



THE PERIA KARAMALAI TEA & PRODUCE CO. LTD.

Annual  
Report  
2009-10





# THE PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED

## *Ninety Seventh Annual Report 2009 - 2010*

Chairman	:	Shri L.N. Bangur
Managing Director	:	Smt Alka Bangur
Executive Director	:	Shri Prakash Parasher
Independent Directors	:	Shri R.L. Gaggar Shri H.M. Parekh Shri P.R. Ramakrishnan Shri N. Swaminathan (w.e.f. 29.07.2009)
Vice-President (Finance) & Company Secretary	:	R.V. Sridharan
Statutory Auditors	:	S.Krishnamoorthy & Co Chartered Accountants ICAI Regn. No. 001496S Coimbatore
Cost Auditors	:	S. Mahadevan & Co. Cost Accountants Coimbatore
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. Kanapathy Towers 1391/1-A, III Floor Sathy Road, Ganapathy Coimbatore - 641 006 Tel No. +91(422) 6549995, 2539835,2539836 Fax No. +91 (422) 2539837 Email: info@skdc-consultants.com



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## NOTICE OF THE 97th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 97th Annual General Meeting of the Company will be held on Wednesday, the 28th July 2010 at 11.30 A.M. at the Indian Chamber of Commerce & Industry, "Chamber Towers," 732, Avinashi Road, Coimbatore - 641 018 to transact the following business.

### ORDINARY BUSINESS

1. To consider and adopt the Director's Report, Audited Profit & Loss Account for the year ended 31st March 2010, 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 Shri H.M. Parekh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.R. Ramakrishnan, 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 resolutions as Ordinary Resolution.

"RESOLVED THAT Shri N. Swaminathan who was appointed as an additional director in the meeting of the Board of Directors held on 29th July 2009 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 his intention to propose Shri N.Swaminathan as a candidate for the office of Director, be and is hereby appointed as Director of the Company."

Coimbatore,  
June 21, 2010.

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 22.07.2010 to 28.07.2010 (both days inclusive).
4. The dividend when declared will be paid to those members whose name appear in the Register of Members as on 28th July 2010. 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 21.07.2010 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 section 205A (5) of the Companies Act, 1956, the company has already transferred unclaimed dividends for the year ended 31st March 2001 to the Investor Education and Protection Fund.
6. Members who have so far not 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 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  
30, Second Line Beach  
Chennai - 600 001

3. The Calcutta Stock Exchange Limited  
7, Lyons Range  
Kolkata - 700 001

The Company has paid the annual listing fee for the year 2010-2011 to the Madras and Calcutta Stock Exchange. Since the company has not received any intimation from Coimbatore Stock Exchange, listing fee has not been paid.

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

#### Item No. 6

Shri N. Swaminathan who was appointed as an additional director with effect from 29th July 2009 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 his intention to propose the candidature of Shri N. Swaminathan for the office of Director.

Shri N. Swaminathan is a retired tea professional with 35 years of experience in the administration of Tea & Coffee 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 shareholders.

Except Shri N. Swaminathan, none of the Directors is interested or concerned in the proposed resolution.

By Order of the Board  
R.V. Sridharan  
Coimbatore,  
June 21, 2010.  
*Vice President (Finance) &  
Company Secretary*



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 97th Annual Report for the year ended 31st March 2010.

### FINANCIAL RESULTS

	Rs. Lakhs	
	2009-10	2008-09
Profit before interest, depreciation and tax	1355.26	792.76
Interest	16.49	18.87
Profit before depreciation	1338.77	773.89
Depreciation	73.29	87.80
Profit before tax	1265.48	686.09
Provision for tax:		
Current tax	137.71	47.00
Fringe Benefit tax	—	3.85
Deferred tax credit	(0.23)	(0.40)
Profit after tax	1128.00	635.64
Add: Balance brought forward from previous year	60.62	97.41
Profit available for appropriation	1188.62	733.05
<b>APPROPRIATIONS</b>		
Proposed Dividend	108.36	61.92
Tax on proposed Dividend	18.42	10.52
Transfer to General Reserve	900.00	600.00
Balance carried forward to Balance Sheet	161.84	60.61
	1128.62	733.05

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.3.50/- per share on the expanded equity capital of 30,95,879 equity shares of the face value of Rs.10/- each aggregating to Rs. 108.36 lakhs for the year ended 31st March 2010 as against Rs.3.00/- per share in the previous year subject to the approval of the members at the ensuing Annual General Meeting.

### CHANGE IN CAPITAL

The company capitalized part of its reserves by allotting 10,31,960 bonus equity shares in the ratio of one equity share for every two equity shares on 20th March 2010.

Consequently, the equity share capital has gone up from Rs. 2,06,39,190 divided into 20,63,919 equity shares of Rs.10/- each to Rs. 3,09,58,790 divided into 30,95,879 equity shares of Rs.10/- each.

### OPERATIONS

The Company has surpassed several records of yester years in terms production, price realization, turnover and profit after tax during the year under review.

#### i) Profits

The Company has reported an all time highest profit after tax of Rs.1128 lakhs as compared to Rs. 635.64 lakhs in 2008-09.

#### ii) Production

The Company has re-written the history by harvesting an all time record crop of 51,35,913 kg during the year under review as compared to 41,22,624 kg in 2008.09. The previous best crop was 51,25,750 kg made in 1997-98.

Conducive climate, better cultural practices, quality improvement exercises undertaken by the company and better supervision made this feat possible.

#### iii) Price & Sales

Your company's tea fetched a higher average price realization of Rs.90.64 per kg as against Rs.80.39 per kg last year. The company gained price wise due to continued production shortfalls reported elsewhere in the world.

Sales realization clocked Rs.3859 lakhs, the highest as compared to Rs. 3332 lakhs in 2008-09. The previous highest was Rs.3349 lakhs made in 1997-98.

### FUTURE PROSPECTS

With Kenya and Sri Lanka reporting more production, the supply position has some what eased. With virtually no carry forward stock and the growing domestic demand, price levels are expected to remain attractive for good quality premium teas.

### WIND TURBINES

Generation of power during the year was higher at 4767066 units as against 4383876 units last year due to better maintenance and favourable wind conditions.



## PUBLIC DEPOSITS

Deposits outstanding as on 31st March 2010 were Rs.1,34,26,000/- and there were no unclaimed deposits as on 31st March 2010.

## TRANSFER OF UNCLAIMED AMOUNTS TO IEPF

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, the dividends declared by the company on equity shares, which have remained unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act, last such transfer being made on September 16, 2008.

## 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 Annexure I which forms part of this report.

Information pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure II which forms of this report

## SUBSIDIARY COMPANY

Peria Karamalai Tea (India) Limited, a wholly owned subsidiary company was incorporated on 14.10.2009 for the purpose of acquisition of tea gardens in India. No significant activities were reported during the year under review. The statement as required under Section 212 of the Companies Act, 1956 is appended herewith.

## DIRECTORS

Shri H.M. Parekh and Shri P.R. Ramakrishnan retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board of Directors at its meeting held on 29th July 2009 appointed Shri N.Swaminathan as additional director to hold office upto the date of the ensuing Annual General Meeting.

The Board deeply regret to report the demise of Shri G.K. Sundaram on 18th May 2009. Shri G.K. Sundaram joined the Board in 1989. The Board wish to record its sincere appreciation of the valuable contribution of Shri G.K.Sundaram in the growth of the Company. In his death, the Directors have lost a distinguished colleague.

## 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:

1. all applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departure.
2. such accounting policies have been selected and applied consistently and such judgments 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 2010 and of the profit of the Company for the year ended on that date.
3. 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
4. the annual accounts have been prepared on a going concern basis.

## AUDITORS

M/s. S. Krishnamoorthy & Co., Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

The Audit Committee and the Board recommended the appointment of M/s. S. Krishnamoorthy & Co., Chartered Accountants, as Statutory Auditors of the Company

## COST AUDIT

In exercise of the powers conferred by sub-section (1) of Section 233B of the Companies Act, 1956, the Central Government has directed that an audit of the cost accounts of the company relating to tea & other products be conducted for the financial year ended March 31, 2010 by a Cost Accountant. Accordingly, the Board has, with the previous approval of the Central Government,



appointed M/s. S. Mahadevan & Co., Cost Accountants to conduct cost audit of the company for the financial year ended March 31, 2010.

#### **CORPORATE GOVERNANCE**

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of provisions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement (s) with the Stock Exchanges(s) form part of this report.

The Executive Director of the Company has certified to the Board on the financial statements and other matters in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO certification for the financial year ended 31st March 2010.

#### **INDUSTRIAL RELATIONS**

The relation between management and labour was cordial during the year.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement with the Stock Exchanges is given as a separate statement forming part of this Annual Report.

#### **ACKNOWLEDGEMENTS**

The Board wish to convey their appreciation of the contribution made by the employees at all levels for the record performance of the company during the year.

The Board would like to thank all the shareholders, customers, vendors, financial institutions, banks and depositors for their continued support.

Coimbatore,  
April 29, 2010.

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.

### ANNEXURE I

#### 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	31.3.2010	31.3.2009
1. Electricity		
a) Purchased:		
Units	38,54,356	30,48,800
Total Amount	Rs. 1,78,90,747	1,43,58,287
Rate/Unit	Rs. 4.64	4.71
b) Own Generation		
(i) Through Diesel Generators - Units	3,59,111	3,59,179
Units per Litre of Diesel	2.68	2.51
Cost/Unit	Rs. 13.17	14.45
(ii) Through Wind Turbine Generators - Units	47,67,066	43,83,876
2. Others		
(i) Firewood		
Quantity	Kg. 57,38,650	36,91,720
Total Cost	Rs. 1,49,07,750	72,59,924
Average Rate (Rs./Kg.)	2.60	1.97
(ii) Bio fuel		
Quantity	Kg. 26,59,610	30,77,350
Total Cost	Rs. 1,06,67,119	1,16,23,754
Average Rate (Rs./Kg.)	4.01	3.78

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Product - Tea

(kgs. of made tea per unit of Power/Fuel)

Electricity : Unit	0.77	0.83
Fuel : Kg.	1.63	1.64

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 & 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 & D            | : Improvement in yield and quality of product.   |
| c. Future plan of action and expenditure on R & 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.

**3. Import of Technology**

: There is no import of technology.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

: Nil

Coimbatore,  
April 29, 2010

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