

ARCUTTIPORE TEA COMPANY LIMITED



**Annual Report & Accounts
For the year ended 31st March
2007**

ARCUTTIPORE TEA COMPANY LIMITED

BOARD OF DIRECTORS :

SHRI U. S. BAJORIA
SHRI HARSH KUMAR BAJORIA
SHRI CHANDI PRASAD PODDAR

- Chairman
- Managing Director
- Director

SHARE REGISTRARS :

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

AUDITORS :

ARUNABHA GANGULY
CHARTERED ACCOUNTANTS

BANKERS :

CENTRAL BANK OF INDIA
KOLKATA MAIN BRANCH
KOLKATA-700 001

REGISTERED OFFICE :

MMS CHAMBERS, 1st. FLOOR
4A, COUNCIL HOUSE STREET
KOLKATA-700 001
PHONE : (033) 3259 1972
FAX : (033) 2231 1933

GARDEN :

ARCUTTIPORE TEA ESTATE
SILCHAR, CACHAR, ASSAM

ARCUTTIPORE TEA COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors Present their 138th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2007.

	For the year ended 31 st March 2007 Rs.	For the Year ended 31 st March 2006 Rs.
Profit/Loss before depreciation	(63,18,765)	(5,73,02,843)
Provision for depreciation	12,43,012	18,93,737
Profit/Loss after depreciation	<u>(75,61,777)</u>	<u>(5,91,96,580)</u>
Provision for Taxation	<u> </u>	<u> </u>
Profit /Loss after tax	<u>(75,61,777)</u>	<u>(5,91,96,580)</u>
Loss b/f from previous year	10,09,99,355	4,18,02,775
Transfer from investment	<u> </u>	<u> </u>
Allowance Reserve	<u> </u>	<u> </u>
Transfer to Balance Sheet	(10,85,61,132)	(10,09,99,355)
Profit available for appropriation	<u>NIL</u>	<u>NIL</u>

CROP

During the current year, your directors report that total production of made tea was 305120 Kgs as compared to 480426 Kgs of made tea during the previous year and the reason for fall in production was that the company has to sell a considerable quantity of 435238 kgs green leaf due to acute shortage of fund causing higher cost of production as compared to the net realizable amount in the market.

PERFORMANCE

Your Directors report that the Company has incurred gross loss of Rs. 7561777/- for the current year from the operation as compared to gross loss of Rs. 59196580/- for the previous year, mainly due to shortage of fund causing higher cost of production as compared to the net realizable amount coupled with inconsistency in demand in the markets followed by unfavourable climate, erratic and undistributed rain causing fall in production of Tea from its estimations.

FUTURE PROSPECTS

Your Directors would like to specifically mention that there has been improvement in demand in the domestic market as well as overseas market in the current year, and better results are expected. However, due to huge losses ad acute shortage of funds coupled with the flood in the garden during the last month of the present year, the company has to face huge losses due to damages to the garden and plant & machinery and loss of production and crop that would cause huge losses in the present year and as a result the company would not in a position to reap and maintain margins and would not show good results even in the present year. Moreover, the company's net worth has eroded considerable and has been facing financial crisis continuously. Your directors have been planning to take proceedings with the BIRF authority during the year, seeking restructuring and revival package / scheme envisaging revival and benefits for the interest of the company unless there is no financial support from the banks & financial institutions.

DEPOSITORY SYSTEM

The shares of the Company are tradable in demat form. The Company's equity shares are listed on the Regional Stock Exchanges at Bombay, Kolkata, Ahmedabad and Jaipur for transaction of shares in demat form. Your Company also offers transfer-cum-demat facility to expedite the transfer process. The listing fees with the Exchanges are yet to be paid.

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 and in pertaining 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:

- (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.
- (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.

Mr. Harsh Kumar Bajoria, the Managing Director of the Company, has informed that in view of huge losses and continuous financial crisis even in the current year, he had forego his basic remuneration with effect from October, 2006, as so reported in the last General Meeting of the Company, and he continues to render his services as managing director as he has been rendering in earlier periods, even without remuneration until and unless the company starts making reasonable profits in years to come.

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 endeavour 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 3 (Three) Directors as on 31.3.2007 with a Non-Executive Chairman, Executive Managing Director and 1 (One) non-Executive Directors. Their particulars and attendance at Board Meetings AGM are given below:

Sl No.	Name	Status	No. of Board Meetings Attended	Attendance at the Last EGM/ AGM	Other Company			
					Board of Directors		Board Committee	
					Chairman	Member	Chairman	Member
1	Mr. U.S.Bajoria	Non-Executive Chairman	Nil	No	-	Nil	-	-
2	Mr. H.K.Bajoria	Executive Managing Director/Promoter	5	Yes	-	19	-	-
3	Mr. C.P.Poddar	Non-Executive Independent Director	5	Yes	-	10	-	-

Board Meeting held during the year: -			
Sl NO.	Date of Meeting	Board Strength	No. of Directors Present
1.	April 29, 2006	3	2
2.	July 29, 2006	3	2
3.	September 2, 2006	3	2
4.	October 28, 2006	3	2
5.	January 30, 2007	3	2

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 attended
Sri C.P.Poddar	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	-	-	-	-
Mr. H.K.Bajoria	-	-	Rs. 103950/-*	Rs.103950/-
Mr. C.P.Poddar	-	-	-	-

* 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/ Investor's Grievance Committee: -

The Committee consists of two Directors viz Sri C.P.Poddar and Sri U.S.Bajoria and the grievances received were delt with at its meetings. Sri Naresh Shah is the Compliance Officer of the Company. During the year, three 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. One Extra-Ordinary General Meeting was called during the period.

Year ended	Date of meeting	Time	Venue
2006-2007 (EGM)	30.01.2007	3.00 P.M	HOTEL HAVELI 17, Balmukund Macker Road, Kol - 7
31.3.2006 (137th AGM)	28.09.2006	3.00 P.M	HOTEL HAVELI 17, Balmukund Macker Road, Kol - 7
31.3.2005 (136th AGM)	29.9.2005	3.00 P.M	Hotel Haveli 17, Balmukund Macker Road, Kol - 7
31.03.2004 (135th AGM)	31.12.2004	3.00 P.M	Hotel Haveli 17, Balmukund Macker Road, Kolkata - 700 007

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.

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

up gradation 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 provided the company gets financial support from the concerned institutions.

(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. The statement of accounts shows that the net worth of company has eroded due to operational activities.

(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 Shareholder's information.

Annual General meeting – Date, Time, Venue.

138th Annual General Meeting of the Members of the Company would be held on Saturday, the September 29, 2007 at 3.00 P.M at Hotel Haveli, 17 Balmukund Macker Road, Kolkata 700007.

Date of Book closure.

The Register of Members of the Company will remain closed from September 25, 2007 to September 29, 2007 (both days inclusive) for the purpose of Annual General meeting of the Company.

No dividends declared during the year.

Registered Office of the Company :

**4A, Council House Street,
1st Floor, Kolkata – 700 001**

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 investor.

Listing on Stock Exchanges: -

Shares are presently 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 also be traded on all the recognized Stock Exchange in India. The Company had decided to discontinue trading of its shares from the Stock Exchanges at Ahmedabad and at Jaipur due to the financial constraints.

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 2006-2007 has been as follows: -

Un-audited results for the Quarter Ended	Approved by the Board of Directors
30.06.2006	29.07.2006
30.09.2006	28.10.2006
31.12.2006	30.01.2007
31.03.2007	30.04.2007

Financial Audited Results approved by the Board of Directors on 03.09.2007.

Annual General Meeting for the year-ended 31.3.2006 held on 28.09.2006.

Distribution of Shareholding 2006 - 2007

Block of Shares	No of Shareholders	Percentage (%)	No of Shares	Percentage (%)
1- 500	2033	92.3671	247089	4.9256
501-1000	62	2.8169	50864	1.0140
1001-2000	38	1.7265	56451	1.1253
2001-3000	9	0.4089	22106	0.4407
3001-4000	8	0.3635	30303	0.6041
4001-5000	6	0.2726	27102	0.5403
5001-10000	7	0.3180	53439	1.0653
10001- above	38	1.7265	4529026	90.2847
Total	2201	100.0000	5016380	100.00

Shareholding Pattern: -

The Shareholding pattern of the equity share capital of the Company as on March 31, 2007 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	2216	584203	11.65
Financial Institutions	Nil	Nil	Nil
Total	2201	5016380	100.00

Address for Correspondence

MCS Limited

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

Plant Location

Arcuttipore Tea Estate

P.O. Silchar, Dist. Cachar

Assam.

Disclosures

1. There are related party transactions made by the Company with its promoters, the Directors or management or relative that may not have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in note no B 27 of schedule D to the Accounts in the Annual Report. Compliances in this regard, wherever necessary, in terms of the Companies Act, 1956 are being carried out.
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.
3. The Company has not adopted Non -mandatory requirements.

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 will also be 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. Arunabha Ganguly, Chartered Accountant who is appointed as the Statutory auditors of the company for the year ending 31st March 2007 in the Extra Ordinary General Meeting of the shareholders held on 30th January 2007 on account of the resignation of M/s K. Banerjee & Co., Chartered Accountants, who were appointed the auditors of the Company in the last annual general meeting of the Company.

M/s Arunabha Ganguly, Chartered accountant and the Statutory Auditors, retires at the ensuing Annual General Meeting of the company, and being eligible, has expressed his 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 and the employees & workers of the company.

For and on behalf of the Board

Kolkata
The 3rd September, 2007

H. K. Bajoria
Managing Director

ARCUTTIPORE TEA COMPANY LIMITED

Annexure to the Director's Reports

Department of Particular Under the Companies (Disclosure of Particulars in the Reports of Board of Director) Rules, 1988.

1. CONSERVATION OF ENERGY :

- a) Energy Conservation Measures Taken :
All Possible measures and precautions are being taken to reduce the consumption of energy.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy : Nil
- c) Impacts of measures taken at (a) and (b) for reduction of energy consumption and consequent Impact on the cost of Production of Goods : Not Ascertainable.
- d) The relevant figures are given below :

Power & Fuel Consumption :		2006 - 07	2005 - 06
a) Electricity :-			
a) Purchased - Units		257,828	299,075
Total Amount		Rs. 2041552	Rs. 2184937
Rate / Unit		Rs. 7.92	Rs. 7.30
b) Own Generation :		88,419	153,725
From DG sets - Units		2.50	2.50
Units / 1 tr of Diesel		Rs. 13.20	Rs. 11.97
Cost / unit			
ii) Furnace Oil for Tea Processing			
in withering and Drying			
Quantity (K/ltrs)		-	-
Total Oost		-	-
Average Rate (Per K. Ltr)			
iii) Coal :-			
Quantity (M.T.)		383.79	598.65
Total Cost (Rs)		1,039,088	1,453,011
Average Rate (Rs. Per M.T.)		2,707	2,427
iv) H.S.D. Oil for Transport and			
Material Handling			
Quantity (K. Ltrs)		5.10	10.16
Total Cost (Rs.)		168,095	303,564
Average Rate (Rs. per K. Ltrs)		32,960	29,878
v) Petrol for Transport and			
Material handling			
Quantity (K. Ltrs)		2.07	3.45
Total Cost (Rs.)		101,078	153,578
Average Rate (Rs. per K. Ltrs)		48,829	44,515
vi) Consumption per unit of production :			
a) Electricity Consumed - Units		346,247	452,800
Total Production - Tea (kg)		305,120	480,426
Consumption per kg - Units		-	-
b) Furnace Oil for Tea Processing :			
Quantity Consumed (K ltrs)		-	-
Total Production - Tea (Kg)		305.120	480.426
Consumption per kg. - Ltrs.		-	-

2) RESEARCH AND DEVELOPMENT :

- 1) Specific area in which R&D is carried out by the Company
- 2) Benefits derived as a result of the above R & D
- 3) Future Plans of Action
- 4) Expenditure on R & D

The Company subscribes to Tea Research Association which is Registered U/s 35 (1) (ii) of the income tax Act 1961

3) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- 1) Efforts made
- 2) Benefits derived as a result of above effort
- 3) Imported technology in the last five years

Not Applicable

4) FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Expenditure in Foreign Currency

Kolkata
Dated : 3rd September, 2007

By Order of the Board
H. K. Bajoria
Managing Director