



Bengal Tea and Fabrics Limited

ANNUAL REPORT 2010



BOARD OF DIRECTORS

Mr. Adarsh Kanoria
Chairman & Managing Director

Mr. Radhe Shyam Saraogi
Whole-time Director

Mr. Golam Momen
Mr. Dharendra Kumar
Mr. Samveg A Lalbhai
Mr. Abhijit Datta

COMPANY SECRETARY

Mrs. Manisha Lath

AUDITORS

M/s. Jain & Co.
Chartered Accountants

BRANCH AUDITORS

M/s Sorab S. Engineer & Co.
Chartered Accountants

COST AUDITORS

M/s N. D. Birla & Co.
Cost Accountants

BANKERS

State Bank of India
Punjab National Bank
Bank of India

TEA DIVISION

Ananda Tea Estate
P. O. Pathalipam - 787 056
Dist. North Lakhimpur (Assam)

TEXTILE DIVISION

Asarwa Mills
Asarwa Road
Ahmedabad - 380 016 (Gujarat)

REGISTERED OFFICE

45, Shakespeare Sarani
4th Floor, Century Towers
Kolkata - 700 017
Telefax Nos. : +91 33 2283 6416/17
E-mail : investor@bengaltea.com
Website : www.bengaltea.com

REGISTRAR & SHARE TRANSFER AGENT

C. B. Management Services (P) Ltd.
P-22, Bondel Road, Kolkata - 700 019
Phone : +91 33 4011 6716-17/23/28, 2280 6692-94
Fax : +91 33 2287 0263
E-mail : rta@cbmsl.com

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NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of **Bengal Tea & Fabrics Limited** will be held at "Kalakunj", 48, Shakespeare Sarani, Kolkata - 700 017 on Saturday the 31st day of July, 2010 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, 2010 and the Reports of the Directors' and Auditors' thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Dharendra Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Samveg A Lalbhai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors in place of retiring Auditors, from the conclusion of the 27th Annual General Meeting until the conclusion of the 28th Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Abhijit Datta, who has been appointed as an Additional Director of the Company by Board of Directors under Section 260 of the Companies Act, 1956 and who holds office upto date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special 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 Bank(s)/Financial Institution, consent be and is hereby accorded to the Company for re-appointment of Mr. Adarsh Kanoria, as the Managing Director of the Company, for a period of three years with effect from 1st day of January, 2011 upon the terms and conditions contained in the draft agreement approved by a resolution passed by Remuneration Committee and Board of Directors of the Company and as set out in the Explanatory Statement attached to notice of the 27th Annual General Meeting."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all steps and perform such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special 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 Bank(s)/Financial Institution, consent be and is hereby accorded to the Company for re-appointment of Mr. Radhe Shyam Saraogi, as the Whole-time Director of the Company, for a period of three years with effect from 1st day of January, 2011 upon the terms and conditions contained in the draft agreement approved by a resolution passed by Remuneration Committee and Board of Directors of the Company and as set out in the Explanatory Statement attached to notice of the 27th Annual General Meeting."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all steps and perform such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

Registered Office :
45, Shakespeare Sarani
Kolkata - 700 017
Dated, the 14th day of May, 2010

By Order of the Board

Manisha Lath
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 24th day of July, 2010 to 31st day of July, 2010 (both days inclusive).
3. Members holding shares in dematerialized 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.
4. Members desirous of getting any information on the accounts or operations of the Company are requested to forward their 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, 1998 are requested to surrender the said share certificates for the reduced shareholdings as only the new share certificates are eligible for demat.**
6. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company provides the facility of payment of dividend through ECS. Members desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agents.
7. The brief profile of the Directors seeking appointment/re-appointment including relevant particulars relating to them are furnished in the Corporate Governance Report forming part of the Annual Report, as required under clause 49(IV)(G) of the Listing Agreement.

8. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 6-8 of the Notice are as under :

In respect of Item No. 6

Pursuant to the Article 82 of the Articles of Association of the Company and in terms of Section 260 of the Companies Act 1956, Shri Abhijit Datta was appointed as Additional Director w.e.f. 27th day of July, 2009 on the board of the Company. Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director upto the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a shareholder proposing the name of Shri Abhijit Datta as Director of the Company. The board recommends that he may be appointed as Director liable to retire by rotation. Your Directors recommend the resolution for approval of the shareholders. Shri Abhijit Datta is interested in the resolution to the extent of his appointment as Director.

In respect of Item No. 7

Mr. Adarsh Kanoria, aged about 43 years, having experience in the field of Tea & Textiles, was appointed as the Managing Director of the Company w.e.f. 1st day of January, 2008 for a period of three years and his tenure would expire on 31st day of December, 2010. He holds 5,36,137 shares of the Company as on 31.03.2010.

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 14th day of May, 2010 has re-appointed Mr. Adarsh Kanoria as the Managing Director of the Company for a further period of three years w.e.f. 1st January, 2011 on terms and conditions mentioned in the draft agreement, to be entered into between the Company and Mr. Adarsh Kanoria.

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 2009-2010 and the Remuneration Committee, vide a resolution has also approved the remuneration payable to Mr. Adarsh Kanoria. A statement containing the requisite information in accordance with the requirement of Section II(B)(iv) of Part II of Schedule XIII to the Companies Act, 1956 is also attached.

Mr. Adarsh Kanoria hold the Directorships of the following other Companies : (i) Ambika Commerce Pvt. Ltd. (ii) Kanoria Exports Pvt. Ltd. (iii) Rydak Enterprises & Investment Ltd. (iv) Eskay Udyog Ltd.

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

Tenure : 3 years starting from 1st day of January, 2011 and ending on 31st December, 2013.

Salary : Rs. 2,75,000/- (Rupees Two Lac Seventy Five Thousand only) per month.

Commission : The Company shall also pay commission not more than @ 2% of the net profits of the Company as computed in the manner laid down in Section 309(5) of the Companies Act, 1956.

Perquisites : The value of perquisites referred in item (i) to (vi) below shall be evaluated as per Income Tax Rules, 1962, wherever applicable and shall be subject to maximum ceiling of 27% (Twenty Seven percent) of annual salary.

- (i) *Housing* : Rent-free furnished accommodation with provision of Gas, Electricity and Water shall be provided by the Company and in case no accommodation is provided, the Company shall pay House Rent Allowance @ 20% of Salary.
- (ii) *Leave Travel Assistance* : Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year, subject to ceiling of Rs. 1,00,000/- (Rupees One Lac) per annum.
- (iii) *Medical Benefits* :
 - Payment of Mediclaim Insurance for self and family or any reimbursement thereof by the Company;
 - Personal Accident Insurance for self subject to maximum premium of Rs.10,000/- (Rs. Ten Thousand only) per annum; and
 - Medical reimbursement for self and family, subject to ceiling of fifteen days salary in a year.
- (iv) *Club Fees* : Fees of clubs, subject to maximum of two clubs. (Excluding life membership and admission fees).
- (v) *Motor Car* : Provision of car with driver for use on Company's business as well as for personal use.
- (vi) *Telephone* : Telephone at residence. Personal long distance calls shall be billed by the Company.
- (vii) *Reimbursement of Expenses* : The Managing Director shall be entitled for reimbursement/payment of entertainment and/or other expenses, if any, actually and properly incurred for and on behalf of the Company and such payment shall not form part of the remuneration for the purpose of computation of ceilings, wherever applicable.
- (viii) *Earned Leave* : The Managing Director shall be entitled for a leave of 45 days in a year, subject to the maximum ceiling of 90 days for carry forward, encashable at the time of termination of service. Such encashment of leave shall not form part of the remuneration for the purpose of computation of ceilings, wherever applicable.
- (ix) *Retirement Benefits* : The Company shall make contributions to provident fund to the extent same is not taxable under the Income Tax Act, 1961. Gratuity shall be payable in accordance with the applicable rules. The retirement benefits shall not form part of the remuneration for the purpose of computation of ceilings, wherever applicable, so far, these do not exceed the limits prescribed in Schedule XIII to the Companies Act, 1956.

Bengal Tea & Fabrics Limited

In the event of loss or inadequacy of profits :

In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid a monthly remuneration not exceeding the applicable ceiling laid down in Part II of the Schedule XIII to the Companies Act, 1956.

1. That the Managing Director shall not become interested or otherwise concerned directly or through his wife and/or minor children, in any selling agency of the Company without the prior approval of the Central Government, as long as he functions as the Managing Director of the Company.
2. That the Managing Director shall not be entitled for any sitting fees for attending the meeting of the Board of Directors of the Company or any Committees thereof, as long as he functions as the Managing Director of the Company.
3. That the Managing Director shall not be liable to retire by rotation in accordance with the provisions of Section 255 of the Companies Act, 1956.
4. That the Managing Director as well as the Company shall have the right to terminate this agreement by giving the other party three months' notice in writing, subject to the discretion of the Board of Directors of the Company, to agree at a shorter notice.
5. That the terms and conditions of this agreement of service, may be varied from time to time by the Board of Directors of the Company, within the maximum amount payable to the said Managing Director in accordance with the applicable provisions of the Companies Act, 1956.

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 as Special Resolution.

The above may also 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. 8

Mr. Radhe Shyam Saraogi, aged about 70 years, has in-depth knowledge of Textile Industry and his tenure as the Whole-time Director of the Company would expire on 31st day of December, 2010. He does not hold any shares of the Company as on 31.03.2010.

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 14th day of May, 2010 has re-appointed Mr. Radhe Shyam Saraogi as the Whole-time Director of the Company for a further period of three years w.e.f. 1st January, 2011 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 2009-2010 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 the terms and conditions including remuneration governing the re-appointment of Mr. Radheshyam Saraogi as the Whole-time Director of the Company is as under :

Tenure : 3 Years starting from 1st day of January, 2011 and ending on 31st December, 2013

Salary : Basic per month : Rs. 82,000 - Rs. 90,000 - Rs. 1,00,000.

Allowance

& Perquisites : The value of allowance and perquisites referred in item (i) to (vii) below shall be evaluated as per Income Tax Rules, 1962 wherever applicable and shall be subject to maximum ceiling of amount equal to annual salary.

- (i) *House Rent Allowance* : The Company shall pay house rent allowance @ 10% of the salary.
- (ii) *Gas Electricity and Water* : The value of Gas, Electricity and Water provided by the Company shall be subject to ceiling of 10% of the annual salary.
- (iii) *Leave Travel Assistance* : Actual amount incurred in respect of leave travel for proceeding to any place in India for self and family once in a year, shall be reimbursed, subject to ceiling of one month salary.
- (iv) *Medical Benefits* :
 - (a) Personal Accident Insurance for self subject to maximum premium of Rs. 5,000/- (Rupees Five Thousand) per annum;
 - (b) Payment of Mediclaim Insurance for self and family or any reimbursement thereof by the Company; and
 - (c) Reimbursement of Medical expenses incurred for self and family, subject to ceiling of fifteen days salary in a year.
- (v) *Club Fees* : Fees of clubs, subject to maximum of two clubs limited to Rs.10,000/- (Rupees Ten Thousand) per annum (Excluding life membership and admission fees).
- (vi) *Motor Car* : Provision of car with driver for use on Company's business as well as for personal use.
- (vii) *Telephone* : Telephone at residence. Personal long distance calls shall be billed by the Company.

- (viii) *Earned Leave* : The Whole-time Director shall be entitled for a leave of 45 days in a year, and such leave if not availed can be encashed by Whole-time Director during the tenure of appointment. Further leave can be carried forward up to a maximum of 120 days and encashment of leave at the end of the tenure shall not form part of the remuneration for the purpose of computation of ceilings, wherever applicable.
- (ix) *Reimbursement of Expenses* : The Whole-time Director shall be entitled for reimbursement/payment of entertainment and/or other expenses, if any, actually and properly incurred for and on behalf of the Company and such payment shall not form part of the remuneration for the purpose of computation of ceilings, wherever applicable.
- (x) *Retirement Benefits* : The Company shall make contributions to the provident fund & superannuation fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity shall be payable in accordance with the applicable rules. The above retirement benefits shall not form part of the remuneration for the purpose of computation of ceilings, wherever applicable, so far, these do not exceed the limits prescribed in Schedule XIII to the Companies Act, 1956.

In the event of loss or inadequacy of profits

In the event of loss or inadequacy of profits, the Whole-time Director shall be paid a monthly remuneration not exceeding the applicable ceiling laid down in Section II of Part II of the Schedule XIII to the Companies Act, 1956.

1. That the Whole-time Director shall not become interested or otherwise concerned directly or through his wife and/or minor children, in any selling agency of the Company without the prior approval of the Central Government, as long as he functions as the Whole-time Director of the Company.
2. That the Whole-time Director shall not be entitled for any sitting fees for attending the meeting of the Board of Directors of the Company or any Committees thereof, as long as he functions as the Whole-time Director of the Company.
3. That the Whole-time Director shall not be liable to determination by retirement of Directors by rotation in accordance with the provisions of Section 255 of the Companies Act, 1956.
4. That the Whole-time Director as well as the Company shall have the right to terminate the agreement by giving the other party three months notice in writing, subject to the discretion of the Board of Directors of the Company, to agree at a shorter notice.
5. That the terms and conditions of this agreement of service, may be varied from time to time by the Board of Directors of the Company, within the maximum amount payable to the Whole-time Director in accordance with the applicable provisions of the Companies Act, 1956.

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 Whole-time Director and therefore recommends the resolution for your approval as Special Resolution.

The above may also be considered as an abstract of the terms of the appointment of Mr. Radhe Shyam Saraogi as the Whole-time 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.

STATEMENT CONTAINING INFORMATION AS REQUIRED UNDER SECTION II(B)(iv) OF PART II OF SCHEDULE XIII AND FORMING PART OF THE NOTICE OF 27TH ANNUAL GENERAL MEETING

I. General Information

- (1) *Nature of Industry* : Manufacture of Tea, Yarn and Fabrics
- (2) *Date or expected date of commencement of commercial production* : The Company, incorporated in 1983, is an existing Company. Commercial production has already commenced.
- (3) *In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus* : NOT APPLICABLE
- (4) Financial performance based on given indicators :

(Rs. in Lacs)

Financial Year ended	31.03.2010	31.03.2009
Gross Sales & Other Income	15786.67	12981.86
Profit before Tax	1134.69	110.50
Profit after Tax	799.55	143.29
Profit as per Section 198	1191.94	166.37
Equity Share Capital	900.60	900.60
Reserve and Surplus (excluding revaluation reserve)	3820.65	3175.85
Net Worth	4717.65	4016.19

Bengal Tea & Fabrics Limited

(5) *Export performance and net foreign exchange collaborations :*

(Rs. in Lacs)

Financial Year ended	31.03.2010	31.03.2009
Foreign Exchange Earnings (FOB Value of exports)	2737.40	2975.05
Foreign Exchange Outgo	146.76	1830.12

(6) *Foreign investments or collaborations, if any :* NIL

II. INFORMATION ABOUT THE APPOINTEE

Mr. Adarsh Kanoria

- (1) *Background details :* Mr. Adarsh Kanoria, Chairman and Managing Director of the Company is a Commerce Graduate with Honours and did a Diploma in Case Studies from Harvard Business School, U.S.A. Mr. Kanoria has over 22 years experience in Tea and Textile business. Mr. Kanoria is a reputed industrialist in Eastern India. He is a committee Member of Confederation of Indian Textile Industries and Indian Chamber of Commerce.

(2) *Past remuneration :*

Salary : Rs. 2,50,000/- (Rupees Two Lac Fifty Thousand only) per month

Perquisites : The following perquisites, subject to a maximum ceiling of 40% of the annual salary are paid to Mr. Adarsh Kanoria :

- (a) Provision of House, Motor Car with Chauffer, 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 are valued in accordance with the Income Tax Rules, 1962, wherever applicable.
- (b) Mr. Adarsh Kanoria is entitled for a leave of 45 days in a year, subject to maximum ceiling of 90 days carry forward, encashable at the end of the service. The Company contributes, towards provident fund to the extent the same is not taxable under the Income Tax Act, 1961. He is also entitled for gratuity in accordance with the applicable rules.

Further there is a provision of payment of monthly remuneration not exceeding the applicable ceiling laid down in part II of the Schedule XIII to the Companies Act, 1956, in the event of loss or inadequacy of profits.

- (3) *Recognition or Awards :* The Textile Division of the Company is a One Star Export House recognized by Director General of Foreign Trade and has been accredited with ISO 9001:2000 by Bureau of Indian Standards. In the Tea Division, Ananda Tea Estate has been awarded with ISO-9001-2008 and HACCP certificate by M/s Norsk Akkreditering of Norway.
- (4) *Job profile and his suitability :* Mr. Adarsh Kanoria has been successfully managing the overall affairs of the Company, as the Managing Director since 1st day of January 2002. He has over 22 years experience in Tea and Textile business. Under his able guidance and leadership the Company has been making profit for last eight years. The Company has also successfully completed and implemented the Expansion cum Modernisation Scheme of the Textile Division.

With sufficient past experience in successfully managing the affairs of the Company, Mr. Kanoria is best suited for the position.

- (5) *Remuneration Proposed :* As referred in Explanatory Statement (Item no. 7) of the Notice.

- (6) *Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :* There is actually no peer group company operating in both the industries in which the company has its business i.e Tea & Textile hence the Comparative data are not available. However, Managing Director of PBM Polytex Ltd., a Company manufacturing yarn and generating power having a turnover of Rs. 13704.83 Lacs was paid a remuneration of Rs. 33.69 Lacs as reported in the Annual Report for the financial year 2008-09 of the said Company.

- (7) *Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :* Mr. Adarsh Kanoria has no pecuniary relationship with the Company other than his remuneration as Managing Director and member/promoter of the Company. Relationship by way of Accounting Standard - 18 are disclosed in the Annual Report accompanied with the Notice of 27th Annual General Meeting of the Company.

There is no managerial personnel related to Mr. Adarsh Kanoria.

Mr. Radhe Shyam Saraogi

- (1) *Background details :* Mr. Radhe Shyam Saraogi , Whole-time Director of the Company is a Commerce Graduate and has over 16 years experience in Textile business. Mr. Radhe Shyam Saraogi has in depth knowledge of Textile Industry and is instrumental in the business expansion of the Company.

(2) *Past Remuneration :*

Salary : Rs. 75,000/- (Rupees Seventy Five Thousand only) per month.

Perquisites : The following perquisites, subject to a maximum ceiling of amount equal to annual salary are paid to Mr. Radhe Shyam Saraogi -

- (a) Provision of Motor Car with Chauffer, Fringe Benefits like Gas, Electricity, Water ,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 are valued in accordance with the Income Tax Rules, 1962, wherever applicable.
- (b) Mr. Radhe Shyam Saraogi is entitled for a leave of 45 days in a year, subject to maximum ceiling of 120 days carry forward, encashable at the end of the service. The Company contributes, towards provident fund to the extent the same is not taxable under the Income Tax Act, 1961. He is also entitled for gratuity in accordance with the applicable rules.

Further there is a provision of payment of monthly remuneration not exceeding the applicable ceiling laid down in part II of the Schedule XIII to the Companies Act, 1956, in the event of loss or inadequacy of profits.

- (3) *Recognition or Awards* : The Textile Division of the Company is a One Star Export House recognized by Director General of Foreign Trade and has been accredited with ISO 9001:2000 by Bureau of Indian Standards. In the Tea Division, Ananda Tea Estate has been awarded with ISO-9001-2008 and HACCP certificate by M/s Norsk Akkreditering of Norway.
- (4) *Job profile and his suitability* : Mr. Radhe Shyam Saraogi has been successfully managing the overall affairs of the Company, as the Whole-time Director. Under his able guidance and leadership the Company has continued its journey towards achieving its vision. The textile division of the Company has recorded tremendous growth in the recent years.

With sufficient past experience in successfully managing the affairs of the Company, Mr. Radhe Shyam Saraogi is best suited for the position.

- (5) *Remuneration Proposed* : As referred in Explanatory Statement (Item no. 8) of the Notice.
- (6) *Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)* : There is actually no peer group company operating in both the industries in which the company has its business i.e Tea & Textile hence the comparative data are not available.
- (7) *Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any* : Mr. Radhe Shyam Saraogi has no pecuniary relationship with the Company other than his remuneration as Whole-time Director of the Company.

There is no managerial personnel related to Mr. Radhe Shyam Saraogi.

III. OTHER INFORMATION

- (1) *Reasons of loss or inadequate profit* : The Company is engaged in manufacture of Tea & Textile. About 80% of the revenue is generated from textile business and 20% are generated from tea business. Both the segment of the industry are agricultural based and labour intensive. The margins in such industries are traditionally low.
- (2) *Steps taken or proposed to be taken for improvement* : The Textile Division of the Company has been modernized and expanded during the financial year 2009-10. The completion and implementation of the Expansion cum Modernization Plan is also expected to result in better quality products at lower costs.
- (3) *Expected increase in productivity and profits in measurable terms* : With the modernization and expansion of the Textile Division of the Company, the productivity and profitability of the Company is expected to be reasonable. The Company has also taken necessary steps to increase the productivity of Tea Division.

IV. DISCLOSURE

- (1) The Shareholders of the Company have been informed of the remuneration package of Mr. Adarsh Kanoria and Mr. Radhe Shyam Saraogi and all elements thereof are given in the explanatory statement attached to the Notice of 27th Annual General Meeting.
- (2) As required, the disclosure relating to remuneration package such as salary and benefits, service contracts and notice period of all the directors have been mentioned in the Corporate Governance Report annexed to the Directors Report.

Registered Office :
45, Shakespeare Sarani
Kolkata - 700 017
Dated, the 14th day of May, 2010

By Order of the Board

Manisha Lath
Company Secretary

DIRECTORS' REPORT*Dear Members,*

The Directors of the Company present their 27th Annual Report and Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2010 and the corresponding figures for the last year are as under.

(Rs. in Lacs)

	2009 - 2010		2008 - 2009	
Profit before Interest, Depreciation and Tax		2581.71		1354.48
Less : Interest & Finance Charges	525.55		445.46	
Depreciation	921.47	1447.02	798.52	1243.98
Profit after Interest & Depreciation		1134.69		110.50
Less : Provision for Taxation (Net of MAT Credit Entitlement)	148.24		68.80	
Excess Provision for Taxation	(5.32)		(1.52)	
Fringe Benefit Tax	—		4.06	
Provision for Deferred Taxation	192.22	335.14	(104.13)	(32.79)
Profit after tax		799.55		143.29
Add : Balance Brought Forward from Last Account		305.05		214.44
Less : Transferred to General Reserve		50.00		—
Less : Proposed Dividend & Tax thereon		158.05		52.68
Credit balance carried to Balance Sheet		896.55		305.05

DIVIDEND

Your Directors are pleased to recommend a payment of Dividend of Re. 1.50 (One rupee and paise fifty) only per Equity Share for the year ended 31st March, 2010.

OPERATIONS**Tea Division :**

The overall performance of the Tea Industry during the calendar year 2009 has been satisfactory. Due to lesser carry over of the finished stock coupled with all India production remaining almost at par with the previous season, the price realization is substantially higher due to improved domestic spot demand.

During the year under review, the Company achieved production of 20.95 Lacs Kgs of Black Tea as compared to 20.32 Lacs Kgs in the previous year. The Company has continued with its policy of uprooting old areas for replantation. The sale realization has improved by about 22.53%, which is good compared to the Industry Standard of about 19.58%. This has been possible due to your Company's continuous thrust on improved and better field practices.

In the current season, the tea prices are expected to remain under pressure due to higher production in Kenya and Sri Lanka. Even the All India Production upto end of February, 2010 is also higher by 8.2 million kgs as compared to previous year, in which the major gain is from South India. As there is shortage of quality tea in the domestic market due to increase in Urbanization, higher disposable income in the hands of consumers and rise in the standard of living, the outlook particularly for quality tea appears to be good.

Textile Division :

During the year under review, the performance of Textile Division was satisfactory. Outlook for the Indian textile sector remains Negative to Stable. There are clear signs pointing towards a recovery in India's textile industry in 2010 after the dismal performance of last two years, which is supported by a pick-up in export demand, government stimulus, improved liquidity, and a stable-to-growing domestic demand for textile products.

Despite adverse agro-climatic conditions during 2008-09, the cotton production in the country had been at 290 Lakh bales due to advent of increased BT cultivation and India has retained its position as the second highest cotton producing country in the world, after China.

Looking to the high demand in the global market for yarn and cotton, the chances of higher export of cotton is looking very optimistic, which will consequently affect the domestic supply resulting in decrease in the carry over stock at the end of the season. As such the overall market sentiment will remain bullish.

As during this year, the farmers have received attractive rates of Kapas and in anticipation of good monsoon, we presume better yield and crop in this season and the prices will be settled reasonably for the second half of the financial year 2010-11.

MODERNISATION AND PROSPECTS

The continuous effort of the management in respect to the modernization of the production process and the better supply chain management are yielding increased production of the quality yarn/fabrics at reduced cost and with the help of value addition and product mix in the fabric segment, the Division is able to meet the challenges of higher competition, ahead.

It is expected that capex spending will be subdued in the near-term, as Company is focussed on the consolidation and the streamlining of their capacities and processes. Considering the above, the outlook for the Division appears to be optimistic.

In Tea Division the company has further invested Rs. 30.70 Lacs, during the year for modernization of factory for further improvement in quality.

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement, the Management Discussion & Analysis Report and Report on Corporate Governance are attached herewith marked as **Annexures - "A"** and **"B"** respectively.

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, 2010;
- (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, 2010 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

As on 31st March, 2010, no amount is payable towards the fixed deposits accepted from public and matured for repayment.

DIRECTORS

Mr. Abhijit Datta who was appointed as Additional Director of the Company w.e.f. 27th July 2009, holds office upto the date of forthcoming Annual General Meeting of the Company, and is eligible for re-appointment. Notice in writing together with requisite deposit under Section 257 of the Companies Act, 1956, has been received from a member of the Company expressing his intention to propose the appointment of Mr. Abhijit Datta as Director of the Company. The Board recommends his appointment.

Mr. Dharendra Kumar and Mr. Samveg A Lalbhai, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves, for re-appointment.

AUDITORS

Messrs Jain & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the 27th 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.

The Board expresses its appreciation for the contribution of the employees at all levels. During the year under review, information, required to be given, pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is annexed hereto marked **Annexure - "C"** and forms part of this Report.

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 attached herewith marked as **Annexure - "D"**.

ACKNOWLEDGEMENT

The Directors appreciate the co-operation and timely assistance extended by 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 14th day of May, 2010

Adarsh Kanoria
Chairman