

25TH ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



TERAI TEA COMPANY LIMITED



Board of Directors

Shri Ajit Kumar Agarwala, MANAGING DIRECTOR

Smt Shashikala Agarwala

Shri Rajendra Kanodia

Shri Kamal Kishore Bihani

Shri Amit Agarwala

Shri Rajesh Singhania

Bankers

Central Bank of India

Auditors

P. K. Shah & Co.

Chartered Accountants

Hill Cart Road

Siliguri 734401

Solicitors

Jhunjhunwala & Co.

7C, K. S. Roy Road

Calcutta 700001

Registered Office

11, Government Place (East)

Calcutta 700069

Corporate Office

"Agarwala House"

Sevoke Road

Siliguri 734401



TERAI TEA COMPANY LIMITED

NOTICE

The **Twenty fifth** Annual General Meeting of **Tera Tea Company Limited** will be held at the Registered office of the Company at 11, Government Place (East), Calcutta-700069 on Saturday, the 26th September, 1998 at 2.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To Receive and adopt the Director's Report and Audited Profit & Loss Account for the year ended 31st March, 1998 and the Balance sheet as at that date.
2. To appoint a Director in the place of Mr. Amit Agarwal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. Rajesh Singhanian who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. Revision in terms of Remuneration of Managing Director

To consider and, if thought fit, to pass with or without modification the following Resolution as an ordinary resolution:-

"RESOLVED that in partial modification of Resolution No. 4 passed at the extra ordinary General Meeting of the company held on 15th November, 1994 for the reappointment of Mr. Ajit Kumar Agarwal, Managing Director of the Company in respect of remuneration payable to him and in accordance with the provision of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves of the change in salary scale applicable to Mr. Ajit Kumar Agarwal with authority to the Board of Directors to fix his salary and all other benefits and perquisites related to the quantum of salary (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the terms of employment) with effect from 1st April, 1998 as set out in the draft agreement submitted to this meeting and initialed by a Director for the purpose of identification."

6. Buy Back of Shares/Securities

To consider and, if thought fit, to pass with or without modification the following resolution as a special Resolution:

"RESOLVED that if and when permitted by the law and subject to all applicable provisions of the law and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of



Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the company be and is hereby accorded to the board to purchase such number of ordinary Shares or other Securities specified by the Government, of the company as may be thought fit, from the holders of the ordinary shares or other Securities of the Company in such proportion and manner as may be permitted by the law, not exceeding 25% of the present paid up capital of the company, from such funds of the company as are permitted to be used for this purpose or out of the proceeds of any issue made by the company, on such terms and subject to such conditions as may be prescribed by the law."

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of ordinary shares or other securities."

"RESOLVED FURTHER that nothing herein above contain self confer any right or any share holder to offer or any obligation of the company of the Board to buy that any ordinary shares or securities."

NOTES:

- a) The relative explanatory statements, pursuant to section 173 of the Companies Act, 1956 in respect of Business under item no. 5 & 6 above, are annexed hereto.
- b) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- c) The Register of members and transfer Books of the Company will remain closed from 18th September, 1998 to 26th September, 1998 (both days includes).
- d) Members are requested to notify immediately any change in their addresses to the company.

**TERAI TEA COMPANY LIMITED****Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956.****Item No. 5**

At the extra ordinary General meeting of the Company held on 15th November, 1994 the members had approved of the re-appointment of Mr. Ajit Kumar Agarwal , Managing Director of the Company and a salary of Rs. 10,000/- per month together with such perquisites and commission as specified in the agreement was approved. As the shareholders are aware , the Government had liberalised Schedule XIII to the Act, enhancing the limits of managerial remuneration, the company wants to increase the present remuneration due to increased operation of the company. It is now proposed to revise the salary of the Managing Director w.e.f. 1.4.98 by enhancing it to Rs. 40,000/- per month for the remainder of the tenure of this contract i.e. upto 30.11.1999 on the following terms and conditions. The resolution for the charge in the remuneration of the Managing Director is recommended for the acceptance by the Shareholders. Mr. Ajit Kumar Agarwal is concerned or interested in the Resolution.

I. SALARY:

Salary of Rs. 40,000/- per month including dearness and other allowances with such revisions as may be approved by the Board of Directors to increase from time to time subject to a maximum of Rs. 50,000/-.

II. COMMISSION:

Mr. Ajit Kumar Agarwal will be entitled to commission based on the Net Profits of the Company in the relevant financial year, as may be determined by the Board, subject to ceilings laid down in section 198 and 309 of the Companies Act, 1956.

III. PERQUISITES:

In addition to the salary and commission , Mr. Ajit Kumar Agarwal will be allowed perquisites as below:

a) Housing:

Free furnished residential accommodation with free use of all the facilities and amenities, such as air conditioners, refrigerator, stoves , geysers, gas , electricity, water etc.

b) Medical benefits:

Full reimbursement of all medical expenses incurred for self and family including hospitalization, membership of any hospital and/or doctor's scheme.



c) **Leave Travel Concessions:**

Leave Travel Concession for Mr. Ajit Kumar Agarwal and his family once a year.

d) **Club Fees:**

Subscription of clubs subject to maximum of two clubs (excluding admission fees and expenses). Provided that no life membership fees will be paid.

e) **Insurance:**

Personal accident and group insurance coverage for which premium not exceeding Rs. 10,000/- per annum.

The perquisite value of items (a) to (e) above to be evaluated as per Income Tax Rules wherever applicable, shall be subject to an overall annual ceiling of an amount equal to the salary for the relevant period.

IV. **OTHER PAYMENTS AND PROVISIONS:**

a) Mr. Ajit Kumar Agarwal will be entitled to retirement benefits as per the rules of the Company. Contribution to Provident Fund, Super-annuation Fund or for other retirement benefits will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act, 1961. Gratuity will be paid as per the Company's Rules.

b) **Car:**

Provision for car with Driver for use on Company's business purposes. Use of car for Private purpose shall be billed by the company. The use of company's car for business purposes will not be considered as a perquisite.

c) **Telephone:**

Provision of Telephone at residence will not be considered as perquisite, but personal long distance calls shall be billed by the Company.

d) **Entertainment Expenses:**

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company, subject to a reasonable amount approved by the Board of Directors from time to time.

**TERAI TEA COMPANY LIMITED****V. MINIMUM REMUNERATION:**

In the event of absence or inadequacy of Profits of the Company in any relevant financial year during the currency of tenure of Mr. Ajit Kumar Agarwal as Managing Director, he shall be paid the above mentioned Salary, Perquisites and Other allowances as the minimum remuneration subject to the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) from time to time.

The Directors commend the resolution for acceptance by the members.

Item No. 6

The Act presently prohibits a company from purchasing its own Shares and Securities. However, it is anticipated that the law may in future permit a company to buy back its own securities (buy-back of securities).

Subject to the buy-back of securities being legally permissible, it is proposed to enable the Company to buy back its Ordinary Shares or such other permissible securities, not exceeding 25% of the paid-up capital of the Company from the Members of the Company either from the open market or from the holders of odd lots, or from the holders of the shares that may be issued under the Employees' Stock Option Scheme or as permitted by the law. The buy-back of shares or securities would be at the rate and from the funds permitted by the law as set out in the Resolution.

The Resolution, if approved, will be operative for and will be given to within a period of 15 months from the date of passing the Resolution or such other time limit laid by the law.

The Directors commend the Resolution for acceptance by the Members.

REGISTERED OFFICE

11, Government Place (East)
Calcutta 700069

DATED

13th day of July, 1998

By Order of the Board
TERAI TEA COMPANY LIMITED

AJIT KUMAR AGARWAL
Chairman



DIRECTORS' REPORT

Your Directors have pleasure in submitting their Annual Report and the Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS:

	(Rs. in'000)	
	1997-98	1996-97
Sales & Other Income	106144	115198
Gross Profit for the year	14804	12365
Interest	5040	6001
Depreciation,	3183	1224
Profit before taxation	6581	5140
Provision for Taxation	1273	600
Profit for the year after taxes	5308	4540
Profit & Loss Balance brought forward	44778	40238
Profit available for appropriation	50086	44778
Balance Profit carried forward	50086	44778

OPERATION:

TEA DIVISION

The production of green leaf in Bagdogra Tea Estate has increased due to proper manuring and application of Fertililiser and Chemical. The Company has also achieved better production by procuring green leaf from outside. The price realisation of Company's tea is better in the year 1997-98 owing to favourable market condition and also due to production of better quality tea. The company's policy of uprooting, replantation and vacancy infilling has started yielding results.

EXPORT DIVISION

The company's exports of tea to Russia during 97-98 has fallen drastically due to various external factors beyond the control of the company. The Company is continuing its efforts in strengthening the brand name of its products and hopes to achieve better results during current year.

TEA FACTORY UNIT

The commercial production in this unit has started from 10.11.97 and operation of the unit is quite satisfactory.

**TERAI TEA COMPANY LIMITED****CURRENT WORKING & FUTURE PROSPECTS:**

The performance of Bagdogra Tea Estate in the current year is encouraging due to favourable market conditions. The production has also improved considerably over the earlier years. The crop yield till the present date has shown a significant increase of 40% in comparison with the crop position of last year till this period of the year. The significant rise has taken place not only in our own garden but also in the gardens from which Green leaves are purchased.

The company has applied for substantial expansion of its manufacturing unit at Bagdogra Tea Estate and the installed capacity shall be raised from 15 lacs kgs. of made to 20 lacs kgs. of made tea in the current financial year.

The Company's performance in the export sector has shown positive trend and the Company expects better results during the current year.

The Company's Tea Factory Unit is running in its optimum capacity and the company expects to achieve the targeted production in the current financial year. The company has further applied for substantial expansion with the Industrial Department, Government of India and the installed capacity of the Factory at Siliguri shall be increased to 20 lacs kgs. of made tea per annum in the current financial year.

FINANCE:

The Company enjoys Tea Hypothecation Cash Credit Limit for its Bagdogra Tea Estate and Tea Factory unit at Siliguri and Packing Credit Limits from Central Bank of India. The Directors put on record their sincere appreciation of the cooperation and assistance provided by Central Bank of India which enabled your Company to excel in export business.

DIVIDEND:

Your Director do not recommend any dividend during the year with a view to the need to conserve its resources.

AUDITORS:

M/s. P. K. Shah & Co., Chartered Accountants, Siliguri, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

AUDITORS' REPORT:

The remarks of the Auditors regarding accounting of gratuity on cash basis and non-provision of disputed income tax liabilities are self-explanatory and does not require any elaboration.