



HANUMAN TEA COMPANY LIMITED

37TH ANNUAL REPORT
1998-99



**HANUMAN TEA COMPANY LIMITED****CORPORATE OUTLOOK**

Hanuman Tea Company Limited has further consolidated its position as a premium quality tea corporation in Eastern India. Management effort has been focussed on adopting and attaining global practices in financing, quality systems and quality of work life of the employees. Coupled with this is a renewed commitment to shareholder return, value creation for customers, and superior levels of employee motivation.

With the rise in average household income, and subsequently, purchasing power, the domestic market is now offering a substantial premium in price for the best quality of teas. Your Company's Sonajuli Tea Estate produces one of the finest teas in Assam, and Ramjhora Tea Estate in the Dooars region. Your Sonajuli Tea Estate is the third C.T.C. tea estates to receive the ISO 9002 Certification. The certification process was handled by the KPMG Quality Registrars, USA.

Our quest of becoming a knowledge based organisation continues with the setting up of Company's website by the name of www.greatindianteas.com where shareholders can gain an insight into our products. Very soon this site shall be made electronic commerce compatible.



HANUMAN TEA COMPANY LIMITED

BOARD OF DIRECTORS	:	MR. SATYA NARAYAN BAGLA <i>Chairman Emeritus</i>
		MR. SUSHIL KUMAR BAGLA <i>Chairman & Managing Director</i>
		MR. NARAYAN PRASAD GOENKA MR. PRATIP KR. SEN MR. NAND GOPAL KHAITAN MR. ASHOK KUMAR KANODIA
FINANCE CONTROLLER & COMPANY SECRETARY	:	MR. R. SHARMA
BANKERS	:	BANK OF BARODA UNITED BANK OF INDIA UCO BANK
AUDITORS	:	MESSRS B. R. MITTAL & CO. <i>Chartered Accountants</i>
REGISTERED OFFICE	:	FMC FORTUNA, 1ST FLOOR 234/3A, A.J.C. BOSE ROAD CALCUTTA 700 020
GARDENS	:	(i) SONAJULI TEA ESTATE P.O. BARJULI (SONITPUR) ASSAM (ii) RAMJHORA TEA ESTATE P.O. RAMJHORA DIST. JALPAIGURI (W.B.) (iii) LAHORIJAN & NIRMAL KUMAR TEA ESTATE P.O. DIMAPUR DIST. KARBI ANGLONG (ASSAM)
WIND FARM PROJECT	:	VILLAGE : CHITHAMPALAM TALUK : PALLADAM DIST : COIMBATORE (T.N.) PIN : 641 664



HANUMAN TEA COMPANY LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the members of Hanuman Tea Company Limited will be held at 2.30 P.M. on Monday, the 20th day of September, 1999 at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Calcutta-700 017 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Accounts for the year ended 31st March, 1999 together with the Directors' Report and Auditors' Report thereon.
2. To confirm payment of dividend made by the Directors on Preference Shares for the year ended 31st March, 1999.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Shri Nand Gopal Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Pratip Kumar Sen, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration and for that purpose, to pass with or without modification(s) the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956 M/s. B. R. Mittal & Co., Chartered Accountants, Calcutta, be and are hereby re-appointed Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors be and is hereby authorised to fix their remuneration".

SPECIAL BUSINESS**7. Increase in Authorised Capital and Amendment of Memorandum of Association**

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution :

"RESOLVED that the Authorised Capital of the Company be increased from Rs. 14,00,00,000/- (Rupees fourteen crores only) divided into 60,00,000 Equity Shares of Rs. 10/- each and 8,00,000 Preference Shares of Rs. 100/- each to Rs. 32,00,00,000/- (Rupees thirty two crores only) comprising of Rs. 6,00,00,000/- (Rupees six crores only) divided into 60,00,000 Equity Shares of Rs. 10 each and Rs. 8,00,00,000/- (Rupees eight crores only) divided into 8,00,000 Preference Shares of Rs. 100/- each and Rs. 18,00,00,000/- (Rupees eighteen crores only) divided into 18,00,000 Unclassified Shares of Rs. 100/- and that Clause 5 of the Memorandum of Association of the Company be altered accordingly."

8. Amendment of Articles of Association

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution :

"RESOLVED that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956 in the following manner :

For Article 4, the following Article shall be substituted :

The Authorised Share Capital of the Company is Rs. 32,00,00,000/- (Rupees thirty two crores) by comprising of Rs. 6 crores divided into 60,00,000 (Sixty lacs) Equity Shares of Rs. 10/- each, Rs. 8 crores divided into 8,00,000 (Eight lacs) Preference Shares of Rs. 100/- each and Rs. 18 crores divided into 18,00,000 (Eighteen lacs) Unclassified Shares of Rs. 100/- each.



9. Issue of Further Shares

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution :

"RESOLVED that pursuant to Section 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and the Articles of Association of the Company and subject to such other consents and approvals, if any, as may be necessary and subject to such conditions and modifications as may be prescribed in granting such consents and approvals and which may be agreed to by the Board of Directors (hereinafter referred to as "the Board" which term shall include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot such number of Unclassified Shares of the face value of Rs. 100/- each of an aggregate nominal value not exceeding Rs. 18 crores (Rupees eighteen crores), exclusive of such premium if any, as may be determined by the Board, in one or more Private offerings including private placement, in Indian markets to Indian/ foreign investors (whether institutions/banks and/or incorporated bodies (including companies) and/or any other body corporate and/or trusts and/or mutual funds and/or local bodies and/or any combination thereof) and whether or not such investors are members of the Company, on such terms and conditions, bearing such dividend and in one or more tranches as may be decided by the Board in its absolute discretion."

"RESOLVED FURTHER that without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the said Unclassified Shares are to be issued, the types and classes of investors to whom the Unclassified Shares are to be offered, the number and value of the Unclassified Shares to be issued in each tranche, utilisation of the issue proceeds, the terms and conditions subject to which the Unclassified Shares are to be issued (including combination of terms for Unclassified Shares issued at various points of time), including but not limited to the number of shares to be issued, the rate of dividend, period of redemption, manner of redemption (including by conversion to equity, if permissible in law), premium on redemption or premature or early redemption at the option of the Company and/or the investor, terms for cumulation or otherwise of dividends including disposal of the unsubscribed portion of the Unclassified Shares and all such terms as are provided in offerings of a like nature."

"RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and pay any fees and commission and incur expenses in relation thereto."

By Order of the Board

R. SHARMA

Finance Controller &
Company Secretary

Calcutta
10th August, 1999

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. Dividend on equity shares when sanctioned, will be made payable to those shareholders whose names would appear on the Register of Members of the Company as on 20th September 1999, and dividend warrants will be posted to them or to their order or to their Bankers.
3. Members are requested to notify any change in their address to the Registrar to the Company Messrs AMI Computers (I) Ltd., 60A & 60B, Chowringhee Road, Calcutta 700 020.
4. Members are hereby informed that, the unclaimed dividend upto the year 1993-94 has been transferred to the Registrar of Companies, West Bengal. Any member whose dividends remain unclaimed may approach the Registrar of Companies, West Bengal.



HANUMAN TEA COMPANY LIMITED

5. Members are hereby informed that dividends which remain unclaimed/unencashed over a period of seven years have to be transferred by the Company to the Investor Education & Protection Fund which shall be constituted by the Central Government under Sec. 205(A) & 205(C) of the Companies Act, 1956 as amended upto date.

We give below the details of dividends paid by the Company and their respective due dates of transfer to such Fund of the Central Government, which remain unencashed.

Date of declaration of dividend	Dividend for the year	Month of transfer to the Government
30.12.95	1994-95	February, 2002
28.09.96	1995-96	November, 2003
30.12.97	1996-97	February, 2004
23.09.98	1997-98	November, 2005

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the amended provisions of Section 205(B) of the Companies Act, 1956.

In view of the new regulation, the Shareholders are advised to send all the unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 7 to 9 of the Notice set out above, is hereto annexed.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory Statements as required by Section 173 of the Companies Act, 1956, set out all material facts relating to the business under Item No. 7 to 9 mentioned in the accompanying Notice dated 10th August, 1999 :

Item No. 7 to 9 :

With a view to augment resources for its projects and ongoing capital expenditure, the Company proposes to raise finance through an issue of Unclassified Shares upto an aggregate nominal value of Rs. 18 crore in one or more tranches, to be privately placed as set out in Resolutions at Item No. 7 to 9.

The detailed terms and conditions of the issue including the price, rate of dividend, premium, redemption period etc. will be determined by the Board of Directors of the Company in consultation with the Lead Managers/Advisors/Consultants and/or depending upon the then prevailing market conditions. The proposed issue as aforesaid will, if required, subject to the approval(s) of the Government of India, Reserve Bank of India and other relevant authorities.

In order to enable the Company to issue Unclassified Shares upto the nominal value of Rs. 18 crore, as and when deem fit, it is proposed to increase the Authorised Capital by creation of 18,00,000 Unclassified Shares of Rs. 100/- each and consequently to amend the Clause 5 of the Memorandum of Association and Article 4 of the Articles of Association of the Company as set out in Resolutions at Item No. 7 & 8 of the Notice.

The Directors may be deemed to be regarded as interested to the extent of any shares subscribed to by them or by the companies in which they are directors or members.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

The Board commends the Resolutions at Item No. 7 to 9 for acceptance by the Members.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Thirty Seventh Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

1998-99

(31st March, 1999)

(Rs. in lakhs)

Gross Profit (before depreciation, interest and taxation)	733.69
Less :	
a) Depreciation	223.50
b) Interest	22.11
c) Provision for taxation	<u>17.12</u>
	262.73
	470.96
Add :	
Balance brought forward from the previous year	462.13
Transfer from Investment Allowance Reserve	1.55
Short/Excess Tax for earlier years	<u>(0.31)</u>
Distributable Profit for the year	<u>934.33</u>
Appropriated to :	
a) Preference Dividend	54.37
b) Equity Dividend	84.86
c) Tax on Dividend	14.77
d) General Reserve	48.00
e) Balance carried forward	<u>732.33</u>
	<u>934.33</u>

DIVIDEND

The Directors of your Company have decided to recommend payment of dividend @ 26% per annum, and a special dividend of 2% to celebrate Mr. S. N. Bagla's appointment as Chairman Emeritus of the Board of Directors of the Hanuman Tea Co. Ltd.

OPERATIONS

The total green leaf produced was 72.41 lac kilos over 67.12 lac kilos in the previous year resulting in an increase of 7.88%. The conversion ratio of leaf to tea made was 23.08% which is well above the industry average of 21%. The net price realisation per kilogram of tea increased from Rs. 78.00 to Rs. 82.00.

EXPANSION & MODERNISATION

Substantial resources were deployed at both estates. At Sonajuli Tea, factory has been further enhanced to produce even better quality tea.

At Ramjhora Tea, a tube well and irrigation system were installed and work begun for a second tube well and irrigation system. Substantial savings from the energy audit also been realised.

The Company has acquired Lahorijan & Nirmal Kumar Tea Estate in the Karbi Anglang District on 17.07.99 with a total area of 2287.62 Bighas. Presently the Garden is producing 80,000 kgs made tea, but have a potential to produce five lac kgs as vacancy exists and there is scope for extension planting, replanting. Further the Company is contemplating to make the organic tea in the particular garden which have higher realisation compared to normal tea produced.

OUTLOOK

The shortage of tea in the domestic and international markets continues and prices remain firm.

STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT

(a) Utilisation of Funds

Your Directors confirm that the funds raised through Public-cum-Rights Issue were utilised for the purposes mentioned in the Prospectus/Letter of Offer.

(b) Profitability

The actual performance during the year vis-a-vis projections made in the Prospectus/Letter of Offer is as under :

	Projected for 1998-99 (Year ended 31st March, 99 (Rs. in Lacs)	Actual for 1998-99 (Year ended 31st March, 99 (Rs. in Lacs)
(i) Turnover	1778.43	1434.21
(ii) Profit before depreciation, interest & tax	436.16	733.69
(iii) Profit after tax	257.55	470.96

**HANUMAN TEA COMPANY LIMITED****DIRECTORS**

Shri Pratip Kumar Sen and Shri Nand Gopal Khaitan retire by rotation and being eligible, offer themselves for re-appointment.

Sri Bimal Kumar Nopany resigned from the Board on 30.3.99. The Board placed on record its appreciation for the valuable advices given during his tenure.

AUDITORS

M/s. B. R. Mittal & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The observations made in the Auditors' Report have been suitably clarified in the Notes on Accounts which are self-explanatory.

YEAR 2000 (Y2K) COMPLIANCE

The Company has updated its Hardware as well as Software, which are Y2K compliant. We welcome the Year 2000.

LISTING OF COMPANY'S SHARES

The Equity Shares of the Company are listed at Calcutta, Mumbai, Delhi & Guwahati Stock Exchanges and Annual Listing Fees have been paid for the year 1999-2000.

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

Particulars as required under Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given in the annexed statement.

PERSONNEL

Relation with employees at all levels of the Company in the plantations and in Calcutta remained cordial during the year under review.

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 is not applicable.

By Order of the Board

Calcutta
10th August, 1999

SUSHIL KUMAR BAGLA
Chairman & Mg. Director