



NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of Beeyu Overseas Limited will be held at the Registered Office of the Company at Fulhara (Bhimgachh), P.O. Ramganj, Block: Islampur, Dist. Uttar Dinajpur – 733 207, West Bengal on Saturday, 29th September, 2007 at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Harish Parekh, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sharat Kumar Jain, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Usha Singh, who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION :**

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto and other necessary sanctions, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr. Birendra Pratap Singh, as Chairman and Managing Director of the Company for a period of five years with effect from 1st June, 2006 on the remuneration and the terms and conditions as set out in the Company's Letter dated 31st July, 2007, material terms of which are indicated in the Explanatory Statement annexed to the Notice convening the Annual General Meeting, with authority to the Board of Directors of the Company to alter, vary or modify such terms of appointment and remuneration within the ceiling limit prescribed in Schedule XIII to the Companies Act, 1956 (including any statutory modifications, substitutions or re-enactment thereof for the time being in force), as may be agreed to by the Board of Directors and Mr. Birendra Pratap Singh, Chairman and Managing Director without any further approval of the Company in a General Meeting."

"RESOLVED FURTHER THAT notwithstanding anything herein above stated, where in any financial year the Company has no profits or its profits are inadequate during the currency of his term of office, Mr. Birendra Pratap Singh, Chairman and Managing Director, shall be entitled to receive remuneration by way of salary, perquisites, benefits and allowances specified in the appointment letter as Minimum Remuneration, subject to the provisions of the Companies Act, 1956 and the ceiling limit down in Schedule XIII thereto."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps and do all such acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to the above Resolutions."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION :**

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto and other necessary sanctions, if any, approval of the Company be and is hereby accorded to the re-appointment of Ms. Rajinie Singh, as Deputy Managing Director of the Company for a period of five years with effect from 1st March, 2007 on the remuneration and the terms and conditions as set out in the Company's Letter dated 31st July, 2007, material terms of which are indicated in the Explanatory Statement annexed to the Notice convening the Annual General Meeting, with authority to the Board of Directors of the Company to alter, vary or modify such terms of appointment and remuneration within the ceiling limit prescribed in Schedule XIII to the Companies Act, 1956 (including any statutory modifications, substitutions or re-enactment thereof for the time being in force), as may be agreed to by the Board of Directors and Ms. Rajinie Singh, Deputy Managing Director without any further approval of the Company in a General Meeting."

"RESOLVED FURTHER THAT notwithstanding anything herein above stated, where in any financial year the Company has no profits or its profits are inadequate during the currency of her term of office, Ms. Rajinie Singh, Deputy Managing Director, shall be entitled to receive remuneration by way of salary, perquisites, benefits and allowances specified in the appointment letter as Minimum Remuneration, subject to the provisions of the Companies Act, 1956 and the ceiling limit down in Schedule XIII thereto."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps and do all such acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to the above Resolutions."



8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 and Article 59 of the Articles of Association of the Company, the Authorized Share Capital of the Company, be increased from Rs.15,00,00,000/- divided into 150,00,000 equity shares of Rs. 10/- each to Rs. 20,00,00,000/- by creation of 50,00,000 further equity shares of Rs.10/- each ranking *pari passu* in all respects with and carrying in all respects the same rights as the existing equity shares."
9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any of the Companies Act, 1956 the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V by the following Clause V. The Authorized Share Capital of the Company is Rs. 20,00,00,000/- (Rupees twenty crores only) divided into 2,00,00,000 equity shares of Rs.10/- each."
10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company hereby approves that the register of members and indices, returns and copies of certificates and documents, instead of being kept at the Registered Office of the Company at Fulhara (Bhimgachh), P.O. Ramganj, Block : Islampur, Dist. Uttar Dinajpur - 733 207, West Bengal, be kept with the Company's Registrar and Transfer Agents, Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata - 700 001 with immediate effect."

Corporate Office :

"Beeyu House"
64A, Ballygunge Circular Road
Kolkata - 700019
Kolkata, 31st July, 2007

By Order of the Board of Directors

Mahendra Kumar Dutia
DGM (Finance) & Company Secretary

Notes :

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. **THE PROXY FORMS TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
4. Shareholders are requested to bring their copy of Annual Report to the meeting.
5. Members / Proxies should fill the Attendance Slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID number and those who hold shares in Physical Form are requested to write their Folio Number in the Attendance Slip for attending the meeting.
6. In case of joint holders attending the meeting only such joint holder who is higher in the order of names will be entitled to vote.
7. The Registrar of Members and the Share Transfer Books of the Company will remain closed from September 22, 2007 to September 29, 2007 (both days inclusive).
8. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
9. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. Consequent upon the introduction of the Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nomination, are requested to send their request in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent.

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

ITEM NO. 6

The Members of the Company at the Eighth Annual General Meeting held on 29th September, 2001 had approved the appointment of Mr. Birendra Pratap Singh as an Executive Chairman of the Company for a period of five years with effect from 1st June, 2001.

Subject to the approval of the Members of the Company at the forthcoming Annual General Meeting and other necessary approvals / sanctions from the appropriate authority, if any, the Board of Directors at the meeting held on 31st July, 2007 have re-appointed Mr. Birendra Pratap Singh for a period of five years w.e.f. 1st June, 2006 and have re-designated him as the Chairman and Managing Director of the Company on the remuneration and terms and conditions as set out in the Company's Letter dated 31st July, 2007, the excerpts of which are given herein below.



Mr. B. P. Singh, aged about 68 years holds a Master's Degree in Commerce and a Bachelor's Degree in Legislative Law from Patna University. After a teaching stint at the Economics Department of Patna University, he worked for over 12 years with the Birla Group as Senior Manager of Universal Cables Limited, where he acquired experience in Administration and Marketing. Subsequently, he was a Resident Director of K.K. Rubber Co. (I) Pvt. Ltd., a company specializing in Russian Trade. Since 1972 he started his own business of export and in 1993 promoted Beeyu Overseas Limited, a 100% export oriented company. Mr. Singh has more than 39 years of experience in Tea industry and is one of the pioneers in boosting Tea and Coffee exports from South India to the erstwhile Soviet Union and Russia and other CIS countries. He was the Chairman and Managing Director of the Company since inception.

The material terms and conditions of his appointment are as follows:

The remuneration and other terms and conditions will be effective from 1st June 2006 to 31st May 2011.

Salary	: Rs. 92,500/- per month with such revision that may be approved by the Board from time to time.
Electricity and telephone	: The Company will bear the cost of electricity and telephone at your residence. Cost of personal long distance calls will be borne by him.
Car	: Company car with driver under the Company's Scheme applicable for Senior Executive Staff.
Medical	: Reimbursement for self, spouse, dependent children and dependent parents. Such reimbursement will be limited to sum equivalent to one month's basic salary.
Leave Travel Allowance	: At actuals not exceeding one month's salary per annum.
Leave Encashment	: As per Rules of the Company.
Club Fees	: Fees of clubs subject to maximum of three clubs. Admission fee and life membership fee are excluded.
Personal Accident Insurance	: Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 5000/-.
Others	: Other perquisites which are applicable to Senior Executive Staff of the Company shall also apply to him.
Other Allowances	: As may be decided by the Board from time to time for payment in lumpsum or by way of periodic payments.
Retiral Benefits	: Contributions to Provident Fund, Gratuity Fund and Pension Fund as per Rules of the Company.
Minimum remuneration	: In the event of loss or inadequacy of profits in any financial year, he shall be paid the remuneration as above as minimum remuneration subject to the ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956.
Sitting Fees	: He shall not be entitled to any sitting fees for attending meetings of the Board of Directors or Committees thereof from the date of his re-appointment and he will not be subject to retirement by rotation.

Copy of the letter dated 31st July, 2007 referred to in the resolution will be made available for inspection by the Members of the Company at its Registered Office during business hours on any working day upto the date of the meeting.

The resolution set out in Item No. 6 of the accompanying notice and the relative Explanatory Statement is intended to obtain the consent of members in respect of the re-appointment and remuneration payable to Mr. Birendra Pratap Singh as Chairman and Managing Director of the Company and should be treated as an abstract of the terms and conditions and a Memorandum of Interest under Section 302 of the Companies Act, 1956.

The Board recommends adoption of the above Resolution as an Ordinary Resolution.

Save and except Mr. Birendra Pratap Singh, no other Director is concerned or interested in the proposed Resolution.

ITEM NO. 7

The Members of the Company at the Ninth Annual General Meeting held on 27th September, 2002 had approved the appointment of Ms. Rajinie Singh as Deputy Managing Director of the Company for a period of five years with effect from 1st March, 2002 which came to an end on 28th February 2007.

Subject to the approval of the Members of the Company at the forthcoming Annual General Meeting and other necessary approvals / sanctions from the appropriate authority, if any, the Board of Directors at the meeting held on 31st July, 2007 have re-appointed Ms. Rajinie Singh, as Deputy Managing Director of the Company for a period of five years w.e.f. 1st March, 2007 on the remuneration and terms and conditions as set out in the Company's Letter dated 31st July, 2007, the excerpts of which are given herein below.

Ms. Rajinie Singh, Deputy Managing Director of the Company is a MBA from Australia and has about 11 years of experience having worked with multinational companies like Bata India Ltd. Ms. Singh has vast experience in tea business and exports of tea, particularly exports from South India. She joined the company as Senior Manager (Projects) in 1999 and was appointed as a Director from 1st March, 2000. She was designated as Deputy Managing Director from 24th June, 2002.

The material terms and conditions of her appointment are as follows:

The remuneration and other terms and conditions will be effective from 1st March 2007 to 28th February 2012.

Salary	: Rs. 42,500/- per month with such revision that may be approved by the Board from time to time.
Housing	: Free unfurnished accommodation with the cost of electricity and telephone being borne by



	the Company. Cost of personal long distance calls will be borne by her.
Car	: Company car with driver under the Company's Scheme applicable for Senior Executive Staff.
Medical	: Reimbursement for self. Such reimbursement will be limited to sum equivalent to one month's basic salary.
Leave Travel Allowance	: At actuals not exceeding one month's salary per annum.
Leave Encashment	: As per Rules of the Company.
Personal Accident Insurance	: Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 5000/-.
Others	: Other perquisites which are applicable to Senior Executive Staff of the Company shall also apply to her.
Other Allowances	: As may be decided by the Board from time to time for payment in lumpsum or by way of periodic payments.
Retiral Benefits	: Contributions to Provident Fund, Gratuity Fund and Pension Fund as per Rules of the Company.
Minimum remuneration	: In the event of loss or inadequacy of profits in any financial year, she shall be paid the remuneration as above as minimum remuneration subject to the ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956.
Sitting Fees	: She shall not be entitled to any sitting fees for attending meetings of the Board of Directors or Committees thereof from the date of her re-appointment and she will not be subject to retirement by rotation.

Copy of the letter dated 31st July, 2007 referred to in the resolution will be made available for inspection by the Members of the Company at its Registered Office during business hours on any working day upto the date of the meeting.

The resolution set out in Item No. 7 of the accompanying notice and the relative Explanatory Statement is intended to obtain the consent of members in respect of the re-appointment and remuneration payable to Ms. Rajinie Singh as Deputy Managing Director of the Company and should be treated as an abstract of the terms and conditions and a Memorandum of Interest under Section 302 of the Companies Act, 1956.

The Board recommends adoption of the above Resolution as an Ordinary Resolution.

Save and except Ms. Rajinie Singh, no other Director is concerned or interested in the proposed Resolution.

ITEM NO. 8 & 9

The Authorized Capital of the Company at present is Rs.15,00,00,000/- divided into 150,00,000 equity shares of Rs.10/- each. With the growing expansion of the Company's business it is desirable to bring the Authorized Capital of the Company in proper correlation with the magnitude of the Company's resources and size of its undertaking. A need might arise in future to issue further equity shares for augmenting the resources of the Company and hence it is necessary to increase the Authorized Capital of the Company from the present level of Rs.15,00,00,000/- to Rs.20,00,00,000/- by creation of 50,00,000 further equity shares of Rs.10/- each. Consequent upon the increase in Authorized Capital of the Company, the Memorandum of Association of the Company will require alteration so as to reflect the increase in share capital. Under Section 94 of the Companies Act, 1956 and Article 59 of the Articles of Association of the Company, amendment of the Memorandum of Association of the Company requires the approval of the members in General Meeting. The resolutions as set out in Item Nos. 8 & 9 are proposed to meet the said purpose.

The Board recommends that both the resolutions be adopted.

None of the directors are concerned or interested in the proposed resolutions.

ITEM NO 10

The Company has entered into an agreement with the Registrar and Transfer Agents, Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata 700 001, in terms of SEBI (Registrars to an issue and Share Transfer Agents) Regulations, 1993 by which all records, reports and documents are required to be kept and maintained with the Registrar for handling the share transfer work of the Company. Among the various activities, the RTA is required to maintain the records of holders of securities issued by the Company and deals with all matters connected with the transfer and redemption of its securities.

As required under Section 163 of the Companies Act, 1956, where the Company keeps its register of members and indices, returns and copies of certificates and documents at a place other than its Registered Office, it is required to obtain the approved of the shareholders by means of a Special Resolution.

Hence this resolution is recommended by the Board to the shareholders for adoption as a Special Resolution.

None of the directors is concerned or interested in the proposed resolution.

Corporate Office :

"Beeyu House"
64A, Ballygunge Circular Road
Kolkata 700 019

Dated : 31st July, 2007

By Order of the Board of Directors

Mahendra Kumar Dutia
DGM (Finance) & Company Secretary



DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING			
Name of the Director	Mr. Harish Parekh	Mr. Sharat Kumar Jain	Mrs. Usha Singh
Date of Birth	23rd March, 1937	30th October, 1933	4th November, 1946
Date of Appointment	18th January, 2002	22nd May, 2001	4th March, 1993
Expertise in specific functional areas	44 years experience in Tea Industry in various fields	Eminent Chartered Accountant with an expertise in Finance	Promoter Director
Qualifications	B.Com. (Hons.)	Chartered Accountant	
List of outside directorships held	1. Neelkanth Tea Company Limited 2. The Methoni Tea Company Limited 3. Gujarat Tea Processors & Packers Limited 4. Rossell Tea Limited 5. Moran Tea Co. (India) Limited 6. Diana Tea Company Limited 7. Tezpore Tea Company Limited 8. Grob Tea Company Limited	Nil	Nil
Chairman / Member of the Committee of the Board of Directors of Beeyu Overseas Limited	Chairman of the Audit Committee Member of the Remuneration Committee	Member of the Audit Committee Member of the Remuneration Committee	Member of the Investors' Grievance Committee
Chairman / Member of the Committee of the Board of Directors of other Companies in which he/ she is a Director	Rossell Tea Limited Audit Committee Shareholders' Grievance Committee Moran Tea Co (India) Ltd. Audit Committee Shareholders' Grievance Committee Tezpore Tea Co Ltd. Audit Committee Shareholders' Grievance Committee Diana Tea Co Ltd. Audit Committee	Nil	Nil
Shareholding in the Company	Nil		20724 equity shares of Rs. 10/- each

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Fourteenth Annual Report to the members together with the Audited Accounts for the financial year ended 31st March, 2007.

SOCIO-ECONOMIC ENVIRONMENT

The Indian Economy continues on its growth path over the last 4 years with increase in foreign exchange reserves and GDP for 2006-07 that had recorded a level of 9.4% despite interest rate hike and concern over strengthening rupee as-well-as rising inflation rate. Corporates continue to remain flush with funds to further propel the Indian growth story.

Your Company remains committed to all social and economic objectives and enlarged its contribution wherever possible.

FINANCIAL RESULTS

	Year ended 31st March, 2007 Rs. in lacs	Year ended 31st March, 2006 Rs. in lacs
Profit/(Loss) Before Tax	(116.42)	30.11
Less : Provision for Taxation	(37.50)	18.65
Profit/(Loss) After Tax	(153.92)	11.46
Add : Balance Brought Forward from last year	179.99	168.53
Amount available for Appropriation	26.07	179.99
Appropriations		
Balance carried to Balance Sheet	26.07	179.99
	26.07	179.99

DIVIDEND

Owing to the loss, your Directors considered it prudent not to recommend any dividend for the year under review.

REVIEW OF OPERATIONS

Compared to the previous year, the operating results of the current year were less favourable owing to the various following reasons :

- ⁿ Tea turnover increased by 134% whereas volume growth was 82%, the average price also increased by 29% to reach Rs. 53.98. However, the overall market was very competitive and therefore in order to maintain market share for exports to Pakistan where the Company has very large market share, exports have often to be made at prices which were lower than the total cost of production.
- ⁿ Coffee turnover reduced by 22% whereas volume dropped by 16% compared to the previous year. The average price realization per kg. also dropped by Rs. 20/- owing to the extremely competitive market. It is also a fact that the international prices of coffee do not show any proportionate increase despite coffee beans prices rising substantially during the year. It may be noted here that a large portion of the coffee business, which was earlier under the Beeyu Overseas Limited banner, has now been shifted to Alliance Coffee Limited, a Company formed by Beeyu Overseas Limited as a Joint Venture with Tata Coffee Limited. This also had an impact on reducing the overall margins of the Company. This impact was also evident in shortage in commission income of Coffee sales by Rs. 40 lacs compared to the previous year.
- ⁿ Other income during the year was at Rs. 47 lacs compared to Rs. 127 lacs in the previous year. The difference of Rs. 80 lacs was due to dividend and capital gain income on investment in PMS and Mutual Fund – Rs. 77.28 lacs received during the previous year. This was a one-off receipt which was not reflected in the Current Year income.
- ⁿ During the current year, Green Leaf price increased by 44% to reach an average of Rs. 8.35 per kg. This was due to the rise in auction price during the year. Your Company's Ooty factory being a Bought Leaf Factory could not benefit from the higher average selling price of made tea since the increase in Green Leaf price neutralized the impact. Since production in the current year increased by 100% to 3.76 million kgs, variable expenses raised proportionately. Significant increase was noticed in labour, power and fuel cost as-well-as selling expenses such as freight & packaging.
- ⁿ Other two major factors for decrease in overall margins were interest and depreciation. The interest expenses increased from Rs. 57 lacs to Rs. 120 lacs owing to the impact of increase in borrowings as-well-as hike in interest rates. Depreciation



also increased from Rs. 98 lacs to Rs. 202 lacs owing to the full year charge on machineries purchased/installed for the new project at Ooty factory.

FUTURE PLANS

In 2007-08, the action plan is to ensure that the turnover picks-up, costs are reduced and over-all margin shows substantial improvement as specified hereunder :

- It is proposed to manufacture high quality tea at Ooty factory in order to ensure that the Company receives better selling price. Steps have already been implemented in that direction and the impact will be seen in the current year.
- Concerted efforts are in place to control expenses and optimize utilization of all assets. In particular, stress will be given to reduce the procurement price of Green Leaf as well as to closely monitor the conversion / production cost of tea.
- The Company is having its manufacturing facility at Ooty. Out of 46.95 acres of land owned and occupied by the tea division of the Company at that location, such portion of the vacant land measuring approximately 40 acres has remained unutilized and is unproductive and is also unfit for cultivation. Your directors have proposed to sell off this land for an approximate amount of Rs. 10 crores. The sale will in no way affect the production, marketing or any other operational activities of the Company. It is intended to utilize the sales proceeds of the said land to reduce the borrowings and thereby improve the working capital of the Company. This would substantially reduce the interest liability of the Company in the current year.
- Your Company is also concentrating on enhancing the direct sales to customers as-well-as through auction centers. Due to this effort, the net sales realization has been found to be higher than export receipts. This will be monitored on an ongoing basis to ensure that the Company receives highest margins on its sales.
- Your Company's subsidiary Company, Neelkanth Tea Company Limited has now stabilized its production and it is expected that in the current year it will generate profit.
- Your Company has 26.60% investment in Alliance Coffee Limited, and as the operations are already profitable in the current year, it is expected that Alliance Coffee Limited will give improved margins in 2007-08. These results would also impact favourably in the form of dividend distribution to Beeyu Overseas Limited.
- In the current year, Kenyan tea production has increased substantially during the period from January 2007 to April 2007. The production was 139 million kgs. compared to 80 million kgs. in the corresponding period of the previous year reflecting an increase of 74%. Currently, the Kenyan tea is being sold at USD 1.76 per kg. compared to USD 2.13 per kg. in the previous year reflecting a fall of 17.37 %. Thus over-supply from Kenya and other African countries has resulted in lowering the international prices and therefore, the Indian market has to gear up to face a very competitive market in 2007-08. Despite this difficult situation in the tea industry, the Board of Directors would like to stress that all-out effort are being made to ensure that the operations of the Company are made profitable.

SIGNIFICANT DEVELOPMENTS

Your Directors are glad to report that the Registered Office of the Company stands shifted effective from 12th July, 2007 to Fulhara (Bhimgachh), P.O. Ramganj, Uttar Dinajpur, West Bengal, upon obtaining shareholders approval by means of postal ballot voting process. However, for speedier disposal of queries and other matters, all communications relating thereto may be addressed to the Corporate Office of the Company at 'Beeyu House', 64A, Ballygunge Circular Road, Kolkata – 700 019, Tel. : (033) 2280 9267/68/69, Fax : (033) 2280 9270, E-mail : co.sec@beeyuoverseas.com, beeyu@beeyuoverseas.com.

Moreover, about 40 acres of land near the factory site at Ooty Rural Village, Nilgiris District in Tamil Nadu that was considered unutilized, unproductive and was unfit for cultivation, for the disposal of which necessary approval of the shareholders has been obtained by means of postal ballot, is in an advanced stage of finalisation.

Upon obtaining shareholders approval by means of Postal Ballot voting process.

EXPANSION PLAN AND UPDATE ON THE PUBLIC ISSUE

Your Directors are glad to inform that a sum of Rs. 2,41,524/- relating to the public issue proceeds which had remained unutilized as at 31st March, 2006 was fully utilized during the year under review. The entire issue proceeds of Rs. 9,98,16,143/- has been utilized to fund the expansion activities of the Ooty factory and to meet the share issue expenses.

Your Directors are fully aware of the market behaviour and seasonal nature of the tea industry and have drawn up plans to achieve the objectives.

**DIRECTORS**

Mr. Birendra Pratap Singh has been designated as a Chairman and Managing Director of the Company and has been re-appointed for a further period of five years effective from 1st June, 2006 and Ms. Rajinie Singh has been re-appointed as a Deputy Managing Director of the Company for a further period of five years effective from 1st March, 2007. Both the re-appointments and remuneration payable to them are subject to the approval of the shareholders at the forthcoming Annual General Meeting on the terms and conditions as set out in the Notice of the Meeting. The attention of the Members is invited to Item no. 6 & 7 of the Notice and the Explanatory Statement attached thereto.

In accordance with the Articles of Association of the Company, Mrs. Usha Singh, Mr. Harish Parekh and Mr. Sharat Kumar Jain will retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. Brief particulars and expertise of these Directors have been given in the Notice of the Meeting.

Since the last report, Dr. R. Srinivasan and Mr. Sajjan Bagaria, Directors, have resigned from the Board. Your Directors wishes to place on record their sincere appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- (ii) the Directors have 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 that period;
- (iii) the Directors have 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 and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance together with the Auditors' Compliance Certificate and Management Discussions and Analysis Report are annexed to this Annual Report.

SUBSIDIARY COMPANY

A copy of the Annual Report and Accounts of Neelkanth Tea Company Limited is annexed to this report as required under Section 212 of the Companies Act, 1956. In accordance with Accounting Standard 21, a Consolidated Financial Statement incorporating the accounts of Neelkanth Tea Company Limited forms a part of this Report and Accounts.

This was the first full year of operation for Neelkanth Tea Company Limited since its acquisition in December 2005 and in a span of 15 months it has registered higher turnover at Rs. 400 lacs which is 3 times more than the previous year and has also reported profit after tax of Rs. 1.35 lacs against a loss of Rs. 49 lacs in the previous year.

During the year under review, Neelkanth Tea Company Limited has increased its authorized capital from Rs. 80 lac to Rs. 400 lac. Upon increase in the share capital, it has issued 29,00,000 equity shares of Rs. 10/- each fully paid-up aggregating Rs. 290 lacs to your Company by conversion of loan due to it into equity shares.

JOINT VENTURE WITH TATA COFFEE LIMITED

During the year under review, your Company entered into a Joint Venture Agreement with Tata Coffee Limited, by which, 51% of the Company's holding in Alliance Coffee Limited, a subsidiary of the Company, was transferred to Tata Coffee Limited. In effect, Alliance Coffee Limited became a Joint Venture Company of Beeyu Overseas Limited and Tata Coffee Limited and also a subsidiary company of Tata Coffee Limited. Beeyu Overseas Limited is holding 26.60% of the total paid-up equity share capital of Alliance Coffee Limited.

As per the requirements of Accounting Standard 21, the Consolidated Financial Statement of the Company that forms part of this Report and Accounts has been prepared taking into consideration the operational results of Alliance Coffee Limited to the extent of 26.60%, being the extent of interest of the Company in Alliance Coffee Limited.



Alliance Coffee Limited is now fully operational for marketing and sales of three grades of Coffee - Powder, Agglomerated and Freeze Dried. Therefore a large portion of the coffee business, which was earlier under the Beeyu Overseas Limited banner, has now been shifted to Alliance Coffee Limited.

INVESTORS EDUCATION & PROTECTION FUND

Pursuant to the provisions of Section 205C of the Companies Act, 1956, Rs. 1,28,259/- have become due as on 31st March, 2007 for deposit to the Investors Education and Protection Fund Account set-up by the Central Government, which was in the nature of unpaid application money received by the Company for allotment of securities and due for refund against public issue held in February/March 2000. The said amount was deposited on 12th May, 2007.

POSTAL BALLOT

Postal ballot was conducted by the Company in June / July 2007. The results of the ballot are carried in the Corporate Governance Report. The Directors thank the shareholders for reposing faith in the Management and giving overwhelming majority for the resolutions passed through it.

FORFEITURE OF SHARES

During the year under review, 20,551 partly paid-up equity shares, that were allotted to the shareholders on 27th June, 2005 pursuant to the Prospectus dated 30th April, 2005, were forfeited vide resolution of the Board of Directors passed at its meeting held on 9th June, 2006, after complying with the necessary formalities.

Accordingly, the amounts already paid against the said shares were credited to the share forfeiture account. The forfeited shares had not been re-issued till date.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, the Statutory Auditors of the Company, retires as the Auditors on conclusion of the forthcoming Annual General Meeting and, being eligible, have expressed their willingness to be re-appointed. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Accordingly, their re-appointment is recommended by the Board of Directors.

AUDITORS' OBSERVATIONS

Report of the Auditors is self-explanatory and does not call for any further comments from the Directors.

PARTICULARS OF EMPLOYEES'

None of the employees of the Company receives remuneration requiring any disclosure to be made under Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 as amended, hence particulars are not annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed hereto and form part of this report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank individually each and every of its most valued customers for their continued confidence in the Company and request for their continued patronage and support to the Company.

Your Directors wishes to place on record its appreciation of the services rendered by the executives, staffs and workers at all levels and hope they shall continue to serve the Company with greater dedication and sincerity.

Your Directors also acknowledge the co-operation and support received from its Shareholders, the Company's Bankers and various departments and agencies of the Central and State Governments.

For and on behalf of the Board

Place : Kolkata

Dated : 31st July, 2007

B. P. Singh
Chairman & Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT**

Additional particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2007.

Conservation of Energy :

Energy conservation continues to receive top priority in the Company. Energy consumption is constantly monitored and maintenance systems are regularly improved to reduce energy losses.

Specific Energy Conservation Measures :

By replacing the motors of the axial fans of the withering troughs with new improved motors of lower HP rating, there has been an improvement in electricity consumption.

Total energy consumption and energy conservation per unit of produce :

As per Form A hereunder:

FORM – A
FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO
CONSERVATION OF ENERGY

A. Power and Fuel consumption :

		Current Year 1-4-2006 to 31-3-2007		Previous Year 1-4-2005 to 31-3-2006	
1.	Electricity				
	(a) Purchased				
	Unit	KWH	28,11,504	KWH	13,69,144
	Total Amount	Rs.	1,31,37,976	Rs.	66,72,808
	Rate/Unit	Rs.	4.67	Rs.	4.87
	(b) Own Generation				
	(i) Through Diesel Generator				
	Units	KWH	1,93,826	KWH	91,944
	Units/Litre of LDO	KWH/ltr	2.31	KWH/ltr	3.11
	Cost/Unit	Rs.	15.34	Rs.	6.88
	(ii) Through Steam Turbine	—	—	—	—
2.	Gas				
	Quantity	Kgs	—	Kgs	—
	Total amount	Rs.	—	Rs.	—
	Average rate	Rs./Kg	—	Rs./Kg	—
3.	Fire Wood				
	Quantity	Kgs	60,97,220	Kgs	37,42,450
	Total amount	Rs.	1,42,88,140	Rs.	60,34,477
	Average rate	Rs./Kg	2.34	Rs./Kg	1.61