

# Annual Report

2007-08

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THE PERIA KARAMALAI TEA & PRODUCE CO. LTD.



# THE PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED

## *Ninety Fifth Annual Report 2007-2008*

<b>Chairman</b>	Mr. L.N. Bangur
<b>Managing Director</b>	Mrs. Alka Bangur
<b>Executive Director</b>	Mr. Prakash Parasher
<b>Directors</b>	Mr. G.K. Sundaram Mr. R.L. Gaggar
<b>Vice-President (Finance) &amp; Company Secretary</b>	Mr. R.V. Sridharan
<b>Auditors</b>	Messrs. S.Krishnamoorthy & Co Chartered Accountants
<b>Bankers</b>	Union Bank of India ICICI Bank Ltd.
<b>Registered Office</b>	Panchratn 286, Race Course Road Coimbatore - 641 018 Tamil Nadu
<b>Registrar &amp; Share Transfer Agents</b>	M/s. SKDC Consultants Ltd. 11, S.N. Das Layout Street No. 1 West Power House Road Coimbatore - 641 012



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## NOTICE OF THE 95th ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 95th 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 Monday, the 28th July 2008 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 2008, the Balance Sheet as at that date and the Auditor's 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.K. Sundaram, 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.

### SPECIAL BUSINESS :

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

"RESOLVED THAT subject to the provisions of Section 198, 309 and 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the consent of the Company be and is hereby given for the re-appointment of Mrs. Alka Bangur as Managing Director for a further period of 3 years from 17th September 2008 as per the terms and conditions set out in the agreement and also in the Explanatory Statement annexed thereto."

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

"RESOLVED THAT subject to the provisions of Section 198, 309 and 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the consent of the Company be and is hereby given for the re-appointment of Mr. Prakash Parasher as Executive Director for a further period of 3 years from 27th September 2008 as per the terms and conditions set out in the agreement and also in the Explanatory Statement annexed thereto."

Coimbatore,  
June 4, 2008.

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 25th July 2008 to 27th July 2008 (both days inclusive).

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4. The dividend when declared will be paid to those members whose name appear in the Register of Members as on 28th July 2008. 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 24th July 2008 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 2001 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 2000 to the IEPF.
6. Members who have so far not en-cashed 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  
683/686, Trichy Road  
Coimbatore - 641 005
  2. Madras Stock Exchange Limited  
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 2008-2009 to the aforesaid stock exchanges.

Coimbatore,  
June 4, 2008.

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



## Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

### Item No. 6

The present term of office of Mrs. Alka Bangur as Managing Director expires on 16th September 2008. The Board of Directors at its meeting held on 4th June 2008 approved the re-appointment of Mrs. Alka Bangur as Managing Director for a further term of three years with effect from 17th September 2008 and also the remuneration payable to her on the recommendations of the Remuneration Committee. The reappointment of Mrs. Alka Bangur as Managing Director is subject to the approval of the members in the General Meeting. The proposed terms of remuneration and other terms and conditions of her re-appointment are as under:

#### Terms and conditions of appointment

- i. **Salary:** Rs.85,000 (Rupees eighty five thousand only) per month with such increments as may be determined by the Board of Directors of the Company from time to time in the salary range of Rs. 85,000 to Rs.1,25,000.
- ii. **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 determined by the Board in accordance with such performance parameters but shall not exceed an amount equal to the annual salary for the relevant year.
- iii. **Perquisites:**
  - a. **Housing:** The expenditure incurred by the Company in providing furnished/ unfurnished accommodation to the Managing Director shall not exceed 60% of her salary. In case no accommodation is provided by the Company, she shall be entitled to House Rent Allowance at 60% of salary.
  - b. **Gas, Electricity and Water:** Actual subject to a ceiling of 15% of salary.
  - c. **Conveyance:** Car with driver to be provided by the Company.
  - d. **Telephone:** Provision of telephone at the residence.
  - e. **Leave Travel Concession, Medical reimbursement, Contribution to Provident Fund, Superannuation Fund and Gratuity:** As per rules applicable to the managerial staff of the Company.
  - f. **Club Fees:** Fees of clubs subject to a maximum of two clubs.
  - g. **Personal Accident Insurance:** Not exceeding Rs.7,500 per annum.
  - h. **Leave:** Leave in accordance with the rules applicable to the managerial staff of the Company.
- iv. Use of Company's car for official purposes, cell phone, telephone at residence and encashment of leave at the end of tenure and contribution to Provident Fund, Superannuation Fund and Gratuity Fund will not be considered as perquisites.
- v. In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Para 1 (B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.
- vi. The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- vii. The re-appointment of three years may be determined by either party by giving three months' notice in writing to the other party.
- viii. None of the Directors, except Mrs. Alka Bangur and Mr. L.N. Bangur, Chairman is concerned or interested in the resolution.
- ix. This may be treated as an abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956.
- x. The Board recommends the resolution for approval by the members.

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**Statement as required in terms of Schedule XIII of the Companies Act, 1956 annexed to the Notice calling Annual General Meeting for approval of remuneration and terms and conditions of the re-appointment of Mrs. Alka Bangur, Managing Director (please refer Resolution No.6 of the Notice dated June 4, 2008)**

### I. General Information

1. Nature of Industry : Tea Plantation
2. Date or expected date of commencement of commercial production : Commencement of business on 5th July 1913
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable
4. Financial performance based on given indicators :

Financial performance of the company for the financial year 2007-08 and 2006-07 is as follows:

		Rs. Lacs
Particulars	2007-08	2006-07
Sales and other income	2379.89	2420.44
Profit before tax	157.65	175.94
Profit after tax	148.35	157.87
Paid up Equity Capital	206.39	206.39
Reserves & Surplus	1875.39	1763.25
Basic Earnings per share (Rs.)	7.19	7.65

5. Export performance and net foreign exchange earnings : Nil
6. Foreign Investments or collaborators, if any : Nil

### II. Information about the appointee

#### 1. Background details

- i. Age : 53 years
- ii. Academic qualification : MA (English)., MA (Hindi)., MBA
- iii. Experience : Over 15 years of experience in the management and administration of the company
- iv. Particulars of previous employment : Appointed as Managing Director from 17th September 1993 to 16th September 2008 for 3 successive terms of five years each. She has been reappointed as Managing Director for a further period of three years from 17th September 2008 to 16th September 2011 by the Board at its meeting held on 4th June 2008.
- v. Date of approval of last re-appointment : In the AGM held on 22nd August 2003..
- vi. Approval for increase in remuneration, if any : Not applicable



## 2. Past Remuneration

- i. Remuneration : The total remuneration drawn by Mrs. Alka Bangur for the financial year 2007-08 was Rs. 15,19,063.
- ii. Remuneration payable in case of inadequacy of profits in any year : In the event of absence or inadequacy of profits in any financial year salary, commission, allowances and perquisites would be paid as specified under Section II of Part II of Schedule XIII of the Companies Act, 1956.

## 3. Recognition and awards

- : She has been conferred upon various awards from time to time. She is the Vice President of Calcutta Chamber of Commerce and Committee Member of Bharat Chamber of Commerce

## 4. Job profile and her suitability

- : To exercise and perform all the powers and duties as the Board may determine from time to time. With her qualifications and experience, she has got the capability to improve the performance of the company.

## 5. Remuneration proposed

- : Please refer Notice and explanatory statement attached thereto

## 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of her origin)

- : The size of the company, profile of the managerial personnel may not be same and comparable. Taking into account the financial position of the company, trend in the industry, her qualification and experience, that terms of her re-appointment set out in the resolution are considered to be just, fair and reasonable.

## 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

- : Mrs. Alka Bangur holds 25,392 Equity Shares of the company and beside employment with the company she does not have any other pecuniary relationship directly or indirectly with the company. She is related to Mr.L.N.Bangur, Chairman of the company.

## III Other information

- 1. Reasons for loss or inadequate profits : The performance of tea plantation is subject to external forces which are beyond the control of the company like unfavourable/adverse weather conditions, international tea market, availability of tea in domestic and international market etc. Hence, the profitability of the company may be affected. However, the company has been making consistent profits.
- 2. Steps taken or proposed to be taken for improvement : A major restructure of factory operations undertaken during last few years with focus on quality, improvement and cost reduction is expected to bring additional revenue for the company.

## IV. Disclosures

- 1. Remuneration package of the Managerial Person and also of the Directors : The same are disclosed elsewhere in the Annual Report for 2007-08
- 2. Service Contract, notice period, severance fees : The reappointment of Managing Director is contractual which can be determined by three months notice by either party. Except above no other severance fees is payable.

## Item No. 7

The present term of office of Mr. Prakash Parasher as Executive Director expires on 26th September 2008. The Board of Directors at its meeting held on 4th June 2008 approved the re-appointment of Mr. Prakash Parasher as Executive Director for a further term of three years from 27th September 2008 and also the remuneration payable





to him on the recommendations of the Remuneration Committee. The reappointment of Mr. Prakash Parasher as Executive Director is subject to the approval of the members in the General Meeting. The proposed terms of remuneration and other terms and conditions of his re-appointment are as under:

#### **Terms and conditions of appointment**

- i. **Salary:** Rs.75,000 (Rupees seventy five thousand only) per month with such increments as may be determined by the Board of Directors of the Company from time to time in the salary range of Rs. 75,000 to Rs.1,15,000.
- ii. **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 determined by the Board in accordance with such performance parameters but shall not exceed an amount equal to the annual salary for the relevant year.
- iii. **Perquisites:**
  - a. **Housing:** The expenditure incurred by the Company in providing furnished/ unfurnished accommodation to the Executive Director shall not exceed 60% of his salary. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance at 60% of salary.
  - b. **Gas, Electricity and Water:** Actual subject to a ceiling of 15% of salary.
  - c. **Conveyance:** Car with driver to be provided by the Company.
  - d. **Telephone:** Provision of telephone at the residence.
  - e. **Leave Travel Concession, Medical reimbursement, Contribution to Provident Fund, Superannuation Fund and Gratuity:** As per rules applicable to the managerial staff of the Company.
  - f. **Club Fees:** Fees of clubs subject to a maximum of two clubs.
  - g. **Personal Accident Insurance:** Not exceeding Rs.7,500 per annum.
  - h. **Leave:** Leave in accordance with the rules applicable to the managerial staff of the Company.
- iv. Use of Company's car for official purposes, cell phone, telephone at residence and encashment of leave at the end of tenure and contribution to Provident Fund, Superannuation Fund and Gratuity Fund will not be considered as perquisites.
- v. In the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Para 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.
- vi. The Executive Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

#### **Other terms and conditions**

- i. 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.
- ii. 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.
- iii. The term of appointment of Mr. Prakash Parasher as Executive Director is for a period of 3 years from 27th September 2008. This would, however, be determined with a notice of 90 days from either side.
- iv. 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.

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- v. Mr. Prakash Parasher will ipsofacto and immediately, ceases to be the Executive Director of the Company, if for any reasons he ceases to be a 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.
- vi. None of the Directors, except Mr. Prakash Parasher is concerned or interested in the resolution.
- vii. This may be treated as an abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956.
- viii. The Board recommends the resolution for approval by the members.

**Statement as required in terms of Schedule XIII of the Companies Act, 1956 annexed to the Notice calling Annual General Meeting for approval of remuneration and terms and conditions of the re-appointment of Mr. Prakash Parasher, Executive Director (please refer Resolution No. 7 of the Notice dated June 4, 2008)**

#### I. General Information

- 1. Nature of Industry : Tea Plantation
- 2. Date or expected date of commencement of commercial production : Commencement of business on 5th July 1913
- 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable
- 4. Financial performance based on given indicators :

Financial performance of the company for the financial year 2007-08 and 2006-07 is as follows:

Particulars	2007-08	2006-07
Sales and other income	2379.89	2420.44
Profit before tax	157.65	175.94
Profit after tax	148.35	157.87
Paid up Equity Capital	206.39	206.39
Reserves & Surplus	1875.39	1763.25
Basic Earnings per share (Rs.)	7.19	7.65

- 5. Export performance and net foreign exchange earnings : Nil
- 6. Foreign Investments or collaborators, if any : Nil

#### II. Information about the appointee

##### 1. Background details

- i. Age : 58 years
- ii. Academic qualification : B.Com
- iii. Experience : 41 years of experience in Tea Industry. He is in-charge of the day to day administration of the company under the overall supervision, control and direction of the Board of Directors.
- iv. Particulars of previous employment : He joined the company in the year 1988 and was promoted as Vice-President (Production & Marketing) in 1994. He was appointed as Executive Director in the Annual General Meeting held on 29th July 2004 for a period of 5 years with effect from 27th September 2003.
- v. Date of approval of last appointment : In the AGM held on 29th July 2004
- vi. Approval for increase in remuneration, if any : Not applicable