

ANNUAL REPORT 2010-2011

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.)

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

AUDITORS

D P Sen & 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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WORKS

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 Raod P.O. Kankinara 24 Parganas (N) West Bengal Pin:743 126	Yarn Unit Konnagar Naity Road, Barabahera Dist : Hooghly West Bengal Pin : 712 246	Weaving Unit Konnagar Naity Road Barabahera Dist : Hooghly West Bengal Pin : 712 246
Yarn Unit 9, G. T. Road, Rishra Dist : Hooghly West Bengal Pin : 712 248	Beldanga Unit P.O.Beldanga Murshidabad West Bengal Pin : 742 101	Libra Carpet Choudwar Dist : Cuttack Orissa Pin : 754 025	Weaving Unit 39,Shalimar Road Howrah(South) West Bengal Pin:711 103	Yarn Unit Choudwar Dist : Cuttack Orissa Pin : 754 025	100% Export Oriented Units	
					Weaving Unit Rishra Dist : Hooghly West Bengal Pin : 712 248	Weaving Unit Narayanpur Dist : 24 Pgs.(N) West Bengal Pin : 700 136

AI CHAMPDANY INDUSTRIES LIMITED

Notice to the Shareholders

Notice is hereby given that the Ninety Third Annual General Meeting of the Members of the Company will be held on Saturday, August 13, 2011 at 11.30 A.M. at the Auditorium of Bengal National Chamber of Commerce & Industry, 1st Floor, 23, Sir R. N. Mukherjee Road, Kolkata - 700 001 to transact the following business:

As Ordinary Business:

- (1) To consider and adopt the audited Balance Sheet as at March 31, 2011 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 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.”

Registered Office
25, Princep Street
Kolkata – 700 072
Dated: May 30, 2011

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 101 of the Articles of Association of the Company Mr. G. J. Wadhwa, Mr. D. J. Wadhwa and Dr. G. Goswami, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Brief resume of Mr. G. J. Wadhwa, Mr. D. J. Wadhwa and Dr. G. Goswami 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 August 05, 2011 to August 13, 2011 (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, 2004 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) 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.

Registered Office
25, Princep Street
Kolkata – 700 072
Dated: May 30, 2011.

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 be held on August 13, 2011.

Name of Directors	Mr. G. J. Wadhwa	Mr. D. J. Wadhwa	Dr. G. Goswami
Age	85	73	71
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 Export Ltd Amar Investments Ltd National Electronics Pvt. Ltd.	West Bengal Multifiber Jute Park Ltd Jerambhai Management Services Pvt Ltd Wadhwa Endowment Management Pvt. Ltd	Digjam Ltd. Ganpati Sugar Industries Ltd Naffar Chand Jute Mills Ltd Amar Investments Ltd Shibir India Ltd Rishra Investments Ltd
Chairman/Member of the Committee of the Board of Directors of the Company.	NIL	Member of the Audit Committee	Member of Audit Committee, Remuneration Committee and Chairman of the Investors' Grievances Committee
Chairman/Member of the Committee of the Board of Directors of other Public Limited Companies	NIL	Nil	Member in 3 committees of the Digjam Ltd, Member of the Audit Committee in Shibir India Ltd and Rishra Investments Ltd
No. of shares held	Equity: 1189300 2% Preference: 1189300	Equity : 2645642 2% Preference: 2645642 7% Preference: 595000	Nil

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 2011.

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(Rs. in lacs)	
Total Income	34484.54	24613.75
Profit before Interest, Depreciation, Exceptional items (net) and Tax	1292.25	1601.45
Less:		
Interest	616.76	676.21
Depreciation	652.78	769.01
Exceptional items (net)	0.93	83.36
Profit Before Tax	21.78	72.87
Provision for Tax:		
- Current Tax	6.30	14.84
- Deferred Tax Liability/ (Asset)	0.34	(23.96)
Profit After Tax	15.14	81.99
Add: Profit brought forward from the Previous year	15.22	457.83
Adjustment relating to earlier years (taxes)	15.99	(524.60)
Balance carried over	14.37	15.22

DIVIDEND:

In view of inadequacy of profits, your Directors are constrained by not recommending any dividend on Preference as well as on 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. G J Wadhwa, Mr. D 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 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 has passed an interim order dated 12th 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 restrains Champdany Constructions Ltd from transferring or creating any third party interest in the fixed assets of the Rampur Texpro Unit.

The Company is contending the petitions as 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 have sought disclosure of certain documents including board minutes and notes etc. The Company has strongly contested this. The CLB in its last order dated 17th May 2010 has partly allowed the said application and has 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.

Allegedly being aggrieved by and/or dissatisfied with the Order dated 17th May 2010 AI Champdany Industries Ltd 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 17th May 2010 for not allowing inspection of all the documents as sought.

By a Judgement dated 21st March 2011, all the appeals were disposed of by the Hon'ble High Court directing the two shareholders to file their respective re-joinders. Prior to that no inspection was allowed to be given. Blancatex AG and Aldgate International SA have filed their respective rejoinders.

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.

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) (vi), have been adequately dealt with in the Notes 24 to 27 (c) in Schedule 17 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.26 in Schedule 17 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 27(a) of Schedule 17, 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 erstwhile promoter on finality of court cases.
- (vi) Landale & Clark Ltd was inherited as a part of acquisition of Anglo-India Jute Mills Co. Ltd through BIFR as a Subsidiary Company. Major portions of the assets are in Bangladesh.

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 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.

Place: Kolkata
Dated: 30th May 2011.

On behalf of the Board

B. Wadhwa }
N. Pujara } Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure and Development:

During the year, the Jute Industry had to bear the full impact of a steep increase in the wage cost which resulted from a tripartite settlement agreement with the workers' unions, entered into February 2010, causing substantial cost escalation, on top of which serious labour shortages had to be faced by the Industry with migratory labour usually available in the Industry shrinking due to job opportunities being available at their native places under various Government schemes provided for minimum number of days work.

Raw Jute prices which reached a record level, upto Rs. 3,800/- per quintal (Standard TD-4 variety) with higher grades commanding record premiums, causing almost unmanageable cost hike for specialty fine variety of products, which are basically the backbone of the Indian export market. The Indian Jute Industry continued to be seriously handicapped competing with Bangladesh cheap prices backed by Government subsidies, exchange rates etc. and relatively easier availability of quality jute.

Jute prices are now trying to find a plateau, albeit at much higher than support levels. It is expected that 2011-12 jute season, with favourable weather conditions so far and higher acreage of jute sowing, barring future weather calamity, should yield better quality and higher crop, though the solution of trained worker shortage is unlikely to abate till new trainee workers attain adequate skill and experience.

With a forecast of normal monsoon, the country's agricultural economy is expected to flourish and this should also help the Jute Industry, with expected higher demand from domestic markets to pack agri-products.

Further, the Jute Industry has to gear itself to remain competitive and contend with work force constraints by going in for newer generation equipment which would not only cope with lower manpower requirements but also be capable of producing more value-added products which competing neighbouring countries are yet to gear up to produce. They mainly focus on standard products where the Bangladesh Government subsidy, exchange rates, cheap raw materials/labour costs etc. make it extremely difficult for the Indian Industry to compete in export markets for such standard items.

The Jute Industry is still trying to get back to normalcy after last year's industry- wide strike settled at heavy cost and had to further cope with a series of adverse developments of unfavourable weather conditions causing quantitative and qualitative damages to the raw jute crop with prices escalating to record levels.

B. Opportunities/Threats, Risks & Concerns:

❖ **Opportunities**

In the Jute Industry, opportunity has to be created by optimising uses of Jute, a natural and eco-friendly fibre, which can be done by focusing on more and more value-added products with blends of other natural and/or man-made fibres. Hopefully (i) with easing of availability of better grade fibres in the new season, at affordable prices, (ii) modernization of the manufacturing process to cater for higher quality products and requiring lesser manpower compared to traditional labour intensive process so as to combat shortage of workers, and (iii) greater global emphasis/focus on using natural products instead of plastic/synthetic items, further opportunities can be created for companies like ours having thrust on these areas.

❖ **Threats/Risks and Concerns**

- Continuous low productivity in the Jute Industry, despite steep increase in wages consequent to the wage settlement in February, 2010 and scarcity of skilled work force.
- Proposed withdrawal of various export incentives including subvention of interest rates on export credit, likely withdrawal of DEPB etc. thereby rendering exports uncompetitive, unless some alternative measures are announced by the Government.
- Continuation of Jute Packaging Materials (Compulsory use for Packaging Commodities) Act, 1987 which is presently valid upto 30th June 2011.
- Credit risk crisis in developed countries and high volatilities in the foreign exchange market.

C. Outlook:

In January, 2011 the company secured a large export order for 17.76 million euros (equivalent to Rs. 109.35 crores) from a Government of Syria undertaking for supply of jute goods. This order is being executed in the current financial year and shipment of the goods commenced from April, 2011.

Raw jute prices which were expected to be a little lower are currently ruling firm but it is expected that with higher carryover of jute from the previous crop and an expectation of good crop in the current season, prices should soften on arrival of new jute, barring unforeseen situations.

The company had to declare suspension of work at its Wellington Jute Mill, Rishra w.e.f. 21st March 2011 due to labour indiscipline resulting in very low productivity compared to Industry norms. Efforts are continuing with the workers' unions for restoring normalcy at the unit so that production can be resumed at the earliest.

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 has 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 52367 MT and Rs. 341.33 crores respectively compared to 45586 MT and Rs. 244.76 crores respectively in the previous year. Export Sales (CIF) was Rs. 95.60 crores compared to Rs. 46.88 crores in the previous year.

Performance was adversely affected for the following reasons:

- (i) Suspension of work at Anglo India Jute Mills, Jagatdal from 20th July 2010 to 11th August, 2010 due to labour unrest.

- (ii) Fire at Wellington Jute Mills, Rishra on 21st January 2011 and consequent work suspension from 22nd January 2011 to 23rd January 2011 and lower production thereafter due to salvaging operations and restoration of equipment damaged by fire.
- (iii) Suspension of work declared at Wellington Jute Mills from 21st March 2011 due to labour indiscipline leading to very low productivity compared to Industry norms.

Debonding of 100% EOU (Yarn) Unit, Konnagar

On 20th May 2011 the Company got its 100% EOU (Yarn) Unit located at Konnagar debonded from the EOU scheme and accordingly the said Unit has become a Domestic Tariff Area (DTA) Unit.

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

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

The Shalimar Unit and the Narayanpur unit have been closed with due process of law. Operations at the Yarn Unit and Libra Carpet Unit located at Choudwar, District. Cuttack, Orissa and Yarn Unit at Konnagar, West Bengal (debonded on 20th May 2011) continued to be under suspension.

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

G. Cautionary Statement:

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.

**Auditor's 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, 2011, 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: May 30, 2011

For and on behalf of
D. P. Sen & Co.
Chartered Accountants

S. K. Nayak
Partner
Membership No: 58711