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ANNUAL REPORT 2001-2002

ROSSELL TEA LIMITED

BOARD OF DIRECTORS

H. M. Gupta, *Executive Chairman*

Dr. S. S. Baijal, *Director*

N. C. Pohani, *Director*

H. M. Parekh, *Director*

P. L. Agarwal, *Director*

R. N. Deogun, *Managing Director*

GENERAL MANAGER (FINANCE) -CUM-COMPANY SECRETARY

N. K. Khurana

AUDITORS

S. S. Kothari & Co.

BANKERS

Bank of Baroda

HDFC Bank Ltd.

State Bank of India

UTI Bank Ltd.

REGISTERED OFFICE

14B, Gurusaday Road

Kolkata 700 019

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ROSSELL TEA LIMITED**Notice to the Members**

Notice is hereby given that the Eighth Annual General Meeting of the Members of Rossell Tea Limited, will be held on Wednesday, the 28th August, 2002 at 2.30 P.M. at Kala Kunj, 48, Shakespeare Sarani, Kolkata-700 017, to transact the following business :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2002 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. S.S. Bajjal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolutions :

4.1 As a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company do re-appoint Mr. R.N. Deogun ("Mr. Deogun") as the Managing Director of the Company for a further period of one year with effect from 1st July, 2002 on the following terms and conditions, including remuneration as approved by the Remuneration Committee of the Board of Directors, in accordance with the provisions of Schedule XIII (as amended) of the Companies Act, 1956, effective from the date of re-appointment :

(1) Salary :

Upto a maximum of Rs.1,00,000 only per month as may be decided by the Board upon approval by the Remuneration Committee from time to time.

(2) Commission :

At the rate of 1/2% (one half percent) of the net profits for each Financial Year of the Company or part thereof computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to such ceiling as may be imposed by the Board of Directors upon approval by the Remuneration Committee from time to time.

(3) Perquisites :

1. **Housing** : The expenditure incurred by the Company on gas, electricity, water and furnishing shall be subject to a ceiling of 10 percent of the Salary.
2. **Medical** : Reimbursement of expenses incurred for self and family, subject to a ceiling of one month's salary in a year.
3. **Leave Travel Concession** : For self and family, once in a year incurred in accordance with the Rules of the Company.
4. **Club Fees** : Fees of Clubs, subject to a maximum of two Clubs. This will not include Admission and Life Membership Fees.
5. **Personal Accident Insurance** : Of an amount, the annual premium of which shall not exceed Rs.10,000.
6. **Contribution to Provident Fund** : As per the Rules of the Company, subject to a ceiling of 12% of the Salary.
7. **Contribution to Superannuation Fund** : As per the Rules of the Company, subject to a ceiling of 15% of

the Salary, so however, that the total contribution to Provident Fund and Superannuation Fund shall not exceed the limits prescribed under the Income Tax Act, 1961.

8. Gratuity as per the Rules of the Company but shall not exceed half month's Salary for each completed year of service.
9. Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company to Mr. Deogun.
10. **Earned Leave** : On full pay and allowances as per the Rules of the Company. Leave accumulated at the end of the tenure shall be allowed to be encashed.

(4) Overall Remuneration :

The overall remuneration payable to Mr. Deogun shall not exceed 5% of the Net Profits of the Company in any Financial Year computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to minimum remuneration as specified in clause (5) hereinafter.

(5) Minimum Remuneration :

In the event of loss or inadequacy of profit in any Financial Year during the tenure of Mr. Deogun, the above Salary and Perquisites shall be payable to Mr. Deogun as Minimum Remuneration.

(6) Reimbursement of Expenses :

Mr. Deogun shall be entitled to reimbursement of all Entertainment and other expenses actually and properly incurred by him in connection with the business of the Company.

(7) Disentitlement of Directors' Fees :

Mr. Deogun shall not, so long as he functions as the Managing Director of the Company, be entitled to receive any fee for attending any Meeting of the Board or a Committee thereof."

(8) Notice Period :

The re-appointment of Mr. Deogun is subject to three months' notice from either side.

4.2 As an Ordinary Resolution :

"RESOLVED THAT a notice in writing under Section 257 of the Companies Act, 1956 having been received from a Member signifying his intention to propose Mr. H.M. Parekh for appointment as a Director, Mr. H.M. Parekh be and is hereby appointed as Director of the Company."

4.3 As an Ordinary Resolution :

"RESOLVED THAT a notice in writing under Section 257 of the Companies Act, 1956 having been received from a Member signifying his intention to propose Mr. P.L. Agarwal for appointment as a Director, Mr. P.L. Agarwal be and is hereby appointed as Director of the Company."

4.4 As an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, 4,00,000 Redeemable Preference Shares of Rs.100 each be and are created and accordingly the Authorised Share Capital of the Company be and is hereby increased from Rs.5,00,00,000 (Rupees Five crores) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs.10 (Rupees Ten) each to Rs.9,00,00,000 (Rupees Nine crores) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs.10 (Rupees Ten) each and 4,00,000 (Four lacs) Redeemable Preference Shares of Rs.100 (Rupees One hundred) each and consequently the existing Clause V of the Memorandum of Association be altered by substitution of the following new Clause:

The Authorised Share Capital of the Company is Rs.9,00,00,000 (Rupees Nine crores) divided into 50,00,000 (Fifty

ROSSELL TEA LIMITED

lacs) Equity Shares of Rs.10 (Rupees Ten) each and 4,00,000 (Four lacs) Redeemable Preference Shares of Rs.100 (Rupees One hundred) each."

4.5 As Special Resolutions :

"RESOLVED THAT to comply with the terms and conditions of sanction for Term Loan extended by the State Bank of India, Commercial Branch, N.S. Road, Kolkata (hereinafter called "the Bank") to the Company and pursuant to the provisions of Sections 80, 80A, 81 and other applicable provisions, if any, of the Companies Act, 1956 (as amended) and of the Articles of Association of the Company, the guidelines and clarifications thereon issued by the Securities and Exchange Board of India (SEBI), from time to time, and subject to such other consents, permissions, approvals or sanctions as may be necessary of the appropriate authority(ies) required under any legislation or rules and regulations for the time being in force concerning issue of capital, and subject further to such terms, conditions, stipulations, alterations or modifications as may be specified by the said authority(ies) and accepted by the Board of Directors of the Company (hereinafter called "the Board"), the consent of the Company be and is hereby accorded to the Board to issue and allot Redeemable Preference Share Capital on private placement basis for an aggregate face value of Rs.4,00,00,000 (Rupees Four crores) divided into 4,00,000 (Four lacs) Redeemable Preference Shares of Rs.100 (Rupees One hundred) each to BMG Enterprises Limited, New Delhi (hereinafter referred to as "BMG") whether or not they are a Member of the Company, upon such other terms and conditions as the Board in its absolute discretion may deem fit, subject to the same being in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, if applicable and including but not limited to the following terms and conditions:-

- (i) 4,00,000 new Redeemable Preference Shares of Rs.100 each to be issued and allotted to BMG in replacement of their existing Unsecured Loan to the extent of Rs.4,00,00,000. Such new Redeemable Preference Shares to be issued at the face value of Rs.100 per share on such terms and conditions as may be deemed fit by the Board and accepted by the Management of BMG.
- (ii) The new Redeemable Preference Shares shall be subject to the provisions of the Memorandum and Articles of Association of the Company and will carry a preferential right for dividend to be paid thereon against the Equity Shares of the Company. The dividend for the Financial Year 2002-2003 will be pro-rata from the date of allotment to the end of the Financial Year and the dividend for the Financial Year in which the Preference Shares are redeemed will be for the period from the beginning of the Financial Year till the date of redemption. The coupon rate for such dividend will not exceed 12% p.a.
- (iii) The allotment pursuant to this resolution of the new Redeemable Preference Shares shall be completed and Certificates in respect thereof shall be delivered within three months from the date of passing of the resolution or within such extended time as may be agreed to by the Bank.
- (iv) The period of redemption will not exceed five years."

"FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company, be and is hereby authorised to give such directions as it may deem fit and proper including directions for settling any questions, doubt or difficulty which may arise in regard to the offer, issue or allotment of the new Redeemable Preference Shares and to do all acts, deeds, matters and things as the Board of Directors of the Company in their absolute discretion consider necessary, expedient, usual or proper for this purpose without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of these Resolutions."

Registered Office :
14B, Gurusaday Road,
Kolkata-700 019
Place: Kolkata
Date : 28th June, 2002

By Order of the Board

N. K. Khurana
General Manager (Finance)
-cum-Company Secretary

NOTES :

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote on a Poll on his/her behalf. A Proxy need not be a Member of the Company. However, proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.**
2. Members who are holding shares in identical order of names in more than one Folio are requested to write to the Company to consolidate their holdings in one Folio.
3. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
4. Members are requested to
 - (i) quote their Registered Folio Numbers/Client ID Nos. in all correspondences with the Company (for holders in physical mode) and with our Registrars (for holders in demat mode) or of their mandates; and
 - (ii) promptly notify any change in their address to the Company at its Registered Office at 14B, Gurusaday Road, Kolkata-700 019 (for holders in physical mode) and to its Registrars, AXC Computers Pvt. Ltd., National Council of Education, Bengal Bldg., Jadavpur University Campus, Kolkata-700 032 (for holders in demat mode);
5. **Those members who have not so far encashed their Dividend Warrants for the year ended 31st March, 1996 to the year ended 31st March, 2001 may immediately approach the Company for revalidation of such Dividend Warrants.**

Shareholders are hereby informed that pursuant to Section 205A of the Act, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of transfer in such Unpaid Dividend Account to the credit of Investor Education and Protection Fund ("the Fund") established by the Central Government. In accordance with Section 205C of the Act, no claim shall lie against the Fund or the Company in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims. Accordingly, the money lying in the Unpaid Dividend Account for the year ended 31st March, 1996, will be so transferred in October, 2003.

6. As per the amended provisions of the Act, facility for making nominations is available for shareholders, in respect of Equity Shares held by them. Nomination Forms (Form 2B) can be obtained from the Company for physical shares. In respect of nomination, for dematerialised shares, the concerned Depository Participant of the Members should be approached.

7. **Dematerialisation of the Equity Shares of the Company**

The Equity Shares of the Company are now available under OPTIONALLY DEMAT mode and can be held in electronic form with any Depository Participant (DP) with whom the Members/Investors have their Depository Account.

The Members/Investors may contact the Registrar & Transfer Agent of the Company at their address mentioned below in case of any query/difficulty in the matter or at the Registered Office of the Company.

Address of Registrar & Transfer Agent (for Electronic Activity only) :

AXC Computers Pvt. Ltd.,
National Council of Education, Bengal Bldg.,
Jadavpur University Campus,
Kolkata-700 032
Tel: 414-6363 / 6292, Fax: 413-7900

8. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT TO THE MEETING.

Registered Office :
14B, Gurusaday Road,
Kolkata-700 019
Place: Kolkata
Date : 28th June, 2002

By Order of the Board

N. K. Khurana
General Manager (Finance)
-cum-Company Secretary

ROSSELL TEA LIMITED**Explanatory Statement****(Pursuant to Section 173(2) of the Companies Act, 1956)**

Attached to the Notice convening the Eighth Annual General Meeting to be held on 28th August, 2002.

Item No. 4.1

Pursuant to Article 159 of the Articles of Association, the Board of Directors of the Company at its Meeting held on 28th June, 2002 re-appointed Mr. R.N. Deogun who has attained the age of 70 years as Managing Director for a further period of 1 year with effect from 1st July, 2002, subject to the approval of the Members of the Company by way of a Special Resolution, at the remuneration, recommended by the Remuneration Committee of the Board at their Meeting held on 26th June, 2002 and embodied in the Resolution.

Mr. Deogun has been associated with the Company since its inception. With his vast experience in Tea Industry, the Company has immensely benefited. The Directors, therefore, recommend adoption of the proposed Resolution.

Except Mr. Deogun himself, none of the Directors of the Company is concerned or interested in the proposed Resolution.

This may be construed as Memorandum showing the nature of concern or interest of the Director in the said appointment, as required under Section 302 of the Companies Act, 1956.

Item No. 4.2

At the Meeting of the Board of Directors held on 19th October, 2001, Mr. H.M. Parekh has been appointed, in terms of Article 137 of the Articles of Association, an Additional Director, pursuant to Section 260 of the Companies Act, 1956 to hold office only upto the date of this Annual General Meeting.

A Notice under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose the appointment of Mr. H.M. Parekh, as a Director of the Company.

With his long exposure to Tea Industry, his advice would be of great value to the Company, specially in the field of Tea Marketing. The Directors, therefore, recommend adoption of the proposed Resolution.

None of the Directors of the Company, except Mr. H.M. Parekh himself, is concerned or interested in the proposed Resolution.

Item No. 4.3

At the Meeting of the Board of Directors held on 4th April, 2002, Mr. P.L. Agarwal has been appointed, in terms of Article 137 of the Articles of Association, an Additional Director, pursuant to Section 260 of the Companies Act, 1956 to hold office only upto the date of this Annual General Meeting.

A Notice under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose the appointment of Mr. P.L. Agarwal, as a Director of the Company.

With his professional knowledge and expertise in corporate affairs, the Company would be considerably benefited. The Directors, therefore, recommend adoption of the proposed Resolution.

None of the Directors of the Company, except Mr. P.L. Agarwal himself, is concerned or interested in the proposed Resolution.

Item No. 4.4

The Authorised Share Capital of the Company, at present, is Rs.5,00,00,000, consisting of 50,00,000 Equity Shares of Rs.10 each, as against the Issued Share Capital of Rs.4,53,65,170 consisting of 45,36,517 Equity Shares of Rs.10 each.

ROSSELL TEA LIMITED

Since the new issue of Redeemable Preference Shares as envisaged by the Directors in terms of the Resolution set out hereafter will increase the Issued Capital beyond Rs.5,00,00,000, the Authorised Share Capital of the Company is proposed to be increased to Rs.9,00,00,000 consisting of 50,00,000 Equity Shares of Rs.10 each and 4,00,000 Redeemable Preference Shares of Rs.100 each.

Section 94 of the Companies Act, 1956 and Article 4 of the Articles of Association stipulate that the Authorised Share Capital of the Company may be increased by the creation of new shares, with the approval of the Members of the Company by way of an Ordinary Resolution. The Directors therefore recommend the adoption of the proposed Resolution.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

Item No. 4.5

The Company has availed a Term Loan of Rs.10 crores from State Bank of India, Commercial Branch, N.S. Road, Kolkata ("the Bank"), for its acquisition of Romai T.E. The balance consideration of Rs.4 crores was paid out of Unsecured Loan taken from BMG Enterprises Ltd., New Delhi. The Bank, while giving its sanction for the aforesaid Term Loan, stipulated that the said Unsecured Loan of Rs.4 crores must be converted into Redeemable Preference Share Capital by end September, 2002. Hence, the Directors propose to issue Redeemable Preference Share Capital amounting to Rs.4 crores to BMG Enterprises Ltd., New Delhi on Private Placement basis to replace the existing Unsecured Loan of the similar amount from them.

Since the proposed issue of Redeemable Preference Shares being made on Private Placement basis, approval of the Members is sought by way of Special Resolution under Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and the prevailing Guidelines, Rules and Regulations applicable to the issue.

None of the Directors of the Company is, in any way, concerned or interested in the Resolutions, except Mr. H.M. Gupta, Executive Chairman who may be deemed to be concerned or interested in the Resolutions in his capacity as also being Executive Vice Chairman of BMG Enterprises Ltd. The Directors recommend adoption of the proposed Resolutions.

A copy of the sanction letter No.AGM/4/25 dated May 2, 2002 issued by State Bank of India, Commercial Branch, N.S. Road, Kolkata is available for inspection by any Member of the Company at the Registered Office during normal business hours on any working day upto the date of this Annual General Meeting.

Registered Office :
14B, Gurusaday Road,
Kolkata-700 019
Place: Kolkata
Date : 28th June, 2002

By Order of the Board

N. K. Khurana
General Manager (Finance)
-cum-Company Secretary

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ROSSELL TEA LIMITED**DETAILS OF DIRECTORS SEEKING REAPPOINTMENT/APPOINTMENT AT THE FORTHCOMING EIGHTH ANNUAL GENERAL MEETING (AGM)**

Name of Director	Dr. S.S. Bajjal	Mr. R.N. Deogun	Mr. H.M. Parekh	Mr. P.L. Agarwal
Date of Birth	September 06, 1929	December 11, 1932	March 23, 1937	April 02, 1942
Date of Appointment	July 14, 1994	June 10, 1994 (As Director) July 01, 1994 (As Managing Director)	October 19, 2001	April 04, 2002
Qualifications	B.Sc. M.Sc. D.Phil-Organic Chemistry	M.A.	B. Com. (Hons.)	B.Com., LL.B., Attorney-at-Law
Expertise in specific functional areas	Corporate Affairs and Management	Tea Cultivation, Manufacture and Marketing	Tea Marketing and Corporate Affairs	Commercial, Corporate Law, Real Estate & Intellectual Property
List of public companies in which Directorship is held	Atul Products Ltd. DCM Shriram Consolidated Ltd. Max India Ltd. Jenson & Nicholson (I) Ltd. DCM Shriram Credit & Investment Ltd. Max New York Life Insurance Ltd. Rossell Tea Ltd.	Warren Tea Ltd. Rossell Tea Ltd.	The Methoni Tea Company Ltd. Contemporary Leasing Company Ltd. The Jutlibari Tea Company Ltd. Gujarat Tea Processors & Packers Ltd. Trans Global Projects (India) Ltd. Beeyu Overseas Ltd. The Moran Tea Company (India) Ltd. Rossell Tea Ltd.	Albert David Ltd. Alfred Herbert (India) Ltd. Binani Cement Ltd. Cookson India Ltd. Dhunseri Tea & Industries Ltd. Dharampal Premchand Ltd. Karamchand Thapar & Bros. (Coal Sales) Ltd. Mysore Cements Ltd. Nicco Corporation Ltd. Rossell Tea Ltd. Tezpore Tea Company Ltd. The Oodlabari Company Ltd. Usha Brecco Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	Atul Products Ltd. Audit Committee - Chairman Remuneration Committee - Member DCM Shriram Consolidated Ltd. Audit Committee - Chairman Remuneration Committee - Member Investors'/Shareholders' Grievance Committee - Member Max India Ltd. Remuneration Committee - Member Rossell Tea Ltd. Audit Committee - Chairman Remuneration Committee - Chairman	Warren Tea Ltd. Audit Committee-Member Remuneration Committee - Member Rossell Tea Ltd. Shareholders' Grievance & Share Transfer Committee Member	The Moran Tea Company (India) Ltd. Audit Committee - Member Shareholders' Grievance & Share Transfer Committee - Member Rossell Tea Ltd. Shareholders' Grievance & Share Transfer Committee - Chairman Audit Committee - Member Remuneration Committee - Member	Albert David Ltd. Audit Committee - Member Share Transfer Committee - Member Binani Cement Ltd. Audit Committee - Member Committee constituted for availing financial facilities - Member Dhunseri Tea & Industries Ltd. Audit Committee - Chairman Shareholders/Investors Grievances Committee - Chairman Nicco Corporation Ltd. Audit Committee - Member Corporate Governance & Compensation Committee of Directors - Member Tezpore Tea Co. Ltd. Audit Committee - Chairman Shareholders/Investors Grievances Committee - Chairman Rossell Tea Ltd. Audit Committee - Member Remuneration Committee - Member

Report of the Board of Directors for the year ended 31st March, 2002

Your Directors have pleasure in presenting their Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2002.

SCHEME OF ARRANGEMENT

To enable your Company to reconstruct and reorganise its operations, the Scheme of Arrangement between your Company, Bokakhat Tea Company Private Limited (BTCPL), the then fully owned Subsidiary Company and Jyoti Holdings Private Limited (JHPL), the present Subsidiary Company was sanctioned by the Hon'ble High Court at Kolkata as per their Order dated 22nd May, 2001. Consequent upon filing of the Certified Copy of the Order with the Registrar of Companies, West Bengal, the Scheme became effective from 13th July, 2001. As per the terms of the Scheme, Nagrijuli T.E. and Borahi T.E. were transferred to and vested in BTCPL and JHPL respectively, with retrospective effect from 1st April, 2001, the Appointed Date.

Accordingly, BTCPL and JHPL issued and allotted 10,00,000 and 2,50,000 Equity Shares of Rs.10 each respectively to the Company as part of the Purchase Consideration specified in the Scheme.

Earlier, your Company acquired 300 Equity Shares of Rs.10 each in JHPL from their subscribers to the Memorandum and Articles of Association, thus making JHPL as its fully owned Subsidiary Company. Particulars required under Section 212 of the Companies Act, 1956 have been given separately in respect of this Subsidiary Company.

FINANCIAL RESULTS

	Year ended 31.03.2002	Year ended 31.03.2001
	Rs. in Lacs	Rs. in Lacs
Profit (Loss) before Interest and Depreciation	(240.04)	501.56
<i>Less/Add : Interest</i>	154.26	175.61
Profit (Loss) before Depreciation	(394.30)	325.95
<i>Less/Add : Depreciation</i>	54.29	85.82
Profit (Loss) before Extraordinary Item	(448.59)	240.13
<i>Less/Add : Provision for Diminution in the value of Investments</i>	7.24	103.50
<i>Amortisation of Goodwill arising on Amalgamation</i>	8.64	—
Profit(Loss) before Taxation	(464.47)	136.63
<i>Less : Provision for Taxation including Deferred Taxation</i>	(267.00)	18.00
Profit(Loss) after Taxation	(197.47)	118.63
<i>Add : Balance Brought Forward</i>	109.26	140.62
Profit (Loss) available for Appropriation	<u>(88.21)</u>	<u>259.25</u>
Appropriated as under :		
General Reserve	—	75.00
Dividend	—	68.05
Tax on Distributed Profit	—	6.94
Balance Carried Forward	<u>(88.21)</u>	<u>109.26</u>
	<u>(88.21)</u>	<u>259.25</u>