

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	Anglo India Jute Mill 1, West Ghosh Para Road Jagatdal 24,Parganas (N) 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	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 Rishra Dist : Hooghly	Beldanga Unit P.O.Beldanga Murshidabad	Libra Carpet Choudwar Dist : Cuttack	Weaving Unit 39,Shalimar Road Howrah(South) West Bengal Pin:711 103	Yarn Unit Choudwar Dist : Cuttack Orissa Pin : 754 025	<u>100% Export Oriented Units</u>	
West Bengal Pin : 712 248	West Bengal Pin : 742 101	Orissa Pin : 754 025	West Bengal Pin:711 103	Orissa Pin : 754 025	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.

	(Rs. in lacs)	
	Year ended 31st March, 2011	Year ended 31st March, 2010
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 rejoinders. 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.

On behalf of the Board

Place: Kolkata

Dated: 30th May 2011.

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.

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

Kolkata
Dated: May 30, 2011

S. K. Nayak
Partner
Membership No: 58711

AI CHAMPDANY INDUSTRIES LIMITED

Corporate Governance Report for the year ended 31st March, 2011.

The detailed report on Corporate Governance and process including compliance by the Company with the provisions of Clause 49 of the Listing Agreement is set out below:

1. Company's Philosophy on Code of Governance:

The Board of Directors and Management are committed to maximizing shareholder value on a sustained basis. The Company considers good Corporate Governance to be a pre-requisite for meeting the objective of shareholders' wealth maximization. Good Governance practices in the Company include adoption of best Board practices, respect and protection of minority views and interests and institutionalization of a fair and transparent reporting system.

2. Board of Directors:

During the year under review, the strength of the Board of Directors was 9 (nine) comprising of 3 promoters non-executive Directors (including a non-executive Chairman), 5 non-executive independent Directors and 1 Executive Director.

During the financial year ended 31st March, 2011, five Board meetings were held on 30th May, 2010, 12th August, 2010, 29th September, 2010, 08th November 2010 and 14th February, 2011. The maximum gap between any two meetings was less than 3 months.

The composition of the Board of Directors, the attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) and also the number of other Directorships or Committee of which he is a Member/Chairman are as under:

Name of the Director	Category	Attendance		No. of other Directorships and Committee Memberships/Chairmanships		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. G. J. Wadhwa	Promoter Non-Executive Chairman	1	No	3	NIL	NIL
Mr. S. M. Palia	Independent Non-executive	NIL	No	6	4	2
Mr. S K Mehera	Independent Non-executive	5	Yes	NIL	NIL	NIL
Mr. Harbhajan Singh	Independent Non-executive	5	Yes	6	NIL	NIL
Dr. G. Goswami	Independent Non-executive	3	No	8	3	NIL
Mr. D. J. Wadhwa	Promoter Non-Executive	5	Yes	3	NIL	NIL
Mr. N. Das	Independent Non-executive	5	Yes	4	2	3
Mr. N. Pujara	Executive Director (Mktg.)	5	Yes	14	NIL	2
Mr. B. Wadhwa	Promoter Non-Executive	5	Yes	7	NIL	NIL

The brief resume/details relating to Directors seeking re-appointment are furnished in the Annexure to the Notice of the ensuing Annual General Meeting.

3. Audit Committee :

The Board of Directors has set up an Audit Committee under the provisions of Section 292(A) of the Companies Act, 1956, and for compliance of Corporate Governance Code under Clause 49 of the Listing Agreement. The

terms of reference of Audit Committee are determined by the Board from time to time. The role and composition of the Audit Committee are as follows:

- ❖ Overseeing Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ❖ Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- ❖ Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on :
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- ❖ Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- ❖ Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ❖ Discussion with internal auditors on any significant findings and follow up thereon.
- ❖ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ❖ Discussions with external auditors before the audit commencement, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- ❖ Reviewing the Company's financial and risk management policies.

The Audit Committee consisted three non-executive independent Directors and one non-executive promoter Director as follows:

- i) Mr. Harbhajan Singh - Chairman (non-executive independent Director)
- ii) Mr. S. K. Mehera - Member (non-executive independent Director)
- iii) Dr. G. Goswami - Member (non-executive independent Director)
- iv) Mr. D. J. Wadhwa - Member (non-executive promoter Director)

The Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors and Internal Auditors are invitees to the meetings of the Audit Committee.

During the financial year ended 31st March, 2011, four Audit Committee meetings were held on 30th May, 2010, 12th August, 2010, 08th November, 2010 and 14th February, 2011. Mr. Harbhajan Singh attended four meetings, Mr. S. K. Mehera attended four meetings, Dr. G. Goswami attended three meetings and Mr. D. J. Wadhwa attended four meetings. The minutes of the Audit Committee meetings are noted by the Board of Directors at the subsequent Board meetings.

4. Remuneration Committee:

Composition: The Remuneration Committee of the Board comprises of three Independent Directors, namely Mr. S. K. Mehera, Chairman; Dr. G. Goswami and Mr. N. Das.

Terms of Reference: The Remuneration Committee has been constituted to review/recommend/approve remuneration of the Executive Director/whole time Director, based on their performance.

Meetings: During the financial year ended 31st March 2011, two Remuneration Committee Meeting were held on 24th April 2010 and 14th February 2011.

Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the financial year 2010-11 is as under:

DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2011.

A. Non-Executive Directors

(Amount in Rs.)

Name of the Director	Meeting Fees			Total	No. of shares held		
	Audit Committee	Board	Other * Committees		Equity	2% Preference	7% Preference
Mr. G. J. Wadhwa	-	7,500	-	7,500	1189300	1189300	-
Mr. S. M. Palia	-	-	-	-	266	500	-
Mr. S. K. Mehera	30,000	37,500	15,000	82,500	266	-	-
Mr. Harbhajan Singh	30,000	37,500	-	67,500	-	-	-
Dr. G. Goswami	22,500	22,500	22,500	67,500	-	-	-
Mr. D. J. Wadhwa	30,000	37,500	-	67,500	2645642	2645642	595000
Mr. N. Das	-	37,500	15,000	52,500	2666	-	-
Mr. B. Wadhwa	-	37,500	7,500	45,000	1732	-	-
Total	1,12,500	2,17,500	60,000	3,90,000			

* for attending Remuneration Committee and Investors' Grievance Committee meetings.

B. Remuneration to Executive Director/Whole time Director

The appointment of Executive Director/Whole time Director is governed by the recommendation of the Remuneration Committee, resolutions passed by the Board of Directors and shareholders of the Company, which cover the terms of such appointment and remuneration, read with the service rules of the company. Payment of remuneration to Executive Director/Whole time Director is governed by the respective Agreements executed between them and the Company. The remuneration package of Executive Director/Whole time Director comprises of salary, perquisites and allowances and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meetings. Annual increments are linked to performance and are decided by the Remuneration Committee and recommended to the Board for approval thereof.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high calibre talent.

There is no separate provision for payment of severance fees under the resolutions governing the appointment of Executive Director/Whole time Director.

Name of the Executive Director	Salary (Rs)	Benefits (Rs)	Remarks
Mr. Nirmal Pujara	13,50,000	8,82,186	Appointment for a period of 5 years from January 1, 2008 to December 31, 2012. The contract is terminable by either party by giving 3 months notice.

5. Investors' Grievances Committee.

The Board has set up an Investors' Grievances Committee consisting of one independent non-executive Director and one promoter non-executive Director as under:

- i) Dr. G. Goswami – Chairman (Independent non-executive Director)
- ii) Mr. B. Wadhwa – Member (Promoter non-executive Director)

During the financial year ended 31st March, 2011, one Investors' Grievances Committee meeting was held on 14th February, 2011.

The details of the position of the shareholders' complaints are as under:

- a) Number of complaints received from Stock Exchange/SEBI – NIL
- b) Number of complaints non-resolved/non-action taken – NIL
- c) Number of pending share transfer as on 31st March, 2011 – NIL

Investors' grievances are resolved expeditiously.

Mr. B.K. Chowdhury Company Secretary has been designated as Compliance Officer.

6. **General Body Meeting:**

Location and time where the last three Annual General Meeting were held.

Financial Year	Location of Meeting	Date	Time
2007-2008	'Bharatiya Bhasha Parishad' 36A, Shakespeare Sarani Kolkata-700 017	29 th July, 2008	10.00 A.M.
2008-2009	'Bharatiya Bhasha Parishad' 36A, Shakespeare Sarani Kolkata-700 017	31 st July, 2009	2.00 P.M.
2009-2010	'Bharatiya Bhasha Parishad' 36A, Shakespeare Sarani Kolkata-700 017	29 th September, 2010	10.30 A.M

No Special Resolution was passed in the previous three Annual General Meeting.

7. **Subsidiary:**

The Company has non-listed Indian Subsidiary Companies i.e. Champdany Constructions Ltd., Landale & Clark Ltd., West Bengal Multifiber Jute Park Ltd and AIC Properties Ltd. These are not material subsidiaries.

- Financial Statement in particular the investments made by the subsidiary Companies are reviewed quarterly by the Audit Committee of the Company.
- All minutes of the meetings of the subsidiary companies are placed before the Company's Board Meeting regularly.
- A statement containing all significant transactions and arrangements entered with subsidiary companies are placed before the Company's Board.

8. **Disclosures:**

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its management & their relatives etc. that may have potential conflict with the interest of the Company at large.

None.

- The material financial and commercial transactions where persons in management have personal interest, exclusively relate to transactions involving Key Management Personnel forming part of the disclosure on related parties referred to in Note No. 16 in Schedule "17" to Annual Accounts, which were reported to Board of Directors. The Register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for approval.

The Company has complied with all the legal requirements related to Capital Markets and there were no strictures passed/penalties levied by Stock Exchange/SEBI or any other regulatory body.

9. **Means of Communication:**

The unaudited quarterly and audited annual financial results along with the notes are normally published in one National English Newspaper (Financial Express) and one Bengali Newspaper (Dainik Lipi) circulating in Kolkata, within 48 hours of approval by the Board and are faxed/intimated to Stock Exchanges. The quarterly results of the Company are put on the web site of the Company after these are submitted to the Stock Exchanges. Our web site address is www.jute-world.com

10. **General Shareholders' information:**

- AGM date, time and venue:**

Annual General Meeting is to be held on 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

- Financial Calendar:**

Financial year: 1st April to 31st March.

Unaudited 1 st quarter results	: Middle of August
Unaudited 2 nd quarter results	: Middle of November
Unaudited 3 rd quarter results	: Middle of February
Audited Annual Results	: End May

- c) **Book Closure period:** From August 05, 2011 to August 13, 2011, both days inclusive.
d) **Dividend payment date :** Not applicable
e) **Listing on Stock Exchange.**

The Company's Equity shares are listed on The Calcutta Stock Exchange Limited, Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. Annual Listing fees as prescribed have been paid to the Stock Exchanges for the year 2011-2012.

- f) **Scrip Code**

Kolkata Stock Exchange

Bombay Stock Exchange

National Stock Exchange

011001

532806

AICHAMP

- g) **Stock price data:**

Month	BSE		NSE	
	High	Low	High	Low
April, 2010	29.60	25.00	31.65	24.80
May, 2010	32.00	28.60	33.95	29.00
June, 2010	37.05	28.25	36.45	28.25
July, 2010	37.85	33.00	39.00	31.50
August, 2010	46.70	36.70	49.30	37.00
September, 2010	46.50	38.90	48.00	37.50
October, 2010	41.35	37.30	43.00	36.00
November, 2010	43.55	34.00	46.00	33.80
December, 2010	37.85	32.55	37.40	31.50
January, 2011	37.25	28.60	37.80	28.60
February, 2011	28.70	22.70	29.90	22.05
March, 2011	28.35	23.50	28.70	23.25

- h) **Registrar and Share Transfer Agents:**

The Company has appointed MCS Limited having its office at 77/2A, Hazra Road, Ground Floor, Kolkata – 700 029 as Registrar for both demat and physical segment.

- i) **Share Transfer System:**

Shares in demat and physical form are being processed by the registrar on regular basis. Share transfer requests received in physical form are registered within 30 days from the date of receipt and demat requests are normally confirmed within an average of 15 days from the date of receipt.

- j) **Distribution of Shareholding as on 31st March, 2011:**

Group of Shares	No. of Share-holders	Equity		% of Total Shares
		% age	No. of Shares held	
1 to 500	2760	88.55	235223	1.04
501 to 1000	166	5.33	113720	0.51
1001 to 2000	87	2.79	124708	0.55
2001 to 3000	26	0.83	67152	0.30
3001 to 4000	14	0.45	47673	0.21
4001 to 5000	5	0.16	23175	0.10
5001 to 10000	12	0.38	81474	0.36
10001 to 50000	8	0.26	158613	0.71
50001 to 100000	7	0.22	517803	2.30
100001 and above	32	1.03	21163459	93.92
GRAND TOTAL	3117	100.00	22533000	100.00

Group of Shares	2% Preference Share				7% Preference Share			
	No. of Share-holders	% age	No. of Shares held	% of Total Shares	No. of Share-holders	% age	No. of Shares held	% of Total Shares
1 to 500	66	61.11	11510	0.10	-	-	-	-
501 to 1000	7	6.48	6532	0.05	-	-	-	-
1001 to 2000	6	5.55	8763	0.07	-	-	-	-
2001 to 3000	1	0.93	2700	0.02	-	-	-	-
3001 to 4000	4	3.70	13600	0.11	-	-	-	-
4001 to 5000	1	0.93	5000	0.04	-	-	-	-
5001 to 10000	1	0.93	10000	0.08	-	-	-	-
10001 to 50000	2	1.85	44932	0.36	-	-	-	-
50001 to 100000	2	1.85	141674	1.14	-	-	-	-
100001 and above	18	16.67	12169642	98.03	7	100.00	2200000	100.00
GRAND TOTAL	108	100.00	12414353	100.00	7	100.00	2200000	100.00

K) Categories of Shareholders as on March 31, 2011

Particulars	Equity			2% Preference			7% Preference		
	No. of Holders	Holding/ Shares held	% to Capital	No. of Holders	Holding/ Shares held	% to Capital	No. of Holders	Holding/ Shares held	% to Capital
Promoters Group	38	9891943	43.90	21	9773156	78.72	7	2200000	100.00
Indian Financial Institutions/Banks	29	2751582	12.21	4	2558332	20.61	-	-	-
State Government	2	704	0.00	-	-	-	-	-	-
Insurance Companies	1	288	0.00	-	-	-	-	-	-
Foreign Institutional Investors	2	1332	0.01	-	-	-	-	-	-
Bodies Corporate	149	665939	2.96	12	6902	0.06	-	-	-
NRI	40	4500	0.02	-	-	-	-	-	-
Foreign Bodies Corporate	2	8533332	37.87	-	-	-	-	-	-
Individual & others	2854	683380	3.03	71	75963	0.61	-	-	-
Total	3117	22533000	100.00	108	12414353	100.00	7	2200000	100.00

l) Dematerialization of shares

As on 31st March, 2011, 41.10% of total holding of Equity Shares and 73.91% of total holding of 2% Preference Shares have been dematerialised.

m) ISIN allotted by NSDL/CDSL

INE 768E01024 for Equity Shares and INE768E04010 for 2% Preference Shares.

n) Plant Location :

As appearing on the first page of Annual Report

o) **Investors' Correspondence :**

For assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividends and any other queries relating to shares, investors may write to: Share Department, Al Champdany Industries Limited, 25, Princep Street, Kolkata-700 072; Telephone (033) 2237 7880 to 85; Fax: (033) 2225 0221, 2236 3754 or Company's Registrar and Share Transfer Agent M/s MCS Limited, 77/2A, Hazra Road, Ground Floor, Kolkata – 700 029, Telephone: (033) 2454-1892-93, Fax (033) 2454 –1961,

Shareholders, holding shares in electronic mode, should address all their correspondences to their respective Depository Participant.

p) **The Investors Education and Protection Fund :**

The shareholders and other stakeholders are hereby informed that pursuant to provisions of Section 205A(5) of the companies Act, 1956, all dividend remaining unpaid/unclaimed for a period of 7 years from the date they became due for payment will have to be transferred to the Investors Education and Protection Fund (IEPF) set up by the Central Government. Following table gives information relating to such unclaimed dividend and the dates when due for transfer to IEPF:

	Date of payment of dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
Equity.			
Year ended			
31 st March, 2004 *	31 st August, 2004	30 th August, 2011	29 th September, 2011
31 st March, 2005 & 31 st March, 2006	26 th September, 2006	25 th September, 2013	24 th October, 2013
31 st March, 2007	1 st September, 2007	31 st August, 2014	30 th September, 2014
31 st March, 2008	30 th July, 2008	29 th July, 2015	28 th August, 2015
Preference.			
Period ended			
31.12.2005	16 th January 2006	15 th January 2013	14 th February 2013

* Dividend declared by erstwhile The Champdany Industries Ltd before merger in this Company.

It may please be noted that once the unpaid amounts of dividend are transferred to IEPF no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed or unpaid.

The company has already transferred to the IEPF unpaid/unclaimed dividend for the financial year ended 31st March, 2003 which remained unpaid/unclaimed for a period of 7 years from the date they became due.

q) **Appointment/Re-appointment of Directors**

The individual details of Directors seeking appointment /re-appointment at the ensuing Annual General Meeting of the Company are provided in the Annexure accompanying the notice of the Annual General Meeting.

r) **Auditors' certificate on Corporate Governance:**

As required under clause 49 of the Listing Agreement, the Auditors certificate on compliance of the Corporate Governance norms is annexed to the Director's Report.

11 (a) **Code of Conduct for Board of Directors and Senior Management**

The Company's Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, Senior Management of the Company. All Directors and Senior Management of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2011.

(b) **Company's Code of Conduct for prevention of Insider Trading:**

The Company has adopted a Model Code of Conduct for prevention of Insider Trading in the shares and securities of the Company pursuant to the provisions of Insider Trading Regulations formulated by Securities and Exchange Board of India (SEBI). The Code, inter alia, prohibits purchase/sale of shares of the Company by Directors, officers and designated employees while in possession of unpublished price sensitive information in relation to the Company. Mr. B. K. Chowdhury is the Compliance Officer for the purpose of these regulations.

12 Mandatory and non-mandatory requirements:**(a) Status of Compliance of the mandatory requirements:**

The Company has adopted/complied with all mandatory requirements on Corporate Governance.

(b) Status of Compliance of the Non-mandatory requirements:

The Company is maintaining Chairman's Office for a non-executive Chairman. The Company has not adopted non-mandatory suggestions relating to a postal ballot system (except where compulsory under the Companies Act, 1956), sending six-monthly information to each household of shareholders and to training of Board members, tenure of independent Directors on the Board and whistle blower policy etc.

The above report has been placed before the Board of Directors Meeting held on May 30, 2011 and the same was approved.

For AI Champdany Industries Limited

Kolkata

Dated: May 30 2011,

B. Wadhwa	} Directors
N. Pujara	

STATEMENTS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
Relating to Subsidiary Companies

1. Name of Subsidiary Company	Champdany Constructions Limited	Landale & Clark Limited	West Bengal Multifiber Jute Park Limited	AIC Properties Limited
2. The financial year / period ended on	31 March 2011	31 March 2011	31 March 2011	31 March 2011
3. Date from which it became subsidiary	10 October 2004	28 February 1947	31 March 2009	27 November 2009
4. Number of shares of the subsidiary Company held by the holding Company on 31 st March 2011	8101959 Equity Shares of Rs. 10 each	20000 Equity Shares of Rs. 100 each	45000 Equity Shares of Rs. 10 each	50000 Equity Shares of Rs. 10 each
5. Extent of shareholding: Equity Shares	100%	100%	90%	100%
6. Net aggregate of profit/(loss) of the subsidiary Company for the financial year so far as it concerns the member of the holding company				
a) Dealt with in the accounts of the holding company for the year ended 31 st March 2011	—	—	—	—
b) Not dealt in the accounts of the holding Company for				
i) the current financial year Profit/(loss) in Rupees	(2182703)	116376	(74444)	(196275)
ii) the previous financial years Profit/(loss) in Rupees	1898201	(1414396)	(82229)	1397
7. Change of interest of holding Company in subsidiary between the end of the financial year of the subsidiary and that of holding Company	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Kolkata: May 30, 2011

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

On behalf of the Board

B. Wadhwa	} Directors
N. Pujara	

**AUDITOR'S REPORT ON ABRIDGED ACCOUNTS
TO THE MEMBERS OF
AI CHAMPDANY INDUSTRIES LIMITED**

We have examined the abridged Balance Sheet of AI Champdany Industries Limited ('the Company') as at 31st March 2011 and the related abridged Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date together with the Significant Accounting Policies and Notes thereon. These abridged Financial Statements have been prepared by the company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the Audited Financial Statements of the company for the year ended 31st March 2011 prepared in accordance with provision of Section 211 of the Companies Act, 1956 and covered by our report of even date to the members of the company which is attached hereto.

For D.P. Sen & Co.
Chartered Accountants
S.K. Nayak
Partner

Date: May 30, 2011

Place: Kolkata

Membership No.58711

**AUDITORS' REPORT TO THE MEMBERS OF
AI CHAMPDANY INDUSTRIES LIMITED**

- A. We have audited the attached Balance Sheet of AI Champdany Industries Limited as at 31 March 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- B. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- C. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order (to the extent applicable to the company).
- D. Further to our comments in the Annexure referred to above, we report that: -
- i) the year's profit, and consequently, the net asset position at the end of the year might have been affected by the following, the net impact of which cannot at this stage be ascertained:
 - i) non ascertainment of profit / loss on outstanding commodity hedging materials as at the end of the year, referred to note 24 in Schedule-17,
 - ii) pending assessment of losses in respect of stocks of finished goods damaged by fire, no adjustment has been made to the accounts as referred to in note 25 of Schedule 17,
 - iii) non-provision/ascertainment of liability for gratuity on actuarial basis from the year commencing from 1.4.1997 to 31.03.2007 in respect of one unit of the company as referred to in note 26 in Schedule-17,*
 - iv) recognition of remission of taxes by Sales Tax Authority in the accounts as referred to in Note 27(a) in Schedule-17,*
 - v) non-ascertainment/provision of possible loss which may arise for non-recovery of interest free loans and advances in the nature of loans as referred to in note 27(b) in Schedule 17*,
 - vi) non provision of possible losses arising from diminution in the year end carrying cost of investment with Landale & Clark Ltd as referred to in Note 27(c) in Schedule-17*,
- *Relate to erstwhile Anglo India Jute Mills Company Limited.
- ii) subject to our observations set out in para D(i) above, we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit ;

- III) further subject to our observations set out in para D(I) above, in our opinion, proper books of accounts as required by law have been maintained by the Company, so far as appears from our examination of those books ;
- IV) the Balance Sheet, Profit & Loss Account and Cash Flow dealt with by this report are in agreement with the books of account ;
- V) on the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
- VI) in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except D(I)(i), D(I)(ii), D(I)(iii) and D(I)(vi) above ;
- VII) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and subject to our foregoing observations in para D(I) give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31 March, 2011 and
 - (b) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

D. P. Sen & Co
Chartered Accountants

S. K. NAYAK
Partner
Membership No. 58711

Kolkata,
Dated: May 30, 2011

ANNEXURE TO AUDITOR'S REPORT

(Referred to in Paragraph C of our Report of even date)

1. (a) At Jagatdal units proper records showing full particulars including quantitative details and situation of fixed assets have been maintained from the year 1970-1971. As explained to us that the Company has also identified fixed assets acquired in earlier periods, upto the year 1962-1963, and has built up records with aggregate value showing quantitative details and locations of the same but not the individual cost, and consequently such aggregate values could not be reconciled with the values of individual items acquired prior to 1970-1971 and recorded in the fixed assets register.
At other units the company has maintained proper records showing full particulars including original and revalued costs, quantitative details and situation of fixed assets except for certain items of fixed assets acquired prior to 1 April 1962, which have been recorded on the basis of physical verification conducted during the year ended 31 March 1978 and values as estimated by the Management in the absence of original cost.
- (b) We have been informed that the Fixed Assets of the Company other than certain items of underground electrical installations have been physically verified during the year by the management, and in respect of items for which proper records have been maintained, no material discrepancies have been noticed.
- (c) No substantial part of the fixed assets has been disposed off during the year.
2. (a) Inventory of the Company at all its locations have been physically verified by the management at reasonable intervals during the year. In the case of stocks lying with third parties, certificates confirming stocks held by them have been received. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion the procedures for verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion the inventory records are being properly maintained by the Company. Discrepancies between the physical and book stocks, which were not significant, have been properly dealt with in the books of accounts.

3. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, clauses 4(iii)(b) to (d) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, taking into consideration the explanation that some purchases are special in nature for which comparative quotations from suitable alternative sources is not available, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal control system.
5. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act 1956 have been duly entered in the register required to be maintained in pursuance of Sec. 301 of the Companies Act 1956. The transaction made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices of such goods, or prices of which transactions for similar items have been made with other parties.
6. The Company has not accepted any deposits from the public falling within the purview of Section 58A and 58AA or any other relevant provisions of the Act.
7. The Company has an internal audit system commensurate with its size and nature of its business.
8. Cost records and accounts as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act, prima-facie is being maintained by the company. Though we have examined such books and records, we have not made any detailed examination with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and as per the records of the company examined by us, we are of the opinion that the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, custom duty, cess, service tax and any other material statutory dues with the appropriate authorities. There are no outstanding undisputed amounts in respect of such statutory dues as at 31st March, 2011 for a period of more than six months from the date they became payable. As explained to us the company has no over due liability towards investor education and protection fund, wealth tax and excise duty.
- (b) The disputed statutory dues have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of Dues	Amount (Rs Lakhs)	Forum where the dispute is pending
Bhatpara Municipality	Municipal Taxes	88.34	REVIEW BOARD
	Land Revenue	82.46	
ESI Act	ESI dues	260.65	ESI COURT
Income Tax Act, 1961	Income Tax	75.32	CIT (A)
Central Sales Tax 1956 & West Bengal Sales Tax Act, 1994	Sales Tax	14.38	ACCT
		0.52	HIGH COURT
		4.68	DCCT
		568.60	WBCTA & RB
		440.49	SJCCT

10. The company has no accumulated loss and has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year.
11. According to explanations and information obtained and based on our examination of the records the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. On the basis of our examination of the books and records of the company and according to information and explanations given to us the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. No provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments and thus the provisions of clause 4(xiv) of the Order are not applicable to the company.
15. The company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
16. According to information and explanations obtained and on the basis of examination of the books and records, the company has taken term loan during the financial year 2010-2011 and applied for the purpose for which the loan was obtained from Bank.
17. An overall examination of the balance sheet of the company and as per information and explanations obtained, no funds raised on short-term basis have been used for long-term investments.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year and neither does it have any debentures outstanding at the year-end.
20. The company has not raised any money by way of public issue during the year.
21. While conducting an examination of the books and records of the company in accordance with the generally accepted auditing practices in India, and according to all information and explanations given to us, we have not come across any fraud on or by the company, noticed or reported during the year.

Kolkata, May 30, 2011

For D. P. Sen & Co
Chartered Accountants
S. K. NAYAK
Partner
Membership No.58711

AI CHAMPDANY INDUSTRIES LIMITED

ABRIDGED BALANCE SHEET AS AT 31 MARCH 2011

(Statement containing salient features of the Balance Sheet as per Section 219 (l)(b)(iv) of the Companies Act, 1956)

Rupees

	As at 31 March					
	2011			2010		
SOURCES OF FUNDS						
1. Shareholders' Funds						
a) Capital						
i) Equity		112,665,000		112,665,000		
ii) Preference		84,071,765	196,736,765	84,071,765		196,736,765
b) Reserves & Surplus						
i) Capital Reserve		6,498,618		2,693,618		
ii) Revenue Reserve		288,765,947		288,765,947		
iii) Revaluation Reserve		345,662,888		295,669,232		
iv) Surplus in Profit and Loss Account		1,437,375		1,522,393		
v) Securities Premium		246,400,000		246,400,000		
vi) Capital Redemption Reserve		7,500,000		7,500,000		
vii) Investment Fluctuation Reserve		-		1,654,290		
viii) Deferred Tax Reserve		852,453	897,117,281	852,453		845,057,933
2. Loan Funds						
a) Secured Loans (other than debentures)		1,034,654,203		916,698,639		
b) Unsecured Loans		31,901,242	1,066,555,445	31,901,242		948,599,881
3. Deferred Tax Liability			19,256,997			19,222,328
Total of 1 to 3			2,179,666,488			2,009,616,907
APPLICATION OF FUNDS						
1. Fixed Assets						
a) Net Block		958,499,159		920,017,598		
b) Capital Work In Progress		113,319,091	1,071,818,250	113,892,489		1,033,910,087
2. Investments						
a) Government Securities		4,000		4,000		
b) Investment in Subsidiary Companies- Unquoted		86,494,910		86,494,910		
c) Others						
i) Quoted	2,909,231			2,909,231		
ii) Unquoted	51,000	2,960,231	89,459,141	5,184,040	8,093,271	94,592,181
[Aggregate Market value of the Quoted Shares Rs. 74,07,763 (previous year Rs.88,59,870)]						
3. I Current Assets, Loans And Advances						
a) Inventories		1,412,285,965		1,280,078,574		
b) Sundry Debtors		148,084,039		80,399,985		
c) Cash and Bank balances		19,945,390		15,184,146		
d) Loans and Advances						
i) To Subsidiary Companies	4,678,912			1,503,912		
ii) To Others	233,899,796	238,578,708		259,278,098	260,782,010	
		1,818,894,102			1,636,444,715	
II Less : Current Liabilities and Provisions						
Current Liabilities		779,425,361		694,103,730		
Provisions		21,079,644		61,226,346		
		800,505,005		755,330,076		
Net Current Assets (I-II)			1,018,389,097			881,114,639
Total of 1 to 3			2,179,666,488			2,009,616,907

Refer Accounting Policies & Notes forming part of the Accounts.

Compiled from the Audited Balance Sheet of the Company referred to in our report of even date.

D.P. Sen & Co.
Chartered Accountants
S. K. Nayak
Partner
Membership No.58711
Kolkata, 30 May 2011

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

For and On behalf of the Board

B. Wadhwa
N. Pujara } Directors

Kolkata, 30 May 2011

AI CHAMPDANY INDUSTRIES LIMITED

ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(Statement containing salient features of the Profit and Loss Account as per Section 219 (l)(b)(iv) of the Companies Act,1956)

Rupees

	2010-11		2009-10	
I INCOME				
Gross Turnover				
Sales and Related Income	3,407,334,534		2,447,449,191	
Less: Excise Duty & Cess	24,970,215		21,422,727	
Add: Export Incentive	30,940,270	3,413,304,589	21,601,060	2,447,627,524
Other Income				
a) Dividend	180,100		133,887	
b) Miscellaneous Income	34,969,035	35,149,135	13,613,853	13,747,740
Total		3,448,453,724		2,461,375,264
II EXPENDITURE				
Cost of Goods Consumed/Sold				
Opening Stock	1,196,600,702		987,889,309	
Purchases	2,136,339,539		1,463,844,582	
Less: Closing Stock	1,325,788,527	2,007,151,714	1,196,600,702	1,255,133,189
Other Manufacturing & Administrative Expenses				
a) Stores & Spare Parts Consumed	151,575,106		112,970,666	
b) Repairs & Maintenance	3,981,630		4,004,037	
c) Directors Fees	390,000		420,000	
d) Other Expenses	249,955,310	405,902,046	215,348,047	332,742,750
Selling Expenses		148,391,751		133,956,276
Salaries, Wages & Other Employees' Benefits				
a) Salaries, Wages, Bonus etc.	674,868,777		491,824,876	
b) Others	80,350,507	755,219,284	85,644,901	577,469,777
Managerial Remuneration		2,232,186		1,596,823
Interest & Other Financial Charges				
a) On Fixed Loans	31,808,119		27,261,549	
b) On Others (including financial charges)	29,867,705	61,675,824	40,359,504	67,621,053
[Net of Interest Income Rs.232,095 (Previous Year Rs.470,793)]				
Depreciation & Amortisation		65,278,378		76,900,633
Auditors Remuneration		330,900		330,900
		3,446,182,083		2,445,751,401
III. Profit before exceptional items		2,271,641		15,623,863
IV. Exceptional items (Net)		(93,455)		(8,336,451)
V. Profit before taxation		2,178,186		7,287,412
Provision for taxation				
- Current Tax (Net of Mat Credit)	630,000		1,484,000	
- Deferred Tax (Assets)	34,669	664,669	(2,396,332)	(912,332)
VI Profit after taxation for the year		1,513,517		8,199,744
Balance brought forward from previous year		1,522,393		45,782,735
Adjustment relating to earlier years (Taxes)		(1,598,535)		(52,460,086)
VII Balance carried to Balance Sheet		1,437,375		1,522,393
Earnings per share face value of Rs 5 (Basic & diluted)		0.07		0.36
Refer Accounting Policies & Notes forming part of the Accounts.				

Compiled from the Audited Profit and Loss Account of the Company referred to in our report of even date.

D.P. Sen & Co.
Chartered Accountants

S. K. Nayak
Partner
Membership No.58711
Kolkata, 30 May 2011

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

For and On behalf of the Board

B. Wadhwa
N. Pujara } Directors

Kolkata, 30 May 2011

AI CHAMPDANY INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

Rupees

	2010-11	2009-10
A. Cash flow from Operating activities :		
Profit before Taxation	2,178,186	7,287,412
Add:- Adjustments for :		
Depreciation	65,278,378	76,900,633
Dividend from Investments	(180,100)	(133,887)
Interest	61,675,824	67,621,053
Surplus (Net) on disposal of Fixed Assets	(20,585,783)	(46,944,924)
Loss on sale of Investment	837,004	-
	107,025,323	97,442,875
Operating Profit before Working Capital Changes	109,203,509	104,730,287
Add/(Less):- Adjustments for :		
(Increase)/Decrease in Inventories	(132,207,391)	(209,184,840)
(Increase)/Decrease in Trade and Other Receivables	(45,480,752)	175,841,558
(Decrease)/Increase in Trade Payables	43,782,993	18,730,433
	(133,905,150)	(14,612,849)
Cash Generated from Operations	(24,701,641)	90,117,438
Less: Interest Paid	(62,158,405)	(68,207,440)
Direct Taxes paid	(543,819)	(14,266,072)
	(62,702,224)	(82,473,512)
Net Cash from / (used in) Operating Activities	(87,403,865)	7,643,926
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets	(61,659,507)	(69,944,575)
Sale of Fixed Assets	20,603,405	50,043,269
Purchase of Investments	-	(500,000)
Sale of Investment	2,641,746	-
Interest Received	232,095	470,793
Dividend Received	180,100	133,887
Capital Subsidy Received	12,254,000	-
Net Cash from / (used in) Investing Activities	(25,748,161)	(19,796,626)
C. Cash flow from Financing Activities :		
Proceeds from Share Capital	-	62,071,765
Proceeds from Loans	450,000,000	125,000,000
Repayments of Loans	(214,368,243)	(116,721,180)
Increase / (Decrease) in Bank Borrowings	(117,676,193)	(59,703,006)
Dividend Paid	(42,134)	(1,583,585)
Tax on Dividend Paid	-	(261,723)
Repayment of Preference Shares	(160)	(2,130)
Payment to Fractional Share Holders	-	(45)
Net Cash from / (used in) Financing Activities	117,913,270	8,800,096
Net increase / (decrease) in Cash and Cash Equivalents (A-B-C)	4,761,244	(3,352,604)
Cash and Cash Equivalents as at 1 April 2010	15,184,146	18,536,750
Cash and Cash Equivalents as at 31 March 2011	19,945,390	15,184,146

In terms of our report of even date attached

D.P. Sen & Co.
Chartered Accountants
S. K. Nayak
Partner
Membership No.58711
Kolkata, 30 May 2011

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

For and On behalf of the Board

B. Wadhwa
N. Pujara } **Directors**

Kolkata, 30 May 2011

AI CHAMPDANY INDUSTRIES LIMITED

Notes to Abridged Balance Sheet and Abridged Profit and Loss Account

1. Significant Accounting Policies:

The significant accounting policies followed by the company are summarized below : -

1.1. Accounting Convention:

The Financial statements have been prepared in accordance with accrual method of accounting following the historical cost convention as modified by revaluation of certain Fixed Assets.

1.2. Fixed Assets:

Fixed Assets are stated at cost of acquisition, which are, inclusive of subsequent improvements thereto except for certain Fixed Assets, which were revalued. For Assets acquired at a composite price at cost as allocated to each assets by independent Valuers. Assets retired from active use are stated at values estimated by independent valuers.

Cost includes incidental expenses of acquisition/installation and financial cost relating to borrowed funds attributable to construction/ acquisition of fixed assets for the period upto commencement of commercial production / installation.

In respect of revalued assets, the difference between the written down value of the assets as on the date of revaluation and the then replacement value is transferred to Revaluation Reserve.

1.3. Depreciation:

(A) Depreciation on Fixed Assets have been provided for both on Straight line and Reducing balance method as hereunder. Method and rates consistently used for the purpose of depreciation charged for the year as follows:

1) Plant & Machinery & Electrical Installation

Units at Jagatdal

(a) Straight Line Method

- | | |
|---|---|
| i) Certain specified items (included in electrical installation,
- Additions for the period 1.1.71 to 31.3.87) | * 5.25% |
| ii) Plant and Machinery and Electrical Installation
(other than (i) above) | |
| - Additions for the period 1.1.77 to 31.12.82 (on single shift basis) | * 3.39% |
| - Additions for the period 1.1.83 to 31.3.87 (on single shift basis) | * 5.28% |
| - Additions from the year 1987-88 | At rates prescribed in Schedule XIV of the Companies Act, 1956. |

* Rates applied in prior years following the company Law Board Circular No. 1/86 dated 21st May 1986.

(b) Reducing Balance Method

Certain portion of Electrical Installation and Plant & Machinery (added upto 1976)	At rates prescribed in Schedule XIV of the Companies Act, 1956.
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Other Units

(i) Reducing Balance Method

On Plant & Machinery acquired prior to 1st April 1979	At rates prescribed in Schedule XIV of the Companies Act, 1956.
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(ii) Straight Line Method

On Plant & Machinery acquired after 31st March 1979 on assets acquired upto 30th September 1986	At rates previously determined in accordance with Section 205(2)(b) of the Companies Act, 1956.
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On assets acquired after 30 th September 1986	At rates prescribed in Schedule XIV of the Companies Act, 1956.
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- | | |
|--|---|
| 2) Other assets on reducing balance Method | At rates prescribed in Schedule XIV of the Companies Act, 1956. |
|--|---|

- (B) Premium paid for leasehold land is amortised over the period of the lease
- (C) Freehold land and assets retired from active use are not depreciated.
- 1.4. Investments:
Long-term investments are stated at cost less provision for permanent diminution if any, in the value of such investment. Dividend Income is accounted for on receipt.
- 1.5. Inventories:
Inventories are valued on the following basis: (i) Raw Material at lower of cost and net realisable value, (ii) Finished Goods at lower of cost and contract value and net realisable value, (iii) Stores & Spares and work-in-process at cost or under.
In the case of Raw Materials and Stores & Spares, cost is generally ascertained on weighted average basis. Work-in-process and Finished Goods are valued on full cost absorption basis. Necessary provision is made for obsolete, slow-moving, non-moving and defective items of inventories.
- 1.6. Capital Subsidy:
Subsidies relating to Fixed Assets are initially credited to Capital Reserve and the amount is adjusted against the depreciation charged over the useful life of the asset.
- 1.7. Miscellaneous expenses:
Share issue expenses are amortized over a period of ten years.
- 1.8. Foreign Currency transactions:
i) Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the year-end are translated at closing spot rates on the last day of the year.
ii) The difference in translation in monetary assets and liabilities and realised gains and losses in foreign exchange transactions other than those relating to fixed assets are recognised in the Profit & Loss Account.
iii) Exchange differences in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.
- 1.9. Sales:
Sales comprise sale of goods and services and include freight and other charges recovered from customers.
- 1.10. Related Income:
Export incentives / Related Income are accounted to the extent considered certain of realisation by the Management.
- 1.11. Retiral benefits:
Contributions to the Provident and Superannuation Funds, which are in accordance with the respective schemes, are charged to revenue on accrual basis.
Retirement benefits including gratuity are provided for in the Books of Accounts on the basis of actuarial valuation except one unit of the company, which has been treated on cash basis from 1997-98 to 2006-07. Such liability has been provided on the basis of valuation made by the Actuary in line with the parameters & requirement of AS 15 (Revised 2005) issued by the Institute of Chartered Accountants of India.
- 1.12. Borrowing Costs:
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- 1.13. Revenue expenditure on Research & Development is charged to Profit & Loss Account of the year in which it is incurred.
- 1.14. Capital expenditure on Research & Development is shown as addition to Fixed Assets.
- 1.15. Insurance claims are recognised on receipt/assessment of related claim from Insurance Authorities.
- 1.16. Intangible Assets:
Intangible Assets are stated at cost of acquisition less accumulated amortisation. Computer Software is amortised over a period of 5 years on Straight Line basis.
2. (Note No.2 of Schedule 17)
Estimated amount of contract remaining to be executed on capital account not provided for Rs.190.88 lacs (Previous year Rs. 59.84 lacs).
3. (Note No.3 of Schedule 17)
Contingent liabilities Rs.4149.40 lacs (Previous year Rs. 2969.07 lacs).

4. (Note No.4 of Schedule 17)

The company manufactures jute / jute diversified products and flax products.

<u>Class of Goods</u>	<u>Units</u>	<u>Installed Capacity</u>	<u>Actual Production</u>
Jute / Jute Diversified Products	MT	113,486 (113,486)	51,860 (45,170)
	Sq Mtr.	14,06,390 (14,06,390)	Nil (Nil)
Flax Products	MT	1,235 (1,235)	507 (416)

5. (Note No.5 of Schedule 17)

Sale of Jute / Jute diversified Products – 52,898 MT, Rs.30,922.04 lacs (2009-10 – 47,790 MT, Rs.22,562.36 lacs), Sale of Flax Products – 718 MT, Rs.2,319.82 lacs (2009-10 - 425 MT, Rs.1,073.68 lacs), Sale of Raw Jute - 2,027 MT, Rs.662.14 lacs (2009-10 – 3,327 MT, Rs.809.21 lacs) and Sale of Flax Fibre – 31MT, Rs. 18.01 lacs (2009-10 - Nil MT, Rs. Nil).

6. (Note No.14 of Schedule 17)

Segment Information:

The Company has considered two Business Segments viz; Jute/jute diversified Products & Flax Products.

A. Primary Segment Disclosure

(Rs. in lacs)

<u>Particulars</u>	<u>Jute/Jute diversified products</u>		<u>Flax products</u>		<u>Total</u>	
	<u>31.03.11</u>	<u>31.03.10</u>	<u>31.03.11</u>	<u>31.03.10</u>	<u>31.03.11</u>	<u>31.03.10</u>
Revenue						
External Turnover	31775.21	23,401.46	2357.84	1,074.81	34133.05	24,476.27
Other Income	349.69	136.14	-	-	349.69	136.14
Result	178.41	582.50	458.34	165.24	636.75	747.74
Unallocated					1.80	1.34
Operating Profit					638.55	749.08
Interest Expenses					619.08	680.92
Interest Income					2.32	4.71
Income Taxes					6.65	(9.13)
Net Profit					15.14	82.00
Other Information						
Segment Assets	25456.75	22,838.98	3450.37	3,864.57	28907.12	26,703.55
Unallocated					894.59	945.92
Total Assets					29801.71	27,649.47
Segment Liabilities	17608.51	15,682.86	1062.09	1,092.27	18670.60	16,775.13
Unallocated					192.57	456.39
Total Liabilities					18863.17	17,231.52
Capital Expenditure	573.21	655.77	43.39	43.68	616.60	699.45
Depreciation	656.08	629.88	81.19	142.56	737.27	772.44
Amortisation	23.22	3.43	61.27		84.49	3.43
Non-cash Expenses other than Depreciation and Amortisation						

B. Information about Secondary Segments

a) Revenue & Sundry Debtors as per Geographical Markets

<u>Particulars</u>	<u>Revenue</u>		<u>Sundry Debtors</u>	
	<u>31.03.11</u>	<u>31.03.10</u>	<u>31.03.11</u>	<u>31.03.10</u>
India	24924.17	19,925.60	1103.05	613.63
Outside India	9560.37	4,688.16	377.79	190.37
Total	34484.54	24,613.76	1480.84	804.00

- b) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence separate figures for fixed assets / additions to fixed assets cannot be segregated.

7. (Note No.15 of Schedule 17)

Deferred Tax:

	<u>Rs. in lacs</u>	
	Year ended <u>31.03.11</u>	Year ended <u>31.03.10</u>
i) Liability at the beginning of the year	192.23	216.19
ii) Difference between book & tax depreciation	0.34	<u>(23.96)</u>
iii) Deferred tax liability at the end of the year	<u>192.57</u>	<u>192.23</u>

8. (Note No.16 of Schedule 17)

Related Party Disclosures:

(a) List of Related Parties and Relationships:

<u>Party</u>	<u>Relationship</u>
a) Landale & Clark Ltd.	Subsidiary-100%
b) Champdany Constructions Limited	Subsidiary 100%
c) West Bengal Multifibre Jute Park Ltd	Subsidiary 90%
d) AIC Properties Ltd	Subsidiary 100%
e) Mr. Nirmal Pujara	Key Management Personnel

(b) Transactions during the year with related parties

<u>Transactions</u>	<u>Subsidiary</u>	<u>Rs.in lacs</u> <u>Key Management</u> <u>Personnel</u>	<u>Total</u>
i) Landale & Clark Ltd			
Rent Paid	3.15		3.15
	(3.15)		(3.15)
Reimbursement of Expenses	0.90		0.90
	(2.26)		(2.26)
Interest bearing Advance taken	-		-
	(7.50)		(7.50)
Interest paid	0.75		0.75
	(0.75)		(0.75)
Credit Balance Outstanding as at 31st March, 2011	19.41		19.41
	(17.87)		(17.87)
ii) Champdany Constructions Ltd.			
Advance paid	31.75		31.75
	(10.44)		(10.44)
License fee paid	-		-
	(9.90)		(9.90)
Balance amount as at 31st March, 2011	43.78		43.78
	(12.03)		(12.03)
iii) AIC Properties Ltd			
Investment in shares	-		-
	(5.00)		(5.00)
Interest bearing Advance taken	-		-
	(3.00)		(3.00)
Refund of Advance	1.13		1.13
	-		-
Interest paid	0.21		0.21
	(0.11)		(0.11)
Credit Balance Outstanding as at 31st March, 2011	2.16		2.16
	(3.10)		(3.10)
iv) West Bengal Multifibre Jute Park Ltd			
Advance paid	-		-
	(0.02)		(0.02)
Balance amount as at 31st March, 2011	3.01		3.01
	(3.01)		(3.01)
v) Mr. Nirmal Pujara			
Remuneration paid (whole time Director)		22.32	22.32
		(15.97)	(15.97)

Note: Figures in bracket represent previous year's amounts.

9. (Note No.18 of Schedule 17)	<u>2010-11</u>	<u>2009-10</u>
Earning Per Share (EPS) has been computed as under:		
a) Profit after Tax (Rs.in lacs).	15.14	82.00
b) Basic & Weighted average No. of Equity shares outstanding during the year	22,533,000	22,533,000
c) Earning per share {(a) / (b)} (Basic & diluted)	Rs.0.07 (Face Value Rs.5)	Rs.0.36 (Face Value Rs.5)

10. (Note No.22 of Schedule 17)

		<u>Rs. in lacs</u>
	<u>2010-11</u>	<u>2009-10</u>
Exceptional Item (net) represents:		
Provision for gratuity	-	(409.22)
Bad debt written off	-	(535.28)
Cess on debonding of EOUs	(0.93)	(9.41)
Total Debit	<u>(0.93)</u>	<u>(953.91)</u>
Provision for doubtful export debtors no longer required written back	-	401.46
Surplus from sale of fixed assets	-	469.09
Total Credit	<u>-</u>	<u>870.55</u>
Exceptional Item (Net)	(0.93)	(83.36)

11. (Note No.24 of Schedule 17)

Commodity Hedging Transactions:

In accordance with the policy consistently followed by the company, the outstanding commodity hedging contracts are accounted on the date of their settlement and realised gain / loss in respect of settled contracts are recognised in the Profit and Loss Account, along with the underlying transactions.

12. (Note No.25 of Schedule 17)

In respect of the fire occurred on 22nd April 2006 and 21st January 2011 at Wellington Jute Mill, Rishra, the final assessment to the damage caused to Assets is yet to be completed by the insurance authorities. Pending such assessments, no adjustment has been made to the accounts to the extent of estimated loss of goods - 1059 MT - Rs.770.70 lacs (2009-10 – 1480 MT– Rs.694.23 lacs).

The company has filed necessary claims with the insurance authorities and adjustments to the accounts would be effected on completion of assessment and settlement of related claims.

13. (Note No.26 of Schedule 17)

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. Accordingly, gratuity are accounted for in the books of accounts on accrual basis based on actuarial valuation except for gratuity for one unit of the company from 1997-98 to 2006-07 treated on cash basis and liability for the said period is not ascertained, but from financial year 2007-08 provided on accrual basis.

14. (Note No.27 (a) of Schedule 17)

The company has received the eligibility certificate from Sales Tax Authorities for the net value of fixed capital assets amounting to Rs.773 lacs and on gross addition to fixed assets amounting to Rs.616 lacs for the period from 1995-1996 to 1999-2000 and pending disposal of company's appeal for additional eligibility on the basis of gross value of fixed capital assets, an amount of Rs.1,119.57 lacs has been availed by the company on this account upto April, 2000. Adjustment, if any, on this account being currently not ascertainable, shall be considered as and when it arises.

15. (Note No.27 (b) of Schedule 17)

Advances recoverable in cash or kind or value to be received - considered good includes Rs.26.93 lacs where although recoveries are not forthcoming but no provision has been made in the Accounts as the management considers these amounts are recoverable.

16. (Note No.27 (c) of Schedule 17)

In the opinion of the management, no diminution of permanent nature in the year-end carrying value of investment with Landale & Clark Limited is likely to arise and accordingly no provision is considered necessary.

17. (Note No.33 of Schedule 17)

The Remuneration Committee and the Board of Directors at their meetings held on 14th February 2011 revised and approved the remuneration of Mr. Nirmal Pujara, Executive Director (Mktg) for his balance tenure of service commencing from 01.01.2011 and upto 31.12.2012 as follows: -

Salary: Rs.1,50,000/- (Rupees one Lac Fifty Thousand) per month or Rs.18,00,000/- (Rupees Eighteen Lacs) in a year including dearness and all other allowances.

Mr. Pujara would also be entitled to following perquisites of which aggregate value is not to exceed Rs.3 Lacs per annum.

- i) Free furnished residential accommodation alongwith gas, water, electricity etc.
- ii) 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.
- iii) Leave travel assistance for self and family once in a year by Air or AC first class in train.
- iv) Fees to clubs subject to a maximum of two clubs and the same will not include admission or life membership fees.
- v) Personal Accident Insurance as per Company's Personal Accident Scheme.
- vi) Car for use on Company's business.
- vii) Telephone at residence subject to refund of charges for personal long distance calls on telephone.

The following perquisites are excluded in computation of the ceiling of remuneration as above:

- a) Company's contribution towards Provident Fund/Superannuation Fund.
- b) Gratuity not exceeding half a month's salary for each completed year of service.
- c) Leave of 28 days for every year of completed service and leave not availed shall be encashed at the end of tenure.

The above remuneration is within the overall limit approved by the shareholders on 31st August 2007 and is also within the ceiling prescribed under Section II [1(A)] of Part II of Schedule XIII of the Companies Act, 1956 which is applicable for payment of remuneration to whole time Director in case of inadequacy of profit in a particular year.

18. (Note No. 34 of Schedule 17)

As per gratuity actuarial valuation certificate, the "Contribution to Provident Fund & other Funds" for the year 2010-11 is after adjustment of Rs. 703.21 lacs relating to earlier years.

19. Key Financial Ratios	<u>2010-11</u>	<u>2009-10</u>
a) Sales / Total Assets	1.30	0.99
b) Operating Profit / Capital Employed %	7.12	8.96
c) Return on Net Worth %	0.23	1.24
d) Net Profit / Sales %	0.04	0.34

20. Previous year's figures have been rearranged wherever necessary to conform to those of current year.

For and on behalf of
D.P SEN & CO.
Chartered Accountants
S K Nayak
Partner
Dated: May 30, 2011

B K Chowdhury
Senior General Manager (Accounts)
& Company Secretary

On behalf of the Board
B. Wadhwa }
N. Pujara } Directors

**AUDITOR'S REPORT ON ABRIDGED CONSOLIDATED ACCOUNTS
TO THE BOARD OF DIRECTORS
AI CHAMPDANY INDUSTRIES LIMITED**

We have examined the abridged Consolidated Balance Sheet of AI Champdany Industries Limited ('the Company') its subsidiary as at 31st March 2011 and the related abridged Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date together with the Significant Accounting Policies and Notes thereon. These abridged Consolidated Financial Statements have been prepared by the company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the Audited Consolidated Financial Statements of the company for the year ended 31st March 2011 prepared in accordance with requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" notified under Companies (Accounting Standard) Rules 2006 covered by our report of even date to the Board of Directors of the Company which is attached hereto.

For D.P. Sen & Co.
Chartered Accountants
S.K. Nayak
Partner
Membership No.58711

Place: Kolkata
Date: May 30, 2011

To
The Board of Directors
AI Champdany Industries Limited
25, Princep Street, Kolkata – 700 072

Dear Sir, Report on the Consolidated Financial Statement of AI Champdany Industries Limited
for the year ended 31st March 2011

- A. We have audited the attached Consolidated Balance Sheet of AI Champdany Industries Limited, and its subsidiary, ("the group") as at 31st March 2011, the Consolidated Profit & Loss Account of the group for the year then ended on that date and the Consolidated Cash Flow Statement of the group for the year then ended on that date, both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- B. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- C. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of Rs.2515126/- as at 31st March 2011 and total expenses (net) of Rs.79899/- for the year then ended. These financial statements have been audited by other auditors whose report have been furnished to us, and our opinion, in so far as relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors.
- D. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, its subsidiary included in the consolidated financial statements.

- E. In our opinion and to the best of our information and according to the explanations given to us, and on consideration of separate audit reports on individual audited financial statements of AI Champdany Industries Limited and its subsidiary, the aforesaid consolidated financial statements together with the notes thereon and attached thereto and the statement on Significant Accounting Policies, subject to the notes on Schedule – 17 regarding the matters set out in para F below, give a true and fair view in conformity with accounting principles generally accepted in India.
- a) In the case of the Consolidated Balance Sheet, of the Consolidated State of Affairs of the group as at 31st March 2011.
 - b) In the case of the Consolidated Profit & Loss Account of the Consolidated Results of operation of the group for the year then ended and
 - c) In case of the Consolidated Cash Flow Statement of the consolidated cash flow of the group for the year then ended.
- F. i) Non ascertainment of profit / loss on outstanding commodity hedging materials as at the end of the year, as referred to in note 15 in schedule 17
- ii) Pending assessment of losses in respect of stocks of finished goods damaged by fire, no adjustment has been made to the accounts as referred to in notes 16 of schedule 17.
 - iii) Non-provision/ascertainment of liability for gratuity on actuarial basis from the year commencing from 1st April 1997 to 31st March 2007 in respect of one unit of the company, as referred to in Note 17 in Schedule 17; *
 - iv) Recognition of remission of taxes by Sales Tax Authority in the accounts, as referred to in Note 18 (a) in Schedule 17; *
 - v) Non ascertainment/ provision of possible loss which may arise for non recovery of interest free loans and advances in the nature of loans as referred to in note 18(b) in schedule 17*
- *relates to erstwhile Anglo India Jute Mills Company Ltd
- vi) Non-provision of possible losses arising from diminution in the year end carrying cost of investments, advances, deposits with companies and Sundry Debtors as referred to in notes 18(e) & 18 (f) in schedule 17**..
 - vii) Assets & Liabilities in Bangladesh as at 31st March 2011 could not be verified, as referred to in note 18(g) in Schedule-17. **
- ** relates to the subsidiary of erstwhile Anglo-India Jute Mills Company Limited.

Place: Kolkata
Date: May 30, 2011

For D.P.Sen & Co.
Chartered Accountants
S. K.Nayak
Partner
Membership No. 58711

AI CHAMPDANY INDUSTRIES LIMITED

ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

(Statement containing salient features of the Balance Sheet as per Section 219 (l)(b)(iv) of the Companies Act, 1956)

Rupees

	As at 31 March			
	2011		2010	
SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Capital				
i) Equity	112,665,000			112,665,000
ii) Preference	84,071,765	196,736,765		84,071,765
b) Reserves & Surplus				
i) Capital Reserve	7,506,642			3,701,642
ii) Revenue Reserve	288,765,947			288,765,947
iii) Revaluation Reserve	345,662,888			295,669,232
iv) Surplus in Profit & Loss Account	-			109,394
v) Securities Premium	246,400,000			246,400,000
vi) Capital Redemption Reserve	8,000,000			8,000,000
vii) Investment Fluctuation Reserve	-			1,654,290
viii) Deferred Tax Reserve	852,453	897,187,930		852,453
2. Loan Funds :				
a) Secured Loans (other than debentures)	1,034,654,203			916,698,639
b) Unsecured Loans	31,901,242	1,066,555,445		31,901,242
3. Deferred Tax Liability		19,256,997		19,222,328
Total of 1 to 3		2,179,737,137		2,009,711,932
APPLICATION OF FUNDS				
1. Fixed Assets				
a) Net Block	960,825,068			922,343,625
b) Capital Work In Progress	113,319,091	1,074,144,159		113,892,489
2. Investments				
a) Government Securities	4,000			4,000
b) Investment in Subsidiary Companies- Unquoted	81,669,910			81,669,910
c) Others				
i) Quoted	2,910,609		2,910,609	
ii) Unquoted	1,873,327	4,783,936	86,457,846	7,006,367
Total				9,916,976
[Aggregate Market value of the Quoted Shares Rs. 74, 09,486 (previous year Rs. 88,61,594)]				
3. I Current Assets, Loans And Advances				
a) Inventories	1,412,285,965			1,280,078,574
b) Sundry Debtors	148,615,449			80,931,395
c) Cash and Bank balances	20,031,840			15,305,439
d) Loans and Advances				
i) To Subsidiary Companies	4,678,912		1,503,912	
ii) To Others	238,737,151	243,416,063	264,110,417	265,614,329
Total		1,824,349,317		1,641,929,737
II Less : Current Liabilities and Provisions				
Current Liabilities	784,997,883			699,659,057
Provisions	20,864,189			60,996,965
Total		805,862,072		760,656,022
Net Current Assets (I-II)		1,018,487,245		881,273,715
4. Share Issue Expenses		162,605		181,457
5. Profit & Loss Account		55,522		-
6. Net Assets in Bangladesh		429,760		429,760
Total of 1 to 6		2,179,737,137		2,009,711,932

Refer Accounting Policies & Notes forming part of the Accounts.

Compiled from the Audited Balance Sheet of the Company referred to in our report of even date.

D.P. Sen & Co.
Chartered Accountants
S. K. Nayak
Partner
Membership No.58711
Kolkata, 30 May 2011

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

For and On behalf of the Board
B. Wadhwa
N. Pujara } Directors
Kolkata, 30 May 2011

AI CHAMPDANY INDUSTRIES LIMITED

ABRIDGED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(Statement containing salient features of the Profit and Loss Account as per Section 219 (l)(b)(iv) of the Companies Act, 1956)

Rupees

	2010-11		2009-10	
I. INCOME				
Gross Turnover				
Sales and Related Income	3,407,334,534		2,447,449,191	
Less: Excise Duty & Cess	24,970,215		21,422,727	
Add: Export Incentive	30,940,270	3,413,304,589	21,601,060	2,447,627,524
Other Income				
a) Dividend	180,129		133,887	
b) Miscellaneous Income	35,422,330	35,602,459	14,068,468	14,202,355
Total		3,448,907,048		2,461,829,879
II. EXPENDITURE				
Cost of Goods Consumed/Sold				
Opening Stock	1,196,600,702		987,889,309	
Purchases	2,136,339,539		1,463,844,582	
Less: Closing Stock	1,325,788,527	2,007,151,714	1,196,600,702	1,255,133,189
Other Manufacturing & Administrative Expenses				
a) Stores & Spare Parts Consumed	151,575,106		112,970,666	
b) Repairs & Maintenance	3,981,630		4,004,037	
c) Directors Fees	391,200		421,200	
d) Other Expenses	250,312,201	406,260,137	215,441,514	332,837,417
Selling Expenses		148,391,751		133,956,276
Salaries, Wages & Other Employees' Benefits				
a) Salaries, Wages, Bonus etc.	675,040,626		491,978,076	
b) Others	80,379,308	755,419,934	85,681,683	577,659,759
Managerial Remuneration		2,232,186		1,596,823
Interest & Other Financial Charges				
a) On Fixed Loans	31,808,119		27,261,549	
b) On Others (including financial charges) [Net of Interest Income Rs.232,095 (Previous Year Rs.470,793)]	29,771,965	61,580,084	40,273,930	67,535,479
Depreciation & Amortisation		65,278,496		76,900,751
Auditors Remuneration		341,003		341,003
		3,446,655,305		2,445,960,697
III. Profit before exceptional items		2,251,743		15,869,182
IV. Exceptional items (Net)		(93,455)		(8,336,451)
V. Profit before taxation		2,158,288		7,532,731
Provision for taxation				
- Current Tax (Net of MAT Credit)	690,000		1,526,650	
- Deferred Tax (Assets)	34,669	724,669	(2,396,332)	(869,682)
VI. Profit after taxation for the year		1,433,619		8,402,413
Balance brought forward from previous year		109,394		44,166,660
Adjustment relating to earlier years (Taxes)		(1,598,535)		(52,459,679)
VII. Balance carried to Balance Sheet		(55,522)		109,394
Earnings per share face value of Rs 5 (Basic & diluted)		0.06		0.37

Refer Accounting Policies & Notes forming part of the Accounts.

Compiled from the Audited Profit and Loss Account of the Company referred to in our report of even date.

D.P. Sen & Co.
Chartered Accountants
S. K. Nayak
Partner
Membership No.58711
Kolkata, 30 May 2011

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

For and On behalf of the Board
B. Wadhwa
N. Pujara } Directors
Kolkata, 30 May 2011

AI CHAMPDANY INDUSTRIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

Rupees

	2010-2011	2009-2010
A. Cash flow from Operating activities :		
Profit before Taxation	2,158,288	7,532,731
Add/(Less):- Adjustments for :		
Depreciation	65,278,496	76,900,751
Dividend from Investments	(180,129)	(133,887)
Share Issue Expenses amortised	18,852	7,070
Interest	61,580,084	67,535,478
Surplus (Net) on disposal of Fixed Assets	(20,585,783)	(46,944,924)
Loss on sale of Investment	837,004	-
	106,948,524	97,364,488
Operating Profit before Working Capital Changes	109,106,812	104,897,219
Less:- Adjustments for :		
(Increase)/Decrease in Inventories	(132,207,391)	(209,184,840)
(Increase)/Decrease in Trade and Other Receivables	(45,485,788)	175,844,695
(Decrease)/Increase in Trade Payables	43,800,188	17,548,461
	(133,892,991)	(15,791,684)
Cash Generated from Operations	(24,786,179)	89,105,535
(Add)/Less: Interest Paid	(62,062,665)	(68,198,883)
Direct Taxes paid	(589,893)	(14,326,067)
	(62,652,558)	(82,524,950)
Net Cash from / (used in) Operating Activities	(87,438,737)	6,580,585
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets	(61,659,507)	(69,944,575)
Sale of Fixed Assets	20,603,405	50,043,269
Sale of Investments	2,641,746	-
Interest Received	232,095	470,793
Capital Subsidy Received	12,254,000	-
Dividend Received	180,129	133,887
Net Cash from / (used in) Investing Activities	(25,748,132)	(19,296,626)
C. Cash flow from Financing Activities :		
Proceeds from Share Capital	-	62,071,765
Proceeds from Loans	450,000,000	125,000,000
Repayments of Loans	(214,368,243)	(116,721,180)
Increase / (Decrease) in Bank Borrowings	(117,676,193)	(59,703,006)
Dividend Paid	(42,134)	(1,583,585)
Tax on Dividend	-	(261,723)
Repayment of Preference Shares	(160)	(2,130)
Payment to Fractional Shareholders	-	(45)
Preliminary Expenses	-	(188,527)
Net Cash from / (used in) Financing Activities	117,913,270	8,611,569
Net increase / (decrease) in Cash and Cash Equivalents (A-B-C)	4,726,401	(4,104,472)
Cash and Cash Equivalents as at 1 April 2010	15,305,439	19,409,911
Cash and Cash Equivalents as at 31 March 2011	20,031,840	15,305,439

In terms of our report of even date attached

D.P. Sen & Co.
Chartered Accountants
S. K. Nayak
Partner
Membership No.58711
Kolkata, 30 May 2011

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

For and On behalf of the Board

B. Wadhwa }
N. Pujara } **Directors**

Kolkata, 30 May 2011

AI CHAMPDANY INDUSTRIES LIMITED

Notes to Abridged Consolidated Balance Sheet and Abridged Consolidated Profit and Loss account

1. Significant Accounting Policies:

The significant accounting policies followed by the company are summarized below: -

1.1. Accounting Convention:

The Financial statements have been prepared in accordance with accrual method of accounting following the historical cost convention as modified by revaluation of certain Fixed Assets.

1.2. Fixed Assets:

Fixed Assets are stated at cost of acquisition, which are, inclusive of subsequent improvements thereto except for certain Fixed Assets, which were revalued. For Assets acquired at a composite price at cost as allocated to each assets by independent Valuers. Assets retired from active use are stated at values estimated by independent valuers.

Cost includes incidental expenses of acquisition/installation and financial cost relating to borrowed funds attributable to construction/ acquisition of fixed assets for the period upto commencement of commercial production / installation.

In respect of revalued assets, the difference between the written down values of the assets as on the date of revaluation and the then replacement value is transferred to Revaluation Reserve.

1.3. Depreciation:

(A) Depreciation on Fixed Assets has been provided for both on Straight line and Reducing balance method as hereunder. Method and rates consistently used for the purpose of depreciation charged for the year as follows:

1) Plant & Machinery & Electrical Installation

Unit at Jagatdal

(a) Straight Line Method

- | | | |
|-----|--|---|
| i) | Certain specified items (included in electrical installation) | |
| | - Additions for the period 1.1.71 to 31.3.87 | *5.25% |
| ii) | Plant and Machinery and Electrical Installation (other than (i) above) | |
| | - Additions for the period 1.1.77 to 31.12.82 (on single shift basis) | *3.39% |
| | - Additions for the period 1.1.83 to 31.3.87 (on single shift basis) | *5.28% |
| | - Additions from the year 1987-88 | At rates prescribed in Schedule XIV of the Companies Act, 1956. |

* Rates applied in prior years following the company Law Board Circular No. 1/86 dated 21st May 1986.

b) Reducing Balance Method

Certain portion of Electrical Installation and Plant & Machinery (added upto 1976)	At rates prescribed in Schedule XIV of the Companies Act, 1956.
--	---

Other Units

(i) Reducing Balance Method

On Plant & Machinery acquired prior to 1st April 1979	At rates prescribed in Schedule XIV of the Companies Act, 1956.
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(ii) Straight Line Method

On Plant & Machinery acquired after 31st March 1979 on assets acquired upto 30th September 1986	At rates previously determined in accordance with Section 205(2)(b) of the Companies Act, 1956.
---	---

On assets acquired after 30th September 1986	At rates prescribed in Schedule XIV of the Companies Act, 1956.
--	---

2) Other assets on reducing balance Method	At rates prescribed in Schedule XIV of the Companies Act, 1956.
--	---

(B) Premium paid for leasehold land is amortised over the period of the lease.

(C) Freehold land and assets retired from active use are not depreciated.

- 1.4. Investments:
Long-term investments are stated at cost less provision for permanent diminution if any, in the value of such investment. Dividend Income is accounted for on receipt.
- 1.5. Inventories:
Inventories are valued on the following basis: (i) Raw Material at lower of cost and net realizable value, (ii) Finished Goods at lower of cost and contract value and net realizable value, (iii) Stores & Spares and work-in-process at cost or under.
In the case of Raw Materials and Stores & Spares, cost is generally ascertained on weighted average basis. Work-in-process and Finished Goods are valued on full cost absorption basis. Necessary provision is made for obsolete, slow-moving, non-moving and defective items of inventories.
- 1.6. Capital Subsidy:
Subsidies relating to Fixed Assets are initially credited to Capital Reserve and the amount is adjusted against the depreciation charged over the useful life of the asset.
- 1.7. Miscellaneous expenses:
Share issue expenses are amortized over a period of ten years.
- 1.8. Foreign Currency transactions:
i) Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the year-end are translated at closing spot rates on the last day of the year.
ii) The difference in translation in monetary assets and liabilities and realised gains and losses in foreign exchange transactions other than those relating to fixed assets are recognised in the Profit & Loss Account.
iii) Exchange differences in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.
- 1.9. Sales:
Sales comprise sale of goods and services and include freight and other charges recovered from customers.
- 1.10. Related Income:
Export incentives / Related Income are accounted to the extent considered certain of realisation by the Management.
- 1.11. Retiral benefits:
Contributions to the Provident and Superannuation Funds, which are in accordance with the respective schemes, are charged to revenue on accrual basis.
Retirement benefits including gratuity are provided for in the Books of Accounts on the basis of actuarial valuation except one unit of the company, which is treated on cash basis with effect from 1997-98 to 2006-07. Such liability has been provided on the basis of valuation made by the Actuary in line with the parameters & requirement of AS 15 (Revised 2005) issued by the Institute of Chartered Accountants of India.
- 1.12. Borrowing Costs:
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- 1.13. Revenue expenditure on Research & Development is charged to Profit & Loss Account of the year in which it is incurred.
- 1.14. Capital expenditure on Research & Development is shown as addition to Fixed Assets.
- 1.15. Insurance claims are recognised on receipt/assessment of related claim from Insurance Authorities.
- 1.16. Intangible Assets:
Intangible Assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortized over a period of 5 years on Straight Line basis.
2. (Note No.2 of Schedule 17)
The consolidated financial statements have been prepared in accordance with Accounting Standard "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
3. (Note No.3 of Schedule 17)
The Consolidated Financial Statements have been prepared on the following basis :
- (i) The financial statements of AI Champdany Industries Limited ("the Company) and its subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealized profit or losses.

- (ii) The difference between the costs of investment in the subsidiary over the equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- (iii) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Profit and Loss Account as the profit or loss on disposal of investment in subsidiary.
- (iv) The financial statements of the subsidiaries Landale & Clark Ltd and AIC Properties Ltd used in the consolidation are drawn upto the same reporting date as that of parent company i.e.31st March 2011.

The financial statements of Champdany Constructions Ltd and West Bengal Multifibre Jute Park Ltd have not been consolidated under AS-21, as the subsidiary control in these entities are temporary in nature.

4. (Note No.4 of Schedule 17)
Estimated amount of contract remaining to be executed on capital account not provided for Rs.190.88 lacs (Previous year Rs.59.84 lacs)

5. (Note No.5 of Schedule 17)
Contingent liabilities Rs.4149.40 lacs (Previous year Rs.2969.07 lacs).

6. (Note No.7 of Schedule 17)

Segment Information:

The Company has considered two Business Segments viz; Jute/jute diversified Products & Flax Products.

A. Primary Segment Disclosure

(Rs. in lacs)

Particulars	Jute & Jute diversified products		Flax products		Total	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Revenue						
External Turnover	31775.21	23,401.46	2357.84	1,074.81	34133.05	24,476.27
Other Income	354.22	140.69	-	-	354.22	140.69
Result	177.25	584.10	458.34	165.24	635.59	749.34
Unallocated					1.80	1.34
Operating Profit					637.39	750.68
Interest Expenses					618.12	680.06
Interest Income					2.32	4.71
Income Taxes					7.25	(8.69)
Net Profit					14.34	84.02
Other Information						
Segment Assets	25541.04	22,923.20	3450.37	3,864.57	28991.41	26,787.77
Unallocated					864.58	915.91
Total Assets					29855.99	27703.68
Segment Liabilities	17662.09	15,682.86	1062.09	1,092.27	18724.18	16,775.13
Unallocated					192.57	509.65
Total Liabilities					18916.75	17,284.78
Capital Expenditure	573.21	655.77	43.39	43.68	616.60	699.45
Depreciation	656.08	629.88	81.19	142.56	737.27	772.44
Amortisation	23.22	3.43	61.27		84.49	3.43
Non-cash Expenses other than Depreciation and Amortisation					0.19	0.09

B. Information about Secondary Segments

a) Revenue & Sundry Debtors as per Geographical Markets

Particulars	Revenue		Sundry Debtors	
	31.03.11	31.03.10	31.03.11	31.03.10
India	24928.70	19,930.14	1108.36	618.94
Outside India	9560.37	4,688.16	377.79	190.37
	34489.07	24,618.30	1486.15	809.31

b) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence separate figures for fixed assets / additions to fixed assets cannot be segregated.

7. (Note No.8 of Schedule 17)

	<u>Rs. in lacs</u>	
Deferred Tax:	Year ended 31.03.11	Year ended 31.03.10
i) Liability at the beginning of the year	192.23	216.19
ii) Difference between book & tax depreciation	<u>0.34</u>	<u>(23.96)</u>
iii) Deferred tax liability at the end of the year	<u>192.57</u>	<u>192.23</u>

8. (Note No.9 of Schedule 17)

Related Party Disclosures

(a) List of Related Parties and Relationships:

Party

- a) Champdany Constructions Limited
b) West Bengal Multifibre Jute Park Ltd
c) Mr. Nirmal Pujara

Relationship

- Subsidiary 100%
Subsidiary 90%
Key Management Personnel

(b) Transactions during the year with related parties

	<u>Rs. in lacs</u>	
	Year ended 31.03.11	Year ended 31.03.10
A) Subsidiaries		
i) Champdany Constructions Ltd.		
Advance paid	31.75	10.44
License fee paid	-	9.90
Balance amount as at 31st March, 2011	43.78	12.03
ii) West Bengal Multifibre Jute Park Ltd		
Advance paid	-	0.02
Balance amount as at 31st March, 2011	3.01	3.01
B) Key Management Personnel		
Mr. Nirmal Pujara		
Remuneration paid (whole time Director)	22.32	15.97

9. (Note No.14 of Schedule 17)

Exceptional Item (net) represents:

Provision for gratuity	-	(409.22)
Bad debt written off	-	(535.28)
Cess on debonding of EOUs	<u>(0.93)</u>	<u>(9.41)</u>
Total Debit	<u>(0.93)</u>	<u>(953.91)</u>
Provision for doubtful export debtors no longer required written back	-	401.46
Surplus from sale of fixed assets	-	469.09
Total Credit	<u>-</u>	<u>870.55</u>
Exceptional Item (Net)	<u>(0.93)</u>	<u>(83.36)</u>

10. (Note No.15 of Schedule 17)

Commodity Hedging Transactions:

In accordance with the policy consistently followed by the company, the outstanding commodity hedging contracts are accounted on the date of their settlement and realised gain / loss in respect of settled contracts are recognised in the Profit and Loss Account, along with the underlying transactions.

11. (Note No.16 of Schedule 17)

In respect of the fire occurred on 22nd April 2006 and 21st January 2011 at Wellington Jute Mill, Rishra the final assessment to the damage caused to Assets is yet to be completed by the insurance authorities. Pending such assessments, no adjustment has been made to the accounts to the extent of estimated loss of goods - 1059 MT - Rs.770.70 lacs (2009-10 – 1480 MT– Rs.694.23 lacs).

The company has filed necessary claims with the insurance authorities and adjustments to the accounts would be effected on completion of assessment and settlement of related claims.

12. (Note No.17 of Schedule 17)

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. Accordingly, gratuity are accounted for in the books of accounts on accrual basis based on actuarial valuation except for gratuity for one unit of the company from 1997-98 to 2006-07 treated on cash basis and liability for the said period is not ascertained, but from financial year 2007-08 provided on accrual basis.

13. (Note No.18 (a) of Schedule 17)

The company has received the eligibility certificate from Sales Tax Authorities for the net value of fixed capital assets amounting to Rs.773 lacs and on gross addition to fixed assets amounting to Rs.616 lacs for the period

from 1995-1996 to 1999-2000 and pending disposal of company's appeal for additional eligibility on the basis of gross value of fixed capital assets, an amount of Rs.1,119.57 lacs has been availed by the company on this account upto April, 2000. Adjustment, if any, on this account being currently not ascertainable, shall be considered as and when it arises.

14. (Note No.18 (b) of Schedule 17)
Advances recoverable in cash or kind or value to be received - considered good includes Rs.26.93 lacs where although recoveries are not forthcoming but no provision has been made in the Accounts as the management considers these amounts are recoverable.
15. (Note No.18 (e) of Schedule 17)
Sundry Debtors and advances recoverable in cash or in kind or for value to be received include Rs. 5.31 lacs and Rs. 2.50 lacs respectively considered as doubtful and no provision in this respect has been made in accounts as in the opinion of the management these amount are expected to be recoverable.
16. (Note No.18 (f) of Schedule 17)
Going by the financials, provision that may be required to be made against possible loss, if any, in respect of groups' investments in Chitrakoot Investments Limited, Disciplined Investments Limited, Volga Investments Limited and Preoption Investments Ltd. to the extent of Rs. 0.04 lacs, Rs. 0.10 lacs, Rs. 5.92 lacs and Rs. 12.17 lacs respectively and also in respect of deposits with Chitrakoot Investments Ltd. And Volga Investments Limited to the extent of Rs. 37.50 lacs and Rs. 7.40 lacs respectively is not ascertainable at this stage.
17. (Note No.18 (g) of Schedule 17)
Details of assets and liabilities in Bangladesh incorporated in this accounts and shown separately could not be made available to the Auditors for their verification.
18. (Note No.25 of Schedule 17)
The Remuneration Committee and the Board of Directors at their meetings held on 14th February 2011 revised and approved the remuneration of Mr. Nirmal Pujara, Executive Director (Mktg) for his balance tenure of service commencing from 01.01.2011 and upto 31.12.2012 as follows: -
Salary: Rs.1,50,000/- (Rupees one Lac Fifty Thousand) per month or Rs.18,00,000/- (Rupees Eighteen Lacs) in a year including dearness and all other allowances.
Mr. Pujara would also be entitled to following perquisites of which aggregate value is not to exceed Rs.3 Lacs per annum.
- Free 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 or AC first class in train.
 - 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.
 - Telephone at residence subject to refund of charges for personal long distance calls on telephone.
- The following perquisites are excluded in computation of the ceiling of remuneration as above:
- Company's contribution towards Provident Fund/Superannuation Fund.
 - Gratuity not exceeding half a month's salary for each completed year of service.
 - Leave of 28 days for every year of completed service and leave not availed shall be encashed at the end of tenure.

The above remuneration is within the overall limit approved by the shareholders on 31st August 2007 and is also within the ceiling prescribed under Section II [1(A)] of Part II of Schedule XIII of the Companies Act, 1956 which is applicable for payment of remuneration to whole time Director in case of inadequacy of profit in a particular year.

19. (Note of 26 of Schedule 17)
As per gratuity actuarial valuation certificate, the "Contribution to Provident Fund & other Funds" for the year 2010-11 is after adjustment of Rs. 703.21 lacs relating to earlier years.
20. Key Financial Ratios

	<u>2010-11</u>	<u>2009-10</u>
a) Sales / Total Assets	1.29	0.99
b) Operating Profit / Capital Employed %	7.11	8.97
c) Return on Net Worth %	0.22	1.27
d) Net Profit / Sales %	0.04	0.34

21. Previous year's figures have been rearranged wherever necessary to conform to those of current year.

For and on behalf of
D.P SEN & CO.
Chartered Accountants
S K Nayak
Partner
Dated: May 30, 2011

B K Chowdhury
Senior General Manager (Accounts)
& Company Secretary

On behalf of the Board
B. Wadhwa }
N. Pujara } Directors

PROXY
AI CHAMPDANY INDUSTRIES LIMITED
Registered Office: 25, Princep Street, Kolkata – 700 072

I/We _____ of _____ being a member / members of the above-named company hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me / us on my/our behalf at the Ninety-third Annual General Meeting of the company to be held at the auditorium of Bengal National Chamber of Commerce & Industry, 1st Floor, 23, Sir R. N. Mukherjee Road, Kolkata - 700 001, on August 13, 2011 at 11-30 A.M. and at any adjournment thereof.

Folio No./DPID & CLIENT ID _____

No of Shares hold _____

Date _____

Signed _____

**Affix
Revenue
Stamp**

Note: Proxies must reach the company's Registered Office not less than 48 hours before the meeting.

**THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER AT THE
ENTRANCE OF THE MEETING HALL
AI CHAMPDANY INDUSTRIES LIMITED**

Name of the attending Member
(in Block Letters) _____

Folio No./DPID & CLIENT ID _____

Name of Proxy (in Block Letter
to be filed in if the Proxy attends
instead of the Member/s) _____

No. of Shares held _____

I, hereby record my presence at the Ninety-third Annual General Meeting at the auditorium of Bengal National Chamber of Commerce & Industry, 1st Floor, 23, Sir R. N. Mukherjee Road, Kolkata - 700 001, on August 13, 2011 at 11-30 A.M. and at any adjournment thereof.

Member's / Proxy's Signature

* To be signed at the time of handing over this slip.

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