

**86th  
ANNUAL REPORT  
1998-99**

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**THE PERIA KARAMALAI  
TEA AND PRODUCE  
COMPANY LIMITED**



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**THE PERIA KARAMALAI  
TEA AND PRODUCE  
COMPANY LIMITED**

*Eightysixth Annual Report 1998-99*

<b>CHAIRMAN</b>	Shri L.N. Bangur
<b>MANAGING DIRECTORS</b>	Shri G.D. Kabra Smt Alka Bangur
<b>DIRECTORS</b>	Shri G.K. Sundaram Shri R.L. Gaggar Shri N. Srinivasan
<b>COMPANY SECRETARY</b>	Shri R.V. Sridharan
<b>AUDITORS</b>	Messrs. Fraser & Ross Chartered Accountants
<b>BANKERS</b>	Union Bank of India ICICI Banking Corpn. Ltd. Bank of Baroda State Bank of India Vijaya Bank
<b>REGISTERED OFFICE</b>	Cowcoody Chambers 234-A, Race Course Road Coimbatore - 641 018 Tamil Nadu



## NOTICE OF THE 86th ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Eightysixth Annual General Meeting of the Company will be held at the Registered Office of the Company at Cowcoody Chambers, 234-A Race Course Road, Coimbatore - 641 018, at 11.30 A.M. on Thursday, the 23rd September, 1999, to transact the following business :

### ORDINARY BUSINESS :

1. To receive and adopt the Directors' Report, Audited Profit and Loss Account for the year ended 31st March 1999, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri. R.L. Gaggur who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. N. Srinivasan who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

**"RESOLVED** that pursuant to Section 17 of the Companies Act, 1956, Object Clause 3 of the

Memorandum of Association of the Company be altered by insertion of the following new sub-clause No.5l after the existing sub-Clause No.5k".

- 5l) To carry on the business of generating, selling, dealing, supplying, distributing, transmitting electricity or any other form of power produced by conventional, non-conventional methods including wind, solar, hydro, thermal, atomic, gas, lignite, bio-mass and tidal waves and to erect, construct, establish, maintain, operate, acquire, own, lease or hire and fix plant and machineries, windmills, thermal stations, solar and hydro gensets for the purpose of generating any form of power and distribution and to carry on such other allied activities in India and abroad.
7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

**" RESOLVED** that pursuant to Section 149(2A) of the Companies Act, 1956, approval be and is hereby accorded to the Company for commencing and undertaking the business as enumerated in the newly added sub-clause 5l of Object Clause 3 of the Memorandum of Association of the Company as altered, upon the said sub-clause becoming effective".

Coimbatore  
2nd August, 1999.

By Order of the Board  
**R. V. Sridharan**  
Company Secretary

### NOTES :

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September, 1999 to 23rd September, 1999 (both days inclusive).
- c) The dividend to be declared at the meeting will be payable to those members whose names appear on the Register of Members of the Company as on 23rd September, 1999.
- d) In accordance with Section 205A(5) of the Companies Act, 1956, dividends, which remain unpaid or unclaimed for and upto the year 1994-95, have been transferred to the General Revenue Account of the Central Government.
- e) Members are requested to intimate their change of address if any along with PIN Code, to the Company at its Registered Office quoting their respective folio numbers.
- f) Members who have not yet surrendered their old Share Certificates of Rs.2/- each are requested to do so to enable the Company to forward new Share Certificates of Rs.10/- each in lieu thereof.
- g) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- h) **Members who seek information with regard to Accounts are requested to send their queries on or before 15th September 1999, to enable the management to keep the information ready.**

**ANNEXURE TO THE NOTICE :****Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956****Item No.6**

The Company currently operate nine wind turbine generators which are capable of generating power which may exceed its own requirement. In view of the increasing tariff charged by the State Electricity Board, it is considered advisable to empower the Company to sell the surplus power if any, subject to necessary approvals and for this purpose, it is proposed to amend the object clause by including appropriate additional sub-clause in the object clause of the Memorandum of Association of the Company. The Directors recommend the resolution for approval of the members.

A copy of the Memorandum and Articles of Association of the Company is available for inspection of the members at the Registered Office of the Company during business hours on any working day.

None of the Directors of the Company is in any way concerned or interested in the resolution.

**Item No. 7**

In the event of the proposed amendment to the object clause of the Memorandum of Association of the Company being approved by the members at this meeting, it would be necessary for the members to accord their approval to the Company under Section 149(2A) of the Companies Act, 1956 for commencing and undertaking the business as set out in the proposed new sub-clause 5I of the object clause 3 (5) of the Memorandum of Association of the Company. The Directors recommend the resolution for the approval of the members.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Coimbatore,  
2nd August, 1999

By Order of the Board  
**R.V. Sridharan**  
*Company Secretary*

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## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the Eightysixth Annual Report for the year ended 31st March, 1999.

### FINANCIAL RESULTS

	Rs.
Profit before Depreciation	5,98,46,557
Less : Depreciation	1,55,63,507
Profit before Tax	4,42,83,050
Provision for Tax	20,00,000
Profit after Tax	4,22,83,050
Add : Unappropriated Profit brought forward from last year	1,26,30,384
Profit available for appropriation	5,49,13,434
<b>APPROPRIATIONS</b>	
Transfer to General Reserve	2,50,00,000
Proposed Equity Dividend @ 50%	1,03,19,595
Tax on Dividend	11,35,155
Surplus Carried Over	1,84,58,684
Total	5,49,13,434

### DIVIDEND

Your Directors are pleased to recommend a dividend of 50% for the year ended 31st March 1999.

### OPERATIONS

#### Tea

The Company harvested a lower tea crop of 44,21,545 kgs during the year as against 51,25,750 kgs last year because of adverse weather conditions.

Price realisation was also lower at Rs.64.88 per kg. (as against Rs.70.12 per kg last year) as the market did not improve during the second half of the year because of higher global production particularly of North Indian Teas.

#### Cardamom

Cardamom production continued to be on the lower side at 4,826 kgs as against 12,507 kgs in the previous year because of unfavourable weather conditions and elephant menace.

### FUTURE PROSPECTS

#### Tea

In spite of lower Indian and global tea crops, the market for South Indian teas fell sharply as CIS countries did not operate for South Indian Teas. Similar trend is expected to continue if exports level do not improve. However, with our exploration of new avenues of direct internal marketing we expect better realisation.

Though the tea crop harvested so far is lower, with the improvement in weather conditions, we hope to maintain the crop level as in the last year.

Industry wise wage negotiation which is in progress is expected to result in significant increase in labour cost. This together with higher input costs and imposition of excise duty of Rs.2/- per kg will have an impact on the profit margin for the year now current.

#### Wind Turbines

Five new Wind Turbine Generators of 225 KW each were installed and commissioned during the year making the total number of generators to nine. These would take the total capacity to 2.275 MW capable of meeting the entire power requirement of the Estates.

#### Y2K Compliance

The Company's production, manufacturing and marketing systems as well as its suppliers / customers are not computer reliant and accordingly there are no Y2K issues to be resolved.

#### Public Deposits

Deposits outstanding as on 31st March, 1999 was Rs.2,02,15,000/- and the unclaimed deposits were Rs.1,41,000/- and out of which nine deposits of Rs.1,27,000/- have since been renewed / refunded.

### PARTICULARS OF EMPLOYEES

There are no employees, other than the Managing Directors, in receipt of remuneration in excess of Rs.6 lakhs per annum.

**DIRECTORS**

Shri R.L. Gaggar and Shri N. Srinivasan will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**INDUSTRIAL RELATIONS**

Industrial Relations were cordial during the year.

**STATUTORY STATEMENTS**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the annexure which forms part of this report.

**AUDITORS**

Messrs. Fraser & Ross, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**SUBSIDIARY COMPANY**

Particulars of Sri Vithoba Investments Limited pursuant to Section 212 of the Companies Act, 1956 are annexed. Due to continued depressed stock market, the Subsidiary has reported a loss for the year.

**ACKNOWLEDGEMENT**

The Board wishes to place on record its appreciation of the devoted and efficient services rendered by the employees at all levels. The Board also wish to thank the financial institutions, banks, investors, depositors and customers for their continued support and co-operation.

Coimbatore  
22nd July, 1999.

For and on behalf of the Board  
**L.N. BANGUR**  
Chairman

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## ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY

Energy conservation is an on-going activity and it is being closely monitored to a specific programme of reduction.

(FOR TEA ONLY)

#### FORM A

(See Rule 2)

Particulars with respect to conservation of energy.

<b>A. POWER &amp; FUEL CONSUMPTION</b>	<b>31.3.99</b>	<b>31.3.98</b>
1. Electricity		
a) Purchased:		
Units	<b>40,94,754</b>	<b>22,11,950</b>
Total Amount	<b>Rs. 1,37,67,547</b>	<b>1,07,59,177</b>
Rate/Unit	<b>Rs. 3.36</b>	<b>4.86</b>
b) Own Generation		
(i) Through Diesel Generators - Units	<b>3,38,554</b>	<b>1,45,723</b>
Units per Litre of Diesel	<b>1.61</b>	<b>2.31</b>
Cost/Unit	<b>Rs. 6.12</b>	<b>3.88</b>
(ii) Through Wind Turbine Generators - Units	<b>30,92,248</b>	<b>16,63,160</b>
2. Coal (Used in Dryer Heaters)		
Quantity	<b>Kg. 32,055</b>	<b>4,845</b>
Total Cost	<b>Rs. 1,07,705</b>	<b>16,279</b>
Average Rate (Rs./Kg)	<b>3.36</b>	<b>3.36</b>
3. Leco (used in Dryer Heaters)		
Quantity	<b>Kg. 10,81,635</b>	<b>21,87,383</b>
Total Cost	<b>Rs. 55,10,151</b>	<b>83,13,585</b>
Average Rate (Rs./Kg.)	<b>5.09</b>	<b>3.80</b>
4. Others (Purchased)		
Firewood (Used in Dryer Heaters)		
Quantity	<b>Kg. 49,26,574</b>	<b>36,79,677</b>
Total Cost	<b>Rs. 69,18,716</b>	<b>56,88,701</b>
Average Rate (Rs./Kg.)	<b>1.40</b>	<b>1.55</b>
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Product - Tea		
(kgs. of made tea per unit of Power/Fuel)		
Electricity : Unit	<b>1.00</b>	<b>1.27</b>
Fuel : Kg.	<b>0.73</b>	<b>0.87</b>

Note : No standards are available for comparison.



**B. TECHNOLOGY ABSORPTION****FORM B**

(See Rule 2)

Particulars with respect to Absorption

**1. Research and Development (R&D)**

a. Specific area in which R &amp; D carried out by the Company

The development activities of the Company are mainly towards : higher yields, quality improvement and energy conservation.

b. Benefits derived, as a result of above R &amp; D : Improvement in yield and quality of product.

c. Future plan of action and expenditure on R &amp; D

The development work is an on - going process. No separate : record of expenditure incurred is maintained.

**2. Technology absorption, adaptation and innovation**

The Company is continuously adapting suggestions / : recommendations of UPASI besides its own efforts for improvements in better upkeep, productivity, etc. Benefits derived are cost reduction, improvement in yield and quality of product. There is no import of technology.

**3. Foreign Exchange Earnings and Outgo**

: See Notes on Accounts.

Coimbatore  
22nd July, 1999For and on behalf of the Board  
**L.N. BANGUR**  
ChairmanReport  junction.com

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**ACREAGE STATEMENT AS AT 31-3-1999**

	Karamalai Acres	Akkamalai Acres	Vellamalai Acres	Nadumalai Acres	Acres	Total Hectares
<b>TEA</b>						
Mature	856.00	1027.00	1194.55	707.30	3784.85	1531.66
Immature	10.00	—	21.24	8.90	40.14	16.24
<b>CARDAMOM</b>						
Mature	118.00	51.50	292.09	143.50	605.09	244.86
Fuel Clearings	—	87.70	27.90	19.95	135.55	54.86
Nurseries	5.31	1.00	1.80	6.15	14.26	5.77
Buildings, Roads, etc.	95.34	56.86	123.10	72.10	347.40	140.59
Rocks, Ravines and Wastelands	49.32	47.94	31.26	29.25	157.77	63.85
Total	1133.97	1272.00	1691.94	987.15	5085.06	2057.83

**COMPARATIVE RESULTS 1990-1999**

Year ended 31st March	TEA CROP				PER KILOGRAM			EARNINGS		DIVIDEND	
	Own Leaf	Bought Leaf	Total	Yield	Cost	Sale Price	Profit	Earnings on	Profit	Amount	Percentage
	Kgs.	Kgs.	Kgs.	per acre Kgs.	Rs.	Rs.	before tax Rs.	Equity Capital %	after tax Rs.	distributed Rs.	distributed
1990	37,02,550	—	37,02,550	978	27.68	37.45	4,18,86,190	323	2,38,86,190	38,94,159	30
1991	42,58,753	5,22,104	47,80,857	1,125	31.58	39.52	4,43,27,943	341	2,53,27,943	51,92,212	40
1992	38,58,648	1,44,042	40,02,690	1,019	35.80	38.24	2,01,17,404	155	1,31,17,404	51,92,212	40
1993	35,35,860	—	35,35,860	934	40.40	41.56	85,42,436	41	85,42,436	53,12,276	34 *
1994	41,49,019	18,219	41,67,238	1,095	40.23	43.08	1,73,46,934	84	1,60,96,934	41,27,838	20
1995	34,48,590	17,194	34,65,784	911	39.84	35.92	1,02,98,400	—	50,35,682	20,63,919	10
1996	45,34,543	1,73,238	47,07,781	1198	40.52	44.92	2,04,04,227	99	2,04,04,227	45,40,622	22
1997	42,64,444	2,66,212	45,30,656	1127	44.05	45.80	88,44,665	43	78,94,665	45,40,622	22
1998	51,25,750	—	51,25,750	1354	54.18	70.12	8,42,07,550	408	5,02,07,550	1,03,19,595	50
1999	44,21,545	—	44,21,545	1168	56.37	64.88	4,42,83,050	215	4,22,83,050	1,03,19,595	50 **

★ On the increased capital

\*\* Recommended (Tax free)