

# **GILLANDERS ARBUTHNOT & COMPANY LIMITED.**



## **REPORT AND ACCOUNTS** FOR THE YEAR ENDED 31ST MARCH, 2005



**BOARD OF DIRECTORS**

G. D. Kothari

*Chairman*

S. C. Gladstone

A. K. Kothari

S. Shah

R. L. Kanoria

A. K. Basu

S. S. Rathore

*Managing Director*

D. K. Sharda

*Joint Managing Director (with effect from 27th October, 2005)*

**SENIOR GENERAL MANAGER & SECRETARY**

S. Balakrishnan

**BANKERS**

State Bank of India

Bank of India

Bank of Baroda

Vijaya Bank

United Bank of India

State Bank of Patiala

Centurion Bank Ltd.

**SOLICITORS**

Khaitan & Co.

**AUDITORS**

Price Waterhouse

**REGISTERED OFFICE**

C-4, Gillander House,  
Netaji Subhas Road,  
Kolkata - 700 001

**BRANCHES/OFFICES**

Ahmedabad, Amritsar, Bangalore, Chennai, Coimbatore,  
Delhi, Ernakulam, Hyderabad, Kundli, Ludhiana, Mumbai,  
Panipat, Salem, Solapur.



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## NOTICE

NOTICE is hereby given that the Seventyfirst Annual General Meeting of the Members of the Company will be held at the Williamson Magor Hall of The Bengal Chamber of Commerce and Industry, (1st Floor), Royal Exchange, 6, Netaji Subhas Road, Kolkata – 700 001 on Friday, the 16th December, 2005 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, 2005, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend, if any.
3. To appoint a Director in place of Mr. A. K. Kothari, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. L. Kanoria, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modifications the following Resolutions which will be proposed as Ordinary Resolutions :

6. "Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956 the Company hereby approves the revised remuneration and other perquisites/benefits paid to Mr. S. S. Rathore, Managing Director of the Company for the period from 1st April, 2005 for the residual period of his previous term of office that expired on 30th September, 2005 and his reappointment as Managing Director of the Company for a further period of six months with effect from 1st October, 2005 on the terms and conditions and payment of remuneration and other perquisites/benefits as set out in the Agreement entered into between the Company and Mr. S. S. Rathore (copy whereof is placed before the meeting and initialled by the Chairman for the purpose of identification), such remuneration, perquisites/benefits being also set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with liberty to the Board of Directors of the Company to vary and alter such terms and conditions including remuneration provided the same are in accordance with the provisions of the Companies Act, 1956 or any re-enactment thereof and/or any Rules/Regulations framed thereunder."
7. "Resolved that Mr. D. K. Sharda 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. "Resolved that pursuant to the provisions of Section 198, 269, 309, 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956, the Company hereby approves the appointment of Mr. D. K. Sharda as Joint Managing Director of the Company with effect



from 27th October, 2005 for the period upto 31st March, 2006 on the terms and conditions and payment of remuneration and other perquisites/benefits as set out in the draft agreement to be executed between the Company and Mr. D. K. Sharda (copy whereof is placed before the meeting and initialed by the Chairman for the purpose of identification); such remuneration, perquisites/benefits being also set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with liberty to the Board of Directors of the Company to alter and vary such terms and conditions including remuneration provided the same are in accordance with the provisions of the Companies Act, 1956 or any re-enactment thereof and/or any Rules or Regulations framed thereunder."

Registered Office :  
C-4, Gillander House,  
Netaji Subhas Road,  
Kolkata - 700 001

27th October, 2005

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

S. BALAKRISHNAN  
*Senior 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) The Register of Members of the Company will remain closed from 12th December, 2005 to 16th December, 2005 both days inclusive.
  - 3) The Company has already transferred, all unclaimed dividends up to the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, West Bengal.
  - 4) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 as amended with effect from 31st October, 1998, dividends for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date of transfer of the same under subsection (1) of the said Section will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government established under Section 205C of the Act. According to the provisions of the Act as amended unclaimed dividends pertaining to the financial years ended 31st March, 1996 and 31st March, 1997 have already been transferred to the IEPF and all subsequent unpaid dividends will be transferred to the said Fund from time to time. Members are advised that no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims. Shareholders who have not encashed the dividend warrants for the subsequent periods are, therefore, advised to approach the Company for the payment thereof.
  - 5) The Ordinary Shares of the Company are listed on the Calcutta Stock Exchange Association Limited. The Company confirms that it has paid Annual Listing Fees to the said Exchange for the year 2005-2006.



GILLANDERS ARBUTHNOT &amp; CO. LTD.

- 6) Members holding shares in physical form are requested to notify any change in their address including pin code, Bank mandate, Income Tax Permanent Account Number, etc. to the Company's Registrar & Transfer Agents-

Maheshwari Datamatics Pvt. Ltd.  
( Unit : Gillanders Arbuthnot & Co. Ltd )  
6, Mangoe Lane, 2nd Floor  
Kolkata – 700001.

Members holding shares in dematerialized form are requested to furnish these information to their respective depository participants for updation of the changes.

- 7) Members holding shares in multiple folios or joint accounts in the same order of names, are requested to consolidate their shareholdings into one folio.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

##### **Item No. 6**

Subject to the approval of the Members of the Company in General Meeting the Board of Directors of the Company at its Meeting held on 28th July, 2005 revised the remuneration payable to Mr. S. S. Rathore, Managing Director of the Company for the period from 1st April, 2005 for the residual period of his previous term that has since expired on 30th September, 2005 and re-appointed him as Managing Director for a further period of six months with effect from 1st October, 2005 on the terms and conditions and at a remuneration as set out in the Agreement entered into between the Company and Mr. S. S. Rathore.

The remuneration paid/payable to Mr. S.S. Rathore as recommended by the Remuneration Committee of the Board of Directors of the Company and his re-appointment as Managing Director of the Company are in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956.

In Compliance of Section 302 of the Act an abstract of the remuneration paid/payable to Mr. S. S. Rathore including the revised remuneration for the residual period of his previous term that expired on 30th September, 2005 and the terms and conditions of his re-appointment as Managing Director as embodied in the agreement entered into with him has been disclosed to the members of the Company vide Company Circular dated 28th July, 2005 and the same is again set out below:

##### **1. DUTIES AND RESPONSIBILITIES :**

Mr. S. S. Rathore, as the Managing 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:**

- I. **SALARY:** Rs.1,35,000/- per month with effect from 1st April, 2005 subject to such periodic increments as the Board of Directors of the Company may approve up to a total of Rs. 2,00,000/- per month.



- II. Apart from salary Mr. S. S. Rathore will also be entitled to the 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 determined as per Income Tax Rules, 1962.
- b) In case no accommodation is provided by the Company the Managing Director shall be entitled to house rent allowance limited to 60 percent of his salary.
- ii) Reimbursement of medical expenses as per Rules of the Company.
- iii) Leave Travel Assistance equivalent to one month's salary per annum.
- 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. 6,000/- per annum.

#### **PART – B**

- i) Company's contribution to Provident Fund as per Rules of the Company.
- ii) Gratuity on retirement at the rate of one half-month's salary for each completed year of service.
- iii) 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.

#### **Minimum Remuneration**

In the event of absence or inadequacy of profits in any year during the period of service the Managing Director shall be entitled to the same salary and perquisites as stated hereinbefore.

During the period from 1st April, 2005 for the residual period of his previous term that has since expired on 30th September, 2005 Mr. S. S. Rathore was paid only the remuneration/perquisites as mentioned hereinabove notwithstanding anything as to remuneration/perquisites stated in the



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agreement dated 21st October, 2003 which was entered into with him in respect of his previous tenure.

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 above remuneration paid/payable to Mr. S. S. Rathore, as Managing Director of the Company as approved and recommended by the Remuneration Committee is commensurate with his duties and responsibilities and is 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 copy 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 December, 2005 and will also be available for inspection at the Meeting.

Mr. S. S. Rathore is concerned or interested in the matter as it deals with his remuneration and re-appointment as Managing Director. None of the other Directors are concerned or interested in the Resolution.

#### **Item Nos. 7 & 8**

At the meeting of the Board of Directors held on 27th October, 2005 Mr. D. K. Sharda was appointed as an Additional Director and thereafter as Joint Managing Director of the Company with effect from the said date up to 31st March, 2006 subject to the approval of the members.

As per the provisions of Sec. 260 of the Companies Act, 1956, his appointment as Additional Director would terminate at the forthcoming Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 from a member, signifying his intention to appoint Mr. Sharda as a Director of the Company, whose period of office shall not be liable to determination by retirement of directors by rotation. Hence approval of the members is now being sought for his appointment as a non-rotational director at the forthcoming Annual General Meeting as well as to his appointment as Joint Managing Director of the Company with effect from 27th October, 2005.

The appointment of Mr. D. K. Sharda, as the Joint Managing Director of the Company and remuneration payable to him as recommended by the Remuneration Committee of the Board of Directors of the Company are in accordance with the conditions specified in 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. D. K. Sharda as Joint Managing Director of the Company and the remuneration payable to him as Joint Managing Director as embodied in the draft Agreement to be entered into with him are set out below:

#### **1. DUTIES AND RESPONSIBILITIES :**

Mr. D. K. Sharda as the Joint Managing Director of the Company shall, subject to the provisions of the Companies Act, 1956 and the overall superintendence and control of the Board of Directors of the Company perform such duties and exercise such powers as may from time to time be entrusted to or conferred on him by the Board of Directors of the Company.





## 2. REMUNERATION :

- I) SALARY : Rs. 55,500/- per month subject to such periodical increments as may be approved by the Board of Directors of the Company from time to time upto a limit of Rs. 75,000/- per month.
- II) BONUS : Rs. 6,000/- per annum
- III) PERQUISITES : Apart from salary Mr. D. K. Sharda will also be entitled to the following perquisites classified into the following three categories, Parts A, B and C.

### PART – A

- i) Housing: The Company shall provide rent free furnished accommodation which will be maintained by the Company. In case no accommodation is provided by the Company the Joint Managing Director shall be entitled to House Rent Allowance limited to 8% of his salary.
- ii) Medical Reimbursement and Leave Travel Concession : The Joint Managing Director shall be reimbursed to the extent of 10% of his salary towards expenses incurred for self and family for Medical Expenses and Leave Travel anywhere in India.
- iii) Fees of Clubs : Upto a maximum of two Clubs. This will not include any admission or life membership fees.
- iv) Personal Accident Insurance/Mediclaim Insurance : Premium not exceeding Rs. 6000/- per annum.

### PART – B

- i) Company's contribution of Provident Fund as per Rules of the Company.
- ii) Gratuity payable shall not exceed one half-month's salary for each completed year of service subject to the ceiling as provided in law.
- iii) Leave with full pay and allowances. Encashment of leave will be permitted.

### PART – C

- i) Free use of car.
- 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 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. D. K. Sharda, as the Joint Managing 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. D. K. Sharda, as the Joint Managing Director is commensurate with his duties and responsibilities and is 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.

No Director of the Company other than Mr. D. K. Sharda is interested or concerned in the resolution.



## DIRECTORS' REPORT

The Directors have pleasure in presenting their Report and the Audited Accounts for the year ended 31st March, 2005.

### FINANCIAL RESULTS

	2004-2005 (Rs. in lakhs)	2003-2004 (Rs. in lakhs)
Profit/(Loss) for the year before taxation	249.38	(164.35)
Write back of provision for taxation	140.71	56.21
Profit/(Loss) after Write back of provision for taxation	390.09	(108.14)
Add : Profit brought forward	115.45	305.80
Amount available for appropriation	<u>505.54</u>	<u>197.66</u>
Appropriations		
Proposed Dividend	217.59	72.71
Tax on Dividend	30.52	9.50
Transfer to General Reserve	39.00	—
Balance carried forward	<u>218.43</u>	<u>115.45</u>
	<u>505.54</u>	<u>197.66</u>

### OPERATIONS :

Operational matters have been discussed under the heading 'Management Discussion and Analysis' elsewhere in this Report .

### SCHEME OF ARRANGEMENT

The Scheme of Arrangement ('The Scheme') between the Company, erstwhile GIS Limited (GIS) and Kothari Plantations and Industries Ltd (KPIL) and their respective shareholders for the amalgamation of GIS with the Company and transfer of Tea Division of KPIL to the Company was sanctioned by the Hon'ble High Court at Calcutta on 17th August, 2005. Upon completion of the relevant legal requirements on 20th October, 2005 the Scheme became effective from the 'appointed date' i.e. 1st April, 2004 retrospectively and accordingly the financial results of GIS and the Tea Division of KPIL for the year ended 31st March, 2005 including their assets and liabilities have been incorporated in and are reflected in the Company's accounts for the same period.

Considering the time generally required for completion of the legal formalities relating to Scheme of Arrangement the Company applied for and was granted by the Registrar of Companies, West Bengal extension of time till 31st December, 2005 for holding the Annual General Meeting of the Company so that the Accounts for the year ended 31st March, 2005 could be prepared after giving effect to "The Scheme" and presented before the members as envisaged in the 'The Scheme'. In view of the giving effect to 'The scheme' as aforesaid the performance and financial results of the Company as a whole for the current year are not comparable with those of the previous year.