



**GILLANDERS ARBUTHNOT
& COMPANY LIMITED.**

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REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 1999



BOARD OF DIRECTORS

G. D. Kothari
Chairman

S. Sen
S. C. Gladstone
A. K. Kothari
S. N. Bangur
S. Shah
R. L. Kanoria
S. N. Singhanian
Managing Director

GENERAL MANAGER & SECRETARY

S. Balakrishnan

BANKERS

State Bank of India
Centurion Bank Ltd.
Hongkong Bank
Punjab National Bank
Standard Chartered Bank

SOLICITORS

Khaitan & Co.

AUDITORS

Price Waterhouse

REGISTERED OFFICE

A-1, Gillander House,
Netaji Subhas Road,
Calcutta - 700 001

BRANCHES

New Delhi, Mumbai, Chennai, Kanpur, Ahmedabad,
Hyderabad, Coimbatore & Kochi

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CONTENTS

| | Page |
|--|------|
| Notice | 2 |
| Directors' Report | 8 |
| Ten Year Financial Highlights | 13 |
| Auditors' Report | 14 |
| Balance Sheet | 16 |
| Profit & Loss Account | 17 |
| Notes on Accounts | 18 |
| Schedules forming part of the Balance Sheet | 24 |
| Schedules forming part of the Profit and Loss Account | 33 |
| Statement regarding Subsidiary Companies | 36 |
| Cash Flow Statement | 37 |
| <i>Reports & Accounts of Subsidiary Companies</i> | |
| <i>The Jutlibari Tea Co. Ltd. & its Subsidiary Company</i> | 41 |
| <i>The Tangpani Tea Co. Ltd.</i> | 77 |
| <i>Waldies Ltd.</i> | 99 |



NOTICE

NOTICE is hereby given that the Sixtyfifth Annual General Meeting of the Members of the Company will be held at the Williamson Magor Hall of The Bengal Chamber of Commerce & Industry, (1st Floor), Royal Exchange, 6, Netaji Subhas Road, Calcutta - 700 001 on Thursday, the 16th September, 1999 at 3-00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 1999, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. G. D. Kothari who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sanjoy Sen who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modifications the following Resolution which will be proposed as **Ordinary Resolution** :
 "RESOLVED that Mr. R. L. Kanoria be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
7. To consider and if thought fit, to pass with or without modifications the following Resolution which will be proposed as **Ordinary Resolution** :
 "RESOLVED that Mr. S. S. Rathore be and is hereby appointed a Director of the Company whose period of office shall not be liable to determination by retirement of Directors by rotation."
8. To consider and if thought fit, to pass with or without modifications the following Resolution which will be proposed as **Ordinary Resolution** :
 "RESOLVED that the Company do hereby approve the appointment of Mr. S. S. Rathore as Executive Director of the Company with immediate effect for the period up to 30th September, 2001 and the remuneration payable to him as detailed in the Agreement, a draft of which was placed before the Meeting and initialled by the Chairman for the purpose of identification and as also detailed in the explanatory statement to this resolution be and is hereby approved with liberty to the Board of Directors to alter and vary such terms and conditions including remuneration so as not to exceed the limits specified in the said explanatory statement subject to overall limit as laid down in Part II of Schedule XIII of the Companies Act, 1956, or any recodification or amendments thereto as may be agreed to by the Board of Directors and Mr. S. S. Rathore and that the same be entered into between the Company of the one part and Mr. S. S. Rathore of the other part under the Common Seal of the Company."
9. To consider and if thought fit, to pass with or without modifications the following resolution which will be proposed as **Special Resolution** :
 "RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) the Articles of Association of the Company be altered in the following manner.
 I. The following new Articles be inserted as Articles 48A and 48B after Article 48.
"48A 'NOMINATION'
 (1) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.



(2) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or as the case may be, on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority."

"48B TRANSMISSION IN CASE OF NOMINATION

(1) A nominee, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- (a) to register himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.

(2) If the nominee elects to be registered as holder of the share or debenture, himself as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be, along with the relative Share/Debenture Certificate(s).

(3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/debentureholder had not occurred and the notice or transfer were a transfer signed by that shareholder or debentureholder, as the case may be.

(4) A nominee, becoming entitled to a share or debenture by reason of the death of the holder/s thereof, shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days the Board may there after withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with."

II. The following new Article 58A be inserted after the existing Article 58.

"58A DEMATERIALISATION OF SECURITIES

(a) Definitions

For the purpose of this Article :

'Member' means a member as defined under Section 41 of the Companies Act, 1956 and will also include every person holding ordinary share capital in the Company and whose name is entered as the beneficial owner in the records of the Depository :

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository :



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

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

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

'The Depositories Act, 1996' shall mean the Depositories Act, 1996 and include any statutory modification or re-enactment thereof for the time being in force.

(b) Dematerialisation of Securities

Notwithstanding anything to the contrary contained in these Articles or in the Act, the Company shall be entitled to dematerialise or rematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

(c) Options for Investors

Notwithstanding anything to the contrary contained in these Articles or in the Act, every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, which will be deemed to be sufficient compliance with the provisions of the Act and these Articles and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(d) Application of Depositories Act, 1996

Where the Company or the investor has exercised an option as hereinbefore specified to issue, deal in or, hold the securities (including shares) with the Depository in electronic form, the certificates thereof shall be dematerialised and in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, 1996.

(e) Securities in Depositories to be in fungible form

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(f) Rights of Depositories and Beneficial Owners

- i) Notwithstanding anything to the contrary contained in these Articles or in the Act, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- ii) Save as otherwise provided in (i) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository on his behalf.

(g) Service of Documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

**(h) Allotment of Securities dealt with in a Depository**

Notwithstanding anything in the Act or these Articles to the Contrary, where securities are dealt with in a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(i) Distinctive numbers of Securities held in a Depository

Nothing contained in these Articles or in the Act regarding the necessity of having distinctive numbers of securities issued by the Company shall apply to securities held in a depository.

(j) Register and Index of Beneficial Owners

The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

(k) Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members/Debentureholders as the holder of any share/debenture, as also the Beneficial Owner of the shares/debentures in the records of the Depository as the absolute owner thereof and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share/debenture on the part of any other person whether or not it shall have express or implied notice thereof." "

Registered Office :
A-1, Gillander House,
Netaji Subhas Road,
Calcutta - 700 001

29th July, 1999

By Order of the Board
For GILLANDERS ARBUTHNOT & CO. LTD.

S. BALAKRISHNAN
General Manager & Secretary

- Notes : 1) A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on a poll on his behalf. Such proxy/proxies 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 commencement of the Meeting.
- 2) An Explanatory Statement under Section 173 (2) of the Companies Act, 1956, in respect of the Special Business of the Meeting is annexed hereto.
- 3) The Register of Members of the Company will remain closed from 10th August, 1999 to 27th August, 1999 both days inclusive.
- 4) Dividend, if declared, will be paid within the statutory period to those Members whose names appear on the Register of Members of the Company on 27th August, 1999.
- 5) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1995, have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 6**

Mr. R. L. Kanoria was appointed an Additional Director of the Company by the Board of Directors of the Company at its Meeting held on 29th October, 1998. Under the provisions of Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company Mr. R. L. Kanoria will hold office only upto the date of the forthcoming Annual General Meeting. The Company has received a Notice in writing from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. R. L. Kanoria as a Director of the Company at the forthcoming Annual General Meeting. Mr. R. L. Kanoria has filed with the Company his consent to act as a Director pursuant to Section 264 (1) of the Companies Act, 1956.

The Directors of the Company request your approval to the proposed Resolution.

No Director other than Mr. R. L. Kanoria is interested or concerned in the Resolution.

Item No. 7 & 8

Mr. S. S. Rathore who is at present working as President - Tea Division of the Company has considerable experience of more than 33 years in the Tea Industry. It is considered desirable that he be appointed as Executive Director of the Company for the period as stated in the Resolution under item No. 8 on the terms and conditions and at a remuneration as set out in the draft Agreement to be entered into between the Company and Mr. S. S. Rathore.

A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Mr. S. S. Rathore as a Director of the Company at the forthcoming Annual General Meeting of the Company. Mr. S. S. Rathore has filed with the Company his consent to act as a Director pursuant to Section 264 (1) of the Companies Act, 1956.

The appointment of Mr. S. S. Rathore as Executive Director of the Company and the remuneration payable to him is in accordance with the conditions specified in Parts I and II of Schedule XIII of the Companies Act, 1956.

In compliance of Section 302 of the Companies Act, 1956 an abstract of the terms and conditions of the appointment of Mr. S. S. Rathore as Executive Director of the Company as embodied in the draft Agreement to be entered into with him is set out below :

1. DUTIES AND RESPONSIBILITIES :

Mr. S. S. Rathore as the Executive Director of the Company shall, subject to the provisions of the Companies Act, 1956 perform such duties and exercise such powers as have been or may from time to time be entrusted to or conferred on him by the Board of Directors of the Company.

2. REMUNERATION :

- | | |
|--|---|
| a) Salary | Rs. 35,000/- per month subject to such periodic increments as the Board of Directors of the Company may approve up to a total of Rs 50,000/- per month. |
| b) Commission | Such sum as may be determined by the Board of Directors not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, subject to a maximum of Rs. 90,000/- per annum. |
| c) Perquisites classified into the following three categories, Parts A, B and C. | |

PART - A

- i) a) The Company shall provide rent-free furnished accommodation with free gas, electricity and water. The perquisite value of provision of or reimbursement of expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962.
- b) In case no accommodation is provided by the Company the Executive Director shall be entitled to house rent allowance limited to 60 per cent of his salary.



- ii) Reimbursement of medical expenses actually incurred for self and family.
- iii) Leave Travel Assistance : In accordance with the Rules of the Company.
- iv) Fees of Clubs : Up to a maximum of two clubs. This will not include any life membership or admission fees.
- v) Personal Accident Insurance : Premium not exceeding Rs. 4000/- per annum.

PART - B

- i) Company's contribution to Provident Fund as per Rules of the Company.
- ii) Company's contribution to Superannuation Fund as per Rules of the Company.
- iii) Gratuity on retirement at the rate of one half-month's salary for each completed year of service.
- iv) Leave with full pay and allowances. Encashment of leave will be permitted.

PART - C

- i) Free use of car with driver.
- ii) Free telephone facility at residence.
- iii) *Provision of car for use on Company's business will not be considered as perquisite. Use of car with driver for private purposes will be valued as per Income Tax Rules, 1962.*

3. MINIMUM REMUNERATION :

In the event of absence or inadequacy of profits in any year Mr. S. S. Rathore, as the Executive Director shall be entitled to the same salary and perquisites as stated hereinbefore.

The remaining provisions of the Agreement set out the mutual rights and obligations of the parties thereto and other administrative details.

The Board of Directors is of the opinion that the remuneration payable to Mr. S. S. Rathore as Executive Director is commensurate with his duties and responsibilities and is well within the limits specified in Part II of Schedule XIII of the Companies Act, 1956. The Resolution set out in the Notice is to be considered accordingly and the Board recommends that the same be passed. A draft of the Agreement referred to in the Resolution is available for inspection by the Members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day other than Saturdays till 16th September, 1999 and will also be available for inspection at the Meeting.

None of the present Directors of the Company is interested or concerned in the Resolution.

Item No. 9

By the Companies (Amendment) Ordinance 1999, the holders of securities of the Company have been given an option to nominate a person to whom the rights of security holders of the Company will vest in the event of his/their death. To ensure that the facility of nomination is available to the Shareholders, it is proposed to amend the Articles to include the nomination clauses.

Further with the introduction of the Depositories Act, 1996 and the Depository System Companies and investors can now exercise the option of issuing holding dealing or transacting in the specified securities of a company in dematerialised or electronic form which is a far safer and more convenient method for holding and trading in the securities of a company. The Company is contemplating joining the Depository System and it is therefore proposed that the Company's Articles of Association be suitably altered to reflect the provisions introduced by the Depositories Act, 1996 and consequential amendments in the Companies Act, 1956.

In terms of Section 31 of the Act, alteration of Articles of Association can be done by passing a Special Resolution and accordingly your Directors recommend the adoption of the special resolution set out in item No. 9.

None of the Directors are interested or concerned in this Resolution.



DIRECTORS' REPORT

The Directors have pleasure in presenting their Report and the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

| | 1998-99 (Rs. in lakhs) | 1997-98 (Rs. in lakhs) |
|---|---------------------------|---------------------------|
| Profit for the year | 1172.69 | 1001.78 |
| Less : Provision for taxation | | |
| Provision for current year | 320.00 | 294.00 |
| Adjustment in respect of previous years | (9.40) <u>310.60</u> | (23.55) <u>270.45</u> |
| | 862.09 | 731.33 |
| Add : Profit brought forward | 122.13 | 119.20 |
| Amount withdrawn from : | | |
| Development Allowance Reserve | 0.51 | 1.00 |
| Investment Allowance Reserve | — <u>0.51</u> | <u>1.40</u> <u>2.40</u> |
| | 984.73 | 852.93 |
| Proposed Dividend on Ordinary Shares | 142.70 | 118.91 |
| Tax on Proposed Dividend | 15.70 | 11.89 |
| Transfer to General Reserve | <u>700.00</u> | <u>600.00</u> |
| | 858.40 | 730.80 |
| Balance Carried Forward | <u>126.33</u> | <u>122.13</u> |

OPERATIONS :

The profit of Rs. 1172.69 lakhs achieved by the Company during the year was higher as compared to the profit of Rs 1001.78 lakhs made during the previous year mainly on account of improved performances of Tea and Property Divisions.

The Company has produced 3632955 kgs of tea during the year under review as against 3222645 kgs in the previous year and price realisation was also higher.

The production of tea during the current year has been severely affected by the unfavourable weather conditions during the early part of the year followed by an industrywide strike in North Bengal Gardens. In spite of lower production, tea prices are showing declining trend.

The performance of Marketing Division was satisfactory during the year under review but the workings of Kalamazoo and Adequate Weighers Divisions continue to suffer due to lack of orders.

The working of Plastic Container Division has improved during the year 1998-99 and further improvement is expected during the current year.