

36th Annual Report
2008-2009



Tera! Tea

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TERAI TEA COMPANY LIMITED

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TERAI TEA COMPANY LIMITED

TERAI TEA COMPANY LIMITED**36th Annual Report Year Ended March 31, 2009****Board of Directors**

Dr. Ajit Kumar Agarwala
Chairman & Managing Director
 Smt. Shashikala Agarwala
 Shri Sitaram Sharma
 Shri Rajendra Kanodia
 Shri Kamal Kishore Bihani
 Shri Rajesh Singhania

Company Secretary

Ms. Isha Saraf

Bankers

Central Bank of India
 Bank of India
 Allahabad Bank
 UCO Bank

Auditors

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

Solicitors & Legal Advisors

Jhunhunwala & Co.
 7C, K. S. Roy Road, Kolkata - 700 001

Share Transfer Agent

Maheshwari Datamatics (P) Ltd.
 6, Mangoe Lane, Kolkata - 700 001
 Ph: (91)(33)2243-5029/5809
 Fax: (033) 2248-4787
 E-mail: mdpl@cal.vsnl.net.in

Registered Office

11, Government Place (East)
 1st Floor, Kolkata - 700 069
 Tele : (033)4021 4411-44 (34 Lines)
 Fax:(033)2248-9182
 E-mail: teraitea@gmail.com
 Website: www.teragroup.com

Corporate Office

"Agarwala House"
 Sevoke Road
 Siliguri-734 001
 Tele: (0353) 2543-857/8
 Fax. (0353) 2542-656
 E-mail: slg_teraitea@sancharnet.in

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TERAI TEA COMPANY LIMITED

NOTICE

To The Shareholders of Terai Tea Company Limited

NOTICE is hereby given that the 36th Annual General Meeting of the shareholders of Terai Tea Company Limited will be held on Wednesday 30th September, 2009 at 10.30 A.M. at 11, Govt. Place (East), Kolkata - 700 069 to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Report of the Directors to the Shareholders and adopt the Audited Accounts for the year ended 31st March 2009.
2. To appoint a Director in place of Shri Sitaram Sharma who retires by rotation but being eligible offers himself for re-election.
3. To appoint a Director in place of Shri Kamal Kishore Bihani who retires by rotation but being eligible offers himself for re-election.
4. To appoint Auditors, M/s. P.K. Shah & Co, Chartered Accountants and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time, read with Schedule XIII to the Act, the Company hereby approves of the re-appointment of Shri Ajit Kumar Agarwala as the Managing Director of the Company for a period of five years with effect from 1st December 2009 to 30th November 2014 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be decided by the Board of Directors / Remuneration Committee."

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board of Directors or any Committee thereof be and are hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company".

Registered & Head Office:
11, Government Place (East)
Kolkata-700 069.
Date: 7th August, 2009

By Order of the Board
For Terai Tea Company Ltd.

Ajit Kumar Agarwala
Chairman & Managing Director

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Equity Share Transfer Registers will remain closed from 23rd September, 2009 to 30th September, 2009 (both days inclusive) for the purpose of Annual General Meeting.
3. 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 required information readily available at the meeting.
4. The Company's shares are enlisted with NSDL and CDSL for participation into Electronic Depository System operated by them. Its shares are compulsorily to be traded in Electronic Form and the security bears Code ISIN INE 390D1011.
5. Members are requested to notify immediately change of address, if any, to the Company in case shares are held in physical form or to the DPs, where the account is maintained, if held in demat form.
6. Information about the Directors retiring by rotation as required under Clause 49 of the Listing Agreement with the Stock Exchanges is given below separately.
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.

Registered & Head Office :
11, Government Place (East)
Kolkata – 700 069
Date: 7th August, 2009

**By Order of the Board
For Terai Tea Company Ltd.**

Ajit Kumar Agarwala
Chairman & 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 clause 49 of the Listing Agreement, the particulars of the Directors who are proposed to be appointed/re-appointed are given below :

Name	:	Mr. Sitaram Sharma
Age	:	65 Years
Qualification	:	B. A.
Expertise	:	Experience in Tea Marketing, Administration
Other Directorships	:	<ol style="list-style-type: none"> 1. East Indian Produce Limited. 2. Jaldacca Tea Plantations Pvt. Ltd. 3. Sayedabad Tea Co. Ltd. 4. Abhijit Tea Company Pvt. Ltd. 5. Terai Infrastructures Ltd. 6. The Kharibari Tea Company Ltd. 7. Terai Dooars Tea Company Pvt. Ltd. 8. Terai Financial Services Pvt. Ltd. 9. Silpam Dealcom Pvt. Ltd. 10. Bagdogra Tea Company Ltd.

Name	:	Mr. Kamal Kishore Bihani
Age	:	45 Years
Qualification	:	B.Com(Hons.), FCA.,
Expertise	:	Expertise in Financial Management, Account Corporate matters.
Other Directorships	:	<ol style="list-style-type: none"> 1. Sayedabad Tea Co. Ltd 2. Abhijit Tea Company Pvt Ltd 3. Jaldacca Tea Plantations Pvt. Ltd. 4. Terai Infrastructures Ltd.



Explanatory Statement as required under section 173 of the Companies Act, 1956

Item No. 5

In the shareholders meeting held on 30th September 2004, the shareholders had re-appointed Mr. Ajit Kumar Agarwala as the Managing Director for a period of 5 years effective from 1st December, 2004. The tenure of his appointment expires on 30th November, 2009. During his tenure as Managing Director, the company has increased its operations which have touched to a new horizon. Keeping in view of his age, experience and responsibilities the Board has recommended to the remuneration committee for the following increased remuneration and has fixed other terms and conditions of service which is stated below:-

- A. **Salary** : Not exceeding Rs. 100,000/- per month with the authority granted to the Board of Directors (hereinafter referred to as "the Board" which terms shall include a Committee of Directors) to determine the salary and grant increases from time to time within the aforesaid limit.
- B. **Commission** : Not exceeding 0.50% of net profit in an accounting year as may be decided by the Board from time to time.
- C. **Allowance & Perquisites** : In addition to salary and commission, he will be entitled to allowance, perquisites, benefits, facilities and amenities (collectively "Allowances and perquisites") such as furnished residential accommodation or house rent allowance in lieu thereof, maintenance of such accommodation, gas, electricity & power, water, furnishings, utility allowance, medical reimbursement, foreign travel, leave travel assistance / allowances, membership fees for clubs, hospitalization and accident insurance, security at residence and any other "allowance and perquisites" as per the policy / rules of the company in force and / or as may be approved by the Board from time to time provided that aggregate value of such allowances & perquisites shall not exceed Rs. 12 lacs per annum. "Allowances & Perquisites" to be valued as per the Income Tax Rules, wherever applicable and at actual cost of the company in other cases.

In addition to the above, he will also be entitled to the following benefits as per policy/ rules of the company in force or as may be approved by the Board from time to time.:

Company maintained car(s) with drivers(s); (ii) Telephone(s) and fax at residence; (iii) company's contribution to Provident Fund and Super – Annuation Fund; (iv) Payment of Gratuity and other retail benefit; (v) Encashment of Leave and (vi) Long service award, (vii) Key Men Insurance Premium. The Board is authorized to fix actual remuneration and revise it from time to time within the aforesaid ceilings.

- D. The total remuneration including allowances and perquisites shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956.
- E. **Minimum Remuneration** : Notwithstanding anything to the contrary herein where in any financial year, during the currency of the tenure of the appointees, the company has no profits or its profits are inadequate, the company will pay remuneration to the appointees by way of salary, perquisites, allowances and incentives remuneration as specified above.

The above may please be treated as abstract of the terms and conditions of appointment of Mr. Ajit Kumar Agarwala as required under section 302 of the Companies Act, 1956. Your directors recommend the acceptance of these resolutions by the shareholders. None of the Directors except Shri Ajit Kumar Agarwala and Smt. Shashikala Agarwala wife of Shri Ajit Kumar Agarwala are concerned or interested in the said resolution.

**By the Order of the Board
For Terai Tea Company Ltd.**

Place : Kolkata
Date : 7th August, 2009

Ajit Kumar Agarwala
Chairman & Managing Director



TERAI TEA COMPANY LIMITED

DIRECTORS' REPORT

To

The Members,

We are delighted to present 36th Annual Report on our business and operations for the year ended 31st March, 2009.

1) FINANCIAL PERFORMANCE:

The performance of the Company for the financial year ended March 31, 2009 is summarized below :

		(Rs. in lacs)
Particulars	31st March, 2009	31st March, 2008
Sales and other Income	4426.02	3401.55
Gross profit for the year	509.37	539.83
Interest(Net of Subsidy)	236.94	267.46
Depreciation	216.37	232.07
Profit before taxation	56.06	40.30
Provision for current taxation(Including earlier year payments)	3.92	4.15
Provision for fringe benefit tax	4.50	3.50
Provision for deferred tax	7.00	7.00
Profit for the year after taxes	40.64	25.65
Profit and Loss Balance brought forward	977.04	951.39
Profit available for appropriation	1017.69	977.04
Balance Profit carried forward	1017.69	977.04

The only subsidiary namely Madhukamal Tea Industry Pvt Ltd was disposed off by way of sale of 100% shareholding during the year. Therefore, results for the financial year 2008-09 are on 'Stand Alone' basis.

2) OPERATIONS :

Total production at Bagdogra Tea Estate was marginally higher at 15.72 lacs kgs compared to the last year production of 15.47 lacs kgs. The whole India production was 981 million kg of tea in 2008 compared to 945 M kgs in 2007. Weather conditions were generally favourable. There were all round increase in prices of tea of all varieties with quality teas getting attractive premiums. This was due to rising domestic



demands and exports. Your company achieved better realization of Rs.73.50 per kg. against Rs.51.25 per kg. in the last year due to emphasis on quality production.

The company has four bought leaf factories namely Terai Tea Factory unit, Karjeepara Tea Factory unit, Adhikari Tea Factory unit and Sevoke Tea Factory unit. Total production at Bought Leaf Factories was 46.54 lacs kgs as against 42.67 lacs kgs in the last year.

In the litigations filed by your company against Ministry of Defence, Government of India against acquisition of land in the year 1962, the Hon'ble High Court, Calcutta has passed an order for appointment of an Arbitrator to ascertain the quantum of compensation to be received by your company against acquisition of land and grown standing crops/ trees at Bagdogra Tea Estate. Your company expects to receive several crores towards such compensation.

Export of tea is showing improving trend and your company is hopeful of making significant exports in the current financial year.

The Tea Estate of your company continued to improve upon the quality standard by way of regular uprooting and replanting / rejuvenating of old bushes. Various measures have been taken to ensure hygienic atmosphere at the factory premises. The Bought Leaf Factories are renovated with installation of latest sophisticated machines which shall help the company to maximize capacity utilization and achieve cost efficiency.

3) INDUSTRY OUTLOOK:

The Tea Board's incentive / subsidy schemes particularly SPTF for quality up gradation and replanting / rejuvenation should increase production and reduce cost. Initiatives are being taken to introduce electronic Auction System and cash and carry system for streamlining the existing settlement system in Auction Sale by the Tea Board of India.

The industry has started the year 2009 with second consecutive year of lower carry over stock. The drought in the beginning of the season has made the production behind by 25% compared with last year. Domestic consumption is increasing every year and exports are improving further. Tea is now being considered as a "health drink". The price level has crossed the level of 1998-99 particularly due to shortage of tea. Overall the industry is gradually coming out of an acute tea recession it has witnessed for the past several years.

4) SUBSIDIARY:

The only subsidiary company namely Madhukamal Tea Industry Private Limited which was also 100% subsidiary of your Company was disposed off as "slump sale" during the year in order to strengthen company's profitability. Appropriate resolutions under section 293(1)(a), 192A and other applicable provisions under the Companies Act, 1956 were passed for such sale of Subsidiary Company.

5) PROPOSED PROJECTS:

Your company has planned to give emphasis on Steel manufacturing as well as trading business, which is expected to start in the next financial year. Priority has been made to resume the export of teas to Russia where your Company was the leader once upon a time.

In addition, construction of Multiplex cum commercial complex is still under consideration and shall depend upon recovery in the infrastructure sector and improvement in market sentiments.



TERAI TEA COMPANY LIMITED

Your Company is looking for taking over closed and sick tea gardens as being approached by state / Central Government being the leader in the Tea Industry in North Bengal.

Your company is also pursuing with the Government of India, Ministry of Tourism for development of Hotel cum Resort at Bagdogra Tea Estate under their 'Tea with Tourism' scheme due to its nearness to Bagdogra Airport, which has become international Airport very recently and also this being gateway to Darjeeling, Bhutan, Sikkim and entire North Eastern States of India

6) FINANCE :

The company enjoys Credit facilities from Central Bank of India, Bank of India, Allahabad Bank and UCO Bank. The Directors put on record their sincere appreciation of the co-operation and assistance provided by all the four banks.

7) DIRECTORS :

The term of appointment of Dr Ajit Kumar Agarwala as Managing Director expires on 30.11.2009. However, resolution for his re-appointment for a period of 5 years w.e.f. 1.12.2009 pursuant to the provisions of section 198, 269, 309 and other applicable provision if any of the Companies Act, 1956 including schedule XIII to the Act and subject to the approval of the shareholders in the Annual General Meeting.

Sri Kamal Kishore Bihani and Sri Sitaram Sharma retire by rotation at the ensuing annual general meeting subject to section 256 of the Companies Act, 1956 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.

8) 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, 2009, 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 judgments 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 Director's have taken proper and sufficient care for the maintenance of adequate accounting records in accordance of the provision of the Company 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, 2009 on a 'going concern' basis.

**9) AUDITORS :**

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

10) AUDITORS' REPORT :

The remarks of the Auditors regarding non-provision of disputed Agricultural Income Tax liabilities pending for rectification or reduction with appropriate authorities are self-explanatory and dose not require any elaboration.

11) DIVIDEND :

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

12) PUBLIC DEPOSIT :

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.

13) CORPORATE GOVERNANCE :

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

14) MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

In accordance with the guidelines on Corporate Governance ,the 'Management Discussion and Analysis Report' is given in the Annexure.

15) LISTING OF EQUITY SHARES :

Your company's shares are listed on various stock exchanges of India .Trading in shares resumed at Bombay Stock Exchange w.e.f. 30th April 2008 after a long interval. There have been regular trading in shares at Bombay Stock Exchange and your shares are traded under 'B' Group.

16) PERSONNEL :

During the year under review the relations between management and employees have remained cordial and industrial harmony was maintained at all units. This was achieved in spite of disturbed political condition in some of the tea areas. 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. Your directors acknowledge the dedication shown by all employees at the garden and all other establishments of the company.

17) 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".