

ARCUTTIPORE TEA COMPANY LIMITED



**Annual Report & Accounts
For the year ended 31st March
2004**

ARCUTTIPORE TEA COMPANY LIMITED

BOARD OF DIRECTORS :

| | |
|---------------------------|---------------------|
| SHRI U. S. BAJORIA | - Chairman |
| SHRI HARSH KUMAR BAJORIA | - Managing Director |
| SHRI CHANDI PRASAD PODDAR | - Director |

COMPANY SECRETARY :

SHRI JAMUNA PRASAD

SHARE REGISTRARS :

MCS LIMITED
77/2A, HAZRA ROAD
KOLKATA - 700 029

AUDITORS :

MESSRS. LODHA & CO.
CHARTERED ACCOUNTANTS

BANKERS :

CENTRAL BANK OF INDIA
KOLKATA MAIN BRANCH
KOLKATA-700 001

REGISTERED OFFICE :

S. B. TOWER, 4TH FLOOR
37, SHAKESPEARE SARANI
KOLKATA - 700 017
PHONE : 2240 2313 / 8779
FAX NO. : 2247-0029
E-MAIL : arcuttipore@hotmail.com

GARDEN :

ARCUTTIPORE TEA ESTATE
SILCHAR, CACHAR, ASSAM
(02842) 257117 / 7115

ARCUTTIPORE TEA COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their 135th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2004.

| | For the year ended 31 st March 2004 Rs. | For the Year ended 31 st March 2003 Rs. |
|---|--|--|
| Profit/Loss before depreciation | (64,13,350) | (79,04,140) |
| Provision for depreciation | 21,50,881 | 17,74,481 |
| Profit/Loss after depreciation | (85,64,231) | (96,78,621) |
| Provision for Taxation | — | — |
| Profit /Loss after tax | (85,64,231) | (96,78,621) |
| Loss b/f from previous year | 102,60,335 | (5,81,714) |
| Transfer from investment | — | — |
| Allowance Reserve | — | — |
| Transfer to Balance Sheet | (1,88,24,566) | (1,02,60,335) |
| Profit available for appropriation | NIL | NIL |

CROP

During the year under review your Directors report that total production of made tea was 6,96,898 Kgs out of which 1,36,476 Kgs of tea was manufactured from purchased Green Leaves as compared to 6,34,997 Kgs of made tea during the previous year.

PERFORMANCE

Your Directors report that the Company has incurred gross loss of Rs. 64,13,350/- as compared to a gross loss of Rs. 79,04,140/- 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 would like to specifically mention that like earlier year owing to adverse climatic conditions coupled with undistributed rainfall during the year specifically during the 1st 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 domestic market in the second half of the year, better results are expected. In the wake of on going economic reforms the Company expects further appreciable improvement in the current year.

DEPOSITORY SYSTEM

The shares of the Company are tradable in demat form. The Company's equity shares are listed on both the depository 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.

INDUSTRIAL RELATION

During the year under review, your Company continued to maintain cordial and mutually helpful relationship with its employees. The Board records its deep appreciation of the co-operation and support extended by employees at all levels and looks forward to their total involvement in sustaining the over all improvement

of the Company.

PARTICULARS OF EMPLOYEES

The Company had no employee drawing more than Rs.24,00,000/- per year or Rs. 2,00,000/- per month during the year and as such the particulars as required u/s 217(2A) of the Act are not required.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year.
- 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.
- 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. Mr. Pawan Kumar Bajoria & Mr. Raj Kejriwal have resigned from the Board w.e.f. 02.04.2004. The Board sincerely note the contribution made by them for the development of the Company during the tenure as Directors.

CORPORATE GOVERNANCE

The Company's Philosophy

The Company believes and its essence that the core values of the Company's Corporate Governance are transparency, Professionalism, Accountability, Fairness and social Responsibility. It is continuous endeavor of the Company to fulfil these objectives and enhance the wealth generating capacity, keeping in mind long term interest of the shareholders

Board of Directors: -

The Board consisted of 5 (Five) Directors as on 31.3.2004 with a Non-Executive Chairman, Executive Managing Director and 3 (Three) 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 | 17 | No | - | Nil | - | - |
| 2 | Mr. H.K.Bajoria | Executive Managing Director /Promoter | 17 | Yes | - | 10 | - | - |
| 3 | Mr. P.K.Bajoria | Non-Executive Director/Promoter | Nil | No | - | 1 | - | - |
| 4 | Mr. C.P.Poddar | Non-Executive Independent Director | 17 | Yes | - | 10 | - | - |
| 5 | Mr. Raj Kejriwal | Non-Executive Independent Director | 15 | No | - | Nil | - | - |

Board Meetings held during the year: -

| Sl NO | Date of Meeting | Board Strength | No. of Directors Present |
|-------|--------------------|----------------|--------------------------|
| 1 | April 7, 2003 | 5 | 3 |
| 2 | April 30, 2003 | 5 | 3 |
| 3 | June 17, 2003 | 5 | 3 |
| 4 | July 24, 2003 | 5 | 3 |
| 5 | July 30, 2003 | 5 | 3 |
| 6 | August 17, 2003 | 5 | 3 |
| 7 | September 01, 2003 | 5 | 3 |
| 8 | September 30, 2003 | 5 | 3 |
| 9 | October 30, 2003 | 5 | 3 |
| 10 | November 14, 2003 | 5 | 3 |
| 11 | December 4, 2003 | 5 | 3 |
| 12 | December 16, 2003 | 5 | 3 |
| 13 | December 27, 2003 | 5 | 3 |
| 14 | January 31, 2004 | 5 | 4 |
| 15 | February 03, 2004 | 5 | 4 |
| 16 | February 28, 2004 | 5 | 4 |
| 17 | March 16, 2004 | 5 | 4 |

AUDIT COMMITTEE**Terms of Reference & Composition**

The terms of reference of the committee cover the matters specified for Audit Committee under Clause 49 of the listing Agreement as well as in Section 292A of the Companies Act, 1956.

| Name of Director | No of Meeting | No. of Meetings attend |
|------------------|---------------|------------------------|
| Sri C.P.Poddar | 4 | 4 |
| Sri Raj Kejriwal | 4 | 4 |
| Sri U.S.Bajoria | 4 | 4 |

Remuneration of Directors

| Name of Director | Sitting fee Paid For Board Meeting | For Committee Meeting | Salary & Perks | Total |
|------------------|------------------------------------|-----------------------|------------------------|-----------------------|
| Mr. U.S.Bajoria | Rs. 3000/- | - | - | Rs. 3000/- |
| Mr. P.K.Bajoria | - | - | - | - |
| Mr. H.K.Bajoria | - | - | Rs 2,10,600/- * | Rs. 2,10,600/- |
| Mr. C.P.Poddar | Rs. 2000/- | - | - | Rs. 2000/- |
| Mr. Raj Kejriwal | - | - | - | - |

* Includes perquisites

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/ Investors' Grievance Committee: -

The Committee consists of two Directors viz Sri C.P.Poddar and Sri U.S.Bajoria and the grievances received were dealt with at its meetings. Sri Jamuna Prasad, Secretary is the Compliance Officer of the Company.

During the year, Thirty-Two complaints were received from the shareholders, all of which have been resolved to date. The Company has no transfer pending at the close of the financial year.

Annual General Meeting

The last 3 (Three) Annual General Meetings were held as follows. No Extra-Ordinary General Meeting was called during the period

| Year ended | Date of meeting | Time | Venue |
|--------------------------------|-----------------|-----------|--|
| 31.3.2003 (134th) | 31.12.2003 | 3.00 P.M | HOTEL HAVELI 17, Balmukund Macker Road, Kolkata-700 007 |
| 31.3.2002 (133 rd) | 31.12.2002 | 3.00 P.M | Kalakunj, Shakespeare Sarani Kolkata - 700 017 |
| 31.3.2001 (132 nd) | 29.09.2001 | 10.30 A.M | Madhusudan Mancha, Dakhinapan, Dhakuria, Kolkata - 700 031 |

All the resolutions set out in the respective notices were 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. The results are however not sent to each individual shareholder.
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 sale 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 upgradation as well as marketing policy 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 new land for cultivation continues to be a constraint. The steps taken for increasing the yield as well as the replantation programme being pursued by the Company 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 its 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 and cordial Industrial relations at all its production facilities. It also strives to maintain the best of relations with its employees and ensure providing all mandatory facilities to them.

General Shareholders' information.**Annual General meeting - Date, Time, Venue.**

135th Annual general Meeting of the Members of the Company would be held on Friday, the December 31, 2004 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 will remain closed from December 27, 2004 to December 31, 2004 (both days inclusive) for the purpose of Annual General meeting of the Company.

No dividends declared during the year.**Registered Office of the Company:**

S.B.Tower, 4th Floor

37, Shakespeare Sarani, Kolkata - 700 017

Registrar and 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 investors.

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.

Company's stock code: -

| | |
|--|---------------------|
| Calcutta 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 2003 - 2004 has been as follows: -

| Un-audited results for the Quarter Ended | Approved by the Board of Directors |
|--|------------------------------------|
| June 30, 2003 | 30.07.2003 |
| September 30, 2003 | 30.10.2003 |
| December 31, 2003 | 31.01.2004 |
| March 31, 2004 | 30.04.2004 |

Financial Audited Results approved by the Board of Directors on 04.12.2003

Annual General Meeting for the year-ended 31.3.2003 held on 31.12.2003.

Distribution of Shareholding 2003 - 2004

| 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 |
| Total | 2109 | 100.0000 | 5016380 | 100.00 |

Shareholding Pattern: -

The Shareholding pattern of the equity share capital of the Company as on March 31, 2004 was as follows:

| Category | No. of Shareholders | Shares held | % of Share |
|---------------------------------|---------------------|----------------|---------------|
| Promoters | 21 | 1553729 | 30.97 |
| Foreign Institutional investors | Nil | Nil | Nil |
| Non - resident Indians | Nil | Nil | Nil |
| Overseas Corporate Bodies | Nil | Nil | Nil |
| Domestic Companies | 62 | 2778115 | 55.38 |
| Foreign Direct Investment | Nil | Nil | Nil |
| Mutual funds | Nil | Nil | Nil |
| Banks | 2 | 100333 | 02.00 |
| Indian Public | 2024 | 584203 | 11.65 |
| Financial Institutions | Nil | Nil | Nil |
| Total | 2109 | 5016380 | 100.00 |

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 Ltd. and Central Depository Services (India) Limited.

Total No. of Shares Demat with
NSDL 1496162
CDSL 21565

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 related parties are disclosed in note no B 29 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 Authority for non-compliance of any matter related with the capital markets.
3. The Company has not adopted Non -mandatory requirements of Listing Agreement.

Auditors' Certificate on Corporate Governance

The Company has obtained a certificate from its statutory auditors regarding compliance of requirements of Corporate Governance as stipulated in Clause 49 of the Listing agreement with Stock exchanges and the same is annexed. The Certificate is being sent to the Stock exchange alongwith the Annual report by the Company.

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 for re-appointment.

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
The 30th October, 2004

U.S.Bajoria
Chairman

Certificate from the Auditors regarding Compliance of Conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of Arcuttipore Tea Company Limited

We have examined the compliance of conditions of corporate governance by Arcuttipore Tea Company Limited, for the year ended on 31.03.2004, as stipulated in clause 49 of the Listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except as given below:

- a) Declaration u/s 24AA of four of the Directors has not been obtained by the company.
- b) Auditors and Internal Auditors have not been invited to attend the Audit committee meeting.
- c) Information regarding Internal control system, Scope of Audit, Audit observation, Material default in financial obligation to and by the company, or substantial non-payment of goods sold by the company, non compliance of regulatory, statutory nature or listing requirement and share holders service has not been placed before the Board of Directors.
- d) The following information have not been included in report on Corporate Governance:
 - i. Listing fees details,
 - ii. Brief resume of the Directors reappointed, and
 - iii. Details of non- compliance by the company.
 - iv. Information regarding market price data high, low during each month during the financial year and performance in comparison to broad base indices.

We state that no investor grievance is pending against the Company as per records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For LODHA & CO.
Chartered Accountants

Aditya Saraogi
Partner

14, Government Place East
Kolkata 700 069
Date: 30th October 2004