



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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Bengal Tea & Fabrics Limited

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 Medclaim 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

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(Forming part of the Directors Report for the financial year ended 31st March, 2010)

TEXTILE DIVISION

Industry Structure and Developments

The Company is managing the cost of production reasonably with its continuous efforts and relentless focus, as the competition will intensify in the new world order & only the fittest will survive. The textile industry in India is likely to flourish due to outsourcing of yarn and cloth from India, the favorable fiscal regime and the Company is in growth path both in the domestic and export markets. The Indian textile companies have now recognized the need to scale up, improve customer relations and align with the ever-changing fashion trends and consolidation theme, running strong in other countries.

Opportunities and Threats

The Textile Industry is really at crossroads at present. There is tremendous opportunity for an efficient and effective player as there is ever growing demand from domestic and global market. However the major threat are currency fluctuations, higher inflation rates resulting in higher input cost and the slower than expected recovery in the developed economies.

Product-wise Performance

The production as well as the sales of yarn & cloth had been increased due to good demand of our product. Due to this the production and sales are higher against the previous year. The average realization of yarn & cloth has improved marginally and also commensurate with the increased cotton price. The gist of performance of the textile products of the Company, during the financial year 2009-2010 is as under :

| | Cloth | | | Yarn | | |
|---------|------------------------|-------------------|------------------------------------|-----------------------|------------------|-----------------------------------|
| | Production (Lac Mtrs.) | Sales (Lac Mtrs.) | Average Realisation (Rs. Per Mtr.) | Production (Lac Kgs.) | Sales (Lac Kgs.) | Average Realisation (Rs. Per Kg.) |
| 2009-10 | 134.47 | 134.50 | 39.47 | 42.53 | 42.76 | 133.68 |
| 2008-09 | 112.91 | 117.03 | 37.07 | 36.52 | 38.01 | 124.81 |
| Change | (+) 19.10% | (+) 14.92% | (+) 6.47% | (+) 16.46% | (+) 12.50% | (+) 7.11% |

Outlook

Indian textiles having strength of their own on quality products can carve a niche among buyers. Our strength lies in introducing innovative products considering the changed climatic and socio-economic condition in the India market. Apart from the above, the recovery in the US economy and increase in the export to China and increasing demand from domestic organized retailing augurs well for Textile industry. We are optimistic and confident about our prospect in coming year as demonstrated by our modernization and expansion plan and our constant endeavor towards international class of value added product and customer service.

Risk and Concerns

Cotton, the prime ingredient to manufacture Yarn/Fabric is becoming dearer in the Indian & International market, which has some impact on profitability. The sudden appreciation of Rupee against US Dollar has hit the Indian industry considerably. The other areas of concern are slow utilization of accumulated CENVAT credits, taxes and excise imbalances at state levels, pendency in disbursement of TUFS subsidies, lack of trade pact memberships resulting in imposition of quota duty restriction on Indian textile.

Discussion on the financial performance with respect to the operational performance

The division has shown a tremendous turn around by making a cash profit of Rs.800 Lacs as against Rs. 76 Lacs in the previous year. This jump in the cash profit is possible due to better operating margins, effective financial management and maintaining operational excellence.

TEA DIVISION

Industry Structure and Developments

Tea, one of the oldest natural beverages, is indigenous to India and is labour intensive agro based industry employing more than 10 million peoples directly and indirectly. It has been a prominent foreign exchange earner and contributes substantially to the country's GNP. India is also the largest black tea consuming country in the world. The new discoveries about its health benefits crammed into the minuscule green leaves and its taste and refreshments have put the beverage on the forefront.

Opportunities and Threats

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

Even though the year under review and the current year so far have been satisfying, there lies threat of cheaper import due to higher production in the global tea producing countries during the current season and this may also lead to shrinkage in the export share of the Indian Tea in the International market.

Product-wise Performance

During the year under review, the production of Green Tea leaves of Ananda Tea Estate was 69.75 Lac kgs as compared to previous year of 67.20 Lac kgs. The company has improved the overall Tea production with the exploitation of outsourced green tea leaves, which stand higher during the year at 22.16 Lac kgs in comparison to 20.84 Lac kgs during the previous year. During the current year also the strong tea demand and prices persisted and the average realization of the tea sold by the Company was about 22.53% higher as compared to the previous year. The gist of performance of the division during the financial year 2009-2010 is as under :

| Black Tea | | | |
|------------------|-----------------------------|------------------------|--|
| | Production (Lac Kgs) | Sales (Lac Kgs) | Average Realisation (Rs. Lac Kgs) |
| 2009-10 | 20.95 | 20.97 | 148.84 |
| 2008-09 | 20.32 | 20.39 | 121.47 |
| Change (%) | (+) 3.10% | (+) 2.84% | (+) 22.53% |

Outlook

Production of tea in India is expected to be higher in the current year and therefore tea prices are expected to remain under pressure. The continuous management effort for quality control, better production, cost and supply chain management would keep the profitability satisfactory.

Risks & Concerns

Besides climatic conditions, global production, the strategy of bought leaf factories, import of cheaper tea for re-export, government's slow action on the speedy disposal of the subsidy and incentives 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 tea and better product mix has resulted into achieving higher profitability. Considering the overall scenario of the Industry for quality tea, the performance of the Division appears to be satisfactory.

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. The Company has favorable working environment that motivates performance; customer focus and innovation and adheres to the highest degree of quality and integrity among employees. The Total number of manpower employed by the Textile and Tea Division as on 31st March, 2010 were 780 & 1389, 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 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 & on behalf of the Board

Kolkata
Dated, the 14th day of May, 2010

Adarsh Kanoria
Chairman

REPORT ON CORPORATE GOVERNANCE

(Forming part of Directors' Report for the financial year ended 31st March, 2010)

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 2009-2010 and composition of the Board of Directors is as under :

| Name of the Director | Category | No. of other Directorships* | No. of other Board Committee(s)** in which he is | | Attendance at last AGM held on 27.07.2009 | Attendance at Board Meetings |
|-------------------------|---------------------------|-----------------------------|--|----------|---|------------------------------|
| | | | Member | Chairman | | |
| Mr. Adarsh Kanoria | Promoter-Executive | 4 | — | — | Yes | 4 |
| Mr. Radhe Shyam Saraogi | Executive | — | — | — | No | — |
| Mr. Golam Momen | Independent Non-Executive | 12 | 8 | 1 | Yes | 4 |
| Mr. Dharendra Kumar | Independent Non-Executive | 12 | 2 | 0 | Yes | 4 |
| Mr. Samveg A. Lalbhai | Independent Non-Executive | 10 | 2 | 2 | No | 1 |
| Mr. Abhijit Datta | Independent Non-Executive | 3 | — | — | N.A. | 2 |

* Also includes directorships other than Public Limited Companies.

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

Meetings

During the Financial Year 2009-2010, the Board of Directors met four times on the following dates : 11.05.2009, 27.07.2009, 26.10.2009 and 28.01.2010.

Information about the Directors seeking appointment/re-appointment

(a) **Mr. Abhijit Datta** (61), who was appointed as an Additional Director of the Company w.e.f 27.07.09 has been proposed to be appointed as Director in the ensuing Annual General Meeting of the Company. He is a Post Graduate in Economic Honours from the University of Calcutta and also completed both parts of Certified Indian Institute of Bankers Examination. He joined State Bank of India in the year 1972 and retired from the Bank on 31st May, 2009 after 37 years of service. During the tenure of his job in the Company he has been responsible in various executive positions. He also worked in various capacities in Credit, Compliance, NRI Services in Los Angeles Office of State Bank of India for around 5 years. He was also responsible as Head Capital Markets of the Company for some time and then posted as Deputy Managing Director and Corporate Development Officer in Corporate office in Mumbai. He does not hold any share of the Company.

Mr. Abhijit Datta also holds the Directorships/Committee Memberships of the following other companies :

| Sl No | Name of the Company | Committee Membership |
|-------|---|----------------------|
| 1. | Asset Reconstruction Company (India) Ltd. | — |
| 2. | Bhaskar Silicon Pvt. Ltd. | — |
| 3. | Cable Corporation of India Ltd. | — |

(b) **Mr. Dharendra Kumar B.E. (Mech)** from New York University, aged about 67 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. | E. Hill & Company Limited | Remuneration Committee |
| 2. | R. D. Tea Limited | — |
| 3. | SIVPL Products Pvt. Ltd. | — |
| 4. | SPBP Tea (India) Ltd. | — |
| 5. | The Scottish Assam (India) Limited | — |
| 6. | Contemporary Polysacks Limited | — |
| 7. | Rukong Tea Estate Pvt. Limited | — |
| 8. | SPBP Tea Plantation Limited | — |
| 9. | Shwetambra Investment & Trading Pvt. Ltd. | — |
| 10. | Rosebud Commercial Company Pvt. Ltd. | — |
| 11. | J. K. Paper Limited | Audit Committee |
| 12. | Park Tower Services Private Limited | — |

REPORT ON CORPORATE GOVERNANCE (Contd.)

(c) **Mr. Samveg A. Lalbhai**, a Graduate in Commerce from Gujarat University, aged about 49 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 :

| SI No | Name of the Company | Committee Membership |
|-------|--|--|
| 1. | Arvind Products Ltd. | Shareholders Grievance Committee, Committee of Directors |
| 2. | The Anup Engineering Ltd. | — |
| 3. | Atul Ltd. | — |
| 4. | Arvind Worldwide Inc. USA | — |
| 5. | Arvind Overseas (M) Ltd. | — |
| 6. | Arvind Farms Pvt. Ltd. | — |
| 7. | Saumya Farms & Organic Prod. Pvt. Ltd. | — |
| 8. | Sneh Farms Pvt. Ltd. | — |
| 9. | Arvind Worldwide (M) Inc. | — |
| 10. | National Design Business Incubator | — |

3. AUDIT COMMITTEE

Terms of Reference

The role and power of the Audit Committee includes :

- 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.
- Recommendation in respect of appointment, re-appointment and removal of statutory & internal auditors, fixation of audit fees and approval for payment for any other services rendered by statutory & internal auditors.
- Review of the quarterly and annual financial statements before submission to the Board.
- 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.
- Review of findings/observations of the internal auditors into matters of irregularity or suspected fraud and reporting the matter to the Board.
- 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).
- To seek information from any employee, access to records of the Company and investigate any activity relating to financial matters.
- To seek outside legal and/or professional advice.
- Pre-audit and post-audit discussions with statutory auditors to ascertain the nature, scope and any specific area of concern.
- 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. Golam Momen | Independent & Non Executive | 4 | 11.05.2009 |
| Mr. Dharendra Kumar | - do - | 4 | 27.07.2009 |
| Mr. Samveg A. Lalbhai | - do - | 1 | 26.10.2009 |
| Mr. Abhijit Datta - Chairman (w.e.f. 28.01.2010), inducted (w.e.f 27.07.2009) | - do - | 2 | 28.01.2010 |

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 Director and finally placed for the approval of the Shareholders.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Composition, Meeting & Attendance

| Name of the Members | Category | Dates on which Meeting held |
|---|-----------------------------|--|
| Mr. Golam Momen | Independent & Non-Executive | The meeting of Remuneration Committee was not required to be held during the year under review |
| Mr. Dharendra Kumar – Chairman (w.e.f 28.01.2010) | - do - | |
| Mr. Samveg A. Lalbhai | - do - | |
| Mr. Abhijit Datta (inducted w.e.f. 28.01.2010) | - do - | |

Remuneration Policy

The Non-Executive Directors are being remunerated by way of fees of Rs. 5,000/- for attending each meeting of Board and Rs. 3,000/- 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 2009-2010 and other disclosures

| Name of the Director | Salary (Rs.) | Benefits (Rs.) | Contribution to PF, Gratuity and other Funds (Rs.) | Meeting Fees (Rs.) | Service Contract/ Tenure | Notice Period | Number of Shares held |
|-------------------------|--------------|----------------|--|--------------------|--------------------------|---------------|-----------------------|
| Mr. Adarsh Kanoria | 30,00,000/- | 5,34,076/- | 5,04,231/- | — | 01-01-2008 to 31-12-2010 | 3 Months* | 536137 |
| Mr. Radhe Shyam Saraogi | 9,00,000/- | 4,03,068/- | 2,86,269/- | — | 01-01-2008 to 31-12-2010 | 3 Months* | — |
| Mr. Golam Momen | — | — | — | 35,000/- | NA | NA | 750 |
| Mr. Abhijit Datta | — | — | — | 19,000/- | NA | NA | — |
| Mr. Dharendra Kumar | — | — | — | 35,000/- | NA | NA | — |
| Mr. Samveg A. Lalbhai | — | — | — | 8,000/- | NA | NA | — |

* 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.

Mr. D.S. Pagaria, Chief Financial Officer, is the Compliance Officer of the Company. The Company received 3 complaints during the financial year 2009-2010, which were resolved/replied to the satisfaction of the shareholders within due time. No complaint was pending as on 31st March, 2010.

6. GENERAL BODY MEETINGS

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

| | Date of Meeting | Venue | Time |
|----------|-----------------|---|------------|
| 24th AGM | 23.06.2007 | Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017 | 10.30 A.M. |
| 25th AGM | 05.07.2008 | Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017 | 10.30 A.M. |
| 26th AGM | 27.07.2009 | Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017 | 10.30 A.M. |

The Shareholders passed the Special Resolutions set out in the notice of the 24th AGM. No Special Resolution was proposed in 25th and 26th AGM. No Special Resolution was put through Postal ballot in the last year.

7. DISCLOSURES

During the year under review, the Company had not entered into any materially significant transaction with any related party that may have potential conflict with the interests of the Company at large. The transactions with related parties, in normal course of business, have been disclosed separately in the Notes on Accounts.

No penalties, strictures have been imposed by any Stock Exchange, SEBI and/or any other statutory authority, on any matter related to capital markets, during last three years.

Although, the Company has not formulated Whistle Blower Policy, being a non-mandatory requirement, but no personnel has been denied access to the senior management/audit committee.

The details of compliance with mandatory requirements and adoption of the non-mandatory requirements of the Clause 49 of the Listing Agreement, as applicable during the financial year ended 31st March, 2010, are as under :

REPORT ON CORPORATE GOVERNANCE (Contd.)**Mandatory requirements**

| Sl. No. | Particulars of Compliance in respect of applicable following matters | Compliance Status | Remarks, if any |
|---------|--|-------------------|-------------------------------|
| I | Board of Directors | Yes | |
| II | Audit Committee | Yes | |
| III | Subsidiary Companies | Not Applicable | The Company has no Subsidiary |
| IV | Disclosure requirements | Yes | |
| V | CEO/CFO Certification | Yes | |
| VI | Report on Corporate Governance | Yes | |
| VII | Compliance | Yes | |

Non-Mandatory requirements adopted by the Company

- The Board has constituted Remuneration Committee, comprising of four Independent Non-Executive Directors, to determine remuneration of Executive Directors.
- The Financial Statements are free from any Audit Qualifications.

8. MEANS OF COMMUNICATION

The quarterly results of the Company are generally published in "Business Standard" and "Arthik Lipi/Kalantar" and displayed on the website of the Company namely www.bengaltea.com. During the year under review, the official news had also been displayed on the website but no presentation was made to institutional investors or analysts.

9. GENERAL SHAREHOLDER INFORMATION

| | | | |
|-------------------------------|-------|---|---|
| Annual General Meeting | Date | : | Saturday, 31st day July, 2010 |
| | Time | : | 10.30 A.M. |
| | Venue | : | Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017 |
| Financial Year | | : | 1st April 2009 to 31st March, 2010 |
| Date of Book Closure | | : | 24th July, 2010 to 31st July, 2010 (Both days inclusive) |
| Dividend Payment Date | | : | After 31st July 2010 but before 30th August 2010 if approved at AGM |

Listing on Stock Exchanges & Stock Code

Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 (Stock Code - 532230)
The Company has paid the listing fees for the financial year 2010-2011.

Market Price Data and Number of Shares traded at Bombay Stock Exchange Ltd during the Financial Year 2009-2010

| | April | May | June | July | August | September | October | November | December | January | February | March |
|------------|-------|--------|--------|--------|---------|-----------|---------|----------|----------|---------|----------|--------|
| High (Rs.) | 19.75 | 25.20 | 29.00 | 27.85 | 37.75 | 41.40 | 46.80 | 42.30 | 59.70 | 70.30 | 62.05 | 52.40 |
| Low (Rs.) | 15.60 | 16.05 | 20.00 | 17.65 | 24.35 | 32.00 | 31.00 | 30.95 | 38.55 | 46.30 | 48.20 | 43.15 |
| Volume | 21907 | 445108 | 259721 | 247010 | 1141257 | 954044 | 858046 | 697048 | 2656640 | 2280354 | 511921 | 231427 |

Performance in comparison to broad based indices :

| | 31.03.2010 | 31.03.2009 | Change (%) |
|----------------------------|------------|------------|-------------|
| Share prices of BTFL (Rs.) | 44.35 | 17.35 | (+) 155.62% |
| V/s BSE Sensex | 17527.77 | 9708.50 | (+) 80.54% |

Registrar & Share Transfer Agents : 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

Share Transfer System : The Transfer of Shares is effected by the Registrars after necessary approval. The process of Share Transfer generally takes 2 weeks.

Distribution of Shareholding as on 31st March, 2010

| Sl.No. | Category of Shareholders (No.of Shares Held) | Number of Shareholders | Percentage of Shareholders | Number of Shares Held | Percentage of Holding |
|--------|--|------------------------|----------------------------|-----------------------|-----------------------|
| 1 | Upto 50 | 10732 | 76.53 | 515780 | 5.73 |
| 2 | 51-100 | 1378 | 9.83 | 131229 | 1.46 |
| 3 | 101-500 | 1450 | 10.34 | 386769 | 4.29 |
| 4 | 501-1000 | 225 | 1.60 | 181822 | 2.02 |
| 5 | 1001-2000 | 113 | 0.80 | 173309 | 1.92 |
| 6 | 2001-3000 | 36 | 0.26 | 90498 | 1.01 |
| 7 | 3001-4000 | 9 | 0.06 | 31678 | 0.35 |
| 8 | 4001-5000 | 21 | 0.15 | 98222 | 1.09 |
| 9 | 5001-10000 | 19 | 0.14 | 135891 | 1.51 |
| 10 | 10001 & above | 40 | 0.29 | 7260787 | 80.62 |
| | Total | 14023 | 100.00 | 9005985 | 100.00 |

REPORT ON CORPORATE GOVERNANCE (Contd.)

Shareholding Pattern as on 31st March, 2010

| Sl. No. | Category | Number of Shares held | Percentage of Shareholding |
|---------|--|-----------------------|----------------------------|
| | I PROMOTERS (constituting GROUP as per MRTP Act, 1969) | | |
| 1 | Mr. Adarsh Kanoria | 536137 | 5.95% |
| 2 | Mr. Basudeo Kanoria | 276250 | 3.07% |
| 3 | Mrs. Pushpa Devi Kanoria | 349335 | 3.88% |
| 4 | Mrs. Shubha Kanoria | 449216 | 4.99% |
| 5 | Master Kushagra Kanoria | --- | --- |
| 6 | Miss Aanvi Kanoria | --- | --- |
| 7 | Mr. Adarsh Kanoria A/c Varenya Kanoria (Minor) | 270000 | 3.00% |
| 8 | Other Relatives/Individuals | --- | --- |
| 9 | Eskay Udyog Limited | 1043094 | 11.58% |
| 10 | Rydak Enterprises & Investment Limited | 1806720 | 20.06% |
| 11 | Samrat Industrial Resources Limited | 1833606 | 20.36% |
| 12 | Kanoria Exports Private Limited | --- | --- |
| 13 | Other Companies | --- | --- |
| 14 | Family/Charitable/Beneficial Trusts and HUFs' | --- | --- |
| | Sub-total (I) | 6564358 | 72.89% |
| | II NON PROMOTERS | | |
| 1 | Institutional Investors (Financial Institutions, Insurance Companies, Banks, Mutual Funds etc) | 108682 | 1.21% |
| 2 | Body Corporates (other than above) | 226835 | 2.52% |
| 3 | Resident Public | 1983760 | 22.03% |
| 4 | NRIs/Foreign Nationals | 10418 | 0.11% |
| 5 | The Official Trustee of West Bengal | 11520 | 0.13% |
| 6 | Clearing Members | 100412 | 1.11% |
| | Sub-total (II) | 2441627 | 27.11% |
| | Grand Total (I) + (II) | 9005985 | 100.00% |

Dematerialisation & Liquidity of Shares : The equity shares of the Company are under the list of "compulsorily delivery in dematerialised form by all investors" and the ISIN allotted by NSDL and CDSL is INE665D01016. About 21.76% of the total equity shares have been dematerialised upto 31st day of March, 2010. The shares are regularly traded at BSE.

Outstanding GDR/ADR/Warrants or any Convertible instruments

: NIL

Plant Locations

: Ananda Tea Estate, North Lakhimpur, Assam - 787 056
Asarwa Mills, Asarwa Road, Ahmedabad - 380 016

Address for correspondence

: Share-related queries/correspondences
Registrar & Share Transfer Agents - Address as above
OR

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

For & on behalf of the Board

Kolkata
Dated, the 14th day of May, 2010

Adarsh Kanoria
Chairman

DECLARATION

I hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company.

For Bengal Tea & Fabrics Limited

Kolkata
Dated, the 14th day of May, 2010

Adarsh Kanoria
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Bengal Tea & Fabrics Limited

We have examined the compliance of conditions of Corporate Governance by **BENGAL TEA & FABRICS LIMITED (“the Company”)** for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **JAIN & CO.**
Chartered Accountants
Registration No.302023E
M. K. Jain
Partner
Membership No. 55048

P-21/22, Radhabazar Street
Kolkata - 700 001
Dated, the 14th day of May, 2010

ANNEXURE - “ C”

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES,1975 AND FORMING PART OF THE DIRECTORS’ REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

| SI No | Name | Age (Years) | Designation/ Nature of Duties | Remuneration (Rupees) | Qualification | Experience (Years) | Date of Commencement of Employment | Last Employment |
|-------|------|-------------|-------------------------------|-----------------------|---------------|--------------------|------------------------------------|-----------------|
|-------|------|-------------|-------------------------------|-----------------------|---------------|--------------------|------------------------------------|-----------------|

A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 24,00,000/- OR MORE PER ANNUM.

| | | | | | | | | |
|---|--------------------|----|--|-------------|--|----|------------|---|
| 1 | Mr. Adarsh Kanoria | 43 | Chairman and Managing Director, Management (subject to control, direction and superintendence of Board of Directors) | 40,38,307/- | B.Com, Diploma in case studies from Harvard Business School,U.S.A. | 18 | 01.01.1992 | — |
|---|--------------------|----|--|-------------|--|----|------------|---|

Notes :

- Remuneration includes Salary, Reimbursement of Medical Expenses, Medical Insurance Premium, Personal Accident Insurance Premium, Contribution to Provident Fund and Gratuity Fund and Taxable Value of Perquisites.
- The above appointment is contractual.

Kolkata
Dated, the 14th day of May, 2010

For and on behalf of the Board
Adarsh Kanoria
Chairman

ANNEXURE - “D”

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS’ REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2010

CONSERVATION OF ENERGY

Energy Conservation Measures taken :

The Company has taken following steps to conserve the energy :

- Microprocessor based Electronic controlling and monitoring system installed in the Thermax Boiler for optimum use of Coal and minimizing wastage of fuel.
- Installed two voltage stabilizers in the Spinning department for saving the power consumed for the lighting.

Bengal Tea & Fabrics Limited

- (c) Inverter Drive system in 8 Autoconers for saving power.
 (d) Installed Condensate recovery system in the Sizing Section

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

Pollution Control

- (a) Back filters are used before releasing the exhaust in the coal fed boiler to minimize the level of pollution from the earlier level.
 (b) Optimized the process route for fabric processing to minimize the consumption of water, chemicals and dyes.
 (c) Clean working atmosphere is maintained in the Spinning preparatory Section by sophisticated dust and waste evacuation system.
 Total energy consumption per unit of production are furnished in the prescribed Form "A" annexed hereto.

FORM-A

Particulars with respect to conservation of energy

| (A) POWER & FUEL CONSUMPTION | TEA | | TEXTILE | |
|---|--------------|---------------|--------------|---------------|
| | Current year | Previous year | Current year | Previous year |
| 1. Electricity | | | | |
| (a) <u>Purchased (Units)</u> | 9,32,230 | 9,87,950 | 3,82,13,820 | 3,34,33,770 |
| Total Amount (Rs.) | 56,41,307 | 57,22,239 | 17,76,36,049 | 14,90,63,910 |
| Rate/Unit (Rs.) | 6.05 | 5.79 | 4.65 | 4.46 |
| (b) <u>Own Generation</u> | | | | |
| (i) Through Diesel (Units) | 4,72,253 | 3,97,583 | — | — |
| Unit per Ltr. of Diesel | 3.38 | 3.37 | — | — |
| Cost/Unit (Rs.) | 9.54 | 9.72 | — | — |
| (ii) Through Furnace Oil Generator (Units) | — | — | — | — |
| Unit per Ltr. of F.O. | — | — | — | — |
| Cost/Unit (Rs.) | — | — | — | — |
| 2. Coal (Specify quality and where used) | | | | |
| Quantity (Tones) | 1,574 | 1,638 | 6,817 | 6,879 |
| Total Cost (Rs.) | 72,17,005 | 72,41,546 | 2,15,75,745 | 1,93,43,516 |
| Average Rate (Rs.) | 4,585 | 4,422 | 3,165 | 2,812 |
| Quality : Dust Khasi, 4500 Kilo Calories/Kg. Used in drier : Ash 40% to 60% and 30% to 35% | | | | |
| 3. Furnace Oil | | | | |
| Quantity (K. Ltr.) | 25.00 | 6.05 | — | — |
| Total Amount (Rs.) | 7,48,189 | 1,58,120 | — | — |
| Average Rate (Rs.)/K.Ltr. | 29,921 | 26,149 | — | — |
| (B) CONSUMPTION PER UNIT OF PRODUCTION | | Unit | Current year | Previous year |
| (i) Black Tea | | Kg. | | |
| Electricity | | Unit | 0.67 | 0.68 |
| Furnace Oil | | Ltrs. | 0.012 | 0.003 |
| Coal (Quality as above) | | Kgs. | 0.75 | 0.81 |
| (ii) Yarn | | Kg. | | |
| Electricity | | Unit | 4.38 | 4.41 |
| Coal | | Kgs. | 0.54 | 0.54 |
| (iii) Cloth | | Mtr. | | |
| Electricity | | Unit | 0.83 | 0.81 |
| Coal | | Kgs. | 0.67 | 0.94 |

FORM-B

RESEARCH & DEVELOPMENT (R & D)

| Sl. | Particulars | TEA | TEXTILE |
|-----|--|--|--|
| (1) | Specific areas in which R & D carried out by the Company | The Division subscribes to Tea Research Association which is registered u/s 35(1)(ii) of the Income Tax Act, 1961. | (a) Improved the quality of yarn by modernizing the preparatory machines. (b) Increased the productivity and improved the working performance of Compact yarn. (c) Introduced new fabric finishes for better feel and finish in the Shirting qualities with Bio-finishing. (d) Developed extensive shade combinations in the laboratory for the cross-dyed varieties. (e) Developed various smooth finishes for Ladies trouser material in satin fabric. |

| Sl. | Particulars | TEA | TEXTILE |
|-----|---|---|--|
| (2) | Benefits derived as a result of the above R & D | The Division benefits from the suggestions received from the Association out of R & D activities. | (a) Improved quality meeting the high standard quality expectations in the export market. (b) Constantly meeting the quality requirement of the reputed branded garment Customers. (c) New colour shades and combinations, meeting the fashion requirements of the buyers. (d) Optimizing the process cost and minimizing the cost of utilities. |
| (3) | Future plan of action | The Division wishes to continue the membership of Tea Research Association. | (a) To further increase the production of Compact Yarn considering the higher demand in the market. (b) To install Auto doffing system in the Ring frames to minimize the doffing time and labour. (c) To modernize the Weaving capacity and to increase the production of high value products. (d) Improving the package quality of export yarn by introducing new winding machines. (e) Extensive Rain water harvesting system is planned. |

| | | | 2009-2010 | 2008-2009 |
|-----|---|-----|-----------|-----------|
| (4) | Expenditure on R & D | | | |
| | (a) Capital (Rs.) | NIL | NIL | NIL |
| | (b) Recurring (Rs.) | NIL | 19,14,449 | 17,44,334 |
| | (c) Total (Rs.) | NIL | 19,14,449 | 17,44,334 |
| | (d) Total R & D Expenditure as a percentage of total turnover | NIL | 0.16% | 0.17% |

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

| Sl. | Particulars | TEA | TEXTILE |
|-----|--|----------------|--|
| (1) | Efforts, in brief, made towards technology absorption, adaptation & innovation | Not applicable | (a) Added 6 Automatic jigger-dyeing machines for supplying better quality of dyed fabric and with more shade range. (b) Installed dust and fire extinguishing system in the new Blowroom to prevent any fire hazards. (c) Added one Brushing machine for Corduroy fabric. (d) Installed overhead cleaner in the loom shed for improving the fabric quality and workability. |
| (2) | Benefits derived as a result of above efforts, e.g. product improvement, cost reduction, product development | Not applicable | (a) For faster delivery of colour charts and to reduce the cycle time for the RMG and export market. (b) Precautions to avoid accidental occurrence of fire in the blowroom. (c) High value fabric for Customers in the higher brand RMG sector. (d) To improve the fabric quality and working performance of the looms. |
| (3) | Information regarding Technology imported during last 5 years | Not applicable | Not Applicable |

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year 2009-2010, the Company had contributed about Rs. 26.29 crores (net of outgo) to the exchequer in the form of valuable foreign exchange money.

(Amount in Rs. Lacs)

| Sl. | Particulars | 2009-2010 | 2008-2009 |
|-----|---------------------------|-----------|-----------|
| 1 | Foreign Exchange Earnings | 2,775.84 | 3,053.80 |
| 2 | Foreign Exchange Outgo | 146.76 | 1,830.12 |

For and on behalf of the Board

Kolkata
Dated, the 14th day of May, 2010

Adarsh Kanoria
Chairman

Bengal Tea & Fabrics Limited

AUDITORS' REPORT

To the members of
Bengal Tea & Fabrics Limited

We have audited the attached Balance Sheet of **Bengal Tea & Fabrics Limited**, as at 31st March, 2010, as well as the annexed Profit & Loss Account and the Cash Flow Statement for the year ended 31st March, 2010, in which are incorporated the accounts of the Textile Division, as audited by another firm of Chartered Accountants. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

Further to our comments in the Annexure referred to above, we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- e) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director under Clause (g) of sub-section (1) of Section 274 of the Act;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements together with notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - ii) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

P-21/22, Radhabazar Street
Kolkata - 700 001
Dated, the 14th day of May, 2010

For **JAIN & CO.**
Chartered Accountants
Registration No.302023E
M. K. Jain
Partner
Membership No 55048

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 of our Report of even date :

- 1) The provisions of clauses x, xiii, xviii, of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable for the current year.
- 2) In respect of Fixed Assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets;
 - b) The fixed assets have been physically verified during the year by the management in accordance with a program of verification, the frequency whereof is reasonable.
According to the information and explanations given to us no material discrepancies were noticed on such verification;
- c) The Company has not disposed off any substantial part of its fixed assets so as to effect its going concern;
- 3) In respect of Inventories :
 - a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals;
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business;

- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verifications;
- 4) a) According to the information and explanations given to us, the Company has not granted any loans, secured and unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) According to the information and explanations given to us, the Company has not taken any loans, secured and unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 5) In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of stores and spare parts, raw materials, plant and machinery, equipment and other assets and with regard to sale of goods and services. During the course of our previous assessment, no major weakness in internal control, had come to our notice.
- 6) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 :
- a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements that needed to be entered into the register, have been so entered;
- b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 7) The Company has not accepted any deposits from the public within the meaning of Sections 58A and Section 58AA or any other relevant provisions of the Act and rules framed thereunder.
- 8) The Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
- 9) We have broadly reviewed the Books of Account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 10) According to the information and explanations given to us, in respect of statutory dues and other dues :
- a) In our opinion and according to the information and explanation given to us, the Company is regular in depositing undisputed Statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities where applicable. There are no arrears of aforesaid statutory dues as at the last day of the financial year, outstanding for a period of six months from the date they became payable;
- b) According to the information and explanations given to us and on the basis of our examination of the documents and records the disputed statutory dues which have not been deposited with the appropriate authorities are as under :

| Sl. | Name of Statute | Nature of Dues | Period to which it pertains | Amount (in Rs. Lacs) | Forum where dispute is pending |
|-----|-----------------------------|---------------------------|-------------------------------|------------------------|---|
| 1. | Central Sales Tax Act, 1956 | Central Sales Tax | 2005-06 | 0.35 | Superintendent of Taxes, North Lakhimpur, Assam |
| 2. | Employees State Insurance | Employees State Insurance | 2003-04 2004-05 2005-06 | 0.08 * 3.65 0.74 | Industrial Court, Ahmedabad |

* Rs. 0.93 Lacs has been paid under protest;

- 11) Based on our audit procedure and on the information and explanations given by the management, the Company has not defaulted in repayment of principal and interest, due to the financial institutions and Banks.
- 12) As informed to us the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, and debentures and other investments.
- 14) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 15) The Company has applied the money received as term loans during the year for the purposes for which the loans were obtained.
- 16) The Funds raised by the Company on short term basis have not been used during the year for long term investment.
- 17) The Company has not raised any money through public issues during the year.
- 18) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

P-21/22, Radhabazar Street
Kolkata - 700 001
Dated, the 14th day of May, 2010

For **JAIN & CO.**
Chartered Accountants
Registration No.302023E
M. K. Jain
Partner
Membership No 55048

Bengal Tea & Fabrics Limited**BALANCE SHEET AS AT 31ST MARCH, 2010**

| | Schedule | As at 31st March, 2010 | | As at 31st March, 2009 | |
|--|----------|---------------------------|------------------------|---------------------------|---------|
| | | (Amount in Rs. Lacs) | | (Amount in Rs. Lacs) | |
| SOURCE OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | A | 901.07 | | 901.07 | |
| Reserves & Surplus | B | 4292.89 | 5193.96 | <u>3665.43</u> | 4566.50 |
| Loan Funds | | | | | |
| Secured Loans | C | 7015.14 | | 6728.95 | |
| Unsecured Loans | D | 787.95 | 7803.09 | <u>291.62</u> | 7020.57 |
| Deferred Tax Liabilities (Net) | | | 274.47 | | 82.25 |
| (Refer Note No. 17 of Schedule 'R') | | | | | |
| TOTAL | | | <u>13271.52</u> | <u>11669.32</u> | |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | | | | | |
| Gross Block | E | 14477.40 | | 15096.82 | |
| Less : Depreciation | | 6327.47 | | <u>6471.62</u> | |
| | | 8149.93 | | 8625.20 | |
| Capital Work-in-Progress | | 0.10 | 8150.03 | <u>260.80</u> | 8886.00 |
| Investments | | | 1018.90 | | 655.67 |
| Current Assets, Loans and Advances | | 5423.05 | | 3861.07 | |
| Less : Current Liabilities and Provisions | H | 1324.53 | | <u>1794.15</u> | |
| Net Current Assets | | | 4098.52 | | 2066.92 |
| Miscellaneous Expenditure | | | 4.07 | | 60.73 |
| (To the extent not written off or adjusted) | | | | | |
| TOTAL | | | <u>13271.52</u> | <u>11669.32</u> | |
| Notes on Accounts | | | | | |
| | R | | | | |

The Schedules referred to above form an integral part of the Balance Sheet

Per our Report attached
For **JAIN & CO.**
Chartered Accountants
M. K. Jain
Partner
Membership No.55048
P-21/22, Radhabazar Street
Kolkata 700 001
Dated, 14th day of May, 2010

A. Kanoria Managing Director
G. Momen
D. Kumar
S. A. Lalbhai Director
A. Datta
Manisha Lath Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

| | Schedule | For the year ended 31st March, 2010 <small>(Amount in Rs. Lacs)</small> | For the year ended 31st March, 2009 <small>(Amount in Rs. Lacs)</small> |
|---|----------|---|---|
| INCOME | | | |
| Sales & Operating Income | J | 15472.32 | 12656.82 |
| Closing Stock | | 854.65 | 807.07 |
| Other Sources | K | 314.35 | 325.04 |
| | | 16641.32 | 13788.93 |
| EXPENDITURE | | | |
| Opening Stock | | 807.07 | 1164.78 |
| Cotton, Polyester, Filament Yarn and Staple Fibre, etc Consumed | L | 6562.51 | 5294.82 |
| Cultivation and Manufacturing Expenses | M | 3855.56 | 3228.89 |
| Payments to and Provision for Employees | N | 1620.94 | 1494.46 |
| Selling and Distribution Expenses | O | 398.45 | 429.41 |
| Other Expenses | P | 815.08 | 822.09 |
| Interest & Finance Charges | Q | 525.55 | 445.46 |
| Depreciation | | 935.51 | 814.13 |
| Less : Transferred from Revaluation Reserve | | 14.04 | 15.61 |
| | | 921.47 | 798.52 |
| | | 15506.63 | 13678.43 |
| Profit for the year | | 1134.69 | 110.50 |
| Less : Provision for Taxation | | 244.77 | 68.80 |
| Less : MAT Credit Entitlement | | 96.53 | — |
| | | 148.24 | 68.80 |
| Add : Excess Provision for Taxation for earlier year | | (5.32) | (1.52) |
| Fringe Benefit Tax | | — | 4.06 |
| Provision for Deferred Taxation | | 192.22 | (104.13) |
| | | 335.14 | (32.79) |
| Profit after Tax | | 799.55 | 143.29 |
| Add : Balance Brought Forward from Last Account | | 305.05 | 214.44 |
| | | 1104.60 | 357.73 |
| Less : Transferred to General Reserve | | 50.00 | — |
| Less : Proposed Dividend @ Re 1.50 per share | | 135.09 | 45.03 |
| Less : Tax on Proposed Dividend | | 22.96 | 7.65 |
| | | 896.55 | 305.05 |
| Earning Per Share (Basic & Diluted) (in Rs) (Refer Note No. 16 of Schedule 'R') | | 8.88 | 1.59 |
| Notes on Accounts | R | | |

The Schedules referred to above form an integral part of the Profit & Loss Account

Per our Report attached
For JAIN & CO.
Chartered Accountants
M. K. Jain
Partner
 Membership No.55048
 P-21/22, Radhabazar Street
 Kolkata 700 001
 Dated, 14th day of May, 2010

| | |
|----------------------|--------------------------|
| A. Kanoria | <i>Managing Director</i> |
| G. Momen | <i>Director</i> |
| D. Kumar | |
| S. A. Lalbhai | |
| A. Datta | |
| Manisha Lath | <i>Company Secretary</i> |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

| | For the year ended 31.03.2010 (Amount in Rs.Lacs) | For the year ended 31.03.2009 (Amount in Rs.Lacs) |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax & Extraordinary items | 1134.69 | 110.50 |
| Amount written off against Leasehold Land | 0.28 | 0.28 |
| Interest & Finance Charges | 525.55 | 445.46 |
| Depreciation | 921.47 | 798.52 |
| Interest Received | (10.46) | (15.15) |
| Rent Received | (46.52) | (40.09) |
| Dividend Received | — | (0.61) |
| Profit on Fixed Assets Sold/Discarded (Net) | (178.04) | (129.52) |
| Excess Depreciation for earlier years Written Back | — | (0.77) |
| Deferred Revenue V R S Compensation | 47.63 | 52.60 |
| V R S Compensation Paid | — | (80.96) |
| Share Issue Expenses Written Off | 4.08 | 4.07 |
| Profit on Sale of Investments | (19.03) | (36.81) |
| Unexpired Premium on Term Loans | 4.95 | 9.42 |
| Dividend Paid | (45.03) | (54.04) |
| Dividend Distribution Tax Paid | (7.65) | (9.18) |
| Operating Profit before Working Capital Changes | 2331.92 | 1053.72 |
| Adjustment For : | | |
| - Trade & Other Receivables | (403.43) | 710.26 |
| - Inventories | (1011.32) | 374.64 |
| - Trade Payables | (593.88) | 247.93 |
| Cash Generated from Operations | 323.29 | 2386.55 |
| Interest & Finance Charges Paid/Payable | (525.55) | (445.46) |
| Income Tax Paid (Net) | (228.89) | (61.26) |
| Cash Flow before Extraordinary Items | (431.15) | 1879.83 |
| Extraordinary Items | — | — |
| Net Cash Flow from Operating Activities | (431.15) | 1879.83 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (395.01) | (3152.11) |
| Sale of Fixed Assets | 373.23 | 261.41 |
| Purchase of Investments | (1090.00) | (1251.11) |
| Sale of Investments | 745.80 | 864.48 |
| Dividend Received | — | 0.61 |
| Interest Received | 10.46 | 15.15 |
| Rent Received | 46.52 | 40.09 |
| Net Cash used in Investing Activities | (309.00) | (3221.48) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase/Decrease in Short Term Borrowings from Banks | 715.19 | (343.24) |
| Decrease/Increase in Long Term Borrowings | (429.00) | 1403.18 |
| Increase in Other Loans & Advances | 496.33 | 180.36 |
| Net Cash used in Financing Activities | 782.52 | 1240.30 |
| Net Increase/Decrease in Cash and Cash Equivalents | 42.37 | (101.35) |
| Cash and Cash Equivalents (Opening Balance) | 82.14 | 183.49 |
| Cash and Cash Equivalents (Closing Balance) | 124.51 | 82.14 |

Per our Report attached
For JAIN & CO.
Chartered Accountants
M. K. Jain
Partner
 Membership No.55048
 P-21/22, Radhabazar Street
 Kolkata 700 001
 Dated, 14th day of May, 2010

| | |
|--|---|
| <p>A. Kanoria G. Momen D. Kumar S. A. Lalbhai A. Datta</p> | <p><i>Managing Director</i> <i>Director</i> <i>Company Secretary</i></p> |
| Manisha Lath | |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'A' | As at 31st March, 2010 | As at 31st March, 2009 |
|---|-----------------------------------|-----------------------------------|
| | (Amount in Rs. Lacs) | (Amount in Rs. Lacs) |
| SHARE CAPITAL | | |
| Authorised | | |
| 1,50,00,000 Equity Shares of Rs. 10/- each | 1500.00 | 1500.00 |
| 5,00,000 Redeemable Preference Shares of Rs. 100/- each | 500.00 | 500.00 |
| | 2000.00 | 2000.00 |
| Issued, Subscribed and Paid-up | | |
| 86,28,645 Equity Shares of Rs. 10/- each fully paid-up (Out of the above 14,19,060 Equity Shares were issued as fully paid-up Bonus Shares by Capitalisation of Capital and General Reserves) | 862.87 | 862.87 |
| 3,77,340 Equity Shares of Rs. 10/- each have been allotted as fully paid-up pursuant to a contract for consideration other than cash | 37.73 | 37.73 |
| | 900.60 | 900.60 |
| Add : Amount received on forfeited shares | 0.47 | 0.47 |
| | 901.07 | 901.07 |

(Amount in Rs. Lacs)

| SCHEDULE 'B' | Balance as on 01.04.2009 | Additions | Deductions | Balance as on 31.03.2010 |
|-----------------------------|-------------------------------------|------------------|-------------------|-------------------------------------|
| RESERVES AND SURPLUS | | | | |
| Share Premium Account | 301.60 | — | — | 301.60 |
| General Reserve | 2569.20 | 53.30 | — | 2622.50 |
| Revaluation Reserve | 489.58 | — | 17.34 | 472.24 |
| Profit & Loss Account | 305.05 | 591.50 | — | 896.55 |
| | 3665.43 | 644.80 | 17.34 | 4292.89 |

| SCHEDULE 'C' | As at 31st March, 2010 | As at 31st March, 2009 |
|---|-----------------------------------|-----------------------------------|
| | (Amount in Rs. Lacs) | (Amount in Rs. Lacs) |
| SECURED LOANS | | |
| A. Term Loans from Financial Institutions under Project Finance Scheme | | |
| Rupee Term Loans : | | |
| - From Financial Institutions | — | 64.00 |
| - From Banks | 5065.50 | 5430.50 |
| B. From Banks : | | |
| i) Punjab National Bank | | |
| a) Cash Credit | 139.01 | 152.83 |
| | 139.01 | 152.83 |
| ii) State Bank of India | | |
| a) Cash Credit | 220.02 | 84.04 |
| b) Packing Credit | 834.47 | 596.18 |
| | 1054.49 | 680.22 |
| iii) Bank of India | | |
| a) Cash Credit | 192.84 | 37.60 |
| b) Packing Credit | 563.30 | 363.80 |
| | 756.14 | 401.40 |
| | 1949.64 | 1234.45 |
| | 7015.14 | 6728.95 |

Security in respect of each of the above is given in seriatim :

- A. Secured against joint equitable mortgage of all immovable properties both present and future pertaining to Textile Division, ranking pari-passu inter-se and hypothecation of all movable properties both present and future pertaining to Textile Division (save and except book debts), including movable machinery, machinery spares, tools and accessories, subject to prior charge created and/or to be created in favour of the Bankers of the Company's Textile Division for Working Capital Facilities and guaranteed by the Managing Director.
- B. i) Against hypothecation of green tea leaves, before and after plucking, tea-in-process, finished tea-in-stock/transit and/or lying with brokers/ agents relating to season 2010-2011, book debts (present and future) and equitable mortgage of immovable properties and machineries of Tea Estates as additional security and further guaranteed by the Managing Director.
- (ii) & (iii) Against hypothecation of all tangible assets including movable machinery, stock-in-trade, stores, book debts etc. and second charge on entire fixed assets, present and future, pertaining to Textile Division and guaranteed by the Managing Director.

| SCHEDULE 'D' | | | | |
|---|---------------|---------------|--------|--------|
| UNSECURED LOANS | | | | |
| Other Loans and Advances | | | | |
| Short Term Loans : | | | | |
| - From Bank of India under Buyers Line Credit | 213.77 | | 198.90 | |
| - From IDBI Bank Limited | 500.00 | 713.77 | — | 198.90 |
| Sales Tax Deferment under Government of Gujarat | | 74.18 | | 92.72 |
| New Sales Tax Incentive Scheme for Industries | | | | |
| | | 787.95 | | 291.62 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'E'

FIXED ASSETS

(Amount in Rs. Lacs)

| Particulars | * GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---------------------|---------------|-----------------------------|--------------------|--------------------|---------------|----------------|-------------------|--------------------|--------------------|
| | As at 31.03.2009 | Additions | Sales and/or Adjustments | As at 31.3.2010 | Upto 31.03.2009 | Additions | Adjustments | Upto 31.3.2010 | As at 31.3.2010 | As at 31.3.2009 |
| Land Freehold | 4.09 | - | - | 4.09 | - | - | - | - | 4.09 | 4.09 |
| Land Leasehold | 20.32 | - | 0.28 | 20.04 | - | - | - | - | 20.04 | 20.32 |
| Land & Plantation | 421.78 | 2.29 | - | 424.07 | - | - | - | - | 424.07 | 421.78 |
| Building & Water Supply Installation | 2121.39 | 429.63 | - | 2551.02 | 456.81 | 60.75 | - | 517.56 | 2033.46 | 1664.58 |
| Machinery & Electric Installation | 12098.03 | 144.22 | 1249.74 | 10992.51 | 5736.02 | 837.33 | 1057.56 | 5515.79 | 5476.72 | 6362.01 |
| Furniture & Fittings | 250.54 | 16.43 | 3.33 | 263.64 | 165.85 | 14.58 | 3.18 | 177.25 | 86.39 | 84.69 |
| Vehicles | 180.67 | 63.14 | 21.78 | 222.03 | 112.94 | 22.85 | 18.92 | 116.87 | 105.16 | 67.73 |
| Total | 15096.82 | 655.71 | 1275.13 | 14477.40 | 6471.62 | 935.51 | 1079.66 | 6327.47 | 8149.93 | 8625.20 |
| Previous Year | 12766.38 | 3408.77 | 1078.33 | 15096.82 | 6604.42 | 814.13 | 946.93 | 6471.62 | | |

* At Cost, except leasehold land which is at cost, less amount written off.

SCHEDULE 'F'

INVESTMENTS

A) Long Term at Cost

Other than Trade

QUOTED

In Fully Paid-up Equity Shares :

- Samrat Industrial Resources Ltd.

- Cawnpore Sugar Works Ltd.

(Aggregate Market Value Rs. 1.81, Previous year Rs. 1.81)

UNQUOTED

In Fully Paid-up Equity Shares :

- Kanoria Exports Private Ltd.

- Rydak Enterprises & Investment Ltd.

Total Long Term Investments

B) Current Investments : Unquoted

ICICI Prudential Flexible Income Plan-Growth Option

(Sold 945354.628 Units)

DBS Chola Freedom Income STP-Inst-Cumulative Org

(Sold 150196.357 Units)

Sundram BNP Paribas Ultra-ST Fund-Retail-Growth Option

(Purchased 83193.291 Units and Sold 624944.916 Units)

SBI-SHF-Ultra Short Term Fund-Retail Plan-Growth Option

(Sold 543565.724 Units)

Reliance Income Fund Retail Plan-Growth Option

(Purchased Units 90252.624 and Sold 381023.682 Units)

Birla Sunlife Income Plus-Growth Option

(Sold 221171.920 Units)

HDFC High Interest Fund-Growth

(Sold 230671.540 Units)

UTI Bond Fund-Growth

(Sold 110709.277 Units)

IDFC Dynamic Bond Fund Plan 'A'-Growth

(Sold 162669.515 Units)

Sundaram BNP Paribas Bond Saver-Appreciation Option

(Sold 74875.638 Units)

JM Money Manager Fund Super Plus Plan-Growth Option

(Purchased 1805804.937 Units and Sold 867157.695 Units)

Sundaram BNP Paribas Select Focus-Growth Option

| | Face Value Rs. | Number | As at 31st March, 2010 (Amount in Rs. Lacs) | As at 31st March, 2009 (Amount in Rs. Lacs) |
|--|-------------------|-------------|---|---|
| | | | 4.03 | 4.03 |
| | 10/- | 72,100 | 0.52 | 0.52 |
| | 10/- | 2,000 | 4.55 | 4.55 |
| | | | | |
| | | | 1.08 | 1.08 |
| | 10/- | 10,800 | 6.47 | 6.47 |
| | 10/- | 71,900 | 7.55 | 7.55 |
| | | | 12.10 | 12.10 |
| | | | | |
| | 10/- | — | — | 151.80 |
| | 10/- | — | — | 21.04 |
| | 10/- | — | — | 63.00 |
| | 10/- | — | — | 61.39 |
| | 10/- | — | — | 85.18 |
| | 10/- | — | — | 90.00 |
| | 10/- | — | — | 70.00 |
| | 10/- | — | — | 30.00 |
| | 10/- | — | — | 30.00 |
| | 10/- | — | — | 20.14 |
| | 10/- | 1109917.255 | 141.72 | 21.02 |
| | 10/- | 12443.425 | 10.02 | — |

SCHEDULE FORMING PART OF THE BALANCE SHEET**SCHEDULE 'F' (Contd.)**

| | Face Value | Number | As at | As at |
|--|------------------|-------------|----------------------|----------------------|
| | | | 31st March, 2010 | 31st March, 2009 |
| | Rs. | | (Amount in Rs. Lacs) | (Amount in Rs. Lacs) |
| INVESTMENTS | | | | |
| Sundaram BNP Paribas FTP 18 Months Series Y-Growth | 10/- | 250000.000 | 25.00 | — |
| Reliance Money Manager Fund-Retail Option-Growth (Purchased 32649.885 Units and Sold 28215.968 Units) | 1000/- | 4433.917 | 55.05 | — |
| Reliance Vision Fund-Retail Plan-GrowthPlan | 10/- | 4405.112 | 10.00 | — |
| Reliance Growth Fund-Retail Plan-Growth Plan | 10/- | 2730.241 | 10.00 | — |
| Reliance Regular Savings Fund-Debt Plan-Institu.-Growth | 10/- | 1075502.705 | 135.00 | — |
| Reliance Short Term Fund-Retail Plan-Growth Plan | 10/- | 174153.325 | 30.00 | — |
| Reliance Monthly Income Plan-Growth Plan | 10/- | 124918.803 | 25.00 | — |
| Reliance Regular Savings Fund-Balanced Plan-Growth | 10/- | 268259.373 | 50.00 | — |
| Reliance Fixed Horizon Fund-XIV-Series 1-Growth Plan | 10/- | 200000.000 | 20.00 | — |
| Birla Sun Life Savings Fund-Retail-Growth (Purchased 546356.993 Units and Sold 308268.595 Units) | 10/- | 238088.398 | 40.06 | — |
| HDFC Floating Rate Income Fund-Short Term Plan-Retail option -Growth (Purchased 570710.676 Units and Sold 375469.375 Units) | 10/- | 195241.301 | 29.95 | — |
| HDFC Top 200 Fund-Growth | | 5698.558 | 10.00 | — |
| Templeton India Short Term Income Retail Plan-Growth | | 1646.747 | 30.00 | — |
| Templeton India Income Opportunities Fund-Growth | 10/- | 1384530.632 | 140.00 | — |
| F T India Dynamic PE Ratio Fund of Fund-Growth | | 136332.142 | 50.00 | — |
| LICMF Savings Plus Fund-Growth Plan | 10/- | 864155.051 | 125.00 | — |
| Fortis Short Term Income Fund-Regular-Growth | 10/- | 216133.657 | 30.00 | — |
| Birla Sun Life Dynamic Bond Fund-Retail-Growth | 10/- | 266234.028 | 40.00 | — |
| Purchased and sold during the year : | | | | |
| | Purchased | Sold | | |
| Sundaram BNP Paribas Ultra ST Fund Retail-Growth | 166670.739 | 166670.739 | — | — |
| Total Current Investments | | | 1006.80 | 643.57 |
| Total | | | 1018.90 | 655.67 |

SCHEDULE 'G'**CURRENT ASSETS, LOANS AND ADVANCES**

| | As at | | As at | |
|---|----------------------|---------|----------------------|---------|
| | 31st March, 2010 | | 31st March, 2009 | |
| | (Amount in Rs. Lacs) | | (Amount in Rs. Lacs) | |
| Current Assets | | | | |
| Stocks : | | | | |
| - Stores, Spare Parts and Food Grains | 331.54 | | 360.21 | |
| - Stores-in-Transit | 17.24 | | 2.45 | |
| - Cotton, Polyester, Filament Yarn, Staple Fibre etc. | 2028.75 | 2377.53 | 1051.13 | 1413.79 |
| Stock-in-Trade : | | | | |
| - Finished Tea | 106.28 | | 105.60 | |
| - Materials-in-Process | 567.98 | | 571.72 | |
| - Yarn | 97.45 | | 101.93 | |
| - Cloth | 61.58 | | 8.64 | |
| - Waste (Per inventories taken, valued and certified by the Management) | 21.36 | 854.65 | 19.18 | 807.07 |
| Sundry Debtors (Unsecured) | | | | |
| Outstanding for a period exceeding six months : | | | | |
| - Considered Good | 1.62 | | 1.97 | |
| - Considered Doubtful | 15.37 | | 15.72 | |
| Less : Provision made for Doubtful Debts | (15.37) | | (15.37) | |
| Others - Considered Good | 1119.59 | 1121.21 | 751.93 | 754.25 |
| Cash and Postage-in-Hand (Certified) | | 19.21 | | 5.52 |
| Balances with Scheduled Banks : | | | | |
| - In Current Accounts | 45.65 | | 33.45 | |
| - In Fixed Deposit Accounts (Lodged with Banks) | 50.84 | | 36.47 | |
| - In Unpaid Dividend and Refund Account | 6.20 | | 4.75 | |
| - Interest accrued but not due | 2.61 | 105.30 | 1.95 | 76.62 |

SCHEDULES FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'G' | As at 31st March, 2010 | | As at 31st March, 2009 | |
|--|-----------------------------------|----------------|-----------------------------------|----------------|
| | (Amount in Rs Lacs) | | (Amount in Rs Lacs) | |
| Loans and Advances (Unsecured) | | | | |
| Advances Recoverable in Cash or in Kind or for value to be received | | | | |
| - Considered Good | 583.64 | | 495.55 | |
| - Considered Doubtful | 0.13 | | 0.13 | |
| Less : Provision made for Doubtful Advances | (0.13) | | (0.13) | |
| Balance with Excise/Govt. Departments | 86.71 | | 149.60 | |
| Deposits (Including Rs.14.87 with NABARD under Tea Development Scheme) | 70.73 | | 59.46 | |
| MAT Credit Entitlement | 167.62 | | 71.75 | |
| Income Tax Refundable | 14.30 | | 5.50 | |
| Advance Payment of Fringe Benefit Tax (Net of Provision) | 0.05 | | 0.37 | |
| Tax Deducted at Sources | 22.10 | | 21.59 | |
| | | 945.15 | | 803.82 |
| | | 5423.05 | | 3861.07 |

SCHEDULE 'H'

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry Creditors

| | | | | |
|--|----------------|----------------|---------|---------|
| i) Due to Micro, Small and Medium Enterprises (Refer Note No. 6 of Schedule 'R') | 0.53 | | 0.66 | |
| ii) Others | 1146.71 | | 1735.07 | |
| Interest accrued but not due on Secured Loans | — | | 1.13 | |
| Advance against Consignment | — | | 5.00 | |
| Sundry Deposits | 3.45 | 1150.69 | 4.17 | 1746.03 |
| Investor Education & Protection Fund (IEPF) shall be credited by the following amounts namely : (If remained unpaid on dates, due for transfer to IEPF) | | | | |
| (a) Unpaid Dividend Account | 6.03 | | 4.57 | |
| (b) Unpaid Right Issue Refund Account | 0.03 | | 0.03 | |
| | | 6.06 | | 4.60 |
| | | 1156.75 | | 1750.63 |

Provisions

| | | | | |
|-----------------------------------|--|----------------|--|---------|
| For Taxation (Net of Advance Tax) | | 9.73 | | (9.16) |
| For Proposed Dividend | | 135.09 | | 45.03 |
| For Tax on Proposed Dividend | | 22.96 | | 7.65 |
| | | 167.78 | | 43.52 |
| | | 1324.53 | | 1794.15 |

SCHEDULE 'I'

MISCELLANEOUS EXPENDITURE

(To the extent not written off and/or adjusted)

| | | | | |
|---------------------------------|-------------|-------------|-------|-------|
| VRS Compensation Deferred | — | | 47.63 | |
| Unexpired Premium on Term Loans | — | | 4.95 | |
| Share Issue Expenses | 4.07 | | 8.15 | |
| | | 4.07 | | 60.73 |

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'J'

SALES & OPERATING INCOME

| | Figures for the Current Year | | Figures for the Previous Year | |
|--|---|-----------------|--|----------|
| | (Amount in Rs. Lacs) | | (Amount in Rs. Lacs) | |
| Sales : (Gross) | | | | |
| - Finished Loose Tea | 3091.95 | | 2436.11 | |
| - Packet Tea | 29.23 | | 40.23 | |
| - Cloth, Yarn & Waste | 12072.62 | 15193.80 | 10065.06 | 12541.40 |
| Less : Excise Duty | | (7.83) | | (15.60) |
| Sales (Net) | | 15185.97 | | 12525.80 |
| Yarn Job Work Receipts (Tax Deducted Rs 2.34 Previous year Rs. 0.07) | | 143.08 | | 2.86 |
| Export Incentives : | | | | |
| - Duty Draw Back | 7.50 | | 116.52 | |
| - DEPB | 132.72 | | 9.24 | |
| - BKU Yozana | 0.43 | 140.65 | — | 125.76 |
| Profit on Tea Seed (Refer Note No. 8 of Schedule 'R') | | 2.62 | | 2.40 |
| | | 15472.32 | | 12656.82 |

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT**SCHEDULE 'K'**

| OTHER SOURCES | Figures for the Current Year | | Figures for the Previous Year | |
|--|-------------------------------------|---------------|--------------------------------------|---------------|
| | (Amount in Rs. Lacs) | | (Amount in Rs. Lacs) | |
| Interest (Gross) (Tax Deducted Rs. 0.62, Previous year Rs. 1.87) | | | 4.68 | 15.15 |
| On Fixed Deposit with Banks | 1.78 | | | |
| From Others | 8.68 | 10.46 | 10.47 | 15.15 |
| Rent (Gross) (Tax Deducted Rs. 7.19, Previous year Rs. 9.71) | | 46.52 | | 40.09 |
| Dividend | | — | | 0.61 |
| Replanting Subsidy | | 3.65 | | 4.82 |
| Miscellaneous Receipts | | 56.65 | | 97.27 |
| Profit on Sale of Fixed Assets/Discarded (Net) | | 178.04 | | 129.52 |
| Profit on Sale of Investments(Net) | | 19.03 | | 36.81 |
| Excess Depreciation for earlier years written back | | — | | 0.77 |
| | | 314.35 | | 325.04 |

SCHEDULE 'L'**COTTON, POLYESTER, FILAMENT YARN STAPLE FIBRE ETC. CONSUMED**

| | | | | |
|------------------------|----------------|----------------|--|----------------|
| Stocks at Commencement | 1051.13 | | | 1045.74 |
| Purchases | 7348.18 | | | 5280.75 |
| | | 8399.31 | | 6326.49 |
| Less : Stocks at Close | | 2028.75 | | 1051.13 |
| | | 6370.56 | | 5275.36 |
| Cloth Purchased | | 191.95 | | 19.46 |
| | | 6562.51 | | 5294.82 |

SCHEDULE 'M'**CULTIVATION AND MANUFACTURING EXPENSES**

| | | | | |
|--|---------------|----------------|--|----------------|
| Cultivation Expenses | 241.90 | | | 166.78 |
| Manufacturing Expenses (Including Purchase of Green Tea Leaves Rs.371.88, Previous year Rs. 247.45) | 598.48 | | | 462.16 |
| Purchase of Black Tea | | 21.40 | | 23.48 |
| Power & Fuel | | 2181.46 | | 1869.17 |
| Stores and Spares Consumed | | 784.85 | | 678.13 |
| Tea Chest, Pouches and Gunny Bags | | 27.47 | | 29.17 |
| | | 3855.56 | | 3228.89 |

SCHEDULE 'N'**PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

| | | | | |
|---|--|----------------|--|----------------|
| Salaries, Wages, Bonus etc. [Including Proportionate Deferred Revenue Expenditure VRS Compensation Rs. 47.63 (Previous year Rs. 52.60) Provision for Bonus Rs. 118.60 and Short Provision of Bonus for earlier year Rs. 0.15) | | 1268.92 | | 1113.23 |
| Remuneration to the Directors (Refer Note No. 11 of Schedule 'R') | | 39.00 | | 39.00 |
| Contribution to Provident and Other Funds | | 191.30 | | 222.63 |
| Workmen & Staff Welfare Expenses | | 121.72 | | 119.60 |
| | | 1620.94 | | 1494.46 |

SCHEDULE 'O'**SELLING AND DISTRIBUTION EXPENSES**

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Freight & Other Sale Charges | | 183.43 | | 239.90 |
| Brokerage, Commission and Discount on Sales | | | | |
| To Selling Agents | 91.86 | | 78.77 | |
| To Others | 123.16 | 215.02 | 110.74 | 189.51 |
| | | 398.45 | | 429.41 |

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| SCHEDULE 'P' | Figures for the Current Year | | Figures for the Previous Year | |
|--|---|---------------|--|---------------|
| OTHER EXPENSES | (Amount in Rs. Lacs) | | (Amount in Rs. Lacs) | |
| Rent | | 7.84 | | 6.89 |
| Insurance Charges | | 17.50 | | 15.65 |
| Rates & Taxes | | 57.07 | | 60.12 |
| Transport & Maintenance | | 47.25 | | 44.14 |
| Hank Yarn Obligation Quota Purchased | | 2.74 | | 0.66 |
| Miscellaneous Expenses | | 317.58 | | 298.26 |
| Repairs : | | | | |
| - Machinery | 292.97 | | 224.55 | |
| - Building | 42.08 | | 33.67 | |
| - Others | 9.91 | 344.96 | 10.17 | 268.39 |
| Directors' Fees | | 0.97 | | 0.94 |
| Loss on Foreign Exchange Fluctuations (Net) | | 6.76 | | 127.53 |
| Bad Debts & Irrecoverable Advances Written Off | | 1.09 | | — |
| Share Issue Expenses Written Off | | 4.08 | | 4.07 |
| Charity & Donation | | 0.31 | | — |
| Adjustment relating to Previous year (Net) | | 6.65 | | (4.84) |
| Amount Written Off Against Leasehold Land | | 0.28 | | 0.28 |
| | | <u>815.08</u> | | <u>822.09</u> |
| SCHEDULE 'Q' | | | | |
| INTEREST & FINANCE CHARGES | | | | |
| Interest : On Fixed Loans and Deposits | 363.42 | | 266.82 | |
| Others | 140.44 | 503.86 | 134.65 | 401.47 |
| Discounting Charges | | 16.74 | | 34.57 |
| Unexpired Premium on Term Loan amortised | | 4.95 | | 9.42 |
| | | <u>525.55</u> | | <u>445.46</u> |

SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE 'R'

NOTES ON ACCOUNTS

| | As at <u>31.03.2010</u> | As at <u>31.03.2009</u> |
|--|----------------------------|----------------------------|
| | (Amount in Rs. Lacs) | (Amount in Rs. Lacs) |
| 1) Contingent Liabilities not provided for : | | |
| (a) Claims against the Company not acknowledged as Debts | 16.48 | 17.90 |
| (b) Bills Discounted | 159.10 | 433.02 |
| - Since Realised | 128.85 | 42.63 |
| (c) Disputed Sales Tax Demands including interest and penalty under appeal | 15.44 | 15.44 |
| (d) Disputed Service Tax Excise Matters | 2.31 | 2.31 |
| 2) Estimated amount of contracts remaining to be executed on Capital Account but not provided for Rs. 27.85 (Previous year - Rs. 192.09) | | |
| 3) Total Salaries, Wages, Bonus and Gratuity amounted to Rs. 1610.27 (Previous year - Rs. 1408.94) | | |
| 4) Profit or Loss on Sale of Stores remains adjusted in Stores Consumed Account and is not shown separately. | | |
| 5) Miscellaneous Expenses includes payment (including service tax) to Auditors is as under : | | |
| | 2009-2010 | 2008-2009 |
| | (Amount in Rs. Lacs) | (Amount in Rs. Lacs) |
| (i) Statutory & Branch Auditors : | | |
| As Auditors (including Rs. 1.54 to Branch Auditors) | 2.21 | 2.04 |
| For Taxation Matters | 0.19 | 0.45 |
| For Other Matters (including reimbursement of expenses) | 0.86 | 1.22 |
| | <u>3.26</u> | <u>3.71</u> |
| (ii) Cost Auditors : | | |
| Cost Audit Fees | 0.31 | 0.34 |
| For Other Matters (including reimbursement of expenses) | 0.02 | 0.02 |
| | <u>0.33</u> | <u>0.36</u> |
| 6) Micro & Small Enterprises Dues | | |
| (a) Amount Due and outstanding to suppliers as at the end of the accounting year is Rs. 0.53 (Previous year Rs. 0.66). | | |
| (b) Interest paid during the year - Nil | | |
| (c) Interest payable at the end of the accounting year - Nil | | |
| (d) Interest accrued and unpaid at the end of the accounting year - Nil | | |

SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE 'R' (Contd.)

(Amount in Rs. Lacs)

7) Guarantees given by State Bank of India are secured by extension of hypothecation charge over stocks and book debts and second charge on entire fixed assets, present & future pertaining to Textile Division. Amount outstanding Rs. 147.10 (Previous year - Rs. 5.76).

| 8) The details of profit on Tea Seed : | <u>Qty (Units)</u> | <u>(Rs.)</u> |
|---|--------------------|--------------|
| Manufactured/Purchased | 452 | 21.86 |
| Less : Sold | 452 | 24.48 |
| Profit | | <u>2.62</u> |

9) Additions to Fixed Assets includes capitalisation of borrowing cost of Rs. NIL (Previous year - Rs.146.80, Net of Interest received under TUFs - Rs. 68.81).

10) **Additional information pursuant to the Provisions of Part II of the Schedule VI of the Companies Act, 1956 :**

(A) Licensed & Installed Capacity and Actual Production -

| Class of Goods | Licensed Capacity | | Installed Capacity | | Actual Production | |
|--------------------------------------|-------------------------------------|-------------------------------------|----------------------------|----------------------------|-------------------------------------|-------------------------------------|
| | 2009-2010 | 2008-2009 | 2009-2010 | 2008-2009 | 2009-2010 | 2008-2009 |
| Black Tea | Not Applicable | Not Applicable | Not Applicable | Not Applicable | 20,95,286 Kgs | 20,32,137 Kgs |
| Green Tea Leaves | Not Applicable | Not Applicable | Not Applicable | Not Applicable | 69,75,216 Kgs | 67,19,710 Kgs |
| Cloth (Including Knitted Fabrics) | 692 Looms | 692 Looms | 94 Looms | 94 Looms | 1,34,46,716 Mtrs (At Grey Stage) | 1,12,90,733 Mtrs (At Grey Stage) |
| Yarn | 50,224 Spindles** 6,536 Rotors** | 50,224 Spindles** 6,536 Rotors** | 47,616 Spindles/ Rotors | 47,616 Spindles/ Rotors | 42,53,496 Kgs.* (Saleable) | 36,51,634 Kgs. (Saleable) |

* Production Quantity in Gross (Waste, Gratis, etc. not excluded) Yarn Sample 132 Kgs. (Previous year - 133 Kgs.)

** Company has filed Memorandum for manufacture of NE 15-100% Acrylic by installing 1760 additional Ring Spindles at Textile Division, with Secretariat of Industrial Approvals, Ministry of Industry, Government of India.

(B) Opening and Closing Stock of Goods Produced -

| Class of Goods | Unit | Opening Stock | | | | Closing Stock | | | |
|----------------|-------|---------------|--------------|-----------|--------------|---------------|--------------|-----------|--------------|
| | | 2009-2010 | | 2008-2009 | | 2009-2010 | | 2008-2009 | |
| | | Quantity | Amount (Rs.) | Quantity | Amount (Rs.) | Quantity | Amount (Rs.) | Quantity | Amount (Rs.) |
| Black Tea | Kgs. | 84,986 | 105.60 | 96,204 | 105.40 | 67,380 | 106.28 | 84,986 | 105.60 |
| Cloth | Mtrs. | 17,778 | 8.64 | 2,66,746 | 124.73 | 1,77,028 | 61.58 | 17,778 | 8.64 |
| Yarn | Kgs. | 93,975 | 101.93 | 2,43,449 | 283.33 | 71,603 | 97.45 | 93,975 | 101.93 |
| | | | 216.17 | | 513.46 | | 265.31 | | 216.17 |

(C) Particulars in respect of Purchases and Sales -

| Class of Goods | Unit | Purchases | | | | Sales (Net of Excise Duty) | | | |
|------------------|-------|-----------|--------------|-----------|--------------|----------------------------|--------------|-------------|--------------|
| | | 2009-2010 | | 2008-2009 | | 2009-2010 | | 2008-2009 | |
| | | Quantity | Amount (Rs.) | Quantity | Amount (Rs.) | Quantity | Amount (Rs.) | Quantity | Amount (Rs.) |
| Black Tea | Kgs. | 16,346 | 21.40 | 24,210 | 23.48 | 20,97,080 | 3121.18 | 20,38,640 | 2476.34 |
| Green Tea Leaves | Kgs. | 22,15,766 | 371.88 | 20,83,504 | 247.45 | - | - | - | - |
| Cloth | Mtrs. | 1,62,487 | 191.95 | 61,699 | 19.46 | 1,34,49,953 | 5308.76 | 1,17,03,161 | 4338.00 |
| Yarn | Kgs. | Nil | Nil | Nil | Nil | 42,75,736 | 5716.49 | 38,00,975 | 4744.07 |
| Others | | Nil | Nil | Nil | Nil | 1039.54 | | | 967.39 |
| | | | 585.23 | | 290.39 | | 15185.97 | | 12525.80 |

(D) Details of Raw Materials Consumed -

| Class of Goods | Unit | 2009-2010 | | 2008-2009 | |
|---|--------|-----------|--------------|-----------|--------------|
| | | Quantity | Amount (Rs.) | Quantity | Amount (Rs.) |
| Cotton | M.Tons | 8,256 | 5661.08 | 7,293 | 4650.42 |
| Polyester Fibre | M.Tons | 962 | 647.87 | 796 | 506.35 |
| Staple Fibre, Polyester Filament Yarn, etc. | M.Tons | 48 | 52.53 | 75 | 106.57 |
| Others | | | 9.08 | | 12.02 |
| | | | 6370.56 | | 5275.36 |

Note : Green Tea Leaves Consumed (Raw Materials) 91,90,982 Kgs (88,03,214 Kgs) of which 22,15,766 Kgs Purchased (Value Rs. 371.88)

SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE 'R' (Contd.)

(Amount in Rs. Lacs)

(E) Value of Raw Materials, Spare Parts and Components Consumed -

| | RAW MATERIALS | | | | SPARE PARTS & COMPONENTS | | | |
|------------|---------------|--------|-----------|--------|--------------------------|--------|-----------|--------|
| | 2009-2010 | | 2008-2009 | | 2009-2010 | | 2008-2009 | |
| | Rs. | % | Rs. | % | Rs. | % | Rs. | % |
| Imported | — | — | — | — | 96.00 | 36.93 | 40.80 | 20.80 |
| Indigenous | 6370.56 | 100.00 | 5275.36 | 100.00 | 163.94 | 63.07 | 155.35 | 79.20 |
| | 6370.56 | 100.00 | 5275.36 | 100.00 | 259.94 | 100.00 | 196.15 | 100.00 |

| | <u>2009-2010</u> | <u>2008-2009</u> |
|--|----------------------|----------------------|
| | (Amount in Rs. Lacs) | (Amount in Rs. Lacs) |
| (F) Value of Imports on C.I. F. Basis - | | |
| Spare Parts & Components | 86.01 | 26.34 |
| Capital Goods | — | 1735.99 |
| | <u>86.01</u> | <u>1762.33</u> |
| (G) Expenditure in Foreign Currency - | | |
| Travelling Expenses | 41.87 | 42.04 |
| Bank Charges | 4.69 | 7.66 |
| Commission on Sales | 14.08 | 16.90 |
| Others | 0.11 | 1.19 |
| | <u>60.75</u> | <u>67.79</u> |
| (H) Earnings in Foreign Currency - | | |
| F.O.B. Value of Exports | | |
| - Direct | 1967.53 | 2365.92 |
| - Through Export House | 769.87 | 609.13 |
| (Certified by the Management) | <u>2737.40</u> | <u>2975.05</u> |

11) Computation of Net Profit under Section 198 of the Companies Act, 1956, read with Section 349 of the Act for the purpose of calculating Directors' Remuneration :

| | <u>2009-2010</u> | <u>2008-2009</u> |
|---|------------------|------------------|
| Profit as per Profit & Loss Account | 1134.69 | 110.50 |
| Add : Directors' Remuneration | 56.28 | 54.93 |
| Directors' Fees | <u>0.97</u> | <u>0.94</u> |
| Net Profit for the purpose of Computation of Remuneration | <u>1191.94</u> | <u>166.37</u> |

Remuneration including actual/estimated value of perquisites paid to Managing Director and Whole-time Director in terms of approval as per details below :

| | <u>2009-2010</u> | <u>2008-2009</u> |
|--|------------------|------------------|
| Directors' Remuneration | | |
| Salary | 39.00 | 39.00 |
| Contribution to Provident, Superannuation and Gratuity Funds | 7.91 | 7.32 |
| Other Benefits | 9.37 | 8.61 |
| | <u>56.28</u> | <u>54.93</u> |

12) Disclosure pursuant to Accounting Standard - 15 (Revised) " Employee Benefits" :

(a) Defined Contribution Plans :

Amount of Rs.161.10 (Previous year - Rs.164.81) is recognised as expense and included in "Payments to and Provision For Employees" in Schedule - N of the Profit & Loss Account.

(b) Defined Benefit Plans :

DEFINED BENEFIT OBLIGATION

i) Reconciliation of opening and closing balances of Present Value of the Defined Benefit Obligation

| Sl. No. | | Gratuity | |
|---------|--|---------------|---------------|
| | | 2009-2010 | 2008-2009 |
| a. | Present value of Defined Benefit Obligation at the beginning of the year | 684.37 | 657.07 |
| b. | Interest Cost | 55.29 | 50.41 |
| c. | Current Service Cost | 40.85 | 40.35 |
| d. | Actuarial Losses/(Gains) | (11.05) | 24.74 |
| e. | Benefits Paid | 44.58 | 88.20 |
| f. | Present Value of Defined Benefit Obligation at the close of the year | <u>724.88</u> | <u>684.37</u> |

SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE 'R' (Contd.)

(Amount in Rs. Lacs)

ii) Changes in the fair value of Plan Assets and the reconciliation thereof :

| | | Gratuity | |
|----|--|-----------|-----------|
| | | 2009-2010 | 2008-2009 |
| a. | Fair Value of Plan Assets at the beginning of the year | 673.91 | 662.78 |
| b. | Add : Expected return on Plan Assets | 65.35 | 61.29 |
| c. | Add/(Less) : Actuarial Losses/(Gains) | (10.41) | (3.61) |
| d. | Add : Contributions | 67.08 | 41.65 |
| e. | Less : Benefits Paid | 44.58 | 88.20 |
| f. | Fair value of Plan Assets at the close of the year | 751.35 | 673.91 |
| | Actual Return on Plan Assets | 54.94 | 57.63 |

iii) Amount Recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in (i) and the fair value of the plan asset in (ii) to assets and liabilities recognised in the Balance Sheet

| | | Gratuity | |
|----|---|-----------|-----------|
| | | 2009-2010 | 2008-2009 |
| a. | Present value of Defined Benefit obligation | 724.88 | 684.37 |
| b. | Less : Fair value of Plan Assets | 751.35 | 673.91 |
| c. | Present value of unfunded obligation | (26.47) | 10.46 |
| d. | Net Liability/(Asset) recognised in the Balance Sheet | (26.47) | 10.46 |

iv) Amount recognised in the Profit and Loss Account are as follows :

| | | Gratuity | |
|----|---|-----------|-----------|
| | | 2009-2010 | 2008-2009 |
| a. | Current Service Cost | 40.85 | 40.35 |
| b. | Interest Cost | 55.29 | 50.41 |
| c. | Expected Return on Plan Assets | (65.35) | (61.29) |
| d. | Actuarial Losses/(Gains) | (0.64) | 28.35 |
| e. | Past Service Costs | — | — |
| f. | Effect of Curtailment/Settlement | — | — |
| g. | Adjustments for earlier years | — | — |
| | Recognised in the Profit & Loss Account | 30.15 | 57.82 |

v) Broad Categories of Plan Assets as a percentage of total Assets :

| | | Gratuity | | | |
|----|---|------------|---------|------------|---------|
| | | 31.03.2010 | | 31.03.2009 | |
| | | Tea | Textile | Tea | Textile |
| a. | Government of India/State Government Securities | N A | 43% | N A | 37% |
| b. | GILT Mutual Fund | N A | — | N A | — |
| c. | Public Sector Bonds | N A | 55% | N A | 62% |
| d. | Fixed Deposit under Special Deposit Scheme | N A | 2% | N A | 1% |
| | | | 100% | | 100% |

vi) Actuarial Assumptions as on the Balance Sheet date :

| | | Gratuity | | | |
|----|--|------------|---------|------------|---------|
| | | 31.03.2010 | | 31.03.2009 | |
| | | Tea | Textile | Tea | Textile |
| a. | Discount Rate | 8.00% | 8.00% | 8.05% | 7.50% |
| b. | Expected rate of return on Plan Assets | 8.00% | 9.25% | 9.00% | 9.00% |
| c. | Salary Escalation Rate : | | | | |
| | - Management & Non-Management Staffs | 7.00% | 5.00% | 7.00% | 4.50% |

vii) Amount of Current and previous two years are as follows :

| | | Gratuity | | |
|----|--|-----------|-----------|-----------|
| | | 2009-2010 | 2008-2009 | 2007-2008 |
| a. | Present value of Defined Benefit Obligation | 724.88 | 684.37 | 657.07 |
| b. | Less : Fair value of Plan Assets | 751.35 | 673.91 | 662.78 |
| c. | Surplus/(Deficit) in the plan | (26.47) | 10.46 | (5.71) |
| d. | Experience Adjustments on plan liabilities (losses)/gain | 21.28 | (1.71) | — |
| e. | Experience Adjustments on plan asset (losses)/gain | (0.72) | (2.28) | — |

viii) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

c. Amount recognised as an expense in respect of Compensated Leave Absences is Rs. 23.68 (Previous year Rs. 19.80).

d. Short Term payment of Leave Encashment amounting to Rs. 10.93 (Previous year Rs. 10.46) is charged to Profit & Loss Account.

SCHEDULE FORMING PART OF THE ACCOUNTS

(Amount in Rs. Lacs)

SCHEDULE 'R' (Contd.)

13) The figures of the previous year have been re-grouped/re-arranged, wherever necessary.

14) **Segment Reporting as per AS-17 as notified by Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2010 :**

| (A) Information about Primary (Business) Segment | Tea | | Textile | | Total | |
|---|----------------|----------------|----------------------|-----------------|-----------------|-----------------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| SEGMENT REVENUE | | | | | | |
| External Sales & Other Income | 3144.92 | 2527.85 | 12352.77 | 10453.85 | 15497.69 | 12981.70 |
| Less : Excise Duty | — | — | (7.83) | (15.60) | (7.83) | (15.60) |
| Sales (Net of Excise Duty) and Other Income | 3144.92 | 2527.85 | 12344.94 | 10438.25 | 15489.86 | 12966.10 |
| Total Revenue | 3144.92 | 2527.85 | 12344.94 | 10438.25 | 15489.86 | 12966.10 |
| SEGMENT RESULT | | | | | | |
| Segment Result | 1233.26 | 818.99 | 485.10 | (209.66) | 1718.36 | 609.33 |
| Unallocated Corporate Expenses (Net of Income) | | | | | (68.58) | (69.13) |
| Interest Expense | | | | | (525.55) | (445.46) |
| Interest Income | | | | | 10.46 | 15.15 |
| Dividend Income | | | | | — | 0.61 |
| Income Taxes | | | | | (335.14) | 32.79 |
| Net Profit | | | | | 799.55 | 143.29 |
| OTHER INFORMATION | | | | | | |
| Segment Assets | 1967.73 | 1909.82 | 11335.20 | 10756.14 | 13302.93 | 12665.96 |
| Unallocated Corporate Assets | | | | | 1293.12 | 806.67 |
| Total Assets | | | | | 14596.05 | 13472.63 |
| Segment Liabilities | 199.68 | 211.64 | 957.07 | 1538.99 | 1156.75 | 1750.63 |
| Unallocated Corporate Liabilities | | | | | 167.78 | 52.68 |
| Total Liabilities | | | | | 1324.53 | 1803.31 |
| Capital Expenditure | 109.67 | 123.40 | 285.34 | 3028.71 | 395.01 | 3152.11 |
| Depreciation & Amortisation | 65.45 | 58.36 | 856.30 | 740.44 | 921.75 | 798.80 |
| Non-Cash Expenses other than Depreciation | — | — | 52.58 | 62.02 | 52.58 | 62.02 |
| (B) Information about Secondary (Geographical) Segment | India | | Outside India | | Total | |
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Segment Revenue | 12714.02 | 9912.30 | 2775.84 | 3053.80 | 15489.86 | 12966.10 |
| Segment Assets | 14537.66 | 13449.21 | 58.39 | 23.42 | 14596.05 | 13472.63 |
| Capital Expenditure | 395.01 | 3152.11 | — | — | 395.01 | 3152.11 |

Notes :

- The reportable primary segment is based on two business namely, Tea & Textile and the reportable secondary segment is based on geographical location of customers.
- The segment revenue, results, assets & liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.

15) **Related Party Disclosures as per AS-18 as notified by Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2010 :**

(A) Relationships :

(i) *Key Management Personnel & Relatives*

Shri Basudeo Kanoria Shri Adarsh Kanoria Master Varenya Kanoria
Smt. Pushpa Devi Kanoria Smt. Shubha Kanoria Shri Radhe Shyam Saraogi

(ii) *Associates*

Kanoria Exports Pvt. Ltd. Rydak Enterprises & Investment Ltd. Samrat Industrial Resources Ltd.

(iii) *Enterprises over which Key Management Personnel and/or their relatives have significant influence*

Eskay Udyog Ltd.

(Amount in Rs. Lacs)

(B) Transactions during the year with related parties in normal course of business & balances at the end of the financial year :

| | In relation to item no. | | | | | |
|--|-------------------------|---------|--------------|---------|---------------|---------|
| | A (i) above | | A (ii) above | | A (iii) above | |
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| (i) Rent Received | — | — | 1.26 | 1.26 | — | — |
| (ii) Expenses Reimbursed | 0.95 | 0.94 | — | — | — | — |
| (iii) Salary & Other benefits | 57.88 | 55.89 | — | — | — | — |
| (iv) Dividend Paid | 9.40 | 10.55 | 18.20 | 21.84 | 5.17 | 6.14 |
| (v) Rent Paid | — | — | 5.40 | 5.40 | — | — |
| (vi) Sale of Goods | — | — | 0.39 | 0.26 | — | — |
| (vii) Outstanding payable as on 31st March, 2010 | — | — | — | — | — | — |

SCHEDULE FORMING PART OF THE ACCOUNTS

(Amount in Rs. Lacs)

SCHEDULE 'R' (Contd.)

16) Statement showing calculation of Earning Per Share, as per AS-20, notified by Companies (Accounting Standards) Rules, 2006

| | 2009-2010 | 2008-2009 |
|---|-----------|-----------|
| Profit after Tax (Rs. in Lacs) | 799.55 | 143.29 |
| Weighted average number of Equity Shares of Rs. 10/- each fully paid-up | 9005985 | 9005985 |
| Earning Per Share (in Rs.) (Basic & diluted) | 8.88 | 1.59 |

17) (a) The break-up of major components of Deferred Tax Assets & Liabilities calculated in accordance with AS-22, notified by Companies (Accounting Standards) Rules, 2006

| | As at 31st March, 2010 | As at 31st March, 2009 |
|--|------------------------|------------------------|
| <i>Deferred Tax Assets being the Tax impact on -</i> | | |
| (i) Unabsorbed Depreciation/Losses Carried Forward as per Income Tax Laws | 468.56 | 651.17 |
| (ii) Expenses charged in books but allowance thereof deferred under Income Tax Laws | 65.22 | 70.58 |
| | 533.78 | 721.75 |
| <i>Deferred Tax Liabilities being the Tax impact on -</i> | | |
| (i) Difference of Written Down Value of Fixed Assets as per Income Tax Laws & Books | 808.25 | 786.13 |
| (ii) Balance of Deferred Revenue Expenses claimed under Income Tax Laws on payment basis | — | 17.87 |
| | 808.25 | 804.00 |
| Net Difference of Deferred Tax Liabilities & Assets | 274.47 | 82.25 |

18) Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

(Amount in Rs. '000)

| | | | |
|--|-----------------------|-----------------------------|------------|
| (i) Registration Details | | | |
| Registration No. | L51909WB1983PLC036542 | State Code | 21 |
| Balance Sheet Date | 31.03.2010 | | |
| (ii) Capital Raised during the year | | | |
| Public Issue | Nil | Right Issue | Nil |
| Bonus Issue | Nil | Private Placement | Nil |
| (iii) Position of Mobilisation & Deployment of Funds | | | |
| Total Liabilities | 1,32,71,52 | Total Assets | 1,32,71,52 |
| <i>Sources of Funds</i> | | <i>Application of Funds</i> | |
| Paid-up Capital | 9,01,07 | Net Fixed Assets | 81,50,03 |
| Reserves & Surplus | 42,92,79 | Investments | 10,18,90 |
| Secured Loans | 70,15,14 | Net Current Assets | 40,98,52 |
| Unsecured Loans | 7,87,95 | Miscellaneous Expenditure | 4,07 |
| Deferred Tax Liabilities (Net) | 2,74,47 | | |
| (iv) Performance of the Company | | | |
| Turnover (Total Income) | 1,57,86,67 | Total Expenditure | 1,46,51,98 |
| Profit before Tax | 11,34,69 | Profit after Tax | 7,99,55 |
| Earning Per Share (in Rs.) | 8.88 | Dividend Rate (%) | 15 |
| (v) Generic Names of Three Principal Products/Services of the Company (as per monetary terms) | | | |
| Item Code No. | 52051401 | 551221 | 9024002 |
| Product Description | Cotton Yarn | Cloth | Black Tea |

19) STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting

- i) The Company generally follows the mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties
- ii) Financial statements are based on historical cost convention modified by revaluation of certain fixed assets. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

2. Fixed Assets and Depreciation

A) Fixed Assets :

Fixed Assets, other than revalued, are stated at cost of acquisition or construction and net of Subsidy/Cenvat less accumulated depreciation (except on freehold land)/amortisation.

B) Depreciation and Amortisation :

a) Leasehold Land :

Premium on Leasehold Land is amortised over the period of lease.

b) Other :

- i) Depreciation on additions to Building, Water Supply Installation, Machineries and Electrical Installation upto 31st December, 1975, for Textile Division and upto 31st March, 1976, for Tea Division and on all other Assets is being provided on Written Down Value Basis, in terms of Section 205(2)(a) of the Companies Act, 1956, at the rates specified in Schedule XIV to the said Act.
- ii) Depreciation on additions to Building, Water Supply Installation, Machineries and Electrical Installation from 1st January, 1976, for Textile Division and from 1st April, 1976, for Tea Division has been provided on Straight Line Basis, in terms of Section 205(2)(b) of the Companies Act, 1956, at the rates specified in Schedule XIV to the said Act.

SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE 'R' (Contd.)

- iii) In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis.
iv) In respect of revalued assets the difference of depreciation, between Written Down Value and revalued amount, has been charged to Revaluation Reserve.
3. **Borrowing Cost**
i) Interest and Other Costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in period for which they are incurred, unless otherwise stated.
ii) Borrowing Costs such as the premium paid in connection with the borrowings are being amortised over the period of respective borrowings in proportion with the outstanding balances.
4. **Government Grants**
Capital Grants relating to specific assets are reduced from the gross value of the fixed assets. Other revenue grants are credited to Profit & Loss Account or deducted from the related expenses.
5. **Investments**
All investments are held as Long Term Investments, unless otherwise mentioned and are stated at cost, unless there is a permanent fall in the value of Investments.
6. **Inventories**
i) Raw Materials are valued at cost or net realisable value whichever is lower at Textile Division and at net realisable value in Tea Division. Cost is arrived at on the basis of cost of respective lots remaining in stock and related expenses.
ii) Stores, Coal, etc are valued at cost. Costs of stores is arrived at on F.I.F.O. basis in Textile Division except coal which is valued on monthly average basis. At Tea division, all stores are valued on monthly average basis.
iii) Materials-in-Process is valued at cost on absorption basis or net realisable value, whichever is lower.
iv) Yarn is valued at cost on absorption basis or net realisable value whichever is lower including excise duty.
v) Cloth is valued at cost on absorption basis or net realisable value whichever is lower including excise duty.
vi) Finished Tea is valued at net realisable value.
vii) Waste is valued at estimated realisable value.
viii) Materials-in-Transit is valued at cost to date of the Balance Sheet.
7. **Exchange Fluctuations**
Monetary Current Assets and Liabilities in foreign currency outstanding at the close of the financial year are valued at the appropriate exchange rates at the close of the year. The loss or gain due to fluctuation of exchange rates is charged to Profit & Loss Account.
8. **Sales**
i) Sale of goods is recognised at the point of dispatch of finished goods to the customers.
ii) Export sales are accounted on the basis of dates of Bill of Lading.
iii) Export benefits in the nature of "Duty Entitlement Pass Book under the Duty Exemption Scheme", "Duty Draw Back Scheme" and "BKU Yozana Scheme" are accounted in the year of export.
9. **Employee Benefits**
i) *Defined Contribution Plans* : The company has defined benefit contribution plans in the form of Provident Fund, Superannuation Fund, EDLI, ESIC and Labour Welfare Fund and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
ii) *Defined Benefit Plans* : The Company has defined benefit plans namely leave encashment/compensated absence and Gratuity for employees, the liability for which is determined on the basis of actuarial valuations at the end of the year. Gains and Losses arising out of actuarial valuations are recognised immediately in the Profit & Loss Account as income or expense.
iii) *Other Defined Benefits* : Provision for other Defined Benefit for long term leave encashment is made based on an independent actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gains and losses are recognised immediately in the statement of Profit & Loss Account as income or expenses. Company recognises the undiscounted amount of short term employee benefits during the accounting period based on service rendered by employee.
iv) *Retrenchment Compensation* : Retrenchment Compensation is being amortised over a period of future benefit as estimated by the management.
10. **Impairment of Assets**
The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital.
11. **Provisions, Contingent Liabilities and Contingent Assets**
Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the accounts by way of a note. Contingent assets are neither recognised nor disclosed in the financial statements.
12. **Taxes on Income**
i) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
ii) Deferred Tax is recognised on the basis of timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods.

Per our Report attached
For JAIN & CO.
Chartered Accountants
M. K. Jain
Partner
Membership No.55048
P-21/22, Radhabazar Street
Kolkata 700 001
Dated, 14th day of May, 2010

Singatures to Schedules A to R

| | |
|----------------------|--------------------------|
| A. Kanoria | <i>Managing Director</i> |
| G. Momen | <i>Director</i> |
| D. Kumar | |
| S. A. Lalbhai | |
| A. Datta | |
| Manisha Lath | <i>Company Secretary</i> |

Bengal Tea & Fabrics Limited

Registered Office :
45, Shakespeare Sarani, 4th Floor, Century Towers, Kolkata - 700 017

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall. Please also bring your copy of the Annual Report.

ATTENDANCE SLIP

I hereby record my presence at the 27th ANNUAL GENERAL MEETING of the Company at "Kalakunj", 48, Shakespeare Sarani, Kolkata - 700 017 on Saturday, 31st July, 2010 at 10.30 A.M.

REGD. FOLIO No.

D. P. ID No.

NO. OF SHARES

CLIENT ID No.

| | |
|--|--|
| NAME OF THE SHAREHOLDER (IN BLOCK LETTERS) | |
| SIGNATURE OF THE SHAREHOLDER OR PROXY | |



Bengal Tea & Fabrics Limited

Registered Office :
45, Shakespeare Sarani, 4th Floor, Century Towers, Kolkata - 700 017

PROXY FORM

REGD. FOLIO No.

D. P. ID No.

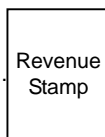
NO. OF SHARES

CLIENT ID No.

I/We
of
..... being a Member/Members of BENGAL TEA & FABRICS LIMITED
hereby appoint of
or failing him of
or failing him of
as my/our Proxy to attend and vote for me/us on my/our behalf at the 27th ANNUAL GENERAL MEETING of the Company to be held on Saturday, 31st July, 2010 and at any adjournment thereof.

Signed this day of 2010

Signature



Note : The Proxy Form duly completed must reach/deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.



BENGAL TEA AND FABRICS LIMITED

Century Towers, 4th Floor
45, Shakespeare Sarani, Kolkata - 700 017