

Eighteenth Annual Report & Accounts 2000 - 2001



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Bengal Tea & Fabrics Limited

Bengal Tea & Fabrics Limited

BOARD OF DIRECTORS

Sri B D Kanoria

Chairman & Managing Director

Sri A Kanoria

Jt. Managing Director

Sri R S Saraogi

Executive Director

Sri G Momen

Sri S K Hada

Sri H Khaitan

Sri S Gupta

AUDITORS

M/s. Jain & Co.

Chartered Accountants

BRANCH AUDITORS

M/s. Dalal & Shah

Chartered Accountants

COST AUDITORS

M/s. N D Birla & Co.

Cost Accountants

BANKERS

State Bank of India

Punjab National Bank

ICICI Bank Ltd.

REGISTERED OFFICE

9, Biplabi Trailokya Maharaj Sarani

(Formerly Brabourne Road), 5th Floor

Kolkata 700 001, India

Phone : 210-0473/74

Fax : 91-033-248-4514

E-mail : btfc@cal.vsnl.net.in

Website : whoswhoindian.com/mfg166

TEA DIVISION

Ananda Tea Estate

P.O. Pathalipam

Dist. North Lakhimpur (Assam)

TEXTILE DIVISION

Asarwa Mills

Asarwa Road

Ahmedabad 380 016 (Gujarat)

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BENGAL TEA & FABRICS LIMITED**NOTICE****TO THE MEMBERS**

NOTICE is hereby given that the 18th Annual General Meeting of the Members of Bengal Tea & Fabrics Limited will be held at 'KALAKUNJ', 48, Shakespeare Sarani, Kolkata 700 017 on Friday, the 21st day of September, 2001 at 11.00 A.M. to transact the following business :

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2001 and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Golam Momen, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Haigreve Khaltan, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors in place of retiring Auditors, from the conclusion of the 18th Annual General Meeting until the conclusion of the 19th Annual General Meeting and to authorise the Board of Directors, to fix their remuneration.

AS SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Supriya Gupta be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII, consent be and is hereby accorded to the Company for the appointment of Mr. Adarsh Kanoria as Managing Director of the Company, for a period of three years with effect from January 01, 2002 upon the terms and conditions contained in the draft Agreement submitted to this meeting and initialed by a Director for the purpose of identification, to be entered into between the Company of the One Part and Mr. Adarsh Kanoria of the Other Part".

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the aforesaid period, the Company will pay to Mr. Adarsh Kanoria the monthly remuneration not exceeding the applicable ceiling laid down in the Schedule XIII."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII, consent be and is hereby accorded to the Company for the re-appointment of Mr. Radhe Shyam Saraogi as Whole-time Director of the Company, with effect from 27th November, 2001 upto 31st December, 2004 upon the terms and conditions contained in the draft Agreement submitted to this meeting and initialed by a Director for the purpose of identification, to be entered into between the Company of the One Part and Mr. Radhe Shyam Saraogi of the Other Part".

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the aforesaid period, the Company will pay to Mr. Radhe Shyam Saraogi the monthly remuneration not exceeding the applicable ceiling laid down in the Schedule XIII."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 228 and other applicable provisions of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to appoint/re-appoint the Branch Auditors, other than the Company's Auditors, for the Textile Division of the Company in consultation with Company's Auditors and to fix their remuneration."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company pertaining to the Textile Divisions comprising Asarwa Mills, a composite textile mill at Ahmedabad, a spinning mill at Dholka, District Ahmedabad wheresoever situate, present and future, and/or conferring power to enter upon and to take possession

BENGAL TEA & FABRICS LIMITED**NOTICE (Contd.)**

of assets of the Company's Textile Division in certain events, to or in favour of the Lenders namely : Industrial Development Bank of India (IDBI); to secure Rupee Term Loan not exceeding Rs. 70 Millions (Rupees Seventy Millions only) lent and advanced/agreed to be lent and advanced by IDBI to the Company's Textile Division together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, upfront fees, premia on prepayment or redemption, costs, charges, expenses and other monies including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange of foreign currencies involved payable by the Company to the Lenders under their Loan Agreements/Letters of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said term loans."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Lenders the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above Resolution."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby altered in the following manner :

- (i) The existing Article 40(1)(d) be deleted.
- (ii) After the existing Article 66(b), the following be inserted :
(c) by the postal ballot, the voting rights of the members shall be as laid down in the "Act".
- (iii) After the existing Chapter XXX, the following Chapters be inserted :

XXXI : DEMATERIALISATION OF SECURITIES

121. For the purpose of this Chapter :

Definitions :

'BENEFICIAL OWNER' means a person or persons whose name is recorded as such with a depository ;

'DEPOSITORY' means such depository as defined under the Companies Act, 1956 ;

'SEBI' means the Securities & Exchange Board of India ;

'SECURITY' means such security as may be specified by SEBI from time to time.

The words or expressions contained in this chapter, but not defined hereinabove, shall have the same meaning as defined under the Depositories Act, 1996.

- 122. Notwithstanding anything contained in these Articles, the Company shall be entitled to appoint depositories to dematerialise its securities and to offer securities in a dematerialised form as well as to rematerialise the securities held in depositories, pursuant to the Depositories Act, 1996 and rules framed thereunder.
- 123. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with the depositories, which shall be in fungible form.
- 124. Notwithstanding anything contrary contained in the Act or these Articles, the Depositories shall be deemed to be the Registered Owners for the purpose of effecting transfers of ownership of securities on behalf of the beneficial owner.
The depositories shall not have the voting or any other rights in respect of the securities held by them on behalf of the beneficial owners.
Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depositories shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held by the depository on behalf of such beneficial owner.
- 125. Notwithstanding anything contrary contained in the Act or these Articles, where securities are held in the name of the depositories, the records of beneficial ownership may be served by such depositories on the Company by means of electronic mode or by delivery of floppies or disks.
- 126. Nothing contained in these Articles shall apply to a transfer of securities effected by transferor & transferee both of whom are entered as beneficial owners in the records of the depositories.
- 127. Notwithstanding anything contrary contained in the Act or these Articles, where securities are dealt with by the depositories, the Company shall intimate the details thereof to the depositories immediately on allotment of such securities.

BENGAL TEA & FABRICS LIMITED**NOTICE (Contd.)****XXXII : BUYBACK OF SHARES**

128. Notwithstanding anything contrary contained in the Act or these Articles, the Company shall have power to purchase any of its own shares in accordance with the law and rules prevailing at the time of such buy back.

XXXIII : RIGHT OF NOMINATION

129. Notwithstanding anything contrary contained in the Act or these Articles, every holder of shares, debentures of the Company or depositor of the Company may, at any time, nominate a person to whom such shares, debentures or deposit shall vest in the event of the death of such holder and the relevant provisions of the Act shall apply in respect of such nomination.

130. No person shall be recognised by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of such holder and the Company shall not be in any way responsible for transferring/transmitting the shares, debentures or deposit consequent upon such intimation.

131. In case, such holder survive the nominee, then the nomination made by the holder shall be of no effect and shall automatically stand revoked."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this resolution."

By Order of the Board

Kolkata
Dated : 31st day of July, 2001

B. D. KANORIA
Chairman

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the member and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.**
2. The Register of Members of the Company shall remain closed from 13th September, 2001 to 21st September, 2001 (both days inclusive).
3. In accordance with recent amendments, dividend declared for the year ended 31st March, 1995 and remaining unpaid/unclaimed will be transferred to Investor Education and Protection Fund after a period of seven years from the date of transfer to Unpaid Dividend Account and thereafter no claim will be entertained by the Company.
4. Members holding shares in the demat form, are requested to bring their Client ID & DP Nos. for easier identification of the attendance at the meeting.
5. Members desirous of getting any information on the accounts or operations of the Company, are requested to forward the queries to the Company at least three working days prior to the meeting, so that the required information may be made available at the meeting.
6. Members desirous to avail the facility of Nomination, may obtain the Form 2B from the Share Department of the Company and the duly filled forms be forwarded to the Company.
7. **Members still possessing the Share Certificates issued prior to 25th July, 1998 are requested to surrender the said Share Certificates for the reduced shareholdings.**
8. **Re-appointment of Directors :** At the 18th Annual General Meeting, Mr. Golam Momen and Mr. Haigreve Khaitan retire by rotation and being eligible, offer themselves for re-appointment. A brief resume, expertise and the names of the companies in which the above Directors hold directorships and memberships of the committees of the Board is given hereinbelow :
 - a) Mr. Golam Momen, aged about 68 years, is engaged in the business of Tea for last several years, having the expert knowledge of this field. He also holds the Directorships and/or memberships of the committees of the Board, in the following outside companies :
 Director in : (i) AFT Industries Ltd. (ii) Assam Brook Ltd. (iii) Assam Brook International Ltd. (iv) Bagmari Tea Company Ltd. (v) Birla VXL Ltd. (vi) Bishnauth Tea Company Ltd. (vii) Carritt Properties (P) Ltd. (viii) Empire Plantations India Ltd. (ix) Jorhaut Group Ltd. (x) Jutlibari Tea Company Ltd. (xi) Kanco Enterprises Ltd.

BENGAL TEA & FABRICS LIMITED**NOTICE (Contd.)**

(xii) Norben Tea & Exports Ltd. (xiii) Rydak Syndicate Ltd. (xiv) Scottish (Assam) India Ltd. (xv) Singlo (India) Tea Co. Ltd. (xvi) White Cliff Holdings (P) Ltd. (xvii) White Cliff Tea (P) Ltd.

Committee Member in : (i) AFT Industries Ltd. - Share Transfer & Share Sub-division Committee (ii) Bishnauth Tea Company Ltd.- Audit Committee.

- b) Mr. Haigreve Khaitan, aged about 31 years, is professionally a Lawyer and a partner of renowned Firm of Advocates, Khaitan & Co. He also holds the Directorships and/or memberships of the committees of the Board, in the following outside companies :

Director in : (i) ABC Consolidated (P) Ltd. (ii) Aekta Ltd. (iii) Ceat Ltd. (iv) Cheviot Company Ltd. (v) Dormenil-Birla VXL Ltd. (vi) Harrisons Malayalam Ltd. (vii) Indlaart.com (P) Ltd. (viii) Khaitan Consultants Ltd. (ix) Kilburn Chemicals Ltd. (x) Kothari Plantations & Industries Ltd. (xi) National Engineering Industries Ltd. (xii) Polylink Polymers (India) Ltd. (xiii) Rasoi Ltd. (xiv) Ritspin Synthetics Ltd. (xv) Ritssfibra Pte Ltd. (xvi) RPG Cables Ltd. (xvii) RPG Cellular Services Ltd. (xviii) Usha Martin Infotech Ltd. (xix) Vinar Systems (P) Ltd. (xx) Xpro India Ltd.

Committee Member in : (a) Ritspin Synthetics Ltd. - Finance Committee (b) Xpro India Ltd. - Audit Committee & Share Transfer Committee.

9. The Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items of Special Business are annexed herewith.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**In respect of Item no. 5**

Mr. Supriya Gupta, who was appointed as an Additional Director of the Company at the Board Meeting held on the 30th day of January, 2001 in terms of Section 260 of the Companies Act, 1956 vacates his office at the 18th Annual General Meeting.

Mr. Supriya Gupta has passed BA (Hons.) in 1st class from Presidency College, Kolkata and has also passed the CAIIB.

Mr. Supriya Gupta has held senior managerial position in State Bank of India & UTI Bank Limited for more than four decades. He has also served the State Bank of Bikaner & Jaipur as the Managing Director and UTI Bank Limited as the Chairman.

Mr. Supriya Gupta is also a professional Director having the Directorships of the following Body Corporates :

- The Calcutta Stock Exchange Association Limited &
- Kanoria Chemicals & Industries Limited

Mr. Supriya Gupta is also chairman and member of the Audit Committee of M/s Kanoria Chemicals & Industries Limited.

Due Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company, along with the requisite deposit, signifying his intention to propose the appointment of Mr. Supriya Gupta as a Director of the Company, whose office shall be liable to determination by retirement of Directors by rotation.

No other Director, except Mr. Supriya Gupta, is personally interested in the Resolution.

The Board of Directors considers that the Company will benefit from the association of Mr. Supriya Gupta and therefore recommends this Resolution for your approval.

In respect of Item no. 6

Sri Adarsh Kanoria, aged about 35 years, is having the experience in the field of Tea and Textiles for more than 10 years. He also holds the Directorships in (i) Kanoria Exports (P) Ltd. (ii) Rydak Enterprises & Investment Ltd. (iii) S T Investment Ltd. & (iv) Ambalika Commerce Private Ltd.

The present term of the office of Sri Adarsh Kanoria, as Joint Managing Director of the Company will expire on 31st December, 2001.

Sri Adarsh Kanoria has been associated with the Company for the last several years and in view of his vast experience and significant contributions to the Company's growth, the Board of Directors by a resolution passed on 31st July, 2001 appointed Sri Adarsh Kanoria as Managing Director of the Company for a further period of three years with effect from 1st January, 2002 on the terms and conditions mentioned in the Draft Agreement, to be entered into between the Company and Sri Adarsh Kanoria.

The principal terms and conditions including remuneration governing the appointment of Sri Adarsh Kanoria are set out below :

- I. **Salary** : Rs. 50,000/- per month in the range of Rs. 50,000/- to Rs. 75,000/- per month as may be determined by the Board from time to time.

BENGAL TEA & FABRICS LIMITED**NOTICE (Contd.)**

II. **Commission** : Nil

III. **Perquisites** : Perquisites shall be restricted to an amount equal to the annual Salary.

(i) **Housing** :

- a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary ; or
- b) In case the accommodation is owned by the Company, ten percent of the Salary shall be deducted by the Company ; or
- c) In case no accommodation is provided by the Company, the said Managing Director shall be entitled to house rent allowance as per (a) above.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

(ii) **Medical Reimbursement** : Reimbursement of the expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of every three years.

(iii) **Mediclin Insurance** : Payment of premium for Mediclin Insurance, for self and family or reimbursement thereof by the Company.

(iv) **Leave Travel Concession** : Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.

(v) **Earned Leave** : On full pay and allowances and perquisites as per rules of the Company. Encashment of leave at the end of service shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.

(vi) **Personal Accident Insurance** : The Annual Premium not to exceed Rs. 5,000/-.

(vii) **Club Fees** : Fees of Club, subject to a maximum of two Clubs.

(viii) Provision of the Company's car with Driver for use of Company's business. He will be billed by the Company for use of car for private purpose, if any.

(ix) Free Telephone facility at residence. Personal long distance calls, if any, will be billed by the Company to him.

(x) The said Managing Director will also be entitled to reimbursement of the entertainment expenses actually and properly incurred for the Company and such payment shall not form part of his remuneration.

(xi) **Retirement Benefits** : Company's contribution towards Provident Fund and Superannuation Fund and Gratuity as per the rules of the Company. Gratuity shall be payable at the rate provided in the Schedule XIII.

The aforesaid, comprising retirement benefits shall not be included in the computation of ceiling on perquisites mentioned elsewhere in this Agreement, to the extent these either singly or collectively are not taxable under the Income Tax Act, 1961.

In the event of loss or inadequacy of Profits

In the event of loss or inadequacy of profits, the said Managing Director shall be paid a monthly remuneration not exceeding the applicable ceiling laid down in the Schedule XIII.

Termination of Agreement

The Managing Director and the Company shall have the right to terminate the agreement by giving the other party three months' clear notice in writing subject, however to the discretion of the Board to agree to a shorter notice.

Variation in accordance with the Schedule XIII

The terms and conditions of this Agreement of appointment may be revised from time to time by the Board, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Act or any amendments thereto made hereafter that may be applicable.

The Managing Director will not be liable to determination by retirement of Directors by rotation as per provisions of Section 255 of the Companies Act, 1956.

The Draft of the Agreement to be executed between Mr. Adarsh Kanoria and the Company as approved by the Board of Directors, is available for inspection by the members at the Registered Office of the Company on any working day between 11.00 A.M. and 1.00 P.M. and will also be available at the Meeting.

The Board recommends passing of the proposed ordinary resolution.

Except Sri Adarsh Kanoria, no Director of the Company is interested or concerned in the resolution.

The above should also be considered as an abstract of the terms of the appointment of Mr. Adarsh Kanoria and a Memorandum as to the nature of the concern or interest of the Directors in the said appointment, as required under Section 302 of the Companies Act, 1956.

BENGAL TEA & FABRICS LIMITED**NOTICE (Contd.)****In respect of Item no. 7**

The present term of the office of Sri Radhe Shyam Saraogi, Whole Time Director of the Company will expire on 26th November, 2001.

Sri Radhe Shyam Saraogi, aged about 61 years, has been associated with the Company for the last several years and in view of his vast experience, particularly in the field of Textile, the Board of Directors by a resolution passed on 31st July, 2001 re-appointed Sri Radhe Shyam Saraogi as Whole Time Director of the Company for a further period with effect from 27th November, 2001 upto 31st December, 2004 on the terms and conditions mentioned in the draft Agreement, to be entered into between the Company and Sri Radhe Shyam Saraogi.

Sri Saraogi does not hold Directorship in any other Company.

The principal terms and conditions including remuneration governing the re-appointment of Sri Radhe Shyam Saraogi are set out below :

- I. **Salary :** Rs. 35,000/- per month in the range of Rs. 35,000/- to Rs. 50,000/- per month as may be determined by the Board from time to time.
- II. **Commission :** Nil.
- III. **Perquisites :** Perquisites shall be restricted to an amount equal to the annual Salary.

(i) Housing :

- a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary ; or
- b) In case the accommodation is owned by the Company, ten percent of the Salary shall be deducted by the Company ; or
- c) In case no accommodation is provided by the Company, the said Whole Time Director shall be entitled to house rent allowance @ 10% of the Salary subject to the rules of the Company.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 and shall also be subject to a ceiling of ten percent of the salary.

- (ii) **Medical Reimbursement :** Reimbursement of the expenses incurred for self and family subject to a ceiling of fifteen days' salary every year.
- (iii) **Mediclaime Insurance :** Payment of premium for Mediclaime Insurance, for self and family or reimbursement thereof by the Company.
- (iv) **Leave Travel Concession :** Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.
- (v) **Earned Leave :** On full pay and allowances and perquisites as per rules of the Company. Encashment of leave at the end of service shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.
- (vi) **Personal Accident Insurance :** The Annual Premium not to exceed Rs. 4,000/-.
- (vii) **Club Fees :** Fees of Club, subject to a maximum of two Clubs provided no Life Membership Fee or Admission Fee is paid.
- (viii) Provision of the Company's car with Driver for use of Company's business. He will be billed by the Company for use of Car for private purpose, if any.
- (ix) Free Telephone facility at residence. Personal long distance calls, if any, will be billed by the Company to him.
- (x) The said Whole Time Director will also be entitled to reimbursement of the entertainment expenses actually and properly incurred for the Company and such payment shall not form part of his remuneration.
- (xi) **Retirement Benefits :** Company's contribution towards Provident Fund and Superannuation Fund and Gratuity as per the rules of the Company.

The aforesaid, comprising retirement benefits shall not be included in the computation of ceiling on perquisites mentioned elsewhere in this Agreement, to the extent these either singly or collectively are not taxable under the Income Tax Act, 1961.

In the event of loss or inadequacy of Profits

In the event of loss or inadequacy of profits, the said Whole Time Director shall be paid a monthly remuneration not exceeding the applicable ceiling provided in the Schedule XIII of the Act.

Termination of Agreement

The Whole Time Director and the Company shall have the right to terminate the Agreement by giving the other party three months' clear notice in writing.

BENGAL TEA & FABRICS LIMITED**NOTICE (Contd.)****Variation in accordance with the Schedule XIII**

The terms and conditions of this Agreement of appointment may be revised from time to time by the Board, within the maximum amount payable to Whole Time Director in accordance with Schedule XIII to the Act or any amendments thereto made hereafter that may be applicable.

The Whole Time Director will not be liable to determination by retirement of Directors by rotation as per provisions of Section 255 of the Companies Act, 1956.

The Draft of the Agreement to be executed between Mr. Radhe Shyam Saraogi and the Company as approved by the Board of Directors, is available for inspection by the members at the Registered Office of the Company on any working day between 11.00 A.M. and 1.00 P.M. and will also be available at the Meeting.

The Board recommends passing of the proposed ordinary resolution.

Except Sri Radhe Shyam Saraogi, no Director of the Company is interested or concerned in the resolution.

The above should also be considered as an abstract of the terms of the appointment of Mr. Radhe Shyam Saraogi and a Memorandum as to the nature of the concern or interest of the Directors in the said appointment, as required under Section 302 of the Companies Act, 1956.

In respect of Item no. 8

The Company follows the policy of appointing the Branch Auditors other than the Company's Auditors, for conducting the audit of accounts of its textile division. The resolution as set out in Item no. 8 seeks the consent of the members of the Company in accordance with the Section 228 of the Companies Act, 1956.

None of the Directors of the Company is personally interested in the Resolution.

The Board recommends to pass the above Resolution as an Ordinary Resolution.

In respect of Item no. 9

The Company has approached Industrial Development Bank of India (IDBI), for financial assistance in the form of term loans in connection with its project at its Textile Division at Asarwa Road, Ahmedabad by replacement of old machinery with state of art new generation machinery which requires for manufacture of textiles particularly cotton yarn of aggregate capital outlay of about Rs. 103.10 Millions to be financed partly by loans including promoters and/or other base.

The financial assistance from the above institutions/banks has to be secured by a first mortgage of all the immovable and movable properties present and future pertaining to the Textile Division of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides, *inter alia* that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company's Textile Division of its immovable and movable properties as aforesaid in favour of the financial institutions/banks may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1) (a) of the Companies Act, 1956 before creation of the said mortgage/charges.

Copy of Letter No. IDBI/ABO/NO.7087/PFS dated 22nd December, 2000 received from IDBI and copies of the relevant documents/correspondence between the said institution and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors of the Company is interested in the resolution.

The Board recommends to pass the above resolution as an Ordinary Resolution.

In respect of Item no. 10

As the Members are well aware that the trading of the equity shares of almost all the companies, has been made compulsorily in dematerialisation form by the SEBI. In accordance therewith, the Company has also signed the necessary agreements with the NSDL & CDSL and the Board has taken this opportunity by changing the Articles of Association of the Company by way of inserting, deleting and/or amending some clauses therein to bring it at par with the provisions of the Depositories Act, 1996.

Due to the recent amendments in the Companies Act, 1956 (the "Act") and the repeated requests from the esteemed members of the Company, the Board has also decided to update the relevant provisions in respect of Buy Back of Shares (Sections 77A, 77AA and 77B of the Act), Nomination (Section 109A and 109B of the Act) and Postal Ballot (Section 192A of the Act).

None of the Directors of the Company is personally interested in the above Resolution except the avilment of such facilities/rights as a Shareholder.

The Special Resolution as set out in the Item no. 10 has to be considered in the above context and the Board of Directors recommends the passing of the Resolution as a Special Resolution.

BENGAL TEA & FABRICS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

The Directors present their Eighteenth Annual Report and Audited Accounts for the year ended March 31, 2001.

FINANCIALS

The financial results for the year ended March 31, 2001 and the corresponding figures for the last year are as follows:

	Rupees in Lacs	
	2000-2001	1999-2000
Profit before Interest, Depreciation and Tax	1578.80	1430.42
Less : Interest	786.84	757.44
Depreciation	672.98	1459.82
Profit after Interest & Depreciation	118.78	1327.03
Less : Taxation	90.75	101.40
Profit after Tax	28.03	1.99
Adjustments :		
Less : Short provision of Income Tax for earlier years	(21.98)	(0.06)
Add : Income Tax refund for earlier years	1.21	1.57
	7.26	1.51
Less : Debit balance brought forward from last account	314.70	318.20
Debit balance carried to Balance Sheet	307.44	314.70

DIVIDEND

In the absence of available surplus, your Directors regret their inability to recommend any dividend for the year under review.

OPERATIONS**Tea Division**

During the year under review, your Ananda Tea Estate has performed satisfactorily in harvesting and crop is up by about 10.3% as against industry's average increase of about 2.2%. This has been possible due to Company's emphasis on improving field practices. The Tea Industry passed through the most difficult period in terms of prices during the year under review leading to lower average Assam sale price by about Rs. 5/- per kg as compared to previous year and the same affected your garden's average too. The cost of production continued to rise due to hike in labour cost, increase in prices of petroleum products and other input costs. During the year under review, One Coal Fired Heater with stoker was installed at your Tea Estate to reduce the firing cost. The work on Withering & Fermenting House, which was in progress during previous year, has been completed during the year.

During current year, the to date crop is marginally higher than last year. Though Sale Average till date is also higher by about Rs. 5/- per kg as compared to same period last year, it is feared that the same may drop below last year's level as the demand of Tea is sluggish and the prices are under pressure. Your Company is doing its utmost effort to make Quality Tea so that the same sells at reasonable level. The Division is fully availing the fiscal incentives provided under Section 33AB of the Income Tax Act, 1961 and planning to utilise the funds for installation of high efficient engines and increasing irrigation facilities at the garden.

Textile Division

General Review : Cotton textile industry in the country is still under severe recession. During the year under review, the division witnessed marginal increase in sales by 4% despite poor off-take and lower realisation. Moreover, the production value increased by 10%. The killer earthquake of 26th January, 2001 had affected Gujarat State. However we were lucky that there was no major damage to the properties of the division although productivity and market was affected.

During the year under review, cotton crop was very poor compared to the previous year due to continuous drought in major cotton growing states. Gujarat's cotton crop has been very low at 24 lacs bales only as against average crop of 38 to 40 lacs bales per year. Total cotton crop of the country during the year 2000-01 was about 135 lacs bales against