



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

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**93rd
ANNUAL REPORT
2005-2006**



THE PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED

Ninety Third Annual Report 2005-2006

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	Panchratn 286, 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 - 5549995



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NOTICE OF THE 93rd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 93rd Annual General Meeting of the Company will be held at the Indian Chamber of Commerce & Industry, "Chamber Towers", 732, Avinashi Road, Coimbatore - 641 018 at 11.30 a.m. on Saturday, the 29th July 2006 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 2006, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. L.N. Bangur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.D. Kabra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors in the place of retiring auditors and to fix their remuneration.

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Coimbatore,
15th June 2006.

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

NOTES :

- 1) **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.**
- 2) 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.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from 26th July, 2006 to 29th July, 2006 (both days inclusive).
- 4) The dividend when declared will be paid to those members whose name appear in the Register of Members as on 29th July 2006. In respect of shares held in electronic form, dividend will be paid on the basis of the beneficial ownership of the shares as on the closing business hours on 25th July 2006 as per details furnished by M/s. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
- 5) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 dividend for the financial year ended 31st March 1999 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. The Company has already transferred the unclaimed dividends for the year ended 31st March 1998 to the IEPF.

Annual Report 2005-2006



- 6) Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) to the Registrar and Share Transfer Agents immediately. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of amounts which were unclaimed 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 claim.
- 7) Members holding shares in physical form are requested to intimate changes, if any, in their registered address immediately to the Registrars & Share Transfer Agents. Members holding shares in dematerialized form are requested to notify such changes to their depository participants.
- 8) Members are requested to bring their copy of the Annual Report to the meeting.
- 9) 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 year 2006-2007 to the aforesaid stock exchanges.

Coimbatore,
15th June 2006.

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



DIRECTORS' REPORT

We have pleasure in presenting the 93rd Annual Report for the year ended 31st March 2006.

FINANCIAL RESULTS		31.03.2006
		Rs.
Profit before depreciation		3,32,44,624
Less : Depreciation		<u>1,37,41,641</u>
Profit before tax		1,95,02,983
Provision for tax		
Current	46,10,000	
Fringe Benefit Tax	2,95,000	
Deferred tax Credit	<u>(12,39,622)</u>	
		<u>36,65,378</u>
Profit after tax		1,58,37,605
Brought forward loss from last year		<u>(1,33,28,979)</u>
Profit available for appropriation		<u>25,08,626</u>

Appropriations

Proposed Dividend	20,63,919
Tax on proposed Dividend	2,89,465
Surplus carried to Balance Sheet	<u>1,55,242</u>
	<u>25,08,626</u>

DIVIDEND

Your Directors are pleased to recommend a dividend of 10% on the equity capital of the Company for the year ended 31st March 2006 after a gap of five years. This has been possible by the concerted and untiring efforts put in by the personnel at all levels in wiping off the earlier year losses.

OPERATIONS

Tea

Despite the unprecedented rain and bad weather which hampered the production of crop during the second quarter of the year under review, the company could produce 3702177 kg. as against 3700101 kg. in the previous year.

The industry wide wage settlement has increased the labour cost significantly. On the price front, overall market was down by Rs.8/- per kg. as compared to last year. But your company's tea could fetch better prices which

was slightly higher at Rs. 61.95 per kg. against Rs.61.25 per kg in the last year due to improved focus on quality.

FUTURE PROSPECTS

The production of tea for the current year is estimated at 4000000 kg. To sustain the growth and to rationalize the cost of production your Company has taken up major restructure of its manufacturing operations the results of which are expected to be profitable in the near future. With prices showing an upward trend your company should do well in the current year.

Prospects for Indian tea industry during the current year appears to be bright due to drought in Kenya which is causing global shortage of tea. Also the Indian tea industry, particularly South Indian Tea industry, stands to gain by the export of teas to Pakistan and other Gulf Countries.

WIND TURBINES

The generation during the year under review was 47.71 lakhs units which was lower than the previous year due to extended monsoon rain during the second quarter.

PUBLIC DEPOSITS

Deposits outstanding as on 31st March, 2006 were Rs.2,27,86,000/- and the amount of unclaimed deposits were Rs.67,000/-.

PARTICULARS OF EMPLOYEES

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

DIRECTORS

Mr.L.N.Bangur and Mr.G.D.Kabra 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:

- 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 2006 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

M/s. Fraser & Ross, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. In terms of the provisions of the Companies Act, they are entitled to be re-appointed. However, they have

expressed their desire not to be considered for re-appointment. In due deference of their desire the Board of Directors are proposing M/s. S. Krishnamoorthy & Co., Chartered Accountants, Coimbatore to be appointed as the Auditors of the Company. A Notice in this regard has been received from a Member.

REPLIES TO THE AUDITOR'S OBSERVATION

With regard to Auditor's Observation vide Item No.4 (ix) of Auditor's Report dated 29th April 2006 regarding non payment of Fringe Benefit Tax, the relevant financial note No.8(B)(c) is self explanatory.

As regards internal audit system, the management is convinced that the internal control procedures and frequent visit by Corporate Office Executives to the plantation are adequate for the time being.

ACKNOWLEDGEMENT

The Board wish to thank the financial institutions, banks, investors, depositors and customers for their support and look forward to their continued support in the future.

The Board also wish to place on record the appreciation of the contribution made by the employees at all levels.

Coimbatore,
29th April 2006.

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	31.3.2006	31.3.2005
1. Electricity		
a) Purchased:		
Units	29,25,812	27,53,680
Total Amount	Rs. 1,38,37,279	1,01,20,384
Rate/Unit	Rs. 4.73	3.68
b) Own Generation		
(i) Through Diesel Generators - Units	1,68,537	2,55,331
Units per Litre of Diesel	2.51	2.49
Cost/Unit	Rs. 12.35	10.39
(ii) Through Wind Turbine Generators - Units	47,71,474	51,20,062
2. Others (Purchased)		
(i) Firewood (Used in Dryer Heaters)		
Quantity	Kg. 39,18,695	49,25,238
Total Cost	Rs. 57,07,733	74,97,596
Average Rate (Rs./Kg.)	1.46	1.52
(ii) Bio fuel		
Quantity	Kg. 19,70,192	9,05,635
Total Cost	Rs. 52,14,232	21,21,674
Average Rate (Rs./Kg.)	2.65	2.34