



THE PERIA KARAMALAI TEA AND PRODUCE
COMPANY LIMITED

99th
ANNUAL REPORT
2011-2012



THE PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED

CORPORATE INFORMATION

Board of Directors : Shri L.N. Bangur, Chairman
Smt Alka Bangur, Managing Director
Shri Prakash Parasher, Executive Director
Shri R.L. Gaggar
Shri H.M. Parekh
Shri P.R. Ramakrishnan
Shri N. Swaminathan

Company Secretary : Shri R.V. Sridharan

Corporate Management Team : Smt. Alka Bangur, Managing Director
Shri Prakash Parasher, Executive Director
Shri Shreeyash Bangur, President,
(Corporate Strategy & Business Development)
Shri R.V. Sridharan, Chief Financial Officer &
Company Secretary
Shri K.P. Krishnakumar,
Vice President (Operations)

Registered Office : Panchratn, 286, Race Course Road
Coimbatore - 641 018 Tamil Nadu

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

**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 99th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 99th 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 11.00 a.m. on Saturday, the 21st July 2012 to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Director's Report, Audited Statement of Profit & Loss for the year ended 31st March 2012, 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 R.L.Gaggar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri H.M.Parekh, 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 the Company hereby grants its approval and consent under Section 314 of the Companies Act, 1956, to Shri.Shreeyash Bangur, a relative of Shri L.N.Bangur and Smt. Alka Bangur, Directors of the company, for holding and continuing to hold an office or place of profit as an employee in the management cadre of the Company on a basic salary of ₹ 1,20,000/- per month together with the usual allowances and benefits applicable to employees occupying similar posts in the said management cadre including bonus, gratuity, provident fund and superannuation benefits, and that the directors be and they are hereby authorized to grant from time to time to Shri Shreeyash Bangur such increment or increments as the Directors may, in their discretion think fit, so that his total remuneration shall not exceed ₹ 2,50,000 per month."

Coimbatore,
June 15, 2012.

By Order of the Board
R.V. Sridharan
Chief Financial Officer &
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 18th July 2012 to 21st July 2012 (both days inclusive).
4. The dividend when declared will be paid to those members whose name appears in the Register of Members as on 21st July 2012. 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 17th July 2012 as per details that may be 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 2002 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 2012-13 to the Madras Stock Exchange. Since the company has not received any intimation from Calcutta and Coimbatore Stock Exchanges, listing fee has not been paid.

10. Information required under the Listing Agreement.

- (a) Shri R.L.Gaggar, independent Director, aged 80 is a leading advocate and solicitor of Calcutta High Court. Shri R.L.Gaggar holds B.A. (Hons), Degree and is also a law graduate with more than 53 years of experience in the legal profession. Shri R.L.Gaggar has been associated with the Company as director since 7th October 1989.

He holds directorship in Somani Ceramics Limited, Sarda Plywoods Industries Ltd, TIL Limited, Paharpur Cooling Towers Ltd., International Combustion (India) Ltd., SPML Infra Ltd., Machino Plastics Ltd., Sumedha Fiscal Service Ltd., Shree Cement Ltd and Machino Polymer Ltd. Besides, he holds membership in audit committee, remuneration committee etc. of many companies.

He holds 1,125 equity shares of ₹ 10/- each in the Company.

- (b) Shri H.M.Parekh, independent director, aged 75 years is a tea professional with 51 years of experience in tea industry. He is a commerce graduate. He retired as Chairman of J.Thomas Co. Pvt. Ltd., the world's largest tea broking company. He was CEO of Project India Blend Ltd. Currently, he offers consultancy services to some of the top tea producing companies in India. He has been associated with the Company as director since 23rd June 2009.

He holds directorship in The Methoni Tea co.Ltd., Gujarat Tea Processors & Packers Ltd., Rossel Tea Ltd., Diana Tea Co.Ltd., The Grob Tea Co.Ltd., Williamson Magor & Co.Ltd., Gillandars Arbuthnot & Co.Ltd., Rasoi Ltd., Quality Tea Plantation Pvt. Ltd and BMG Enterprises Ltd. Besides, he holds membership in audit committee, remuneration committee etc of many companies.

He does not hold any share in the company.

**Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 6**

Shri. Shreeyash Bangur was appointed as President (Corporate Strategy and Business Development) at the meeting of the Board of Directors of the Company held on 12th November 2011 subject to the approval of the Company in the general meeting. The appointment was made on the recommendation of the Selection Committee on a basic salary of ₹1,20,000/- per month together with the usual allowances and benefits applicable to employees occupying similar posts in the said management cadre including bonus, gratuity, provident fund and superannuation fund with authority to the Board of Directors to grant from time to time to Shri Shreeyash Bangur such increment or increments as the Board may, in its discretion think fit, subject to the condition that his overall remuneration shall not exceed ₹2,50,000 per month.

Shri Shreeyash Bangur is a graduate in Accounting and Management from University of Wales, Cardiff, United Kingdom. He also holds Post Graduate Degree in Engineering Business Management from the prestigious Warwick Manufacturing Group, UK.

His stints at Ernest & Young and Price Water House, has seen him build skill sets that include an intense exposure and understanding of business strategy, planning, strong expertise in research, data analysis and implementation. He possess exceptional cerebral understanding of business processes, excellent communication and people management skills.

Shri Shreeyash Bangur is a relative of Shri L.N.Bangur and Smt. Alka Bangur, directors of the Company. Section 314 provides that no relative of a director shall hold office or place of profit in the company which carries a monthly remuneration of not exceeding ₹ 2,50,000/- except with the consent of the company by a Special Resolution.

The Directors recommend the resolution for approval of the shareholders.

None of the directors except Shri L.N.Bangur and Smt. Alka Bangur is concerned or interested in the said Special Resolution.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 99th Annual Report for the year ended 31st March 2012.

FINANCIAL RESULTS

	2011-12 ₹	2010-11 ₹
Profit before interest, depreciation and tax	73,07,10,508	6,42,45,102
Interest	34,45,550	32,06,888
Profit before depreciation	72,72,64,958	6,10,38,214
Depreciation	1,34,65,206	97,62,787
	71,37,99,752	5,12,75,427
Add Excess provision made in the previous year reversed	—	20,08,137
Profit before Tax	71,37,99,752	5,32,83,564
Provision for tax:		
Current tax	15,13,00,000	54,00,000
Mat Credit Entitlement	(6,80,00,000)	(10,00,000)
Deferred tax liability	3,40,960	7,76,807
Profit after tax	63,01,58,792	4,81,06,757
Add: Balance brought forward from previous year	1,34,25,571	1,61,84,885
Profit available for appropriation	64,35,84,363	6,42,91,642
APPROPRIATIONS		
Proposed Dividend @ ₹ 5 per share	1,54,79,395	92,87,637
Tax on proposed Dividend	26,30,723	15,78,434
Transfer to General Reserve	50,00,00,000	4,00,00,000
Surplus carried to Balance Sheet	12,54,74,245	1,34,25,571
	64,35,84,363	6,42,91,642

OVERALL PERFORMANCE

The Company recorded total revenue of ₹ 107,26,16,640 (including other income of ₹ 77,32,01,941) for the year ended 31st March 2012. Other income includes ₹ 74,34,49,639 made on profit on sale of investments.

OPERATIONS

Production

The Company harvested a lower crop of 34,69,114 kg in 2011-12 as against 44,00,047 kg in 2010-11. The reduction in crop was due to severe drought in the last quarter of the year under review. The whole plantation district reported lesser production in the last quarter of the financial year due to prolonged dry spell.

Price & Sales

Your company's average tea price was marginally higher at ₹ 75.74 per kg as against ₹ 72.88 per kg last year. Sales realization clocked ₹ 29,55,44,178 compared to ₹ 34,90,56,983 made last year.

DIVIDEND

For the year ended 31st March 2012, the company has incurred a loss of ₹ 3,83,82,125 in tea operations. Despite the loss in tea operations, the directors have recommended a dividend of ₹ 5/- per share (last year ₹ 3/- per share) as a special case in view of profit made on sale of investments.

FUTURE PROSPECTS

With predictions of normal monsoon during the current year, production is expected to be normal. With prices showing an uptrend from the beginning of the first quarter in the current year coupled with production shortfalls elsewhere in the globe, we hope to do reasonably well.

WIND TURBINES

During the year under review, the Wind Mills generated 46,12,818 units as against 43,10,323 units generated during the same period last year.

PUBLIC DEPOSITS

Deposits outstanding as on 31st March 2012 were ₹ 94,52,000. Two deposits totaling ₹ 90,000 which remained unclaimed as on that date has since been paid.



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.

PARTICULARS OF EMPLOYEES

There are no employees attracting the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 as amended.

DIRECTORS

Shri R.L.Gaggar and Shri H.M.Parekh retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

INDUSTRIAL RELATIONS

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

CORPORATE DEVELOPMENTS

During the year, the company divested its entire stake of 12,23,093 equity shares of ₹ 10/- each held by the company in The Andhra Pradesh Paper Mills Limited.

INVESTMENT IN SHIVPHAL VINIMAY PRIVATE LIMITED

As part of growth strategy, the Company has acquired 100% stake in the equity of M/s. Shivphal Vinimay Private Limited in March 2012.

INFORMATION RELATING TO SUBSIDIARY COMPANIES

Pursuant to the provision of Section 212 (8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its circular No.2/2011 dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the company's subsidiaries for the year ended March 31, 2012 is included in the Annual Report. The annual accounts of the subsidiaries and the related detailed information will be made available to any member of the company/subsidiary seeking such information at any point of time and are also available for inspection by any member of the company/subsidiaries at the registered office of the company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the registered office of the respective company. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards (AS 21, AS 23 and AS 27) issued by the Institute of Chartered Accountants of India and the same together with Auditor's Report thereon form part of the Annual 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:

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 2012 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.

STATUTORY 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 Board on the recommendation of the Audit Committee, has proposed that S. Krishnamoorthy & Co., Chartered Accountants, Coimbatore be re-appointed as the Statutory Auditors of the Company and to hold the office till the conclusion of the next Annual General Meeting of the Company. 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.

COST AUDIT

The Company received the approval of the Central Government for the appointment of M/s. S. Mahadevan & Co., Cost Accountants, Coimbatore as Cost Auditor to conduct cost audit for the financial year 2011-12.

CORPORATE GOVERNANCE

A separate section on corporate governance as per Clause 49 of the Listing Agreement and Management Discussion and Analysis Report are given as annexure to this report. 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 forms 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 2012.

ACKNOWLEDGEMENTS

The Board wishes to thank all the shareholders, customers, vendors, financial institutions, banks and depositors for the support extended by them.

The Board also wishes to place on record their appreciation of the contribution made by the employees at all levels during the year.

Valparai,
April 28, 2012.

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	31.3.2012	31.3.2011
1. Electricity		
a) Purchased:		
Units	38,26,050	41,81,252
Total Amount (₹)	2,08,91,655	2,11,25,454
Rate/Unit (₹)	5.46	5.05
b) Own Generation		
(i) Through Diesel Generators - Units	1,72,080	1,47,683
Units per Litre of Diesel	2.51	2.57
Cost/Unit (₹)	17.03	15.12
(ii) Through Wind Turbine Generators - Units	46,12,818	43,10,323
2. Others		
(i) Firewood		
Quantity (Kg.)	55,21,080	81,59,381
Total Cost (₹)	1,83,78,887	2,16,15,427
Average Rate (₹/Kg.)	3.33	2.65
(ii) Bio fuel		
Quantity (Kg.)	26,05,370	4,24,230
Total Cost (₹)	1,24,92,859	17,39,343
Average Rate (₹/Kg.)	4.80	4.10