

Annual Report

2022-2023

AI CHAMPDANY INDUSTRIES LIMITED

AI CHAMPDANY INDUSTRIES LIMITED

CIN: L51909WB1917PLC002767

BOARD OF DIRECTORS

Mr. D J Wadhwa

Chairman (up to 28.07.22)

Mr. Nirmal Pujara

Chairman & Managing Director

Mr. Harsh Vardhan Wadhwa

Whole Time Director

(From 14.11.2022)

Mr. L Jha

Executive Director

Dr. G Goswami

Independent Director

(upto 30.09.22)

Mr. Mrinal Kanti Roy

Independent Director

Mr. Mrityunjoy Banerjee

Independent Director

Mrs. Mina Agarwal

Independent Director

CHIEF FINANCIAL OFFICER

Mr. L Jha

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr Gopal Sharma

AUDITORS

G Basu & Co.

Chartered Accountants

FRN 301174 E

BANKERS

- Bank of Baroda • Indian Bank
- Bank of Maharashtra

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

MCS SHARE TRANSFER AGENT LTD.
383, Lake Gardens, 1st floor,
Kolkata-700045
Phone: (033) 4072-4051 to 53

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Wellington Jute Mill

9, G T Road
Rishra, Hooghly
West Bengal
Pin: 712 248

Yarn Unit

9, G T Road, Rishra
Hooghly
West Bengal
Pin: 712 248

Weaving Unit

9, G T Road, Rishra
Hooghly
West Bengal
Pin: 712 248

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

Yarn Weaving Unit

Naity Road, Konnagar
Hooghly
West Bengal
Pin: 712 246

Libra Carpet &

Yarn Unit
Choudwar
Cuttack
Odhisa
Pin: 754 025

AI CHAMPDANY INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your directors are pleased to present the Annual Report of your Company and the Company's Audited Financial Statements for the financial year ended 31st March 2023.

FINANCIAL RESULTS

(Rs. in lacs)

PARTICULARS	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Profit/(Loss) before Finance Cost, Depreciation, and Tax	2047.55	228.85
Finance Cost	633.42	585.21
Depreciation and Amortization	309.06	336.25
Profit / (Loss) Before Tax	1105.07	(692.61)
Provision for Tax:		
- Current Tax		-
- Deferred Tax (Asset) / Liabilities	(389.86)	(386.30)
Profit / (Loss) After Tax	1494.93	(306.31)
Other Comprehensive Income/(Loss)	(664.16)	457.33
Total Comprehensive Income/(Loss)	830.77	151.02

DIVIDEND

Your directors do not recommend any dividend on Equity and Preference Shares in view of carry forward loss.

OPERATIONS

During the year sales/income from operations was Rs.47.14 Crores compared to previous year Rs.44.05 Crores Cost of Manufacture was higher than the previous year mainly due to unprecedented rise in input costs. Besides , due to Russia-Ukraine crisis economy of many countries was suffered resulting in slowing down of demand and prices of hessian softening.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There has been no change in the nature of business of the Company during the year under review.

SHALIMAR UNIT

The Company had entered into Business Development Agreement on 13th August, 2021 with Eden realty Ventures Pvt Ltd for development of one of the non-core assets of the company situated at 39, Shalimar Road, Shibpur, Howrah. The company took shareholders approval on 21st August, 2021 by postal ballot. However, the said agreement was cancelled due to default in payment of installments by Eden realty Ventures Pvt Ltd. Due to the disputes and differences the matter was referred to Arbitration for settlement. After many hearing, at the instance of the Arbitrator, settlement was reached at Rs 60 crores with Shakhambhari Real Ventures Pvt.Ltd., a subsidiary of Eden Realty Ventures Pvt. Ltd (original Buyer).

RISK MANAGEMENT FRAMEWORK

Your company has a Risk Management Framework approved by the Board of Directors. The Risk Management Framework provides the mechanism for risk assessment and its mitigation. The Risk Management framework which has been entrusted for implementation/administration is being periodically reviewed by the Audit Committee and the Board of Directors.

None of the risks, the company is exposed to as described in appropriate part of financial statements and Management Discussion and Analysis Report, appears significant enough from the standpoint of the existential risk.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

During the year under review, no complaint of sexual harassment has been received from any women employee.

PARTICULARS OF EMPLOYEES

There was no employee who was in receipt of remuneration exceeding the limit specified in Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CHANGES IN SHARE CAPITAL

During the year there was no change in paid up Equity Capital and Preference Capital of the Company.

KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company as on the date of this report

- i) Mr. Nirmal Pujara Managing Director
- ii) Mr. Harsh Vardhan Wadhwa, Whole Time Director
- iii) Mr. Lalanjee Jha Executive Director and CFO .
- iv) Mr. Gopal Sharma Company Secretary

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars as required Under Section 134 (3)(m) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are set out in a separate statement attached to this report and forms part of it.

DIRECTORS RETIRE BY ROTATION

As per provisions of Section 152 of the Companies Act 2013 and Articles of Association of the Company, Mr. Harsh Vardhan Wadhwa (DIN 08284212), Whole Time Director retires by rotation at the forthcoming AGM and being eligible, offers himself for reappointment. The Board recommends his reappointment for approval of the members.

APPOINTMENT OF DIRECTORS

Mrs Mina Agarwal (DIN: 06948015), who was appointed as Independent Director of the Company at 103rd AGM held on 30th September, 2021 for 1st Term of 2 years. She will cease to be Independent Director of the company on the conclusion of 105th AGM to be held on 31.08.2023 and being eligible offers for re-appointment. The Board recommend the re-appointment of Mrs Mina Agarwal (DIN: 06948015) for further period of 5 years subject to approval of shareholders in the ensuing AGM.

Further, Mr. Lalanjee Jha (DIN 08942636) who was already a CFO of the company was also appointed as an Executive Director by the members in the AGM held on 30.12.2020 for a period of 3 years and his period of office expires on the date of ensuing AGM. Taking note of his experience, time and energy devoted towards the Company Performance, the Board has approved his re-appointment as Executive Director & CFO of the Company for a further period of 1 year. Details of the Directors proposed to be re-appointed at the ensuing Annual General Meeting, as required by Regulation 36(3) of the SEBI (LODR) Regulations, 2015 are provided at the end of the Notice convening the 105th AGM.

The Board of Directors of the company at its meeting held on 14.11.2022 approved appointment of Mr. Harsh Vardhan Wadhwa, (08284212) as a whole Time Director of the company subject to approval of shareholders by postal ballot. The Company has taken shareholders approval for said appointment by postal ballot on 22.01.2023 as per regulation 17(1C) of SEBI (LODR) Regulation, 2015.

Further, Board of Directors at its meeting held on 30.05.2023 has appointed Mr. Mukul Banerjee (DIN 07527632) as Additional Independent Director of the Company subject to approval of shareholders. The Company has received the consent from Mr. Mukul Banerjee to act as an Independent Director of the Company.

CESSATION OF INDEPENDENT DIRECTOR AT THE AGM

Mr. Mrityunjoy Banerjee (DIN: 08600440), was appointed as Independent Director of the Company at 104th AGM held on 30th September, 2022 for 2nd term of 1 year. He will cease to be Independent Director of the company on the conclusion of 105th AGM and he is not eligible for re-appointment on completion of his 2nd Term of 1 year because as per Section 149 of the Companies Act, 2013 no independent director shall hold office for more than two consecutive terms. Consequently, he will cease to be the Director with effect from the ensuing AGM to be held in the year, 2023. The Board appreciates and record the contribution of Mr. Mrityunjoy Banerjee for his valuable guidance and advise during his tenure.

DISCLOSURES ON MANAGERIAL REMUNERATION

Details of Managerial Remuneration as required under section 197 (12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure I** of this Report.

STATUTORY AUDITORS & AUDITORS REPORT

M/s. G. Basu & Co., Chartered Accountants (ICAI FRN 301174E) has been reappointed as Statutory Auditors of the Company at the 104th AGM held on 30th September 2022 for another term of Five consecutive years i.e. upto the conclusion of 109th AGM to be held in the year 2027.

The report given by the Statutory Auditor on the financial statements of the Company forms part of the Annual Report. There is no qualification, reservation, adverse remark of the statutory auditor in their report. The Auditors have not reported any fraud during the year.

COST AUDITORS

Pursuant to provisions of Section 148(1) of the Companies Act, 2013, your Board of Directors have re-appointed M/s. M/s N Radhakrishnan & Co., Cost Accountants (Firm Regn No..000056) as Cost Auditor of the Company for the Financial year 2023-2024 for conducting the Audit of Cost records maintained by the company. The Audit of Cost records is in progress and report will be filed with the authority within the prescribed time period in accordance with the Act and relevant rules made thereunder. A proposal for ratification of remuneration of cost Auditors for the FY 2023-24 will be placed before the members of the Company at the ensuing AGM for ratification/approval.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Provisions of Section 134 (5) of the Companies Act, 2013 your Directors have confirmed that:

- a) In the preparation of the Annual Accounts for the Financial Year ended 31st March, 2023, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b) They 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/(Loss) of the Company for that period;
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Annual Accounts for the financial year ended 31st March, 2023 have been prepared on a going concern basis;
- e) They have laid down internal financial controls for the Company which are adequate and are operating effectively and,
- f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ANNUAL RETURN

Pursuant to provisions of section 92(3) of the Companies Act, 2013 read with and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is available on the website of the company i.e. www.jute-world/financials/annualreport

SECRETARIAL AUDIT

The Board of Directors have Re-Appointed M/s K. Arun & Co., Company Secretaries (C.O.P. 2270) to carry out the Secretarial Audit for the Financial Year 2023-24.

The Secretarial Audit Report for the Financial Year ended 31st March 2023 is given as **Annexure II**. The Report of Secretarial Auditors does not contain any Qualification, Reservation or Adverse Remark.

INTERNAL AUDITORS

The Board of Directors have Reappointed M/s. Vimal & Seksaria., a firm of Chartered Accountants to carry out the Internal Audit for the Financial Year 2023-24

MEETINGS OF THE BOARD

Five Meetings of the Board of Directors were held during the year ended 31st March 2023. Details of composition of Board, Attendance of each Director etc. are provided in the “Report on Corporate Governance”.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Provisions of section 129(3) of the Companies Act 2013 and IND AS-103/110, Consolidated Financial Statements presented by the Company include the Financial Statements of its Subsidiary Company viz., Champdany Constructions Limited.

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARY COMPANY

Particulars as required under Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 the salient features of the financial statement of company's subsidiary viz., Champdany Constructions Ltd is given in **Form AOC 1 as Annexure III.**

LISTING WITH THE STOCK EXCHANGE

The Company's shares are listed on the BSE Ltd (BSE) and Annual Listing Fees for financial year 2023-24 has been paid to the Stock Exchange.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

No significant & Material Orders relating to settlement of tax liabilities, operation of patent rights, depression in market value of investments, institution of cases by or against the company, sale or purchase of capital assets or destruction of any asset etc. were passed by the Regulators for or against the Company during the financial year ended 31st March 2023.

MATERIAL CHANGES AFFECTING THE COMPANY

There were no material change and commitment made affecting the financial position of the Company between 1st April, 2023 and 30th May, 2023 which is the date of the report.

SUSPENSION OF WORK

During the year under review, Wellington Jute Mill (WJM) and Yarn Unit, Rishra were under suspension of work for 365 days and 137 days due labour unrest, covid and other reasons.

Flax Unit have been subject to suspension of work for 365 days during the year under review due to labour problems. However, lately due to improvement in situation, possibility of some unit reopening appears bright.

INTERNAL FINANCIAL CONTROL SYSTEM WITH REFERENCE TO THE FINANCIAL STATEMENTS AND ITS ADEQUACY

The Company has adequate Internal Financial Controls with reference to the Financial Statements. The Company's internal control system is commensurate with the size, scale and complexity of its operations. The system encompasses the major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

The Internal Audit has been carried out by M/s. Vimal & Seksaria, Chartered Accountants. The internal Auditors continuously monitor the efficacy of Internal Financial Control system with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the Company's risk management with regard to inter alia, Internal financial Control system with reference to the financial statements.

The Audit Committee of your Board Periodically reviews the Internal Audit Report submitted by the Internal Auditors. The Audit Committee also meet the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system and compliance to accounting policies and procedures followed by the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013

Particulars of Investments made by the Company have been disclosed in note no.38 to the Standalone Financial Statements for the Financial Year Ended 31st March 2023. The Company has not given any loan during the year.

PARTICULARS OF CONTRACTS, ARRANGEMENTS ENTERED INTO WITH RELATED PARTIES

During the year under review, the Company has not entered into any contract / arrangement with related parties which are materially significant.

All contracts/ arrangements entered into by the Company with its Related Parties as defined under the Companies Act, 2013 read with Regulation 23 of SEBI (LODR) Regulations, 2015 during the year, were in the ordinary course of business and at arm's length price. Thus, provisions of Section 188 are not attracted, which have been duly disclosed in Note No. 32 to the Standalone Financial Statements for the Financial Year Ended 31st March 2023.

PREVENTION OF INSIDER'S TRADING

In terms of provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended up-to-date, the Company has adopted a model Code of Conduct for prevention of Insider Trading in the shares and securities of the Company. The Code, inter alia, prohibits purchase, sale of shares of the Company by the Directors, Officers and Designated Employees while in possession of the unpublished price sensitive information in relation to the Company. The Company Secretary is the Compliance Officer for the purpose of these Regulations.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34 of the Listing Regulations is presented in a separate section forming part of this Annual 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 Report on Corporate Governance and a Certificate from the Auditors of the Company certifying compliance of conditions of Corporate Governance are attached hereto and form part of the Directors' Report.

ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such a manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

INDUSTRIAL RELATIONS

Industrial Relations in all units and branches of the Company remained generally cordial and peaceful throughout the year, except in 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 for the continuous support, encouragement and co-operation received from the Company's bankers, the Government of West Bengal, customers, employees, shareholders and other business associates.

Place: Kolkata
Dated: 30.05.2023

On Behalf of the Board	
M Agarwal	} Directors
(DIN06948015)	
L Jha	
(DIN 08972636)	

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure and Development:

The Jute Industry in India is 150 years old. India is the world's biggest producer of jute, followed by Bangladesh. The cultivation of jute in India is mainly confined to the eastern region of the country. The jute crop is grown in seven states – West Bengal, Assam, Orissa, Bihar, Uttar Pradesh, Tripura and Meghalaya. West Bengal alone accounts for over 50% of the total raw jute production.

B. Opportunities/Threats, Risks & Concerns:

Opportunities

- A) World over there is a move to reduce carbon foot prints and it augers well for the jute industry because of its products being bio degradable and environment friendly.
- B) Government of India is by its Jute packaging Act has made it compulsory packing of food grains in jute bags thereby discouraging use of plastic bags.

Threats

- 1. Higher Raw Jute prices and low productivity with high wage cost is a cause for concern for the industry.
- 2. Shortage of skilled manpower is continuing for last several years which needs to be augmented to enhance capacities utilization which is at a low level currently.

C. Outlook:

The future prospects of the Jute industry, however, is bright due to the following:

- 1. Development of jute products for different uses.
- 2. Increasing awareness for Environment.
- 3. Ban on polythene and plastic bags

In the current year, the production of Raw Jute was higher than previous year. Therefore the availability was easy. However, due to inadequate rains, the quality of raw jute was affected and availability of high quality jute was less resulting in the premium for higher grade jute going up. It is estimated that the carry over of jute mill will be quite substantial. The sowing for the new season it is reported to be good therefore the availability for next year is expected to be comfortable, while the demand for hessian is sluggish but the demand for sackens bags is robust.

With infusion of funds from the development of its closed unit, namely Shalimar, as enumerated in the directors report here in above, your company is taking necessary steps to pare down its Bank borrowing considerably as well as augment its capacity utilization in the manufacturing units. The company plans to revamp certain essential infrastructure and equipments so as to improve productivity, efficiency and optimize procurement of Raw jute, stores, spares, etc.

Moreover, your company being highly asset rich is having several parcels of land bank under its fold situated in and around Kolkata which were acquired almost three decades ago. The Company, as part of its program is continuously exploring the opportunities of monetization its non-core assets with an action plan to make the company completely debt free as well as to modernize its manufacturing process and infrastructure facilities with the objective of bringing back the company again in the growth trajectory, barring unforeseen circumstances.

D. Internal Control System & Adequacy:

The Company has an effective and adequate internal control system and procedures which are commensurate with its size and nature of business. The Internal control systems are designed in such way that all the assets are safeguarded and protected against loss and all transactions are authorized, recorded and reported correctly. The Audit Committee monitors and evaluates and reviews the Internal Financial Control systems of the Company. Regular Internal Audits and checks are carried out to provide assurance that the responsibilities at various levels are discharged effectively and that adequate systems are in place.

E. Financial Performance with respect to Operational Performance:

Sales / Income from operation was to Rs.47.14 Crore compared to Rs.44.05 Crore in the previous year.

The Company is trying to revive the operations at Wellington Jute Mill, Yarn and Weaving units at Rishra by appointing Senior Executives for improvement of operations. Besides, all feasible options are being evaluated as part of restructuring exercise.

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

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

Yarn Unit and Libra Carpet Unit located at Choudwar, District Cuttack, Odisha, Weaving Unit at Rishra, Yarn and Weaving Unit at Konnagar continued to be under suspension of work.

G. Cautionary Statements:

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.

Place: Kolkata
Dated: 30.05.2023

On Behalf of the Board	
M Agarwal	} Directors
(DIN06948015)	
L Jha	
(DIN 08972636)	

ANNEXURE - I

Statement under Section 197(12) of the Companies Act, 2013, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Rule	Particulars		
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2022-23 (amount in lacs)	Mr. D J Wadhwa upto 28.07.2022 Mr. Nirmal Pujara, MD Mr. Lalanjee Jha, Executive Director & CFO Mr. Harsh Vardhan Wadhwa, WTD from, 14.11.2022	0.25 : 0 69.87 : 0 18 : 0 4.56 : 0
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary, in the financial year 2022-23 Director : Mr. D J Wadhwa, Non-executive Chairman upto 28.07.2022 Mr. Nirmal Pujara, Managing Director Mr. Lalanjee Jha, Executive Director & CFO Mr. Harsh Vardhan Wadhwa, Whole Time Director from 14.11.2022 C.S. : Mr. G Sharma		NA 260 Unchanged NA Unchanged
(iii)	The percentage increase in the median remuneration of employees in the financial year;		Unchanged
(iv)	The number of permanent employees on the rolls of company		3184
(v)	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration		During the last financial year there was increase in remuneration of managerial and non-manual employees of the Company
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company		Yes

Note :

1. For Computation of Increase remuneration has been considered based on actual and payments relating to earlier years have been excluded.
2. Mr. Nirmal Pujara, MD received Rs 22.30 Lacs of earlier year arrear remuneration in FY 22-23