

**Eighty-Seventh
Accounts & Report
2004-05**



AI CHAMPDANY INDUSTRIES LIMITED

MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT ALONG WITH THEM AT THE ANNUAL GENERAL MEETING. NO COPIES OF THE REPORT WILL BE DISTRIBUTED AT THE MEETING.

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DIRECTORS

Harbhajan Singh
Nirmal Pujara
Bhushan Wadhwa

COMPANY SECRETARY

B. U. Nair

AUDITORS

N. N. Das & Co.

BANKERS

ING Vysya Bank Ltd.
IndusInd Bank Ltd.
ICICI Bank Ltd.

REGISTRAR

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

REGISTERED OFFICE

18, Netaji Subhas Road
Kolkata - 700 001

WORKS

Jagatdal
24 Parganas (North)
West Bengal

AI CHAMPDANY INDUSTRIES LIMITED
(Formerly known as ANGLO-INDIA JUTE MILLS COMPANY LTD.)

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Eighty-seventh Annual General Meeting of the Members of the company will be held at the auditorium of 'Bharatiya Bhasha Parishad', 36A, Shakespeare Sarani, Kolkata - 700017 on 30th December, 2005 at 2.30 p.m. to transact the following business.

As Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at 31st March 2005 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. Harbhajan Singh, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To declare dividend on Preference Shares.
4. To appoint auditors and to fix their remuneration.

By order of the Board

B. UNNIKISHNAN NAIR
Company Secretary &
Financial Controller

Dated : 25th October, 2005

Registered Office :
18, Netaji Subhas Road
Kolkata - 700 001

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Notes :

1. A member entitled to attend and vote at 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.
2. 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.
3. The register of Members and the Share Transfer Book of the company will remain closed from Thursday, 22nd December, 2005 to Friday, 30th December, 2005 (both days inclusive).
4. 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.
5. 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
3rd & 5th Floor
Kolkata - 700 029
Phone : 2476-7350 to 54
Fax : 2454-1961

AI CHAMPDANY INDUSTRIES LIMITED

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DIRECTOR'S REPORT

TO THE STAKEHOLDER'S

Your directors have pleasure in presenting their report alongwith the Audited Financial Results of the company for the year ended 31st March 2005.

FINANCIAL RESULTS

	2005 (Rs. in lakhs)	2004 (Rs. in lakhs)
Total Income	10019.11	10565.89
Profit before Interest, Depreciation & Tax	498.34	681.95
Less :		
Interest	10.02	10.7
Depreciation	138.92	118.89
Profit Before Tax	349.40	552.35
Provision for Tax	-	-
Profit After Tax	349.40	552.35
Less : Loss brought forward from the Previous Year :	(334.44)	(886.79)
Amount available for appropriation	14.96	-
Dividend on Preference Shares	11.14	-
Tax on Dividend	1.56	-
Balance carried over to next year	2.26	(334.44)

OPERATING PERFORMANCE

The year under review was significant for the company and its stakeholders since net-worth of the company became positive and accumulated carried forward losses had been fully mitigated and adjusted. Net profit registered a decline compared to previous year due to escalation in raw-jute price, employment costs & other input costs, not commensurate with sale realisation due to stiff competition.

Operating performance, however, was on track in overall terms. Production during the year was 36103 MT (previous year 36935 MT). Total sales during the year was Rs. 9928.28 lacs (previous year Rs. 10438.72 lacs).

REHABILITATION PROGRAMME

Consequent to Net Worth becoming positive during the year under review, the company requested II the monitoring agency, to inform BIFR that it was no more a sick industrial company within the provisions of Sick Industrial Companies (Special) Provisions Act, 1985 and de-list the company accordingly. A confirmation in this regard has been received from the BIFR.

AMALGAMATION OF THE CHAMPDANY INDUSTRIES LIMITED WITH YOUR COMPANY

The promoters of the company have proposed a scheme of amalgamation of The Champdany Industries Limited (CIL) with the Company. The amalgamation of CIL will result in economies of scale, reduction in overheads and other expenses, productive utilization of various resources, profitability and tax advantages. Accordingly the shareholders (equity and preference) of both the companies have approved scheme of amalgamation at their meeting held on 25th February 2005 and moved an application to Hon'ble High Court at Kolkata for sanctioning the same, which is pending for final disposal. The scheme shall be effective from the appointed date i.e. 1st April 2004. The Annual Accounts shall be re-drawn, revisited and adopted at the Annual General Meeting when regulatory approval is received from the Hon'ble High Court, Kolkata.

CHANGE IN NAME OF THE COMPANY

Name of the company has been changed from 'Anglo-India Jute Mills Company Limited' to 'AI Champdany Industries Limited' w.e.f. 19th May 2005 by retaining the name "Anglo-India" under the short form of 'AI'.

AI CHAMPDANY INDUSTRIES LIMITED
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Such change of name will be instrumental in enhancing goodwill and client acceptance all across in the global and domestic markets, in turn.

OUTLOOK

Your company remains focused and committed to cost control, productivity improvements, quality consistence and product development. These will entail consolidation and drive growth in a structured manner, essentially in a tight competitive market. The major concerns, however, are posed in terms of continual labour cost increase, lack of productivity linked wages and overall increase in input costs and abnormally high raw jute prices with very low carry forward and marginally matched raw jute crop vis-a-vis requirement of Industry to produce at its normal capacity.

BOARD OF DIRECTORS

Jhri Harbhajan Singh retires by rotation at the forthcoming Annual General Meeting of the company and being eligible, offers himself for re-appointment.

AUDITOR'S REPORT

Observations of the auditors in their report have been adequately dealt with in the relevant Notes in Schedule 'M' of Accounts.

CORPORATE GOVERNANCE

Since the company has come out from the purview of SICA vide BIFR's order dated 21.06.2005, the rules applicable under the Corporate Governance for listed companies shall be applicable to the company as per listing norms. Necessary steps for implementation of Corporate Governance, have been initiated.

DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations received from the day to day operating Management, your directors, pursuant to section 217(2AA) of the Companies Act, 1956, confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- ii) such accounting policies have been selected and applied consistently and judgements and estimates made reasonably and prudently so as to give a true and fair view of the state of affairs of the company as on 31st March 2005 and its profit for the year ended on that date.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) the annual accounts have been prepared on a going concern basis.

BIFR MATTER

BIFR, vide its order dated 21st June, 2005 had discharged the company from the purview of SICA, with some conditional stipulations against which company filed an appeal before Hon'ble AAIFR. AAIFR has upheld the Order passed by BIFR and the company has moved a Writ petition before Hon'ble High Court, Delhi.

SUBSIDIARY COMPANY

Pursuant to section 212 of the Companies Act, 1956, the audited accounts of Landale & Clark Ltd., a wholly owned subsidiary of the company, together with its Director's and Auditors' Report there on and the Statement of Interest are attached. The consolidated amounts, as required, are also presented herewith.

AUDITORS

The company's auditors, M/s N N Das & Co. Chartered Accountants, retire at the forthcoming Annual General Meeting of the company and being eligible, offer themselves for reappointment. M/s. N Radhakrishnan & Co., Cost Accountants, Kolkata are the Cost Auditors of the company.

DIRECTOR'S REPORT

AI CHAMPDANY INDUSTRIES LIMITED
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CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect of these matters are given in Annexure 'A' to the Director's Report.

PERSONNEL

The relation between the management and employees remained cordial during the year under review. The directors wish to place on record their appreciation of the efficient and loyal services rendered by the company's employees at all levels. Since there was no employee in the company drawing remuneration in excess of the prescribed limit, the provision of Section 217(2A) of the Companies Act, 1956 read with the Rules made thereunder are not applicable.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation for support extended by Govt. of West Bengal through its financial scheme for rehabilitation of sick industries, but for which present results would not have been possible.



On Behalf of the Board

HARBHAJAN SINGH
BHUSHAN WADHWA
Directors

Place : Kolkata

Dated : 25th day of October 2005

AI CHAMPDANY INDUSTRIES LIMITED
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ANNEXURE - 'A'

Annexure to the Director's Report to the year ended 31.03.2005

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March 2005.

A. CONSERVATION OF ENERGY

Keeping in view the national need to conserve energy, the company continues to accord high priority to energy conservation. Some of the steps taken in this regard include proper maintenance of equipments to reduce frictional losses, elimination of inproductive consumption, reallocation of load, replacement of higher HP Motors with improved version of motors etc.

Moreover, investments are being made on continuous basis wherever required in consultation with professional experts in the field.

The adoption of energy conservation measures have resulted in some savings in consumption of energy per unit of production.

FORM - 'A'

		<u>Current</u> <u>Year</u>	<u>Previous</u> <u>Year</u>
I)	Power and Fuel Consumption		
1	Electricity :		
a)	Purchased		
	Units (KWH)	17651444	17058378
	Total Amount (Rs. in lakhs)	837.44	910.51
	Rate per Unit (Rs.)	4.744	5.34
b)	Own Generation through Diesel Generators		
	Units (KWH)	81675	153308
	Units per Ltr of Diesel Oil (KWH)	3.03	3.01
	Cost per Units (Rs.)	8.19	6.99
	Coal :		
	Quantity (MT)	10.64	398
	Total Cost (Rs. in lakh)	0.263	9.84
	Average Rate (Rs. per MT)	2471	2471
II)	Consumption per unit of production :		
	Production Jute goods (MT)	36103	36960
	Electricity (KWH)	491	466
	Coal (MT)	-	0.01

B. TECHNOLOGY ABSORPTION**FORM - 'B'****Research & Development (R & D)****1. Specific area in which R & D carried out by the company :**

R & D efforts are continuing for development of different items having combinations of Jute blended with other natural and man made fibres and improvement of end products. Production of Food grade bags with low hydrocarbon count is one such example.

2. Benefit derived as a result of the above R & D :

High Value addition and greater sophistication of end-products.

3. Future Plan of action :

Adoption of developments made by IJIRA and other institutions for overall improvement products.

4. Expenditure on R & D :

Recurring / Capital : In accordance with the company's consistent practice, expenditure incurred on R & D activities remains merged with various heads of account.

The company incurred an expenditure of Rs. 196.32 lacs towards modernisation and development during the year under review.

Technology absorption, adoption and innovation :**1. Efforts in brief made towards technology absorption, adaptation and innovation :**

Company has adopted technology for production of fine yarn and soil saver and further improvement in product and development of HCF Food grade jute products etc. The company have installed latest technology jute caddies fired boilers to generate energy and thus to reduce energy cost.

2. Benefits derived as a result of the above efforts :

Production of fine yarn is a value added item and soil saver is the low cost product permitting beneficial utilization of generated waste.

3. Technology imported :

No technology has been imported during the year :

C. FOREIGN EXCHANGE EARNING AND OUTGO :

The company has no export turnover of its own.

Total Foreign Exchange used and earned.

	<u>Current Year</u>	<u>Previous Year</u>
Used :	Nil	Nil
Earned :	Nil	Nil

On Behalf of the Board

HARBHAJAN SINGH
BHUSHAN WADHWA
Directors

Place : Kolkata

Dated : 25th day of October 2005