

*keeping the mother earth green...*

## Annual Report 2012 - 2013



Bengal Tea & Fabrics Ltd.



CORPORATE INFORMATION		
BOARD OF DIRECTORS	<b>Mr. Adarsh Kanoria</b> <i>Chairman &amp; Managing Director</i>	<b>Mr. Radhe Shyam Saraogi</b> <i>Whole-time Director</i>
	<b>Mr. Abhijit Datta</b>	<b>Mr. Golam Momen</b>
	<b>Mr. Dharendra Kumar</b>	<b>Mr. Samveg A. Lalbhai</b>
COMPANY SECRETARY	<b>Mrs. Sunita Shah</b>	
AUDITORS	<b>M/s. Jain &amp; Co.,</b> <i>Chartered Accountants</i>	
BRANCH AUDITORS	<b>M/s. Sorab S. Engineer &amp; Co.,</b> <i>Chartered Accountants</i>	
COST AUDITORS	<b>M/s. N. D. Birla &amp; Co.,</b> <i>Cost Accountants</i>	
	<b>M/s. D. Radhakrishnan &amp; Co.,</b> <i>Cost Accountants</i>	
BANKERS	State Bank of India Punjab National Bank Bank of India IDBI Bank	
TEA DIVISION	<b>Ananda Tea Estate</b> P.O. Pathalipam 787 056 Dist. North Lakhimpur (Assam)	
TEXTILE DIVISION	<b>Asarwa Mills</b> Asarwa Road, Ahmedabad 380 016 (Gujarat)	
REGISTERED OFFICE	45, Shakespeare Sarani 4th Floor, Century Towers, Kolkata 700 017, India Telefax Nos. : 91 33 2283-6416/17 E-mail : investor@bengaltea.com Website : www.bengaltea.com	
REGISTRAR & SHARE TRANSFER AGENT	<b>C. B. Management Services (P) Ltd.</b> P-22, Bondel Road, Kolkata 700 019 Telephone : 91 33 4011 6716/17/23/28, Fax : 4011-6739 E-mail : rta@cbmsl.com	

## CONTENTS

Notice	2
Directors' Report	3-5
Management Discussion & Analysis Report	5-6
Report on Corporate Governance	7-12
Report on Energy Conservation etc.	13-14
Auditors' Report	15-17
Balance Sheet	18
Statement of Profit & Loss	19
Cash Flow Statement	20
Notes to the Financial Statements	21-36



## NOTICE

### TO THE MEMBERS

NOTICE is hereby given that the 30th 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 3rd day of August, 2013 at 10.30 A.M. to transact the following Ordinary business: -

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2013 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, to hold office from the conclusion of the 30th Annual General Meeting until the conclusion of the 31st Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Registered Office :

45, Shakespeare Sarani,  
Kolkata 700 017

Dated : 11th day of May, 2013

By Order of the Board

SUNITA SHAH  
Company Secretary

### NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll 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 commencement of the the meeting.**
2. The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 27th day of July, 2013 to Saturday, 3rd day of August, 2013 (both days inclusive).
3. Members are requested to bring their copy of Annual Report to the AGM. 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 are requested to intimate immediately change of Address, if any, to the Company.
6. **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.**
7. **Members are hereby informed that SEBI in terms of Circular No. CIR/MRD/DP/10/2013 dated 21st March, 2013 has made it mandatory for all Listed Companies to make cash payments through electronic modes to the investors. It is further directed that in case electronic payment is rejected or returned, the Company shall mandatorily print the bank account details of the investor on payment instrument. Members are requested to provide their updated Bank Account Particulars to enable the Company to electronically credit dividend directly in their respective bank accounts.**  
**Members holding shares in demat mode are requested to send correct bank details (including MICR No., IFSC Code, Account Type etc.) to their respective Depository Participant. Members holding shares in physical form are requested to send such bank details alongwith a cancelled cheque to our Registrar M/s. C B Management Services Pvt. Ltd.**
8. Members are also requested to inform their correct email address, if any, to the Depositories (if shares held in demat form) and to our Registrars by visiting Website namely "www.cbmsl.com/green.php" (if shares held in physical form) in compliance of Green Initiative as per circular no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by Ministry of Corporate Affairs to facilitate the Company to send notice/documents through email.
9. The Shareholders, who are still holding shares in physical form are requested to take immediate action to demat their shares to avail easy liquidity since trading of shares of the Company are under compulsory Demat mode as per the regulation of SEBI and also to prevent any loss of physical Share Certificate.
10. The Shareholders who have not encashed their Dividend Warrants are requested to send their Warrants for revalidation otherwise the amount will be transferred to the Central Government Account i.e. IEPF on expiry of 7 years from the date of transfer of dividend amount to unclaimed dividend account.
11. 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.



## DIRECTORS' REPORT

*Dear Members,*

The Directors of the Company present their 30th Annual Report and Audited Accounts for the year ended 31st March, 2013.

### FINANCIAL RESULTS

The financial results for the year ended 31st March, 2013 and the corresponding figures for the last year are as under:

(Amount in ₹ Lacs)

	2012-2013	2011-2012
Profit before Interest, Depreciation and Tax	3160	310
Less : Finance Cost	943	907
Depreciation & Amortization Expense	1013	931
<b>Profit/(Loss) after Interest &amp; Depreciation</b>	<b>1204</b>	<b>1838</b>
Less : Tax Expense for Current Year (Net of MAT Credit Entitlement)	99	90
Taxation for earlier year	-	1
Deferred Tax Written Back/ Provision	(41)	(400)
<b>Profit/(Loss) after Tax</b>	<b>1146</b>	<b>(1219)</b>
Add : Balance Brought Forward from Last Account	233	1452
Less : Transferred to General Reserve	-	-
Less : Proposed Dividend & Tax thereon	105	-
Credit balance carried to Balance Sheet	<b>1274</b>	<b>233</b>

### DIVIDEND

Your Directors are pleased to recommend a payment of Dividend of ₹ 1.00 per Equity Share on the face value of ₹ 10/- each being 10% for the year ended 31st March, 2013.

### OPERATIONS

#### Tea Division

During the year under review, your Company achieved a production of 20.33 lac kgs of Black Tea as compared to 19.77 lac kgs in the previous year. The production of own green tea leaves during the year was lower due to unfavourable weather conditions and also loss of crop due to Company's policy of continuous uprooting of the old areas for replantation. However, the loss of crop was made up by purchasing higher quantity of outsourced leaves resulting in higher production.

The year commenced well with prices firming up since there was less carry-over of stock from previous year. The auction prices for the calendar year 2012 remained higher by about 15%. The average sale price of Black Tea of your tea estate increased by about 20% during the year as compared to previous year. However, there has been an all round increase in wages, power and fuel and other input costs affecting the profitability.

The weather conditions remained indifferent at the start of the current year and the season started late. The current market remains steady due to lower carry-over and increase in consumption of tea. Considering the above scenario, the performance of Tea Division is expected to be satisfactory.

#### Textile Division

During the year under review, the Textile Division has made a total turn around. Its performance is far better than expected. It has earned a net profit before tax of Rs 53 lacs as against a net loss of Rs 2617 lacs in the previous year. During the year, cotton prices were more or less stable throughout the year. There was a good demand of cotton yarn in the export and domestic markets which resulted into higher prices of the yarn. The Textile Division has completed its modernization project as per schedule i.e. on 31.12.2012. This has enabled the Division to start manufacturing of Value Added Yarn (like Compact Yarn). The Division has also started manufacturing of Value Added Fabric which is giving better margins.

### MODERNISATION AND PROSPECTS

The Company is planning to continue with its modernization program in the spinning section of the Textile Division during current year also. The Company is planning to install Compact Ring Frames with higher productivity and latest technology having automatic doffing system by replacing old Ring Frames. This shall enable the Division to increase the production of Value Added Yarn of good quality which will also reduce the manpower cost. Further, the Division is concentrating on increasing proportion of value added products by changing its product mix. The Division shall be able to take full benefits of modernization project during the current year. Considering the above, the outlook for the Division seems to be positive.



## DIRECTORS' REPORT (Contd.)

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is set out in the annexure forming part of the Annual Report marked as **Annexure – "A"**.

### CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance in accordance with Clause 49 of the Listing Agreement with the Stock Exchange, approved by the Board together with a Certificate from Statutory Auditors M/s Jain & Co., Chartered Accountants regarding compliance with the conditions of Corporate Governance are set out in the annexure forming part of the Annual Report marked as **Annexure – "B"**.

Your Company has taken adequate steps for strict compliance with Corporate Governance guidelines, as amended from time to time.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that :

- (i) the Company had followed the applicable accounting standards in the preparation of the annual accounts for the year ended 31st March, 2013;
- (ii) 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, 2013 and its profit for the year ended on that date;
- (iii) 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) the annual accounts have been prepared on a going concern basis.

### DEPOSITS

During the year 2012-2013, your Company did not accept/renew any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules thereunder and as such, no amount of principal or interest was outstanding as on 31st March, 2013.

### DIRECTORS

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

Brief resume of the Directors seeking re-appointment, nature of their expertise in specific functional areas and details of their directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of the Listing Agreement, are provided in the Report on Corporate Governance marked as **Annexure – "B"**.

### AUDITORS

M/s. Jain & Co., (Regn. No. 302023E), Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting, and are eligible for the re-appointment.

The Company has received letter from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the Act. Members are requested to consider their re-appointment for the Financial Year 2013-2014.

### COST AUDIT

Pursuant to the order no. 52/26/CAB-2010 dated 24th January, 2012 of the Ministry of Corporate Affairs ('MCA'), the Company is required to conduct audit of its cost accounting records of its Textile Division. In terms of the said order Cost Audit is conducted by firm of Cost Accountants appointed with the approval of the MCA. In terms of General Circular No. 15/2011 dated 11th April, 2011 issued by MCA, full particulars of the Cost Auditors as also other details pertaining to the Cost Audit are given below :

### PARTICULARS OF COST AUDITORS AND DETAILS OF FILING OF COST AUDIT REPORT DURING THE FINANCIAL YEAR

Details of Cost Auditor	Unit Audited	Due date of filing	Actual date of filing
<b>Name:</b> N.D. Birla & Co. <b>Address:</b> A-3, Nirant Society, Opposite Town Hall Near Karnavati Hospital, Ellisbridge, Ahmedabad, Gujarat- 380006 <b>Registration No. allotted by ICWAI:</b> 00028	Textile Division- Bengal Tea & Fabrics Ltd. Asarwa Mills - Ahmedabad	28th February, 2013	29th January, 2013

Pursuant to the order no. 52/26/CAB-2010 dated 24th January, 2012 of the Ministry of Corporate Affairs ('MCA'), the Company is also required to conduct audit of its cost accounting records of its Tea Division under Section 233B of the Companies Act, 1956 in respect of each of its financial year commencing on or after 1st April, 2012. In terms of the said order Cost Audit for the Tea Division of the Company is being conducted by M/s D. Radhakrishnan & Co., Cost Accountants with the approval of the MCA.





## DIRECTORS' REPORT (Contd.)

### PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER

The Company operates in labour intensive business and the relations with the personnel generally remained cordial throughout the year.

As required under Section 217(2A) of the Companies Act, 1956 and Rules thereunder, no such employee of the Company were in receipt of remuneration of more than Rs. 60 lacs during the year ended 31st March, 2013 or of more than Rs. 5 lacs per month during any part thereof.

The Board expresses its appreciation for the contribution of the employees at all levels.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, 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, is set out in the annexure forming part of the Annual Report marked as **Annexure – "C"**.

### ACKNOWLEDGEMENT

The Directors appreciate the co-operation and timely assistance extended by Banks and all other associates and look forward to continue fruitful association with all business partners of the Company.

Kolkata

Dated : 11th day of May, 2013

For and on behalf of the Board

ADARSH KANORIA

Chairman

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### ANNEXURE - "A"

(Forming part of the Directors' Report for the financial year ended 31st March, 2013)

### TEXTILE DIVISION

**Industry Structure and Developments :** Indian Textile Industry (i) contributes about 14% to the total industrial production of India (ii) constitutes 4% of Indian GDP (iii) earns about 27% of total foreign exchange and (iv) provides direct employment to over 35 million people and is the second largest provider of employment in the nation after agriculture. Thus Textile Industry plays a major role in the Indian economy.

**Opportunities and Threats :** India's growing population has been a key driver of textile consumption growth in the country. The IMF expects India's population to touch 1.31 billion by end 2017. It has been complemented by a young population which is growing and at the same time is exposed to changing tastes and fashion. Rising incomes and rising middle class are aiding demand growth of textiles. Due to low cost of production, India's textile industry has a strong competitive advantage to key global peers.

India's per capita consumption of all kind of fibres is just 8 kgs against global average of 12 kgs. So there is good potential of domestic demand of textiles in India for coming years.

Recently, the Government of Gujarat has come out with new Gujarat Textile Policy- 2012 which will provide interest subsidy, concessional power tariff and VAT etc. benefitting the industry to grow at a faster speed.

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. Non-availability of skilled labour, Government policies, non-availability of raw materials at stable prices and fluctuation of the Indian Rupee are major threats to the industry.

**Product-wise Performance :** The production of cloth has decreased in the current year mainly due to change in product-mix, however the production of yarn has increased in the current year because of good demand in the domestic market. Average realization of both cloth and yarn has increased due to more production of value added products.

	Cloth			Yarn		
	Production (Lac Mtrs.)	Sales (Lac Mtrs.)	Average Realisation (₹ Per Mtr.)	Production (Lac Kgs.)	Sales (Lac Kgs.)	Average Realisation (₹ Per Kg.)
2012-13	83.67	92.80	84.83	41.39	41.43	200.10
2011-12	90.35	101.73	66.82	30.19	34.52	181.56
Change	(-)7.39%	(-)8.78%	(+) 26.94%	(+)37.10%	(+)20.02%	(+)10.21%



## MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

**Outlook :** During the current year, it is expected that there will be a good demand of finished products of textiles in the domestic as well as export markets and the industry will be able to absorb the impact of increase in input costs like power, labour, interest etc. In view of above, the outlook for the Division seems to be stable.

**Risks and Concerns :** The continual increase in input costs like raw material, power, labour, interest etc, non-availability of skilled labour, fluctuations of the Indian Rupee and uncertainty of global markets are main concerns of the textile industry.

**Discussion on the Financial Performance with respect to the Operational Performance :** The division has earned a profit before tax of Rs 53 lacs against a net loss of Rs. 2617 lacs in the previous year mainly due to good demand in domestic market, more production of value added products, and also due to benefits derived from modernization project to some extent.

### TEA DIVISION

**Industry Structure & Developments :** India is the largest Black Tea producer in the world producing approximately 1,111 million kgs during the calendar year 2012. Strong consumption growth, low inventory and normal production have resulted in increasing the prices in the domestic market during the year.

**Opportunities & Threats :** The continuous promotional efforts and better marketing and brand building initiatives taken jointly by the Government/Tea Board including hunt for newer export markets, providing incentives in the form of subsidies etc., are likely to benefit the Industry in the long term.

The unsymmetrical weather conditions and shortage of labour are the main threats to the industry.

**Product-wise Performance :** During the year under review, the production of Black Tea was higher as compared to previous year. Strong demand for quality tea persisted and the average realization of the tea sold by the Company was about 20% higher as compared to the previous year. The gist of performance of the division during the financial year 2012-2013 is as under :

Black Tea			
	Production (Lac Kgs.)	Sales (Lac Kgs.)	Average Realisation (₹ Per Kg.)
2012-13	20.33	20.31	185.37
2011-12	19.77	20.22	154.69
Change (%)	(+) 2.83%	(+) 0.45%	(+) 19.83%

**Outlook :** The weather conditions remained subdued at the beginning of the year, however, the shortage of quality tea and increased consumption demand will have positive impact on the prices.

**Risks & Concerns :** Besides climatic conditions, global production, the strategy of bought leaf factories and shortage of labour during peak season also affect the fate of the Tea Industry.

**Discussion on Financial Performance with respect to Operational Performance :** The Company's steady progress in making quality teas having redeemable feature of attracting premium prices over medium and low quality teas is paying off, resulting into achieving satisfactory profitability.

**Internal Control Systems and their Adequacy :** The Company has laid down guidelines, procedures and policies for better management control, which are periodically tested and supplemented by an extensive internal audit program. Significant findings are placed before the Audit Committee of the Board and the corrective measures are recommended for implementation. In the opinion of the management, the existing internal checks & controls are adequate.

**Information regarding Human Resources/Industrial Relations :** The relationships at both the Divisions were cordial with the employees throughout the year except strike for a short period at the textile division which was settled amicably. The total numbers of manpower employed by the Textile and Tea Divisions as on 31st March, 2013 were 694 & 1344 respectively.

**Cautionary Statement :** The forward-looking statements and the views expressed in the Management Discussion and Analysis Report are based on certain assumptions. The actual results, performances or achievements may differ materially from those stated therein. The Company would not be held liable, in any manner, if the future turns out to be quite different, even materially.

For and on behalf of the Board

Kolkata

Dated : 11th day of May, 2013

ADARSH KANORIA  
Chairman



## REPORT ON CORPORATE GOVERNANCE

ANNEXURE - "B"

(Forming part of Directors' Report for the financial year ended 31st March, 2013)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company follows the theme of changing in tune with times to continue the race without any major hurdle and attempts to cover all aspects of reporting in transparent and fair manner keeping the basic principles of good corporate governance.

### 2. BOARD OF DIRECTORS

#### Composition, Attendance & Information of other Directorships/Committee Memberships

The Board of Directors comprises of six members consisting of four independent non-executive directors having experience in business, finance etc. The attendance during the financial year 2012-2013 and composition of the Board of Directors is as under :

Name of the Directors	Category	No. of other Directorships*	No. of other Board Committee(s)** in which he is		Attendance at last AGM held on 11.08.2012	Attendance at Board Meetings
			Member	Chairman		
Mr. Adarsh Kanoria	Promoter-Executive	4	—	—	Yes	5
Mr. Radhe Shyam Saraogi	Executive	—	—	—	Yes	1
Mr. Golam Momen	Independent-Non-Executive	14	13	1	Yes	3
Mr. Dharendra Kumar	Independent-Non-Executive	10	1	—	Yes	5
Mr. Samveg A. Lalbhai	Independent-Non-Executive	9	—	—	No	1
Mr. Abhijit Datta	Independent-Non-Executive	6	2	—	Yes	4

\* Also includes directorships other than Public Limited Companies.

\*\* Also includes committees other than Audit & Shareholders/Investors Grievance Committees.

#### Meetings

During the Financial Year 2012-2013, the Board of Directors met 5 (five) times on the following dates: 12.05.2012, 26.06.2012, 11.08.2012, 10.11.2012 and 09.02.2013.

#### Information about the Directors seeking appointment/re-appointment

(a) **Mr. Dharendra Kumar**, B.E. (Mech) from New York University, aged about 70 years, retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Mr. Dharendra Kumar 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 an Independent Non-Executive Director, is on the Board of the Company since 13.08.2003. He does not hold any share of the Company.

Mr. Dharendra Kumar also holds the Directorships/Committee Memberships of the following other companies :

Sl. No.	Name of the Company	Committee Membership
1.	R.D.Tea Limited	—
2.	SIVPL Products Pvt. Ltd.	—
3.	The Scottish Assam (India) Limited	—
4.	Contemporary Polysacks Limited	—
5.	Rukong Tea Estate Pvt. Limited	—
6.	SPBP Tea Plantation Limited	—
7.	Shwetambra Investment & Trading Pvt. Ltd.	—
8.	Rosebud Commercial Company Pvt. Ltd.	—
9.	J.K. Paper Limited	Audit Committee
10.	Park Tower Services Private Limited	—





## REPORT ON CORPORATE GOVERNANCE (Contd.)

(b) **Mr. Samveg A. Lalbhai**, a Graduate in Commerce from Gujarat University, aged about 51 years retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. He 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, Confederation of Indian Textile Industries, Gujarat Chamber of Commerce, Ahmedabad Textile Mills Association etc. Mr. Samveg A Lalbhai, an independent Non-Executive Director, is on the Board of the Company since 06.05.2004. He does not hold any share of the Company.

Mr. Lalbhai held the Directorships/Committee Memberships of the following other companies :

Sl. No.	Name of the Company	Committee Membership
1.	Anup Engineering Ltd.	—
2.	Atul Ltd.	—
3.	Arvind Overseas (M) Ltd.	—
4.	Arvind Farms Pvt. Ltd.	—
5.	Saumya Farms & Organic Prod. Pvt. Ltd.	—
6.	Sneh Farms Pvt. Ltd.	—
7.	National Design Business Incubator	—
8.	Arvind Worldwide Inc. USA	—
9.	Arvind Worldwide (M) Inc.	—

### 3. AUDIT COMMITTEE

The Audit Committee comprises of 4 (four) non-executive Directors of whom the Chairman and other members are independent Directors. The committee has been meeting at regular intervals. The Chairman and the members of the Audit Committee have in-depth knowledge in the areas of Finance and Accounts.

#### Terms of Reference

The role and power of the Audit Committee includes :

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommendation in respect of appointment, re-appointment and removal of statutory and internal auditors, fixation of audit fees and approval for payment for any other services rendered by statutory & internal auditors.
3. Review of the quarterly and annual financial statements before submission to the Board.
4. Review and discussions with statutory and internal auditors, in respect of the internal control/audit systems, internal audit reports, management letters of internal control, weaknesses, adequacy of internal control systems and improvement therein.
5. Review of findings/observations of the internal auditors into matters of irregularity or suspected fraud and reporting the matter to the Board.
6. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, creditors and shareholders (in case of non-payment of declared dividend).
7. To seek information from any employee, access to records of the Company and investigate any activity relating to financial matters.
8. To seek outside legal and/or professional advice.
9. Pre-audit and post-audit discussions with statutory auditors to ascertain the nature, scope and any specific area of concern.
10. Review of management discussion and analysis of financial condition and results of operations and statements of related party transactions.

#### Composition, Meetings & Attendance

Name of the Members	Category	No. of Meetings attended	Dates on which Meetings held
Mr. Abhijit Datta - Chairman	Independent - Non-Executive	4	12.05.2012, 26.06.2012
Mr. Golam Momen	- do -	3	11.08.2012, 10.11.2012
Mr. Dhirendra Kumar	- do -	5	09.02.2013
Mr. Samveg A. Lalbhai	- do -	1	

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors and Internal Auditors are invited for the meetings.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 4. REMUNERATION COMMITTEE

#### Terms of Reference

Remuneration Committee has been constituted to approve and determine the policy of the Company on specific remuneration packages for the Executive Directors. The terms and conditions governing the appointment/remuneration of the Executive Directors are approved first by the Remuneration Committee and then the same are considered by the Board of Directors and finally placed for the approval of the Shareholders.

#### Composition, Meeting & Attendance

Name of the Members	Category	Date on which Meeting held
Mr. Dharendra Kumar – Chairman	Independent & Non-Executive	The meeting of Remuneration Committee was not required to be held during the year under review
Mr. Golam Momen	- do -	
Mr. Samveg A. Lalbhai	- do -	
Mr. Abhijit Datta	- do -	

#### Remuneration Policy

The Non-Executive Directors are being remunerated by way of fees of ₹ 10,000/- for attending each meeting of Board and ₹ 5,000/- for attending each meeting of Audit Committee, Shareholders/Investors Grievance Committee, Remuneration Committee and Project Monitoring Committee. As per the terms of the respective appointments, the Executive Directors are not entitled for any such meeting fees, incentives fixed/linked with the performance, severance fees, stock options etc.

#### Remuneration to Directors paid during the financial year 2012-2013 and other disclosures :

Name of the Directors	Salary (₹)	Benefits (₹)	Contribution to PF, Gratuity and other funds (₹)	Meeting Fees (₹)	Service Contract/ Tenure	Notice Period	Number of Shares held
Mr. Adarsh Kanoria	33,00,000/-	8,08,879/-	5,54,654/-	—	01-01-2011 to 31-12-2013	3 Months*	536137
Mr. Radhe Shyam Saraogi	11,10,000/-	4,92,983/-	4,61,239/-	—	01-01-2011 to 31-12-2013	3 Months*	—
Mr. Golam Momen	—	—	—	50,000/-	N.A.	N.A.	750
Mr. Abhijit Datta	—	—	—	65,000/-	N.A.	N.A.	—
Mr. Dharendra Kumar	—	—	—	80,000/-	N.A.	N.A.	—
Mr. Samveg A. Lalbhai	—	—	—	15,000/-	N.A.	N.A.	—

\* Subject to discretion of Board to agree to shorter notice.

### 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance Committee is being headed by Mr. Golam Momen, an Independent Non-Executive Director of the Company. Mrs. Sunita Shah, Company Secretary, is the Compliance Officer of the Company. The Company has not received any complaint during the financial year 2012-2013.

### 6. GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGMs) are as under :

	Date of Meeting	Venue	Time
27th AGM	31.07.2010	Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017	10.30 A.M.
28th AGM	06.08.2011	Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017	10.30 A.M.
29th AGM	11.08.2012	Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017	10.30 A.M.

No Special Resolution was proposed in 28th AGM and 29th AGM. The Shareholders passed the Special Resolutions set out in the Notice of the 27th AGM. No Special Resolution was put through Postal Ballot in the last year.