

# **ARCUTTIPORE TEA COMPANY LIMITED**



Annual Report & Accounts  
For the year ended 31st March

**2003**

# ARCUTTIPORE TEA COMPANY LIMITED

## BOARD OF DIRECTORS :

SHRI U. S. BAJORIA	- Chairman
SHRI HARSH KUMAR BAJORIA	- Managing Director
SHRI PAWAN KUMAR BAJORIA	- Director
SHRI CHANDI PRASAD PODDAR	- Director
SHRI RAJ KEJRIWAL	- Director

## COMPANY SECRETARY :

SHRI JAMUNA PRASAD

## SHARE REGISTRARS :

MCS LIMITED  
72/2A, HAZRA ROAD  
KOLKATA - 700 029

## AUDITORS :

MESSRS. LODHA & CO.  
CHARTERED ACCOUNTANTS

## BANKERS :

CENTRAL BANK OF INDIA

## REGISTERED OFFICE :

S. B. TOWER, 4TH FLOOR  
37, SHAKESPEARE SARANI  
KOLKATA - 700 017  
PHONE : 2240 8565 / 8779  
FAX NO. : 2247-0029  
E-MAIL : [atclu@giascl01.vsnl.net.in](mailto:atclu@giascl01.vsnl.net.in)

## GARDEN :

ARCUTTIPORE TEA ESTATE  
SILCHAR, CACHAR, ASSAM

**ARCUTTIPORE TEA COMPANY LIMITED****DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting their 134th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2003.

**Financial Results**

	For the year ended 31st March 2003 Rs.	For the year ended 31st March 2002 Rs.
Profit before Depreciation	(79,04,140)	11,67,070
Provision for Depreciation	17,74,481	17,48,784
Profit / Loss after Depreciation	(96,78,621)	(5,81,714)
Provision for Taxation	----	----
Profit / Loss after tax	(96,78,621)	(5,81,714)
Profit / Loss b/f from previous year	(581,714)	----
Transfer from Investment		
Allowance Reserve	----	----
Transfer to Balance Sheet	(1,02,60,335)	(5,81,714)
<b>Profit available for appropriation</b>	<b>NIL</b>	<b>NIL</b>


**CROP**

Your Directors Report that total production of made tea during the year under review was 6,34,997 Kgs out of which 21,715 Kgs of tea was manufactured from purchased Green Leaves as compared to 6,20,907 Kgs of made tea during the previous year.

**PERFORMANCE**

Your Directors feel sorry to Report that the Company has incurred a gross loss of Rs. 7904140/- as compared to a gross profit of Rs. 11,67,070/- during the previous year, mainly due to steep fall of demand in the international as well as in domestic markets coupled with bad climatic conditions causing fall in production of Tea.

**FUTURE PROSPECTS**

Your Directors further feel sorry to mention that owing to adverse climatic conditions coupled with undistributed rainfall during the year specifically during the 1<sup>st</sup> part of the year, production of tea was much lower. There has been steep fall in the demand of tea from the international market. However, with improvement in demand in the overseas market as well as in domestic market in the second half of the year, better results are expected.

**DEPOSITORY SYSTEM**

Your Company's shares are compulsorily tradeable in demat form. The Company's equity shares are listed on both the depositories viz National Securities Depository Ltd. and Central Depository Services (India) Limited for transaction of shares in demat form. Your Company also offers transfer-cum-demat facility to expedite the transfer process.

**PERSONNEL**

During the year under review, your Company continued to maintain cordial and mutually helpful relationship with its employees. The Board records its appreciation of the commitment and support of employees at all levels and look forward to their total involvement.

The Company had no employees drawing more than Rs. 12,00,000/- per year or Rs. 1,00,000/- per month during the year and as such the particulars as required u/s 217(2A) of the Act may be treated as nil.

**DIRECTORS RESPONSIBILITY STATEMENT**

In terms of Section 217 of the Companies Act 1956, your Directors state that :

- (a) In the preparation of the annual accounts, the applicable Accounting Standards have been followed and there have been no material departure.
- (b) The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year.
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- (d) The directors had prepared the annual accounts on a going concern basis.

**DIRECTORS**

Mr. U. S. Bajoria and Mr. Chandi Prasad Poddar retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**CORPORATE GOVERNANCE****The Company's Philosophy**

The Company believes that good corporate governance consists of a combination of business practices, which result in enhancement of the value of the Company to the members and at the same time enable the company to fulfill its obligation to other shareholders and the society in general. The Company, further believes that such practices are based on core values of transparency, independent monitoring and environmental consciousness. The company thrives hard to uphold and nurture those core values in all

aspects of its operation.

The Securities and Exchange Board of India has made it obligatory for listed Companies to prescribe to a comprehensive code on Corporate Governance. According to the timetable specified in the Listing Agreement of Stock Exchanges the Company is mandated to implement the provision of the code on or before 31.03.2003.

#### Board of Directors :-

The Board consisted of 5(Five) Directors as on 31.03.2003 with a Non-Executive Chairman, Executive Managing Director and 3 non-Executive Directors. Their particulars and attendance at Board Meetings and AGM are given below.

Sl. No.	Name	Status	No. of Board Meetings Attended	Attendance at the Last AGM	Other Company			
					Board of Directors		Board Committee	
					Chairman	Member	Chairman	Member
1.	Mr. U. S. Bajoria	Non-Executive Chairman/Promoter	10	No	-	2	-	-
2.	Mr. H. K. Bajoria	Executive Managing Director/Promoter	13	Yes	-	3	-	-
3.	Mr. P. K. Bajoria	Non-Executive Director/Promoter	9	No	-	1	-	-
4.	Mr. C. P. Poddar	Non-Executive Independent Director	9	Yes	-	3	-	-
5.	Mr. Raj Kejriwal	Non-Executive Independent Director	7	No	-	-	-	-

#### Board Meeting held during the year :-

Sl. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	April 30, 2002	5	4
2.	May 30, 2002	5	4
3.	June 29, 2002	5	3
4.	July 31, 2002	5	4
5.	August 31, 2002	5	4
6.	October 31, 2002	5	4
7.	November 25, 2002	5	3
8.	November 30, 2002	5	3
9.	December 31, 2002	5	4
10.	January 31, 2003	5	4
11.	February 28, 2003	5	3
12.	March 4, 2003	5	3
13.	March 10, 2003	5	3
14.	March 31, 2003	5	4

**AUDIT COMMITTEE OF THE BOARD**

An Audit Committee constituted on 29.1.2001 by the Board comprises of three members Directors, of which two are independent namely Mr. C. P. Poddar as the Chairman and Mr. Raj Kejriwal alongwith Mr. U. S. Bajoria.

During the year 2003-2003. The Audit Committee met three times on 31.8.2002, 31.10.2002 and 29.3.2003 and all the three members attended the meeting. The Company Secretary acts as the Secretary of the Audit Committee. The Chief Executive (Head of Finance) is also invited to join in the proceedings.

The terms of reference of the audit committee are as follows :-

- i) Fixation of Audit Fees and approval for payment for other services.
- ii) Ensuring that the financial statement is correct and credible and for the purpose to oversee the Company's financial reporting process.
- iii) Reviewing with the Management, the auditors, the adequacy of internal control systems.
- iv) Discussion with external auditors before start of audit on nature and scope of audit as well as to have post audit discussions to ascertain any area of concern.
- v) Reviewing the company's financial and risk management policies.
- vi) To look into the reasons for defaults in the payments to shareholders and creditors.
- vii) Reviewing with management the Annual Financial Statement before submission to the Board, focusing primarily on :
  - a. Qualification in draft audit report.
  - b. Important and adjustment arising out of audit.
  - c. The going concern assumption.
  - d. Any changes in accounting policies and practices.
  - e. Compliance with accounting standards.
  - f. Investigate any activity within its terms of reference.

**Remuneration of Directors, Sitting Fees, Salary etc.**

Name of Director	Sitting Fee Paid (Rs.)	Salaries Etc. (Rs.)	Total (Rs.)
Mr. U. S. Bajoria	1750/-	—	1750/-
Mr. P. K. Bajoria	2500/-	—	2500/-
Mr. H. K. Bajoria	—	1,43,150/- ★	1,43,150/-
Mr. C. P. Poddar	1000/-	—	1000/-
Mr. Raj Kejriwal	750/-	—	750/-

★ Includes perquisites of 2,750/-

1. The Agreement with Mr. H. K. Bajoria, Managing Director is a period of 5 years.
2. The Company does not have any employee Stock Option scheme.

**Shareholders / Investor's Grievance Committee :-**

The Shareholder's/Investor's Grievance Committee was constituted by the Board on 13.7.2001 comprises of three member Directors of which two are independent non-executive Directors namely Mr. C. P. Poddar, Chairman and Mr. Raj Kejriwal alongwith Mr. U. S. Bajoria. Mr. J. Prasad, Company Secretary, is the Compliance Officer of the Company.

The terms of reference of the committee are to look into redressal of investors complaints relating to transfer of shares/issue of dividends interest warrants, non-receipt of dividend and notices, issue of duplicate Share certificates, annual reports and other investors grievances. The first meeting of the committee was held on 13.7.2001.

The Company has appointed M/s. MCS Limited as Registrar and Share Transfer Agent. As per the statement received from them, during the year 31 Complaints were received from its shareholders, which have been resolved and there are no pending cases of transfers or complaints as on 31.3.2003

### Annual General Meeting

The last 3 (Three) Annual General Meetings were held as follows :-

Year ended	Date of meeting	Time	Venue
31.3.2002 (133rd)	31.12.2002	3.00 P.M.	Kalakunj, Shakespeare Sarani, Kolkata - 700 017
31.3.2001 (132 <sup>nd</sup> )	29.09.2001	10.30 A.M.	Madhusudan Mancha, Dakhinapan, Dhakuria, Kolkata-700 031
31.03.2000 (131 <sup>st</sup> )	30.9.2000	10.30 A.M.	Gyan Mancha 11, Petroria Street Kolkata - 700 071

All the resolutions set out in the respective notices was passed by the shareholders.

No special resolution was passed during the year.

No postal ballots were used for voting at these meetings.

At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

Means of communication :-

1. Unaudited financial results quarterly and half-yearly in the forms prescribed by the Stock exchange Listing Agreement are published in prominent daily newspapers in English and in one local language. There are however not sent to each Household of Shareholders.
2. the Company does not have any website.

### Management Discussions and Analysis Report

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is given below :

#### (a) Industry Structure and Developments

The tea industry is still passing through a situation of supply exceeding demand. With the sales volume remaining almost stagnant and with lower realisation, the margins are under pressure. The Company's brands continued to sell but at lower margins. The step taken for cost control, quality upgrading, as well as manufacture of Orthodox tea, are expected to improve the margins in future.

#### (b) Opportunities and Threats

As your company's produce is presently not exported, it is not exposed to the vagaries of the export market.

#### (c) Segment-wise or product-wise performance

In spite of the industry continuing to operate under difficult conditions, the performance of your company was somewhat sustained due to its branding initiatives.

**(d) Outlook**

It is hoped that the industry will improve, with the demand for exports picking-up in due course.

**(e) Risks and concerns**

the availability of newer land for cultivation continues to be a constraint. The steps taken for increasing the yield as well as replanation programme being pursued will enable the company to sustain its manufacturing capacities.

**(f) Internal control systems and their adequacy**

The system of internal control is commensurate with the size and nature of the business of the Company. The systems are regularly reviewed to ensure effectiveness.

**(g) Discussion on financial performance with respect to operational performance**

These have been covered in the Director's Report specifically under the section on financial Results and operations.

**(h) Material developments in Human Resources / Industrial Relations front, including number of people employed.**

The Company continues to lay emphasis on training and development of its human resources, The requirement of professionally qualified and trained personnel is regularly reviewed to obtain optimum results in all spheres of its activity.

The Company continued to maintain healthy Industrial relations at all its production facilities. It also strive to maintain the best of relations with its employees and ensure providing all mandatory facilities to them.

**General Shareholder's information.**

Annual General meeting – Date, Time, Venue.

134th Annual general Meeting of the Members of the Company would be held on Wednesday, December 31, 2003 at 3.00 P.M. at Haveli, 17, Bakmukund Macker Road, Kolkata - 700 007.

**Date of book closure.**

The Register of Members of the Company wil remain closed from December 26, 2003 to December 31, 2003 (both days inclusive) for the purpose of Annual General meeting of the Company.

**No dividends declare during the year.**

**Registered Office of the Company :** S. B. Tower, 4<sup>th</sup> Floor  
37, Shakespeare Sarani, Kolkata - 700 017

**Registrars and Share Transfer Agents.**

M/s. MCS Ltd. of 77/2A, Hazra Road, Kolkata - 700 029 are the Company's RTA, including dematerialized segment.

**Share Transfer System**

The Company shares are compulsorily traded in the demat form for all category of shareholders. All transfers are debited/credited through the respective Accounts maintained with the Depository participants (DPs) of the investor.

**Listing on Stock Exchanges :**

Shares are listed on four Stock Exchange viz. The Kolkata Stock exchange association Ltd. (Regional). The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad. the Jaipur Stock Exchange Association Ltd and can be traded on all the recognized Stock Exchange in India.



**Company's stock code :-****Kolkata Stock Exchange****011062****Jaipur Stock Exchange****0570****The Ahmedabad Stock Exchange****04833****Mumbai Stock Exchange****530261****Demat/ISIN number for NSDL & CDSL****INE674C01010****Financial Calendar :**

The Company's financial year is from April 01 to March 31 of the following year. The calendar for 2002 – 2003 has been as follows :

Un-audited results for the Quarter Ended	Approved by the Board of Directors
June 30, 2002	29.07.2002
September 30, 2002	30.10.2002
December 31, 2002	09.02.2003
March 31, 2003	30.04.2003

Financial Audited Results approved by the Board of Directors on 31.10.2002.

Annual General Meeting for the year ended 31.3.2002 held on 31.12.2002

**Distribution of Shareholding 2002 - 2003**

Block of Shares	No of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 - 500	1941	92.0341	247089	4.9256
501-1000	62	2.9398	50864	1.0140
1001-2000	38	1.8018	56451	1.1253
2001-3000	9	0.4267	22106	0.4407
3001-4000	8	0.3793	30303	0.6041
4001-5000	6	0.2845	27102	0.5403
5001-10000	7	0.3319	53439	1.0653
10001- above	38	1.8018	4529026	90.2847
<b>Total</b>	<b>2109</b>	<b>100.0000</b>	<b>5016380</b>	<b>100.00</b>

**Shareholding Pattern :-**

The Shareholding pattern of the equity share capital of the Company as on March 31, 2003 was as follows :

Category	No. of Shareholders	Shares held	% of Share
<b>Promoters</b>	<b>21</b>	<b>1553729</b>	<b>30.97</b>
Foreign Institutional investors	Nil	Nil	Nil
Non - resident Indians	Nil	Nil	Nil
Overseas Corporate Bodies	Nil	Nil	Nil
Domestic Companies	58	2693015	53.68
Foreign Direct Investment	Nil	Nil	Nil
Mutual funds	Nil	Nil	Nil
Banks	2	100333	02.00
Indian Public	2028	669303	13.35
Financial Institutions	Nil	Nil	Nil
<b>Total</b>	<b>2109</b>	<b>5016380</b>	<b>100.00</b>

**Dematerialization of shares and liquidity :-**

The Company has entered into agreements with both the Depositories registered under the Depositories Act, 1996 i.e. National securities Depository and Central Depository Services Limited.

Total No. of Shares Demat with	NSDL	1280730
	CDSL	5794

There are no outstanding GDR's/ADR's warrants for any convertible instruments.

**Address for Correspondence**

**MCS Limited**

77/2A, Hazra Road, Kolkata - 700 029

**Plant Location**

**Arccutipore Tea Estate**

Po. Silchar, Dist. Cachar

Assam.

**Disclosures**

1. *There are no materially significant - related party transactions made by the Company with its promoters, the Directors or management or relatives that may have potential conflict with the interest of the Company at large.*

Transactions with the relative parties are disclosed in note no 27 of schedule D to the Accounts in the Annual report.

2. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchange or any statutory for non-compliance of any matter related with the capital markets.

**ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

The information required under Section 217(1) (e) of the Companies Act read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are set out in an annexure hereto forming part of the report.

**AUDITORS**

M/s. Lodha & Company, Chartered Accountants and Statutory auditors of the Company retire at the ensuing Annual General Meeting and being eligible have expressed their willingness to be re-appointed.

**APPRECIATION**

Your Directors wish to place on record their appreciation of the support, which the Company continues to receive from the Government, Bankers and business associates. Your Directors also place on record their appreciation of the wholehearted support extended by the shareholders.

For and on behalf of the Board

Kolkata

**U. S. Bajoria**

The 4<sup>th</sup> December, 2003

Chairman