



TERAI TEA COMPANY LIMITED

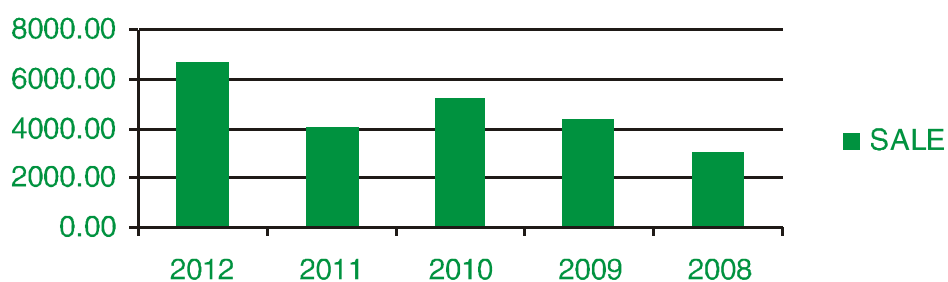


39th
Annual Report
2011-2012

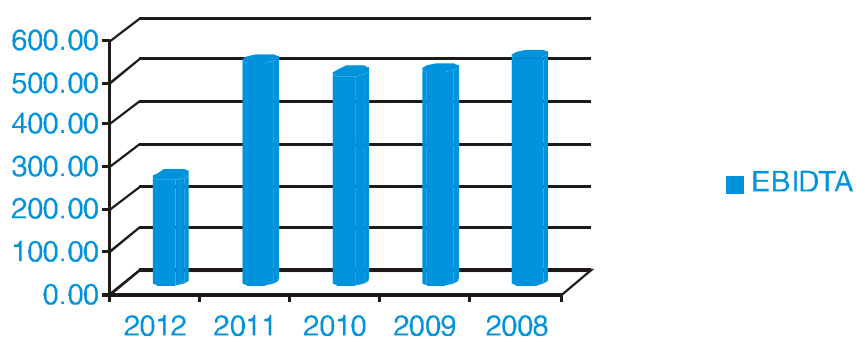


SALES

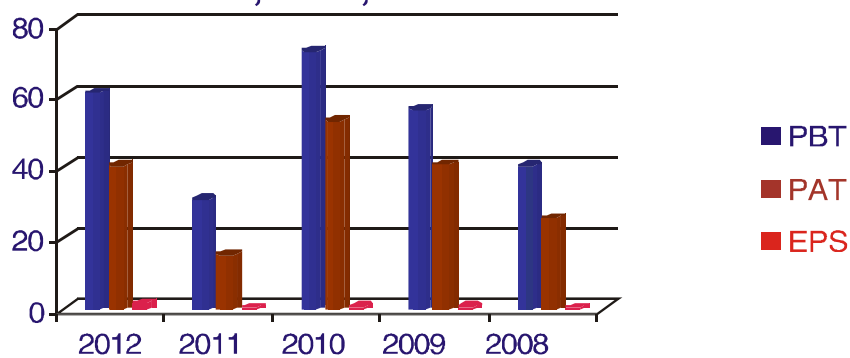
(₹ in lacs)



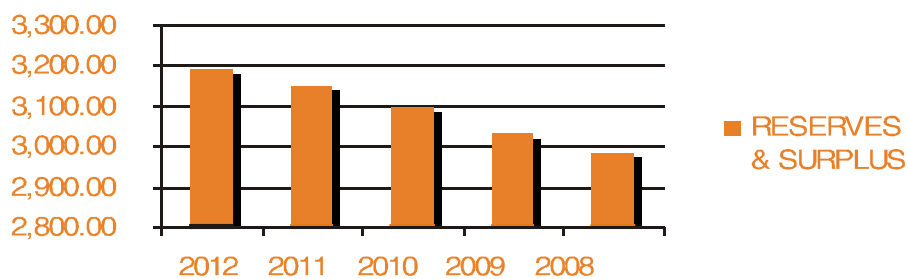
EBIDTA



PBT, PAT, EPS



RESERVES & SURPLUS



Corporate Information

BOARD OF DIRECTORS

Dr. Ajit Kumar Agarwala
Chairman & Managing Director
Mrs. Shashikala Agarwala
Non- Independent Director
Mr. Sitaram Sharma
Independent Director
Mr. Rajendra Kanodia
Independent Director
Mr. Kamal Kishore Bihani
Independent Director
Mr. Rajesh Singhania
Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Roshan Dave

AUDIT COMMITTEE

Mr. Rajendra Kanodia (Chairman)
Mr. Kamal Kishore Bihani
Mr. Sitaram Sharma
Mr. Rajesh Singhania

REMUNERATION COMMITTEE

Mr. Kamal Kishore Bihani (Chairman)
Mr. Rajendra Kanodia
Mr. Sitaram Sharma
Mr. Rajesh Singhania

SHAREHOLDER'/INVESTORS' GRIEVANCE COMMITTEE

Mr. Rajesh Singhania (Chairman)
Mr. Kamal Kishore Bihani
Mr. Sitaram Sharma
Mr. Rajendra Kanodia

AUDITORS

P.K.Shah & Co.
Chartered Accountants
Hill Cart Road, Siliguri - 734001

BANKERS

Central Bank of India
Bank of India
UCO Bank

SOLICITORS & LEGAL ADVISORS

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

SHARE TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, Kolkata - 700001
Ph.: (033) 2243-5029/5809
Fax: (033) 2248-4787
Email : mdpl@vsnl.net.in

REGISTERED OFFICE

10, Government Place (East),
1st Floor, Kolkata - 700069
Phone : (033) 40214411-44 (34 Lines)
Fax : (033) 2248-9182
Email : teraitea@gmail.com
Website : www.teraigroup.com

CORPORATE OFFICE

“Agarwala House”
Sevoke Road,
Siliguri - 734001
Phone : (0353) 2543-857/8
Fax : (0353) 2542-656
Email : slg_teraitea@sancharnet.in

Contents

	Page
Notice to The Shareholders	1
Directors' Report	4
Corporate Governance Report	9
Management Discussion & Analysis	19
Financial Highlights	21
Auditors' Report	23
Balance sheet	27
Profit & Loss Account	28
Cash Flow Statement	29
Notes on Account	31
Schedules to Accounts	34
Balance Sheet Abstract & General Business Profile	45

Notice

TO THE SHAREHOLDERS

NOTICE is hereby given that the 39th Annual General Meeting of the members of “**Terai Tea Company Limited**” will be held on Saturday, the 29th September, 2012 at 11.00 A.M. at its Registered Office 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, 2012 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 Mr. Kamal Kishore Bihani, who retires by rotation but being eligible offers himself for re-election
- 3) To appoint a Director in place of Mr. Rajendra Kanodia, who retires by rotation but being eligible offers himself for re-election
- 4) To appoint Auditors and fix their remuneration and in this regard to consider and if thought

fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESLOVED THAT** M/S. P.K.Shah & Co., Chartered Accountants, Siliguri (Registration no. 308150E) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

By order of the Board
For Terai Tea Company Limited

Roshan Dave
Company Secretary &
Compliance Officer

Registered Office :

10, Government Place (East)
Kolkata-700 069
Dated : 18th day of August, 2012

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 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 September 22nd, 2012 to September 29th, 2012 (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 information required 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 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 meetings are annexed separately.

- 8) The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent to shareholders in Electronic Mode. To support this green initiative of the Government in full measure, the members who have not registered their e-mail addresses, so far, are requested

to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants (DP). Members who hold shares in physical form are required to submit their e-mail address to teraitea@gmail.com or mdpl@cal.vsnl.net.in. We are sure you would appreciate the “Green Initiative” taken by MCA and solicit your patronage and support to participate in such initiative.

9. Members are requested to quote folio numbers in all there correspondence.

By order of the Board
For Terai Tea Company Limited

Registered Office :

10, Government Place (East)
Kolkata-700 069
Dated : 18 th August, 2012

Sd/-
Roshan Dave
Company Secretary &
Compliance Officer

**DETAILS OF DIRECTORS RETIRING BY ROTATION SEEKING RE-APPOINTMENT IN THE 39TH ANNUAL GENERAL MEETING
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

NAME OF THE DIRECTOR	Mr. Kamal Kishore Bihani	Mr. Rajendra Kanodia
Date of Birth	January 20, 1964	February 20, 1957
Expertise in specific functional areas	Financial Management, & Taxation matters	Tea Marketing and Administration matters.
Qualifications	B.Com(H), FCA	B.Com. (H)
Details of shares held in the Company	1	14,700
Chairman /Member of the Committees of the Board of other Companies in which he is a Director *	–	–
List of Companies in which outside Directorships held	Sayedabad Tea Co. Ltd Terai Infrastructures Ltd Abhijit Tea Co. Pvt. Ltd. Jaldacca Tea Plantations Pvt. Ltd.	East Indian Produce Ltd. The Kharibari Tea Co.Ltd. Sayedabad Tea Co. Ltd. Terai Distilleries Ltd. Terai Infrastructures Ltd. Terai Ispat & Trading Ltd. Jaldacca Tea Plantations Pvt. Ltd. Terai Overseas Ltd. Terai Resorts & Country Club Pvt. Ltd. Bagdogra Tea Co. Pvt. Ltd. Abhijit Tea Co. Pvt. Ltd. Terai Dooars Tea Co. Pvt. Ltd. Terai Jute Pvt. Ltd.

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

FINANCIAL INFORMATION



Directors' Report

Dear Shareholders,

The Board of Directors of your Company have pleasure in presenting their 39th Annual Report together with Audited Balance Sheet and statement of Profit & loss for the year ended 31st March, 2012.

REVIEW OF PERFORMANCE

(₹ in lacs)

Particulars	2011-12	2010-11
Revenue	6755.85	4102.02
Profit/(Loss)before Depreciation, Financial Cost and Tax	686.77	554.81
Less: Financial Cost	434.69	321.83
Profit/(Loss) before Depreciation	252.08	232.98
Less: Depreciation	191.46	202.19
Profit/(Loss)before Taxation	60.62	30.79
Less : Taxation	20.14	15.40
Profit after Taxation	40.48	15.39
Add/ Less: Balance Brought forward	1085.98	1070.59
Surplus/ (Deficit) Carried to Balance Sheet	1126.46	1085.98
Basic and Diluted Earning Per Share	1.06	0.45

The Board is pleased to report that during the year under review your Company has earned highest ever total revenue of ₹ 6755.85 lacs against ₹ 4102.04 lacs earned in the previous year and profit after taxation of ₹ 40.48 lacs against ₹ 15.39 lacs.

OPERATIONS :

The Company produced 52.01 Lacs kgs. of made tea in the year 2011-12 against 48.01 lacs kgs. in the previous year. Your company has achieved higher production in comparison to last year due to optimum utilization of irrigation facilities and also better and scientific utilization of fertilizer and pesticides in your tea estate namely Bagdogra Tea Estate. In the Bought Leaf Units too Company's endeavour to get consistent supply of green leaves from small growers has resulted in higher productivity.

Your Company's continuous emphasis on improving

quality standard has fetched better prices for its tea and as a result of this, your company has performed well despite higher costs on account of wages revision which has adversely impacted the profitability of the Company to a great extent.

Your tea estate is following up-to-date field practices to improve upon the quality standard. The age profile of tea bushes has improved as a result of the on going uprooting and replanting/ rejuvenation of old bushes. The Company has completed the uprooting and replantation of app. 125 acres of area under tea and the same will start giving the Crop from the year 2014-15 onwards and that will



substantially increase the yield of your tea estate. The Company has taken financial assistance by way of Term Loan from Central Bank of India for the above purpose. The tea factories are renovated in regular way with latest machines with an object to improve the quality of tea and also to optimize the cost of production.

Your Company has also started trading in agricultural goods and achieved a substantial chunk of business during the year under review and your Company is hopeful to achieve very good business in the current financial year too.

One of the Company's Bought Leaf Factory namely 'Tea Factory Unit' is being shifted from urban area to tea growing belt of Kharibari in the district of Darjeeling. This exercise will help to achieve better green leaves at competitive price at consistent level resulting in production of better teas at lessor cost. Your Company has already started the construction of the Factory and ancillary buildings after entering into agreement alongwith possession for sale of 2 acres of land from its present owners. Your Company is hopeful to start the commercial production by mid-September 2012.

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 the order to appoint an Arbitrator on Central Government 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 is yet to receive several crores towards such compensation.

The litigations for compensation against Indian Air Force & Airport Authority of India are also pending before Court of Law for adjudication and your company is hopeful to get adequate compensation.

INDUSTRY OUTLOOK :

India is World's largest consumer, second largest producer and fourth largest exporter of tea. India produced 988 million kgs. during 2011 as compared to 967 million kgs. in previous year. Despite high tea production, India is expected to witness a cumulative deficit of 45.50 million kgs. during 2012. After many years of recession , tea industry is now looking bright and tea sold through tea auctions in India are fetching better price realization.

A substantial fall in tea exports by key growers Kenya and Sri Lanka has increased the demand for Indian teas in International markets.

Further lower carry over stock , robust domestic demand and pressure on supply chain is likely to keep the tea price buoyant. Consistent rise in tea consumption in developing countries with increasing per capita income alongwith constrained supply of land to grow tea should result in an upward bias to the prices in years to come. It is also evident from the market trends of last few years that demand for quality tea shall prevail and shall command hefty premium over that of inferior quality.

PROPOSED PROJECTS :

The Real Estate Sector is showing some stability and your Company is seriously considering development of commercial complex on the prime land measuring about 5500 sq. meter owned by the Company which is located in the heart of the City of Siliguri.

Your Company is very much open for taking over closed and sick tea gardens as and when it finds viability on case to case basis. 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 located in the district of 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 for taking over management and control of 98% shares in Belgachi Tea Co. Ltd. The said suit is still pending before the Hon'ble High Court , Calcutta. Your directors are hopeful of favourable judgement in the case as and when the matter is heard.

Your Company has in the year 2010-11 participated in a tender invited by Railway Land Development Authority for development of a commercial complex on 8317 sq. meters of land at Burdwan Road, Siliguri. The Railway Land Development Authority has subsequently withdrawn the tender sometime in the year 2011-12.

Your Company is still pursuing with the Government of West Bengal as well as with the Government of India, Ministry of Tourism for development of Hotel cum Resort at Bagdogra Tea Estate under their 'Tea and Tourism' scheme due to its closeness to Bagdogra Airport, which has become International Airport very recently and also the gateway to three International borders viz. Bangladesh, Nepal and Bhutan and also to Eastern Bihar, Sikkim , Darjeeling and entire North Eastern States of India.

DIRECTORS

Pursuant to section 256 of the Companies Act, 1956,

Mr. Kamal Kishore Bihani and Mr. Rajendra Kanodia, 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, 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 letters 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 to the 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, 2012.

CREDIT RATING

The Company continues to have the domestic credit rating of BBB stable from CRISIL.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors would like to inform members that the audited accounts containing the financial statements for the year 2011-12 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 Stocks 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, 2012 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 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 Terai Tea Company Ltd. 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 and sonography and other diagnostic are at economical

rates just adequate to meet the maintenance cost 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 Amit Agarwala, a man 'who saw tomorrow', who left for heavenly abode at young age of 30 years. It illuminates the memories of 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.

A "Amit Agarwala Bang Bhawan" in the heart of the town of Siliguri at Deshbandhu Para has been dedicated to the people of North Bengal and was inaugurated by the then Hon'ble Finance Minister Dr. Pranab Mukherjee on 13th August, 2011. It has two centrally air-conditioned halls for multipurpose, a Library, a Table Tennis Academy and Vocational Training Centre, total construction areas is 19000sq.ft approx besides landscaped Garden. Amit Agarwala vocational Training institute, Amit Agarwala old age Recreation centre, Amit Agarwala Table Tennis Academy were inaugurated by Various dignitaries at a grand function held on 15th May 2012. Intermediate life support AC Ambulance was also handed over to "Rajiv Gandhi Development Institution" at the same function.

A "Blind School" is being constructed at Girish Park, Kolkata and shall be operational in one-two months.

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, 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 deeply grateful for the continued confidence and faith reposed on us by the shareholders.

For and on behalf of the Board
Ajit Kumar Agarwala
Chairman & Managing Director

Registered Office :

10, Government Place (East)
Kolkata-700 069
Dated : 18th August, 2012