



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

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**91st
ANNUAL REPORT
2003-2004**



THE PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED

Ninetyfirst Annual Report 2003-2004

Chairman	Mr. L.N. Bangur
Managing Director	Mrs. Alka Bangur
Executive Director	Mr. Prakash Parasher
Directors	Mr. G.D. Kabra Mr. G.K. Sundaram Mr. R.L. Gaggar Mr. N. Srinivasan
Vice-President (Finance) & Company Secretary	Mr. R.V. Sridharan
Auditors	Messrs. Fraser & Ross Chartered Accountants
Bankers	Union Bank of India ICICI Bank Ltd.
Registered Office	Cowcoody Chambers 234-A, Race Course Road Coimbatore - 641 018 Tamil Nadu
Registrar & Share Transfer Agents	M/s. SKDC Consultants Ltd. 11, S.N. Das Layout Street No. 1 West Power House Road Coimbatore - 641 012 Ph : 0422 - 2499856



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NOTICE OF THE 91st ANNUAL GENERAL MEETING

NOTICE is hereby given that the 91st 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 Thursday, the 29th July 2004, 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 2004, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. L.N. Bangur, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. 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, the following resolution as an Ordinary Resolution.

"RESOLVED that Mr. Prakash Parasher who was appointed as an Additional Director in the meeting of the Board of Directors held on 27th September, 2003 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying her intention to propose Mr. Prakash Parasher as a candidate for the office of Director, be and is hereby appointed Director of the Company."

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

"RESOLVED that in accordance with Schedule XIII read with Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby given for the appointment of Mr. Prakash Parasher as Executive Director of the Company for a period of 5 years with effect from 27th September, 2003 as per the terms and conditions set out in the agreement and also in the Explanatory Statement annexed hereto."

Coimbatore,
7th June, 2004.

By Order of the Board
R.V. Sridharan
Vice President (Finance) &
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) Proxies, in order to be effective, must be received at the registered office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
- c) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 concerning special business is annexed hereto.

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- d) The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd July, 2004 to 29th July, 2004 (both days inclusive).
- e) Members holding shares in physical form are requested to intimate changes, if any, in their registered address along with the pincode numbers and to mention their registered folio number in all correspondence to the Registrar and Share Transfer Agents, M/s. S.K.D.C. Consultants Limited. Members holding shares in dematerialised form are requested to notify such changes to their depository participants.
- f) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1997 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government under Section 205C of the Companies Act, 1956. The Company has already transferred the unclaimed dividends for the year ended 31st March, 1996 to the IEPF.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below :

Financial year ended	Date of Declaration of Dividend	Last date for claiming Unpaid dividend	Due date for transfer to IEP Fund
31.03.1997	10.09.1997	09.09.2004	08.10.2004
31.03.1998	31.08.1998	30.08.2005	29.09.2005
31.03.1999	23.09.1999	22.09.2006	21.10.2006
31.03.2000	28.08.2000	27.08.2007	26.09.2007
31.03.2001	27.08.2001	26.08.2008	25.09.2008

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. SKDC Consultants Ltd., immediately. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

- g) The Company's equity shares are listed in the following Stock Exchanges :

1. The Coimbatore Stock Exchange Limited
"Stock Exchange Building",
683 / 686, Trichy Road,
Singanallur,
Coimbatore - 641 005.
2. Madras Stock Exchange Limited
"Exchange Building",
11, Second Line Beach,
Chennai - 600 001.
3. The Calcutta Stock Exchange Association Limited
7, Lyons Range,
Kolkata - 700 001.

The Company has paid the annual listing fee for the period 2004-05 to the above Stock Exchanges.

- h) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- i) Members who seek information with regard to Accounts are requested to send their queries on or before 18th July, 2004 so as to enable the Management to keep the information ready.



EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

Mr. Prakash Parasher who was appointed as Additional Director with effect from 27th September, 2003 pursuant to Section 260 of the Companies Act, 1956 read with Article 124 of the Articles of Association of the Company, holds office upto the conclusion of the ensuing Annual General Meeting. In terms of Section 257 of the Companies Act, 1956 the Company has received a notice from a member along with a deposit of Rs. 500/- signifying her intention to propose the candidature of Mr. Prakash Parasher for the office of Director.

Mr. Prakash Parasher has been associated with the Company since 1988 in various capacities. He has got overall experience of 36 years in tea plantations. The Board feels that his knowledge and experience will be of benefit to the Company.

The Directors recommend the resolution for approval of the members.

Except Mr. Prakash Parasher, none of the Directors is interested or concerned in the proposed resolution.

Item No. 6

Mr. Prakash Parasher was appointed as Executive Director of the Company at the meeting of the Board of Directors held on 27th September, 2003 for a period of 5 years with effect from 27th September, 2003 as approved by the Remuneration Committee. The appointment is subject to the approval of the members in the Annual General Meeting of the Company. The terms and conditions of appointment and remuneration are as follows:

Terms and Conditions of Appointment

1. Mr. Prakash Parasher will be responsible for the day to day management of the affairs of the Company subject to the superintendence and control, and in accordance with the directions of the Board of Directors and shall have all powers in the normal course of Company's business to deliberate, deal, negotiate, interact and to enter into agreements on behalf of the Company to buy, sell, acquire, transfer any goods, service, equipments, effects and rights and generally to do all such acts, deeds and things in connection with the business of the Company as may be necessary from time to time.
2. Mr. Prakash Parasher shall exercise and perform the above and such other powers and duties as the Board of Directors of the Company has already given to him and may, from time to time, subject to the provisions of law and the Articles of Association of the Company, further determine.
3. The term of appointment of Mr. Prakash Parasher as Executive Director is for a period of 5 years from 27th September, 2003. This would, however, be determined with a notice of 90 days from either side.
4. Mr. Prakash Parasher, while he continues to hold the office as Executive Director, in his capacity as Director of the Company shall not be liable to retirement by rotation, unless it be required under Section 255 of the Companies Act, 1956 at the given point of time in view of the total number of directors on the Board. In that event, he shall be eligible for re-election. Mr. Prakash Parasher will ipsofacto and immediately, cease to be the Executive Director of the Company, if for any reasons he ceases to be Director and is not forthwith reappointed as Director. Besides, Mr. Prakash Parasher will ipsofacto and immediately, cease to be Director of the Company, if for any reason he ceases to hold office as Executive Director.
5. Since prior to appointment of Mr. Prakash Parasher in capacity of Executive Director with effect from 27th September, 2003, he has remained in the services of the Company in other capacities, he shall be deemed to be in continuous service of the Company for the purpose of the benefit of gratuity.
6. Any actual expenses on travel, staying in hotel etc. and any other expenses incurred by Mr. Prakash Parasher for the purpose of carrying out his duties as above will be reimbursable to him or payable to the party concerned by the Company.
7. So long as Mr. Prakash Parasher continues to hold the office as Executive Director of the Company, he shall not be entitled to any sitting fee for attending the meeting of the Board or a Committee, if any, of Directors.



Terms and Conditions as to Remuneration

1. Salary :

Rs. 42500/- (Rupees forty two thousand and five hundred only) per month in the scale of Rs. 42500 - 62500 with such annual increments as the Board may decide.

2. Commission :

Commission on net profits of the Company in each year computed in accordance with Section 349 of the Companies Act, 1956 subject to such limit as may be decided by the Board in accordance with such performance parameters but shall not exceed an amount equal to the annual salary for the relevant year.

3. Allowances / Perquisites :

In addition to the Salary and Commission, the Executive Director shall be entitled to the following by way of perquisites and allowances restricted to an amount equal to the annual salary.

- (i) The Executive Director shall be entitled to furnished accommodation and where accommodation is not provided, house rent allowance at such percentage of salary shall be paid as the Board may determine.

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962.

- (ii) Medical Expenses incurred by the Executive Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

- (iii) Leave Travel Concession for self and his family in accordance with the rules of the Company.

- (iv) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

- (v) Personal Accident Insurance premium of Rs. 4,000/- per annum.

Contribution to Provident Fund and Superannuation Fund as applicable to other managerial staff of the Company.

He will be entitled to Gratuity @ half a month's salary for each completed year of service.

Encashment of unavailed leave at the end of tenure as per rules of the company. In addition the Executive Director shall be entitled to such casual leave and sick leave as applicable to other managerial staff of the company.

Use of company's car for official purposes and telephone at residence including long distance official calls shall not be considered as perquisites.

Explanation : For the purpose of perquisites, family means the spouse, dependant children and dependant parents of Mr. Prakash Parasher.

Salary, perquisites and commission shall be subject to the overall ceiling under Section 198, 309 and Schedule XIII of the Companies Act, 1956.

In the event of absence or inadequacy of profits in any financial year during the tenure of the Executive Director, the remuneration would be paid as above subject to the ceiling under paragraph I of Section II of Part II of Schedule XIII of the Companies Act, 1956.

The Remuneration Committee and the Board of Directors have approved the appointment of Mr. Prakash Parasher on the above terms.

A copy of the agreement containing the terms and conditions of appointment of Mr. Prakash Parasher is available for inspection at the registered office of the company during business hours.

As required under Section 302 of the Companies Act, 1956, the abstract of the terms and conditions of appointment and remuneration payable to Mr. Prakash Parasher and the memorandum signifying the concern or interest of the Directors therein, has already been circulated to the members vide Circular dated 27th September, 2003.

Except Mr. Prakash Parasher, none of the Directors is concerned or interested in the proposed resolution.

The Board recommend the resolution for approval of the members.

Coimbatore,
7th June, 2004.

By Order of the Board
R.V. Sridharan
Vice President (Finance) &
Company Secretary



DIRECTORS' REPORT TO THE SHAREHOLDERS

We have pleasure in presenting the 91st Annual Report for the year ended 31st March, 2004.

FINANCIAL RESULTS	31.03.2004
	Rs.
Profit before interest and depreciation	3,45,05,029
Less : Interest	1,12,93,383
Profit after interest	2,32,11,646
Less : Depreciation	1,70,16,815
Profit after depreciation	61,94,831

DIVIDEND

Your Directors are unable to recommend any dividend for the financial year ended 31st March, 2004 in view of the accumulated losses of earlier years.

OPERATIONS

Tea

The company produced 4101101 kg of made tea during the year under review as against the previous year's crop of 4087001 kg. The average price realisation was higher at Rs.51.56 per kg. as against Rs.45.95 per kg in the last year.

Recently, our teas created a history by fetching a record price of Rs.128 per kg which is the highest price for any South Indian CTC Teas in the Kolkata auction. This was achieved by the untiring efforts of the management in improving the quality of teas.

FUTURE PROSPECTS

Future prospects for the tea industry do not appear very bright. Proliferation of small bought leaf tea factories in the north east, is a telling factor on the corporate sector, as these smaller units are able to make teas at reduced cost and market at lower rates.

However, as far as your Company is concerned, it seems the current year has begun well and every effort is being taken to improve the performance further by producing quality teas. Presently the prices realized for our teas appear satisfactory as we are ahead of last year's prices by about Rs.10.00 per kg. If this trend continues, we are hopeful of having better results during the current year. Our efforts will continue to improve the profitability.

WIND TURBINES

The generation during the year under review was 55.81 lakhs units which is higher than the previous year's generation of 53.45 lakhs units.

PUBLIC DEPOSITS

Deposits outstanding as on 31st March, 2004 were Rs. 2,23,91,000/- and the amount of unclaimed deposits were Rs 1,23,000/- out of which one deposit amounting to Rs.7,000 has since been renewed / refunded.

PARTICULARS OF EMPLOYEES

There are no employees in receipt of remuneration in excess of Rs. 24 lakhs per annum.

DIRECTORS

Mr. G.D. Kabra retired from the services of the Company as Managing Director on 16th September, 2003. The Board places on record the valuable services rendered by him during his long association with the Company.

Mr. Prakash Parasher was appointed as Additional Director and Executive Director on 27th September, 2003. The appointment of Mr. Prakash Parasher and his remuneration would come up for approval at the ensuing Annual General Meeting.

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

INDUSTRIAL RELATIONS

In the year under review the relationship was cordial.

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.

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:

- 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 2004 and of the profit 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.

For and on behalf of the Board
Coimbatore,
25th April, 2004.
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	31.3.2004	31.3.2003
1. Electricity		
a) Purchased:		
Units	32,20,411	33,11,648
Total Amount	Rs. 1,23,63,967	1,26,40,046
Rate/Unit	Rs. 3.84	3.82
b) Own Generation		
(i) Through Diesel Generators - Units	2,22,465	2,80,277
Units per Litre of Diesel	2.34	2.43
Cost/Unit	Rs. 9.41	8.05
(ii) Through Wind Turbine Generators - Units	55,81,172	53,45,004