

ANNUAL REPORT 2005-2006

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AI CHAMPDANY INDUSTRIES LIMITED

AI Champdany Industries Limited

BOARD OF DIRECTORS

Mr. G. J. Wadhwa, Chairman
 Mr. H. Singh
 Mr. S. M. Palia
 Mr. S. K. Mehera
 Mr. D. J. Wadhwa
 Dr. G. Goswami
 Mr. N. Das
 B. Wadhwa
 N. Pujara (Executive Director-Mktg.)

Company Secretary
 & Financial Controller
 Mr. B. U. Nair

AUDITORS
 N. N. Das & Co.
 Chartered Accountants

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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RKS

Wellington Jute Mill Rishra, Hooghly West Bengal Pin : 712 248	Anglo India Jute Mill 1, West Ghosh Para Rd. Jagaddal, 24 Parganas (N) West Bengal Pin: 743 125	Fine yarn Unit 1, West Ghosh Para Rd. Jagaddal, 24 Parganas (N) West Bengal Pin: 743 125	Flax Unit 1, West Ghosh Para Rd. Jagaddal, 24 Parganas (N) West Bengal Pin: 743 125	Weaving Unit 39, Shalimar Road Howrah (South) West Bengal Pin: 711 103	Process House Rampur P.O. Govindpur Budge Budge Rd. 24 Parganas (S) West Bengal Pin: 743 352	Weaving Unit P.O. Konnagar Naiya Road, Barabahera West Bengal Pin: 712 246	Beldanga Unit P.O. Beldanga Murshidabad West Bengal Pin: 742 101	Libra Carpet Choudwar Dist. Cuttack Orissa Pin: 754 025
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100% Export Oriented Units

Yarn Unit
Rishra
Dist Hooghly
West Bengal
Pin : 712 248

Weaving Unit
Rishra
Dist Hooghly
West Bengal
Pin : 712 248

Weaving Unit
Narayanpur
R. Gopalpur
Dist 24 Parganas (N)
West Bengal
Pin : 700136

Yarn Unit
Konnagar
Naiya Road,
Barabahera,
Dist. Hooghly
West Bengal
Pin : 712 246

Yarn Unit
Choudwar
Dist. Cuttack
Orissa
Pin : 754 025

AI Champdany Industries Limited

NOTICE

Notice is hereby given that the Eighty Eighth Annual General Meeting of the Members of the company will be held at "OM Tower - 8th floor, 32 Chowringhee Road, Kolkata - 700 071 on Tuesday, the 26th September, 2006 at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2005 (for the merged company) and the Profit & Loss Account for the year ended on that date, together with the Report of the Directors and Auditors thereon.
2. To consider and adopt the audited Balance Sheet as at 31st March 2006 and the Profit & Loss Account year ended on that date, together with the Report of the Directors and Auditors thereon.
3. To appoint a Director in place of Mr. Bhushan Wadhwa, who retires by rotation, but being eligible offers himself for re-appointment.
4. To declare dividend on Preference Shares.
5. To declare dividend on Equity Shares.
6. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution 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 or any statutory modification(s) or re-enactment thereof Dr. G. Goswami, 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 the Articles of Association".
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution 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 or any statutory modification(s) or re-enactment thereof Mr. G.J. Wadhwa, 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 the Articles of Association".
9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution 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 or any statutory modification(s) or re-enactment thereof Mr. D.J. Wadhwa, 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 the Articles of Association".
10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution 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 or any statutory modification(s) or re-enactment thereof Mr. S. K. Mehera, 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 the Articles of Association"

11. To consider and, if thought fit, to pass, with or without modification(s), the following resolution 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 or any statutory modification(s) or re-enactment thereof Mr. S. M. Palia, 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 the Articles of Association"

12. To consider and, if thought fit, to pass, with or without modification(s), the following resolution 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 or any statutory modification(s) or re-enactment thereof Mr. N. Das, 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 the Articles of Association"

13. To consider and, if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in modification of the resolution passed at the General Meeting held on 26th December, 1997, authority of the company be and is hereby accorded to the Board of Directors of the company pursuant to Section 293(1)(d) of the Companies Act, 1956, or any amendment or modification thereof, to borrow and raise such sums of money from time to time as may be required for the purpose of the business of the Company in excess of the aggregate of the paid-up capital of the Company and its free reserves i.e. to say, reserve not set apart for any specific purpose, subject to the proviso that such borrowing shall not exceed Rs. 100 Crores over and above the aggregate of the paid-up capital of the Company and its free reserves and shall exclude all temporary loans obtained by the Company from its bankers in ordinary course of its business"

14. To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT the regulations contained in the draft Articles of Association submitted to this meeting, duly initialled by the Chairman for the purpose of identification, be and are hereby approved and adopted as the Articles of Association of the company in substitution for, and to the exclusion of all the existing Articles thereof."

By order of the Board

B UNNIKISHNAN NAIR
Company Secretary &
Financial Controller

Dated : 29th July,2006

Registered Office:
25, Princep Street,
Kolkata - 700 072

Notes:

1. The retiring Auditors M/s. N.N. Das & Co., Chartered Accountants, have expressed their un-willingness for re-appointment. A special Notice has been received from a member of the company proposing the name of M/s. D.P. Sen & Co., Chartered Accountants, to appoint as Auditors of the company from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting in place of the retiring Auditors. A certificate from M/s. D.P. Sen & Co., has been received to the effect that their appointment, if made, would be within the limits prescribed under section 224(1-B) of the Companies Act, 1956.
2. 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 Registrar's Office of the Company not later than 48 hours before the commencement of the meeting.
3. 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.
4. In terms of Article of the Articles of Association of the company Mr. Bhushan Wadhwa retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Brief resume of Mr. Bhushan Wadhwa is annexed to the notice. The Board of Directors of the company recommend his re-appointment.
5. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed hereto.
6. Members are requested to bring their Attendance Slip along-with their copy of Annual Report to the meeting.
7. 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.
8. The Register of Members and the Share Transfer Book of the company will remain closed from Thursday, the 21st September, 2006 to Tuesday, the 26th September, 2006 (both days inclusive).
9. 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.
10. Additional Information pursuant to Clause 49 of the Listing Agreements with Stock Exchanges on Directors recommended for appointment / reappointment at the Annual General Meeting are given in the annexure to the notice.
11. The company have shifted its Registered Office from 18, N.S Road, Kolkata – 700 001 to 25 Princep Street, Kolkata – 700 072 on 31st May, 2006.
12. 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

13. 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.
14. 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 of Transferor Company i.e. The Champdany Industries Limited who have not encashed the dividend warrants so far for the financial year ended March 31, 1999 or any subsequent year, 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.
15. *The dividend as recommended by the Board of Directors, if declared, will be made payable October 10, 2006, in accordance with the resolution to be passed by the members at the Annual General Meeting of the Company, to those shareholders whose names appear on the Registrar of Members of the Company on 26th September, 2006 or to their mandates, to the extent eligible, and also to beneficial owners of equity shares held in the electronic form on the same date as per details furnished by the Depositories for this purpose.*
16. Securities and Exchange Board of India (SEBI) has made it mandatory for all the Companies to use the bank account details furnished by the Depositories for distributing dividends through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. Members are advised to avail ECS facility whereby the dividend will be directly credited electronically to their respective Bank Accounts. Members holding the Company's shares in dematerialized mode are requested to provide ECS particulars to their respective Depository Participants, if they have not done so already. Members holding the Company's shares in physical form who have not opted for ECS are requested to provide their ECS particulars in the enclosed '**ECS Mandate Form**' and forward the same duly filled in and signed to the Company's Registrar and Share Transfer Agent at the earliest to avail this facility.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

Item Nos. 7,8,9 10,11 and 12

The Board of Directors of the company (the Board) has appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956(the Act) and Article of the Articles of Association of the company, the following directors as Additional Director of the company,

(i)	Dr. G. Goswami	with effect from 30.12.2005
(ii)	Mr. G. J. Wadhwa	with effect from 31.05.2006
(iii)	Mr. D. J. Wadhwa	with effect from 31.05.2006
(iv)	Mr. S. M. Palia	with effect from 31.05.2006
(v)	Mr. S. K. Mehera	with effect from 31.05.2006
(vi)	Mr. N. Das	with effect from 31.05.2006

In terms of the provisions of section 260 of the Act, they would hold office up-to the date of this Annual General Meeting.

The company have received notices in writing from members along-with 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 commends the resolutions set out at Item Nos. 7, 8, 9, 10, 11 and 12 of the Notice for your approval.

Save and except Dr. G. Goswami, Mr. G.J. Wadhwa, D.J. Wadhwa, Mr. S.K. Mehera, Mr. S.M. Palia and Mr. N. Das, none of the Directors of the company are, in any way, concerned or interested in the above resolution.

Item No. 13

According to clause (d) of sub-section (1) of section 293 of the Companies Act, 1956, the Board of Directors of the company cannot, except with the consent of the company in general meeting, borrow moneys in excess of the paid-up capital and free reserve of the company, that is reserve not set for any specific purpose. The borrowing used in this section should be exclusive of temporary obtained from the company's bankers in the ordinary course of business. The shareholders at the Annual General Meeting held on 26th December, 1997 had accorded their consent to the Board of Directors for borrowing upto Rs.35 Crores.

In view of the merger of The Champdany Industries Limited with the company and taking into consideration requirements of additional funds to meet the cost of the company's Capital Expenditure Programmes as also additional working capital requirements of the company, it is expected that the limit of Rs. 35 Crores sanctioned by the shareholders is likely to be exceeded. The consent of the shareholders is, therefore, sought in accordance with the provisions of section 293(1) (d) of the Companies Act, 1956.

The Board commends the passing of the above resolution.

None of the Directors are interested in the above resolution.

Item No. 14

The Companies (Amendment) Act 2002, the Companies (Second Amendment) Act 2002, Securities and Exchange Board of India Rules and Regulations, Depositories Act, 1996 and various Rules framed by the Central Government from time to time have brought into operation a number of modifications and new provisions making it necessary to amend certain provisions of existing Articles of Association of the company extensively. The present Articles of Association was adopted by the company on 30th December, 1957. Since, then number of changes/modification have taken place in Companies Act.

The Board of Directors considers that instead of amending the existing articles substantially, which would have been very cumbersome affair, a new set of Articles of Association having provision conformity with the latest amendments/additions in the provisions of Companies Act, 1956 R. Depositories Act, SEBI Rules and Regulations and the requirements the Stock Exchange be adopted. A new set of articles have been prepared to meet the requirements of the company and a copy of thereof will be available at the Registered Office of the company for inspection by any member during the company's working hours on any day during business hours. Copies of the proposed Articles of Association will also be available at the General Meeting.

By Order of the Board

B. Unnikrishnan Nair
Company Secretary & Financial Controller

Place : Kolkata
Dated 29th July, 2006.

AI Champdany Industries Limited,
25, Princep Street,
Kolkata : 700 072.

Re : Payment of Dividend through ECS

- # I wish to participate in the Electronic Clearing Service (ECS) introduced by the Reserve Bank of India
- # I do not wish to participate in the ECS. However, kindly print the bank particulars given below on the Dividend Warrant being issued to me.

Reg. Folio No. _____

2. Particulars of Bank

a Name of the Bank : _____

b Branch Address : _____

- * c. 9 Digit Code Number of the Bank and Branch as appearing on the MICR Cheque issued by the bank :

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d. Account Type

☐

Savings

☐

Current

☐

Cash credit

e Ledger Folio No. (if any) of your bank account _____

f. Account No. _____

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

Date :

Signature of the first holder

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

Delete whichever is not applicable.

Annexure to Notice

Details of Directors seeking appointment/re-appointment in ensuing Annual General Meeting to be held on 26.09.2006

Name of the Directors	Mr G.J. Wadhwa	Mr D J Wadhwa	Mr Bhushan Wadhwa	Dr. G. Goswami
Age	80 Years	68 Years	53 Years	66 Years
Date of Appointment	31st May 2006	31st May 2006	31st July 2004	30th December 2005
Expertise in specific functional area	Industrialist with vast experience in Jute Industry and Export market	Industrialist with vast experience in Jute Industry and Export market	Industrialist with vast experience in Export market	Ex-Chairman of IBI with rich experience in finance and Management
List of outside Directorships held	G. Jerambhai Exports Ltd. Amar Investments Ltd. National Electronics Pvt. Ltd	NIL	Circus Avenue Properties Pvt.Ltd Gunny Dealers Ltd. Gajer Bros Pvt. Ltd. Libra Transport Ltd. Rishra Industrial Ent.Ltd. G. Jerambhai Exports Ltd. Cooper Housing Estates Pvt.Ltd. Libra Exports Ltd. Naffar Chandra Jute Mills Ltd. West Range Properties Pvt.Ltd	Essar Oil Ltd. Essar Steel Ltd. FCL Technologies & Products Ltd. Birla VXL Ltd. Ganapati Sugar Industries Ltd. EITA India Ltd. Naffar Chandra Jute Mills Ltd. Amar Investments Ltd. Rishra Investment Ltd. Shibir India Limited
Chairman/Member of the Committee of Board of Directors of the Company	NIL	Member in Audit Committee	Member in Investor/Shareholder's Grievance Committee	Member in Audit Committee Member in Investor/Shareholder's Grievance Committee
Chairman/Member of the Committee of the Board of Directors of Other Public Limited Companies	NIL	NIL	NIL	Member in 2 Committees of the Board of Essar Oil Ltd., Essar Steel Ltd., FCL Technologies & Products Ltd. and Birla VXL Ltd. and in 1 committee of Rishra Investment Ltd.
No. of Shares held	0	151658	100	NIL

Details of Directors seeking appointment/re-appointment in ensuing Annual General Meeting to be held on 26.09.2006

Name of the Directors	Mr S M Palla	Mr S K Mehra	Mr N. Das	No. of Shares held
Age	68 Years	78 Years	69 Years	
Date of Appointment	31st May 2006	31st May 2006	31st May 2006	
Expertise in specific functional area	Ex-Development Banker with rich experience in finance and Management	Company Executive with rich business & management experience	Company Executive with rich experience in Finance Accounts and Management	
List of outside Directorships held	Tata Steel Ltd The Associated Cement Companies Ltd GRUH Finance Limited Saline Area Vivalisation Enterprises Ltd Shibir India Limited Tata Motors Ltd. The Bombay Dyeing & Mfg. Co Ltd	SDV Air Link India Ltd.	Nicco Corporation Ltd Nicco Engineering Services Ltd. Shibir India Ltd.	
Chairman/Member of the Committee of Board of Directors of the Company	NIL	Member in Audit Committee	NIL	
Chairman/Member of the Committee of the Board of Directors of Other Public Limited Companies	Chairman on 3 Committees of GRUH Finance Limited and in 1 Committee of The Associated Cement Companies Limited and in 1 Committee of Shibir India Ltd. Member in 2 Committees of The Tata Iron & Steel Co. Ltd	NIL	Chairman of 2 Committees of Nicco Corporation Ltd. Chairman of 1 Committee of Nicco Engineering Services Ltd. Member in 1 Committee of Shibir India Ltd	
No. of Shares held	NIL	NIL	NIL	