

Annual Report

2004 - 2005



TERAI TEA COMPANY LIMITED

Board of Directors

Shri Ajit Kumar Agarwala, Managing Director

Shri Amit Agarwala Jt. Managing Director

Smt. Shashikala Agarwala

Shri Rajendra Kanodia,

Shri Kamal Kishore Bihani

Shri Rajesh Singhania

Bankers

Central Bank of India

Bank of India

Auditors

P.K. Shah & Co.

Chartered Accountants

Hill Cart Road

Siliguri-734 401

Solicitors

Jhunjhunwala & Co.

7C, K. S. Roy Road

Kolkata - 700 001

Share Transfer Agent

Maheshwari Datamatics (P) Ltd.

6, Mangoe Lane

Kolkata - 700 001

Registered Office

11, Government Place (East)

1st Floor, Kolkata - 700 069

Tele : (033)2248-5111

Fax : (033) 2248-9182

E-mail : terai@cal2.vsnl.net.in

Corporate Office

"Agarwala House"

Sevoke Road

Siliguri- 734 401

Tele : (0353) 2543-857

Fax. (0353)-254-2656

E-mail : slg_teraitea@sancharnet.in



NOTICE

Notice is hereby given that the **32nd Annual General Meeting of TERAITEA COMPANY LIMITED** will be held on Friday, **30th September, 2005 at 11.00 AM** at the Registered Office of the Company at 11, Government Place (East), Kolkata 700 069 to transact the following business:-

Ordinary Business :

- 1) To consider and adopt the Profit & Loss Account for the year ended 31st March 2005, and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr.Kamal Kishore Bihani who retires by rotation and is eligible for re-appointment.
- 3) To appoint a Director in place of Mr. Rajendra Kanodia who retires by rotation and is eligible for re-appointment.
- 4) To appoint Auditors, M/s. P K Shah & Co, Chartered Accountants and to fix their remuneration.

Special Business :

- 5) To consider and, if thought fit, to pass, with or without modification, the following resolutions as a Special Resolution : **(to be voted on by postal Ballot)**

"RESOLVED that in accordance with the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Object Clause of the Memorandum of Association of the Company be and is hereby altered by incorporating the following new Clause 4, 5 & 6 after the existing Clause 3 as given below :

(4) To carry on the business of proprietors, agents, Managers, Lessees , Hirers, Licensees, studios, theatres, places of amusements or entertainment , Music Halls, cinemas, picture places, building, land and concert halls, play pools and game parlors, shopping arcades etc and for these purposes construct and /or acquire theatres, sound and recording equipments and all other plant and machinery required for the purposes of attaining the above object and to carry on business of proprietors, agents, managers, Hirers, Lessors, partners of organising and conducting shows, concerts, stage, shows and plays, mega events, events of glamour etc.

(5) To carry on all or any of the business of manufactures, exporters, importers, buyers, sellers, dealers, indentors, distributors, platers ,hirers trades, processors, rollers, re-rollers, drawers, makers, extruders, fabricators ,founders, forgers, smelters of and in all kinds of ferrous and non-ferrous metals, iron ,steel, alloys steels, sponge iron, special and stainless steel, bright steel bar and shafting (ferrous and non-ferrous), structural and sheet metal fabrication, foundry work of all kinds, ferrous and non-ferrous castings of all kinds, ingots, billets, rods, twisted bars, flats, squares, wires and wire ropes and all kinds of wire products, slabs plates, rounds, sheets, coils strips, sleepers and deal in machinery , raw-materials, bye-products scrap, implements, tools, utensils and materials and conveniences of all kinds and generally to carry on the said Business.



TERAI TEA COMPANY LIMITED

(6) To carry on the business of promoters, developers, builders, agents of and dealers in land and/ or buildings and of owning , buying , selling , developing, hiring, letting, sub-letting, maintaining, administering, exchanging, mortgaging, leasing , accepting lease, tenancy or sub-tenancy, constructing, reconstructing, repairing , maintaining land ,buildings, tenants, blocks, flats, apartments, offices, township, commercial & retail malls, etc.

"Resolved further that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard."

6) To consider and, if thought fit, to pass, with or without modification, the following resolutions as a Special Resolution :

"Resolved That approval be and is hereby accorded pursuant to section 149(2A) of the Companies Act, 1956 to the Company commencing and carrying on as and when its Board of Directors may think fit all or any of the businesses and activities specified in clause 4, 5 and 6 to the clause 3 of the Memorandum of Association of the Company as altered."

By Order of the Board

Place : Kolkata
Date : 08.08.2005

A.K. Agarwala
Managing Director

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 instead of himself. A proxy need not be a member of the company. Proxies in order to be affective must be received at the Registered office of the company not less than 48 hours before the meeting.**
- 2) The relative Explanatory Statements pursuant to section 173 of the Companies Act, 1956 in respect to the Special Business under item no.(5) as set out above are annexed hereto.
- 3) The Register of Members and Transfer Books of the Company will remain closed from 20th September, 2005 to 30th September, 2005 (both days includes).
- 4) Member are requested to bring their copy of the Annual report to the Meeting.
- 5) Members are requested to intimate before hand to the company queries, if any, regarding these accounts/ notice at least ten days before the meeting to enable the management to keep the information required readily available at the meeting.
- 6) A notice pursuant to Section 192A of the Companies Act, 1956 is being circulated herewith. It seeks approval of the shareholders by Special Resolution for change in Object Clause of Memorandum of Association of the Company. Shareholders' consent for the Resolution is required by means of Postal Ballot for item No.5. The result of Postal Ballot will be announced by the Chairman at the Annual General Meeting.
- 7) Members are requested to send all documents including notification of their change of address. if any, to the company's Registrars and share Transfer Agents, M/s Maheshwari Datamatics Pvt Ltd, 6 , Mangoe Lane, Kolkata -700001 for both physical and Demat securities.
- 8) As per provisions of the Companies Act, 1956 facility for making nominations is available for members in respect of the shares held by them. Nomination Forms can be obtained from the Company's Registrar and Transfer Agent.



EXPLANATORY STATEMENT PURSUANT TO SECTIONS 173(2) OF THE COMPANIES ACT, 1956

ITEM No. 5 & 6

As the Members are aware, the company is primarily engaged in the business of manufacture , sale and export of tea .In order to diversify the present line of business of the company and to improve the liquidity of the shares of the company in the market, the Board of Directors considered to commence the business of Iron steel , multiplex cinema, construction of Building, development of Real Estate etc.

It is accordingly proposed to amend the Object Clause of the Memorandum of Association of the Company to enable it to enlarge its areas of operations. These businesses may be conveniently or advantageously be combined with the business of the company.

To enable the Company to take these new lines of activities in due course, as and when considered appropriate by the Board of Directors, alteration of the Object Clause of the Memorandum of Association of the Company is necessary.

Since the above amendment comes within the ambit of Section 17 of the Companies Act, 1956, your approval is sought under the provisions of Section 192A of the said Act read with the provisions of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, by voting by postal ballot.

In terms of the Section 149(2A) of the Companies Act, 1956, any business which is not germane to the existing business of the company cannot be commenced by the Company until such commencement has been approved by the company in the General Meeting by a Special Resolution and until duly verified declaration in the prescribed form has been filed with the Registrar of the Companies, West Bengal. Since, the Business covered in the resolution set out in the notice may not be regarded as germane to the existing business of the Company, the Board is of the opinion the in order to clarify the position the company should pass a special resolution under section 149 (2A) of the Act, authorising the company to carry on the business set out in the resolution in the item r.o.5.

A copy of the Memorandum of Association of the company showing proposed alteration is available for inspection at the Registered office of the Company during office hours except Saturday between 11 AM to 1 PM up to the date of ensuing Annual General Meeting.

Your Directors recommend the resolution for your approval.

None of the Directors are interested in the aforesaid Resolution except to the extent of their shareholding.

By Order of the Board

Place : Kolkata
Date : 08.08.2005

A.K. Agarwala
Managing Director



TERAI TEA COMPANY LIMITED

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT PURSUANT TO CLAUSE 49 VI (A)(C)

As required under the listing Agreement, the particulars of the Directors who are proposed to be appointed/re-appointed are given below:

Name	:	Mr. Kamal Kishore Bihani
Age	:	41 Years
Qualification	:	B.Com, FCA
Expertise	:	Experience in Financial Management
Other Directorships	:	Abhijit Tea Co. Pvt. Limited
Name	:	Mr. Rajendra Kanodia
Age	:	48 Years
Qualification	:	B.Com
Expertise	:	General Management, Marketing and Legal matters.

- Other Directorships :**
1. Jaldacca Tea Plantations Pvt Ltd.
 2. Terai Overseas Ltd.
 3. Falakata Industries Ltd
 4. The Kharibari Tea Co. Ltd
 5. Terai Ispat Ltd
 6. East Indian Fats and Edibles Ltd.
 7. East Indian Solvents Ltd.
 8. Bagdogra Tea Co. Pvt. Ltd.
 9. Sayedabad Tea Co. Ltd.
 10. Terai Resorts & Country Club Pvt. Ltd.
 11. East Indian Produce Ltd.
 12. Terai Dooars Tea Co. Pvt. Ltd.
 13. Terai Jute Pvt. Ltd.



DIRECTOR'S REPORT

Your Directors have pleasure in presenting their Thirty-second Annual Report on the business and operations of the company and the accounts for the financial year ended March 31, 2005

FINANCIAL RESULTS :

(Rs. in' 000)

	2004-05	2003-04
Sales and Other Income	458606	299560
Gross Profit for the year	43205	36248
Interest(Net of Subsidy)	13950	12406
Depreciation	25608	22212
Profit before taxation	3647	1630
Provision for Taxation	337	(192)
Profit for the year after Taxes	3310	1822
Profit & Loss Balance brought forward	87564	85742
Profit available for appropriation	90874	87564
Balance Profit carried forward	90874	87564

OPERATION :

TEA ESTATE DIVISION

The average Price realization has picked up due to growing demand and shortfall in production. The production during the year declined due to sluggish weather condition. The unit could produce 22.40 lacs kgs. of made tea as against the installed capacity of 25 lacs kgs.

TEA FACTORY UNIT

The performance of the unit was satisfactory inspite of stiff competition in the green leaf market. The average price realization was better than the last year.

TERAITEA FACTORY (EXPANSION UNIT)

This unit produced 19.96 lacs kgs. of made tea in the current year as against 17.67 lacs kgs. in the previous year. Average sales realization has also risen significantly due to good domestic demand.

SEVOKETEA FACTORY UNIT

This unit produces quality green tea and the performance of the unit during the year 2004-05 was satisfactory.

KARJEEPARATEA FACTORY UNIT

This unit was commissioned in the year 2003-04 only. During the year the installed capacity of the unit was increased from 15 lacs kgs. to 25 lacs kgs. of made tea . The commercial production in the expanded unit was started on 29.7.04. The unit produces 20.27 lacs kgs. of made tea during the financial year 2004-05. The unit has performed well in 2nd year of its operation.



EXPORT DIVISION

The Company could not make any export during the financial year 2004-05 due to various external factors which were beyond the control of the Company.

CURRENT WORKING & FUTURE PROSPECTS :

In the current year the company has decided to concentrate fully in producing quality teas only by controlling its plucking standard at its Bagdogra Tea Estate and purchasing good quality green leaves in all its units. There is a huge shortage of quality tea in the market and the company shall avail the opportunity of achieving better returns by producing quality teas.

The company is optimistic to achieve the targeted production in its Bagdogra Tea Estate as well as in all its bought leaf factories.

The company has decided to diversify its activities in real estate ,developing Resorts ,Shopping Mal and Multiplex. The company has asked for the approval from its members for the same in the annual general meeting to be held on 30th September 2005. The Company has already engaged a re-nowned Consultancy firm for survey of the market for Real Estate and retailing of Shopping Mall. Negotiations are on the higher stage with different land owners of Siliguri and Darjeeling town.

Your Directors have also approached the financial institutions to accord 'in Principle' sanction of finance for the diversified activities. Your directors are optimistic for successful running of resorts in Darjeeling town and multiplex at Siliguri as your company is having its Corporate Headquarter at Siliguri.

Your Directors have also surveyed the potential in the business of steel and proposed to diversify its activities in the trading/import of steel. Negotiations have taken place with various companies abroad for import of steel from those countries for sale of the same to steel manufacturing units in India. The company has asked for the approval of the same also from its members in the AGM , to be held on 30th September,2005.

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT :

The Report on Management's Discussion and Analysis covering matters listed inter alia in Clause 49 of the Listing Agreement for the year under review is attached to this Report.

FINANCE :

The company enjoys Short term and Long Term finance from Central Bank of India and Bank of India. The Directors put on record their sincere appreciation of the co-operation and assistance provided by both the banks.

DIVIDEND :

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

PUBLIC DEPOSITS :

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding on the date of the balance sheet.



TERAI TEA COMPANY LIMITED

AUDITORS :

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

AUDITOR'S REPORT :

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

DIRECTORS

Sri Rajendra Kanodia and Sri Kamal Kishore Bihani retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment. Brief resumes of the above Directors, nature of their expertise in specific functional areas and names of other companies in which they hold Directorship and Membership / Chairmanship of committees of the Board and their shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement, are given in the Report on Corporate Governance elsewhere in the Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed:

- 1) That in the preparation of the accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed along with proper explanation relating to materials departures;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under on that date ;
- 3) That the Director's have taken proper and sufficient care for the maintenance of adequate accounting records in accordance of the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the Directors have prepared the accounts for the financial year ended 31st March, 2005 on a 'going concern' basis.

PERSONNEL :

During the year under review the relations between management and employees have remained cordial. There was no employee of the Company who received remuneration during the period under review in excess of the limit prescribed under Section 217 (2A) of the Companies Act. 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and out go is given in the Annexure "A".



CORPORATE GOVERNANCE :

The Company has been proactive in following the principles and practices of good corporate Governance. The Company has ensured that the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange are duly complied with. A separate Report on Corporate Governance is given elsewhere in the Annual Report

A certificate from the Auditors of the Company regarding Compliance of Clause 49 of the Listing Agreement is annexed.

ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Government of India (including the Ministry of Commerce & Industry, Government of West Bengal and all Government authorities, Financial Institutions, Banks, Customers, Vendors and Shareholders during the year under review. Your Directors wish to place on record their appreciation for the employees of the Company at all levels for their commitment and continued support for the Company.

For and on behalf of the Board

Terai Tea Company Limited

Ajit Kumar Agarwala
Managing Director

Registered Office :
11, Govt. Place (East)
Kolkata – 700 069
Dated: 08.08.2005

