a period of 7 years from the date they became due for payment will have to be transferred to the Investors Education and Protection Fund (IEPF) set up by the Central Government. Following table gives information relating to such unclaimed dividend and the dates when due for transfer to IEPF:

| | Date of payment of dividend | Last date for claiming unpaid Dividend | Due date for transfer to IEP Fund |
|---|--|--|---|
| <u>Equity.</u> Year ended 31st March, 2005 & 31st March, 2006 31st March, 2007 31st March, 2008 | 26th September, 2006 1st September, 2007 30th July, 2008 | 25th September, 2013 31st August, 2014 29th July, 2015 | 24th October, 2013 30th September, 2014 28th August, 2015 |
| <u>Preference.</u> Period ended 31.12.2005 | 16th January 2006 | 15th January 2013 | 14th February 2013 |

It may please be noted that once the unpaid amounts of dividend are transferred to IEPF no claims shall lay against the Company or the IEPF in respect of any amounts which were unclaimed or unpaid.

The company has already transferred to the IEPF unpaid/unclaimed dividend for the financial year ended 31st March, 2004 which remained unpaid/unclaimed for a period of 7 years from the date they became due.

q) Appointment/Re-appointment of Directors:

The individual details of Directors seeking appointment /re-appointment at the ensuing Annual General Meeting of the Company are provided in the Annexure accompanying the notice of the Annual General Meeting.

r) Auditors' certificate on Corporate Governance:

As required under clause 49 of the Listing Agreement, the Auditors certificate on compliance of the Corporate Governance norms is annexed to the Director's Report.

s) CEO/CFO Certification:

The Executive Director and the Vice President (Finance & Accounts) of the Company give Annual certification on financial reporting and internal controls to the Board in terms of Clause 49 for CEO/CFO Certification.

11 (a) Code of Conduct for Board of Directors and Senior Management

The Company's Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, Senior Management of the Company. All Directors and Senior Management of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2012.

(b) Company's Code of Conduct for prevention of Insider Trading:

The Company has adopted a Model Code of Conduct for prevention of Insider Trading in the shares and securities of the Company pursuant to the provisions of Insider Trading Regulations formulated by Securities and Exchange Board of India (SEBI). The Code, inter-alia, prohibits purchase/sale of shares of the Company by Directors, officers and designated employees while in possession of unpublished price sensitive information in relation to the Company. Mr. B. K. Chowdhury is the Compliance Officer for the purpose of these regulations.

12 Mandatory and non-mandatory requirements:

(a) Status of Compliance of the mandatory requirements:

The Company has adopted/complied with all mandatory requirements on Corporate Governance.

(b) Status of Compliance of the Non-mandatory requirements:

The Company is maintaining Chairman's Office for a non-executive Chairman. The Company has not adopted non-mandatory suggestions relating to a postal ballot system (except where compulsory under the Companies Act, 1956), sending six-monthly information to each household of shareholders and to training of Board members, tenure of independent Directors on the Board and whistle blower policy etc.

The above report has been placed before the Board of Directors Meeting held on May 30, 2012 and the same was approved.

For AI Champdany Industries Limited

Kolkata

Dated: August 13 2012.

D. J. Wadhwa }
N. Pujara } Directors

Certification by CEO and CFO.

We, N. Pujara, Executive Director and S. Mitra, Vice President (Finance and Accounts) of **AI Champdany Industries Ltd.**, certify that:

- a. We have reviewed financial statements and cash flow statement for the year ended 31st March, 2012 and to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2012 are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and the steps have been taken to rectify these deficiencies.
- d.
 - i) There has not been any significant changes in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) We are not aware of any instances during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

S. Mitra

Place : Kolkata
Dated: August 13 2012.

Vice President (Finance
& Accounts)

N. Pujara
Executive Director

AI CHAMPDANY INDUSTRIES LIMITED
STATEMENTS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
Relating to Subsidiary Companies

| | | | | |
|--|--------------------------------------|-------------------------------------|--|------------------------------------|
| 1. Name of Subsidiary Company | Champdany Constructions Limited | Landale & Clark Limited | West Bengal Multifiber Jute Park Limited | AIC Properties Limited |
| 2. The financial year / period ended on | 31 March 2012 | 31 March 2012 | 31 March 2012 | 31 March 2012 |
| 3. Date from which it became subsidiary | 10 October 2004 | 28 February 1947 | 31 March 2009 | 27 November 2009 |
| 4. Number of shares of the subsidiary Company held by the holding Company on 31st March 2012 | 8101959 Equity Shares of Rs. 10 each | 20000 Equity Shares of Rs. 100 each | 45000 Equity Shares of Rs. 10 each | 50000 Equity Shares of Rs. 10 each |
| 5. Extent of shareholding: Equity Shares | 100% | 100% | 90% | 100% |
| 6. Net aggregate of profit/(loss) of the subsidiary Company for the financial year so far as it concerns the member of the holding company | | | | |
| a) Dealt with in the accounts of the holding company for the year ended 31st March 2012 | ----- | ----- | ----- | ----- |
| b) Not dealt in the accounts of the holding Company for | | | | |
| i) the current financial year Profit/(loss) in Rupees in lacs | 48.75 | 3.19 | (0.75) | (0.05) |
| ii) the previous financial years Profit/(loss) in Rupees in lacs | (1.68) | (12.98) | (1.57) | (1.95) |
| 7. Change of interest of holding Company in subsidiary between the end of the financial year of the subsidiary and that of holding Company | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

On behalf of the Board

Kolkata: August 13 2012

B. K. Chowdhury
Senior General Manager (Accounts) &
Company Secretary

D. J. Wadhwa }
N. Pujara } Directors

Auditor's Report on Abridged Accounts

To the Members of

AI Champdany Industries Limited

We have examined the abridged Balance Sheet of AI Champdany Industries Limited ('the Company') as at 31st March 2012 and the related abridged 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 together with the Significant Accounting Policies and Notes thereon. These abridged Financial Statements have been prepared by the company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the Audited Financial Statements of the company for the year ended 31st March 2012 prepared in accordance with provision of Section 211 of the Companies Act, 1956 and covered by our report of even date to the members of the company which is attached hereto.

Place : Kolkata
Dated: August 13 2012.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E
S. K. Nayak
Partner
Membership No. 58711

AUDITORS' REPORT TO THE MEMBERS OF AI CHAMPDANY INDUSTRIES LIMITED

- A. We have audited the attached Balance Sheet of AI Champdany Industries Limited as at 31 March 2012, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
- B. We 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 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.
- C. As required by the Companies (Auditor's Report) Order, 2003 as amended by 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' and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order (to the extent applicable to the company).

- D. Further to our comments in the Annexure referred to above, we report that: -
- I) the year's profit, and consequently, the net asset position at the end of the year might have been affected by the following, the net impact of which cannot at this stage be ascertained:
- i) *non ascertainment of profit / loss on outstanding commodity hedging materials as at the end of the year, referred to note 45 to the Accounts.*
 - ii) *pending assessment of losses in respect of stocks of finished goods damaged by fire, no adjustment has been made to the accounts as referred to in note 46 to the Accounts,*
 - iii) *non-provision/ascertainment of liability for gratuity on actuarial basis from the year commencing from 1.4.1997 to 31.03.2007 in respect of one unit of the company as referred to in note 47 to the Accounts,**
 - iv) *recognition of remission of taxes by Sales Tax Authority in the accounts as referred to in Note 48(a) to the Accounts,**
 - v) *non-ascertainment/provision of possible loss which may arise for non-recovery of interest free loans and advances in the nature of loans as referred to in note 48 (b) to the Accounts,*
- II) subject to our observations set out in para D(I) above, we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit ;
- III) further subject to our observations set out in para D(I) above, in our opinion, proper books of accounts as required by law have been maintained by the Company, so far as appears from our examination of those books ;
- IV) the Balance Sheet, Profit & Loss Account and Cash Flow dealt with by this report are in agreement with the books of account ;
- V) on the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2012 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
- VI) in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except D(I)(i), D(I)(ii) and D(I)(iii) above ;
- VII) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and subject to our foregoing observations in para D(I) 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 31 March, 2012 and
 - (b) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Place : Kolkata
Dated: August 13 2012.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E
S. K. Nayak
Partner
Membership No. 58711

ANNEXURE TO AUDITOR'S REPORT

(Referred to in Paragraph C of our Report of even date)

1. (a) At Jagatdal units proper records showing full particulars including quantitative details and situation of fixed assets have been maintained from the year 1970-1971. As explained to us that the Company has also identified fixed assets acquired in earlier periods, upto the year 1962-1963, and has built up records with aggregate value showing quantitative details and locations of the same but not the individual cost, and consequently such aggregate values could not be reconciled with the values of individual items acquired prior to 1970-1971 and recorded in the fixed assets register.

At other units the company has maintained proper records showing full particulars including original and revalued costs, quantitative details and situation of fixed assets except for certain items of fixed assets acquired prior to 1 April 1962, which have been recorded on the basis of physical verification conducted during the year ended 31 March 1978 and values as estimated by the Management in the absence of original cost.

- (b) We have been informed that the Fixed Assets of the Company other than certain items of underground electrical installations have been physically verified during the year by the management, and in respect of items for which proper records have been maintained, no material discrepancies have been noticed.
- (c) No substantial part of the fixed assets has been disposed off during the year.
2. (a) Inventory of the Company at all its locations have been physically verified by the management at reasonable intervals during the year. In the case of stocks lying with third parties, certificates confirming stocks held by them have been received. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion the procedures for verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion the inventory records are being properly maintained by the Company. Discrepancies between the physical and book stocks, which were not significant, have been properly dealt with in the books of accounts.
3. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, clauses 4(iii) (b) to (d) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, taking into consideration the explanation that some purchases are special in nature for which comparative quotations from suitable alternative sources is not available, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal control system.
5. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act 1956 have

been duly entered in the register required to be maintained in pursuance of Sec. 301 of the Companies Act 1956. The transaction made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices of such goods, or prices of which transactions for similar items have been made with other parties.

6. The Company has not accepted any deposits from the public falling within the purview of Section 58A and 58AA or any other relevant provisions of the Act.
7. The Company has an internal audit system commensurate with its size and nature of its business.
8. Cost records and accounts as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act, prima-facie is being maintained by the company. Though we have examined such books and records, we have not made any detailed examination with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and as per the records of the company examined by us, we are of the opinion that the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, custom duty, cess, service tax and any other material statutory dues with the appropriate authorities. There are no outstanding undisputed amounts in respect of such statutory dues as at 31st March, 2012 for a period of more than six months from the date they became payable. As explained to us the company has no over due liability towards investor education and protection fund, wealth tax and excise duty.
(b) The disputed statutory dues have not been deposited on account of matters pending before appropriate authorities are as under:

| Name of the Statute | Nature of Dues | Amount (Rs Lakhs) | Forum where the dispute is pending |
|--|-----------------|-------------------|------------------------------------|
| Bhatpara Municipality | Municipal Taxes | 53.10 | REVIEW BOARD |
| | Land Revenue | 82.46 | |
| ESI Act | ESI dues | 260.65 | ESI COURT |
| Central Sales Tax 1956 & West Bengal Sales Tax Act, 1994 | Sales Tax | 27.11 | ACCT |
| | | 0.52 | HIGH COURT |
| | | 1.12 | DCCT |
| | | 456.95 | WBCTA & RB |
| | | 36.88 | SJCT |

10. The company has no accumulated loss and has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year.
11. According to explanations and information obtained and based on our examination of the records the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. On the basis of our examination of the books and records of the company and according to information and explanations given to us the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. No provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments and thus the provisions of clause 4(xiv) of the Order are not applicable to the company.
15. The company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
16. According to information and explanations obtained and on the basis of examination of the books and records, the company has taken term loan during the financial year 2011-2012 and applied for the purpose for which the loan was obtained from Bank.
17. An overall examination of the balance sheet of the company and as per information and explanations obtained, no funds raised on short-term basis have been used for long-term investments.
18. 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.
19. The company has not issued any debentures during the year and neither does it have any debentures outstanding at the year-end.
20. The company has not raised any money by way of public issue during the year.
21. While conducting an examination of the books and records of the company in accordance with the generally accepted auditing practices in India, and according to all information and explanations given to us, we have not come across any fraud on or by the company, noticed or reported during the year.

Place : Kolkata
Dated: August 13 2012.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E
S. K. Nayak
Partner
Membership No. 58711

AI CHAMPDANY INDUSTRIES LIMITED
ABRIDGED BALANCE SHEET AS AT 31 MARCH 2012
(Statement containing salient features of the Balance Sheet as per Section
219 (I)(b)(iv) of the Companies Act,1956) ₹ in lacs

| I EQUITY AND LIABILITIES | As at 31 March | | | | | |
|--|----------------|-----------|------------------|----------|-----------|------------------|
| | 2012 | | | 2011 | | |
| 1. Shareholders' Funds | | | | | | |
| a) Paid-up Share Capital | | | | | | |
| i) Equity | 1,126.65 | | | 1,126.65 | | |
| ii) Preference | 840.72 | 1,967.37 | | 840.72 | 1,967.37 | |
| b) Reserves & Surplus | | | | | | |
| i) Capital Reserve (including revaluation reserve) | 3,434.74 | | | 3,521.62 | | |
| ii) Revenue Reserve | 5,435.19 | | | 5,435.19 | | |
| iii) Surplus | 82.19 | 8,952.12 | 10,919.49 | 14.36 | 8,971.17 | 10,938.54 |
| 2. Non-current liabilities | | | | | | |
| a) Long-term borrowings | | 351.99 | | | 820.68 | |
| b) Deferred tax liabilities (Net) | | 165.54 | | | 192.57 | |
| c) Other Long-term liabilities | | 1569.01 | 2,086.54 | | 319.01 | 1,332.26 |
| 3. Current liabilities | | | | | | |
| a) Short-term borrowings | | 8,812.54 | | | 9,057.19 | |
| b) Trade payables | | 4,294.15 | | | 5,857.11 | |
| c) Other Current Liabilities | | 2,289.83 | | | 2,405.81 | |
| d) Short-term provisions | | 506.88 | 15,903.40 | | 210.80 | 17,530.91 |
| Total (1 to 3) | | | 28,909.43 | | | 29,801.71 |
| II ASSETS | | | | | | |
| 4. Non-current assets | | | | | | |
| a) Fixed assets | | | | | | |
| i) Tangible Assets (Original cost less depreciation) | 9,214.24 | | | 9,584.99 | | |
| ii) Capital work-in-progress | 1,296.38 | 10,510.62 | | 1,133.19 | 10,718.18 | |
| b) Non-current investments | | 894.59 | 11,405.21 | | 894.59 | 11,612.77 |
| 5. Current assets | | | | | | |
| a) Inventories | | 13,041.63 | | | 14,122.86 | |
| b) Trade Receivables | | 2,738.50 | | | 1,480.84 | |
| c) Cash and cash equivalents | | | | | | |
| i) Balance with banks | 19.45 | | | 193.63 | | |
| ii) Cash in hand | 6.26 | 25.71 | | 5.82 | 199.45 | |
| d) Short-term loans and advances | | 1,698.38 | 17,504.22 | | 2,385.79 | 18,188.94 |
| Total (4 to 5) | | | 28,909.43 | | | 29,801.71 |

Refer Accounting Policies & Notes forming part of the Accounts.

Compiled from the Audited Balance Sheet of the Company referred to in our report of even date.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E

S. K. Nayak
Partner
Membership No. 58711
Kolkata, 13 August 2012

B. K. Chowdhury
Senior General Manager (Accounts) &
Company Secretary

For and on behalf of the Board

D. J. Wadhwa }
N. Pujara } Directors

Note : Complete Balance Sheet, Statement of Profit and Loss, other Statements and notes thereto prepared as per the requirements of schedule VI to the Companies Act, 1956 are available at the Company's website at www.jute-world.com

AI CHAMPDANY INDUSTRIES LIMITED

ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

(Statement containing salient features of the Profit and Loss Account as per Section 219 (I)(b)(iv) of the Companies Act, 1956)

₹ in lacs

| | 2011-12 | | 2010-11 | |
|--|------------------|------------------|------------|-----------|
| I. INCOME | | | | |
| Revenue from operations | | | | |
| i) Sale of products | 38,497.32 | | 34,066.71 | |
| ii) Other operational Revenue | 810.52 | | 316.04 | |
| | 39,307.84 | | 34,382.75 | |
| | 239.78 | | 249.70 | |
| Less: Excise Duty & Cess | | | | |
| Net Revenue from Operations | | 39,068.06 | | 34,133.05 |
| II Other Income | | 372.56 | | 382.16 |
| III Total Income (I+II) | | 39,440.62 | | 34,515.21 |
| IV EXPENDITURE | | | | |
| a) Cost of materials Consumed | 23,723.40 | | 22,079.40 | |
| b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 651.63 | | (2,383.12) | |
| c) Employees benefits expenses | 6,879.55 | | 7,574.52 | |
| d) Finance costs | 801.48 | | 619.08 | |
| e) Depreciation and amortisation expenses | 697.34 | | 652.79 | |
| f) Other expenses | 6,264.72 | | 5,949.83 | |
| Total Expenditure (a to f) | | 39,018.12 | | 34,492.50 |
| V Profit before exceptional items and tax (III-IV) | | 422.50 | | 22.71 |
| VI Exceptional items | | (361.37) | | (0.93) |
| VII Profit before tax | | 61.13 | | 21.78 |
| VIII Provision for taxation | | | | |
| 1. Current Tax | 13.15 | | 6.30 | |
| 2. Deferred Tax (Assets) | (27.03) | (13.88) | 0.35 | 6.65 |
| IX Profit for the year | | 75.01 | | 15.13 |
| X Adjustment related to earlier years (taxes) | | (7.18) | | (15.99) |
| XI Balance carried to Balance Sheet | | 67.83 | | (0.86) |
| XII Earnings per share face value of Rs. 5 (Basic & diluted) | | 0.33 | | 0.07 |

Refer Accounting Policies & Notes forming part of the Accounts.

Compiled from the Audited Profit & Loss Account of the Company referred to in our report of even date.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E

S. K. Nayak
Partner
Membership No. 58711
Kolkata, 13 August 2012

B. K. Chowdhury
Senior General Manager (Accounts) &
Company Secretary

For and on behalf of the Board

D. J. Wadhwa }
N. Pujara } Directors

AI CHAMPDANY INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

₹ in lacs

| | Figures for the current reporting period | Figures for the previous reporting period |
|--|--|---|
| 1 Cash flows from operating activities | 972.17 | (874.04) |
| 2 Cash flows from investing activities | (431.97) | (257.48) |
| 3 Cash flows from financing activities | (713.94) | 1179.13 |
| 4 Net increase / (decrease) in cash and cash equivalents | (173.74) | 47.61 |
| 5 Cash and cash equivalents at beginning of period | 199.45 | 151.84 |
| 6 Cash and cash equivalents at end of period | 25.71 | 199.45 |

Complied from the Audited Cash Flow Statement of the Company referred to in our report of even date.

D.P. Sen & Co.
Chartered Accountants
FRN 301054 E
S. K. Nayak
Partner
Membership No. 58711
Kolkata, 13 August 2012

B. K. Chowdhury
Senior General Manager (Accounts) &
Company Secretary

For and on behalf of the Board

D. J. Wadhwa }
N. Pujara } Directors

AI CHAMPDANY INDUSTRIES LIMITED

Notes to Abridged Balance Sheet and Abridged Profit and Loss Account

1. Significant Accounting Policies:

The significant accounting policies followed by the company are summarized below: -

1.1. Accounting Convention:

The Financial statements have been prepared in accordance with accrual method of accounting following the historical cost convention as modified by revaluation of certain Fixed Assets.

1.2. Fixed Assets:

Fixed Assets are stated at cost of acquisition, which are, inclusive of subsequent improvements thereto except for certain Fixed Assets, which were revalued. For Assets acquired at a composite price at cost as allocated to each assets by independent Valuers. Assets retired from active use are stated at values estimated by independent valuers.

Cost includes incidental expenses of acquisition/installation and financial cost relating to borrowed funds attributable to construction/ acquisition of fixed assets for the period upto commencement of commercial production / installation.

In respect of revalued assets, the difference between the written down value of the assets as on the date of revaluation and the then replacement value is transferred to Revaluation Reserve.

1.3. Depreciation:

(A) Depreciation on Fixed Assets has been provided for both on Straight line and Reducing balance method as hereunder. Method and rates consistently used for the purpose of depreciation charged for the year as follows:

1) Plant & Machinery and Electrical Installation

Units at Jagatdal

(a) Straight Line Method

i) Certain specified items (included in electrical installation)

- Additions for the period 1.1.71 to 31.3.87 * 5.25%

ii) Plant and Machinery and Electrical Installation

(other than (i) above)

- Additions for the period 1.1.77 to 31.12.82 (on single shift basis) * 3.39%

- Additions for the period 1.1.83 to 31.3.87 (on single shift basis) * 5.28%

- Additions from the year 1987-88 At rates prescribed in Schedule XIV of the Companies Act, 1956.

★ Rates applied in prior years following the company Law Board Circular No. 1/86 dated 21st May 1986.

b) Reducing Balance Method

Certain portion of Electrical Installation At rates prescribed in Schedule XIV of the Companies Act, 1956.
and Plant & Machinery (added upto 1976)

Other Units

(i) Reducing Balance Method

On Plant & Machinery acquired prior to 1st April 1979

At rates prescribed in Schedule XIV of the Companies Act, 1956.

(ii) Straight Line Method

On Plant & Machinery acquired after 31st March 1979 on assets acquired upto 30th September 1986

At rates previously determined in accordance with Section 205(2)(b) of the Companies Act, 1956.

On assets acquired after 30th September 1986

At rates prescribed in Schedule XIV of the Companies Act, 1956.

2) Other assets on reducing balance Method

At rates prescribed in Schedule XIV of the Companies Act, 1956.

(B) Premium paid for leasehold land is amortised over the period of the lease

(C) Freehold land and assets retired from active use are not depreciated.

1.4. Investments:

Long-term investments are stated at cost less provision for permanent diminution if any, in the value of such investment. Dividend Income is accounted for on receipt.

1.5. Inventories:

Inventories are valued on the following basis: (i) Raw Material at lower of cost and net realisable value, (ii) Finished Goods at lower of cost and contract value and net realisable value, (iii) Stores & Spares and work-in-process at cost or under.

In the case of Raw Materials and Stores & Spares, cost is generally ascertained on weighted average basis. Work-in-process and Finished Goods are valued on full cost absorption basis. Necessary provision is made for obsolete, slow-moving, non-moving and defective items of inventories.

1.6. Capital Subsidy:

Subsidies relating to Fixed Assets are initially credited to Capital Reserve and the amount is adjusted against the depreciation charged over the useful life of the asset.

1.7. Miscellaneous expenses:

Share issue expenses are amortized over a period of ten years.

1.8. Foreign Currency transactions:

i) Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the year-end are translated at closing spot rates on the last day of the year.

ii) The difference in translation in monetary assets and liabilities and realised gains and losses in foreign exchange transactions other than those relating to fixed assets are recognised in the Profit & Loss Account.

iii) Exchange differences in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.

1.9. Sales:

Sales comprise sale of goods and services and include freight and other charges recovered from customers.

1.10. Related Income:

Export incentives / Related Income are accounted to the extent considered certain of realisation by the Management.

1.11. Retiral benefits:

Contributions to the Provident and Superannuation Funds, which are in accordance with the respective schemes, are charged to revenue on accrual basis.

Retirement benefits including gratuity are provided for in the Books of Accounts on the basis of actuarial valuation except one unit of the company, which has been treated on cash basis from 1997-98 to 2006-07. Such liability has been provided on the basis of valuation made by the Actuary in line with the parameters & requirement of AS 15 (Revised 2005) issued by the Institute of Chartered Accountants of India.

1.12. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.13. Revenue expenditure on Research & Development is charged to Profit & Loss Account of the year in which it is incurred.

1.14. Capital expenditure on Research & Development is shown as addition to Fixed Assets.

1.15. Insurance claims are recognised on receipt/assessment of related claim from Insurance Authorities.

1.16. Intangible Assets:

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Computer Software is amortised over a period of 5 years on Straight Line basis.

2. (Note No.23 of Accounts)

Estimated amount of contract remaining to be executed on capital account not provided for Rs.193.20 lacs (Previous year Rs. 190.88 lacs).

3. (Note No.24 of Accounts)

(i) Contingent liabilities Rs.3770.26 lacs (Previous year Rs. 4149.40 lacs).

(ii) Arrears of Cumulative Preference Shares Dividend Rs.82.63 lacs (previous year Rs.50.38 lacs) including Dividend Distribution Tax Rs.11.53 lacs (previous year Rs.7.02 lacs).

4. (Note No.25 of Accounts)

The company manufactures jute / jute diversified products and flax products.

| Class of Goods | Units | Installed Capacity | Actual production |
|----------------------------------|---------|--------------------------|--------------------|
| Jute / Jute Diversified Products | MT | 113,486 (113,486) | 41,695 (51,860) |
| | Sq Mtr. | 14,06,390 (14,06,390) | Nil (Nil) |
| Flax Products | MT | 1,235 (1,235) | 326 (507) |

5. (Note No.26 of Accounts)

Sale of Jute/Jute diversified Products -59,656 MT, Rs.34,907.20 lacs (2010-11-52,898 MT, Rs. 30,941.54 lacs), Sale of Flax Products-409 MT, Rs.1,576.93 lacs (2010-11-718 MT, Rs.2,319.82 lacs), Sale of Raw Jute-4,504 MT, Rs.1,146.06- lacs (2010-11-2,027 MT, Rs.662.14 lacs) and Sale of Flax Fibre-42 MT, Rs. 36.15 lacs (2010-11-31 MT, Rs. 18.01 lacs).

6. (Note No.35 of Accounts)

Segment Information:

The Company has considered two Business Segments viz; Jute/jute diversified Products and Flax Products.

| A. Primary Segment Disclosure | | | | | (Rs. In Lacs) | | |
|--|-------------|-------------------------------|----------|---------------|---------------|----------|----------|
| | Particulars | Jute/Jute diversified product | | Flax products | | Total | |
| | | 31.03.12 | 31.03.11 | 31.03.12 | 31.03.11 | 31.03.12 | 31.03.11 |
| Revenue | | | | | | | |
| External Turnover | 37409.49 | 31775.21 | 1658.57 | 2357.84 | 39068.06 | 34133.05 | |
| Other Income | 349.02 | 378.04 | - | - | 349.02 | 378.04 | |
| Result | 721.26 | 178.40 | 117.81 | 458.34 | 839.07 | 636.74 | |
| Unallocated | | | | | 22.59 | 1.80 | |
| Operating Profit | | | | | 861.66 | 638.54 | |
| Finance Cost | | | | | 801.48 | 619.08 | |
| Interest Income | | | | | 0.95 | 2.32 | |
| Income Taxes | | | | | (13.88) | 6.65 | |
| Net Profit | | | | | 75.01 | 15.13 | |
| Other Information | | | | | | | |
| Segment Assets | 24485.99 | 25456.75 | 3528.85 | 3450.37 | 28014.84 | 28907.12 | |
| Unallocated | | | | | 894.59 | 894.59 | |
| Total Assets | | | | | 28909.43 | 29801.71 | |
| Segment Liabilities | 16938.96 | 17608.51 | 885.44 | 1062.09 | 17824.40 | 18670.60 | |
| Unallocated | | | | | 165.54 | 192.57 | |
| Total Liabilities | | | | | 17989.94 | 18863.17 | |
| Capital Expenditure | 459.78 | 573.21 | 124.43 | 43.39 | 584.21 | 616.60 | |
| Depreciation | 578.91 | 656.09 | 135.68 | 81.19 | 714.59 | 737.28 | |
| Amortisation | 5.00 | 23.22 | 12.25 | 61.27 | 17.25 | 84.49 | |
| Non-cash Expenses other than Depreciation and Amortisation | | | | | - | - | |

B. Information about Secondary Segments

a) Revenue & Sundry Debtors as per Geographical Markets (Rs. in lacs)

| <u>Particulars</u> | <u>Revenue</u> | | <u>Sundry Debtors</u> | |
|--------------------|-----------------|-----------------|-----------------------|-----------------|
| | <u>31.03.12</u> | <u>31.03.11</u> | <u>31.03.12</u> | <u>31.03.11</u> |
| India | 17519.16 | 24954.84 | 2265.16 | 1103.05 |
| Outside India | 21921.46 | 9560.37 | 473.34 | 377.79 |
| Total | <u>39440.62</u> | <u>34515.21</u> | <u>2738.50</u> | <u>1480.84</u> |

b) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market.

Hence separate figures for fixed assets / additions to fixed assets cannot be segregated.

7. (Note No.36 of Accounts)

| | <u>Rs. in lacs</u> | |
|--|----------------------------|----------------------------|
| | <u>Year ended 31.03.12</u> | <u>Year ended 31.03.11</u> |
| Deferred Tax: | | |
| i) Liability at the beginning of the year | 192.57 | 192.23 |
| ii) Difference between book & tax depreciation | (27.03) | 0.34 |
| iii) Deferred tax liability at the end of the year | 165.54 | 192.57 |

8. (Note No.37 of Accounts)

Related Party Disclosures:

(a) List of Related Parties and Relationships:

| <u>Party</u> | <u>Relationship</u> |
|--|--------------------------|
| (a) Landale & Clark Ltd. | Subsidiary-100% |
| (b) Champdany Constructions Limited | Subsidiary-100% |
| (c) West Bengal Multifibre Jute Park Ltd | Subsidiary 90% |
| (d) AIC Properties Ltd | Subsidiary-100% |
| (e) Mr. Nirmal Pujara | Key Management Personnel |

(b) Transactions during the year with related parties

| <u>Transactions</u> | <u>Rs.in lacs</u> | | |
|---|-------------------|---------------------------------|--------------|
| | <u>Subsidiary</u> | <u>Key Management Personnel</u> | <u>Total</u> |
| i) Landale & Clark Ltd | | | |
| Rent Paid | 3.15 | | 3.15 |
| | (3.15) | | (3.15) |
| Reimbursement of Expenses | 0.75 | | 0.75 |
| | (0.90) | | (0.90) |
| Interest paid | 0.74 | | 0.74 |
| | (0.75) | | (0.75) |
| Credit Balance outstanding as at 31st March, 2012 | 0.10 | | 0.10 |
| | (19.41) | | (19.41) |

| <u>Transactions</u> | <u>Subsidiary</u> | <u>Rs.in lacs</u> | |
|---|-------------------|---------------------------------|--------------|
| | | <u>Key Management Personnel</u> | <u>Total</u> |
| ii) Champdany Constructions Ltd. | | | |
| Advance received | 117.11 | | 117.11 |
| | (-) | | (-) |
| Advance paid | 73.33 | | 73.33 |
| | (31.75) | | (31.75) |
| Dividend received | 20.25 | | 20.25 |
| | (-) | | (-) |
| Balance amount as at 31st March, 2012 | - | | - |
| | (43.78) | | (43.78) |
| iii) AIC Properties Ltd | | | |
| Interest paid | 0.20 | | 0.20 |
| | (0.21) | | (0.21) |
| Credit Balance Outstanding as at 31st March, 2012 | 2.18 | | 2.18 |
| | (2.16) | | (2.16) |
| iv) West Bengal Multifibre Jute Park Ltd | | | |
| Advance paid | 0.05 | | 0.05 |
| | (-) | | (-) |
| Balance amount as at 31st March, 2012 | 3.06 | | 3.06 |
| | (3.01) | | (3.01) |
| v) Mr. Nirmal Pujara | | | |
| Remuneration paid (whole time Director) | | 20.32 | 20.32 |
| | | (22.32) | (22.32) |

Note: Figures in bracket represent previous year's amounts.

9. (Note No.39 of Accounts)

| | <u>Rs. in lacs</u> | |
|---|------------------------------|------------------------------|
| Earning Per Share (EPS) has been computed as under: | <u>2011-12</u> | <u>2010-11</u> |
| a) Profit after Tax (Rs.in lacs). | 75.01 | 15.13 |
| b) Basic & Weighted average No. of Equity shares outstanding during the year | 22,533,000 | 22,533,000 |
| c) Earning per share {(a) / (b)} (Basic & diluted) | Rs.0.33 (Face Value Rs.5) | Rs.0.07 (Face Value Rs.5) |

10. (Note No.43 of Accounts)

| | <u>Rs. in lacs</u> | |
|--|--------------------|----------------|
| | <u>2011-12</u> | <u>2010-11</u> |
| Exceptional Item represents: | | |
| Exchange difference on repayment/conversion of Packing Credit Cess on debonding of EOUs | 361.37 | - |
| | - | 0.93 |
| Total Debit | <u>361.37</u> | <u>0.93</u> |

11. (Note No.45 of Accounts)

Commodity Hedging Transactions:

In accordance with the policy consistently followed by the company, the outstanding commodity

hedging contracts are accounted on the date of their settlement and realised gain / loss in respect of settled contracts are recognised in the Profit and Loss Account, along with the underlying transactions.

12. (Note No.46 of Accounts)

In respect of the fire occurred on 22nd April 2006 and 21st January 2011 at Wellington Jute Mill, Rishra, the final assessment to the damage caused to Assets is yet to be completed by the insurance authorities. Pending such assessments, no adjustment has been made to the accounts to the extent of estimated loss of goods - 1059 MT - Rs.770.70 lacs (2010 -11 - 1059 MT - Rs.770.70 lacs).

The company has filed necessary claims with the insurance authorities and adjustments to the accounts would be effected on completion of assessment and settlement of related claims.

13. (Note No.47 of Accounts)

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. Accordingly, gratuity are accounted for in the books of accounts on accrual basis based on actuarial valuation except for gratuity for one unit of the company from 1997-98 to 2006-07 treated on cash basis and liability for the said period is not ascertained, but from financial year 2007-08 provided on accrual basis.

14. (Note No.48 (a) of Accounts)

The company has received the eligibility certificate from Sales Tax Authorities for the net value of fixed capital assets amounting to Rs.773 lacs and on gross addition to fixed assets amounting to Rs.616 lacs for the period from 1995-1996 to 1999-2000 and pending disposal of company's appeal for additional eligibility on the basis of gross value of fixed capital assets, an amount of Rs.1,119.57 lacs has been availed by the company on this account upto April, 2000. Adjustment, if any, on this account being currently not ascertainable, shall be considered as and when it arises.

15. (Note No.48 (b) of Accounts)

Advances recoverable in cash or kind or value to be received - considered good includes Rs.26.93 lacs where although recoveries are not forthcoming but no provision has been made in the Accounts as the management considers these amounts are recoverable.

16. (Note No.53 of Accounts)

As per gratuity actuarial valuation certificate, the "Contribution to Provident Funds and other Funds" for the year 2011-12 is after adjustment of Rs. Nil (2010-11 - Rs. 703.21 lacs) relating to earlier years.

17. Key Financial Ratios

| | 2011-12 | 2010-11 |
|--|---------|---------|
| a) Sales / Total Assets | 1.53 | 1.30 |
| b) Operating Profit / Capital Employed % | 8.92 | 7.13 |
| c) Return on Net Worth % | 1.12 | 0.23 |
| d) Net Profit / Sales % | 0.19 | 0.04 |

18. Previous year's figures have been rearranged / reclassified / regrouped wherever necessary and to make it in conformatory with the amended Schedule VI to the Companies Act, 1956.

For and on behalf of

D.P SEN & CO.
Chartered Accountants
FRN 301054 E
S K Nayak
Partner
Membership No. 58711
Dated: August 13 2012.

On behalf of the Board

B K Chowdhury
Senior General Manager (Accounts)
& Company Secretary

D. J. Wadhwa }
N. Pujara } Directors

Auditor's Report on Abridged Consolidated Accounts

To the Board of Directors

AI Champdany Industries Limited

We have examined the abridged Consolidated Balance Sheet of AI Champdany Industries Limited ('the Company') its subsidiary as at 31st March 2012 and the related abridged Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date together with the Significant Accounting Policies and Notes thereon. These abridged Consolidated Financial Statements have been prepared by the company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the Audited Consolidated Financial Statements of the company for the year ended 31st March 2012 prepared in accordance with requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" notified under Companies (Accounting Standard) Rules 2006 covered by our report of even date to the Board of Directors of the Company which is attached hereto.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E

Place : Kolkata
Dated: August 13 2012.

S. K. Nayak
Partner
Membership No. 58711

To
The Board of Directors
AI Champdany Industries Limited
25, Princep Street
Kolkata - 700 072

Dear Sir,

Report on the Consolidated Financial Statement of AI Champdany Industries Limited
for the year ended 31st March 2012

- A. We have audited the attached Consolidated Balance Sheet of AI Champdany Industries Limited, and its subsidiary, ("the group") as at 31st March 2012, the Consolidated Profit & Loss Account of the group for the year then ended on that date and the Consolidated Cash Flow Statement of the group for the year then 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.
- B. 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.

- C. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of Rs.886.82 lacs as at 31st March 2012 and total income (net) of Rs.74.63 lacs for the year then ended. These financial statements have been audited by other auditors whose report have been furnished to us, and our opinion, in so far as relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors.
- D. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, its subsidiary included in the consolidated financial statements.
- E. In our opinion and to the best of our information and according to the explanations given to us, and on consideration of separate audit reports on individual audited financial statements of AI Champdany Industries Limited and its subsidiary, the aforesaid consolidated financial statements together with the notes thereon and attached thereto and the statement on Significant Accounting Policies, *subject to the notes to the Accounts regarding the matters set out in para F below*, give a true and fair view in conformity with accounting principles generally accepted in India.
- a) In the case of the Consolidated Balance Sheet, of the Consolidated State of Affairs of the group as at 31st March 2012.
- b) In the case of the Consolidated Profit & Loss Account of the Consolidated Results of operation of the group for the year then ended and
- c) In case of the Consolidated Cash Flow Statement of the consolidated cash flow of the group for the year then ended.
- F. i) *Non ascertainment of profit / loss on outstanding commodity hedging materials as at the end of the year, as referred to in note 36 to the Accounts;*
- ii) *Pending assessment of losses in respect of stocks of finished goods damaged by fire, no adjustment has been made to the accounts as referred to in notes 37 to the Accounts;*
- iii) *Non-provision/ascertainment of liability for gratuity on actuarial basis from the year commencing from 1st April 1997 to 31st March 2007 in respect of one unit of the company, as referred to in Note 38 to the Accounts; **
- iv) *Recognition of remission of taxes by Sales Tax Authority in the accounts, as referred to in note 39 (a) to the Accounts; **
- v) *Non ascertainment/ provision of possible loss which may arise for non recovery of interest free loans and advances in the nature of loans as referred to in note 39(b) to the Accounts.**
**relates to erstwhile Anglo India Jute Mills Company Ltd*
- vi) *Non-provision of possible losses arising from diminution in the year end carrying cost of investments, advances, deposits with companies and Sundry Debtors as referred to in notes 39 (d) & 39 (e) to the Accounts**.*
- vii) *Assets & Liabilities in Bangladesh as at 31st March 2012 could not be verified, as referred to in note 39(f) to the Accounts.***
*** relates to the subsidiary of erstwhile Anglo-India Jute Mills Company Limited.*

Place : Kolkata
Dated: August 13 2012.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E
S. K. Nayak
Partner
Membership No. 58711

AI CHAMPDANY INDUSTRIES LIMITED

ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

(Statement containing salient features of the Balance Sheet as per Section 219 (I)(b)(iv) of the Companies Act, 1956) ₹ in lacs

| | As at 31 March | | | | |
|--|----------------|-----------|------------------|----------|------------------|
| | 2012 | | | 2011 | |
| | | | | | |
| I EQUITY AND LIABILITIES | | | | | |
| 1. Shareholders' Funds | | | | | |
| a) Paid-up Share Capital | | | | | |
| i) Equity | 1,126.65 | | | 1,126.65 | |
| ii) Preference | 840.72 | 1,967.37 | | 840.72 | 1,967.37 |
| b) Reserves & Surplus | | | | | |
| i) Capital Reserve (including revaluation reserve) | 3,444.82 | | | 3,531.70 | |
| ii) Revenue Reserve | 5,440.19 | | | 5,440.19 | |
| iii) Surplus | 115.15 | 9,000.16 | 10,967.53 | (0.57) | 8,971.32 |
| | | | | | 10,938.69 |
| 2. Non-current liabilities | | | | | |
| a) Long-term borrowings | | 351.99 | | | 820.68 |
| b) Deferred tax liabilities (Net) | | 165.54 | | | 192.57 |
| c) Other Long-term liabilities | | 1,569.01 | 2,086.54 | | 319.01 |
| 3. Current liabilities | | | | | |
| a) Short-term borrowings | | 8,812.54 | | | 9,057.19 |
| b) Trade payables | | 4,369.86 | | | 5,932.82 |
| c) Other Current Liabilities | | 2,348.26 | | | 2,385.78 |
| d) Short-term provisions | | 537.06 | 16,067.72 | | 208.68 |
| 4. Minority Interest | | | 0.25 | | - |
| Total (1 to 4) | | | 29,122.04 | | 29,855.42 |
| II ASSETS | | | | | |
| 5. Non-current assets | | | | | |
| a) Fixed assets | | | | | |
| i) Tangible Assets (Original cost less depreciation) | 10,059.10 | | | 9,585.00 | |
| ii) Intangible Assets (original cost less depreciation/amortisation) | 40.54 | | | 24.88 | |
| iii) Capital work-in-progress | 1,296.38 | 11,396.02 | | 1,133.19 | 10,743.07 |
| b) Non-current investments | | 49.83 | | | 864.58 |
| c) Other non-current assets | | 4.30 | 11,450.15 | | 4.30 |
| 6. Current assets | | | | | |
| a) Inventories | | 13,041.63 | | | 14,122.86 |
| b) Trade Receivables | | 2,766.18 | | | 1,486.15 |
| c) Cash and cash equivalents | | | | | |
| i) Balance with banks | 28.47 | | | 194.48 | |
| ii) Cheque drafts in hands | 1.08 | | | - | |
| iii) Cash in hand | 6.35 | 35.90 | | 5.84 | 200.32 |
| d) Short-term loans and advances | | 1,828.18 | 17,671.89 | | 2,434.14 |
| Total (5 to 6) | | | 29,122.04 | | 29,855.42 |

Refer Accounting Policies & Notes forming part of the Accounts.

Compiled from the Audited Consolidated Balance Sheet of the Company referred to in our report of even date.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E

For and on behalf of the Board

S. K. Nayak
Partner
Membership No. 58711
Kolkata, 13 August 2012

B. K. Chowdhury
Senior General Manager (Accounts) &
Company Secretary

D. J. Wadhwa
N. Pujara } Directors

Note : Complete Consolidated Balance Sheet, Statement of Consolidated Profit and Loss, other statements and notes thereto prepared as per the requirements of schedule VI to the Companies Act, 1956 are available at the Company's website at www.jute-world.com

AI CHAMPDANY INDUSTRIES LIMITED

ABRIDGED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012
(Statement containing salient features of the Profit and Loss Account as per
Section 219 (I)(b)(iv) of the Companies Act, 1956) ₹ in lacs

| | 2011-12 | | 2010-11 | |
|---|-----------|------------------|------------|------------------|
| I. INCOME | | | | |
| Revenue from operations | | | | |
| i) Sale of products | 38,497.32 | | 34,066.71 | |
| ii) Other operational Revenue | 832.89 | | 316.04 | |
| | 39,330.21 | | 34,382.75 | |
| Less: Excise Duty & Cess | 239.78 | | 249.70 | |
| Net Revenue from Operations | | 39,090.43 | | 34,133.05 |
| II Other Income | | 491.44 | | 383.69 |
| III Total Income (I+II) | | 39,581.87 | | 34,516.74 |
| IV EXPENDITURE | | | | |
| a) Cost of materials Consumed | 23,742.84 | | 22,079.40 | |
| b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 651.63 | | (2,383.12) | |
| c) Employees benefits expenses | 6,881.65 | | 7,576.52 | |
| d) Finance costs | 800.54 | | 618.12 | |
| e) Depreciation and amortisation expenses | 703.68 | | 652.98 | |
| f) Other expenses | 6,294.23 | | 5,950.33 | |
| Total Expenditure (a to f) | | 39,074.57 | | 34,494.23 |
| V Profit before exceptional items and tax (III-IV) | | 507.30 | | 22.51 |
| VI Exceptional items | | (361.37) | | (0.93) |
| VII Profit before tax | | 145.93 | | 21.58 |
| VIII Provision for taxation | | | | |
| 1. Current Tax | 46.89 | | 6.90 | |
| 2. Deferred Tax (Assets) | (27.03) | 19.86 | 0.35 | 7.25 |
| IX Profit for the year | | 126.07 | | 14.33 |
| X Adjustment related to earlier years (taxes) | | (7.18) | | (15.99) |
| XI Minority Interest | | 0.08 | | - |
| XII Balance carried to Balance Sheet | | 118.97 | | (1.66) |
| XIII Earnings per share face value of Rs. 5 (Basic & diluted) | | 0.56 | | 0.06 |

Refer Accounting Policies & Notes forming part of the Accounts.

Compiled from the Consolidated Audited Profit & Loss Account of the Company referred to in our report of even date.

For D.P. Sen & Co.
Chartered Accountants
FRN 301054 E

For and on behalf of the Board

S. K. Nayak
Partner
Membership No. 58711
Kolkata, 13 August 2012

B. K. Chowdhury
Senior General Manager (Accounts) &
Company Secretary

D. J. Wadhwa }
N. Pujara } Directors

AI CHAMPDANY INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012
 ₹ in lacs

| | Figures for the current reporting period | Figures for the previous reporting period |
|---|--|---|
| 1 Cash flows from operating activities | 1,056.76 | (874.40) |
| 2 Cash flows from investing activities | (507.68) | (257.47) |
| 3 Cash flows from financing activities | (713.94) | 1,179.14 |
| 4 Net increase / (decrease) in cash and cash equivalents | (164.86) | 47.27 |
| 5 Cash and cash equivalents at beginning of period | 200.32 | 153.05 |
| 6 Adjustment on consolidation | 0.44 | - |
| 7 Adjusted Cash and cash equivalents at beginning of period | 200.76 | 153.05 |
| 8 Cash and cash equivalents at end of period | 35.90 | 200.32 |

Compiled from the Audited Consolidated Cash Flow Statement of the Company referred to in our report of even date.

D.P. Sen & Co.
Chartered Accountants
FRN 301054 E

For and on behalf of the Board

S. K. Nayak
Partner
Membership No. 58711
Kolkata, 13 August 2012

B. K. Chowdhury
Senior General Manager (Accounts) &
Company Secretary

D. J. Wadhwa }
N. Pujara } Directors

AI CHAMPDANY INDUSTRIES LIMITED

Notes to Abridged Consolidated Balance Sheet and Abridged Consolidated Profit and Loss Account

1. Significant Accounting Policies:

The significant accounting policies followed by the company are summarized below: -

1.1. Accounting Convention:

The Financial statements have been prepared in accordance with accrual method of accounting following the historical cost convention as modified by revaluation of certain Fixed Assets.

1.2. Fixed Assets:

Fixed Assets are stated at cost of acquisition, which are, inclusive of subsequent improvements thereto except for certain Fixed Assets, which were revalued. For Assets acquired at a composite price at cost as allocated to each assets by independent Valuers. Assets retired from active use are stated at values estimated by independent valuers.

Cost includes incidental expenses of acquisition/installation and financial cost relating to borrowed funds attributable to construction/ acquisition of fixed assets for the period upto commencement of commercial production / installation.

In respect of revalued assets, the difference between the written down values of the assets as on the date of revaluation and the then replacement value is transferred to Revaluation Reserve.

1.3. Depreciation:

(A) Depreciation on Fixed Assets has been provided for both on Straight line and Reducing balance method as hereunder. Method and rates consistently used for the purpose of depreciation charged for the year as follows:

1) Plant & Machinery and Electrical Installation

Unit at Jagatdal

(a) Straight Line Method

i) Certain specified items (included in electrical installation)

- Additions for the period 1.1.71 to 31.3.87 *5.25%

ii) Plant and Machinery and Electrical Installation

(other than (i) above)

- Additions for the period 1.1.77 to 31.12.82 (on single shift basis) *3.39%

- Additions for the period 1.1.83 to 31.3.87 (on single shift basis) *5.28%

- Additions from the year 1987-88 At rates prescribed in Schedule XIV of the Companies Act, 1956.

★ Rates applied in prior years following the company Law Board Circular No. 1/86 dated 21st May 1986.

b) Reducing Balance Method

Certain portion of Electrical Installation At rates prescribed in Schedule XIV of the Companies Act, 1956.
and Plant & Machinery (added upto 1976)

Other Units

(i) Reducing Balance Method

On Plant & Machinery acquired prior to 1st April 1979 At rates prescribed in Schedule XIV of the Companies Act, 1956.

(ii) Straight Line Method

On Plant & Machinery acquired after 31st March 1979 on assets acquired upto 30th September 1986 At rates previously determined in accordance with Section 205(2) (b) of the Companies Act, 1956.

On assets acquired after 30th September 1986 At rates prescribed in Schedule XIV of the Companies Act, 1956.

2) Other assets on reducing balance Method At rates prescribed in Schedule XIV of the Companies Act, 1956.

(B) Premium paid for leasehold land is amortised over the period of the lease.

(C) Freehold land and assets retired from active use are not depreciated.

1.4. Investments:

Long-term investments are stated at cost less provision for permanent diminution if any, in the value of such investment. Dividend Income is accounted for on receipt.

1.5. Inventories:

Inventories are valued on the following basis: (i) Raw Material at lower of cost and net realizable value, (ii) Finished Goods at lower of cost and contract value and net realizable value, (iii) Stores & Spares and work-in-process at cost or under.

In the case of Raw Materials and Stores & Spares, cost is generally ascertained on weighted average basis. Work-in-process and Finished Goods are valued on full cost absorption basis. Necessary provision is made for obsolete, slow-moving, non-moving and defective items of inventories.

1.6. Capital Subsidy:

Subsidies relating to Fixed Assets are initially credited to Capital Reserve and the amount is adjusted against the depreciation charged over the useful life of the asset.

1.7. Miscellaneous expenses:

Share issue expenses are amortized over a period of ten years.

1.8. Foreign Currency transactions:

- i) Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the year-end are translated at closing spot rates on the last day of the year.
- ii) The difference in translation in monetary assets and liabilities and realised gains and losses in foreign exchange transactions other than those relating to fixed assets are recognised in the Profit & Loss Account.

iii) Exchange differences in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.

1.9. Sales:

Sales comprise sale of goods and services and include freight and other charges recovered from customers.

1.10. Related Income:

Export incentives / Related Income are accounted to the extent considered certain of realisation by the Management.

1.11. Retiral benefits:

Contributions to the Provident and Superannuation Funds, which are in accordance with the respective schemes, are charged to revenue on accrual basis.

Retirement benefits including gratuity are provided for in the Books of Accounts on the basis of actuarial valuation except one unit of the company, which is treated on cash basis with effect from 1997-98 to 2006-07. Such liability has been provided on the basis of valuation made by the Actuary in line with the parameters & requirement of AS 15 (Revised 2005) issued by the Institute of Chartered Accountants of India.

1.12. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.13. Revenue expenditure on Research & Development is charged to Profit & Loss Account of the year in which it is incurred.

1.14. Capital expenditure on Research & Development is shown as addition to Fixed Assets.

1.15. Insurance claims are recognised on receipt/assessment of related claim from Insurance Authorities.

1.16. Intangible Assets:

Intangible Assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortized over a period of 5 years on Straight Line basis.

2. (Note No.23 of Consolidated Accounts)

The consolidated financial statements have been prepared in accordance with Accounting Standard "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

3. (Note No.24 of Consolidated Accounts)

The Consolidated Financial Statements have been prepared on the following basis:

(i) The financial statements of AI Champdany Industries Limited ("the Company) and its subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealized profit or losses.

(ii) The difference between the costs of investment in the subsidiary over the equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

- (iii) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Profit and Loss Account as the profit or loss on disposal of investment in subsidiary.
- (iv) The financial statement of the subsidiaries viz; Landale & Clark Ltd, AIC Properties Ltd, Champdany Constructions Ltd and West Bengal Multifiber Jute Park Ltd used in the consolidation are drawn upto the same reporting date as that of parent company i.e.31st March 2012.

The financial statements of Champdany Constructions Ltd and West Bengal Multifiber Jute Park Ltd have not been consolidated under AS-21, as the subsidiary control in these entities are temporary in nature during the previous year ended 31st March 2011.

4. (Note No.25 of Consolidated Accounts)

Estimated amount of contract remaining to be executed on capital account not provided for Rs. 193.20 lacs previous year Rs. 190.88 lacs)

5. (Note No.26 of Consolidated Accounts)

- i. Contingent liabilities Rs.3770.26 lacs (Previous year Rs. 4149.40 lacs).
- ii. Arrears of Cumulative Preference Shares Dividend Rs.82.63 lacs (previous year Rs.50.38 lacs) including Dividend Distribution Tax Rs.11.53 lacs (previous year Rs.7.02 lacs).

6. (Note No.28 of Consolidated Accounts)

Segment Information:

The Company has considered two Business Segments viz; Jute/jute diversified Products and Flax Products.

| A. Primary Segment Disclosure | | | | | (Rs. In lacs) | |
|--|---------------------------------------|----------|----------------------|----------|----------------------|----------|
| Particulars | Jute/Jute diversified products | | Flax Products | | Total | |
| | 31.03.12 | 31.03.11 | 31.03.12 | 31.03.11 | 31.03.12 | 31.03.11 |
| Revenue | | | | | | |
| External Turnover | 37431.86 | 31775.21 | 1658.57 | 2357.84 | 39090.43 | 34133.05 |
| Other Income | 488.15 | 379.57 | | - | 488.15 | 379.57 |
| Result | 825.45 | 177.24 | 117.81 | 458.34 | 943.26 | 635.58 |
| Unallocated | | | | | 2.34 | 1.80 |
| Operating Profit | | | | | 945.60 | 637.38 |
| Interest Expenses | | | | | 800.54 | 618.12 |
| Interest Income | | | | | 0.95 | 2.32 |
| Income Taxes | | | | | 19.86 | 7.25 |
| Net Profit | | | | | 126.15 | 14.33 |
| Other Information | | | | | | |
| Segment Assets | 25543.36 | 25540.47 | 3528.85 | 3450.37 | 29072.21 | 28990.84 |
| Unallocated | | | | | 49.83 | 864.58 |
| Total Assets | | | | | 29122.04 | 29855.42 |
| Segment Liabilities | 17103.53 | 17662.07 | 885.44 | 1062.09 | 17988.97 | 18724.16 |
| Unallocated | | | | | 165.54 | 192.57 |
| Total Liabilities | | | | | 18154.51 | 18916.73 |
| Capital Expenditure | 462.56 | 573.21 | 124.43 | 43.39 | 586.99 | 616.60 |
| Depreciation | 583.24 | 656.09 | 135.68 | 81.19 | 718.92 | 737.28 |
| Amortization | 5.00 | 23.22 | 12.25 | 61.27 | 17.25 | 84.49 |
| Non-cash Expenses other than Depreciation and Amortization | 2.01 | 0.19 | | | 2.01 | 0.19 |

B. Information about Secondary Segments

a) Revenue & Sundry Debtors as per Geographical Markets Rs. in lacs

| Particulars | Revenue | | Sundry Debtors | |
|---------------|-----------------|-----------------|----------------|----------------|
| | 31.03.12 | 31.03.11 | 31.03.12 | 31.03.11 |
| India | 17660.41 | 24956.37 | 2292.84 | 1108.36 |
| Outside India | 21921.46 | 9560.37 | 473.34 | 377.79 |
| Total | 39581.87 | 34516.74 | 2766.18 | 1486.15 |

b) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence separate figures for fixed assets / additions to fixed assets cannot be segregated.

7. (Note No.29 of Consolidated Accounts)

| | Rs. in lacs | |
|--|---------------------|---------------------|
| | Year ended 31.03.12 | Year ended 31.03.11 |
| Deferred Tax: | | |
| i) Liability at the beginning of the year | 192.57 | 192.23 |
| ii) Difference between book & tax depreciation | (27.03) | 0.34 |
| iii) Deferred tax liability at the end of the year | 165.54 | 192.57 |

8. (Note No.30 of Consolidated Accounts)

Related Party Disclosures

(a) List of Related Parties and Relationships:

| <u>Party</u> | <u>Relationship</u> |
|---|--------------------------|
| a) Champdany Constructions Limited | Subsidiary 100% |
| b) West Bengal Multifibre Jute Park Ltd | Subsidiary 90% |
| c) Mr. Nirmal Pujara | Key Management Personnel |

(b) Transactions during the previous year with related parties

| | <u>Rs. in lacs</u> Year ended <u>31.03.11</u> |
|--|---|
| A) Subsidiaries | |
| i) Champdany Constructions Ltd. | |
| Advance paid | 31.75 |
| Balance amount as at 31st March, 2011 | 43.78 |
| ii) West Bengal Multifibre Jute Park Ltd | |
| Balance amount as at 31st March, 2011 | 3.01 |

B) Key Management Personnel

| | <u>Year ended 31.03.12</u> | <u>Rs. in lacs</u> <u>Year ended 31.03.11</u> |
|---|----------------------------|--|
| Mr. Nirmal Pujara | | |
| Remuneration paid (whole time Director) | 20.32 | 22.32 |

9. (Note No.35 of Consolidated Accounts)

| | <u>2011-12</u> | <u>Rs. in lacs</u> | <u>2010-11</u> |
|---|----------------------|--------------------|--------------------|
| Exceptional Item represents: | | | |
| Exchange difference on repayment/conversion of Packing Credit | 361.37 | | - |
| Cess on debonding of EOUs | - | | 0.93 |
| Total Debit | <u>361.37</u> | | <u>0.93</u> |

10. (Note No.36 of Consolidated Accounts)
Commodity Hedging Transactions:
In accordance with the policy consistently followed by the company, the outstanding commodity hedging contracts are accounted on the date of their settlement and realised gain / loss in respect of settled contracts are recognised in the Profit and Loss Account, along with the underlying transactions.
11. (Note No.37 of Consolidated Accounts)
In respect of the fire occurred on 22nd April 2006 and 21st January 2011 at Wellington Jute Mill, Rishra the final assessment to the damage caused to Assets is yet to be completed by the insurance authorities. Pending such assessments, no adjustment has been made to the accounts to the extent of estimated loss of goods 1059 MT - Rs.-770.70 lacs (2010-11 - 1059 MT - Rs.770.70 lacs).
The company has filed necessary claims with the insurance authorities and adjustments to the accounts would be effected on completion of assessment and settlement of related claims.
12. (Note No.38 of Consolidated Accounts)
Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. Accordingly, gratuity are accounted for in the books of accounts on accrual basis based on actuarial valuation except for gratuity for one unit of the company from 1997-98 to 2006-07 treated on cash basis and liability for the said period is not ascertained, but from financial year 2007-08 provided on accrual basis.
13. (Note No.39 (a) of Consolidated Accounts)
The company has received the eligibility certificate from Sales Tax Authorities for the net value of fixed capital assets amounting to Rs.773 lacs and on gross addition to fixed assets amounting to Rs.616 lacs for the period from 1995-1996 to 1999-2000 and pending disposal of company's appeal for additional eligibility on the basis of gross value of fixed capital assets, an amount of Rs.1,119.57 lacs has been availed by the company on this account upto April, 2000. Adjustment, if any, on this account being currently not ascertainable, shall be considered as and when it arises.
14. (Note No.39 (b) of Consolidated Accounts)
Advances recoverable in cash or kind or value to be received - considered good includes Rs.26.93 lacs where although recoveries are not forthcoming but no provision has been made in the Accounts as the management considers these amounts are recoverable.
15. (Note No.39 (d) of Consolidated Accounts)
Sundry Debtors and advances recoverable in cash or in kind or for value to be received include Rs. 5.31 lacs and Rs. 2.50 lacs respectively considered as doubtful and no provision in this respect has been made in accounts as in the opinion of the management these amount are expected to be recoverable.
16. (Note No.39 (e) of Consolidated Accounts)
Going by the financials, provision that may be required to be made against possible loss, if any, in respect of groups' investments in Chitrakoot Investments Limited, Disciplined Investments Limited, Volga Investments Limited and Preoption Investments Ltd. to the extent of Rs. 0.04 lacs, Rs. 0.10 lacs, Rs. 5.92 lacs and Rs. 12.17 lacs respectively and also in respect of deposits with Chitrakoot Investments Ltd. And Volga Investments Limited to the extent of Rs. 37.50 lacs and Rs. 7.40 lacs respectively is not ascertainable at this stage.

17. (Note No.39 (f) of Consolidated Accounts)

Details of assets and liabilities in Bangladesh incorporated in this accounts and shown separately could not be made available to the Auditors for their verification.

18. (Note No. 45 of Consolidated Accounts)

As per gratuity actuarial valuation certificate, the "Contribution to Provident Funds and other Funds" for the year 2011-12 is after adjustment of Rs. Nil (2010-11 – Rs.703.21 lacs) relating to earlier years.

19. Key Financial Ratios

| | <u>2011-12</u> | <u>2010-11</u> |
|--|----------------|----------------|
| a) Sales / Total Assets | 1.52 | 1.29 |
| b) Operating Profit / Capital Employed % | 9.41 | 7.13 |
| c) Return on Net Worth % | 1.87 | 0.22 |
| d) Net Profit / Sales % | 0.32 | 0.04 |

20. Previous year's figures have been rearranged / reclassified / regrouped wherever necessary and to make it in conformatory with the amended Schedule VI to the Companies Act, 1956.

On behalf of the Board

For and on behalf of

D.P SEN & CO.
Chartered Accountants
FRN 301054 E
S K Nayak
Partner
Membership No. 58711

B K Chowdhury
Senior General Manager (Accounts)
& Company Secretary

D. J. Wadhwa }
N. Pujara } Directors

Dated: August 13 2012.

PROXY
AI CHAMPDANY INDUSTRIES LIMITED
Regd. Office : 25, Princep Street, Kolkata - 700 072

I/We _____ of
_____ being a member /
members of the above-named company hereby appoint _____ of
_____ or failing him _____ of
_____ as my/our proxy to attend and vote for me / us on my / our behalf
at the Ninety-fourth Annual General Meeting of the company to be held at the auditorium of Bharatiya Bhasha
Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017 on 12th September, 2012 at 10-30 AM and at any adjournment
thereof.

Affix
Revenue
Stamp

Folio No./DPID & Client ID : _____ Signed _____

No. of Shares held : _____

Date : _____

Note : Proxies must reach the company's Registered Office not less than 48 hours before the meeting.

**THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTRANCE OF THE
MEETING HALL
AI CHAMPDANY INDUSTRIES LIMITED**

Name of the attending Member

(in Block Letters) _____

Member's Folio No./DPID & Client ID: _____

Name of Proxy (in Block Letter)

to be filled in if the Proxy attends

instead of the Member/s) _____

No. of Shares held: _____

I, hereby record my presence at the Ninety-fourth Annual General Meeting at the auditorium of Bharatiya Bhasha
Parishad, 36A, Shakespeare Sarani, Kolkata – 700017 on 12th September, 2012 at 10-30 AM and at any adjournment
thereof.

● To be signed at the time of handing over this slip.

Member's / Proxy's Signature

BOOK POST

If undelivered please return to :-
AI CHAMPDANY INDUSTRIES LIMITED
25, Princep Street,
Kolkata - 700 072