

ARCUTTIPORE TEA COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their 143rd Annual Report and the Audited Accounts of the Company for the year ended 31st March 2012.

	For the year ended 31 st March 2012	For the Year ended 31 st March 2011
	Rs.	Rs.
Profit/(Loss) before depreciation	(7,33,948)	(20,66,353)
Provision for depreciation	(5,01,875)	(4,82,782)
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Profit/(Loss) after depreciation	(12,35,823)	(15,83,571)
Provision for Taxation	----	----
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Profit /(Loss) after tax	(12,35,823)	(15,83,571)
(Loss) Brought forward from previous year	(11,90,34,617)	(11,74,25,693)
Transfer to Balance Sheet	(12,02,70,440)	(11,90,34,617)
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Profit available for appropriation	NIL	NIL
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MADE TEA & CROP

Your directors report that since the year 2007-08, the company has not made production of made tea due to shortage of working capital fund in the garden, and has been selling the entire green leaf production over the years. Even during the year under review the company has sold **18,67,639 kgs** as compared to sale of **19,27,087 kgs** green leaf in the previous year.

As the company has been able to make financial arrangements from private parties and there has been internal cash accruals from green leaf production operations, it has paid the huge electricity dues during the year to Assam Power Distribution Company Limited, Guwahati and has also been paying statutory old dues as well as current year statutory dues. Moreover, the company has resolved, settled and paid Central bank dues through the banker's intermeditory agency and has got its assets discharged from the said banker by way of making made satisfaction of charges on its assets with concerned authorities.

As there has been no financial support from financial institutions for working capital requirements coupled with lower green leaf production compared to the production in last year, the company could not re – start even during the current season 2012-13 till this date and has been continuing to sell green leaf in the current season at realizable price for meeting the increased labour payments, amenities to staff and labour and other garden overheads costs.

During the current season, it is our endeavor that out of the internal cash accruals and financial arrangement from parties, the company be able to pay off the old statutory dues moderately and be able to reduce suppliers liabilities too. Therefore, your company is contemplating to re-enter and restart tea production during the current season. In order to achieve so and as committed in previous year, the company has incurred huge renovation & recommencing expenditures on both the fronts repairs on machineries and repairs on factory buildings so that the tea production activities in full swing could be commenced in the current season and the company could start reaping reasonable margins on its product in this competitive domestic as well as international market.

PERFORMANCE

Your Directors report that the Company has incurred net loss of Rs12,35,823 (Previous year.15,83,571/-) for the year after receipts of Rs. Nil (Previous Year Rs 4,70,672/-) on insurance services, as compared to a net loss of Rs. 15,83, 571/- for the previous year. The main reasons were erratic climate and undistributed rain that had caused actual fall in green leaf production by 59,448 kgs as compared to the last year production and considerable short fall against the production estimations for the year under report, and the same are also coupled with the reason that the company could reap marginal profit due to non restoration of tea production during the year under review and shortage of working fund requirements. By taking financial supports from private parties, the company has been able to pay off the Central Bank dues, and surplus arising against payments of such dues has been appropriated in the statement of accounts. Out of non recovery of outstanding sundry dues & advances given, Rs. 2,14,30,170/- (previous year Rs. 92,45,387/-) were 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 completely of unfavourable financial situation and circumstances due to continued losses and shortage of funds coupled with lower green leaf production against the estimations due to erratic climate and undistributed rain in the year. The Company has taken adequate steps for manuring the gardens and has taken renovation and repairs works of plant & machinery and factory buildings in anticipation that the company would soon be re commencing its tea production in the current season. Under such circumstances, it is visualized that your company would be able to reap and avail adequate margins from made tea in the current season.

As there had been continuous erosion in net worth of the company, the company is however contemplating to show positive results in the current season year provided there would have been favourable production of green leaf against the estimations followed by the company's re-penetration in the tea made markets with its products.

Your directors, to the best of their efforts and the consultations, have been able in restructuring and envisaging revivals and several benefits for the interests of the company. In case there be financial support from the banks & financial institutions, the company's entire revival at full swing could take place otherwise its rejuvenation at full swing would be based upon internal accruals and this would be needing time to come off from persisting situation .

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 year, the company paid off listing fees of the BSE Exchange for the year and of the earlier years and renewed agreements with the Registrar for Transfer of shares. The Company had carried out pending compliances and has been continuously meeting the compliances with the Exchange.

As the company had already filed application with BSE exchange for withdrawal of suspension in trading of the company's shares at the Exchange, the company has been communicated by the Exchange vide its letter dated 13.04.2012 in this regard and has sought payments for reinstatement charges Rs.15,44,950/-. pending final approval for restoring trading of the company's shares at the exchange, and it would boost the shareholders confidence in the management. 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. C.P. Poddar retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Naresh Shah who has been appointed additional director of the company in the Board meeting held on 07.10.2011 , retires at the ensuring AG M and, being eligible , offers himself for re appointment .

Mr. Manroranjan Pal, director of the company, has resigned from the Board with effect from 7th October, 2011 due to his personal reasons. The Board took on record the appreciation of services rendered by Mr. Pal during his association with Company.

Mr. Harsh Bajoria, the Managing Director of the company, has informed that in view of continued losses and continuous financial shortage 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 had so been rending 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. However, renewal of the letter of appointment and remuneration of Mr. Harsh Kumar Bajoria as Managing director of the company and the requisites compliances in this regard with the Registrar of Companies, West Bengal, are pending

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 shareholder

Board of Directors: -

i) The Board consisted of 4 (Four) Directors as on 31.3.2012 with a 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. H.K.Bajoria	Executive Managing Director/Promoter	8	Yes	-	5	-	-
2	Mr. C.P.Poddar	Non-Executive Independent Director	nil	Nil	-	5	-	-
3	Mr. Manoranjan Pal	Director	3	Yes	-	14	-	-
4	Mr. Shalakya Bajoria	Director	8	yes		5		
5	Mr. Naresh Shah	Director	5	nil		4		

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, 2011	4	3
2	September 3, 2011	4	3
3	September 17, 2011	4	3
4	October 7, 2011	4	3
5	October 29, 2011	4	3
6	January 27, 2012	4	3
7	April 28, 2012	4	3
8	May 9, 2012	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 C.P.Poddar	4	4
Sri Monranjan Pal	4	1
Sri Naresh Shah	4	3

Mr. Monranjan Pal resigned from the Audit Committee w.e.f 07.10.2011

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.H.K.Bajora	Executive Director	-	-	-	-
Mr. C.P.Poddar,	Non Executive Director	-	-	-	-
Mr.Manorajan Pal	Non Executive Director	-	-	-	-
Mr. Shalakya Bajoria	Executive Director				
Mr. Naresh Shah	Non 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 of two persons one of whom is Sri C.P.Poddar a director and the other is Sri Monoranjan Pal. 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, two complaints were received from the shareholders and the same were 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
31.3.2011 (142nd AGM)	29.9.2011	3.00P.M.	MMS Chamber 4A Council House Street Kolkata—700001
31.3.2010 (141st AGM)	29.9.2010	3.00.P.M.	MMS Chamber 4A Council House Street Kolkata—700001
31.3.2009 (140th ^{AGM})	29.9.2009	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 moderate realization, the margins are remunerative moderately. As the Company has not been producing made tea to sell due to shortage of fund and has been selling green leaf, its margins are comparatively moderate. The steps taken for cost control, quality up gradation as well as marketing policy are improving the margins in future and in the current season 2012, the company is contemplating to resume its tea production.

(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 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 including major renovation, replacement and repairs works of factory buildings and machineries with the intent to resume tea production in the current season..

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.

143rd Annual general Meeting of the Members of the Company would be held on Thursday the September 27, 2012 at 3.00 P.M at MMS Chambers, 4A Council House Street, Kolkata 700001.

ii) Date of Book closure.

The Register of Members of the Company will remain closed from September 21, 2012 to September 27, 2012 (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