



35th Annual Report 2007 - 08

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TERAI TEA COMPANY LIMITED

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**35th
ANNUAL REPORT
2007-2008**



TERAI TEA COMPANY LIMITED



Board of Directors

Shri Ajit Kumar Agarwala, **Managing Director**
Smt. Shashikala Agarwala
Sri Sitaram Sharma
Shri Rajendra Kanodia
Shri Kamal Kishore Bihani
Shri Rajesh Singhanian

Bankers

Central Bank of India
Bank of India
Allahabad Bank

Auditors

P.K. Shah & Co.
Chartered Accountants
Hill Cart Road
Siliguri-734 001

Solicitors & Legal Advisors

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 / teraitea@gmail.com

Corporate Office

"Agarwala House"
Sevoke Road
Siliguri- 734 001

Tele : (0353) 2543-857

Fax. (0353) 2542-656

E-mail : slg_teraitea@sancharnet.in



TERAI TEA COMPANY LIMITED

NOTICE

Notice is hereby given that the 35th Annual General Meeting of **TERAI TEA COMPANY LIMITED** will be held on **Friday, 26th September, 2008 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 2008, 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 Mrs. Shashikala Agarwala who retires by rotation and is eligible for re-appointment.
- 3) To appoint a Director in place of Mr. Rajesh Singhanian 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.

By Order of the Board

Place : Kolkata
Date : 1st August, 2008

A. K. Agarwala
Managing Director

NOTES :

- 1) **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and 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 hours before the meeting.**
- 2) The Register of members and transfer Books of the Company will remain closed from 17th September, 2008 to 26th September, 2008 (both days inclusive).
- 3) Members are required to notify immediately any change in their addresses to the company.
- 4) Members 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 the members in respect of the shares held by them. Nomination Forms can be obtained from the Company's Registrar and Transfer Agent.



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 : Mrs. Shashikala Agarwala
 Age : 52 Years
 Qualification : B.A.
 No. of Shares of the Co. held : 18,98,800
 Expertise : Experience in Tea Marketing
 Other Directorships :

1. East Indian Produce Limited
2. East Indian Fats & Edibles Limited
3. Terai Ispat Ltd
4. Jaldacca Tea Plantations Pvt Ltd
5. Terai Resorts & Country Club Pvt. Ltd.
6. Sayedabad Tea Company Ltd.
7. Terai Jute Pvt. Ltd.
8. Terai Infrastructures Ltd.

Name : Mr. Rajesh Singhanian
 Age : 37 Years
 Qualification : B.Com (Hons.), FCA., ACS., AICWA
 No. of Shares of the Co. held : 800
 Expertise : Expertise in Financial Management, Taxation and Secretarial matters.
 Other Directorships :

1. Terai Overseas Ltd
2. The Kharibari Tea Co. Ltd
3. Abhijit Tea Company Pvt Ltd
4. Sayedabad Tea Co. Ltd
5. Terai Dooars Tea Co. Pvt Ltd.
6. Shilpam Dealcom Pvt. Ltd.
7. Madhukamal Tea Industry Pvt. Ltd.
8. Terai Infrastructures Ltd.
9. Kanchaanview Resorts Pvt. Ltd.
10. Terai Resorts & Country Club Pvt. Ltd.
11. Amit Ores Pvt. Ltd.



TERAI TEA COMPANY LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirty-fifth Annual Report on the business and operations of the company and the accounts for the financial year ended March 31, 2008.

1. FINANCIAL RESULTS :

The performance of the Company for the financial year ended March 31, 2008 is summarized below:
(Rs. in '000)

Particulars	2007-08	2006-07
Sales and other Income	340155	352515
Gross profit for the year	53983	45431
Interest(Net of Subsidy)	26746	18159
Depreciation	23207	24142
Profit before taxation	4030	3130
Provision for current taxation	415	342
Provision for fringe benefit tax	350	418
Provision for deferred tax	700	625
Profit for the year after taxes	2565	1745
Profit and Loss Balance brought forward	95139	93394
Profit available for appropriation	97704	95139
Balance Profit carried forward	97704	95139

During the year, the company has provided for gratuity on the basis of actuarial valuation and liability accruing till the immediately preceding year amounting Rs. 38.91 lacs which has been adjusted directly against General Reserve.

2. OPERATION :

TEA ESTATE AND BOUGHT LEAF FACTORIES

The total production of the Company for the year 2007-08 was 58.16 lacs kgs. against 63.39 lacs kgs. last year. The lower crop was mainly due to reduction in production at bought leaf factories due to high and unremunerative prices of green leaves. Further there was a limited supply of good quality green leaves as your company has adopted a policy to purchase quality leaves only in all units.



EXPORT DIVISION

In the year 2007-08 too the company could not make any export despite best efforts put by your directors.

3. CURRENT WORKING & FUTURE PROSPECTS :

Tea being a staple drink of Indians, its domestic demand is showing rising trend year after year. Domestic demand for tea in the current year is expected to increase around 3%. In absence of any carry forward stocks, the market is buoyant.

In 2008 World tea prices are expected to maintain their upward trend as a result of a tight supply on the World market exacerbated by a projected 10% decrease in Kenyan production due to civil unrest.

Expectations of stagnant tea production in India in the current year will lead to further rise in tea prices across all global tea markets. Export of Indian Teas has witnessed a sharp rise in the current year due to increase of shipments to Pakistan and Middle East.

Apart from wages, the entire social cost of the workers, including their food and shelter, is borne by the tea industry. The Government of India is fully aware of the social burden on the tea industry. The inter-ministerial committee formulated by it has submitted its recommendations for sponsoring of social schemes in tea garden areas. This is a long pending demand of the industry and has to be met by the Government; sooner the better, to make the cost competitiveness of Indian Tea in International arena.

The domestic tea industry seems to have finally recovered from a seven year long bear phase and now looks set to participate in the current bull run in commodities.

4. PROPOSED NEW VENTURES :

The company has already submitted the necessary plan with the Siliguri Jalpaiguri Development Authority and Siliguri Municipal Corporation for their approval of Commercial Complex cum Multiplex and approval of the same is still awaited. Credit facilities for the project has already been sanctioned by Corporation Bank, Allahabad Bank and Dena bank under Multiple Banking Arrangements.

The Company is also seriously pursuing with the Government of India, Ministry of Tourism for development of Resorts in the hills of Darjeeling. It has also sought for allotment of land for the purpose and the same is under considerations.

Your company's plan for venturing into Steel business is likely to kick start in the current financial year.

5. 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.



TERAI TEA COMPANY LIMITED

6. DIVIDEND :

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

7. 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.

8. AUDITORS :

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

9. AUDITOR'S REPORT :

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

10. DIRECTORS :

Smt. Shashikala Agarwala and Sri Rajesh Singhania 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 of Corporate Governance elsewhere in the Annual Report.

11. 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, 2008, the applicable accounting standards have been followed along with proper explanation relating to material 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 review;
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance of the provisions 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, 2008 on a 'going concern' basis.



12. CORPORATE GOVERNANCE & MD & A :

A detailed report on Corporate Governance is separately attached together with a report on Management Discussion and Analysis.

13. CONSOLIDATED FINANCIAL STATEMENTS :

As required under the Listing Agreement with Stock Exchanges, Audited Consolidated Financial Statements of your Company together with its Subsidiary Company prepared in Accordance with Accounting Standatd 21 issued by Institute of Chartered Accountants of India are attached.

14. 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.

15. 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".

**For and on behalf of the Board
Terai Tea Company Limited**

Registered Office :
11, Govt. Place (East)
Kolkata – 700 069
Dated: 30th June, 2008

Ajit Kumar Agarwala
Managing Director

TERAI TEA COMPANY LIMITED



ANNEXURE 'A' TO THE DIRECTORS REPORT

Particulars of Conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956

A) CONSERVATION OF ENERGY

Energy Conservation Measures Taken

- (i) Stove Tubes of the Coal Fired Heaters are cleaned on regular basis.
- (ii) Nozzles and Fuel Injectors are cleaned regularly.
- (iii) Bearings of the Machines are checked and greased regularly.
- (iv) Fuel Filters and Mobil Filters are replaced regularly.

B) TECHNOLOGY ABSORPTION

Trials were carried out on pruning cycles, growth regulators, optimal fertilizer use etc. The company is adopting the general expert advices published by TRA.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Sales (FOB Value) : Rs.Nil (Rs. Nil)
- b) Expenditure(Others) : Rs. 1.23 Lacs (Rs.Nil)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, POWER & FUEL CONSUMPTION

	CURRENT YEAR	PREVIOUS YEAR
1. ELECTRICITY		
(a) Purchased (units KWH)	46,31,005	52,69,029
Total Amount (Rs.)	2,37,62,081	2,43,94,604
Rates/unit (Rs./KWH)	5.13	4.63
(b) Own Generation (Unit KWH)	32,560	56,400
2. COAL		
Quantity (Tonnes)	4,032.763	4,301.016
Total Amount (Rs.)	1,21,33,400	1,10,56,475
Average rate (Rs./tonne)	3,008.71	2,570.67
3. FURNACE OIL/H.S.D.		
Quantity (ltrs)	4,70,232	5,66,090
Total Amount (Rs.)	1,41,97,129	1,43,25,791
Average rate (Rs./ltr)	30.19	25.31
CONSUMPTION PER UNIT OF PRODUCTION		
PRODUCT – TEA		
Unit - Quintal		
Electricity (KWH/Qtls.)	79.63	83.12
Coal (Qtls./Qtls.)	0.69	0.68
Furnace Oil / HSD (Ltr/Qtls.)	8.09	8.93