



TERAI TEA COMPANY LIMITED

ANNUAL REPORT
34th 2006-07



Obituary

Amit Agarwala

the man who saw tomorrow...



"The world, they say, steps aside for the man who knows where he is going".

Our respected Joint Managing Director Shri Amit Agarwala was an extraordinary human being, an individual who possessed creative excellence. His public relation skills, wherein he did not differentiate between a peon or a president, giving them equal treatment are what made him the great human being that he was. A man far ahead of his times, he epitomized the dauntless entrepreneurial spirit. His life and achievements prove that backed by confidence, courage and conviction, man can achieve the impossible. 'Terai Group' is a living testimony to his indomitable wills, single minded dedication and an unrelenting commitment to his goals, under whose visionary leadership, 'Terai Group' emerged as the largest business conglomerate in North Bengal, and carved out a distinct place for itself in corporate giants in North Bengal as well as in the heart of a common man. He was also the quintessentially modern man, the man of the new millennium doing every thing to bring people over his side, which was clearly reflected in his passion for acquiring ill-health Tea Estates in North Bengal. He is an icon for us, a role model to be emulated. His sterling leadership qualities, remarkable foresight, uncompromising pursuit of excellence, huminity, prodigious capacity to motivate and trust people shall continue to guide and inspire future generation at 'Terai Group'.

We are proud and privileged to inherit his invaluable legacy. 'Think big' was his motto. The extra ordinary thing about the man was that he was a visionary and dreamer. Truly, youths like Shri Amit Agarwala are rare, empire builders, the stuff that legends are made of. The legend called Sri Amit Agarwala will never die. His spirit will live on forever.

His untimely demise at a very tender age has caused irreparable losses to our group and his family. He inherited knowledge and education from his father, our beloved CMD Shri Ajit Kumar Agarwala. A unique Hotel Cum Resort Project one of its kind at 'Kanchaan View Tea Estate', a high rise residential and Commercial Complex cum Multiplex at the heart of Siliguri town and a State of Art multi Specialty Hospital of 500 beds at Siliguri to cater the need of the entire North-East region of the Country, are the dreams of Sri Amit Agarwala to be fulfilled by us with the inspiration of his youthful talent and commitment. His vision and multiple exercises has survived our 'Terai Group' in the hardest years of Tea Industry. He was honoured with various prestigious awards and titles for his business excellence. He was president of 'North Bengal Tea Producers Association' and was very active at CII, Siliguri Chapter, Siliguri. During his tenure he has contributed a lot for the industrialization of North Bengal. His sudden demise has created a vacuum in every thought of our lives but we know that his soul is always with us to guide us on every step.

Long live Sri Amit Agarwala !

Terai Family



BOARD OF DIRECTORS

Sri Ajit Kumar Agarwala
Smt. Shashikala Agarwala
Sri Sitaram Sharma
Sri Rajendra Kanodia
Sri Kamal Kishore Bihani
Sri Rajesh Singhania

BANKERS

Central Bank Of India
Bank Of India
Allahabad Bank

AUDITORS

P K Shah & Company
Chartered Accountants
Hill Cart Road, Siliguri

SOLICITORS

Jhunjhunwala & Co.
7C, K.S Roy Road
Kolkata-700001

SHARE TRANSFER AGENT & REGISTRAR

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, Kolkata-700001

REGISTERED OFFICE

11, Government Place (East)
1st Floor, Kolkata-700069
Tel 033 2248 5111/55
Fax 033 2248 9182
Email: terai@cal2.vsnl.net.in

CORPORATE OFFICE

"Agarwala House"
Sevoke Road, Siliguri-734001
Tel 0353 2543 857/8
Fax 0353 2542 656
Email: slg_teraitea@sancharnet.in



NOTICE

Notice is hereby given that the 34th Annual General Meeting of TERA TEA COMPANY LIMITED will be held on Saturday, 29th September, 2007 at 11.00 AM at the Registered Office of the company at 11, Government Place (East), Kolkata 700069 to transact the following business :

Ordinary Business :

- 1) To consider and adopt the Profit & Loss Account for the year ended 31st March 2007, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Rajendra Kanodia who retires by rotation and is eligible for re-appointment.
- 3) To appoint a Director in place of Mr. Kamal Kishore Bihani 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) Appointment of Sri Sitaram Sharma as Director

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

“RESOLVED that Sri Sitaram Sharma who was appointed as Director pursuant to section 260 of the Companies Act, 1956 as additional Director w.e.f. 7/12/2006 and in respect of whom the company has received a notice from a member under section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as a director of the company, liable to retire by rotation.”

By The Order of the Board

Place : Kolkata
Date : 3rd September, 2007

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/ HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HRS BEFORE THE MEETING.**
- 2) Pursuant to section 154 of the Companies Act, 1956, the Register of members and transfer Books of the Company will remain closed from 19 th September, 2007 to 29th September, 2007 (both days inclusive).
- 3) Members are required to notify immediately any change in their addresses to the company.
- 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 query/ies, 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) 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 De-mat securities.
- 7) 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.
- 8) The Explanatory Statement Pursuant to section 173(2) of the Companies Act, 1956 which sets out, details relating to Special Business to be transacted at the meeting is attached herewith.

EXPLANATORY STATEMENT :

The following explanatory statement, pursuant to section 173(2) of the Companies Act, 1956 set out the material facts relating to the business mentioned in the accompanying notice dated 3rd September, 2007.

Item No. 5.

Sri Sitaram Sharma was appointed on 7th December 2006 pursuant to section 260 of Companies Act, 1956 as an additional Director, holds office upto the date of ensuing Annual General Meeting. The company has received a notice in writing from a member alongwith a deposit of Rs.500/-proposing the candidature of Sri Sitaram Sharma for the office of Director under the provisions of section 257 of the Companies Act, 1956. Sri Sitaram Sharma has filed his consent pursuant to the provisions of section 264(1) of the Act, to act as such director, if appointed. Sri Sitaram Sharma has been associated with the Company for the past thirty years and have gained huge experience in the Tea Business. Your Directors commend the appointment of Sri Sitaram Sharma as Director.

None of the Directors except Sri Sitaram Sharma are interested/concerned in the resolution.

Place : Kolkata

Date : 3rd September, 2007

By The Order of the Board

A.K. Agarwala
Managing Director



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

As required under clause 49 of the Listing Agreement, the particulars of the Directors who are proposed to be appointed/re-appointed are given below :

Name	:	Mr. Rajendra Kanodia
Age	:	50 Years
Qualification	:	B. Com. (Hons.)
Expertise	:	Experience in Tea Marketing & Legal Matters
Other Directorships	:	<ol style="list-style-type: none"> 1. East Indian Produce Limited 2. East Indian Fats & Edibles Limited 3. East Indian Solvents Limited 4. Terai Ispat Ltd 5. Jaldacca Tea Plantations Pvt Ltd 6. Terai Resorts & Country Club Pvt Ltd 7. Terai Jute Ltd. 8. Terai Infrastructures Ltd. 9. The Kharibari Tea Co.Ltd 10. Terai Dooars Tea Co. Pvt Ltd. 11. Falakata Industries Ltd. 12. Abhijit Tea Company Pvt Ltd. 13. Terai Overseas Ltd. 14. Bagdogra Tea Co. Ltd. 15. Sayedabad Tea Co. Ltd. 16. Madhukamal Tea Industry Pvt. Ltd.

Name	:	Mr. Kamal Kishore Bihani
Age	:	43 Years
Qualification	:	B.Com(Hons.). FCA.
Expertise	:	Expertise in Financial Management
Other Directorships	:	<ol style="list-style-type: none"> 1. Abhijit Tea Company Pvt Ltd. 2. Terai Infrastructures Ltd. 3. Madhukamal Tea Industry Pvt. Ltd.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirty-fourth Annual Report on the business and operations of the company and the accounts for the financial year ended March 31, 2007

FINANCIAL RESULTS :

The performance of the Company for the financial year ended March 31, 2007 is summarized below:

(Rs. in '000)

	<u>2006-07</u>	<u>2005-06</u>
Sales and other Income	352515	337952
Gross profit for the year	45431	46811
Interest(Net of Subsidy)	18159	16731
Depreciation	24142	26317
Profit before taxation	3130	3763
Provision for current taxation	342	263
Provision for fringe benefit tax	418	250
Provision for deferred tax	625	730
Profit for the year after taxes	1745	2520
Profit and Loss Balance brought forward	93394	90874
Profit available for appropriation	95139	93394
Balance Profit carried forward	95139	93394

OPERATION :

TEA ESTATE AND BOUGHT LEAF FACTORIES

The Crop in the year 2006 was affected due to drought in the early part of the season. The increase in prices realization over last year was due to higher domestic consumption despite of lower exports. Increase in recoveries in prices are however not commensurate with the increase in costs.



The bought leaf factories could not run to their optimum capacities due to non-availability of quality green leaves. The Company has made a policy to purchase quality green leaves only in order to produce quality teas.

EXPORT DIVISION

In the year 2006-07 too the company could not make any export despite best efforts put by your directors.

CURRENT WORKING & FUTURE PROSPECTS :

The industry has witnessed rising trend in domestic consumption of teas in the last two years and this is a healthy sign for the ailing industry. The momentum of increase in per capita consumption of tea is expected to be sustained due to shifting over from alternative beverages and awareness of the health benefits of tea.

The Industry, through its various associations, has been emphasizing the need for special funds from the Government to rejuvenate the ageing tea bushes as well as for sharing a part of the social costs to make the Industry competitive. The Government of India has started to realise the difficulties faced by the Industry and has recently announced the creation of a Special Purpose Tea Fund for the long term development of the Industry. This is to be operated under the Tea Board for improving the age profile of tea bushes. However, the initial terms as spelt out do not provide concessions in interest rates and other terms. Further, the initial quantum is also extremely small to do justice to cover the Industry. In respect of sharing the social cost, there has been a series of discussions but no concrete decision from the Government has been forthcoming.

The Company in the current year has acquired 100% shareholding in Madhukamal Tea Industry (P) Ltd. which owns a bought leaf factory namely Sona Tea Factory. The unit is located in the North Dinajpur district of West Bengal which is a tea belt area and as such green leaves are abundantly available. The unit is having approx. 7 acres of vacant land.

The company in the previous year had planned to shift its two units namely Tea Factory Unit and Sevoke Tea Factory unit presently located in the heart of city of Siliguri to some other ideal locations specially in green tea leaf growers belt for cost efficiency and better infrastructural facilities.



The Company in the financial year 2006-07 has shifted its Sevoke Tea Factory on the premises of its subsidiary company namely Madhukamal Tea Industry (P) Ltd on long term lease basis. The shifting of tea factory unit has been kept in abeyance for the time being.

The company has cleared the entire dues of Central bank of India on account of Sevoke Tea Factory unit and arranged the fresh Credit facilities for the same unit from Allahabad Bank.

The production in the unit in the new campus has resumed in March 2007 and the unit is running satisfactorily.

MULTIPLEX DIVISION :

The Company has already obtained sanction of Credit facilities from Corporation Bank , Allahabad Bank and Dena Bank under Multiple banking arrangements for construction of Shopping Mal cum Multiplex of 325737 sq.feet. The company has submitted the necessary plan with the Siliguri Jalpaiguri Development Authority and Siliguri Municipal Corporation for their approval.

FINANCE :

The company enjoys Credit facilities from Central Bank of India ,Bank of India and Allahabad Bank. The Directors put on record their sincere appreciation of the co-operation and assistance provided by all the three banks. The Company is yet to enjoy the credit facilities from Corporation Bank and Dena Bank.

DIVIDEND :

Your Director's 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.