

ANNUAL REPORT 2006-2007

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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
 Mr. B. Wadhwa
 Mr. N Pujara (Executive Director-Mktg.)

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

AUDITORS

D P Sen & Co.
Chartered Accountants

BANKERS

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

Wellington	Anglo India	Fine Yarn	Flax	Weaving	Process House	Weaving Unit	Beldanga Unit	Libra Carpet
Jute Mill	Jute Mill	Unit	Unit	Unit	Rampur	Unit	Unit	Unit
Richra,	1.West Ghosh	1.West Ghosh	1.West Ghosh	39,Shalimar	P.O. Govindpur	P.O. Konnagar	P.O.Beldanga	Choudwar
Hoochly	Para Road Jagatdal	Para Road Jagatdal	Para Road Jagatdal	Road	Budge Budge Road	Naity Road,	Murshidabad	Dist : Cuttack
	24,Parganas(N)	24,Parganas(N)	24,Parganas(N)	Howrah(South)	24,Parganas (South)	Barabahera		
West Bengal	West Bengal	West Bengal	West Bengal	West Bengal	West Bengal	West Bengal	West Bengal	Orissa
Pin :712 248	Pin:743 125	Pin : 743 125	Pin : 743 125	Pin:711 103	Pin : 743 352	Pin : 712 246	Pin : 742 101	Pin : 754 025
100% Export Oriented Units								
	Yarn Unit	Weaving Unit	Weaving Unit	Weaving Unit	Yarn Unit	Yarn Unit	Yarn Unit	
	Richra	Richra	Richra	Narayanpur	Konnagar	Choudwar	Choudwar	
	Dist Hoochly	Dist Hoochly	Dist Hoochly	Dist. 24 Parganas	Naity Road,Barabahera,	Dist. Cuttack	Dist. Cuttack	
	West Bengal	West Bengal	West Bengal	West Bengal	Dist., Hoochly	Orissa	Orissa	
	Pin :712 248	Pin :712 248	Pin :712 248	Pin :700 136	WestBengal	Pin : 754 025	Pin : 754 025	
					Pin: 712 246			

AI CHAMPDANY INDUSTRIES LIMITED
Notice to the Shareholders

Notice is hereby given that the Eighty Ninth Annual General Meeting of the Members of the Company will be held on Friday, the 31st August, 2007 at 11 AM at the Auditorium of Bharatiya Bhasha Parishad, 4th 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, 2007 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. H. Singh, who retires by rotation and, being eligible, offer himself for re-appointment.
- (3) To appoint a Director in place of Mr. N. Pujara, who retires by rotation and, being eligible, offer himself for re-appointment.
- (4) To appoint a Director in place of Mr. B. Wadhwa, who retires by rotation and, being eligible, offer himself for re-appointment.
- (5) To declare dividend on Preference Shares for the financial year ended March 31, 2007.
- (6) To declare dividend on Equity Shares for the financial year ended March 31, 2007.
- (7) To appoint auditors and to fix their remuneration.

As Special Business :

- (8) To consider, and, if thought fit, to pass with or without modification (s), the following Resolution as an ordinary Resolution.

Resolved that pursuant to Sections 198,309 and 311 read with Schedule XIII, and all other applicable provisions of the Companies Act, 1956, the Company hereby approves the increase in the remuneration payable to Mr. N. Pujara, Executive Director (Mktg.) for the period from September 01, 2007 to December 31, 2007 from Rs. 51,000/-, (salary Rs. 37,000/- and allowance Rs. 14,000/-) per month to Rs. 1,00,000/-per month as salary, with all other terms and conditions remaining the same.

- (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 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 (Mktg.) of the Company for a period of 5 years with effect from January 01, 2008, upon the terms and conditions set out in the draft 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 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 remuneration by way of salary and perquisites then drawn by Mr. N. Pujara subject to requisite approvals, If any as minimum remuneration."

Registered Office

25, Princep Street

Kolkata – 700 072

Dated:24th July, 2007

By Order of the Board

B. K. Chowdhury

Sr. 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 of the Articles of Association of the Company Mr. H. Singh retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A brief resume of Mr. H. Singh is annexed to the notice. The Board of Directors of the Company recommend his re-appointment.

In terms of Article of the Articles of Association of the Company Mr. N. Pujara retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A brief resume of Mr. N. Pujara is annexed to the notice. The Board of Directors of the Company recommend his re-appointment.

In terms of Article of the Articles of Association of the Company Mr. B. Wadhwa retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A brief resume of Mr. B. Wadhwa is annexed to the notice. The Board of Directors of the Company recommend his re-appointment.
- 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 August 23, 2007 to August 31, 2007, (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,
3rd & 5th Floor,
Kolkata - 700 029
Phone : 2476-7350 to 54
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, 2001 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.*
- k) The dividend as recommended by the Board of Directors, if declared, will be made payable by September 13, 2007, 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 Register of Members of the Company on August 31, 2007 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.
- l) 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 Services (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.
- m) The explanatory statement pursuant to section 173(2) of the Companies act. 1956 is annexed.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item 8

Mr. N. Pujara (Mr. Pujara) was re-appointed as Executive Director (Mktg.) with effect from January 01, 2003 by The Champdany Industries Ltd. (since merged with the Company), for a period of 5 years. His present salary and allowances are Rs. 51,000/- per month. Considering the growth in the activities of the Company and responsibility shouldered by Mr. Pujara, the Board of Directors in its meeting held on July 24, 2007 decided to increase his remuneration from Rs. 51,000/- (salary Rs. 37,000/- and allowances Rs. 14,000/-) per month to Rs. 1,00,000/- as salary for the remaining period of his present contract i.e. from September 01, 2007 to December 31, 2007 subject to approval of the members of the Company.

The above revision in the remuneration is in accordance with Schedule XIII of the Companies Act, 1956.

The copy of the draft Agreement for the above revision is available for inspection at the Registered Office of the Company on any working day prior to the date of the meeting between 11.00 a.m. and 1.00 p.m. and will also be available for inspection at the Annual General Meeting.

The Board recommends passing of the above resolution.

Except Mr. Pujara, no other Director of the Company is interested or concerned in the Resolution.

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

Item 9

The present term of office of Mr. N. Pujara (Mr. Pujara), Executive Director (Mktg.) of the Company will expire on December 31, 2007. Mr. 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 (Mktg.) 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 contributions to the Company's overall growth and profitability, the Board of Directors on July 24, 2007 approved for re-appointment of Mr. Pujara as Executive Director (Mktg.) for a period of five years with effect from January 01, 2008 on the terms and conditions mentioned in the draft agreement between the Company and Mr. Pujara 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. 1,00,000/- per month in the range of Rs. 1,00,000/- to Rs. 5,00,000/- per month, as may be determined by the Board from time to time.
2. **Perquisites:** Mr. Pujara shall also be entitled to furnished residential accommodation alongwith gas, water, electricity, etc, reimbursement of medical expenses incurred for self and family subject to the ceiling of one month's salary in a year or three months salary over a period of three years, leave travel assistance for self and family once in a year by Air in accordance with the rules of the Company, fees to Clubs subject to a maximum of two Clubs and the same will not include admission or life membership fees. Personal Accident Insurance as per Company's Personal Accident Scheme, Car for use on Company's business and telephone at residence, Personal long distance calls

on telephone shall be billed to Mr. Pujara. Perquisites shall be evaluated as per the Income Tax Rules, whatever applicable.

The remuneration mentioned above including the value of the perquisites will be subject to the overall ceiling laid down under Sections 198 and 309 and provisions of Schedule XIII of the Companies Act, 1956.

3. Mr. Pujara will also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above:
 - a) Company's contributions towards Provident Funds/Superannuation Fund according to the Rules of the Company to the extent that these either singly or put together are not taxable under the Income Tax Act.
 - b) Gratuity not exceeding one-half month's salary for each completed year of service.
 - c) Leave encashment at the end of tenure in accordance with the rules specified by the Company.
4. Mr. Pujara shall not be paid any sitting fee for attending the meeting of the Board or any Committee thereof.
5. In the event that the Company in any financial year during the aforesaid period, has no profits or its profits are inadequate, the minimum remuneration payable to Mr. Pujara by way of salary, allowances and perquisites shall be the remuneration then drawn by Mr. Pujara subject to requisite approvals, if any.
6. Mr. Pujara will be reimbursed by the Company of all entertainment, travelling and other expenses actually incurred for business of the Company.
7. Mr. Pujara and the Company shall have right to terminate the appointment by giving three months' prior notice in writing to the other.

The copy of the draft 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 the meeting between 11.00 A.M. and 1.00 P.M. and will also be available for inspection at the Annual General Meeting.

The Board recommends the passing of the above resolution.

Except Mr. Pujara, no other Director 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.

By Order of the Board

Registered Office
25, Princep Street
Kolkata – 700 072
Dated: July 24, 2007

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

Annexure to Notice:

Details of Directors seeking re-appointment in ensuing Annual General Meeting to be held on, August 31, 2007

Name of Directors	Mr. H. Singh	Mr. N. Pujara	Mr. B. Wadhwa
Age	67	54	54
Date of appointment	September 24, 2003	April 05, 1994	July 31, 2004
Expertise in specific functional area	Ex- Chairman & Managing Director of Allahabad Bank with rich experience in finance and management	Industrialist with vast experience in export market	Industrialist with vast experience in export market
List of outside Directorships held	Machino Plastics Ltd. Taurus Investment Trust Co. Ltd. Machino Polymers Ltd. Geo Steel Ltd. Indus Business Consultants (P) Ltd. Indus Valley Partners (India) Pvt. Ltd. Indus Valley I.T. Park (Pvt.) Ltd.	Amar Investments Ltd. Circus Avenue Properties Pvt.Ltd. Coochbehar Industries (I) Pvt. Ltd. Cooper Housing Estates Pvt. Ltd. Eastern Services Pvt. Ltd. G. Jerambhai Exports Ltd. Gujrat Exports Pvt. Ltd. Gunny Dealers Ltd. Khairu Place Inv. & Trading Pvt. Ltd. Libra Carpets Ltd. Libra Transport Ltd. Rishra Industrial Enterprises Ltd. Rishra Investments Ltd. Shibir India Ltd. West Range Properties Pvt. Ltd.	Circus Avenue Properties Pvt. Ltd. Cooper Housing Estates Pvt. Ltd. G. Jerambhai Exports Ltd. Gojer Bros. Pvt. Ltd. Gunny dealers Ltd. Libra Transport Ltd. Naffar Chandra Jute Mills Ltd. Rishra Industrial Enterprises Ltd. West Range Properties Pvt. Ltd.
Chairman/Member of the Committee of Board of Directors of the Company.	Chairman Audit Committee		Member: Investors' Grievances Committee
Chairman/Member of the Committee of the Board of Directors of other Public Limited Companies.	Chairman: Audit Committee & Investors' Grievances Committee of Machino Plastics Ltd.	Chairman: Audit Committee & Investors' Grievance Committee of Shibir India Ltd. and Chairman of Audit Committee of Rishra Investments Ltd.	
No. of shares held		1,700	53,859

Al Champdany Industries Limited
25, Princep Street
Kolkata-700 072

Re: Payment of Dividend through ECS

I wish to participate in the Electronic Clearing Services (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.

1. 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:

--	--	--	--	--	--	--	--	--

d) Account Type : ☐ Saving ☐ 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.

AI CHAMPDANY INDUSTRIES LIMITED
DIRECTORS' REPORT

TO THE STAKEHOLDERS

Your Directors have pleasure in presenting their report alongwith Audited Financial Results of the Company for the year ended 31st March 2007.

(Rs. In lacs)

	Year ended 31 st March, <u>2007</u>	Year ended 31 st March, <u>2006</u>
Total Income	25,063.30	29,099.70
Profit before Interest, Depreciation and Tax	1,695.99	1,480.25
Less:		
Interest	586.00	335.77
Depreciation	805.54	793.23
Profit Before Tax	304.45	351.25
Provision for Tax:		
- Current Tax	62.00	82.00
- Deferred Tax	49.62	(8.88)
- Transfer from deferred Tax Reserve	(49.62)	8.88
- Fringe Benefit Tax	9.81	11.49
Profit After Tax	232.64	257.76
Add : Profit brought forward from the Previous year.	595.67	488.19
Amount available for appropriation	828.31	745.95
Dividend on Preference Shares	15.40	15.62
Dividend on Equity Shares	112.67	112.67
Tax on Dividend	21.76	17.99
Transfer to Capital Redemption Reserve	—	4.00
Transfer from Capital Redemption Reserve	4.00	—
Balance carried over to next year	682.48	595.67

DIVIDEND:

Your Directors recommend payment of dividend @ 10% (previous year 10%) on the Equity Shares and @ 7% (previous year 7%) on the Preference Shares subject to your approval.