

ARCUTTIPORE TEA COMPANY LIMITED



**Annual Report & Accounts
For the year ended 31st March
2008**

ARCUTTIPORE TEA COMPANY LIMITED

BOARD OF DIRECTORS :

SHRI U. S. BAJORIA

- *Chairman*

SHRI HARSH KUMAR BAJORIA

- *Managing Director*

SHRI CHANDI PRASAD PODDAR

- *Director*

SHARE REGISTRARS :

MCS LIMITED

77/2A, HAZRA ROAD

KOLKATA - 700 029

AUDITORS :

ARUNABHA GANGULY

CHARTERED ACCOUNTANTS

BANKERS :

CENTRAL BANK OF INDIA

KOLKATA MAIN BRANCH

KOLKATA - 700 001



REGISTERED OFFICE :

MMS CHAMBERS, 1st FLOOR

4A, COUNCIL HOUSE STREET

KOLKATA - 700 001

PHONE : (033) 3259 1972

FAX : (033) 2231 1933

GARDEN :

ARCUTTIPORE TEA ESTATE

SILCHAR, CACHAR, ASSAM

ARCUTTIPORE TEA COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their 139th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2008.

	For the Year ended 31st March 2008 Rs.	For the Year ended 31st March 2007 Rs.
Profit/Loss before depreciation	(40,31,940)	(63,18,765)
Provision for depreciation	12,33,989	12,43,012
Profit/Loss after depreciation	(52,65,929)	(75,61,777)
Provision for Taxation	—	—
Profit /Loss after tax	(52,65,929)	(75,61,777)
Loss b/f from previous year	10,85,61,132	10,09,99,355
Transfer from investment	—	—
Allowance Reserve	—	—
Transfer to Balance Sheet	(11,38,27,061)	(10,85,61,132)
Profit available for appropriation	NIL	NIL

CROP

During the current year, your directors report that there was no production of made tea as compared to 305120 Kgs of made tea during the previous year and the reason for no production was that the company could not restore the electricity and could not make fuel arrangements due to acute shortage of fund. Hence, the company was forced to sell the entire production of 1762825 kgs green leaf during the year as compared to sale of 435238 kgs green leaf in the previous year.

Due to acute shortage of fund, and non payment of statutory dues and liabilities over the years & no financial assistance from any corner, the company has not been able to re-commence production during the current year too, and has been continuing selling green leaf during the current year at the moderate rate for meeting the labour payments and consequential overheads.

PERFORMANCE

Your Directors report that the Company has incurred gross loss of Rs. 52,65,929/- for the year from the operation as compared to a gross loss of Rs. 7561777/- for the previous year, mainly due to shortage of fund causing non restoration of electricity and fuel to re-start production even at higher cost of production against the net realizable amount coupled with unfavourable climate, erratic and undistributed rain causing fall in production of Tea from its estimations.

FUTURE PROSPECTS

Your Directors would like to specifically mention that there has been improvement in demand of tea in the domestic market as well as overseas market in the current year but due to huge losses and acute shortage of funds coupled with unfavourable climate, erratic and undistributed rain in the present year, the company has not been able revive the situation and has been facing huge losses and abnormal damages to the garden and plant & machinery on account of poor maintenance and the loss of production. The company would not in a position to reap and maintain margins and would not show good results even in the present year. Moreover, the company's net worth has eroded and has been facing financial crisis continuously. Your directors have been planning to take proceedings with the BIFR authority, seeking restructuring and revival package / scheme envisaging revival and several benefits for the interest of the company unless there is financial support from the banks & financial institutions..

DEPOSITORY SYSTEM

The Company's equity shares are listed on the Regional Stock Exchanges at Bombay, Kolkata, for transaction of shares in demat form. The shares of the Company are tradable in demat form. Your Company also offers transfer-cum-demat facility to expedite the transfer process. The listing fees with The Exchanges are not yet paid.

INDUSTRIAL RELATION

During the year under review, your Company continued to maintain cordial and mutually helpful relationship with its employees. The Board records its deep appreciation of the co-operation and support extended by employees at all levels and looks forward to their total involvement and in pertaining the over all improvement of the Company.

PARTICULARS OF EMPLOYEES

The Company had no employee drawing more than Rs.24,00,000/- per year or Rs. 2,00,000/- per month during the year and as such the particulars as required u/s 217(2A) of the Act are not required.

In terms of Section 217 of the Companies Act 1956, your Directors state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departure.
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year.
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company.
- (d) The Directors had prepared the annual accounts on a going concern basis.

DIRECTORS

Mr. Chandi Prasad Poddar retire at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Harsh Bajoria, the Managing Director of the company, has informed that in view of huge losses and continuous financial crisis even in the current year, he had forgone his basic remuneration as reported in the last General Meeting of the company, and he continues to render his services as managing director as he has been rendering in earlier periods, even without remuneration until and unless the company starts making reasonable profits in years to come. The company took on record the appreciation of services rendered Mr. Harsh Bajoria during the year and his continued support.

CORPORATE GOVERNANCE

The Company's Philosophy

The Company believes and its essence that the core values of the Company's Corporate Governance are transparency, Professionalism, Accountability, Fairness and social Responsibility. It is continuous endeavor of the Company to fulfil these objectives and enhance the wealth generating capacity, keeping in mind long term interest of the shareholders

Board of Directors: -

The Board consisted of 3 (Three) Directors as on 31.3.2008 with a Non-Executive Chairman, Executive Managing Director and 1 (One) non-Executive Directors. Their particulars and attendance at Board Meetings and AGM are given below:

Sl No.	Name	Status	No. of Board Meeting Attended	Attendance at the Last EGM/ AGM	Other Company			
					Board of Directors		Board Committee	
					Chairman	Member	Chairman	Member
1	Mr. U. S. Bajoria	Non-Executive Chairman	Nil	No	-	Nil	-	-
2	Mr. H. K. Bajoria	Executive Managing Director/Promoter	5	Yes	-	19	-	-
3	Mr. C. P. Poddar	Non-Executive Independent Director	5	Yes	-	10	-	-

Board Meeting held during the year: -			
Sl No.	Date of Meeting	Board Strength	No. of Directors Present
1	April 29, 2007	3	2
2	July 28, 2007	3	2
3	September 3, 2007	3	2
4	October 29, 2007	3	2
5	January 30, 2008	3	2

AUDIT COMMITTEE

Terms of Reference & Composition

The terms of reference of the committee cover the matters specified for Audit Committee under Clause 49 of the listing Agreement as well as in Section 292A of the Companies Act, 1956.

Name of Directors	No. of Meeting	No. of Meeting attended
Sri C. P. Poddar	4	4
Sri U. S. Bajoria	4	4

Remuneration of Directors

Name of Director	Sitting fee Paid For Board Meeting	For Committee Meeting	Salary & Perks	Total
Mr. U. S. Bajoria	-	-	-	-
Mr. H. K. Bajoria	-	-	-	-
Mr. C. P. Poddar	-	-	-	-

* Includes perquisites

- The Agreement with Mr. H.K.Bajoria, Managing Director is a period of 5 years.
- The Company does not have any employee Stock Option scheme.

Shareholders/ Investor's Grievance Committee: -

The Committee consists two Directors viz Sri C.P.Poddar and Sri U.S.Bajoria and the grievances received were dealt with at its meetings. Sri Naresh Shah is the Compliance Officer of the Company. During the year, two complaints were received from the shareholders, all of which have been resolved to date. The Company has no transfer pending at the close of the financial year.

Annual General Meeting

The last 3 (Three) Annual General Meetings were held as follows. No Extra Ordinary General Meeting was called during the period.

Year ended	Date of meeting	Time	Venue
31.3.2007 (138th AGM)	29.9.2007	3.00 P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata - 700 007
31.3.2006 (137th AGM)	28.9.2006	3.00 P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata - 700 007
31.3.2005 (136th AGM)	29.9.2005	3.00 P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata - 700 007

All the resolutions set out in the respective notices were passed by the shareholders.

No special resolution was passed during the year.

No postal ballots were used for voting at these meetings.

At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

Management Discussions and Analysis Report

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is given below:

a) Industry Structure and Developments

The tea industry is improving situation of supply exceeding demand. With the sale volume remaining almost moderate and with lower realisation, the margins are under pressure. The Company's brands not continued to sell due to shortage of fund and has been selling green leaf

But at lower margins. The step taken for cost control, quality up gradation as well as marketing policy are expected to improve the margins in future.

b) Opportunities and Threats

As your company's produce is presently not exported, it is not exposed to the vagaries of the export market.

c) Segment-wise or product-wise performance

In spite of the industry continuing to operate under difficult conditions, the performance of your company was somewhat sustained due to its branding initiatives.

d) Outlook

It is hoped that the industry will improve, with the demand for exports picking-up in due course.

e) Risks and concerns

The availability of new land for cultivation continues to be a constraint. The steps taken for increasing the yield as well as the replantation programme being pursued by the Company will enable the company to revive and sustain its manufacturing capacities provided the company gets financial support from the concerned institutions.

(f) Internal control systems and their adequacy

The system of internal control is commensurate with the size and nature of the business of the Company. The systems are regularly reviewed to ensure its effectiveness.

(g) Discussion on financial performance with respect to operational performance

These have been covered in the Director's Report specifically under the section on Financial Results and operations. The statement of accounts shows that the net worth of the company has eroded due to operational activities.

h) Material developments in Human Resources / Industrial Relations front, including number of people employed

The Company continues to lay emphasis on training and development of its human resources. The requirement of professionally qualified and trained personnel is regularly reviewed to obtain optimum results in all spheres of its activity.

The Company continued to maintain healthy and cordial Industrial relations at all its production facilities. It also strives to maintain the best of relations with its employees and ensure providing all mandatory facilities to them.

General Shareholder's information.

Annual General meeting- Date, Time, Venue.

139th Annual general Meeting of the Members of the Company would be held on Monday, the September 29, 2008 at 3.00 P.M at Hotel Haveli, 17 Balmukund Macker Road, Kolkata 700007.

Date of Book closure.

The Register of Members of the Company will remain closed from September 25, 2008 to September 29, 2008 (both days inclusive) for the purpose of Annual General meeting of the Company.

No dividends declared during the year.

Registered Office of the Company:

**4A, Council House Street,
Dewar's Garage, 1st Floor,
Kolkata 700 001**

Registrar and Transfer Agents.

M/s. MCS Ltd. of 77/2A, Hazra Road, Kolkata 700 029 are the Company's RTA, including dematerialized segment.

Share Transfer System

The Company shares are compulsorily traded in the demat form for all category of shareholders. All transfers are debited/credited through the respective Accounts maintained with the Depository participants (DPs) of the investor.

Listing on Stock Exchanges: -

Shares are presently listed on four Stock Exchange viz. The Kolkata Stock Exchange Association Ltd. (Regional), and The Bombay Stock Exchange, Mumbai.

Company's stock code: -

Kolkata Stock Exchange	011062
Mumbai Stock Exchange	530261
Demat ISIN number for NSDL & CDSL	INE674C01010

Financial Calendar:

The Company's financial year is from April 01 to March 31 of the following year. The calendar for 2007-2008 has been as follows: -

Un-audited results for the Quarter Ended	Approved by the Board of Directors
30.06.2007	28.07.2007
30.09.2007	29.10.2007
31.12.2007	30.01.2008
31.03.2008	30.04.2008

Financial Audited Results approved by the Board of Directors on 03.09.2008

Annual General Meeting for the year-ended 31.3.2007 held on 29.9.2007.

Distribution of Shareholding 2007-2008

Block of Shares	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1- 500	2033	92.3671	247089	4.9256
501-1000	62	2.8169	50864	1.0140
1001-2000	38	1.7265	56451	1.1253
2001-3000	9	0.4089	22106	0.4407
3001-4000	8	0.3635	30303	0.6041
4001-5000	6	0.2726	27102	0.5403
5001-10000	7	0.3180	53439	1.0653
10001-above	38	1.7265	4529026	90.2847
Total	2201	100.0000	5016380	100.00

Shareholding Pattern: -

The Shareholding pattern of the equity share capital of the Company as on March 31, 2008 was as follows:

Category	No. of Shareholders	Shares held	% of Share
Promoters	21	1553729	30.97
Foreign Institutional investors	Nil	Nil	Nil
Non - resident Indian	Nil	Nil	Nil
Overseas Corporate Bodies	Nil	Nil	Nil
Domestic Companies	62	2778115	55.38
Foreign Direct Investment	Nil	Nil	Nil
Mutual Funds	Nil	Nil	Nil
Banks	2	100333	02.00
Indian Public	2116	584203	11.65
Financial Institutions	Nil	Nil	Nil
Total	2201	5016380	100.00

Address for Correspondence

MCS Limited
77/2A, Hazra Road, Kolkata 700 029

Plant Location**Arccutipore Tea Estate**

Po. Silchar, Dist. Cachar, Assam.

Disclosures

1. There are related party transactions made by the Company with its promoters, the Directors or management or relatives that may not have potential conflict with the interest of the Company at Large. Transactions with the relative parties are disclosed in note no B 27 of schedule D to the Accounts in the Annual report. Compliances in this regard, wherever necessary, in terms of the Companies Act, 1956 are being carried out.
2. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchange or any statutory for non-compliance of any matter related with the capital Markets.
3. The Company has not adopted Non mandatory requirements.

Auditors Certificate on Corporate Governance

The Company has obtained a certificate from its statutory auditors regarding compliance of requirements of Corporate Governance as stipulated in Clause 49 of the Listing agreement with Stock exchanges and the same is annexed. The Certificate will also be sent to the Stock exchange along with the Annual report by the Company.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

The information required under Section 217(1) (e) of the Companies Act read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 are set out in an annexure hereto forming part of the report.

AUDITORS

M/s Arunabha Ganguly, Chartered accountant and the Statutory Auditors, retires at the ensuing Annual General Meeting of the company, and being eligible, has expressed his willingness to be re-appointed.

APPRECIATION

Your Directors wish to place on record their appreciation of the support, which the Company continues to receive from the Government, Bankers and business associates. Your Directors also place on record their appreciation of the wholehearted support extended by the shareholders and the employees & workers of the company.

For and on behalf of the Board

Kolkata
The 3rd September, 2008

H. K. Bajoria
Managing Director

Arcuttipore Tea Company Limited

Annexure to the Director's Reports

Statement of Particular Under the Companies (Disclosure of Particulars in the Reports of Board of Director) Rules, 1988.

1) CONSERVATION OF ENERGY:

- a) Energy Conservation Measures Taken:
All Possible measures and precautions are being taken to reduce the consumption of energy.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy : Nil
- c) Impacts of measures taken at (a) and (b) for reduction of enegy consumption and consequent impact on the cost of Production of Goods : Not Ascertainable.
- d) The relevant figures are given below:

A Power & Fuel Consumption :

	2007-2008	2006-2007
i) Electricity		
A) Purchased - Units	-	257,828
Total Amount	-	Rs.2041552
Rate/unit	-	Rs.7.92
b) Owner Generation :-	-	88,419
From DG sets - Units	-	2.50
Units /ltr. Of Diesel	-	Rs.13.20
Cost/Unit	-	
ii) Furnace Oil for Tea Processing		
In withering and Drying		
Quantity (K.ltrs)	-	-
Total Cost	-	-
Average Rate (Per K. Ltr)	-	-
iii) Coal :-		
Quantity (M.T)	-	383.79
Total Cost (Rs.)	-	1,039,088
Average Rate (Rs. Per M.T.)	-	2,707
iv) H. S. D. Oil for Transport and		
Material Handling		
Quantity (K. Ltrs)	3.53	5.10
Total Cost (Rs.)	112017	168,095
Average Rate (Rs. Per K. Ltrs)	3179	32,960
v) Petrol for Transport and		
Material handling		
Quantity (K.Ltrs)	1.03	2.07
Total Cost (Rs.)	48091	101,078
Average Rate (Rs.per K.Ltrs)	4669	48,829
vi) Consumption per unit of production :		
a) Electricity Consumed - Units	Nil	346,247
Total Production - Tea (kg)	Nil	305,120
Consumption per kg- Units	Nil	-
B) Furnace Oil for Tea Processing :		
Quantity Consumed (K.ltrs)	Nil	-
Total Production - Tea (kg)	Nil	305,120
Consumption per Kg.- Ltrs.	Nil	-

2) RESEARCH AND DEVELOPMENT :

- Specific area in which R&D is carried out by the Company
 - Benefits derived as a result of the above R & D
 - Future Plans of Action
 - Expenditure on R & D
- The company subscribes to Tea Reseach Association which is Registered U/s 35(1) (ii) of the income tax Act 1961

3) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- Efforts made
 - Benefits derived as a result of above effot
 - Imported technology in the last five years
- Not Applicable

4) FOREIGN EXCHANGE EARNINGS AND OUTGO

- A) Expenditure in Foreign Currency

For and on behalf of the Board

Certificate from the Auditors regarding Compliance of Conditions of Corporate under Clause 49 of the Listing Agreement

To the Members of Arcuttipore Tea Company Limited

We have examined the compliance of conditions of corporate governance by Arcuttipore Tea Company Limited, for the year ended 31st March, 2008 as stipulated in Clause 49 of the listing Agreement of the said company with the Stock Exchanges.

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 the 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except as given below:

Declaration u/s 24AA of two of the Directors has not been obtained by the Company.

Auditors and Internal Auditors have not been invited to attend the Audit Committee meeting.

Information regarding Internal control system, Scope of Audit, Audit observation, Material defaults in financial obligation to and by the company, or substantial non-payment of goods sold by the company, non compliance of regulatory, statutory nature or listing requirement and share holders service has not been placed before the Board of Directors.

The following information have not been included in report on Corporate Governance:

- i) Listing fees Rs. 38708 of CDSL not accounted for and paid in terms of CDSL letter no CDSL/ ISSUER bill 2240 dated 25.08.2008**
- ii) Brief resume of the Directors reappointed, and**
- iii) Details of non-compliance by the Company.**
- iv) Information regarding market price data high, low during each month and dematerialization of shares during the year and performance in comparison to broad base indices.**

We state that no investor grievance is pending against the Company as per records maintained by the Shareholders / Investors Grievance Committee.

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 ARUNABHAGANGULY
Chartered Accountant**

**148, Sarat Bose Road
Kolkata 700 029
Date: 3rd September, 2008**

**Arunabha Ganguly
Proprietor
Membership No- 52554**

ARCUTTIPORE TEA COMPANY LIMITED

AUDITOR'S REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **ARCUTTIPORE TEA COMPANY LIMITED** as at 31st March, 2008 and the Profit & Loss account along with cash flow statement of the Company for the year ended on that date, annexed thereto. 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 misstatement. An audit includes examining, on a test 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we state that.

- i. (a) Proper updated records showing full particulars including quantitative details and situation of its fixed assets are being maintained by the Company.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) The company has not disposed any fixed assets during the year, which could affect the going concern status of the company.
- ii. (A) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management. There is no inventory lying with third parties.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) As informed, the Company is maintaining proper records of its inventory and discrepancies noticed on verification of stocks as compared to book record were not material and have been properly dealt with in the books of account.

- iii. (a) The company has taken/granted certain unsecured loan from/to the company covered under the register maintained under Section 301 of the Companies Act 1956. In the absence of relevant information and related documents, we are unable to quantify the number of companies and amount involved in the transaction.
- (b) There is no stipulation for payment of principal and interest amount. As such we are unable to ascertain whether such terms are prejudicial to the interest of the company and whether said loan is overdue for repayment.
- iv. In our opinion and according to the information and explanations given to us, the prevailing internal control system needs to be strengthened, to commensurate with the size of the company and the nature of its business for purchase/inventory and fixed assets and for sale of goods.
- v. a) In our opinion and according to information and explanation given to us, the particulars of contracts or transactions referred to in Section 301 of the Companies act 1956 are being recorded in the register required to be maintained under that section.
- (b)The Company has made transactions as stated in Note No. 18B herein.
- vi. According to the information and explanation given to us, the company has not accepted any public deposit with in the meaning of the Section 58A of the Companies Act 1956 and rules framed there under.
- vii. The Company has not been prescribed for the maintenance of cost records by the Central Government under clause (d) of sub-section (1) of section 209 of the companies Act 1956.
- viii. (a) As given in Note No. B 12 (a) & B 12 (b) of Schedule D and according to the information and explanations, given to us the company is not regular in depositing with the appropriate authorities undisputed statutory dues in respect of Provident Fund, Income Tax, Sales-Tax, Cess and Professional Tax.
- ix. The accumulated losses of the company as at the end of the year are Rs.11,38,27,060.96/-. The said amount as shown in the Schedule exceeds the said losses and are more than the net worth of the Company. However, the Company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- x. In our opinion and according to the information and explanation given to us, there have been delays in repayment of dues to financial institution and details of the delayed amount and delays are given as under:

Particulars of loan	Maximum amount of delay	Maximum period of delay
Tea Board of Rs.1282211/-	Rs.1282211/-	More than 4 years

- xi. Based on our examination and according to information and explanations given to us. the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- xii. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company

- xiii. The company is not dealing in shares, securities, debentures.

- xiv. According to information and explanations given to us, we are of the opinion that the company has not given any guarantee for loans taken by others from bank or financial institutions.

- xv. As per the information and explanations given to us, cash credit loans obtained/availed by The company were generally utilised for purpose for which these were obtained/availed.

- xvi. During the year under audit, the company has not borrowed any amount in form of Term Loan.

- xvii. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.

- xviii. The company has not issued any debentures and therefore, the provisions of clause 4(xix) are not applicable to the company.

- xix. During the period covered by our audit, the company has not raised any money by public issue therefore, the provision of clause 4(xx) are not applicable to the company.

- xx. According to the information and explanations given to us and the audit procedures performed, we have neither come across any instances of fraud on or by the company, noticed or reported during the year nor have we been informed of such case by the management.

- (B) Attention is invited to the following notes of Schedule D: -

- (i) Note No. B.1 (a) regarding, non-provision / non-ascertainment of diminution in value of Investments, the eventual shortfall that may arise there from cannot be commented upon by us,

- (ii) Note No. B.1 (b) regarding non-availability of investments for physical verification,
- (iii) Note No. 4, 5, 6(a), 6(b), 6(c) and Note No. 7 regarding receivables, outstanding, balances, loans and interest regarding interest receivables, aggregating to Rs. 39871266 (Previous year Rs.3, 84,88,165), the eventual recovery of which and extent of provision there against, if any, cannot be ascertained.
- (iv) Note No.8 (b) regarding income tax deducted at source Rs.29, 57,842/- (Previous year Rs. 29,57,842/-) which is doubtful of recovery, due to non-adjustment of which the accumulated losses is lower, current assets are higher and Reserve and Surplus are lower to that extent,
- (v) Note No. B 11(a) regarding non-provision and basis of ascertainment of gratuity liability on the management's estimate, which may be different if ascertained on the basis of actuarial valuation and the impact of which is not ascertainable. This is not in consonance with Accounting Standard-15 on Accounting of Retirement benefits issued by the Institute of Chartered Accountants of India (ICAI) due to which loss for the year is lower, Reserve and Surplus are higher and current liabilities are lower by Rs.3846243/- (Previous year Rs.3202327/-) (to the extent ascertained), net of payment Rs. 3,53757/- (Previous year Rs.7, 97,673/-) given on account.

C. Subject to above, we report that:-



- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit,
 - (ii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account,
 - (iii) In our opinion, proper books of account, as required by Law, have been kept by the Company so far as appears from our examination of the books,
- D. In our opinion, excepting (i) note no B.1 (a) regarding non-provision / non-ascertainment of diminution in value of Investments (ii) note no.B.11 regarding non-provision of gratuity liability, of schedule D, the profit & loss Account and Balance Sheet comply with the Accounting Standards as referred to in Section 211 (3C) of the Companies Act 1956 to the extent applicable.
- E. On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2008 from being appointed as a Director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956,

- F. In our opinion and to the best of our information and according to the explanations given to us the said accounts subject to our remarks in para B read together with other notes in Schedule 'D', give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles prevailing in India: -
- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008,
 - ii) in the case of Profit & Loss Account, of the loss of the Company for the year ended on that date and
 - iii) in the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

148, Sarat Bose Road,
Kolkata, The 3rd Day of September 2008



For **ARUNABHA GANGULY**
Chartered Accountant
Arunabha Ganguly
Proprietor
Membership No. 52554

31st March, 2007 Rs.	LIABILITIES		31st March, 2008 Rs.
	SHARE CAPITAL		
	Authorised :		
70,000,000	70,00,000 Ordinary Shares of Rs. 10/- each.		70,000,000.00
	Issued :		
56,009,000	56,00,900 Ordinary Shares of Rs. 10/- each.		56,009,000.00
	Subscribed & Paid-Up :		
	50,16,380 Ordinary Shares of Rs. 10/- each fully		
50,163,800	Paid-Up	50,163,800.00	
2,919,850	Add: Shares Forfeited	2,919,850.00	53,083,650.00
	(Issued & Subscribed Capital includes 70,000 Shares		
	Issued & allotted as fully paid-up Bonus Shares by		
	Capitalisation of Reserve)		
	RESERVES AND SURPLUS :		
(9,454,392.10)	As per Schedule "A" Annexed		(15,335,366.90)
	SECURED LOANS :		
	From Central Bank of India :		
21,597,752.40	i) Cash Credit	21,597,752.40	
810,000.00	ii) under NABARD Scheme	810,000.00	
22,198,818.47	iii) Special Tea Team Loan	22,198,818.47	44,606,569.87
	(Secured by hypothecation of Tea and Tea Crops,		
	Plant and Machinery and other movable assets (both		
	Present and future) excluding assets acquired out of		
	Tea Board Loan and current Assets charged to other bank by way of		
	Equitable mortgage of leasehold properties including building structure		
	Thereon relating to Company's Tea Garden by deposit of title deeds,		
	First charge on Entire Fixed Assets except office premises		
	Of M/s Pusha Steels Ltd. (Both preset and future) and its Corporate		
	Guarantee and personal guarantee of two Directors of the Company.)		
1,282,211.00	From Tea Board	1,282,211.00	
1,520,820.00	Interest Accrued & Due	1,520,820.00	2,803,031.00
	(Secured by hypothecation of Machinery Purchased under		
	Hire Purchased Scheme and guaranteed by Directors)		
	Unsecured Loan		
1,604,809.00	From Body Corporates		1,604,809.00
830,546.00	Deferred Tax Liability	830,546.00	830,546.00
	CURRENT LIABILITIES & PROVISIONS :		
	A. Current liabilities :		
42,122,222.26	Sundry creditors	42,807,848.80	
6,361,080.45	Advance from Customers	8,793,261.83	
5,191.00	Unclaimed Dividend	5,191.00	
—	Duties & Taxes	65,277.82	
8,255,170.00	Bank Overdraft (Due to Reconciliation)	8,255,170.00	59,926,749.45
	B. Provisions :		
2,648,547.00	For Income Tax		2,648,547.00
<u>152,866,425.48</u>			<u>150,168,535.42</u>
	Significant Accounting Policies & Note of Account Schedule 'D'		
	Schedule referred to above from an integral part of the Balance Sheet.		

"As per our report of even date"

COMPANY LIMITED

31st March 2008

31st March, 2007 Rs.	A S S E T S		31st March, 2008 Rs.
83,232,723.68	FIXED ASSETS : As per Schedule "B" Annexed.		81,452,854.68
6,197,250.00	INVESTMENT : As per Schedule "C" Annexed.		6,197,250.00
	CURRENT ASSETS, LOAN & ADVANCES :		
	A. CURRENT ASSETS :		
	Stock-in-Trade (As taken valued and certified by The Management.)		
470,500.00	Stock of Tea		
3346,869.40	Stock of Flat (Trading Goods)	3,346,869.40	
687,525.58	Stock of Food Stuff	699,899.23	
7,978.78		<u>4,046,768.63</u>	4,046,768.63
	Sundry Debtors (Unsecured)		
8,914,586.42	Debts outstanding for a period exceeding six months :		
	Considered good	8,429,133.36	
	Other Debts (Considered good)	152,801.10	8,581,934.46
	Cash & Bank Balances :		
357,065.56	Cash and Cheque in hand (As certified)	1,006,821.04	
213,105.06	Balance with Scheduled Banks on Current Accounts	130,463.94	
5,191.00	On Divided Account	5,191.00	
25,000.00	On Fixed Deposit Account (under lien)	<u>25,000.00</u>	1,167,475.98
	Other Current Assets :		
126,749.00	Interest Receivables		126,749.00
297,007.00	Replantation subsidy Receivable		297,007.00
26,913,861.33	Other Receivables		27,203,472.33
	B. LOANS & ADVANCES :		
	(unsecured And Cosidered goods by the Management)		
3,652,551.72	Loan to Bodies Corporate	3,652,551.72	
	Loan to others	<u>400,000.00</u>	4,052,551.72
	Advance (recoverable in cash or in kind of for Value to be received)		
7,237,387.72	Considered good	6,377,944.62	
73,610.00	Considered doubtful (Not provided for)		
5,650,610.00	Advance income Tax including Tax deducted at source	5,667,605.00	
3,277.00	Balance with Excise Authority	3,277.00	
4,074,599.00	Other Deposits	4,073,299.00	
458,631.23	Prepaid Expenses	—	
89,800.00	Insurance Claim receivable	<u>89,800.00</u>	16,211,925.62
830,546.00	Defferred Tax Assets		830,546.00
<u>152,866,425.48</u>			<u>150,168,535.42</u>

M. K. Bajoria - Managing Director
C. P. Poddar - Director

ARCUTIPORE TEA

Profit & Loss Account for the

Previous Year	PARTICULARS	Current Year
Rs.		Rs.
3,346,869.40	To Opening Stock of Flat (Trading)	3,346,869.40
602,460.00	" Opening Stock of Tea	470,500.00
—	" Purchase of Flat	659,650.00
6,184,121.16	" Cultivation Expenses	
3,159,932.95	" Manufacturing Processing Expenses	6,996,632.77
7,918,469.60	" Establishment Expenses	—
100,522.00	" Despatching Charges	6,796,424.69
496,091.40	" Cess on Green Leaf	205,077.75
94,895.00	" Excise Duty & Cess	533,309.25
385,845.00	" Rent, Rates & Taxes	—
1,215,825.98	" Vehicle running expenses	187,666.29
100,000.00	" Hire charges for Machineries	820,784.28
—	" Insurance	100,000.00
		927.00
	<u>Repairs & Maintenance :</u>	
175,859.13	" Building	194,968.26
858,702.03	" Machinery	276,918.48
436,993.51	" Other (incl. Electric. Light. Upkeep)	1,023,363.74
34,627.00	" Donation and Subscription	1,495,250.48
262,892.75	" Travelling and Conveyance	400,764.00
976,197.64	" Miscellaneous Expenses	751,694.29
	<u>Remuneration to Auditors :</u>	
5,000.00	" Audit Fees	5,000.00
5,000.00	" Tax Audit Fees	5,000.00
		10,000.00
	<u>INTEREST</u>	
370,405.62	" On other	75,000.00
—	" Sundry Balance Written off	121,029.00
57,656.39	" Postage and Telegram	29,287.00
1,858,058.00	" Depreciation	1,849,035.00
(615,046.00)	Less : Transferred from Revaluation Reserve	615,046.00
		1,233,989.00
<u>30,031,368.16</u>		<u>24,234,855.20</u>
7,561,777.31	To Balance brought down	5,265,928.80
100,999,354.85	To Balance Transferred from Previous Year	108,561,132.16
<u>108,561,132.16</u>		<u>113,827,060.96</u>
(1.71)	Earning per Share (Basic and Diluted)	(1.05)
	Significant Accounting Policies & Notes of Account 'D'	
	Schedules referred to above from an integral part of the Profit & Loss Account.	

"As per our Report of even date"

148, Sarat Bose Road,
Kolkata, The 3rd Day of September 2008For **ARUNABHA GANGULY**
Chartered Accountant
Arunabha Ganguly
Proprietor

COMPANY LIMITED

Year ended 31st March 2008

Previous Year Rs.	PARTICULARS	Current Year Rs.
14,581,511.75	By Gross Proceeds of Tea Sold 2347 Kgs. (Previous Year 299491 Kgs.)	70,290.00
—	" Sale Flat (Previous Years No. 1 Unit Sold)	525,000.00
3,655,383.00	" Sales of Green Leaf (1762814 Kgs. (Previous Year 435238 Kgs.)	13,38,6379.70
470,500.00	" Stock of Tea ... Nil Kgs. (Previous Year 14364 Kgs.)	—
3,346,869.00	" Stock Flat	3,346,869.40
190,320.00	Rent Compensation	190,320.00
50,976.00	Rent Received	155,232.00
174,031.10	" Miscellaneous Receipts	94,326.22
—	" Liability no longer required written back	327,177.63
—	" Service charges on Cookery Business (TDS Rs. 16995/- Previous Year Rs. Nil)	750,000.00
	" Sundry Advances Written back	123,331.45
7,561,777.31	" Balance Carried Down	5,265,928.80
<hr/>		<hr/>
30,031,368.16		24,234,855.20
108,561,132.16	By Balance Transferred to Balance Sheet	113,827,060.96
<hr/>		<hr/>
108,561,132.16		113,827,060.96

H. K. Bajoria - Managing Director
G. P. Poddar - Director

ARCUTTIPORE TEA COMPANY LIMITED

SCHEDULE - 'A'

Reserve & Surplus annexed to and forming part of the
Balance Sheet as at 31st March 2008

Previous Year	PARTICULARS	Current Year
Rs.		Rs.
57,350	Capital Reserve As per Last Account	57,350
37,404,750	Share Premium Account As per Last Account	37,404,750
58,632,389	Revaluation Reserve As per Last Account	58,017,343
(615,046)	Less: Transfer to Profit & Loss Account On Account of Depreciation	<u>(615,046)</u>
		57,402,297
3,627,297	General Reserve As per Last Account	3,627,297
(108,56132)	Profit and Loss Account (as Annexed)	(113,827,061)
<u>(9,454,392)</u>		<u>(15,335,367)</u>

ARCUTTIPORE TEA COMPANY LIMITED

Schedule 'B' of Fixed Assets annexed to and forming part of Balance Sheet as at 31st March, 2008

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Cost As on 31.3.2007	Revaluation	Addition	Deductions/ Adjustment	As on 31.3.2008	Up to 31.3.2007	Provided during the year	Provided on Re-valued Assets	Deductions/ Adjustment	Up to 31.3.2008	As on 31.3.2008	As on 31.3.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Leasehold) and Development	10,255,621	46,203,977	56,266	—	56,515,864	—	—	—	—	—	56,515,864	56,459,598
Factory Building	5,543,758	4,662,338	—	—	10,206,097	3,735,463	191,562	155,722	—	4,082,747	6,123,350	6,470,633
Other Building	7,437,107	7,938,973	—	—	15,376,080	3,320,453	121,225	129,405	—	3,571,083	11,804,997	12,055,627
Machinery	13,262,262	4,448,504	—	—	17,710,766	12,191,783	693,616	211,304	—	13,096,703	4,614,063	5,518,983
Electric Installation	2,059,019	2,497,161	—	—	4,556,180	2,909,451	97,279	118,615	—	3,125,345	1,430,835	1,646,729
Furniture & Fittings	1,136,802	—	—	—	1,136,802	988,077	71,960	—	—	1,060,037	76,765	220,685
Computer	361,516	—	12,900	—	374,416	361,516	—	—	—	361,516	12,900	—
Motors Vehicles	4,244,457	—	—	—	4,244,457	3,855,482	58,347	—	—	3,913,829	330,628	388,975
Machinery Acquired Under Finance Lease	—	—	—	—	—	—	—	—	—	—	—	—
	44,300,542	65,750,953	69,166	—	110,120,662	27,362,225	1,233,989	615,046	—	29,211,260	80,909,402	82,761,231
Capital											543,452	453,452
Work-in-Progress											81,452,854	83,304,983
Previous Year	44,94,522	65,750,953	11,050	586,357	110,412,867	25,340,507	12,242,012	615,046	363,970	27,420,535	83,304,683	

NOTE:

1. All assets except motor vehicles have been revalued on 30.09.94 by an approved valuer and increase in value of these assets aggregating to Rs. 6,51,50,953/- (net) on account of the same has been transferred to Revaluation Reserve Account.
2. Machinery includes Rs.28,85,622/- (Previous Yr Rs.28,85,622/-) acquired on Hire Purchase Scheme under Tea Board Finance Scheme against which Rs.12,82,211/- (Previous Year Rs.12,82,211/-) is outstanding.
3. No Provision has been made for Amortisation of Leasehold Land. The Lease deed has expired and necessary application for renewal of the same is still pending before the respective authorities.
4. Machinery includes Rs. 29,39,834/- (Previous year Rs.29,39,834/-) acquired under Hire Purchase Agreements against the vehicles Rs. 2,27,258/- (Previous year Rs. 2,27,258/-) is outstanding.

Arcuttipore Tea Company Limited

SCHEDULE - "C"

Schedule Annexed to the Balance Sheet as at 31st March 2008

<u>INVESTMEN</u>		2007-2008	2006-2007
		Rs.	Rs.
(Long Term unless stated otherwise)			
other than trade :			
In Shares :			
Quoted : (Fully Paid-up)			
25,000	Equity share of Rs 10/- each of The Hemalatha Textiles Limited	25,750	25,750
Un Quoted : (Fully Paid-up)			
40,000	Equity share of Rs 10/- each of Rajhans Vincom Private Limited	420,000	420,000
19,300	Equity share of Rs 10/- each of Atlantica Exim Limited	965,000	965,000
20,680	Equity share of Rs 125/- each of Deeleep(India) Grains Private Limited	2,585,000	2,585,000
4,400	Equity share of Rs 500/- each of MNJ Solution Pvt.Ltd	2,200,000	2,200,000
	In Government Securities. 6 Year National Saving Certificate (Lodged with Central Excise Depp. As Security Deposit)	1,500	1,500
		<u>6,197,250</u>	<u>6,197,250</u>
Aggregate Book Value	Quoted	25,750	25,750
	Unquoted	6,171,500	6,171,500
		<u>6,197,250</u>	<u>6,197,250</u>
Aggregate Market Value of Quoted Share		<u>—</u>	<u>—</u>

NOTE: -

1. Year end quotations are not available in respect of quoted share.
2. Investment of 40000 Equity Shares of Rajhans Vincom Pvt. Ltd. are yet to be transferred in the name of the Company.
3. In the opinion of the management the value of unquoted equity share is the fair valuation of the share.

Schedule-'D'

Annexed to and forming part of the Accounts for the year ended 31st March 2008

A. SIGNIFICANT ACCOUNTING POLICIES:

1. General:

- A) These accounts have been prepared on the historical cost basis and on the basis of going concern.
- B) Accounting policies not specifically stated to otherwise are consistent and are in consonance with generally accepted accounting principles

2. Fixed Assets:

- a. Fixed Assets other than revalued assets are stated at cost less depreciation.
- b. Revalued assets are shown at net current Replacement Cost.
- c. Expenditure on extension of tea planting is capitalised and the same is shown under the head Land (leasehold) and Development Account.

3. Depreciation :

Depreciation is provided on straight-line method at the rates and in the manner specified in Schedule XIV (as amended) to the Companies Act, 1956, and Increase in value of fixed assets due to revaluation is depreciated on straight-line method at the rates specified in the Schedule XIV to the Companies Act 1956 and transferred to Profit & Loss account from Revaluation Reserve.

4. Investment:

Investments are stated at cost, however, provision to diminution in value of shares if any, other than temporary in nature has not been made in the accounts.

5. Recognition of Income & Expenditure:

- a. Income and expenses, unless specified otherwise, are recognised on accrual basis.
- B. Sales are net of Taxes if any .

6. Inventories:

- a) Stores, Spares and Packing materials are valued at cost on FIFO basis
- b) Finished products are valued at net realisable value.
- c) Flats held as Stock in Trade are valued at cost or realisable value whichever is lower.

7. Taxes on Income:

Current Tax is determined as the amount of tax payable in respect of Taxable Income for the period based on applicable tax rates and laws. Deferred tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

And is measured using Tax rates and laws that have enacted or substantively enacted as on Balance Sheet date. Deferred tax assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess reliability thereof.

8. Excise Duty and Cess:

No tea is manufactured during the year .Hence, no Excise duty and Cess on manufactured tea lying in factory at the year-end is provided in the accounts.

9. Retirement Benefits:

Liability for gratuity & leave encashment is accounted for on cash basis.

10. Borrowing Cost:

Borrowing cost is charged as expenses in the year in which these are incurred.

11. Contingent Liability :

Contingent Liabilities are generally not provided for in the accounts and are separately shown in the notes to accounts.

B. Notes to Accounts:

1. (a) Investments in shares both quoted and unquoted shares are long term in nature, and hence provision to diminution in value of shares, if any, has not been made in the accounts.
(b) Investments could not be made available to auditors for their verification.
2. The company has no finished stock at the year end . The Company has consistently followed valuation of finished goods at net realisation value. Pursuant to the Accounting standard (AS 2) on Inventory valuation, issued by the Institute of Chartered Accountants of India and made mandatory w.e.f 01.04.1999, inventories are to be valued at cost or net realisable value whichever is lower. Considering the nature of business, the management has continued the practice of valuation at net realisable value and in the preceding year.
3. The Company is in the process of identifying slow/non moving and obsolete stores, pending which no provision has been made in the accounts for the same.
4. Debtors amounting to Rs. 8429133/- (Previous year Rs. 6919282.61/-) are overdue for recovery. In view of the persuasive and other steps being taken for the recovery, these balances have been considered good and fully recoverable.
5. Other receivable includes Rs.26805782/- (Previous year Rs. 26805782/--) given to various companies for development of a tea garden and in respect of certain expenses incurred on their behalf including supervision charges incurred and debited to them

6. (a) Certain other loans aggregating to Rs. 502551/- (Previous year Rs. 502551/-) given to certain Companies, are repayable on demand. Interest accrued amounting Rs. 126749/- (Previous year Rs. 126749/-) shown under other current assets are overdue for recovery.
- (b) Loans and advances to Body Corporate include Rs. 31,50,000/- (Previous Year 31,50,000/-). The company is taking necessary steps for the recovery of the said amount.
7. Loans and advances includes:
- Balance amount Rs. 983800/- as at 31.03.2008 (Previous year Rs 983800/-) given against construction of property. Necessary adjustments with respect to above will be carried out on completion of the transaction.
8. (a) Income Tax assessment for various years are pending at different stages before Appellate Authorities. Pending final decision in this regard, the amount payable or receivable is presently not ascertained. In the opinion of management provision made in the books is sufficient to cover the Income Tax liabilities/ adjustments, if any will be carried out after final disposal of the relevant proceedings.
- (b) Advance Income Tax includes Rs. 29,57,842/- (Previous year Rs. 29,57,842/-) in respect of tax deducted at source, which appears to be doubtful of recovery as necessary certificates have not been received by the Company and have not been deposited with Income tax authorities till date. Necessary steps are being taken to obtain the certificates and deposit the same.
9. (a) Bank Book overdraft aggregating to Rs. 82,55,170/- (Previous year Rs.8255170/-) as shown in the financial statement are temporary in nature and accordingly the said outstanding balance classified as current liability, no security against the same were created at the year end.
- (b) Secured loan by way of cash credit Rs. 215,97,751/- (Previous year Rs. 215,97,751/-) and Rs 221,98,819/(previous year Rs. 221,98,819/-)- by way of Special Term Loan amounts to Rs.437,96,570/- (Previous year Rs. 43796570/-) which is overdue as on 31.03.2008. No Provision has been made for interest payable on the same for this year . However , the company has received notice u/s 13(2) of The Securitization & Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 for a claim of Rs. 479,16,356/-(Previous year Rs. 47916356/-) as on 14.11.2005.
10. Unpaid dividend amounting to Rs.5191/- (Previous Year Rs.5191/-) has been kept in dividend Account with Central Bank of India at Kolkata.
11. Unprovided gratuity liability as on 31.03.2008 as estimated by the management amounts to Rs.4200000/- (Previous year Rs. 4000000), including in respect of employees retired till 31.03.2006 Rs.1710513/-. However the Company has given amount aggregating to Rs. 353757/-(Previous Year Rs. 797673/-) to the retired employees on account against their Gratuity amount and the same have been shown in advances and the same will be charged to Revenue as and when adjusted / settled.
12. (A) Necessary steps are being taken to regularise payment of certain statutory non-

compliance in regard to tax deducted at source, Professional tax and Provident Fund, Excise Duty, Cess land revenue etc. Interest and levies due to such delay shall be accounted for as and when ascertained.

(b) The Company has defaulted in the payment of provident fund with the appropriate authority. The aggregate amount of default/ outstanding as per the records of the Company is Rs. 83,93,336/- (Previous year Rs.7544513.06/-) pertaining to both employees and employees' contribution and net of P.F. collection and P.F. Advance.

i) Amount in default for the period from 25.02.2002 to 27.01.2003 stands at Rs. 1056422/- (Previous year Rs. 1056422/-), the Company has defaulted in payment of installment of Rs. 25000/- as granted to them vide the Order of the Deputy Commissioner Cachar, Assam dated 11.12.2003. in reference to the order dated 20.08.2003 of the Chairman of Board of Trustees the Assam Tea Plantation, P.F. Scheme, has asked to make installment payment of Rs.25000/- per month and has also approved for waiver of interest for delay in respect of such dues.

ii) Further balance defaulted PF amount, Secretary cum PF Commissioner has vide its amended order dated 27.01.2005 granted to make installment payment of Rs. 65000/- per month against which the company has defaulted in payment of installment and no installments have been made..

13. Establishment expenses includes the following payments in respect of Managing Director

	Current Year (Rs.)	Previous Year (Rs.)
Remuneration	-	90000
House Rent Allowance	-	4500
Contribution to Provident Fund	-	-
Value of Prequisites	-	9450
Total	-	103950

14. Confirmations for credit and debit balances, including secured and unsecured loans, sundry debtors, sundry credits, advances received from customers, loans and advances are to be obtained. Necessary consequential adjustment will be made as and when ascertained.

15) a) In absence of taxable income no provision for current Income Tax and Assam agricultural Tax has been considered necessary in the accounts as per the relevant tax laws. No provision has been made with regard to Fringe Benefits tax for the year and the same has not been paid.

b) As there is uncertainty that sufficient future taxable income will be available, deferred tax assets have not been recognised and reviewed during the year. However, the components of deferred tax assets and liabilities as on 31st March, 2008 are as follows:

<u>Deferred Tax Assets</u>	01.04.07 (Rs.)	(Credit) Charge (Rs.)	31.03.08 (Rs.)
Unabsorbed depreciation & Carried Forward Losses	Nil	-----	Nil
Expenses allowable on payment basis	830546	-----	830546
	<u>830546</u>	<u>-----</u>	<u>830546</u>
<u>Deferred Tax Liabilities</u>			
Depreciation	<u>830546</u>	<u>-----</u>	<u>830546</u>
Net Deferred Tax Liability Assets	-----	-----	-----

16. In accordance with Accounting Standard- 20 "Earning Per Share"

Issued by the Chartered Accountants of India, basic and diluted earning per share are calculated as below: -

	<u>2007-2008</u>	<u>2006-2007</u>
(a) Profit /(Loss) attributable to the Shareholder (Rs.)	(52,65,929)	(75,61,777)
(b) Basic and Weighted average number of equity shares during The year (No.)	50,16,380	50,16,380
(c) Nominal value of equity share (Rs.)	10	10
(d) Basic and diluted Earning per share (EPS)	(1.05)	(1.51)

17. Information given in accordance with the requirements of Accounting Standard-17 on Segment reporting issued by the Institute of Chartered Accountants of India-The Company has two primary business Segments:

- i) Tea Division
- ii) Trading Division

The Tea Division of the Company is engaged in the business of cultivation manufacturing and Sale of Tea. The Company's Trading Division is engaged in purchase sale of flats.

18. Information given in accordance with the requirements of Accounting Standard - 17 on Segment reporting issued by the Institute of Chartered Accountants of India: -

The Company has two primary business Segments: -

- i. Tea Division
- ii. Trading Division

The Tea Division of the Company is engaged in the business of cultivation manufacturing and Sale of Tea. The Company's Trading Division is engaged in purchase sale of flats.

Information about Business Segments :- Primary

Particulars	Tea Division		Trading Division		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
1. Revenue						
External Sales	13,456,670	18,410,926	525,000	---	13,981,670	18,410,926
Internal Segment Sales	---	---	---	---	---	---
Other Income	545,038	241,269	345,552	---	890,590	241,296
Unallocated Income	---	---	750,000	---	750,000	---
Total Revenue	14,001,708	18,652,222	1,620,552	---	15,622,260	18,652,222
2. Results						
Segment Results				---		(7,191,371)
Unallocable Income/(Loss) net of Expenses	(6,036,511)	(7,191,371)	770,582	---	(5,265,929)	---
Operating Profit					(5,265,929)	370,406
Interest Expenses					75,000	---
Interest Income					---	(7,561,777)
Profit from Ordinary Activities					(5,340,929)	---
Extra Ordinary Loss						
Irrecoverable Expenses W/Off					121,029	---
Net Profit /(Loss)					(5,461,958)	(7,561,777)
3. Other Information						
Segment Assets	102,782,280	105,322,930	9,165,461	9,334,710	111,947,741	114,657,640
Unallocable Corp. Assets					38,220,794	38,208,786
Total Assets					150,168,535	152,866,427
Segment Liability	135,304,216	141,596,546	5,257,283	2,826,269	140,561,499	144,422,815
Unallocable Corp. Liability					9,607,036	8,443,611
Total Liability					150,168,535	152,866,426
Capital Expenditure	69,166	11,050			69,166	11,050
Depreciation	1,233,989	1,243,012			1,243,012	1,243,012
Non Cash Expenses other than depreciation						

19. Related Party disclosure as identified by the management in accordance with the Accounting Standard - 18 issued by the Institute of Chartered Accountants of India are given as below :-

(A) List of Related Parties

- (i) Parties where control exists-none
(ii) Associated Concern:-
(c) Devesh Financial Services Pvt Ltd
(B) Deeleep (India) Grains Private Limited
(C) Cholan Construction & Investment Pvt Ltd
(D) Core Impex Private Limited
(E) Devesh Trade Credits Private Limited
(F) Durgesh Trade Credits Private Limited
(G) Almet Pharmaceuticals Limited
(H) Anadi Trading & Investment Private Ltd
(I) Associated Marketman Consultancy Private Limited
(J) Pusha Steels Limited
(K) Shakalya Trading & Investment Pvt Ltd
(L) Shree kunj Securities Pvt Ltd
(M) Leader Construction Private Limited
(iii) Key management personnels and Relative
a) Mr. H.K.Bajoria (Managing Director)
b) Mr. Shakalya Bajoria (Relative of Managing Director)
c) Mrs. P.K.Bajoria (Relative of Managing Director)
d) Mr. S.K.Bajoria (Relative of Managing Director)
iv) Enterprises Over Which key management personnels And relatives have significant influence.
a) Star Textiles & Industries Ltd
b) Atlantica Exim Limited

B) Transactions with related parties :

Sl No	Nature of Transaction	Key Management Personal & Relative (Rs.)	Enterprise Over which Key Management Personal and Relatives have Significant influence (Rs.)	Associate (Rs.)
1.	Misc Expenses Mr. H.K.Bajoria	73,872.55		
2.	Rent Paid Durgesh Trade Credits Pvt Ltd			25,488.00
3.	Advance Refunded S.K. Bajoria P.K. Bajoria for Sauravika Pusha Steels Limited	236,450.00 750,000.00		2,726,218.00
4.	Advances Taken Shakalya Trading & Intt P Ltd Cholan Cons. & Invest Pvt Ltd Leader Construction Private Ltd Star Textiles & Industries Ltd		698,660.00	303,927.00 118,640.00 9,740.00 698,660.00
5.	Advances given Cholan Construction & Invet P Ltd S.k.Bajoria	200,000.00		60,000.00 200,000.00
6.	Sale of Tea Anadi Trading & Invest Pvt Ltd			70,290.00
7.	Rent Received Leader Construction Pvt Ltd			77,616.00

Sl No	Nature of Transaction	Key Management Personal & Relative (Rs.)	Enterprise Over which Key Management Personal and Relatives have Significant influence (Rs.)	Associate (Rs.)
8.	Rent Compensation Received Cholan Construction & Invesment P Ltd.			190,320.00
9.	Outstanding Balance Outstanding Liability Cholan Cons. & Inst (P) Ltd. Star Textiles & Ind Ltd. Shakalya Trading & Investment Pvt. Ltd. Pusha Steels Limited Atlantica Exim Ltd.		978,480.00 2,852,500.00	791,049.00 1,800,742.00 100,000.00
10.	Advance Taken Anadi Trading & Inv. Pvt Ltd. Durgesh Trade Credits (P) Ltd			15,765.00 27,563.00
11.	Advance given Core Impex Pvt Ltd. Devesh Fin. Ser. Pvt. Ltd. Devesh Trade Credits (P) Ltd. Almet Pharmaceuticals Ltd. Associated Marketing Leader Construction P Ltd. S.K.Bajoria Shreekunj Securities Pvt Ltd. Deeleep (I) Grains P Ltd.			218,400.00 1,700.00 450,202.00 136,878.00 839,580.00 104,67200 200,000.00 2,820,644.00 62,000.00

20) Contingent Liabilities not provided in respect of :-

	<u>2007-2008</u> Rs.	<u>2006-07</u> Rs.
Enhanced tax payable under Assam Land revenue Re-Assessment (Amendment) act, 1990 Pending in appeal	4,28,379/-	4,28,379/-
Excise duty demanded against which petition has been filed before court and decision is pending	3,92,841/-	3,92,841/-
Income Tax demands pending in appeal	2,00,99,643/-	2,00,99,643/-

21) Income & Expenditure in Foreign Currency: -

Expenses in Foreign Currency, Travelling And Staff Training	3,02,890/-
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22) Quantitative and other information :

	Current Year		Previous Year	
	Rs.		Rs.	
A) Capacities				
Licensed Capacity	Not Applicable		Not Applicable	
Installed Capacity*	9,00,000 Kgs		9,00,000 Kgs	
* As Certified by the Management				
	Kgs	Rs.	Kgs	Rs.
B) Production & Stock :				
Stock :				
Opening Stock	14364	470500	13,388	602,460
Closing Stock	0	0	14,364	470,500
Production :				
Total Production	0		305,120	
Saleable Tea *	0		303,648	
C) Purchase of Tea	---	---	---	---
D) Purchase of Traded Goods				
Flat	1	659,650.00	---	---
Chickpeas	---	---	---	---
E) Raw Material Consumed :				
Green Leaf Plucked from Own Garden Kgs.	1,767,825		1,710,660	
(As Certified by the management)				
** Green Leaf Sold Kgs.	1,762,814		435,328	
Green Leaf Purchased	0		0	
F) Turnover :				
Made Tea Kgs.	2,347	70,290	299,491	14,581,512
Green Leaf - kgs	1,762,814	13,386,379	435,238	3,655,383
Trading Tea Kgs	---	---	---	---
Traded goods				
Flat	1	525,000	---	---
Chickpeas	---	---	---	---
G) Stock of Traded Goods				
i) Flat				
Opening Stock	3	3,346,668	3	3,346,668
Closing Stock	3	3,346,668	3	3,346,668

Note :- In Tea Industry, value of Green Leaf Produced in Company's Own estate is not ascertainable since Production involves an integrated process of growing and cultivation.

* Including transit loss/Complementary Nil Kgs (Previous Year 4653Kgs).

** Excluding 5011 kgs green leaf burnt.

23) Previous year's figures have been re-grouped/re-arranged wherever considered necessary.

148, Sarat Bose Road
Kolkata,
3rd September 2008

For Arunabha Ganguly
Chartered Accountants
Arunabha Ganguly
(Proprietor)
Membership No. 52554

ARCUTTIPORE TEA COMPANY LIMITED

Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile: -

1. Registration Details:

Registration No.	000220	State Code	21
Balance Sheet Date	31 03 2008		

2. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	150168	Total Assets	150168
Sources of Funds			
Paid-up Capital	53083.000	Reserves & Surplus	98492
Secured Loans	47410	Un-secured Loans	1605
Applications of Funds			
Net Fixed Assets	81453	Investments	6197
Net Current Assets	(897)	Misc. Equipments	
Accumulated Losses	(113827)		

4. Performance of Company (Amount in Rs. Thousand)

Turnover	15620	Total Expenditure	20886
Profit/(Loss) before tax	(5266)	Profit/(Loss) after tax	(5266)
Earning per Share (in Rs.)	(1.05)	Dividend Rate %	NIL

* Includes other Income

5. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	090230
Product Description	BLACK TEA/GREEN LEAF

Arcuttipore Tea Company Limited
Cash Flow Statement for the year ended 31st March 2008

	2007 Rs.	2008 Rs.	2006 Rs.	2007 Rs.
A) Cash Flow from Operating Activities.				
Net Profit/(Loss) before tax and Exceptional/ Non recurring items		(5,265,929)		(7,561,777)
Adjustments for Depreciation	1233,989		1,243,012	
Expenses Amortised	—		—	
Interest Received	—		—	
(Profit) / Loss on Sale of Fixed Assets	—		—	
Interest Paid	75,000		370,406	
(Profit)/Loss on Sale of Investment	—		—	
Provision no longer required written back	—		—	
Irrecoverable Balances Written off	—		—	
Loss on Investment Forfeited	—		—	
Sundry Balances Written Off	121,029	1,430,018	—	1,613,416
Operating Profit before Working Capital		(3,835,911)		(5,948,360)
Changes Adjustments for				
Trade & Other Receivables	43,041		87,724	
Inventories	466,105		405,170	
Unsecured Loan	—		—	
Trade Payables	3,183,086	3,692,232	5,291,867	5,784,761
		(143,679)		(163,599)
Cash generated from Operations				
Direct Taxes Paid		—		—
Cash Flow before Exceptional/Non Recurring Items		(143,679)		(163,599)
Exceptional/Non Recurring Items		(121,029)		—
NET CASH		(264,708)		(163,599)
B) Cash Flow From Investing Activities				
Purchase of Fixed Assets		69166		(11,053)
Sale of Fixed Assets		—		—
Purchase of Investments		—		—
Sale of Investments		—		219,388
Loans to Companies & Others		975989.33		—
Interest Income Received		—		—
Net Cash used in Investing Activities		906823.33		208,335
C) Cash Flow from Financing Activities				
Repayment of Unsecured Loans		—		—
Repayment of Secured Loans		—		—
Interest Paid		(75,000)		(370,406)
Dividend Paid		—		—
Net Cash from Financing Activities		(75,000)		(370,406)
Net Changes in Cash & Cash Equivalents(A+B+C)		567,115		(325,669)
Opening Balance of Cash & Cash Equivalents		600,362		926,031
Closing Balance of Cash & Cash Equivalents		1,167,477		600,362

* THIS IS THE CASH FLOW STATEMENT REFERRED TO IN OUR REPORT OF EVEN DATE *

For **ARUNABHA GANGULY**
Chartered Accountant
Arunabha Ganguly
Proprietor
Membership No. 52554

48, Sarat Bose Road,
Kolkata, The 3rd Day of September 2008

U. C. P.



Off undelivered please return to :

ARCUTTIPORE TEA COMPANY LTD

MMS CHAMBER, 1st FLOOR
4A, COUNCIL HOUSE STREET
KOLKATA - 700 001