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TYROON TEA COMPANY LIMITED

**ANNUAL REPORT AND
ACCOUNTS 2003–2004**

Tyroon Tea Company Limited

ANNUAL GENERAL MEETING

Date : 27th September, 2004

Day : Monday

Time : 10.30 A. M.

Venue : Bharatiya Bhasha Parishad
36A, Shakespeare Sarani
Kolkata - 700 017

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Directors :

A. K. JALAN

J. K. BHAGAT

B. K. SINGH

S. ISSAR (Alternate Director to Mr. B. K. Singh)

Company Secretary cum Cost Controller :

K. C. MISHRA

Auditors :

MESSRS. LODHA & CO.

CHARTERED ACCOUNTANTS

14, GOVERNMENT PLACE EAST

KOLKATA - 700 069

Registrars & Transfer Agents :

AMI COMPUTERS (I) LTD.

CORPORATE OFFICE :

60A & 60B CHOWRINGHEE ROAD

2ND FLOOR

KOLKATA - 700 020

Bankers :

ALLAHABAD BANK

Garden :

TYROON TEA ESTATE

P. O. KHARIKATIA

DIST. JORHAT

ASSAM

Registered Office :

3, NETAJI SUBHAS ROAD

KOLKATA - 700 001

The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued as a measure of economy. Members are therefore requested to bring their copies of the Annual Report at the Meeting.

Tyroon Tea Company Limited

NOTICE

Notice is hereby given that the Annual General Meeting of TYROON TEA COMPANY LIMITED will be held as scheduled below :

Date : 27th September, 2004.
Day : Monday
Place : Bharatiya Bhasha Parishad
36A, Shakespeare Sarani, Kolkata 700 017
Time : 10.30 A.M.

ORDINARY BUSINESS :

1. To receive, consider and adopt Reports of the Auditors and Directors and the Audited Accounts of the Company for the year ended 31st March, 2004.
2. To appoint a Director in place of Mr. B. K. Singh, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Registered Office :
"McLeod House"
3, Netaji Subhas Road,
Kolkata 700 001
The 23rd day of August, 2004

By Order of the Board
For Tyroon Tea Company Limited
K. C. Mishra
Company Secretary
cum Cost Controller

Notes :

1. PROXY

A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxy in order to be effective must be deposited with the Company at its Registered Office at least fortyeight hours before the commencement of the meeting.

2. CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will remain closed from 20th September, 2004 to 27th September, 2004 both days inclusive.

3. DIVIDEND

a) UNPAID OR UNCLAIMED DIVIDEND

Pursuant to section 205A of the Companies Act, 1956 all unclaimed/unpaid dividends upto the year ended 31st March, 1995 have been transferred to General Revenue Account of Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal at Kolkata.

- b) In terms of Section 205-C introduced by the Companies (Amendment) Act, 1999 read with Section 205A of the Companies Act, 1956 as amended, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund. Members who have so far not encashed their Dividend Warrant(s) for the financial year ended 31st March, 1997 or any subsequent years are advised to submit their claim to the Company's Registrars and Transfer Agents immediately.

4. DEPOSITORY SYSTEM

The Company, consequent to introduction of the Depository System entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore now have the option of holding and dealing in the shares of the Company in the electronic form through NSDL or CDSL.

Effective from 28th May 2001, trading in the shares of the Company on any stock exchanges is permitted only in the dematerialised form.

5. LODGMENT OF TRANSFER DOCUMENTS

The instruments of share transfer complete in all respects should reach the Company prior to closure of the Register of Members as stated above.

6. CONSOLIDATION OF MULTIPLE FOLIOS

Shareholders who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.

7. CHANGE OF ADDRESS

Members are requested to quote their Registered Folio Number in all correspondence with the Company and notify the Company immediately of change, if any, in their registered address and / or their mandates.

8. ATTENDANCE SLIP

Members are requested to handover the enclosed "Attendance Slip" duly signed in accordance with the specimen signatures registered with Company for admission to the Meeting Hall.

9. MEMBERS' QUERIES

Members desiring any information regarding Accounts are requested to write seven days in advance to the Company before the date of Meeting to enable the Management to keep full information ready.

10. GIFT

Shareholders may please note that no gifts are proposed to be distributed at the meeting.

Tyroon Tea Company Limited

REPORT OF THE DIRECTORS

The Directors of the Company have pleasure in presenting the Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS :

	Rs.	Rs.
Loss before Interest, Depreciation and Taxation		56,93,815
Add : Interest	11,02,937	
Depreciation	18,42,894	29,45,831
Profit / (loss) before Tax		(86,39,646)
Less : Provision for Taxation		—
Profit / (loss) after Tax		(86,39,646)
Add : Loss brought forward from previous year		(64,62,603)
Loss carried to Balance Sheet		(1,51,02,249)

DIVIDEND :

In view of loss your Directors do not recommend any dividend on the equity shares for the year under review.

DIRECTORS :

Since the last report Mr. S. Issar was appointed as Alternate Director to Mr. B. K. Singh with effect from 4th September, 2003.

Mr. B. K. Singh retires by rotation and being eligible offer himself for re-appointment. The required information about Mr. B. K. Singh as stipulated in clause 49 of the listing agreement, have been given separately.

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors confirm that:

- I. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- II. that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 loss of the Company for that period;
- III. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- IV. that the directors had prepared the annual accounts on a going concern basis.

AUDITORS :

Messrs. Lodha & Co., Chartered Accountants will cease to hold office as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting but being eligible offer themselves for reappointment. Necessary certificate has been obtained from the Auditors as per section 224 (1) of the Companies Act, 1956.

The other observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217 of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES :

No employee of the Company was in receipt of such remuneration as to disclose particulars U/S. 217(2A) of the Companies Act, 1956 and rules framed thereunder.

ENERGY, TECHNOLOGY, FOREIGN EXCHANGE :

The information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 'A' which forms part of this Report.

REPORT ON CORPORATE GOVERNANCE :

A separate report on Corporate Governance alongwith the Auditor's Certificate on its compliance is annexed to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**Industrial Structure and Development**

With a production of 857.1 million Kgs. in the year 2003, India continued to head its place as the largest producer of tea in the world. Major portion of the tea produced in the country is consumed in the domestic market. The Tea industry plays a vital role in the Indian economy by way of contributing a substantial amount of foreign exchange earning and being the second largest employer after public sector and out of total 50% are women. The Company produced 11.54 Lacs Kgs. Tea during the year under review as compared to 10.51 lacs. Kgs. in the previous year.

Opportunities, threats, risks & concern

The Company has one Tea Estate together with own processing unit. Your company is committed to follow the quality route, which reflects in the realisation price, being higher than the Auction average.

Tea continues to enjoy the status of being a popular beverage in the world. An industry wide generic promotion has been launched and has picked up sufficient momentum to expect higher consumption in the near future.

Outlook

The health of our industry depends to a large extent on the geographical conditions which are outside the realm of the control of the Company. The Tea industry is a highly labour intensive industry. The wages of workers are determined accordingly to periodic wage settlement agreement which often increase the labour cost to a significant extent irrespective of any improvement in productivity and realisation. In fact high cost of production is one of the major reasons for India loosing its export market to other competitive countries. The opening up of markets particularly in Pakistan, Iraq, Iran, Libya along with shortfall in domestic supply is expected to have a positive impact on prices in the current year.

Internal Control system and their adequacy

The Company has an adequate internal control system to ensure proper and efficient use of the Company's resources, their protection against any unauthorised use, accuracy in financial reporting and due compliance of the Company policy procedure as well as the statutes. Statutory and Internal Auditors also review its implementation and progress at periodic intervals and take corrective action where any shortcomings are identified. The Audit committee similarly reviews the internal control system and provides guidance for improvement.

Finance & Operational Performance

The year 2003-2004 was another difficult year for the Indian Tea industry. Due to the low price realisation and rise in costs the operational loss before depreciation, interest and taxes for the year was 56.93 compared to Rs. 6.92 lacs of the previous year. The loss arrived at includes a provision of Rs. 59.84 lacs towards Gratuity liability. Due to the steps taken by the Management to improve quality the sales realisation increased as compared to the previous year.

Over the past few years Company had been making efforts to recover loans and advances given to certain parties and interest accrued on the same.

Company have certain investment in the Equity & Preference Shares of other Company. The market intrinsic value of which diminished due to dismal security market.

Human Resources and Development

The Company have over 1500 employees employed on the Tea Estate. The Labour Welfare Officer employed specifically for the purpose monitors the welfare of the workers.

Your Company runs one Hospital and two dispensaries at its out divisions providing Medical Care to the Employees.

Personnel

The industrial relation remains satisfactory for the year under review.

ACKNOWLEDGEMENT:

The Directors wish to express their appreciation to all officers, members of staff and workmen of the Company for valuable services rendered and dedication exhibited by them. They also express their gratitude to Tea Board and Bankers for their co-operation and support extended to the Company and express their thanks to Shareholders for their confidence and understanding.

Registered Office :

"McLeod House"

3, Netaji Subhas Road,

Kolkata - 700 001.

Kolkata, The 23rd day of August, 2004

For and on behalf of the Board

A. K. JALAN

S. ISSAR

Directors

Tyroon Tea Company Limited

ANNEXURE "A"

ANNEXURE TO DIRECTORS' REPORT

Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY

1. Energy Conservation Measure taken : NIL
2. Additional investments and proposals if any, being implemented for reduction of consumption of energy : Based on the study made by the Company, necessary equipment/s for energy conservation are being proposed
3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production. : The cost of production is expected to reduce after installation of the energy saving equipments.

4. Power and Fuel Consumption

1. Electricity

a) Purchased Unit

Current Year	Previous Year
10,14,140	9,86,720
Total Amount (Rs.)	46,02,337
Rate / Unit	4.66

b) Own generation

i) Through diesel Generator

Unit	1,73,600	1,37,866
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ii) Units per Litre of diesel

Oil

Cost/Unit (Rs.)	11.82	9.88
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2. Coal (specify quality and where used)

Quantity (Kgs).

1,29,306	97,873
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Total Cost (Rs)

2,97,404	1,90,778
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Average Rate per Kg. (Khasi and ROM coal used in Drier)

2.30	1.95
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3. (a) Furnace Oil

Quantity (Litres)

2,87,575	2,40,959
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Total Amount (Rs.)

45,30,230	33,27,193
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Average Rate

15.75	13.83
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(b) Consumption Per Unit of Production

Black Tea (in Kgs.)

11,53,934	10,50,964
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Electricity (In Unit)

0.88	0.94
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Furnace Oil (In litres)

0.25	0.23
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Coal (in Kgs.)

0.11	0.09
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(B) RESEARCH AND DEVELOPMENT

1. Specific area in which R & D carried out by the Company - Vermiculture farming
2. Future plan of action

Works are in hand to improve all aspects of field management which will improve both quality and production.

3. Expenditure on R & D

(a) Capital

(b) Recurring

(c) Total R & D expenditure
as percentage of total turnover

Rs. 5000.00

(C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts are being made towards technology absorption, adaptation and innovation :-
2. In case of imported technology (imported during the last 5 years from the beginning of the financial year) following information may be furnished :

(a) Technology imported (b) year of import (c) has technology been fully absorbed (d) if not fully absorbed areas where they have not taken place, reason and future plan of actions.

No Technology was imported during last 5 years.

FOREIGN EXCHANGE EARNING — Rs. Nil (Previous year Rs. Nil)

FOREIGN EXCHANGE OUTGO — Rs. Nil (Previous year Rs. Nil)

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Registered Office :
"McLeod House "
3, Netaji Subhas Road ,
Kolkata - 700 001.

Kolkata, The 23rd day of August, 2004.

For and on behalf of the Board
A. K. JALAN | Directors
S. ISSAR

ANNEXURE TO THE DIRECTOR'S REPORT.**CORPORATE GOVERNANCE REPORT 2004.****1. A brief statement on Company's philosophy on code of governance.**

The Company's philosophy on corporate governance adopted by your Board is to ensure transparency consistent with the business environment in which the Company operates, in its dealings and operations as well as the functioning of the Management and the Board.

It seeks to enhance overall shareholder value over a sustained period of time.

2. Board of Directors.

The Company's Board at present has three Directors. Mr. S. Issar was appointed as Alternate Director to Mr. B. K. Singh.

There are no executive Directors on the Board.

The Board met thirteen times on the following dates during the financial year 2003-2004 as against the minimum requirement of four meetings and the maximum time gap between two meetings did not exceed three months.

16th April, 2003, 30th April, 2003, 15th May, 2003, 19th June, 2003, 31st July, 2003, 23rd August, 2003, 4th September, 2003, 15th October, 2003, 31st October, 2003, 15th November, 2003, 17th November, 2003, 31st January, 2004, 26th February, 2004.

The names and categories of the Directors on the Board, their attendance at the Board Meeting held during the financial year 2003-2004 and at the last Annual General Meeting, as also the Directorship and Committee position held by them in other Public Limited Companies as on 31st March, 2004 are given below: -

The Information under Annexure I to Clause 49 of the Listing Agreement is made available to the Board.

The Company did not have any pecuniary relationships or transaction with the non executive Directors during 2003-2004.

Name	Category	Number of Board Meeting attended during the year 2003-2004	Whether attended AGM held on 26/09/2003	No. of Directorship held in other Public Limited Companies		No. of Committee position held in other Public Limited Company	
				Chairman	Members	Chairman	Members
Mr. A. K. Jalan Director	Promoter Non Executive	13	YES	NIL	1	NIL	NIL
Mr. J. K. Bhagat Director	Independent Non Executive	13	NO	1	4	1	1
Mr. B. K. Singh Director	Independent Non Executive	NIL	NO	NIL	NIL	NIL	NIL
Mr. S. Issar Alternate Director	Independent Non Executive	7	YES	NIL	6	NIL	NIL

During the year 2003-04 Mr. S. Issar was appointed as Alternate Director to Mr. B. K. Singh w.e.f. 4th September, 2003

3. Audit Committee

Mr. J. K. Bhagat	Chairman	Independent, Non-executive.
Mr. A. K. Jalan	Member	Promoter, Non-executive.
Mr. B. K. Singh	Member	Independent, Non-executive.
Mr. S. Issar (Alternate Director to Mr. B. K. Singh)	Member	Independent Non-executive

Mr. K. C. Mishra Company Secretary cum Cost Controller acts as a Secretary to the Committee.

The Statutory Auditors, Internal Auditors and heads of the Finance Functions are invitees to the Meetings.