



HANUMAN TEA COMPANY LIMITED

38TH ANNUAL REPORT
1999-2000





**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 estate to receive the ISO 9002 Certification. The certification process was handled by the KPMG Quality Registrars, USA.

With a view to enhance the shareholder return, your Company has invested in Teauction.com Limited. Teauction.com Limited launched in 3/2000 as the first digital tea-exchange to enhance market access and liquidity for all participants. We have been able to significantly reduce transaction cycle time and associated costs. Teauction.com is an industry promoted exchange and the present shareholders are B M Khaitan Group, Apeejay Group, Hanuman Tea, Dhunseri Tea and Centurion Bank. It may be noted that Centurion Bank has earmarked Rs. 200 crores for trade finance offerings at competitive rates to the exchange participants.



HANUMAN TEA COMPANY LIMITED

BOARD OF DIRECTORS

: MR. SATYA NARAYAN BAGLA
Chairman Emeritus

MR. SUSHIL KUMAR BAGLA
Chairman & Managing Director

MR. NARAYAN PRASAD GOENKA
MR. NAND GOPAL KHAITAN
MR. ASHOK KUMAR KANODIA

BANKERS

: BANK OF BARODA
UNITED BANK OF INDIA
UCO BANK

AUDITORS

: MESSRS B. R. MITTAL & CO.
Chartered Accountants

REGISTERED OFFICE

: FMC FORTUNA, 1ST FLOOR
234/3A, A.J.C. BOSE ROAD
CALCUTTA 700 020

GARDENS

- : (i) SONAJULI TEA ESTATE
P.O. BARJULI
DIST. 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 Eighth Annual General Meeting of the members of Hanuman Tea Company Limited will be held at 2.30 P.M. on Friday, the 29th day of September, 2000 at Gyan Manch Education Society, 11, Pretoria Street, Calcutta-700 071 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Accounts for the year ended 31st March, 2000 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, 2000.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Shri Satya Narayan Bagla, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Narayan Prasad Goenka, 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. 40,00,00,000/- (Rupees forty 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. 26,00,00,000/- (Rupees twenty six crores only) divided into 26,00,000 Unclassified Shares of Rs. 100/- each 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. 40,00,00,000/- (Rupees forty 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. 26 crores divided into 26,00,000 (Twenty six lacs) Unclassified Shares of Rs. 100/- each".



HANUMAN TEA COMPANY LIMITED

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 aggregated nominal value not exceeding Rs. 26 crores (Rupees twenty six crores), exclusive of such premium if any, as may be determined by the Board, in one or more Private offerings including private placement basis, 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."

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 Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment and the terms of remuneration of Mr. Sushil Kumar Bagla as the Managing Director of the Company for a period of 5 years commencing from 1st December, 2000 as per terms and conditions contained in the Draft Agreement to be entered into between the Company and Mr. Sushil Kumar Bagla (a Draft copy whereof is placed before this meeting and initialled by the Chairman for the purpose of identification) with liberty to the Board of Directors to alter and vary such terms and conditions including remuneration so as not to exceed any provision regarding payment of managerial remuneration under the Companies Act, 1956 and as may be agreed to by the Board of Directors and acceptable to Mr. Sushil Kumar Bagla".

By Order of the Board

Calcutta
2nd September, 2000

SUSHIL KUMAR BAGLA
Chairman & Managing Director



HANUMAN TEA COMPANY LIMITED

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 if sanctioned, will be made payable to those shareholders whose names would appear on the Register of Members of the Company as on 29th September, 2000 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 S. K. Computers, 4/18, Poddar Nagar, P. O. Jodhpur Park, Calcutta 700 068.
4. Members are hereby informed that the unclaimed dividend upto the year 1994-95 has been transferred to the Registrar of Companies, West Bengal. Any member whose dividends remain unclaimed may approach the Registrar of Companies, West Bengal.
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
20.09.99	1998-99	November, 2006

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 Central Government.

6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 7 to 10 of the Notice set out above, is annexed hereto.

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 10 mentioned in the accompanying Notice dated 2nd September, 2000 :

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. 26 crores in one or more tranches, to be privately placed as set out in Resolutions at Item No. 7 to 9.



HANUMAN TEA COMPANY LIMITED

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. 26 crores, as and when deem fit, it is proposed to increase the Authorised Capital by creation of 26,00,000 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.

Item No. 10

The term of Managing Director Mr. Sushil Kumar Bagla expires on 30.11.2000, and the Board of Directors re-appointed Mr. Sushil Kumar Bagla as Managing Director of the Company for a period of five years with effect from 1.12.2000. His appointment and payment of remuneration to him is subject to the approval of Members of the Company under Section 198, 269 read with Schedule XIII and 309 and other applicable provisions, if any, of the Companies Act, 1956.

The terms and conditions of Mr. Sushil Kumar Bagla's appointment as Managing Director are set out in the Draft Agreement to be entered into between the Company of the one part and Mr. Sushil Kumar Bagla of the other part and an abstract of the terms of the remuneration and emoluments are as follows :

- A. The appointment is for a period of five years commencing from 1.12.2000.
- B. Mr. Sushil Kumar Bagla shall be entitled to the following emoluments, benefits and perquisites subject to the ceiling limits laid down in Sections 198, 269 read with Schedule XIII and 309 of the Companies Act, 1956.

REMUNERATION OF MANAGING DIRECTOR

- a) SALARY : Rs. 25,000/- per month in the scale of Rs. 25,000/- p.m. - Rs. 5,000/- - Rs. 50,000/- with authority to the Board to decide the annual increment which will be effective from each year.
- b) PERQUISITES : In addition to salary, the Managing Director will be allowed perquisites as specified in Category A, B & C below :

Category - A

i) Housing :

- a) The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of sixty percent of the salary.
- b) In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing (a).

- ii) The expenditure incurred by the Company for gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.



HANUMAN TEA COMPANY LIMITED

- iii) **Medical Reimbursement** : Expenditure incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iv) **Leave Travel Concession** : For self and family, once in a year in accordance with the rules of the Company.
- v) **Club Fees** : Fees of clubs subject to a maximum of two clubs. This will not include life membership fees/admission fees.
- vi) **Personal Medical/Accident Insurance** : Personal Medical/Accident Insurance of an amount, the annual premium of which shall be paid as per rules of the Company.

Category - B

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service and encashment of leave will be given at the end of the tenure.

Category - C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

COMMISSION

The Managing Director shall be paid remuneration by way of commission in addition to salary or perquisites or both in lieu thereof. The commission shall be 1 percent of the net profits of the Company, in a particular year, shall be subject to the overall ceilings laid down in Section 198 & 309 of the Companies Act, 1956.

OTHER TERMS

- i) The Managing Director is entitled to reimbursement of all actual expenses including on entertainment and travelling incurred in the course of the Company's business.
- ii) The Managing Director is entitled to avail of fully paid leave as per the rules of the Company.
- iii) The Managing Director, subject to the applicable provisions of the Companies Act, 1956, is also eligible for housing loan or other facilities as applicable in accordance with the rules of the Company.
- iv) The Managing Director is also entitled to the benefits under all other schemes, privileges and amenities as are granted to the Senior Executives of the Company in accordance with the Company's practice, rules and regulations in force from time to time.

MINIMUM REMUNERATION

The salary and perquisites as mentioned herein above will be paid to Mr. Sushil Kumar Bagla, as minimum remuneration in the event of loss or inadequacy of profits in any financial year during the currency of his tenure as the Managing Director subject to the overall limit laid down in Schedule XIII of the Companies Act, 1956.

Mr. Sushil Kumar Bagla will not receive any sitting fees for attending Meeting of the Board or any Committee(s) thereof.

The above referred Agreement also provides for mutual rights and obligations of the parties and stipulation relating to its termination in certain circumstances.

MEMORANDUM OF INTEREST

None of the Directors other than Mr. Sushil Kumar Bagla and Mr. Satya Narayan Bagla (being relatives) is interested in the Resolution.