



HANUMAN TEA COMPANY LIMITED

39TH ANNUAL REPORT
2000-2001





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 <i>Chairman Emeritus</i>
	:	MR. SUSHIL KUMAR BAGLA <i>Chairman & Managing Director</i>
	:	MR. NARAYAN PRASAD GOENKA MR. NAND GOPAL KHAITAN MR. ASHOK KUMAR KANODIA
BANKERS	:	BANK OF BARODA UNITED BANK OF INDIA UCO BANK
AUDITORS	:	MESSRS P. K. PACHISIA & CO. <i>Chartered Accountants</i>
REGISTERED OFFICE	:	FMC FORTUNA, 1ST FLOOR 234/3A, A.J.C. BOSE ROAD KOLKATA 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 Ninth Annual General Meeting of the members of Hanuman Tea Company Limited will be held at 11.00 A.M. on Saturday, the 29th day of September, 2001 at Gyan Manch Education Society, 11, Pretoria Street, Kolkata-700 071 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Accounts for the year ended 31st March, 2001 together with the Directors' Report and Auditors' Report thereon.
2. To confirm and propose payment of dividend made by the Directors on Preference Shares for the year ended 31st March, 2001.
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 Ashok Kumar Kanodia, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

6. 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 a Special 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. 44,00,00,000/- (Rupees forty four 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. 30,00,00,000/- (Rupees thirty crores only) divided into 30,00,000 Unclassified Shares of Rs. 100/- each and that Clause 5 of the Memorandum of Association of the Company be altered accordingly."

7. 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. 44,00,00,000/- (Rupees forty four crores) 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. 30 crores divided into 30,00,000 (Thirty lacs) Unclassified Shares of Rs. 100/- each".

8. 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



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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. 30 crores (Rupees thirty 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 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."

9. **Appoint Auditors and fix their remuneration**

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

"RESOLVED that M/s. B. R. Mittal & Co., Chartered Accountants, 36A, Bentinck Street, Kolkata-700 069 be and are hereby appointed Auditors of the Company in place of M/s. P. K. Pachisia & Co., Chartered Accountants, P-236, C.I.T. Road, Scheme IV(M), Kolkata-700 010 the incoming Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such fee as may be agreed upon by the Board of Directors & Auditors."

By Order of the Board

Kolkata
4th September, 2001

SUSHIL KUMAR BAGLA
Chairman & Managing Director

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, 2001 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 M/s. SKP Computers, 34/1A, Sudir Chatterjee Street, Kolkata 700 006.
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.



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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
20.09.2000	1999-2000	November, 2007

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.

6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 6 to 9 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. 6 to 9 mentioned in the accompanying Notice dated 4th September, 2001 :

Item No. 6 to 8

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. 30 crores in one or more tranches, to be privately placed as set out in Resolutions at Item No. 6 to 8.

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. 30 crores, as and when deem fit, it is proposed to increase the Authorised Capital by creation of 30,00,000 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. 6 & 7 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 and a certificate from the Statutory Auditors M/s. P. K. Pachisia & Co. 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. 6 to 8 for acceptance by the Members.

Item No. 9

M/s. P. K. Pachisia & Co., Chartered Accountants have expressed their unwillingness to continue as the Auditors of the Company, hence the need to change the Auditors. A member has proposed the name of M/s. B. R. Mittal & Co. to be appointed as Auditors in place of M/s. P. K. Pachisia & Co..

None of the Directors is concerned or interested in the said Resolution.



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DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Thirty Ninth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

2000-2001
(31st March, 2001)
(Rs. in lakhs)

Gross Profit (before depreciation, interest and taxation)	570.32
Less :	
a) Depreciation	136.97
b) Interest	31.25
c) Provision for Taxation	17.00
	<u>185.22</u>
	385.10
Add :	
Balance brought forward from the previous year	971.75
Transfer from Investment Allowance Reserve	—
Distributable Profit for the year	<u>1356.85</u>
Appropriated to :	
a) Preference Dividend	84.08
b) Equity Dividend	45.46
c) Tax on Dividend	13.59
d) General Reserve	19.00
e) Balance carried forward	1194.72
	<u>1356.85</u>

DIVIDEND

The Directors of your Company have decided to recommend payment of dividend @ 15% per annum.

OPERATIONS

The total green leaf produced was 62.31 lac kilos over 51.79 lac kilos in the previous year resulting in an increase of 20.31%. The conversion ratio of leaf to tea made

was 22.94% which is well above the industry average of 21%. The net price realisation per kilogram of tea decreased from Rs. 92.75 to Rs. 87.15.

EXPANSION & MODERNISATION

The ongoing capitalisation programme at the tea estates is continuing. Substantial resources were deployed at Sonajuli Tea Estate, Ramjhora Tea Estate and Lahorijan & Nirmal Kumar Tea Estate to enhance the productivity and substantial reduction in cost of production.

OUTLOOK

The tea prices are under pressure. We hope to increase the productivity and bring more land under plantation to increase yields.

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.

DIRECTORS RESPONSIBILITY STATEMENT

(Pursuant to Section 217(2AA) of the Companies Act, 1956)

Your Directors are happy to put on record that the items of Responsibility Statement stated below pursuant to Section 217(2AA) of the Companies Act, 1956, are being followed as a matter of practice. However, as required statutorily, your Board affirms that :

- The accounting standards as applicable to your Company and corroborated by the Companies Act, 1956, have been followed in course of preparation of the Annual Accounts for the year ended 31st March, 2001, and there have not been any material departures to warrant further explanation.
- The accounting policies as have been followed are being continued in course of preparation of the Annual Accounts for the year ended 31st March 2001, so as to exhibit a true and fair view of the state of affairs of the Company and the profit for that period as have also been corroborated by the Statutory Auditors of the Company.
- The Statutory Auditors Report confirm in regard to adequate controls and internal audit systems being followed by the Company in course of running of the



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Company's affairs as also for maintenance of the assets. Your Directors take every caution to relate such control measures to the benefit of the Company and to avoid any fraud or irregularities.

- iv) The Company's Accounts for the year ended 31st March, 2001 have been prepared on a going concern basis as earlier.

DIRECTORS

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

AUDITORS

The Company has received a notice from a shareholder under Section 225 (1) of the Companies Act, 1956 to appoint an Auditor other than the retiring Auditors.

AUDITORS' REPORT

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

CORPORATE GOVERNANCE

The systematic mode of corporate governance presently followed by your Company is being further modified in order to comply with the necessary guidelines from the Securities and Exchange Board of India ('SEBI'). An audit committee has been constituted with Mr. S. K. Bagla (Chairman), Mr. S. N. Bagla and Mr. Narayan Prasad Goenka. During the year under review the share transfer and issue of share certificate committee was formed to approve share transfers and other matters including review of investors grievances.

LISTING OF COMPANY'S SHARE

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 2001-2002.

DEMATERIALISATION OF SHARES

In compliance with the requirements of the Securities & Exchange Board of India, trading in the Company's shares in dematerialised form has been made compulsory for all categories of investors during the year under review.

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.

Kolkata
4th September, 2001

By Order of the Board
SUSHIL KUMAR BAGLA
Chairman & Mg. Director