

**ANNUAL
REPORT
2007-2008**

ReportJunction.com

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
 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

Contents	Page No.
Notice to the Shareholders	2
Directors' Report including Management Discussion & Analysis Report	7
Report on Corporate Governance	12
Auditors' Report	20
Balance Sheet	23
Profit & Loss Account	24
Cash Flow Statement	25
Schedules to Accounts	26
Champdany Constructions Limited	42
Landale & Clark Limited	47
Consolidated Accounts	58

WORKS

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

100% Export Oriented Units

Yarn Unit	Weaving Unit	Weaving Unit	Yarn Unit	Yarn Unit
Rishra Dist Hooghly West Bengal Pin :712 248	Rishra Dist Hooghly West Bengal Pin :712 248	Narayanpur Dist. 24 Parganas West Bengal Pin :700 136	Konnagar Naity Road,Barabahera, Dist.. Hooghly WestBengal Pin: 712 246	Choudwar Dist. Cuttack Orissa Pin : 754 025

AI CHAMPDANY INDUSTRIES LIMITED

Notice to the Shareholders

Notice is hereby given that the Ninetieth Annual General Meeting of the Members of the Company will be held on Tuesday the July 29, 2008 at 10 A.M. 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, 2008 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. G. J. Wadhwa who retires by rotation and, being eligible, offer himself for re-appointment.
- (3) To appoint a Director in place of, Mr. D. J. Wadhwa who retires by rotation and, being eligible, offer himself for re-appointment.
- (4) To appoint a Director in place of, Dr. G. Goswami 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, 2008.
- (6) To declare dividend on equity shares for the financial year ended March 31, 2008.
- (7) 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."

As Special Business:

To consider, and, if thought fit, to pass with or without modification (s), the following Resolutions as Ordinary Resolutions.

- (8) **"RESOLVED THAT** pursuant to the provisions of Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, ("the Act") including any statutory modifications or re-enactment thereof for the time being in force and the provisions of Article 57 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the consent of the Company be and is hereby accorded that each Equity Share of the face value of Rs.10 of the Company be sub-divided into 2 Equity Shares of the face value of Rs.5 each."

"RESOLVED FURTHER THAT the existing Share Certificate(s) in relation to the issued Equity Share capital held in physical form be cancelled and in exchange thereof new share certificate(s) be issued in respect of the holdings of Equity Shares of the members of the Company consequent upon the sub-division of the Equity Shares as aforesaid subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and in the case of shares held in the dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the shareholders in lieu of the existing credits representing the Equity Shares before sub-division with the respective Depository Participants."

"RESOLVED FURTHER THAT the Board of Directors (including any Committee of the Board constituted or hereinafter constituted) be and is hereby authorised to issue the new Share Certificates representing the sub-divided Equity Shares consequent to the sub-division of shares as aforesaid, by seeking surrender of old share certificates in exchange of new sub-divided certificates in respect of shares held in physical form and in respect of shares held in Dematerialised form credit the beneficiaries accounts maintained with the Depositories in lieu of the existing credits representing the equity shares before subdivision, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to take all such decisions, actions and steps as may be necessary, consequential, usual and incidental to give effect to the aforesaid resolution."

- (9) **"RESOLVED THAT** Authorised Share Capital of the Company be increased from Rs. 20,00,00,000 (Rupees Twenty crores) to Rs.35,00,00,000 (Rupees Thirty five Crores) by creation of additional equity share capital of Rs. 15,00,00,000 (Rupees fifteen Crores)".

- (10) **“RESOLVED THAT** Clause 5 (being Capital Clause) of the Memorandum of Association of the Company be altered as follows:

In the existing clause 5 for the words & figures “Rs.20,00,00,000 (Rupees Twenty crores) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs.10/- each and 50,00,000 (Fifty Lakhs) 7% Cumulative Preference Shares of Rs.10/- each” the word and figures “Rs.35,00,00,000 (Rupees Thirty five crores) divided into 6,00,00,000 (Six crores) **Equity Shares of Rs.5/- each and 50,00,000 (Fifty Lacs) 7% Cumulative Preference Shares of Rs.10/- each” be substituted.”**

Registered Office
25, Princep Street
Kolkata – 700 072
Dated: 25th May, 2008

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. G. J. Wadhwa retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Brief resume of Mr. G. J. Wadhwa is annexed to the notice. The Board of Directors of the Company recommends his re-appointment.
 In terms of Article of the Articles of Association of the Company Mr. D. J. Wadhwa retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Brief resume of Mr. D. J. Wadhwa 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 Dr. G. Goswami retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Brief resume of Dr. G. Goswami is annexed to the notice. The Board of Directors of the Company recommends 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 July 16, 2008 to July 29, 2008 (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, ☎ : 2476 7350 to 54, 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, 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 August 21, 2008, 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 July 29, 2008 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 and reasons for the proposed special business above pursuant to Section 173(2) of the Companies Act, 1956, is annexed.

EXPLANATORY STATEMENT AND REASONS FOR THE PROPOSED RESOLUTIONS ACCOMPANYING THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item 8:

The Company's shares are listed and are traded on National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange.

The Subscribed Equity Capital of the Company as on date is 11,266,500 Equity Shares of Rs.10 each.

In order to improve the liquidity of the Company's shares in the stock market it is proposed to sub-divide the nominal value of the Equity Shares from the present Rs.10/- to Rs.5/- per share, as detailed in the resolution.

None of the Directors of the Company is in any way concerned or interested in the Resolution except to the extent of sub-divided Equity Shares to be issued to them in lieu of their holding of Equity Shares of the face value of Rs.10/- each.

Your Directors recommend the resolution for your approval.

Item 9:

The paid-up share capital of the Company is Rs.1346.65 lacs as against the present authorised Share Capital of Rs.20 Crores. In view of the increased activity of the Company and to take care of the future requirements for the various diversification /expansion /modernization programmes under consideration the authorised share capital of the Company is proposed to be increased from Rs. 20 Crores to Rs. 35 Crores by creation of additional equity share capital of Rs. 15 Crores

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Your Directors recommend the resolution for your approval.

Item 10:

Resolution under item 10 for amendment to Capital Clause 5 of the Memorandum of Association is consequential upon the proposed split of the face value of the equity shares at item 8 and for proposed increase in the authorised share capital of the Company as set out at item 9 of the notice.

None of the Directors of the Company is in any way concerned or interested in the Resolution except to the extent of sub-divided Equity Shares to be issued to them in lieu of their holding of Equity Shares of the face value of Rs.10/- each.

Your Directors recommend the resolution for your approval.

A copy of the Memorandum and Articles of Association of the Company is open for inspection by the members at the Registered Office of the Company during business hours on any working day upto and including the date of the Annual General Meeting.

Registered Office
25, Princep Street
Kolkata – 700 072
Dated: 25th May, 2008

By Order of the Board
B. K. Chowdhury
Sr. General Manager (Accounts)
& Company Secretary

Annexure to Notice:

Details of Directors seeking re-appointment in ensuing Annual General Meeting to held on July 29, 2008.

Name of Directors	Mr. G. J. Wadhwa	Mr. D. J. Wadhwa	Dr. G. Goswami
Age	82	70	68
Date of appointment	31 st May 2006	31 st May, 2006	30 th 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	Ex-Chairman of IIBI with rich experience in finance and Management.
List of outside Directorships held	G. Jerambhai Exports Ltd. Amar Investments Ltd. National Electronics Pvt. Ltd.	Nil	Essar Oil Ltd. Essar Steel Ltd. Birla VXL Ltd. Ganapati Sugar Industries Ltd. Shibir India Ltd. Rishra Investment Ltd. Amar Investments Ltd. Naffar Chandra Jute Mills Ltd.
Chairman/Member of the Committee of Board of Directors of the Company.	Nil	Member of Audit Committee	Member in Audit Committee Chairman in Investors / Shareholder's Grievance Committee
Chairman/Member of the Committee of the Board of Directors of other Public Limited Companies.	Nil	Nil	Member in 3 Committee of the Board of Birla VXL Ltd. Member in 2 Committee of the Board of Essar Steel Ltd. Member in 1 Committee of the Board of Shibir India Ltd. Essar Oil Ltd. & Rishra Investments Ltd.
No. of shares held	466993	668884	Nil

AI 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 31<sup>st</sup> March 2008.

(Rs. in lacs)

|                                                      | Year ended<br>31 <sup>st</sup> March,<br><u>2008</u> | Year ended<br>31 <sup>st</sup> March,<br><u>2007</u> |
|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| <b>Total Income</b>                                  | <b>27524.57</b>                                      | 25063.30                                             |
| Profit before Interest, Depreciation and Tax         | <b>1880.23</b>                                       | 1695.99                                              |
| Less:                                                |                                                      |                                                      |
| Interest                                             | <b>645.24</b>                                        | 586.00                                               |
| Depreciation                                         | <b>756.03</b>                                        | 805.54                                               |
| <b>Profit Before Tax</b>                             | <b>478.96</b>                                        | 304.45                                               |
| Provision for Tax:                                   |                                                      |                                                      |
| - Current Tax                                        | <b>210.60</b>                                        | 62.00                                                |
| - Deferred Tax Liability / (Asset)                   | <b>(43.98)</b>                                       | 49.62                                                |
| - Transfer from deferred Tax Reserve                 | <b>-</b>                                             | (49.62)                                              |
| - Fringe Benefit Tax                                 | <b>9.37</b>                                          | 9.81                                                 |
| <b>Profit After Tax</b>                              | <b>302.97</b>                                        | 232.64                                               |
| Add : Profit brought forward from the Previous year. | <b>682.48</b>                                        | 595.67                                               |
| Less : Adjustment relating to earlier years (taxes)  | <b>281.51</b>                                        | -                                                    |
| Amount available for appropriation                   | <b>703.94</b>                                        | 828.31                                               |
| Dividend on Preference Shares                        | <b>15.40</b>                                         | 15.40                                                |
| Dividend on Equity Shares                            | <b>56.34</b>                                         | 112.67                                               |
| Tax on Dividend                                      | <b>12.19</b>                                         | 21.76                                                |
| Transfer to Capital Redemption Reserve               | <b>25.00</b>                                         | -                                                    |
| Transfer to General Reserve                          | <b>100.00</b>                                        | -                                                    |
| Transfer from Capital Redemption Reserve             | <b>-</b>                                             | 4.00                                                 |
| Balance carried over to next year                    | <b>495.01</b>                                        | 682.48                                               |

#### **DIVIDEND:**

Your Directors recommend Payment of Dividend @ 5% (Previous year 10%) on the Equity Shares and @ 7% (previous year 7%) on the Preference Shares subject to your approval. In view of uncertainty in the availability of Raw Jute in the ensuing season & other risk factors as indicated in the Management Discussion & Analysis Report and to conserve resources for the Capital Expenditure programmes, your Directors are constrained to reduce the Equity Dividend for the Year.



**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 forming 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. G. J. Wadhwa and Dr. G. Goswami, 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 Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that 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 or loss 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.

**AUDITORS:**

M/s. 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.

**SUBSIDIARY:**

As required under the provisions of Section 212 of the Companies Act, 1956, the audited accounts together with Director's Report and Auditor's Report of the subsidiary Companies namely, Landale & Clark Limited & Champdany Constructions Limited, 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 Consolidated Financial Statement, this Annual Report also includes Consolidated Financial Statement.

**AUDITOR'S REPORT:**

Observations of the auditors in their report have been adequately dealt with in the relevant notes in Schedule 17 of the Accounts.

**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 was not applicable to the Company, since there was no employee in the service of the Company drawing a 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 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 for Units under suspension work & workers strike at Flax Yarn Unit 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, Financial Institutions, Company's Bankers, customers, employees, shareholders and other business associates.

On Behalf of the Board

Place: Kolkata

Dated: 25<sup>th</sup> May 2008.

B. Wadhwa }  
N. Pujara } Directors

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **A. Industry Structure and Development :**

During the year the Industry had to bear the burden of steep rise in Wage Cost of almost 20% arising from additional bonus liability and increase in dearness allowance without any corresponding improvement in productivity. Therefore productivity linked wage structure needs serious consideration of all concerned in the overall interest of the Industry.

During later part of the year, Government of India allowed duty free import of Raw Jute and Finished Goods from Bangladesh which is enjoying several cost advantages vis a vis Indian Jute Industry. Therefore it is now all the more imperative for the Industry to retain its competitiveness by improving productivity, reduce cost on all areas of operations and to diversify product mix to face such challenges from time to time.

#### **B. Opportunities/Threats, Risks & Concerns :**

##### **❖ Opportunities**

The opportunities in the Jute Industry which is facing several challenges has to be created by focusing on development of new products and markets and by improving productivity. Over the years, your Company has been able to create reasonable production capacity and infrastructure for diversified products and continuous efforts are being made to leverage these capacities in development of more and more valued added products and by widening their market both domestic and International, so as to provide value to the customers either as a substitute to existing products or for creating new applications for such products.

##### **❖ Threats/Risks & Concerns**

- a) As usual the industry is facing the threat of dilution in the Jute Packaging Materials (Compulsory use of Packaging Commodities) Act, 1987 which at present requires 100% packaging of Food Grains and Sugar in Jute Bags.
- b) Bangladesh continues to enjoy currency advantage, Government Subsidy, low wage and raw material cost thereby giving uneven competition to Indian Goods.
- c) Recent unexpected sharp increase in Raw Jute prices.
- d) Duty free import of finished goods from Bangladesh.
- e) Steep rise in Wage Cost without any productivity benefit.

#### **C. Outlook:**

Despite steep rise in minimum support price for raw jute by Government of India, there are reports that in the Current crop season farmers have shifted to Paddy/Oil Seeds Cultivation because of higher realisations and accordingly the ensuing jute crop is likely to be lower by 20% to 25%. The availability may also be further impacted due to vagaries of weather, insufficient rains and/or flood in ensuing season. Although carry over stock