

ARCUTTIPORE TEA COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their 142nd Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March 2011.

	For the year ended 31 st March 2011	For the Year ended 31 st March 2010
	Rs.	Rs.
Profit/(Loss) before depreciation	(20,66,353)	(20,73,012)
Provision for depreciation	(4,82,782)	(11,79,584)
	-----	-----
Profit/(Loss) after depreciation	(15,83,571)	(32,52,596)
Provision for Taxation	-----	-----
	-----	-----
Profit /(Loss) after tax	(15,83,571)	(32,52,596)
(Loss) Brought forward from previous year	(11,74,25,693)	(11,41,73,097)
Transfer to Balance Sheet	(11,90,34,617)	(11,74,25,693)
	-----	-----
Profit available for appropriation	NIL	NIL
	=====	=====

MADE TEA & CROP

Your directors report that this has been the fourth year since 2007-08, the company has no production of made tea due to non restoration of electricity in the factory which has been on account of shortage of fund, and also of working capital requirements in the garden. The company could not re-start tea production even during the current season year 2011-12 on account of the aforesaid reasons till this date. Due to shortage of fund, the company could not make alternative fuel arrangements too. As a result, the company is reluctant to sell the entire production of 19,27,087 kgs green leaf during the year under report as compared to sale of 20,60,333 kgs. green leaf in the previous year.

During the current season , it is our and that out of the internal cash accruals and financial arrangement from parties , the company has been able to make payment of statutory dues partially as well as payment of huge electricity dues although there was no financial assistance from financial institutions and or banks. However, the company could not re-start tea production during the current season year too, and has been continuously 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.

Barring unforeseen circumstances , the company is hoping to re commence its tea production in the next season and to do so, it is anticipating capital expenditure along with renovation and recommencing expenditure to restore production activities at full swing .

PERFORMANCE

Your Directors report that the Company has incurred gross loss of Rs15,83,571/- for the year even after receipts of Rs 4,70,672/-(Previous Year Rs 16,55,135/-) on insurance services during the year , as compared to a gross loss of Rs. 32,52,596/- for the previous year. The main reasons were unfavourable climate and undistributed rain that had caused fall in green leaf production by 1,33,246 kgs as compared to the last year production and against the production estimations for the year under report ,and the same are also coupled with non restoration of tea production, non payments of electricity dues and non recovery of outstanding dues and advances amount, Out of non recovery of outstanding dues advances, Rs. 92,45,387 was written off in the accounts during the year .

FUTURE PROSPECTS

Your Directors stipulate that there has been improvement in demand of tea in the domestic market as well as in overseas markets in the present year . However , the company has not been able to come out of unfavourable situation and circumstances due to continued losses and moderate shortage of funds coupled with erratic climate and undistributed rain in the present year. The Company has been facing damages in the garden, and has poor maintenance of plant & machinery and has continued loss of production too. Under the circumstances, the company would not be able to reap and avail adequate margins from made tea in the current season.

Moreover, the company 's net worth has been continuously eroding. The Company ,however anticipates to show moderate positive results in the current season year provided there would have been favourable production of green leaf against the estimations and recovery of advances. .

Your directors are seeking restructuring and revival package / scheme envisaging revival and several benefits for the interest of the company. In case there is financial support from the banks & financial institutions and or from private parties, the company's entire revival at full swing could take place otherwise its rejuvenation would be based upon internal accruals .

DEPOSITORY SYSTEM

The Company's equity shares are listed on the Regional Stock Exchanges at Bombay and ,Kolkata, for transactions of shares in demat form. The shares of the company are tradable in demat form. During the current year , the company has paid off listing fees of the BSE Exchange for the year and of the earlier years and has renewed agreements with the Registrar for Transfer of shares. The Company has carried out pending compliances with the Exchange and has already filed application with BSE exchange for withdrawal of suspension in trading of the company 's shares at the exchange . Your Company re-offer transfer-cum-demat facility of shares 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. Manoranjan Pal retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Shalakya Bajoria who has been appointed additional director of the company in the Board meeting held on 01.02.2011 , retires at the ensuring AG M and, being eligible , offers himself for re appointment .

Mr. Uma Shankar Bajoria , director of the company , has resigned from the Board with effect from 28th April , 2011 due to his personal reasons and on health ground. He has been philosopher and guider to us and to the company . The Board took on record the appreciation of services rendered by Mr. Bajoria during his association with Company and would always be the mentor to the company.

Mr. Harsh Bajoria, the Managing Director of the company, has informed that in view of continued 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: -

i) The Board consisted of 5 (Five) Directors as on 31.3.2011 with a Non-Executive Chairman, Executive Managing Director , one Executive 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	8	Yes	-	8	-	-
3	Mr. C.P.Poddar	Non-Executive Independent Director	5	Yes	-	8	-	-
4	Mr. Manoranjan Pal	Director	8	Yes	-	10	-	-
5	Mr. Shalakya Bajoria	Director	3	yes		9		

Mr. U.S. Bajoria resigned from the Board of Directors with effect from 28.04.2011

ii) **Information placed before the Board of Director**
As required under the clause 49 all the information were placed before the Board.

iii) **Code of Conduct**

The Board framed Code of Conduct for the Company . The Board designated the Managing Director as Chief Executive Officer (CEO) for the purpose of Corporate Governance. A declaration signed by the Managing Director as CEO in this regard is annexed at the end of this Report.

iv) **Board Meetings held during the year: -**

Sl No	Date of Meeting	Board Strength	No. of Directors Present
1	July 29, 2010	4	3
2	September 3, 2010	4	3
3	September 29, 2010	4	3
4	October 29, 2010	4	3
5	January 30, 2011	4	3
6	February 9, 2011	5	3
7	April , 28 th 2011	4	3
8	April , 29 th 2011	4	3

2. AUDIT COMMITTEE

i) 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.

The Audit Committee presently consists of the under noted persons as its members. All of the members are non Executive Directors and independent directors

Name of Director	No of Meeting	No. of Meetings attended
Sri U.S. Bajoria	4	4
Sri C.P.Poddar	4	4
Sri Monranjan Pal	4	1

Mr. U.S.. Bajoria resigned from the Audit Committee w.e.f 28.04.2011

ii) Brief Description of Terms of Reference

The role of the Audit Committee and its Terms of reference comprised review of the operations , financial Management, Audit Plan , audited quarterly / half- yearly / annual returns , findings of internal / statutory auditors and compliance of the policy decisions of the company with all the powers and authorities as mentioned in Clause49 of Listing Agreement with the Stock Exchange and / or SEBI guidelines from time to time . The Audit Committee also acts as a link between the Board of Directors and the Statutory / Internal Auditors.

iii) Remuneration Committee

Presently . there is no Remuneration Committee and as such , no meeting of the Remuneration committee was held during the year .

iv) Remuneration Policy

The Remuneration Policy of the Company rewards performance based on achievement and existing industry benchmarks. The remuneration of the Managing Director is governed by the terms and conditions approved by the Board of Directors , the shareholders and the Centre Government , if required . The remuneration structure comprises of salary , perquisites and allowances , contribution to Provident Fund and gratuity as per Schedule XII and other applicable provisions of the Companies Act ,1956.

v) Remuneration of Directors

Name of Director	Category	Sitting fee Paid		Salary & Perks	Total
		For Board Meeting	For Committee Meeting		
Mr.U.S.Bajoria	, Non Executive Director	-	-	-	-
Mr.H.K.Bajora	Executive Director	-	-	-	-
Mr. C.P.Poddar,	Non Executive Director	-	-	-	-
Mr.Manorajan Pal	Non Executive Director	-	-	-	-
Mr. Shalakya Bajoria	Executive Director				

* 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.
3. The Company has not paid any remuneration to non – executive directors

vi) Shareholders/ Investor's Grievance Committee: -

The Committee presently consists two Directors viz Sri C.P.Poddar and Sri Monoranjan Pal . Mr. U.S. Bajoria who was the director of the Committee in the year 2010-11 , resigned from the Committee w.e.f 28.04.2011 . The grievances received from the shareholders 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 and the same was resolved .All others have been resolved to date. The Company has no transfer pending at the close of the financial year.

vii) Annual General Meeting

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

Year Ended	Date of meeting	Time	Venue
31.3.2010 (141st AGM)	29.9.2010	3.00P.M.	MMS Chamber 4A Council House Street Kolkata—700001
31.3.2009 (140th ^h AGM)	29.9.2009	3.00.P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata--700007
31.3.2008 (139th ^{AGM})	29.9.2008	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.

3) 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 been producing made tea to sell due to shortage of fund and has been selling green leaf but at moderate 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.

4) **General Shareholder's information.**

i) **Annual General meeting – Date, Time, Venue.**

142nd Annual general Meeting of the Members of the Company would be held on Thursday the September 29, 2011 at 3.00 P.M at **MMS Chamber , 4A Council House Street, Kolkata 700001.**

ii) **Date of Book closure.**

The Register of Members of the Company will remain closed from September 24, 2011 to September 29, 2011 (both days inclusive) for the purpose of Annual General meeting of the Company.

- iii) **No dividends declared during the year.**
- iv) **Registered Office of the Company: 4A, Council House Street, Dewar's Garage, 1st Floor, Kolkata – 700 001**
- v) **Registrar and Transfer Agents.**

M/s. MCS Ltd. of 77/2A, Hazra Road, Kolkata – 700 029 have been appointed as the Company's RTA, including dematerialized segment. The company has been paying their dues and have renewed agreements with said RTA to function as Share Transfer agent of the Company .

- ### vi) 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 and the shares are transferred within stipulated period of 30 days. .

- vii) 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.

The company has carried out pending compliances over the years in terms of the listing agreement with the BSE Exchange and has paid off their old listing fees dues. Further the Company has applied with BSE for revocation of suspension of trading in equity shares at the exchange .

- viii) Company's stock code: -**

Kolkata Stock Exchange **011062****Mumbai Stock Exchange** **530261**