



## **NOTICE**

### **To the Shareholders**

NOTICE is hereby given that the 37th Annual General Meeting of the members of Terai Tea Company Limited will be held on Saturday, the 28th August, 2010 at 10.30 A.M. at the registered office of the company situated at 10, Government Place(East), 1st Floor, Kolkata - 700069 to transact the following business:

#### **AS ORDINARY BUSINESS:**

- 1) To consider and adopt the Balance Sheet as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date and Reports of Board of Directors and Auditors thereon.
- 2) To appoint a director in place of Smt.Shashikala Agarwala, who retires by rotation but being eligible offers herself for re-election.
- 3) To appoint a director in place of Shri Rajendra Kanodia, who retires by rotation but being eligible offers himself for re-election.
- 4) To appoint Messrs P.K.Shah & Co., Chartered Accountants, Siliguri (Registration no. 308150E) as Auditors of the Company for the year 2010-11 and to fix their remuneration.

#### **Registered Office :**

10, Government Place (East)  
Kolkata-700 069  
Dated, the 13th day of July, 2010

By order of the Board  
**For Terai Tea Company Limited**

**Ajit Kumar Agarwala**  
Chairman & Managing Director

#### **NOTES :**

1. ***A member entitled to attend and vote is entitled to appoint a proxy instead of himself/ herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting.***
2. The Equity Share Transfer Registers of the Company will remain closed from 21st August, 2010 to 28th August, 2010(both days inclusive) for the purpose of Annual General Meeting.
3. Members desiring any information as regard accounts are requested to intimate the company 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 Electric Form and the security bears Code ISIN INE 390D1011.
5. Members are requested to notify immediately any change of their address, if any, to the Company in case shares are held in physical form or to the DP's, where the account is maintained, if held in demat form.
6. 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.
7. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange the particulars of the directors seeking appointment/reappointment at the meeting are annexed separately.
8. The Securities and Exchange Board of India (SEBI) vide Circular Ref. No. MRD/DoP/Cir-05/2007 dated April 27, 2007 made PAN mandatory for all securities market transaction. Thereafter, vide Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.

SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

- a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).
  - b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
  - c) Transposition of shares - when there is a change in the order names in which physical shares are held jointly in the names of two or more shareholders.
9. Members are requested to quote folio numbers in all their correspondences.

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**Chairman & Managing Director**



### Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting of the Company.

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

NAME OF THE DIRECTOR	Smt. Shashikala Agarwala	Shri Rajendra Kanodia
Date of Birth	March 13 ,1955	February 20,1957
Expertise in specific functional areas	Tea Marketing	Tea Marketing and Legal Matters.
Qualifications	B.A.	B.Com(Hons.)
Number of shares held in the Company	18,98,800	14,700
Chairman /Member of the Committees of the Companies on which he is a Director *	NIL	NIL
List of Companies in which outside Directorships held	East Indian Produce Ltd . Amit Paridhan Pvt. Ltd. Sayedabad Tea Co. Ltd. East Indian Fats And Edibles Ltd. Terai Infrastructures Ltd. Jaldacca Tea Plantations Pvt. Ltd. Terai Resorts & Country Club Pvt. Ltd. Terai Jute Pvt. Ltd. Terai Ispat & Trading Ltd.	Abhijit Tea Co.Pvt.Ltd. East Indian Produce Ltd. The Kharibari Tea Co.Ltd. Bagdogra Tea Co. Pvt.Ltd. Terai Dooars Tea Co.Pvt. Ltd. Sayedabad Tea Co. Ltd. East Indian Fats And Edibles Ltd. Terai Infrastructures Ltd. Jaldacca Tea Plantations Pvt. Ltd. Terai Overseas Ltd. Terai Resorts & Country Club Pvt. Ltd. Terai Ispat & Trading Ltd.

\*The Committees include Audit Committee and the Shareholders'/Investors' Grievance Committee.



## DIRECTORS' REPORT

**For the year ended 31st March, 2010.**

Dear Shareholders,

We present the 37th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2010. We feel pleasure to inform you that the Company has achieved excellent growth in profitability and sale. The growth in profitability is mainly due to increase in production and improvement in tea prices.

### FINANCIAL RESULT

(Rs. in lacs)

Particulars	2009-10	2008-09
Gross Revenue	5289.56	4468.84
Profit /(Loss) before depreciation, interest and tax	499.56	509.38
Less: Interest	235.64	236.94
Profit/(Loss) before depreciation	263.92	272.44
Less: Depreciation	191.46	216.37
Profit/(Loss) before taxation	72.46	56.07
Less: Taxation	19.56	15.42
Profit after Taxation	52.90	40.65
Add/Less: Balance Brought Forward	1017.70	977.05
Surplus/(Deficit) Carried to Balance Sheet	1070.60	1017.69

### TEA MARKET SCENARIO

The country's tea exports went up by 19.46% in the first five months this year at 71.2 million kgs. on increased demand from the Middle East and price hike by competitor Sri Lanka. The early cropping pattern in Sri Lanka and increase in the price of Sri Lankan orthodox variety also helped India to remain competitive in the export market. According to Indian Tea Association (ITA) data, the country had exported 59.6 million kgs. tea during the January -May period last year. India had exported 190 million kgs. of tea in 2008 - 09. The country exports CTC (crush-tear-curl) variety mainly to Egypt, Pakistan and the UK and the premium orthodox variety of tea to Iraq, Iran and Russia. India faces stiff competition from Kenya and other African countries for exporting CTC tea while for orthodox variety competition comes from Sri Lanka and Indonesia.



The average price of the Indian tea overseas came down to Rs. 122.15 per kg, in the January - May period of the current year from Rs. 129.36 per kg. in the same period last year. The all India production was 979 mn.kgs. in the year 2009 as against 981 mn.kgs.in 2008.The world crop was lower at 1839 mn.kgs as against 1893 mn.kgs. in 2008. This was mainly due to prolonged drought conditions in Kenya running for the second year.

### **FINANCIAL PERFORMANCE REVIEW**

Your company produced 63.35 lac kgs. in 2009-10 against 62.26 lac kgs. during 2008-09 which was due to favorable weather conditions. The Company's profit after tax for the year under review was 52.90 lacs as compared to 40.65 lacs in the previous year. The Company achieved a higher sales turnover of Rs. 5258 lacs during the year which was 18.8% higher compared to the turnover recorded in the previous year. The programme for uprooting and replanting with quality clones is continuing in a phased manner. The programme for modification and extension of the existing manufacturing facilities, as well as the setting up of new facilities for manufacture of tea have been implemented and is expected to be beneficial for your Company. During the year, upgrading of machineries at some of the tea factories were undertaken for achieving quality improvement as well as increased output and as a result of which the tea estate is in excellent condition.

The Company continues to focus on improving the yield for achieving higher productivity with resultant reduction in production cost at Bagdogra Tea Estate. It is also constantly monitoring the adoption of cost control as well as quality upgradation measures which will enable your company to sustain its growth and profitability over the coming years.

### **PROJECTS & EXPANSION PLANS**

Active involvement in the development of Project work in the nature of new product development like jute, steel trading and manufacturing with diversification focus will be undertaken to fit into Company's strategic growth plan. Sevoke Tea Factory Unit of the Company has been shifted to Village: Moulani, P.O. Chandani Danga, Dist.: Uttar Dinajpur, West Bengal. Production at Sevoke Tea Factory could not be started due to lack of registration under TMCO by Tea Board of India. The activities at Export Division could not be started due to uncertainty in realization of prices from various importing countries including Russia. Your directors have made sincere attempts to start exports of tea during the year by way of their several visits to European Countries. Your Directors are hopeful of good business in export of tea in near future.

As the members are aware, the real estate sector has transformed from nascent sector to an emerging industry. Keeping in view the growth, your company had planned in the year 2006 itself to enter into real estate business by constructing Multiplex cum commercial complex at Sevoke Road ,Siliguri.The Company was sanctioned Credit Facilities for such purpose but due to sudden demise of the then Joint Managing Director, Mr.Amit Agarwala, the said multiplex project could not be started. However the company is considering starting the said project with a great enthusiasm. Your company owns a prime land of 5500 sq. mtrs. at Sevoke Road, Siliguri which is also in the heart of the town. The company proposes to develop a "Commercial Complex" in the near future. The company proposes to undertake one or more activities involving selection of building sites for construction and taking preliminary approval from the concerned authority.



Your company has decided to takeover sick or closed tea gardens, if any, being approached by State / Central Government and ensures to revive the same through the efforts of the panel of professionals working for your company having expertise in various fields. Your company has entered into an agreement for taking over management and control of 98% shareholding of Belgachi Tea Co. Ltd. from the present owners of Belgachi Tea Estate in Dist. Darjeeling. However after conclusion of deal, the present owners have refused to perform the said agreement for sale. Your company has filed specific performance suit which is pending before Hon'ble High Court, Calcutta. Your directors are hopeful of succeeding in the said suit pending before Hon'ble High Court, Calcutta.

Your company has participated in a tender invited by Railway Land Development Authority for development of a commercial complex on 8317 sq. mtrs. land at Burman Road, Siliguri, West Bengal. We are pleased to inform that your company has succeeded in Technical Bid and your directors are confident of succeeding in financial Bid as well which will be opened shortly. Your company has decided to take financial assistance from United Bank of India for completing this project, if succeeded in the said Bid.

In the litigation filed by your Company against Ministry of Defence, Government of India against acquisition of land by the Indian Army in the year 1962, the Hon'ble High Court, Calcutta has passed an order for appointment of 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. Another Compensations for acquisition of land of Bagdogra Tea Estate in the years 1981 & 2002 from the Indian Airforce and Airport Authority of India respectively are pending with the Court of Law.

#### **CHANGE OF REGISTERED OFFICE**

For administrative convenience the Registered Office of the Company was changed from 11, Government Place (East), Kolkata-700069 to 10, Government Place (East) Kolkata-700 069 with effect from March 3, 2010 after obtaining necessary approvals from the concerned authorities.

#### **SHARE CAPITAL**

Your Company had allotted 20,05,900 Equity Shares of Rs. 10/- each at premium of Rs. 40/- pursuant to its Public Issue in April, 1995. The Company received application money @ Rs. 2.50 per equity share. The allotment money on 94,500 Equity Shares was pending from 301 defaulting Shareholders. In view of the SEBI (DIP) Guidelines, 2009 to forfeit Equity Shares on which the allotment/ call money are in arrear/outstanding for more than 12 months, the Board of Directors in its meeting held on December 15, 2009, after giving a last and final opportunity to the defaulting Shareholders to remit the allotment/call money due, forfeited 94,500 Equity Shares in the best interest of the Company. All the forfeited shares were consequently cancelled and accordingly, the share capital of the Company has been adjusted by cancellation of 94,500 forfeited shares of the face value of Rs. 10/- each.

The Bombay Stock Exchange Limited has taken a note of the said forfeiture of shares vide its notice no.20100407-9 dated 7th April, 2010.

**DIRECTORS**

Pursuant to section 256 of the Companies Act, 1956, Shri Rajendra Kanodia and Smt. Shashikala Agarwala, Directors of your company are liable to retire by rotation and being eligible, offers themselves for re-appointment. Brief particulars and expertise of these Directors and their directorships and committee membership have been given in the annexure to the notice of Annual General Meeting in accordance with the requirement of Listing Agreement with Stock Exchange.

All the Directors have filed Form DD-A with the Company as required under the Companies (Disqualification of Directors u/s 274(1) (g) of the Companies Act, 1956) Rules 2003.

**AUDITORS**

Messrs P.K. Shah & Co., Chartered Accountants, Siliguri, (Registration No. 308150E) Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received letter from the auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1)(b) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of section 226 of the said Act.

**AUDITORS' OBSERVATIONS**

The notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

**FINANCE**

The present bankers of the Company are Central Bank of India, Bank of India and UCO Bank providing credit facilities to the company. The Directors express their appreciation for the assistance and co-operation provided by them.

**PUBLIC DEPOSITS**

During the year under review, your company has not accepted any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

**DIVIDEND**

Considering the financial requirements towards the funding of the ongoing expansion plan, which we believe will enhance the shareholder's value in the long term, no dividend is recommended by the Directors of your company for the year ended 31st March, 2010.

**DIRECTORS RESPONSIBILITY STATEMENT**

Your Directors would like to inform members that the audited accounts containing the financial statements for the year 2009-10 are in conformity with the requirements of the Companies Act and they believe



that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. The Statutory Auditors, P.K.Shah & Co., Chartered Accountants, Siliguri (Registration no. 308150E) have audited these financial statements.

Based on the same, your Directors further confirm that according to their information:

- i. In the preparation of the annual accounts, applicable accounting standards have been followed and there are no material departures;
- ii. The accounting policies are consistently followed and applied to give a true and fair view of the state of affairs of the Company;
- iii. Proper and sufficient care has been taken for the maintenance of accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company ;
- iv. The annual accounts have been prepared on a going concern basis.

The Company's Internal Auditors have conducted periodical audits to provide reasonable assurance that the Company's established policies and procedures have been followed.

The Audit Committee constituted by the Board meets at regular intervals to review internal control and financial reporting system.

### **INSURANCE**

Adequate insurance cover has been taken for properties of the company including buildings, plant and machineries and stock against fire, earthquake and other risks as considered necessary.

### **DISCLOSURE OF PARTICULARS WITH REGARD TO CONSERVATION OF ENERGY ETC.**

Necessary information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed under 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, are provided in Annexure-A to this Report.

### **PARTICULARS OF EMPLOYEES**

The company had no employee during the financial year ended 31st March, 2010 who was in receipt of remuneration in excess of the limit specified under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

### **STATUTORY DISCLOSURE**

None of the Directors of the Company are disqualified as per the provision of section 274(1)(g) of the Companies Act, 1956. All the Directors have made the necessary disclosures as required by the various provisions of the Act and Clause 49 of the Listing Agreement.





## **CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the stipulations prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance practices, the Auditors' Certificate on compliance of mandatory requirements thereof, Management Discussion and Analysis Report and Shareholders' information are given as annexure to this report.

## **CODE OF CONDUCT**

Your Directors are pleased to report that your Company has adopted and complied with the TTCL-Code of Conduct of Business Principles and Ethics for the Directors and Senior Executives of the Company. The code has been duly affirmed by them.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company continues to support the Amit Agarwala Foundation, a Public Charitable Trust which has constructed 'Amit Agarwala Smrity Bhawan' to provide multipurpose facilities mainly for attendants of patients admitted at North Bengal Medical College & Hospital. All facilities provided thereat including Dormitory with 60 beds, 20 triple bedded rooms for attendant, dialysis facility with 4 dialysis machines, pathology laboratory, sonography and X-Ray are at economical rates just adequate to meet the maintenance cost. The said Bhawan is stretched in total built-up area of 25000 sq.ft. in 4 floors including a multipurpose hall of 5400 sq. ft. The Foundation was conceived, created & developed in memory of the illustrious visionary young and dynamic Shri Amit Agarwala, a man 'who saw tomorrow', who left for heavenly abode at young age of 30 years. It illuminate the memories of Shri Amit Agarwala by creating permanent institutions for use by the needy masses in the field of education, medical facilities and other public utilities and to provide quality services in all such institutions at affordable cost. The Company believes that the long term impact of these initiatives will be immeasurable and invaluable to the society. The said Amit Agarwala Foundation is also constructing a four storied building in the heart of the town of Siliguri under the name and style "Bang Bhawan" which shall have halls and rooms for various social functions, library and Adda zone for elderly people, a Table Tennis Academy and a Vocational Training Centre.

## **APPRECIATION**

The Board of Directors take this opportunity to express their sincere appreciation for the excellent support and co-ordination received from Banks, Financial Institutions and Tea Board authorities for continued enthusiasm. The Board will also like to express deep gratitude towards the total commitment, dedication and efforts of the executives and employees of the Company at all levels, who contributed to the efficient operation and management of the Company. We are also grateful for the continued confidence and faith reposed on us by the shareholders.

### **Registered Office :**

10, Government Place (East)

Kolkata-700 069

Dated, the 13th day of July, 2010

By order of the Board  
**For Terai Tea Company Limited**

**Ajit Kumar Agarwala**  
**Chairman & Managing Director**

**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. 3.98 Lacs (Rs.12.18 lacs)

**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

<b>POWER &amp; FUEL CONSUMPTION</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>1. ELECTRICITY</b>		
(a) Purchased (units KWH)	<b>50,21,386</b>	48,29,992
Total Amount (Rs.)	<b>2,79,39,968</b>	2,46,94,026
Rates/unit (Rs./KWH)	<b>5.56</b>	5.11
(b) Own Generation (Unit KWH)	<b>37,960</b>	16,090
<b>2. COAL</b>		
Quantity (Tonnes)	<b>4,907.014</b>	4,421.968
Total Amount (Rs.)	<b>2,44,41,775</b>	2,13,27,672
Average-rate (Rs./tonne)	<b>4,980.99</b>	4,823.12
<b>3. FURNACE OIL/H.S.D.</b>		
Quantity (ltrs)	<b>2,23,541</b>	3,59,860
Total Amount (Rs.)	<b>71,90,276</b>	1,18,03,668
Average rate (Rs./ltr)	<b>32.17</b>	32.80
<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>PRODUCT-TEA</b>		
<b>Unit-Quintal</b>		
Electricity (KWH/Qtls.)	<b>79.26</b>	77.57
Coal (Qtls./Qtls.)	<b>0.77</b>	0.71
Furnace Oil / HSD (Ltr/Qtls.)	<b>3.53</b>	5.78