

ARCUTTIPORE TEA COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their 141st Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March 2010.

	For the year ended 31 st March 2010	For the Year ended 31 st March 2009
	Rs.	Rs.
Profit/(Loss) before depreciation	(20,73,012)	8,87,657
Provision for depreciation	(11,79,584)	(12,33,989)
	-----	-----
Profit/(Loss) after depreciation	(32,52,596)	(3,46,036)
	-----	-----
Provision for Taxation	-----	-----
	-----	-----
Profit /(Loss) after tax	(32,52,596)	(3,46,036)
(Loss)brought forward from previous year	(11,41,73,097)	(11,38,27,061)
Transfer to Balance Sheet	(11,74,25,693)	(11,41,73,097)
	-----	-----
Profit available for appropriation	NIL	NIL
	=====	=====

MADE TEA & CROP

Your directors report that there has been no production of made tea for the last three consecutive years 2007-08, 2008-2009 and 2009-10 due to non restoration of electricity in the factory and acute shortage of fund to meet working capital requirements in the garden. The company could not commence tea production even during the current season year too on account of the aforesaid reasons till this date and the company could not make alternative fuel arrangements due to acute shortage of fund . Consequently , the company is bound to sell the entire production of 20,60,333 kgs green leaf during the year as compared to sale of 19,16,490 kgs green leaf in the previous year.

Due to shortage of fund, non payment of statutory dues and liabilities over the years & no financial assistance from any corner as well as from financial institutions, the company could not re-commence production during the current year too, and is continuing selling green leaf during the present year at realizable price for meeting the increased labour payments, amenities to staff and labour and other garden overheads costs. .

PERFORMANCE

Your Directors report that the Company has incurred gross loss of Rs. **32,52,596/--** for the year even after receipts of Rs.16,55,135/- on insurance services during the year , as compared to a gross loss of Rs. 3,46,036/- for the previous year. The main reasons are due to acute shortage of funds causing non restoration of tea production on account of non payments of electricity dues and non recovery of outstanding dues and advances amount coupled with unfavourable climate and undistributed rain causing fall in production of green leaf against estimations.

FUTURE PROSPECTS

Your Directors stipulate that though there has been improvement in demand of tea in the domestic market and in overseas markets in the present year ,yet the company has not been able to come out of the unfavourable situation due to huge losses and acute shortage of funds coupled with erratic and unfavourable climate , undistributed rain in the present year, and has been facing abnormal damages in the garden and keeping poor maintenance of plant & machinery and loss of production too. The company would not in a position to reap and maintain adequate margins from made tea , and as such would not show good results even in the present year. Moreover, the company 's net worth has been continuously eroding.

Your directors are endeavoring to proceed with the BIFR authority, seeking restructuring and revival package / scheme envisaging revival and several benefits for the interest of the company unless there is financial support from the banks & financial institutions and or from private parties.

DEPOSITORY SYSTEM

The Company's equity shares are listed on the Regional Stock Exchanges at Bombay and , Kolkata, for transaction of shares in demat form. The shares of the Company are tradable in demat form. However, due to non payment of listing fees for the year and for earlier years , the company 's shares are stopped being traded at the exchanges . Your Company also offer transfer-cum-demat facility to expedite the transfer process.

INDUSTRIAL RELATION

During the year under review, your Company has been maintaining cordial and mutually helpful relationship with its employees. The Board takes on the 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 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 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.C.P.Poddar retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Harsh 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 has forgone his basic remuneration for the year and has decided to continue rendering his services as managing director as he has so been rendering in earlier years even without remuneration .

The company took on record the appreciation of services rendered Mr. Harsh Bajoria during the year and his continued support.

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 4 (Four) Directors as on 31.3.2010 with a Non-Executive Chairman, Executive Managing Director and 2 (two) 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 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	6	Yes	-	8	-	-
3	Mr. C.P.Poddar	Non-Executive Independent Director	6	Yes	-	10	-	-
4	Mr. Manoranjan Pal	Director	6	Yes	-	11	-	-

Board Meeting held during the year: -

Sl No	Date of Meeting	Board Strength	No. of Directors Present
1	July 29, 2009	4	3
2	September 3, 2009	4	3
3	September 29,2009	4	3
4	October 29,2009	4	3
5	January 30,2010	4	3
6	April , 29,2010	4	3

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		Salary & Perks	Total
	For Board Meeting	For Committee Meeting		
Mr.U.S.Bajoria	-	-	-	-
Mr.H.K.Bajora	-	-	-	-
Mr. C.P.Poddar	-	-	-	-
Mr.Manorajan Pal	-	-	-	-

* Includes perquisites

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

Shareholders/ Investor's Grievance Committee: -

The Committee consists two Directors viz Sri C.P.Poddar and Sri U.S.Bajoria and the grievances received were dealt with at its meetings. Sri **Naresh Shah** is the Compliance Officer of the Company. During the year, one complaint was received from the shareholders, except

that all others 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. .

Year Ended	Date of meeting	Time	Venue
31.3.2009((140 th AGM)	29.9.2009	3.00P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata—700007
31.3.2008 (139 th AGM)	29.9.2008	3.00.P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata--700007
31.3.2007 (138 th AGM)	28.9.2007	3.00 P.M.	HOTEL HAVELI 17, Balmukund Macker Road , Kolkata-700007

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

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 improving situation of supply exceeding demand. With the sale volume remaining almost moderate and with lower realisation, the margins are under pressure. The Company has not producing made tea to sell due to shortage of fund and has been selling green leaf 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

Inspite of the industry continuing to operate under favourable conditions, the performance of your company has somewhat sustained due to its producing and selling green leaf only..

(d) Outlook

It is hoped that the industry has been improving, 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 revive and 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 the 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.

141st th Annual general Meeting of the Members of the Company would be held on Wednesday, the September 29, 2010 at 3.00 P.M at **MMS Chamber , 4A Council House Street, Kolkata 700001.**

Date of Book closure.

The Register of Members of the Company will remain closed from September 25, 2010 to September 29, 2010 (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, Dewar's
Garage, 1st Floor, Kolkata – 700 001**

Registrar and Transfer Agents.

M/s. MCS Ltd. of 77/2A, Hazra Road, Kolkata – 700 029 were appointed as the Company's RTA, including dematerialized segment. **However , due to payment constraints, they have expressed their inability to function as RTA.**

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 two Stock Exchange viz. The Kolkata Stock Exchange Association Ltd. (Regional), and The Bombay Stock Exchange, Mumbai.

Company's stock code: -

Kolkata Stock Exchange	011062
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 2009-2010 has been as follows: -

Un-audited results for the Quarter Ended	Approved by the Board of Directors
30.06.2009	29.07.2009
30.09.2009	29.10.2009
31.12.2009	30.01.2010
31.03.2010	30.04.2010

Financial Audited Results approved by the Board of Directors on 03.09.2010

Annual General Meeting for the year-ended 31.3.2010 to be held on 29.9.2010.

Distribution of Shareholding 2009– 2010

Block of Shares	No of Shareholders	Percentage (%)	No of Shares	Percentage (%)
1- 500	2033	92.2413	247089	4.9256
501-1000	62	2.8131	50864	1.0140
1001-2000	38	1.7241	56451	1.1253
2001-3000	9	0.4084	22106	0.4407
3001-4000	8	0.3630	30303	0.6041
4001-5000	6	0.2723	27102	0.5403
5001-10000	7	0.3176	53439	1.0653
10001- above	41	1.8602	4529026	90.2847
Total	2204	100.0000	5016380	100.00

Shareholding Pattern: -The Shareholding pattern of the equity share capital of the Company as on March 31, 2010 was as follows:

Category	No. of Shareholders	Shares held	% of Share
Promoters	20	1408729	28.08
Foreign Institutional investors	Nil	Nil	Nil
Non – résident 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	2120	729203	14.54
Financial Institutions	Nil	Nil	Nil
Total	2204	5016380	100.00

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 related party transactions made by the Company with its promoters, the Directors or management or relatives that may not have potential conflict with the interest of the Company at large.

Transactions with the relative parties are disclosed in note no B 19 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. **Annual Listing fees of the respective Exchanges are pending for payment.**