



THE PERIA KARAMALAI
TEA AND PRODUCE
COMPANY LIMITED

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89th
ANNUAL REPORT
2001-2002



THE PERIA KARAMALAI
TEA AND PRODUCE
COMPANY LIMITED

Eightynineth Annual Report 2001-2002

| | |
|---------------------------|------------------------------------------------------------------------------------------------|
| Chairman | Shri L.N. Bangur |
| Managing Directors | Shri G.D. Kabra Smt Alka Bangur |
| Directors | Shri G.K. Sundaram Shri R.L. Gaggar Shri N. Srinivasan |
| Company Secretary | Shri R.V. Sridharan |
| Auditors | Messrs. Fraser & Ross Chartered Accountants |
| Bankers | Union Bank of India ICICI Bank Ltd. Bank of Baroda State Bank of India Vijaya Bank |
| Registered Office | Cowcoody Chambers 234-A, Race Course Road Coimbatore - 641 018 Tamil Nadu |

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NOTICE OF THE 89th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eightyninth Annual General Meeting of the Company will be held at the Indian Chamber of Commerce & Industry, "Chamber Towers", 732, Avanashi Road, Coimbatore - 641 018 at 11.00 A.M. on Monday, the 9th September 2002, 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 2002, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in place of Shri. L.N. Bangur, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. G.K. Sundaram, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. 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 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows :

- (i) After the existing Article 1(b), the following new Article 1(c) shall be inserted.

- 1(c) "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of section (2) of the Depositories Act, 1996.

"Depositories Act" means the Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof for the time being in force.

"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of section (2) of the Depositories Act, 1996.

"Members" means the duly registered holder, from time to time, of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

"SEBI" means the Securities and Exchange Board of India established under section (3) of the Securities and Exchange Board of India Act, 1992.

"Security" shall mean such security as may be specified by SEBI.

"Words and expressions used and not defined in Companies Act, 1956 or Securities and Exchange Board of India Act, 1992, but defined in the Depositories Act, 1996" shall have the meanings assigned to them in Depositories Act, 1996.

- (ii) After the existing Article 21, the following Article(s) shall be inserted.

21A - Shares to be numbered progressively

The shares of the Company shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in dematerialised form. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.



21B Dematerialised Shares and Securities

The Company shall be entitled to dematerialise its existing shares and securities, rematerialise its shares and securities held in the Depositories and / or offer its fresh shares / securities in dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

- (iii) After the existing Article 62, the following Article(s) shall be inserted.

62A Transfer of Shares

Nothing contained in this Articles shall apply to transfer of shares effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

62B Shares dealt with a Depository

In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and were such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

- (iv) The following Article 119A to be inserted after the existing Article 119.

119A Voting Rights in respect of shares and securities held in dematerialised form.

A depository as a registered owner shall not have any voting rights in respect of shares and securities held by it in dematerialised form. However, the beneficial owner as per the Register of Beneficial Owner maintained by a Depository shall be entitled to such rights in respect of shares held by him in the Depository. Any reference to the member or joint members, the Articles of Association shall include a reference to Beneficial Owner or Joint Beneficial Owners in respect of "the shares held in a Depository".

Coimbatore,
18th June, 2002.

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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 9th September, 2002 to 17th September, 2002 (both days inclusive).
- c) 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.
- d) Members who have not 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.
- e) Trading of Shares in dematerialised form has been made compulsory for all categories of investors. Your Company has initiated the process for dematerialisation of shares.
- f) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- g) **Members who seek information with regard to Accounts are requested to send their queries on or before 2nd September, 2002 so as to enable the Management to keep the information ready.**

THE COMPANY'S EQUITY SHARES ARE LISTED IN THE FOLLOWING STOCK EXCHANGES :

- 1. The Coimbatore Stock Exchange Ltd.
"Stock Exchange Building", 683/686, Trichy Road, Singanallur, Coimbatore - 641 045.
- 2. The Madras Stock Exchange Ltd.
"Exchange Building", 11, Second Line Beach, Chennai - 600 001.
- 3. The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata - 700 001

The Company has paid the annual listing fees for the period 2002 / 2003 to the above Stock Exchanges.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM No. 5 OF THE AGENDA****Item 5**

The Depository System of holding Securities in an electronic form is a far safer and more convenient method for holding and trading in the Shares and Securities of a Company. Your Company has entered into an agreement with National Securities Depository Limited (NSDL), and Central Depository Services Limited (CSDL) to facilitate holding and trading of the Company's equity shares in electronic form. It is therefore proposed to alter the Articles of Association of the Company to the extent provided in the resolution so that they confirm in line with the provisions of the Depositories Act, 1996 / the amended provisions of the Companies Act, 1956 and schedules thereto.

Your Directors recommend this resolution for your approval.

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

Coimbatore,
18th June, 2002.

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





DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Eightyninth Annual Report for the year ended 31st March, 2002.

FINANCIAL RESULTS

| | Rs. |
|-----------------------------------------------------|-------------|
| Loss for the year | 3,54,06,987 |
| Less : Unappropriated Profit brought from last year | 11,41,254 |
| Unappropriated Loss carried forward | 3,42,65,733 |

DIVIDEND

In view of the loss incurred by the Company during the year under review, the Directors are unable to recommend any dividend for the financial year ended 31st March, 2002.

OPERATIONS

Tea

The company produced 4034400 kg of made tea during the year under review as against the previous year's crop of 4546826 kg. The reduction in production was due to lockout declared by the Company consequent to illegal strike resorted to by the workers over bonus issue. Cessation of plucking and production for 37 days in the entire group, affected the crop, quality and price.

The average price realisation was lower at Rs. 46.29 per kg. as against Rs. 57.33 per kg in the last year. The price factor was also influenced by depressed market for South Indian teas.

FUTURE PROSPECTS

The South Indian Tea Industry is having a trying time and is struggling very hard for its survival due to erosion in tea prices for the last three consecutive years. Though overall concentration is to produce quality teas for better price realization, due to over production in North Eastern India and lower Indian exports, the market is sluggish. With liberalisation of imports under W.T.O. agreement, there is no silver lining on the price front for the South Indian Tea Industry and immediate prospects do not appear to be bright.

WIND TURBINES

The generation during the year under review was 54.50 lakhs units as against previous year's generation of 49.90 lakhs units. Effective steps are taken in this regard to ensure trouble free performance throughout the year.

PUBLIC DEPOSITS

Deposits outstanding as on 31st March, 2002 were Rs. 3,10,77,000/- and the amount of unclaimed deposits were Rs. 2.36,000/- out of which six deposits amounting to Rs. 64,000 have since been renewed/refunded. Unclaimed deposits for over seven years have been remitted to Investor Education and Protection Fund.

PARTICULARS OF EMPLOYEES

There are no employees in receipt of remuneration in excess of Rs. 12 lakhs per annum.

DIRECTORS

Shri L.N. Bangur and Shri G.K. Sundaram retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

INDUSTRIAL RELATIONS

The year under review saw a lot of turbulence in the industrial relations, commencing with the labour strike on bonus issue, resulting in declaration of lockout of the Estates. After protracted negotiations with the District Authorities and the Unions, a settlement was signed and the estates commenced normal working after 37 days. However, on our Nadumalai Estate, in spite of the settlement, a section of the workers of one Division refused to join duty stating that they would not resort to shear harvesting of crop. The matter was settled after further negotiations and normalcy was restored subsequently.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the audited Consolidated Financial Statements of the Company and the Subsidiary Company are annexed.

SUBSIDIARY COMPANY

Sri Vithoba Investments Ltd., a wholly owned subsidiary has earned a profit of Rs. 8,89,380/- during the year under review. Particulars pursuant to Section 212 of the Companies Act, 1956 as well as the accounts are annexed.

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.



DEPOSITORY SYSTEM

Your Company's shares are compulsorily tradable in electronic forms and to enable the members to avail of the facility of dematerialisation of the Company's shares, your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000, the Directors of your Company confirm that:

- a) all applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departure
- b) such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2002 and of the loss of the Company for the year ended on that date.

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- d) the annual accounts have been prepared on a going concern basis.

AUDITORS

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

ACKNOWLEDGEMENT

The Board wishes to thank the financial institutions, banks, investors, depositors, customers and employees for their continued support and co-operation.

Coimbatore,
18th June, 2002.

For and on behalf of the Board
L.N. Bangur
Chairman





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.

| A. POWER & FUEL CONSUMPTION | 31.3.2002 | 31.3.2001 |
|----------------------------------------------|-----------------|-------------|
| 1. Electricity | | |
| a) Purchased: | | |
| Units | 33,89,368 | 36,10,046 |
| Total Amount | Rs. 1,30,28,334 | 1,38,45,490 |
| Rate/Unit | Rs. 3.84 | 3.84 |
| b) Own Generation | | |
| (i) Through Diesel Generators - Units | 2,46,142 | 2,79,513 |
| Units per Litre of Diesel | 2.35 | 2.45 |
| Cost/Unit | Rs. 7.67 | 6.15 |
| (ii) Through Wind Turbine Generators - Units | 54,50,382 | 49,91,636 |
| 2. Leco (used in Dryer Heaters) | | |
| Quantity | Kg. 20,125 | 1,15,427 |
| Total Cost | Rs. 1,04,957 | 8,11,104 |
| Average Rate (Rs./Kg.) | 5.22 | 7.03 |
| 3. Others (Purchased) | | |
| (i) Firewood (Used in Dryer Heaters) | | |
| Quantity | Kg. 67,42,618 | 59,54,746 |
| Total Cost | Rs. 92,75,999 | 81,65,012 |
| Average Rate (Rs./Kg.) | 1.37 | 1.37 |
| (ii) Solid Fuel Petroleum Coke (Agni) | | |
| Quantity | Kg. 46,480 | 40,720 |
| Total Cost | Rs. 1,80,944 | 1,08,722 |
| Average Rate (Rs./Kg.) | 3.89 | 2.67 |