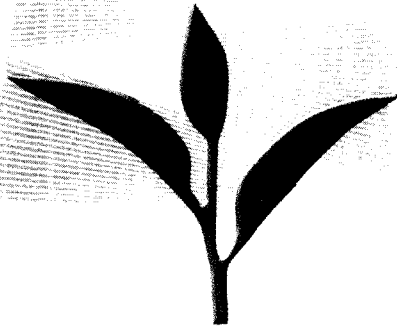


***Twentyfirst  
Annual Report  
&  
Accounts  
2003 - 2004***



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**Bengal Tea & Fabrics Ltd.**

# BENGAL TEA & FABRICS LIMITED

## BOARD OF DIRECTORS

**Mr. Adarsh Kanoria**  
*Chairman & Managing Director*

**Mr. Radhe Shyam Saraogi**  
*Wholetime Director*

**Mr. Golam Momen**  
**Mr. Supriya Gupta**  
**Mr. Dharendra Kumar**  
**Mr. Samveg A Lalbhai**

## COMPANY SECRETARY

**Mr. Lalit Dugar**

## REGISTERED OFFICE

45, Shakespeare Sarani  
4th Floor, Century Towers  
Kolkata 700 017, India  
Telefax Nos. : 2283-6416/17  
E-mail : [mail@bengaltea.com](mailto:mail@bengaltea.com)  
Website : [www.bengaltea.com](http://www.bengaltea.com)

## AUDITORS

**M/s. Jain & Co.**  
*Chartered Accountants*

## REGISTRAR & SHARE TRANSFER AGENT

**C.B. Management Services (P) Ltd.**  
P-22, Bondel Road, Kolkata 700 019  
Telephone : 2280-6692/93/94  
Fax : 91-033-2247-0263  
E-mail : [cbmsl1@cal2.vsnl.net.in](mailto:cbmsl1@cal2.vsnl.net.in)

## BANKERS

State Bank of India  
Punjab National Bank  
ICICI Bank Ltd.  
Citi Bank

## TEA DIVISION

**Ananda Tea Estate**  
P.O. Pathalipam 787 056  
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 21st Annual General Meeting of the Members of **Bengal Tea & Fabrics Limited** will be held at Bharatiya Bhasha Parishad, 4th Floor, 36-A, Shakespeare Sarani, Kolkata 700 017 on Friday, the 30th day of July, 2004 at 10.30 A.M. to transact the following business : -

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2004 and the Reports of the Directors' and Auditors' thereon.
2. To appoint Auditors in place of retiring Auditors, from the conclusion of the 21st Annual General Meeting until the conclusion of the 22nd Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**AS SPECIAL BUSINESS**

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution :  
"RESOLVED that Mr. Dharendra Kumar 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."
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution :  
"RESOLVED that Mr. Samveg A. Lalbhai 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."
5. 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, Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject to the approval of financial institutions/banks, if required, consent be and is hereby accorded to the Company for reappointment of Mr. Adarsh Kanoria as the Managing Director of the Company, for a period of three years with effect from 1st day of January, 2005 upon the terms and conditions contained in the draft agreement, placed before the 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."
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, Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject to the approval of financial institutions/banks, if required, consent be and is hereby accorded to the Company for reappointment of Mr. Radhe Shyam Saraogi as the Wholetime Director of the Company, for a period of three years with effect from 1st day of January, 2005 upon the terms and conditions contained in the draft agreement, placed before the 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."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as special resolution :  
"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded to delist the Equity Shares of the Company from The Stock Exchange, Ahmedabad."

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

By Order of the Board

Kolkata

LALIT DUGAR

Dated, the 16th day of June, 2004

Company Secretary

**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 21st day of July, 2004 to 30th day of July, 2004 (both days inclusive).
3. Members holding shares in dematerialised form are requested to bring their supporting evidence in respect of their Client ID & DP Nos. for easier identification of the attendance at the meeting.

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

4. 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 seven working days prior to the meeting so that the required information may be readily available at the meeting.
5. **Members still possessing the share certificates issued prior to 25th July, 1996 are requested to surrender the said share certificates for the reduced shareholdings as only the new share certificates are eligible for demat.**
6. **Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 3-7 of the Notice are as under :**

***In respect of Item No. 3***

**Mr. Dharendra Kumar**, aged about 62 years, was appointed as an Additional Director of the Company at the meeting of Board of Directors held on the 13th day of August, 2003 to hold office upto the date of the next Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956.

Mr. Dharendra Kumar, a B.E. (Mech) from New York University, has vast experience in the business of Tea and is an eminent personality of Tea Industry. Mr. Kumar is associated with a number of Chambers/Organisations, including Tea Association of India, Indian Tea Association, Calcutta Tea Traders Association, Bharat Chamber of Commerce etc. Mr. Kumar has also held the position of President of Bharat Chamber of Commerce and Tea Association of India.

Mr. Kumar holds the directorships of the following other companies : (i) Contemporary Polysacks Ltd. (ii) E.Hill & Co. Ltd. (iii) J.K.Paper Ltd. (iv) R.D.Tea Ltd. (v) Rosebud Commercial Co. (P) Ltd. (vi) Rukong Tea Estate (P) Ltd. (vii) Shwetambara Investment & Trading (P) Ltd. (viii) SIVPL Products (P) Ltd. (ix) SPBP Tea (India) Ltd. (x) SPBP Tea Plantation Ltd. (xi) The Scottish Assam (India) Ltd. Mr. Kumar is also the chairman of the audit committee of J.K.Paper Ltd.

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. Dharendra Kumar as a Director of the Company, whose period of office shall be liable to determination by retirement of directors by rotation.

No other director, except Mr. Dharendra Kumar, is personally interested or concerned in the above resolution.

The Board considers that the Company would benefit from the association of Mr. Dharendra Kumar and therefore recommends the resolution for your approval.

***In respect of Item No. 4***

**Mr. Samveg A. Lalbhai**, aged about 43 years, was appointed as an Additional Director of the Company at the meeting of Board of Directors held on the 6th day of May, 2004 to hold office upto the date of the next Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956.

Mr. Samveg A. Lalbhai, a Graduate in Commerce from Gujarat University, has vast experience in the business of Textiles and is an eminent personality of Textile Industry. Mr. Lalbhai is associated with a number of Chambers/Organisations, including FICCI, Indian Cotton Mills Federation, Gujarat Chamber of Commerce, Ahmedabad Textile Mills Association etc.

Mr. Samveg A. Lalbhai holds the directorships of the following other companies : (i) Arvind Farms (P) Ltd. (ii) Arvind Overseas (M) Ltd. (iii) Arvind Products Ltd. (iv) Arvind Worldwide Inc. USA (v) Atul Ltd. (vi) Gujarat Tool Room Ltd. (vii) Saumya Farms (P) Ltd. (viii) Sneh Farms (P) Ltd. (ix) The Anup Engineering Ltd. Mr. Lalbhai is also chairman of the committee of directors and shareholders grievance committee of Arvind Products Ltd.

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. Samveg A. Lalbhai as a Director of the Company, whose period of office shall be liable to determination by retirement of directors by rotation.

No other director, except Mr. Samveg A. Lalbhai, is personally interested or concerned in the above resolution.

The Board considers that the Company would benefit from the association of Mr. Samveg A. Lalbhai and therefore recommends the resolution for your approval.

***In respect of Item No. 5***

**Mr. Adarsh Kanoria**, aged about 38 years, having experience in the field of Tea and Textiles, was appointed as the Managing Director of the Company w.e.f. 1st day of January, 2002 for a period of three years and his tenure would expire on 31st day of December, 2004.

Mr. Kanoria is associated with the Company since long and in view of his vast experience, the Board of Directors of the Company at their meeting held on 16th day of June, 2004 has reappointed Mr. Adarsh Kanoria as the Managing Director of the Company for a further period of three years w.e.f. 1st January, 2005 on the terms and conditions mentioned in the draft agreement, to be entered into between the Company and Mr. Adarsh Kanoria.

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

In accordance with the requirements of Schedule XIII to the Companies Act, 1956 it is informed that the Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year 2003-2004 and the Remuneration Committee, vide a resolution, has also approved the remuneration payable to Mr. Adarsh Kanoria.

Mr. Adarsh Kanoria holds the directorships of the following other companies : (i) Ambalika Commerce (P) Ltd. (ii) Kanoria Exports (P) Ltd. (iii) Rydak Enterprises & Investment Ltd.

The abstract of terms and conditions including remuneration governing the reappointment of Mr. Adarsh Kanoria as the Managing Director of the Company is as under:

**Tenure:** 3 years starting from 1st day of January, 2005 and ending on 31st day of December, 2007

**Salary:** Rs.1,00,000/- (Rupees One Lac only) per month

**Commission:** Nil

**Perquisites:** Subject to a maximum ceiling to one-half of the annual salary.

- (a) Mr. Adarsh Kanoria would be entitled for the perquisites consisting of Housing, Motor Car with chauffeur, Fringe Benefits like gas, electricity, water, furnishings etc, Phone facilities, Medical Benefits (comprising mediclaim for self and family, personal accident insurance & medical allowance), Leave Travel Assistance for self and family, Club Fees etc. The above perquisites would be valued in accordance with the Income Tax Rules, 1962, wherever applicable.
- (b) Mr. Adarsh Kanoria would be entitled for a leave of 30 days in a year, subject to maximum ceiling of 90 days carry forward, encashable at the end of the service. He would also be entitled for contributions of the Company, towards the provident and superannuation fund to the extent of, either singly or put together, are not taxable under the Income Tax Act, 1961. He would also be entitled for gratuity in accordance with the applicable rules.

In the event of loss or inadequacy of profits, Mr. Adarsh Kanoria would be paid a monthly remuneration not exceeding the applicable ceiling laid down in Part II of the Schedule XIII to the Companies Act, 1956.

**Variation/Termination of the Agreement :** The terms and conditions of the agreement may be varied from time to time by the Board of Directors of the Company, within the maximum amount payable in accordance with the applicable provisions of the Companies Act, 1956. The Company as well as Mr. Adarsh Kanoria shall have the right to terminate the agreement by giving the other party three months clear notice in writing, subject to the discretion of the Board of the Directors of the Company to agree to a shorter notice.

The draft of the agreement, to be executed between the Company and Mr. Adarsh Kanoria, as approved by the Board of Directors, would be 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 would also be available at the Annual General Meeting.

No other director, except Mr. Adarsh Kanoria, is personally interested or concerned in the above resolution.

The Board considers that the Company would benefit from the continuation of Mr. Adarsh Kanoria as the Managing Director and therefore recommends the resolution for your approval.

The above should be considered as an abstract of the terms of the appointment of Mr. Adarsh Kanoria as the Managing Director of the Company and a memorandum of concern or interest in the said appointment in accordance with the provisions of Section 302 of the Companies Act, 1956.

***In respect of Item No. 6***

**Mr. Radhe Shyam Saraogi**, aged about 64 years, has in-depth knowledge of Textile Industry and his tenure as the Wholetime Director of the Company would expire on 31st day of December, 2004.

Mr. Saraogi is associated with the Company since long and in view of his vast experience, the Board of Directors of the Company at their meeting held on 16th day of June, 2004 has reappointed Mr. Radhe Shyam Saraogi as the Wholetime Director of the Company for a further period of three years w.e.f. 1st January, 2005 on the terms and conditions mentioned in the draft agreement, to be entered into between the Company and Mr. Radhe Shyam Saraogi.

In accordance with the requirements of Schedule XIII to the Companies Act, 1956 it is informed that the Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year 2003-2004 and the Remuneration Committee, vide a resolution, has also approved the remuneration payable to Mr. Radhe Shyam Saraogi.

Mr. Radhe Shyam Saraogi does not hold any other directorships.

The abstract of terms and conditions including remuneration governing the reappointment of Mr. Radhe Shyam Saraogi as the Wholetime Director of the Company is as under :

**Tenure:** 3 years starting from 1st day of January, 2005 and ending on 31st day of December, 2007

**Salary:** Rs.50,000/- (Rupees Fifty Thousand only) per month



**BENGAL TEA & FABRICS LIMITED****NOTICE (Contd.)****Commission:** Nil**Perquisites:** Subject to maximum ceiling to an amount equal to the annual salary.

- (a) Mr. Radhe Shyam Saraogi would be entitled for the perquisites consisting of Housing/House Rent Allowance, Motor Car with chauffeur, Fringe Benefits like gas, electricity, water, furnishings etc, Phone facilities, Medical Benefits (comprising mediclaim for self and family, personal accident insurance & reimbursement of medical expenses incurred for self and family), Leave Travel Assistance for self and family, Club Fees etc. The above perquisites would be valued in accordance with the Income Tax Rules, 1962, wherever applicable.
- (b) Mr. Radhe Shyam Saraogi would be entitled for a leave of 45 days in a year, subject to maximum ceiling of 120 days carry forward. He would also be entitled for contributions of the Company, towards the provident and superannuation fund to the extent of, either singly or put together, are not taxable under the Income Tax Act, 1961. He would also be entitled for gratuity in accordance with the applicable rules.

In the event of loss or inadequacy of profits, Mr. Radhe Shyam Saraogi would be paid a monthly remuneration not exceeding the applicable ceiling laid down in Part II of the Schedule XIII to the Companies Act, 1956.

**Variation/Termination of the Agreement :** The terms and conditions of the agreement may be varied from time to time by the Board of Directors of the Company, within the maximum amount payable in accordance with the applicable provisions of the Companies Act, 1956. The Company as well as Mr. Radhe Shyam Saraogi shall have the right to terminate the agreement by giving the other party three months clear notice in writing.

The draft of the agreement, to be executed between the Company and Mr. Radhe Shyam Saraogi, as approved by the Board of Directors, would be 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 would also be available at the Annual General Meeting.

No other director, except Mr. Radhe Shyam Saraogi, is personally interested or concerned in the above resolution.

The Board considers that the Company would benefit from the continuation of Mr. Radhe Shyam Saraogi as the Wholetime Director and therefore recommends the resolution for your approval.

The above should be considered as an abstract of the terms of the appointment of Mr. Radhe Shyam Saraogi as the Wholetime Director of the Company and a memorandum of concern or interest in the said appointment in accordance with the provisions of Section 302 of the Companies Act, 1956.

**In respect of Item No. 7**

The Equity Shares of the Company are listed on the following Stock Exchanges :

- (i) The Stock Exchange, Mumbai (BSE)
- (ii) The Calcutta Stock Exchange Association Limited (CSE)
- (iii) The Stock Exchange, Ahmedabad (ASE) and
- (iv) The Guahati Stock Exchange Association Limited (GSE) [Application of Delisting is pending with the Stock Exchange].

The equity shares of the Company are under the list of "compulsory delivery in dematerialised form by all investors". On perusal of the trading pattern of the equity shares of the Company during last 4/5 years, it appears that the investors prefer to trade on the Stock Exchanges having nationwide trading terminals, resulting into nil or insignificant trading on other Stock Exchanges.

The annual listing fees and related administrative cost incurred by the Company towards the continuity of listing of the equity shares of the Company on the Stock Exchange, Ahmedabad does not offer commensurate benefits to the investors including the members located in Ahmedabad. Therefore, the Board of Directors, at their meeting held on 16th day of June, 2004 has decided to delist the equity shares of the Company from the Stock Exchange, Ahmedabad, subject to requisite approvals/formalities.

In accordance with the Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003, exit opportunity is not required to be given as the equity shares of the Company continue to be listed on the Stock Exchange, Mumbai having nationwide trading terminals with extensive network. Therefore, the proposed delisting would not affect adversely the interest of the investors including the members located in Ahmedabad.

None of the directors is personally interested or concerned in the above resolution.

The proposed delisting is in the interest of the Company, hence the Board recommends the resolution for your approval as a Special Resolution.

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

Dear Members,

The Directors of the Company present their 21st Annual Report and Audited Accounts for the year ended 31st March, 2004.

**FINANCIAL RESULTS**

The financial results for the year ended 31st March, 2004 and the corresponding figures for the last year are as under :

	(Rupees in Lacs)			
	2003-2004		2002-2003	
Profit before Interest, Depreciation and Tax		1316.77		1360.26
Less : Interest	510.63		624.19	
Depreciation	680.62	1191.25	672.69	1296.88
Profit after Interest & Depreciation		125.52		63.38
Less : Provision for Taxation	31.00		29.00	
Provision for Deferred Taxation	7.74		(20.41)	
Excess/Short provision of Taxation for earlier years	(4.72)	34.02	7.27	15.86
Profit after Tax		91.50		47.52
Less : Debit balance brought forward		708.50		756.02
Debit balance carried to Balance Sheet		617.00		708.50

**DIVIDEND**

In order to conserve the resources of the Company, the Directors do not recommend any dividend for the year ended 31st March, 2004.

**OPERATIONS****Tea Division**

Tea Industry has been passing through a difficult period for the last few years due to surplus production and lower export. The situation was further compounded during 2003-2004 with all India tea production increasing by about 4% and export declining by about 18%.

Your Company has followed a policy of producing quality tea whereby we have achieved almost same sales realization as compared to previous year inspite of average realization of North Indian tea lower by about 8%. On the production front, our own crop has been marginally higher but total production has been higher by 7.67% due to processing of more quantities of purchased tea leaves.

The Division has invested about Rs. 40 lacs to increase the withering capacity, financed mainly by utilizing the amount deposited with NABARD in accordance with Section 33AB of the Income Tax Act, 1961.

The outlook for the current year appears to be promising, as there is lower carryover of tea from last year and expected increase in exports to Pakistan, Iran and Iraq.

**Textile Division**

It has been a good year for the Textile Industry due to better demand of yarn and fabrics in the export markets, particularly in the second half of the year. Inspite of good cotton crop of 17 million bales, cotton prices were higher during the year, due to high international prices.

The performance of the Division, during the year under review, has been satisfactory and there has been a saving in the interest cost due to softening of interest rates, better working capital management and repayment of term loans.

The Textile Division of the Company has also bagged ISO : 9001 : 2000 from Bureau of Indian Standard for quality management system in respect of cotton & blended yarn; the benefits of the same would accrue from current year onwards.

At present the Division is affected due to lower yarn realization and strong Rupee against US \$. It is expected that there will be a bumper cotton crop during 2004-2005. Further, removal of quotas under WTO, from 1st January 2005, may open up many new opportunities for marketing our products, in the international markets.

**CHANGE IN ADDRESS OF REGISTERED OFFICE**

We are glad to inform you that the Registered Office of the Company was shifted from 5th Floor, 9, Biplabi Trailokya Maharaj Sarani, Kolkata 700 001 to Century Towers, 4th Floor, 45, Shakespeare Sarani, Kolkata 700 017 w.e.f. 6th day of September, 2003.

**BENGAL TEA & FABRICS LIMITED****DIRECTORS' REPORT (Contd.)****VOLUNTARY DELISTING OF EQUITY SHARES OF THE COMPANY FROM THE STOCK EXCHANGE, AHMEDABAD**

It has been proposed to seek the approval of the members of the Company for delisting of the equity shares of the Company from the Stock Exchange, Ahmedabad, as set out in the Notice of the forthcoming Annual General Meeting.

**CORPORATE GOVERNANCE**

In compliance with Clause 49 of the Listing Agreement, the Report on Corporate Governance comprising Management Discussion & Analysis Report is annexed herewith.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors hereby confirm :

- i. That the Company had followed the applicable accounting standards in the preparation of the annual accounts for the year ended 31st March, 2004;
- ii. That the Directors have made judgments and estimates that are reasonable and prudent and have selected accounting policies and applied them consistently to give true and fair view of the state of affairs of the Company as at 31st March 2004 and its profit for the year ended on that date;
- iii. That the Company has a proper and adequate system of internal control to ensure that all assets are safeguarded against losses and the system is capable of detecting fraud and other irregularities;
- iv. That the annual accounts placed before you have been prepared on a going concern basis.

**FIXED DEPOSITS**

Despite several reminders, a sum of Rs. 31,500/- remained unclaimed as on date as well as on 31st March, 2004 towards the fixed deposits accepted from public and matured for repayment.

**DIRECTORS**

Mr. Dharendra Kumar and Mr. Samveg A. Laibhai, who were appointed as the additional directors of the Company w.e.f. 13th day of August, 2003 and 6th day of May, 2004 respectively, vacate their offices at the 21st Annual General Meeting of the Company and being eligible, offer themselves for appointment.

Mr. Haigreve Khaitan and Mr. Suresh Kumar Hada resigned from the Board w.e.f. 13th day of August, 2003 and 26th day of May, 2004 respectively. The Company places on record its appreciation of the services rendered by them during their tenure.

**AUDITORS**

Messrs Jain & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the 21st Annual General Meeting and being eligible, expressed their willingness to continue, if so appointed.

**PERSONNEL**

The Company operates in labour intensive business and the relations with the personnel generally remained cordial throughout the year. There had been some labour unrest at the Ananda Tea Estate on 31st day of March, 2004 following which the Management had to declare lock out which was lifted w.e.f. 10th day of April, 2004 and situation remains normal since then.

The Board expresses its appreciation for the contribution of the employees at all levels. During the year under review, the Company had no employee drawing remuneration in excess of the limit prescribed under Section 217(2A) of the Companies Act, 1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

A statement showing additional information on conservation of energy, technology absorption and foreign exchange earnings and outgo, as required pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed forming part of this Report.

**ACKNOWLEDGEMENT**

The Directors appreciate the cooperation and timely assistance extended by Financial Institutions, Banks and all other associates and look forward to continued fruitful association with all business partners of the Company.

For and on behalf of the Board

Kolkata

Dated, the 16th day of June, 2004

ADARSH KANORIA  
Chairman



**BENGAL TEA & FABRICS LIMITED****ANNEXURE TO THE DIRECTORS' REPORT**

**INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2004**

**CONSERVATION OF ENERGY****Energy Conservation measures taken:**

The Company has taken following steps to conserve the energy :

- (a) The Company had installed 2016 spindles of LR-6 with 18.5mm wharve dia 36mm rings, with 160mm spindle size, which consume less power.
- (b) Installed 1700 Electronic ballast in place of conventional copper ballast. Electronic ballast saves 15% lighting load.
- (c) Installed temperature controller to save electric energy in air-conditioning plant.
- (d) The Company has introduced high efficiency luwa nozzles in the spray bank to save energy in humidification plant.
- (e) Replacement of conventional tube light by high lumen tube light which saves about 25% lighting load.

As a result of (a) to (e) above, energy consumption per unit of production is expected to come down and the cost of production would also be affected positively to that extent.

**Pollution Control**

- Installation of central waste evacuation system for removal of card waste and micro dust.
- Necessary modification is carried out for Effluent Treatment Plant & Sludge collection system. Consolidated consents and authorisations under the Provisions/Rules of the water, Air (Prevention and Control of Pollution) Act and authorisation under the rules of hazardous waste (management and handling) under the Environmental (Protection) Act has been received.

Total energy consumption per unit of production are furnished in the prescribed Form "A" annexed hereto.

**FORM-A****Particulars with respect to Conservation of Energy****(A) POWER & FUEL CONSUMPTION**

	TEA		TEXTILE	
	Current year	Previous year	Current year	Previous year
<b>1. Electricity</b>				
a) Purchased (Units)	—	—	13,93,550	3,870
Total Amount (Rs.)	—	—	68,63,583	3,56,173
Rate/Unit (Rs.)	—	—	4.93	92.03
(b) Own Generation				
(i) Through Diesel (Units)	12,81,901	11,98,493	14,70,045	22,81,685
Unit per ltr. of Diesel	3.52	3.29	3.42	3.38
Cost/Unit (Rs.)	5.62	5.28	4.71	3.59
(ii) Through Furnace Oil Generator (Units)	—	—	3,23,29,200	3,15,77,400
Unit per ltr. of F.O.	—	—	4.23	4.28
Cost/Unit (Rs.)	—	—	2.47	2.50
<b>2. Coal (Specify quality and where used)</b>				
Quantity (Tonnes)	1,318	1,019	2,443	2,165
Total Cost (Rs.)	28,86,038	22,13,689	34,94,642	25,05,501
Average Rate (Rs.)	2,189	2,172	1,430	1,157
Quality : Dust khasi, 4500 kilo calories/kg.				
Used in drier : Ash 40% to 60% and 30% to 35%				
<b>3. Furnace Oil</b>				
Quantity (K. Ltr.)	66	55	7,649	7,378
Total Amount (Rs.)	10,61,159	7,72,394	7,97,60,310	7,89,49,771
Average Rate (Rs.)/K.Ltr.	16,067	14,031	10,427	10,701

**(B) CONSUMPTION PER UNIT OF PRODUCTION**

	Unit	Current year	Previous year
(i) <b>Black Tea</b>	Kg.		
Electricity	Unit	0.73	0.73
Furnace Oil	Ltrs.	0.04	0.03
Coal (Quality as above)	Kgs.	0.75	0.62
(ii) <b>Yarn</b>	Kg.		
Electricity	Unit	4.44	4.21
Coal	Kgs.	0.64	0.98
(iii) <b>Cloth</b>	Mtr.		
Electricity	Unit	0.57	0.57
Coal	Kgs.	0.29	0.35

For the above, there is no prescribed standard.

The variation in consumption of power and fuel from previous year is due to change of quality and process.

**BENGAL TEA & FABRICS LIMITED****ANNEXURE TO THE DIRECTORS' REPORT (Contd.)****FORM-B****RESEARCH & DEVELOPMENT (R & D)**

	TEA	TEXTILE															
(1) Specific areas in which R & D carried out by the Company	The Division subscribes to Tea Research Association which is registered u/s 35(1)(ii) of the Income Tax Act, 1961.	The Division is stressing on quality and installed JT-10 and Jet Dyeing machine and LMW LC 300 A Cards. R & D has also been carried out in the area of pre-opening of cotton to open bale cotton matted layers into small, uniform tuft size before processing into Blow Room. Computerised colour matching for dyeing of fabric has been implemented.															
(2) Benefits derived as a result of the above R & D	The Division benefits from the suggestions received from the Association out of R & D activities.	The Division has reaped a lot of benefits including improvement in quality of products and saving in costs.															
(3) Future plan of action	The Division wishes to continue the membership of Tea Research Association.	The Division wishes to further replace LR G5/1 ring frame with LR/6S ring frames to improve productivity and quality with an eye to conserve energy.															
(4) Expenditure on R & D		<table> <tr> <th></th><th>2003-2004</th><th>2002-2003</th></tr> <tr> <td>(a) Capital (Rs.)</td><td>Rs. 2,57,033</td><td>Rs.27,02,571</td></tr> <tr> <td>(b) Recurring (Rs.)</td><td>Rs.11,41,525</td><td>Rs.12,45,744</td></tr> <tr> <td>(c) Total (Rs.)</td><td>Rs.13,98,558</td><td>Rs.39,48,315</td></tr> <tr> <td>(d) Total R &amp; D Expenditure as a percentage of total turnover</td><td>Nil</td><td>0.14%      0.42%</td></tr> </table>		2003-2004	2002-2003	(a) Capital (Rs.)	Rs. 2,57,033	Rs.27,02,571	(b) Recurring (Rs.)	Rs.11,41,525	Rs.12,45,744	(c) Total (Rs.)	Rs.13,98,558	Rs.39,48,315	(d) Total R & D Expenditure as a percentage of total turnover	Nil	0.14%      0.42%
	2003-2004	2002-2003															
(a) Capital (Rs.)	Rs. 2,57,033	Rs.27,02,571															
(b) Recurring (Rs.)	Rs.11,41,525	Rs.12,45,744															
(c) Total (Rs.)	Rs.13,98,558	Rs.39,48,315															
(d) Total R & D Expenditure as a percentage of total turnover	Nil	0.14%      0.42%															

**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION**

	TEA	TEXTILE
1 Efforts, in brief, made towards technology absorption, adaptation & innovation.	Not applicable	i) In CPP one cooling tower is installed to improve cooling. ii) Installation of 2016 spindles of LR/6S ring frames and 3 Nos of LMW latest LC-300 A Cards. iii) Improvement in the environment condition in spinning preparatory section by installation of Automatic Waste Evacuation system.
2 Benefits derived as a result of above efforts.	Not applicable	(i) Improvement in productivity and quality of products, saving in power consumption and labour cost. (ii) Better environmental conditions & reduction in pollution.
3 There is no imported technology involved.		

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year 2003-2004, the Company had contributed about Rs. 47 Crores (net of outgo) to the exchequer in the form of valuable foreign exchange money.

	(Amount in Rs. Lacs)	
	2003-2004	2002-2003
1. Foreign Exchange Earnings	4842.72	4896.43
2. Foreign Exchange Outgo	100.52	92.89

For and on behalf of the Board

Kolkata  
Dated, the 16th day of June, 2004

ADARSH KANORIA  
Chairman