



38TH ANNUAL REPORT  
2010-2011

# TERAI TEA COMPANY LIMITED

DRINK TERA TEA



# Corporate Information

## Board of Directors

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

**Smt. Shashikala Agarwala**  
*Non-Independent Director*

**Sri Sitaram Sharma**  
*Independent Director*

**Sri Rajendra Kanodia**  
*Independent Director*

**Sri Kamal Kishore Bihani**  
*Independent Director*

**Sri Rajesh Singhania**  
*Independent Director*

## Company Secretary & Compliance Officer

Mr. Roshan Dave

## Auditors

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

## Bankers

Central Bank of India  
Bank of India  
UCO Bank

## Solicitors & Legal Advisors

Jhunjhunwala & Co.  
Solicitors & Advocates  
7C, K. S. Roy Road, Kolkata - 700 001

## Share Transfer Agent

Maheshwari Datamatics Pvt. 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

10, 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.teraigroup.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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# Notice of Annual General Meeting

## To The Shareholders

NOTICE is hereby given that the 38th Annual General Meeting of the members of Terai Tea Company Limited will be held on Friday, the 30<sup>th</sup> September, 2011 at 10.30 A.M. at its Registered Office i.e 10 Government Place (East), 1<sup>st</sup> Floor, Kolkata – 700069 to transact the following business:

### AS ORDINARY BUSINESS:

- 1) To consider and adopt the Balance Sheet as at 31st March, 2011 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 Sri Sitaram Sharma, who retires by rotation but being eligible offers himself for re-election
- 3) To appoint a Director in place of Sri Rajesh Singhanian, 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:

**“RESOLVED THAT** M/S. P. K. Shah & Co., Chartered Accountants, Siliguri (Registration no. 308150E) be and are hereby appointed as Auditor 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**

### Registered Office :

10, Government Place (East)  
Kolkata-700 069  
Dated : 16th August, 2011

**Roshan Dave**  
Company Secretary  
& Compliance Officer

## 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 23<sup>rd</sup>, 2011 to September 30<sup>th</sup>, 2011 (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 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-05/2007 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 correspondence.

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

**Registered Office :**

10, Government Place (East)  
Kolkata-700 069  
Dated : 16 th August, 2011

**Roshan Dave**  
Company Secretary &  
Compliance Officer

**DETAILS OF DIRECTORS RETIRING BY ROTATION SEEKING RE-APPOINTMENT IN THE 38TH ANNUAL GENERAL MEETING  
(Pursuant to Clause 49 of the Listing Agreement)**

NAME OF THE DIRECTOR	Sri Rajesh Singhania	Sri Sitaram Sharma
Date of Birth	December 11, 1971	April 11, 1944
Expertise in specific functional areas	Financial Management & Taxation matters	Tea Marketing and Administration matters.
Qualifications	B.Com(H), FCA, FCS, AICWA	B.A.
Details of shares held in the Company	800	NIL
Chairman /Member of the Committees of the Companies on which he is a Director *	NIL	NIL
List of Companies in which outside Directorships held	Sayedabad Tea Co. Ltd. Terai Overseas Ltd. Terai Infrastructures Ltd The Kharibari Tea Co.Ltd Terai Ispat & Trading Ltd. Kanchaanview Resorts Pvt. Ltd. Abhijit Tea Co. Pvt. Ltd. Shilpam Dealcom Pvt. Ltd. Terai Dooars Tea Co. Pvt. Ltd. Amit Ores Pvt. Ltd. Terai Resorts & Country Club 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 Financial Services Pvt. Ltd Shilpam Dealcom Pvt. Ltd. Bagdogra Tea Co. Pvt. Ltd. Abhijit Tea Co. Pvt. Ltd. Terai Dooars Tea Co. Pvt. Ltd.

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

# Directors' Report

*Dear Shareholders,*

We present the 38<sup>th</sup> Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2011.

## **FINANCIAL RESULT**

(₹ in lacs)

Particulars	March 31, 2011	March 31, 2010
Gross Revenue	4102.02	5289.56
Profit /(Loss) before Depreciation, Interest and Tax	530.25	499.56
Less : Interest	297.27	235.64
Profit/(Loss) before Depreciation	232.98	263.92
Less : Depreciation	202.19	191.46
Profit/(Loss) before Taxation	30.79	72.46
Less : Taxation	15.40	19.56
Profit after Taxation	15.39	52.90
Add/Less : Balance Brought Forward	1070.59	1017.70
Surplus/(Deficit) Carried to Balance Sheet	1085.98	1070.60
Basic and Diluted Earning Per Share	0.45	1.05

## **OPERATIONS**

The Company could produce 48.01 Lacs kgs. of made tea in the year 2010-11 as against 63.35 lacs kgs. in the previous year against the installed capacity of production of tea for all the units at 100 lacs Kgs. of made tea. The sales accordingly has fallen. The Company endeavours to improve the quality of the made to improve sales realisation per Kg. The decline in production is due to erratic rain fall and severe pest attack in the entire tea belt area of North Bengal. Further, the tea bushes at company's tea estate namely Bagdogra Tea Estate have become very old and the yield from these bushes are very low. In order to maximize the yield, the company in the Current Financial year has undertaken the work of uprooting and replantation in at least 125 acres. The replantation work is expected to be completed in the Financial year 2011-12.

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. The proceeding for compensation against Indian Air Force and AAI are pending in the Courts of Law.

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.

## **INDUSTRY OUTLOOK**

India is the Second largest producer of tea worldwide, producing about 1000 million kgs. which accounts for 28 per cent of the global tea production.

India's tea exports have also registered a growth of 5% during the first nine months of the current calendar year. Total exports over the Jan-Sept period of 2010 stood at 143.5 million kgs. Compared with 136.6 million kgs in the corresponding period of the last year. India exports CTC variety of tea to countries like Egypt, Pakistan and the UK and while premium orthodox variety of tea is exported to countries like Iraq, Iran and Russia.

Almost every tea-drinking nation in the world imports some variety of Indian tea. Due to an existing large domestic market for Indian tea, exports, account for less than 20 per cent of domestic production.

In 2010 world tea prices were buoyant due to tight supply in the world market exacerbated by a sharp decline in tea output worldwide.

The Tea Industry has every reason to look ahead in 2011 with great deal of optimism and confidence. With virtually no carry forward stock and growing domestic demand to act as buffer against the uncertainties of the global tea trade. Prices levels are expected to remain attractive in the year 2011.

## **PROPOSED PROJECTS AND 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 in earlier years. However, Tea Board of India has already granted its TMCO for the sevoke Tea Factory, but the supply of quality green tea leaves for the purpose of making green tea are erratic and therefore could not start production at Sevoke Tea Factory of your company.

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 re-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.

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 for taking over management and control of 98% share of Belgachi Tea Estate which is still pending before Hon'ble High Court, Calcutta. Your Directors are hopeful of succeeding in the same.

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. Railway Land Development Authority is yet to open the financial bid of the tenders.

Your company is also pursuing with the New Government in the State as well as 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

## **DIRECTORS**

Pursuant to section 256 of the Companies Act, 1956, Sri Rajesh Singhania and Sri Sitaram Sharma, 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 31<sup>st</sup> March, 2011.

#### **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 2010-11 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, Tea Crop 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, 2011 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 Sri 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 "Bang Bhawan" In the heart of the town of Siliguri at Deshbandhu Para has been established and shall be dedicated to the weaker section of the society, will house two centrally airconditioned halls for multipurpose, a Library, a Table Tennis Academy and a Vocational Training Centre. Total Constructed area is 19000 sq. ft. approx besides landscaped Garden.

### **APPRECIATION**

The Board of Directors take this opportunity to express their sincere appreciation for the excellent support and co-ordination received from Banks, WBIDC and other Govt. organisations. 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

**Registered Office :** **Ajit Kumar Agarwala**  
*Chairman & Managing Director*

10, Government Place (East)  
Kolkata-700 069

Dated : 16th August, 2011





# Annexure to the Directors' Report

## ANNEXURE 'A'

Particulars of Conservation of energy and technology absorption in term 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 EXCHANGES EARNINGS AND OUTGO

- a) Sales (FOB Value) : ₹ Nil (Rs. Nil)
- b) Expenditure(Others) : ₹ 19.97 Lacs(₹ 9.74 lacs )

## Form-'A'

Form for Disclosure of Particulars with Respect to Conservation of Energy:

A. POWER & FUEL CONSUMPTION	CURRENT YEAR 31, March 2011	PREVIOUS YEAR 31, March 2010
<b>1. ELECTRICITY</b>		
(a) Purchased (units KWH)	44,99,231	50,21,386
Total Amount (₹)	3,17,63,045	2,79,39,968
Rates/unit (₹/ KWH)	7.06	5.56
(b) Own Generation (Unit KWH)	61,500	37,960
<b>2. COAL</b>		
Quantity (Tonnes)	4,350.11	4,907.014
Total Amount (₹)	2,15,44,649	2,44,41,775
Average-rate (₹ /tonne)	4,952.67	4,980.99
<b>3. FURNACE OIL/H.S.D.</b>		
Quantity (Itrs)	1,19,874	2,23,541
Total Amount (₹)	47,15,068	71,90,276
Average rate (₹ /ltr)	39.33	32.17
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>PRODUCT-TEA (Per-Quintal)</b>		
Electricity (KWH/Qtls.)	93.70	79.26
Coal (Qtls./Qtls.)	0.91	0.77
Furnace Oil / HSD (Ltr/Qtls.)	2.50	3.53

#### Registered Office :

10, Government Place (East)  
Kolkata-700 069  
Dated : 16th August, 2011

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

## Annexure to the Directors' Report

### ANNEXURE 'B'

# Report on Corporate Governance

The Company pursuant to clause 49 of the listing agreement with Stock Exchanges furnish its Report on the Code on Corporate Governance.

#### I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance envisages the attainment of highest level of transparency, accountability and equality. Shareholders have right to have complete information's about the Directors and management and their interest in the Company and governance practice followed by them. Towards this end, the Company is making extensive disclosures from time to time

The Company is committed to following best Corporate Governance Practices in all its pursuits and is constantly striving to better them and adopt emerging best practices. The Board understands and respects its fiduciary role and responsibility to shareholders and strives hard to meet their expectations. The Board also believes that best Board Practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value. Thus at Terai Tea Company Limited, we always endeavour to create an environment of fairness, equity and transparency in transactions with the underlying objective of securing long term shareholder value creation and enhancement while, at the same time, respecting the rights of all stakeholders of the Company and the society at large.

The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming the most admired and trusted Global Tea Producer, while upholding the core values of entrepreneurship, disclosure and transparency, equity, responsibility, sustainability and ethical behaviour which are fundamental to the Terai family.

#### II. BOARD OF DIRECTORS

The Board of Directors of the Company is headed by Sri Ajit Kumar Agarwala, Chairman cum Managing Director. The Board Consists of eminent persons with professional experience in industry and field e.g. Tea

industry, Finance, Banking, Marketing and Law. The present strength of the Board of Director is six, of which four are Non Executive Independent Directors and two are the Executive Directors, one promoter Executive Non-Independent Director, one promoter Non-Executive Non-Independent Director

- a) In conformity with the Corporate Governance philosophy and as given in Annexure IA to Clause 49 of the Listing Agreement with the relevant Stock Exchange, all statutory and other significant material information are placed before the Board of Directors to enable it to discharge its responsibility of superintendence, control, direction and management of strategic and day-to-day affairs of the Company.

The agenda along with explanatory notes (for Board and other meetings) are sent in advance to all Directors to get their input in the discussion. The Board reviews the Compliance Reports of all laws applicable to the Company. Steps are taken by the Company to rectify the instances of Non-compliance, if any.

- b) During the year under review, 18 (Eighteen) Board Meetings were held. The maximum time-gap between any two meetings did not exceed four months. The dates on which meetings were held are given below:

<b>06.04.2010,</b>	<b>14.05.2010,</b>	<b>31.05.2010,</b>
<b>11.06.2010,</b>	<b>05.07.2010,</b>	<b>09.07.2010,</b>
<b>13.07.2010,</b>	<b>09.08.2010,</b>	<b>14.08.2010,</b>
<b>15.09.2010,</b>	<b>30.09.2010,</b>	<b>12.10.2010,</b>
<b>29.10.2010,</b>	<b>10.11.2010,</b>	<b>15.11.2010,</b>
<b>06.12.2010,</b>	<b>12.02.2011,</b>	<b>31.03.2011.</b>

- c) The composition of the Board of Directors, their attendance at the Board meetings held during the year and at the last Annual General Meeting, number of directorships, membership/chairmanship in other public companies are as follows :

Name of the Directors	Category Directors	No. of Board Meetings	Attendance of the Last AGM	No. of other Directorships Held		No. of other Committee memberships held*	
				As Chairman	As Member	As Chairman	As Member
Sri A. K. Agarwala (Chairman & Managing Director)	Promoter Executive Non-Independent	18	Yes	12	NIL	NIL	NIL
Smt. S.K.Agarwala	Promoter Non-Executive Non-Independent	17	Yes	9	NIL	NIL	NIL
Sri R. Kanodia	Non-Executive (Independent)	18	Yes	13	NIL	NIL	NIL
Sri S. R.Sharma	Non-Executive (Independent)	16	Yes	12	NIL	NIL	NIL
Sri K. K. Bihani	Non-Executive (Independent)	15	Yes	4	NIL	NIL	NIL
Sri R. Singhania	Non-Executive (Independent)	15	Yes	11	NIL	NIL	NIL

#### Notes :-

\* Represents membership/Chairmanship of Audit Committee, Investors' Grievance Committee and Remuneration Committee.

- d) None of the Directors on the Board is a Member of more than ten Committees or Chairman of more than five Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2011 have been made by the Directors.
- e) Code of Conduct: The Company's Code of Conduct is applicable to all Directors and Senior Management of the Company. All the Board members and senior management of the Company as on March 31, 2011 have affirmed their compliance with the Code of Conduct. A declaration to this effect, duly signed by the Managing Director (CEO) is annexed as a part of this report.

### III. AUDIT COMMITTEE

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Company has an Audit Committee in accordance with Clause 49 of the Listing Agreement with Stock Exchange read with Section 292A of the Companies Act, 1956. It comprises of four Non-Executives-Independent Directors, all of

whom are financial experts have accounting or related financial management expertise. Shri R.Kanodia is the Chairman of the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

The terms of reference / responsibilities of the Audit committee are as under:

- The accounting and financial reporting process of the Company, including the integrity of the audit financial statements and other financial information provided by the Company to its stakeholders, the public any Stock Exchange and others.
- The Company compliance with legal and regulatory requirements
- The Company's independent auditors' qualification and independence.
- The audit of the Company's financial statements and the performance of the Company's internal audit function and its independent auditors.

The role of the audit committee includes:

- Reviewing with the management, the annual financial statements before submission to the board for approval
- Reviewing with the management, the quarterly financial statements before submission to the board for approval

- 3) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems including the reporting structure coverage and frequency of internal audit.
- 4) To look into the reasons for substantial defaults in the payment to the depositors, debenture holder, shareholders (in case of nonpayment of declared dividends) and creditors if any.
- 5) Recommending the appointment and approval of external auditors, fixation of audit fee and approval for payment for any other services.
- 6) Carrying out any other function as set out in the Listing Agreement.

During the year 4(four) meetings of the Audit Committee were held on 30<sup>th</sup> June, 2010 , 30<sup>th</sup> September, 2010, 31<sup>st</sup> December,2010,31<sup>st</sup> March, 2011.

The composition of the Audit Committee and attendance of members at its meeting are as follows:

Name of the Directors	Position Held	No of Meetings Attended
Sri R. Kanodia	Chairman	4
Sri K. K. Bihani	Member	4
Sri R. Singhanian	Member	4
Sri S. R. Sharma	Member	4

#### IV. REMUNERATION COMMITTEE

No Remuneration Committee has been formed pursuant to clause 49 of Listing Agreement. However a Remuneration Committee has been constituted in accordance with the schedule XIII of the companies Act, 1956, to consider and approve the Managerial Remuneration Consisting of the respective salary and perquisites to be paid to the Executive Director in accordance with their respective terms of employment. The Board may from time to time request the Remuneration Committee to examine and recommended / approve the remunerations.

##### Composition :

The Remuneration Committee of the Board comprises of Four Non-Executive Directors namely, Sri K.K.Bihani (Chairman), Sri R.Kanodia and Sri R.Singhanian & Sri S. R. Sharma as members.

##### Terms of References :

The Remuneration Committee has been constituted to

recommend/ review Remuneration of Managing Director and Whole Time Directors based on their performance on defined assessment criteria and agreed framework.

##### Meeting :

One meeting of the Remuneration Committee was held on 20<sup>th</sup> January, 2011.The attendance of members at the Remuneration Committee Meeting is as under :

Name of the Directors	Position Held	No of Meetings Held
Sri R. Kanodia	Chairman	1
Sri K. K. Bihani	Member	1
Sri R. Singhanian	Member	1
Sri S. R. Sharma	Member	1

##### Remuneration policy :

The Remuneration Committee of the company is directed towards rewarding performance of the Executive Directors, the Non-Executive Directors and such other members of the executive management including salary, bonuses, incentive payments, share options, pension rights, terms of employment and any compensation payments, based on review of achievements on a periodical basis.

##### Remuneration :

a. Managing Director :

Dr.Ajit Kumar Agarwala	Rs.6 Lacs p.a
------------------------	---------------

#### V. SHARE HOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

##### Composition :

The Shareholders' / Investors' Grievance Committee of the Board, comprises of four Non-Executive Directors, namely Sri Rajendra Kanodia (Chairman),Sri Kamal Kishore Bihani, Sri Rajesh Singhanian and Sri S. R. Sharma.

##### Terms of Reference :

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The committee also looks into redressal of shareholders' / investor's complaints related to transfer of shares, non-receipt of Balance Sheet, non - receipt of declared dividend, etc. The Committee oversees performance of the Registrar and Transfer Agents of the Company, and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the

Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) regulations, 1992.

**Meetings :**

Two meetings of the Shareholders' / Investors' Grievance Committee (SIGC) were held during the year ended March 31, 2011 in which all the members were present.

**Compliance Officer :**

Mr. Roshan Dave Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India.

**Investors' Grievance Redressal :**

The Company attends the Complaints/Grievances received from the Investors/Stock Exchange/SEBI (if

any) and reviews the same with the Registrar and Transfer Agents M/s Maheshwari Datamatics Pvt.Ltd. on periodical basis. All the Complaints/Grievances were resolved by STA immediately to the satisfaction of investors during the year under review. There were no outstanding complaints /queries as on March 31, 2011.

**VI. SHARE TRANSFER COMMITTEE**

The Share Transfer Committee was formed to expedite the process of Share Transfer and to approve applications regarding transfer/ transmission of shares according to law. The Board has delegated the powers of share transfer to a committee comprising of Chairman cum Managing Director and a Director. The Share Transfer Committee attends to the share transfer formalities at least once in the fortnight. All the valid share transfer applications received during the year under review have been acted upon and there were no share transfers pending as on March 31, 2011.

**VII.GENERAL BODY MEETINGS**

**a) Annual General Meeting :**

Annual General Meeting of the Company during the preceding 3 years were held at the registered office of the company at its Registered Office.

Date and time of Annual General Meetings held during the preceding 3 years are as follows:

Financial Year	Date of Meeting	Time	Location
2009-10	August 28, 2010	10.30a.m	10, Government Place (East) Kolkata-700069
2008-09	September 30, 2009	10.30a.m	11, Government Place (East) Kolkata-700069
2007-08	September 26, 2008	11.00a.m	11, Government Place (East) Kolkata-700069

**b) Special Resolution passed through Postal Ballot :**

No Special resolution was passed through postal ballot during 2010-11. None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires passing a Special resolution through postal ballot.

**VIII. OTHER DISCLOSURES :**

a) None of the transactions with any of the related parties were in conflict with the interests of the Company at large. The particulars of transactions between the Company and its related parties as per

Accounting Standard (AS-18) are disclosed in Notes of Accounts (Note No.10) of Schedule XVI to accounts in the Annual Report.

b) The Company has duly complied with the requirements of the regulatory authorities on Capital Market. No penalties, strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

c) The Secretarial Audit under regulation 55A of the SEBI (Depositories & Participants) Regulation, 1996 and Share Transfer Audit under Clause 47 of the Listing Agreement are carried out by a qualified



Practicing Company Secretary. The audited and certified reports are submitted to the Stock Exchanges on quarterly and bi-annually basis.

d) The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in an Accounting Standard.

e) A Management Discussion and Analysis Report, given in a separate section forms part of this Annual Report and is attached herewith.

f) There was no pecuniary relationship or transactions between the Company and Non-Executive Directors.

g) The Board has received disclosures from senior management personnel relating to material financial

and commercial transaction in which they and/or their relatives have personal interest.

h) The Company has fully complied with the mandatory requirements of the Listing Agreement and with regard to Non-Mandatory requirements the Company has set up a Remuneration Committee.

i) The Company does not have a Whistle Blower Policy at present.

j) The Company does not have any subsidiary.

k) Details of Directors seeking appointment / reappointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed to the Notice convening the Annual General Meeting.

#### IX. MEANS OF COMMUNICATION :

Half-yearly / Quarterly report sent to each household of shareholders	:	No, as the results of the Company are published in Newspapers.
Any website, where displayed	:	Yes, at <a href="http://www.teraigroup.com">www.teraigroup.com</a>
Whether, it also displays official news releases	:	No
The presentations made to institutional investors or the analysts	:	No
Newspapers in which results are normally published in	:	"Eco of India" in English and "Arthik Lipi in Bengali.
Whether Management Discussion & Analysis Report is a part of Annual Report or not	:	Yes

#### X. GENERAL SHAREHOLDER INFORMATION :

a) **Annual General Meeting** : **Date** September 30th, 2011  
**Time** 10.30 A.M  
**Venue** 10, Government Place (East)  
1st Floor. Kolkata - 700 069

b) **Financial Calendar**  
**(tentative and subject to change)** Board Meeting for approval of  
**Annual Accounts 2010-11** : May 31,2011  
**Financial Results for the First Quarter** : 2nd week of August, 2011  
**Financial Results for the Second Quarter** : 3rd week of November,2011  
**Financial Results for the Third Quarter** : 2nd week of February, 2012  
**Financial Results for the year ending** : Last week of May, 2012

c) **Book Closure period**  
From September 23rd, 2011 to September 30th, : 2011 (both days inclusive)

#### d) Listing on Stock Exchanges

##### i. The Companys Securities are listed as per details below

Name of the Stock Exchange		Stock Code
1)	Bombay Stock Exchange Limited, Phiroza Jeejeebhoy Towers,25th Floor, Dalal Street, Mumbai 400 001.	530533
2)	Calcutta Stock Exchange Association Ltd. 7, Lyons Range Kolkata-700 001	30105
3)	Ahmedabad Stock Exchange Limited Kamdhenu Complex Opp : Sahjanand College Panjaraple Ahmedabad - 380 015	60857
4)	Jaipur Stock Exchange Limited Indra Place, J.L.N. Marg. Malviya Nagar, Jaipur-302 017.	596

The Company has paid Annual listing fees to Bombay Stock Exchange for the year 2011-12

##### ii. Depositories :

- 1) **National Securities Depository Ltd.** Trade World, 4th Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai -400 013.
- 2) **Central Depository Service (India) Limited** Phiroza Jeejeebhoy Towers,28th Floor  
Dalal Street, Mumbai 400 023.

##### e) Demat ISIN Numbers :

**National Securities Depository Ltd.** - ISIN INE 390D1011.

**Central Depository Service (India) Limited** - ISIN INE 390D1011

The Company has paid custodian fees to the Depositories for the year 2011-12.

##### f) Registrar and Transfer Agents :

Maheshwari Datamatics Pvt. Ltd.  
6,Mangoe Lane, 2nd Floor, Surendra Mohan Ghosh  
Sarani. Kolkata - 700 001  
Ph: (33)2243-5029/5809, Fax: (033) 2248-4787  
E-mail: mdpl@cal.vsnl.net.in

##### g) Share Transfer System :

The requests for transfer of shares held in physical mode should be lodged at the office of the Company's Registrar & Share Transfer Agents, Maheshwari Datamatics Private Limited (Registered with SEBI), 6 Mangoe Lane, 2nd Floor, Surendra Mohan Ghosh Sarani, Kolkata 700001 or at the Registered Office of the Company. The Board of Directors has unanimously delegated the powers of share transfer, transmission, sub-division and consolidation to a Share Transfer Committee in order to expedite transfer, transmission etc. in the physical form. The Committee meets once "in every fortnight for approving Share Transfers and for other related activities. Share Transfers are registered and returned in the nonnal course within an average period of 21 days, if the transfer documents are found technically in order and complete in all respects.

The Company conducts a weekly review of the functions of the Registrar and Share Transfer Agents for upgrading the level of service to the Shareholders. Weekly review is also conducted on the response to the shareholders pertaining to their communication and grievances, if any.

(h) **Market Price Data**

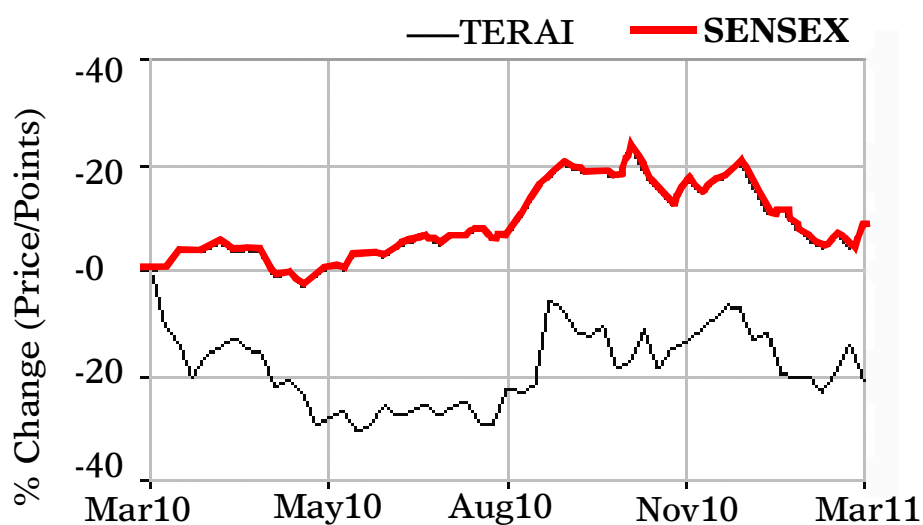
High/low (based on the closing prices) during each month in the financial year 2010-11 on the Bombay Stock Exchange.

MONTH	BSE SENSEX CLOSE	BSE		
		High price	Low price	Close price
April-10	17558	43.40	37.00	39.00
May-10	16944	40.80	31.35	33.00
June-10	17700	35.00	31.30	33.90
July-10	17868	37.75	31.35	33.55
August-10	17971	35.20	30.60	32.45
September-10	20069	46.90	31.30	42.05
October-10	20032	43.70	36.80	37.65
November-10	19521	44.95	33.15	39.65
December-10	20509	45.70	34.35	42.95
January-11	18327	44.40	36.00	38.35
February-11	17823	42.00	35.00	39.90
March-11	19445	38.95	33.60	35.00

Particulars	Terai Tea Co.Ltd. stock price V/S BSE Sensex	
	Terai Tea Co. Ltd. Share Price	BSE Sensex
On 1st April , 2010	39.00	17558
On 31st March, 2011	35.00	19445

BSE: Bombay Stock Exchange Limited;

i) **Performance of the Company in comparison to Sensex**



(j) **Distribution of Share Holdings as on 31.03.2011**

Range or Ordinary Shares	No. of Holders	% of Holders	No. of Shares	% of Capital
Upto 500	1151	92.2276	155338	2.2580
501 - 1000	54	4.3269	42633	0.6197
1001 - 2000	18	1.4423	27822	0.4044
2001 - 3000	5	0.4006	11776	0.1712
3001 - 4000	2	0.1603	6842	0.0995
4001 - 5000	3	0.2404	13149	0.1911
5001 - 10000	1	0.0801	10000	0.1454
10001 and above	14	1.1218	6611740	96.1107
<b>Total</b>	<b>1248</b>	<b>100</b>	<b>6879300</b>	<b>100</b>

(k) **Share Holding Pattern as on 31.03.2011**

Name of the Shareholders	No. of Shares Held	% Holding
Promoters Holding	51,03,100	74.1805
Non-Promoters Holding		
- Financial Institutions	Nil	Nil
- Bodies Corporate	15,15,057	22.0234
- NRI/Foreign Company	252	0.0037
Indian Public	2,60,891	3.7924
<b>Total</b>	<b>68,79,300</b>	<b>100</b>

(l) **Dematerialization of Shares and Liquidity as on 31.03.2011**

Particulars of Shares	Equity Shares of Rs. 10 each	
	Number	% of Total
<b>Dematerialized Form</b>		
a) NSDL	15,18,606	22.0750
b) CDSL	62,826	0.9133
<b>Sub Total</b>	<b>15,81,432</b>	<b>22.9883</b>
Physical Form	52,97,868	77.0117
<b>Total</b>	<b>68,79,300</b>	<b>100</b>

The Shares of the company are compulsorily traded in dematerialized form on Bombay Stock Exchange Limited; hence the shares enjoy enough liquidity in the market

(m) **Outstanding GDRs/ Warrants**

- (i) **ADRs/Warrants or any Convertible Instruments :** The company, has not issued any such instruments.
- (ii) **Details of public funding obtained in the last three years :** No capital has been raised in the last three years.

(n) **Plant Locations :**

- i) Bagdogra Tea Estate, P.O. Bagdogra, Dist. Darjeeling, West Bengal.
- ii) Adhikari Tea Factory, P.O. Adhikari, Dist. Darjeeling.
- iii) Terai Tea Factory, Sevoke Road, Siliguri.
- iv) Sevoke Tea Factory, P.O. Chandani Danga, Dist. Uttar Dinajpur.
- v) Karjeepara Tea Factory, P.O. Das Darga, Dist. Jalpaiguri.

(o) **Address for correspondence :** Any assistance regarding share transfers and transmission, change of address, non-receipt of share certificate/duplicate share certificate, demat and other matters and for redressal of all share-related complaints and grievances, the Members are requested to write to or contact the Registrar & Share Transfer Agents or the Share Department of the Company for all their queries or any other matter relating to their shareholding in the Company at the addresses given below:

(i) **The Company's Registered Office at : TERAI TEA COMPANY LIMITED.**

10, Government Place (East), 1st Floor, Kolkata - 700 069  
Tele : (033)4021 4412-44 (34 Lines), Fax:(033)2248-9182  
E-mail: teraitea@gmail.com, Website: www.teraigroup.com

(ii) **Registrar and Share Transfer Agent : MAHESHWARI DATAMATICS PVT LTD.**

6, Mangoe Lane, 2nd Floor  
Surendra Mohan Ghosh Sarani, Kolkata - 700001.  
Tel. : (033) 2243-5809; 2243-5029  
Fax : (033) 2248-4787  
E-mail : mdpl@cal.vsnl.net.in

For and on behalf of the Board

Place : Kolkata  
Dated : 16th August, 2011

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



# Auditors' Certificate on Compliance With the Conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To

The Members of  
**Terai Tea Company Limited**  
10 Government Place (East)  
Kolkata - 700 069

We have examined the compliance of conditions of Corporate Governance by **Terai Tea Company Limited** for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending for a period exceeding one month as at 31st March, 2011 against the Company as per records maintained by the Shareholders/Investor Grievance Committee.

We further state that such compliance is neither an assurance to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P. K. SHAH & CO.**  
Chartered Accountants  
Firm Registration No. : 308150E

**Registered Office :**  
10, Government Place (East)  
Kolkata-700 069  
Dated : 16th August, 2011

**P. K. Shah**  
Partner  
(Membership No. 14740)

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## Declaration Regarding Code of Conduct

### To Whom It May Concern

The company has framed a specific Code of Conduct to be followed by the members of the Board of Directors and the Senior Management Personnel of the company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed to further strengthen Corporate Governance Practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31<sup>st</sup> March, 2011. Based on the above, it is hereby declared the code has been complied with by all.

For Terai Tea Co. Limited

Place : Kolkata  
Dated : 16th August, 2011

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

# CEO/CFO Certification to the Board

(Under Clause 49(V) of Listing Agreement)

To  
The Board of Directors  
**Terai Tea Co. Ltd.**  
10, Government Place (East)  
Kolkata-700069

I, Ajit Kumar Agarwala, Managing Director & C.E.O. Certify that :-

- a) We have reviewed the financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year 2010-11 which are fraudulent, illegal or violative of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that -
  - There has not been any significant changes in internal control over the financial reporting during the year under review;
  - There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - There were no Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

**Registered Office :**

10 Government Place (East)  
Kolkata - 700069  
Dated : 16th August, 2011

**Ajit Kumar Agarwala**  
**Managing Director & C.E.O.**

## Annexure to the Director's Report

### ANNEXURE 'C'

# Management Discussion and Analysis Report

#### 1. Overview

The Company's total production for the year was 48.01 lakh kgs. tea as against 63.35 lakh kgs. Last year our disciplined quality approach reconciles traditional techniques with modern methods enhancing product quality. The average price realisation was at Rs.74/-per Kg. against the realization comes Rs. 86/- per kg. Previous year.

#### 2. Industry Structure and Development

The 170 years old Indian Tea industry on comeback trail after nearly a decade long recession with rising export and rising prices firming up. India is the second largest tea producer after China. The Tea industry makes significant contribution to the economy of the country through employment opportunities and foreign exchange earning realised.

With the promotion of Tea as having positive health properties world-wide over the last few years, there has been an upsurge in tea consumption. Exports are expected to further rise in the coming years as there is a global demand of tea as well as production of good quality teas within the country.

Indian Tea Industry however faces high labour costs. Since labour accounts for a lion's share of total cost of production, the cost of producing tea in India is the highest in the world. The revised Industry-wide Agreements have seen substantial increase in employee costs with its consequential impact on revenue. The labour intensive Tea Industry provides highly valued direct employment to more than a million workers mainly drawn from the backward and socially weaker sections of society.

#### 3. Market Scenario

Tea is cultivated in about 36 countries all over the world, but production is heavily concentrated in just a handful. In 2010, five countries (India, China, Sri Lanka, Kenya and Indonesia) together produced almost 80% of the world's tea. While India, China and Sri Lanka have

long dominated world production, the share of the African countries has increased dramatically over the last two decades. In the ten years between 1986 and 1995 Kenyan production increased by 44% while Tanzanian production increased by 58%.

The growth in world production has been largely responsible for the damaging fall in prices, but the response from producing countries has not been towards restricting supply. On the contrary, a vicious cycle has been created whereby many countries try to compensate for lost export earnings due to lower prices by extending the area devoted to tea and expanding the volumes of their tea exports. Major tea producers such as Bangladesh, Kenya and Tanzania expanded their tea production area by more than 180,000 hectares in the first half of the 2000s. Prices have been forced down further by strong competition from the 'new' African producers who emerged onto the tea market relatively late.

Large domestic consumption of tea in many producing countries means that the major producers and major exporters do not necessarily correspond. India, for example, consumes the equivalent of 80% of its annual production, while Turkey, the sixth largest producer, actually consumes more than it produces.

#### 4. Risks & Concerns

In the normal course of business, the Company is exposed to certain financial risks, principally foreign exchange risk, interest rate risk, liquidity risk and credit risk, risks associated with the economy, regulations, competition, etc. These risks are managed through risk management policies that are designed to minimize the potential adverse effects of these risks on financial performance. The policies are reviewed and approved by the Board. In the normal course of business, derivatives have been used to hedge future non-functional currency cash flows arising from trading transactions relating to the sale and purchase of goods and services.

The Risk Management framework of the Company ensures, amongst others, compliance with the requirements of Clause 49 of the Listing Agreement. The framework establishes risk management across all service areas and functions of the Company, and has in place procedures to inform the Board Members about the risk assessment and minimization process. These processes are periodically reviewed to ensure that the management of the Company controls risks through a defined framework

## 5. Opportunities and Threats

With global production being comparatively less and with less carry-over stock coupled with rising domestic demand and exports, tea prices ruled firm. The demands for internal consumption of tea as well as exports are expected to grow in the coming years.

Your Company continues to produce well made quality teas consistently. Indian tea exports were susceptible to the financial meltdown and to that extent a slowdown was inevitable. Other threats are weather related which are not in control of the Industry. Nonetheless the adverse effect of draughts, floods and hails can be minimized through good and careful agricultural practices.

Tea will also be put to new uses: 'Trendy tea will come to reflect our life-style choices and values. But there are threats to tea prices and revenues. Should the current high prices encourage more tea to be planted than the market demands, then prices would fall back keeping in view that it takes at least three years after planting before the effects of increased output are seen on prices.

Higher-yielding varieties of tea are being developed which may be technologically sound, but which could lead to lower prices. The Tea Research Foundation of Kenya recently added two new clones to enhance production, saying that it expects to see a sustained growth in quality and production. These clones have the ability to withstand the vagaries of weather and post good returns if managed properly

A wider factor concerns climate change. The increasing impact of climate change is already generating unpredictable harvests, leaving many small-scale tea growers struggling to plan for the future. Tea bushes yield the best-quality

tea between 18 and 32 degrees Celsius. Should global warming cause temperatures to rise by 2 degrees Celsius, as is widely predicted, and if these rises occur in ACP tea-producing countries, then bushes in lower altitudes would yield less. Indian Tea Companies without strong R&D facilities shall be in disadvantageous position. Pricing and unhealthy competition from large number of small scale manufacturers not capable of producing quality tea continues to be threat to tea industry in India.

## 6. Outlook

Weather condition in Kenya and Sri Lanka during the first four months of the current year was conducive for tea production and helped in reviving the production which is estimated to be higher by 75 million kgs. upto April 2010 as compared to drought hit period last year. The global shortfall is approximately 140 million kgs. at the beginning of the year and strong consumption growth with revival of production in Kenya and Sri Lanka should stabilize the prices at the last year's level. However, stagnant production and strong consumption growth in India should lead to firmer prices post July 2011. The tea prices are currently ruling at the same level as last year. Due to the revision of wages and normal increase in other costs, cost of production is also likely to increase.

## 7. Financial review & Analysis

The Company's financial position is strong enough which has helped Company to pass through in turbulent times. The development work in garden is always given top priority for improvement in quality as well as quantity. The surplus fund of the Company is deployed in such a way that reasonable returns are derived.

## 8. Internal Control System And Their Adequacy

The company has established suitable internal control system and has laid down policies, guidelines and procedures which form part of its internal control system. The company's internal control systems are periodically tested and supplemented by an extensive programme of internal audit by independent firms of Chartered Accountants. Audits are finalized and conducted based on internal risk assessment. Reports of the internal auditor are reviewed by senior management and also placed before the audit committee which provides reasonable assurance with regard to safeguarding the Company's assets, operational efficiency and

ensuring compliances with legal and regulatory framework.

#### **9. Material Development In Human Resources And Industrial Relations**

Tea Industry is highly labour intensive and human resources form the core of the operations. Human resources are valuable assets of your Company and attention is continuously paid to their development and well being. Industrial relations at the Tea Estates/factories remain satisfactory, Employee–Management relations remained cordial throughout the year. Continuing education and training of employees at all levels of the Company, particularly at its plantations, contribute to development of human resource. Various welfare measures continue to be

carried out, particularly at the Company's Tea Estate.

#### **10. Cautionary Statement**

The statements in the report of the Board of Directors and the Management's Discussion and Analysis report describing the company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the company's operations are influenced by many external and internal factors beyond the control of the company. Further tea industry depends upon the vagaries of nature and any adverse favourable situation can reverse the whole situation.

#### **Registered Office :**

10, Government Place (East)

Kolkata-700 069

Dated : 16th August, 2011

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

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



# Financial Highlights

(For the last three years)

(Amount in ₹)

	2010-2011	2009-2010	2008-2009
<b>A. Assets Owned by the Company</b>			
1. Fixed Assets:			
Gross Block			
(Incl. Capital Work in Progress)	55,28,02,549	49,72,20,219	47,57,62,771
Less: Accumulated Depreciation	2,67,295,458	24,66,28,555	22,69,83,342
Net Block	28,55,07,091	25,05,91,664	24,87,79,429
2. Investments (at cost)			
a. Long Term, Trade (Unquoted) Equity Shares	4,60,40,593	4,72,40,593	4,72,40,593
b. In Subsidiary Co. ( Unquoted )	–	–	–
c. Short Term, Non-trade ( Quoted )	32,17,184	39,576	39,576
d. Others ( Unquoted )	3,50,40,497	2,75,72,500	2,75,72,500
	8,42,98,274	7,48,52,669	7,48,52,669
3. Current Assets, Loans & Advances	40,16,70,400	42,35,12,082	36,16,79,632
4. Pre-operative Expenditure	9,39,470	9,39,470	9,39,470
Total Assets	77,24,15,235	74,98,95,885	68,62,51,200
<b>B. Dues to be Paid by the Company</b>			
1. Secured Loan	12,60,57,219	21,85,15,961	16,84,20,146
2. Unsecured Loan	21,74,79,884	8,11,75,000	7,95,04,000
3. Current Liabilities & Provisions	4,46,75,744	7,10,49,989	6,60,90,902
Total Outside Liabilities	38,82,12,847	37,07,40,950	31,40,15,048
<b>C. Net Worth of the Company</b>	38,42,02,388	37,91,54,935	37,22,36,152
<b>D. Equity Shareholder's Fund</b>			
<b>Represented by:</b>			
a. Share Capital	6,90,29,250	6,90,29,250	6,90,07,796
b. Reserves & Surplus	31,51,73,138	31,01,25,685	30,32,28,356
	38,42,02,388	37,91,54,935	37,22,36,152
<b>E. Net Profit as disclosed in the P/L A/C</b>	30,78,956	72,45,794	56,06,348
<b>F. Weighted No. of Equity Shares</b>	69,02,925	69,02,925	69,00,780
Net Worth per Equity Share of Rs. 10/- each	56	55	54
Earnings per Equity Share of Rs. 10/- each	0.45	1.05	0.81

\* Figures for previous years have been regrouped / rearranged.

# Financial Highlights

(For the last three years)

	2010-2011	2009-2010	(Amount in ₹) 2008-2009
<b>A. Income</b>			
1. Sales	40,47,03,113	52,58,31,754	44,26,01,562
2. Other Income	54,98,848	31,24,494	42,83,215
<b>Total Income</b>	<b>41,02,01,961</b>	<b>52,89,56,248</b>	<b>44,68,84,777</b>
<b>B. Expenditure</b>			
1. Increase / Decrease in stock	3,99,09,856	(1,47,92,564)	(3,42,30,987)
2. Raw Materials Consumed	17,52,26,386	34,71,08,920	29,44,37,396
3. Personnel Expenses	3,41,76,208	3,62,89,575	3,28,60,886
4. Power & Fuel	5,97,46,198	6,12,01,668	5,79,46,301
5. Consumption of Stores & Spare Parts	1,76,42,727	1,89,37,065	1,53,37,453
6. Manufacturing & Other Misc. Expenses	7,49,55,466	52,47,832	49,33,108
7. Selling & Packing Expenses	83,32,229	88,55,384	92,78,968
8. Administrative Expenses	1,70,41,529	1,61,52,834	1,53,83,972
9. Interest ( Net of Subsidy)	2,97,27,503	2,35,63,844	2,36,94,402
10. Depreciation	2,02,18,935	1,91,45,896	2,16,36,930
<b>Total Expenditure</b>	<b>47,69,77,037</b>	<b>52,17,10,454</b>	<b>44,12,78,429</b>
<b>Profit Before Taxation</b>	<b>30,78,959</b>	72,45,794	56,06,348
Provision For Income Tax-Current Tax	7,90,000	10,70,000	–
Fringe Benefit Tax	–	–	4,50,000
Provision For Deferred Tax	7,50,000	7,50,000	7,00,000
Income Tax For Earlier Years	–	1,36,127	3,91,678
<b>Profit After Taxation</b>	<b>15,38,959</b>	<b>52,89,667</b>	<b>40,64,670</b>
P & L Balance b/f From Earlier Years	10,70,59,131	10,17,69,462	9,77,04,792
P & L Balance Carried To Balance Sheet	10,85,98,090	10,70,59,129	10,17,69,462

\* Figures for previous years have been regrouped / rearranged.

# Auditors' Report

To  
The Members of  
Terai Tea Company Limited

1. We have audited the attached Balance Sheet of **TERAI TEA COMPANY LIMITED** as at 31st March 2011, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both annexed thereto, both of which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section 4A of Section 227 of the Companies Act, 1956, of India (the Act) and on the basis of such checks of the books and records of the company as we consider appropriate and according to the information and explanations given to us we enclose in the Annexure a statement on the matters specified in Paragraphs 4 & 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in Paragraph (3) above we report that-
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, the company has kept proper books of account as required by Law so far it appears from our examination of those books.
  - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by the report are in agreement with the books of account.
  - d) In our opinion, Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this Report comply with accounting standards referred to in sub-section 3C of Section 211 of the Companies Act, 1956 excepting those reported in Schedule XVII - "Significant Accounting Policies".
  - e) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to the Note 7 regarding non-provision of Agricultural Income Tax liability, the impact of which on the company's profit / reserves has been indicated in the said Note, and read together with the Notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view-
    - a. In the case of the Balance Sheet of the State of Affairs of the company as at 31st March 2011
    - b. In the case of Profit and Loss account of the Profit for the year ended 31st March 2011
    - c. In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For P. K. SHAH & CO.  
Chartered Accountants  
Firm Registration No. : 308150E

Place : Kolkata  
Dated : 31st May, 2011

**P. K. Shah**  
Partner  
(Membership No. 014740)

# Auditor's Report (Contd.)

## Annexure to the Auditors' Report

(Referred to in paragraph (3) of our Report of even date)

- i. In respect of its fixed assets-
  - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. Some of the fixed assets have been physically verified by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies have been noticed on such verification.
  - c. No fixed assets were disposed off during the year.
- ii. In respect of its inventories:
  - a. As explained to us, the stock of finished products and stores materials of the company have been physically verified by the management during the year except for stock of tea lying at warehouse or consignment agents which has been verified by subsequent sales.
  - b. In our opinion, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. On the basis of our examination of the inventory records, in our opinion the Company is maintaining proper records of inventory. The discrepancies between the physical stocks and the book stocks have been dealt with properly and were not material.
- iii. In respect of unsecured loans granted by the Company to the parties covered in Register under Section 301 of the Companies Act, 1956 and according to the information and explanations given to us:
  - a. The company has granted interest free unsecured loans / advances against contracts to 13 parties. The maximum amount involved during the year and the year-end outstanding balance of such loans/ advances aggregates to Rs.23.89 Crores and Rs.17.17 Crores respectively.
  - b. The company has taken interest free unsecured loans / advances against contracts from four parties. The maximum amount involved during the year and the year-end outstanding balance of such loans/ advances aggregates to Rs.10.3 Crores and Rs.9.58 Crores respectively.
  - c. In our opinion, considering the nature of transactions, the terms and conditions on which such loans/advances have been granted to and taken from such parties are not, prima facie, prejudicial to the interest of the company.
  - d. In respect of the loans/advances granted and taken as aforesaid there is no stipulation for repayment on fixed intervals.
- iv. In our opinion and in accordance with the information and explanation given to us, the internal control procedures for the purchase of inventory, raw materials, stores and fixed assets and for the sale of goods & services are adequate and commensurate with the size of the company and the nature of its business. During the course of our audit we have not observed any continuing failure to correct major weakness in the internal control system.

# Auditor's Report (Contd.)

- v. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act 1956 and to the best of our knowledge & belief and according to information and explanations given to us:
  - a. The particulars of the contracts/ transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
  - b. In our opinion and having regards to our comments in paragraph (iv) above, the transactions (excluding loans/ advances reported in paragraph iii above) exceeding the value of Rs 5 lakhs in respect of any party during the period, have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the explanations given to us, the company has not accepted Deposits from the public during the year. Therefore, the provisions of clause 4(vi) of CARO are not applicable to the Company.
- vii. In our opinion the company has internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956 for the product of the company.
- ix. According to the information and explanations given to us in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues including provident fund, income tax, sales tax, service tax, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities during the year.
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
  - c. According to the information and explanations given to us and in our opinion, there are no dues of customs duty, Wealth Tax, Service Tax, Excise Duty, Cess and Income Tax which have not been deposited as on 31st March 2011 on account of any dispute, excepting Agricultural Income Tax liability of Rs. 54.39 lakhs for accounting year 1994-95, 1995-96 and 1996-97 which is pending at West Bengal Tax Tribunal. (Refer Note No. 7 of Notes to Accounts
- x. The Company does not have any accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the explanations given to us, the company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is not a chit fund or a nidhi/ mutual benefit fund/society.
- xiv. The company has not entered in to transactions of dealing or trading in shares, securities, debentures and other investments.

- xv. The company has given guarantees of Rs.634.76 Lakhs for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the company.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
- xviii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. The company has not issued any debentures.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For P. K. SHAH & CO.  
Chartered Accountants  
Firm Registration No. : 308150E

Place : Kolkata  
Dated : 31st May, 2011

**P. K. Shah**  
Partner  
(Membership No. 014740)



# BALANCE SHEET

As at 31st March 2011

(Amount in ₹)

	SCHEDULE	As at 31st March,2011	As at 31st March,2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	I	6,90,29,250	6,90,29,250
Reserves and Surplus	II	31,51,73,138	38,42,02,388
		<u>38,42,02,388</u>	<u>31,01,25,685</u>
<b>Loan Funds</b>			
Secured Loans	III	12,60,57,219	21,85,15,961
Unsecured Loans		21,74,79,884	34,35,37,103
		<u>34,35,37,103</u>	<u>8,11,75,000</u>
		<u>72,77,39,491</u>	<u>67,88,45,896</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	IV	28,55,07,091	25,05,91,664
Investments	V	8,42,98,274	7,48,52,669
<b>Current Assets, Loans and Advances</b>			
Inventories	VI	8,15,16,852	11,58,65,644
Sundry Debtors	VII	3,86,75,365	4,41,15,750
Cash & Bank Balances	VIII	1,03,89,800	97,32,534
Loans and Advances	IX	27,10,88,383	25,37,98,154
		<u>40,16,70,400</u>	<u>42,35,12,082</u>
<b>Total (A)</b>		<u>40,16,70,400</u>	<u>42,35,12,082</u>
<b>Less : Current Liabilities &amp; Provisions</b>			
Liabilities	X	2,97,06,676	5,79,31,976
Provisions		1,49,69,068	1,31,18,013
		<u>4,46,75,744</u>	<u>7,10,49,989</u>
<b>Total (B)</b>		<u>4,46,75,744</u>	<u>7,10,49,989</u>
<b>Net Current Assets (A – B)</b>		<b>35,69,94,656</b>	<b>35,24,62,093</b>
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)			
<b>Pre-operative expenditure</b>		<b>9,39,470</b>	<b>9,39,470</b>
<b>TOTAL</b>		<b><u>72,77,39,491</u></b>	<b><u>67,88,45,896</u></b>
Notes on Accounts	XVI		
Significant Accounting Policies	XVII		

Schedules "I" to "X" and "XVI" to "XVII" annexed hereto form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Annexed Report of even date

For and on behalf of  
**P. K. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 308150E

Sd/-  
**P. K. Shah**  
Partner  
Membership No. 14740

Place : Kolkata  
Dated : 31st May, 2011

For and on behalf of the Board of Directors

Sd/-  
**Ajit Kumar Agarwala**  
Chairman and  
Managing Director

Sd/-  
**Shashikala Agarwala**  
Director

Sd/-  
**Roshan Dave**  
Company Secretary

# PROFIT & LOSS ACCOUNT For the year ended 31st March 2011

(Amount in ₹)

	SCHEDULE	For the year Ended 31st March 2011	For the Year Ended 31st March 2010
<b>INCOME</b>			
Sales		40,47,03,113	52,58,31,754
Other Income	XI	54,98,848	31,24,494
Closing Stock		6,98,54,035	10,97,63,891
<b>TOTAL</b>		<b>48,00,55,996</b>	<b>63,87,20,139</b>
<b>EXPENDITURE</b>			
Opening Stock		10,97,63,891	9,49,71,327
Raw Materials Consumed		17,52,26,386	34,71,08,920
Personnel Expenses	XII	3,41,76,208	3,62,89,575
Power & Fuel		5,97,46,198	6,12,01,668
Stores & Spareparts Consumed		1,76,42,727	1,89,37,065
Excise Duty		16,21,603	19,37,029
Selling Expenses	XIII	83,32,229	88,55,384
Repairs & Maintenance	XIV	34,79,828	33,10,803
Administrative Expenses	XV	1,70,41,529	1,61,52,832
Interest		2,97,27,503	2,35,63,844
Depreciation		2,02,18,935	1,91,45,896
<b>TOTAL</b>		<b>47,69,77,037</b>	<b>63,14,74,343</b>
<b>PROFIT BEFORE TAXATION</b>		<b>30,78,959</b>	<b>72,45,796</b>
Less : Provision for Income Tax		7,90,000	10,70,000
Less : Provision for Deferred Tax		7,50,000	7,50,000
Less : Income Tax for earlier years		–	1,36,127
<b>PROFIT AFTER TAXATION</b>		<b>15,38,959</b>	<b>52,89,669</b>
Add : Balance Brought Forward		10,70,59,131	10,17,69,462
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>10,85,98,090</b>	<b>10,70,59,131</b>
Notes on Accounts	XVI		
Significant Accounting Policies	XVII		

Schedules "XI" to "XV" annexed hereto form an integral part of the Profit and Loss Account.

This is the Profit & Loss Account referred to in our Annexed Report of even date

For and on behalf of  
**P. K. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 308150E  
Sd/-  
**P. K. Shah**  
Partner  
Membership No. 14740  
Place : Kolkata  
Dated : 31st May, 2011

For and on behalf of the Board of Directors  
Sd/-  
**Ajit Kumar Agarwala**  
Chairman and  
Managing Director

Sd/-  
**Shashikala Agarwala**  
Director

Sd/-  
**Roshan Dave**  
Company Secretary

# CASH FLOW STATEMENT For the year ended 31st March 2011

(Amount in ₹)

	<u>For the Year Ended 31st March 2011</u>	<u>For the Year Ended 31st March 2010</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	30,78,959	72,45,796
Adjustment : Add/ (Less)		
Depreciation	2,02,18,935	1,91,45,896
Investment Income	(27,41,240)	(3,88,464)
Financial Expenses	2,97,27,503	2,35,63,844
Profit on sale of Fixed Assets	-	-
Miscellaneous Expenditure Adjusted	-	4,23,21,276
<b>Operating profit before working capital changes</b>	<b>5,02,84,157</b>	<b>4,95,67,072</b>
Adjustments-Add/(Less)		
Trade & Other Receivables	54,40,385	38,65,434
Inventories	3,43,48,792	(1,26,57,878)
Trade payable	(26,390,204)	35,99,087
Loans & Advances	(1,61,62,601)	(4,82,01,542)
Pre-operative Expenses	-	5,33,94,899
<b>Cash generated from operations</b>	<b>4,75,20,530</b>	<b>(38,27,827)</b>
Interest paid	(2,97,27,503)	(2,35,63,844)
Direct Taxes paid	(26,51,669)	65,472
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,51,41,358</b>	<b>(2,73,26,199)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,55,82,330)	(2,14,57,448)
Capital Investment & Development Subsidy	39,56,462	20,18,656
Interest & Dividend Received	27,41,240	3,88,464
Profit on Sale of Fixed Assets	-	-
Increase in Investments	(94,45,605)	-
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(5,83,30,233)</b>	<b>(1,90,50,328)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of shares	-	1,09,774
Increase in borrowings	4,38,46,142	5,17,66,815
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>4,38,46,142</b>	<b>5,18,76,589</b>

D. NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	6,57,267	55,00,063
E. CASH & CASH EQUIVALENTS-OPENING BALANCE	97,32,534	42,32,471
F. CASH & CASH EQUIVALENTS-CLOSING BALANCE	1,03,89,800	97,32,534

**Auditors' Certificate**

We have examined the attached Cash Flow statement of Terai Tea Company Limited for the year ended 31st March 2011 .The Statement has been prepared by the Company in accordance with the requirements of listing agreements and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 31st May 2011 to the members of the Company.

For and on behalf of  
**P. K. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 308150E

Sd/-  
**P. K. Shah**  
Partner  
Membership No. 14740

Place : Kolkata  
Dated : 31st May, 2011

For and on behalf of the Board of Directors

Sd/-  
**Ajit Kumar Agarwala**  
Chairman and  
Managing Director

Sd/-  
**Shashikala Agarwala**  
Director

Sd/-  
**Roshan Dave**  
Company Secretary

# SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in ₹)

	<u>As at 31st March 2011</u>	<u>As at 31st March 2010</u>
<b>SCHEDULE I</b>		
<b>SHARE CAPITAL</b>		
Authorised 1,00,00,000 Equity Shares of Rs.10/- Each	<b>10,00,00,000</b>	10,00,00,000
	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued, Subscribed & Paid Up 68,79,300(69,73,300) Equity Shares of Rs.10/- Each Fully Paid up in Cash	<b>6,87,93,000</b>	6,87,93,000
(Notes : Of the above shares,4862200 Equity Shares of Rs.10/-each are issued as fully paid Bonus shares by way of Capitalisation of Reserve)		
Add : Forfeited Shares (Pending reissue of 94,500 Forfeited Equity Shares on which Rs. 2.50 per share is paid up)	<b>2,36,250</b>	2,36,250
	<u>6,90,29,250</u>	<u>6,90,29,250</u>
<b>SCHEDULE II</b>		
<b>RESERVES &amp; SURPLUS</b>		
i) General Reserve As per last Balance Sheet	<b>1,11,17,148</b>	1,11,17,148
	<u>1,11,17,148</u>	<u>1,11,17,148</u>
ii) Revaluation Reserve		
Original Reserve Created	<b>6,47,21,896</b>	6,47,21,896
Less: Depreciation on revaluation :		
Upto last year	<b>2,54,14,890</b>	2,49,15,573
During the year	<b>4,47,968</b>	4,99,317
	<u>3,88,59,038</u>	<u>3,93,07,006</u>
iii) Share Premium Account	<b>7,64,56,000</b>	7,64,56,000
iv) Profit & Loss Account Balance	<b>10,85,98,090</b>	10,70,59,131
v) Capital Reserve-Share forfeited Account	<b>9,45,000</b>	9,45,000
vi) Capital investment Subsidy	<b>7,91,97,862</b>	7,52,41,400
	<u>31,51,73,138</u>	<u>31,01,25,685</u>
<b>SCHEDULE III</b>		
<b>SECURED LOANS</b>		
Working Capital Loans		
Central Bank of India	<b>5,61,91,622</b>	11,51,35,046
Bank of India	<b>2,42,55,475</b>	1,97,50,424
Term Loans		
Central Bank of India	-	1,55,00,371
Bank of India	-	75,00,000
UCO Bank	<b>4,56,10,122</b>	6,06,30,120
	<u>12,60,57,219</u>	<u>21,85,15,961</u>

# SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in ₹)

## SCHEDULE IV FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as on 01.04.2010	Additions During the year	Total as at 31.03.2011	Upto 31.03.2010	For the year	Total up to 31.03.2011	Balance as at 31.03.2011	Balance as at 31.03.2010
LAND & PLANTATION	7,02,05,482	5,22,757	7,07,28,239	-	-	-	7,07,28,239	7,02,05,482
FACTORY BUILDING	14,35,63,660	14,38,321	14,50,01,981	8,34,99,674	51,90,521	8,86,90,195	5,63,11,786	6,00,63,986
BUILDING & STRUCTURE	1,02,35,083	-	1,02,35,083	47,75,034	2,73,003	50,48,037	51,87,046	54,60,049
PLANT & MACHINERY	20,28,78,803	1,68,48,840	21,97,27,643	12,73,89,719	1,08,51,494	13,82,41,213	8,14,86,430	7,54,89,084
FURNITURE & FIXTURE	1,08,66,865	12,84,902	1,21,51,767	28,56,764	16,72,376	45,29,140	76,22,627	80,10,101
AIR CONDITIONER	5,04,611	1,13,049	6,17,660	3,86,094	29,278	4,15,372	2,02,288	1,18,517
DATA PROCESSING UNIT	8,60,620	1,38,642	9,99,262	7,29,286	79,538	8,08,824	1,90,438	1,31,334
VEHICLES	1,10,55,579	-	1,10,55,579	78,66,195	8,25,732	86,91,927	23,63,652	31,89,384
ELECTRIC INSTALLATION	1,63,80,103	3,97,913	1,67,78,016	1,11,96,909	7,24,755	1,19,21,664	48,56,352	51,83,194
IRRIGATION EQUIPMENT	1,34,30,803	1,972	1,34,32,775	66,56,903	9,42,249	75,99,152	58,33,623	67,73,900
OFFICE EQUIPMENT	17,12,570	30,000	17,42,570	12,71,977	77,957	13,49,934	3,92,636	4,40,593
GOLD & SILVER	66,21,664	34,86,560	1,01,08,224	-	-	-	1,01,08,224	66,21,664
DHARANIPUR TEA ESTATE	37,81,412	7,34,362	45,15,774	-	-	-	45,15,774	37,81,412
LAND AT BANGALORE	3,50,611	-	3,50,611	-	-	-	3,50,611	3,50,611
<b>TOTAL</b>	<b>49,24,47,866</b>	<b>2,49,97,318</b>	<b>51,74,45,184</b>	<b>24,66,28,555</b>	<b>2,06,66,903</b>	<b>26,72,95,458</b>	<b>25,01,49,726</b>	<b>24,58,19,311</b>
CAPITAL WORK IN PROGRESS	47,72,353	3,05,85,012	3,53,57,365	-	-	-	3,53,57,365	47,72,353
<b>TOTAL</b>	<b>49,72,20,219</b>	<b>5,55,82,330</b>	<b>55,28,02,549</b>	<b>24,66,28,555</b>	<b>2,06,66,903</b>	<b>26,72,95,458</b>	<b>28,55,07,091</b>	<b>25,05,91,664</b>
PREVIOUS YEAR FIGURES <sup>1</sup>	47,57,62,771	2,14,57,448	49,72,20,219	22,69,83,342	1,96,45,213	24,66,28,555	25,05,91,664	

## SCHEDULE V

### INVESTMENTS (at cost) (Non Trade) Long Term,

#### Unquoted : Fully Paid up Equity Shares

	FACE VALUE	As at 31st March 2011		As at 31st March 2010	
		NOS.	₹	NOS.	₹
East Indian Produce Ltd.	10	28,680	40,74,863	28,680	40,74,863
Techno Steel (India) (P) Ltd.	50	2,500	1,25,000	2,500	1,25,000
Jaldacca Tea Plantations (P) Ltd.	1,000	475	42,75,000	475	42,75,000
Terai Distilleries Ltd.	10	9,050	90,500	9,050	90,500
Terai Ispat and Trading Ltd.	10	20,000	2,00,000	20,000	2,00,000
Abhijit Tea Co. (P) Ltd.	100	3,738	3,30,78,230	3,738	3,30,78,230
The Kharibari Tea Company Ltd.	10	48,937	39,42,000	48,937	39,42,000
Terai Doars Tea Co. (P) Ltd.	10	48,000	2,40,000	1,44,000	14,40,000
Sayedabad Tea Co. Ltd.	100	1,500	15,000	1,500	15,000

#### Quoted : Fully Paid up Equity Share

Bajaj Hindusthan Ltd.	1	4,000	3,40,891	-	-
Central Bank of India	10	388	39,576	388	39,576
Exide Industries Ltd.	1	1,000	1,35,500	-	-
Hindalco Industries Ltd.	1	1,500	3,16,259	-	-
IFCI Ltd.	10	2,000	1,06,128	-	-
Infosys Technologies Ltd.	5	100	3,22,091	-	-
Jayshree Tea & Industries Ltd.	5	1,000	1,61,230	-	-
Jaiprakash Associates Ltd.	2	5,000	4,16,650	-	-
Jubilant Foodworks Ltd.	10	500	2,72,446	-	-
Rural Electrification Corporation Ltd	10	1,000	2,63,200	-	-
Tata Steel Ltd.	10	600	3,62,627	-	-
Unitech Ltd.	2	4,000	1,58,400	-	-



# SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in ₹)

## SCHEDULE V INVESTMENTS (Contd)

	As at		As at	
	31st March 2011		31st March 2010	
<b>Unquoted : Units of Mutual Fund</b>	Nos.	₹	Nos.	₹
DSP BR Money Manager Fund-Retail Option Growth	8,975.254	1,17,00,000	–	–
HDFC Floating Rate Income Fund–(STRO)-Growth	1,53,884.52	24,68,000	–	–
ICICI Prudential Floating Rate Fund	–	–	4,24,000.718	50,00,000
ICICI Prudential Infrastructure Fund	1,42,038.050	40,00,000	–	–
HSBC Liquid Plus Regular Fund	–	–	7,22,759.898	75,72,500
HSBC Equity Progressive Theme Fund-Growth	3,51,539.270	68,72,497	–	–
HSBC Liquid Plus Fund	–	–	9,65,773.005	1,00,00,000
JM Agri & Infrastructure Fund-Growth	2,50,000.000	25,00,000	2,50,000.000	25,00,000
Kotak Indo World Infra Fund-Dividend	2,50,000.000	25,00,000	2,50,000.000	25,00,000
Reliance Regular Saving Fund Balance Plan-Growth	2,07,493.721	50,00,000	–	–
<b>Total</b>		<b>8,42,98,274</b>		<b>7,48,52,669</b>
<b>Market Value of Quoted Investment</b>		<b>29,02,909</b>		<b>59,849</b>

## SCHEDULE VI

### INVENTORIES

(As taken, valued & certified by the Management)

Stock of Stores & Spare Parts (at cost)	1,01,14,947	36,58,531
Stock of Raw Materials ( At Cost)	15,47,870	24,43,222
Tea (at prices since sold and/or estimated realisable value)	6,98,54,035	10,97,63,891
	<b>8,15,16,852</b>	<b>11,58,65,644</b>

## SCHEDULE VII

### SUNDRY DEBTORS

(Unsecured, Considered Good)

Above Six Months	3,21,74,320	3,62,71,976
Other Debts	65,01,045	78,43,774
	<b>3,86,75,365</b>	<b>4,41,15,750</b>

## SCHEDULE VIII

### CASH & BANK BALANCES

Balance with Scheduled Banks		
In Current Accounts	84,811	1,85,353
In Fixed Deposit Account	25,74,417	46,93,325
Interest Accrued on Fixed Deposits	9,40,138	9,34,472
Cash in hand	67,90,434	39,19,384
	<b>1,03,89,800</b>	<b>97,32,534</b>

## SCHEDULE IX

### LOANS AND ADVANCES

(Unsecured, Considered Good)

Advance Recoverable in cash or in kind or for value to be received or adjusted

i) Income Tax Advance (incl. TDS)	22,69,502	11,41,874
ii) Other Advances	26,80,98,938	25,20,48,190
iii) Central Excise Balances	1,25,851	1,11,503
iv) Prepaid Expenses	5,17,323	4,24,818
v) Security Deposits	76,769	71,769
	<b>27,10,88,383</b>	<b>25,37,98,154</b>

# SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in ₹)

	As at 31st March 2011	As at 31st March 2010
<b>SCHEDULE X</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors	2,95,07,127	2,88,24,552
Temporary Bank Overdraft	199,549	2,33,66,424
Advances from customers	-	57,41,000
<b>B. PROVISIONS:</b>		
i) for Income Tax	18,60,000	10,70,000
ii) for Deferred Tax	42,55,000	35,05,000
iii) for Fringe Benefit Tax	5,75,959	21,00,000
iv) for Bonus	33,75,000	19,25,000
v) for Gratuity	49,03,109	45,18,013
	<u>4,46,75,744</u>	<u>7,10,49,989</u>
<b>SCHEDULE XI</b>		
<b>OTHER INCOME</b>	<b>For the year Ended 31st March 2011</b>	<b>For the year Ended 31st March 2010</b>
Liability no longer required W/off	15,71,762	23,53,889
Miscellaneous Income	4,81,000	1,164
Interest Received	2,72,798	3,88,464
Tea Board Rejuvenation Subsidy	99,970	19,712
Dividend	8,366	-
Tea Board Replantation Subsidy	95,366	2,21,190
Profit on sale of shares	1,79,311	-
Insurance claim	3,21,833	1,40,075
Income from Mutual Funds	24,68,442	-
	<u>54,98,848</u>	<u>31,24,494</u>
<b>SCHEDULE XII</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Wages, Bonus, Gratuity, etc.	2,71,26,618	3,01,11,051
Staff & Labour Welfare Expenses	16,31,951	11,89,325
Contribution to Provident and other Funds	11,31,120	11,15,024
Plantation Maintenance	42,86,519	38,74,175
	<u>3,41,76,208</u>	<u>3,62,89,575</u>
<b>SCHEDULE XIII</b>		
<b>PACKING &amp; SELLING EXPENSES</b>		
Freight & Transport Charges	47,533	1,65,315
Warehousing & Packing Expenses	34,99,877	35,88,158
Brokerage & Other Sale Charges	47,84,819	51,01,911
	<u>83,32,229</u>	<u>88,55,384</u>
<b>SCHEDULE XIV</b>		
<b>REPAIRS &amp; MAINTENANCE</b>		
Repairs to :		
Plant & Machinery	20,75,423	17,12,183
Buildings & Roads	4,43,550	8,07,886
Others	9,60,855	7,90,734
	<u>34,79,828</u>	<u>33,10,803</u>

# SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in ₹)

	For the year Ended <u>31st March 2011</u>	For the year Ended <u>31st March 2010</u>
<b>SCHEDULE XV</b>		
<b>Administrative Expenses</b>		
Bank Charges	24,59,983	25,20,888
Rent Rates & Taxes	13,68,287	13,86,144
Insurance	5,76,245	6,02,107
Miscellaneous Expenses	19,58,376	19,47,236
Travelling Expenses	50,43,301	39,69,728
Postage, Telegram & Telephone	3,10,712	5,40,849
Printing & Stationery	3,87,430	5,88,670
Legal & Professional Charges	13,05,893	7,72,197
Directors' Remuneration	6,00,000	6,00,000
Advertisement	3,52,904	4,30,983
Auditors' Remuneration :		
As Audit Fees	70,000	70,000
As Tax Audit Fees	12,500	12,500
For Other Matters	60,890	57,800
Subscription & Donation	3,87,508	5,06,230
Keyman Insurance Premium	21,47,500	21,47,500
	<u>1,70,41,529</u>	<u>1,61,52,832</u>

## SCHEDULE XVI NOTES ON ACCOUNT

### 1. Gratuity:

The Company has provided for gratuity on the basis of actuarial valuation .

### 2. Earnings and Expenditure in Foreign Exchange- (₹ Lakhs)

i. Earnings: Sales (FOB Value):	₹ NIL	(₹ NIL)
ii. Expenditure (Others):	₹ 19.97	(₹ 9.74)

### 3. Quantitative information :

**Manufactured Item** : Tea

**Licensed Capacity** : Not Applicable

**Installed Capacity** : (In kg): 1,00,00,000 (1,00,00,000)

# SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in ₹ (lacs))

## a) Quantitative Information of Tea Manufactured :

PARTICULARS	OPENING STOCK		PRODUCTION	SALES		CLOSING STOCK	
	QTY (Kgs.)	₹ (lacs)		QTY (Kgs.)	QTY (Kgs.)	₹ (lacs)	QTY (Kgs)
TEA							
CURRENT YEAR	13,56,509	1,097.64	48,01,637	54,75,434	4,030.16	6,82,712	698.54
PREVIOUS YEARS	(11,03,751)	(922.15)	(63,35,110)	(60,82,352)	(5,211.04)	(13,56,509)	(1,097.64)

## b) Quantitative Information of Tea Traded :

( ₹ in lacs)

PARTICULARS	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
	Kgs.	₹	Kgs.	₹	Kgs.	₹	Kgs.	₹
CURRENT YEAR	66,768	26.71	Nil	Nil	66,768	28.04	Nil	Nil
PREVIOUS YEARS	67,893	27.56	Nil	Nil	1,125	1.44	66,768	26.71

- Sales quantity includes complimentary, sample, tea waste and shortage etc.

## c) Quantitative Information of Other Items :

( ₹ in lacs)

Items	Current year Sales			Previous Year Sales		
	Quantity	Unit	Value	Quantity	Unit	Value
Green Leaves	1,20,000	Kgs.	24.60	7,065	Kgs.	0.83
Clonal Cuttings	4,40,000	Pcs.	14.50	21,07,500	Pcs.	27.50
Shade Tree Saplings	Nil	Pcs.	Nil	3,50,000	Pcs.	17.50
Licchi	-	-	19.85	-	-	Nil

## 4. Consumption of Raw Materials:

PARTICULARS	QUANTITY (Kgs.)		VALUE (₹ Lacs)	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
I) GREEN LEAF				
a) from own tea garden	18,54,272	17,73,553	NA	NA
b) Purchase from outside	1,90,80,424	2,47,33,463	1,747.21	3,302.83
II) TEA	12,930	4,30,944	5.05	168.26

## 5. Consumption of Stores & Spares-

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	AMT (₹ in Lacs)	% OF TOTAL	AMT (₹ in Lacs)	% OF TOTAL
Imported	Nil	Nil	Nil	Nil
Indigenous	176.43	100%	189.37	100%

## SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

6. No provision for contingent liability in respect of the following has been made in the accounts-
  - i. Outstanding Bank Guarantees amounting to ₹70.61 Lakhs (₹ 74.76 lakhs)
  - ii. Guarantees to Banks/ other institutions for limits in favour of associate companies ₹634.76 lakhs (₹ 581.51 lakhs).
  - iii. In respect of Capital Contracts Net of Advances ₹ NIL (₹ 49.90 Lakhs).
7. The company has accounted for Agricultural Income Tax on cash basis. Total Agricultural Income Tax liability including interest payable thereon not accounted for aggregate ₹ 54.39 lakhs. However, total demand is disputed and case is pending at West Bengal Tax Tribunal.
8. The Company acquired by way of purchase Dharnipur Tea Estate as a going concern from its owner Sri Dharendra Nath Bhowmick (since deceased) and Dharnipur Tea Industries (P) Ltd. as confirming party and the Deed of conveyance was duly executed and registered in the name of the Company. The said Deed of Conveyance was cancelled in view of pending dispute between the seller and another party. However the agreement for purchase of the said Tea Estate subsists and is subject matter of a specific performance suit pending before Hon'ble Calcutta High Court. The Company is not in possession of the said Tea estate and has accordingly not accounted for the profit and/or loss on account of the operation or ownership of the said Tea Estate. The value of Dharnipur Tea estate represents the costs paid at the time of purchase and the legal expenses incurred therefore.
9. The Company acquired certain interest in a plot of land at Bangalore for which registration in the name of the company has not been done. All expenses of litigation in respect of the said land are considered as deemed cost of land.
10. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related parties as defined in the Accounting Standard are given below :

**i) List of Related Parties with whom transactions have taken place and relationships :**

SI No.	Name of Related Party	Nature of Relationship
1	East Indian Produce Limited	Associate Companies
2	Jaldacca Tea Plantations Private Limited	
3	Abhijit Tea Company Private Limited	
4	Terai Infrastructures Limited	
5	Terai Ispat & Trading Limited	
6	Terai Dooars Tea Company Private Limited	
7	Sayedabad Tea Company Limited	
8	Terai Jute Pvt. Limited	
9	Terai Financial Services (P) Limited	
10	The Kharibari Tea Company Limited	
11	Terai Overseas Limited	
12	Terai Distilleries Limited	
13	Terai Resorts & Country Club (P) Limited	
14	Amit Paridhan Private Limited	
15	Kanchaanview Tea Estate	Enterprises of Key Management Persons
16	Ajit Kumar Agarwala & Others (HUF)	
17	Sri Ajit Kumar Agarwala	Key Management Persons
18	Smt. Shashikala Agarwala	

# SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

ii) During the year the following transactions were carried out with related parties in the ordinary course of business : (₹ In lacs)

Nature of Transaction	Associates		Key managerial Personnel		Enterp./ Relatives of K.M.P	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>Name of Party</b>						
<b>Sales Services &amp; Other Income</b>	<b>54.82</b>	3.16	-	-	-	-
<b>Purchase of Goods &amp; Services</b>	<b>16.40</b>	17.37	-	-	-	-
<b>Managerial Remuneration</b>	-	-	<b>6.00</b>	6.00	-	-
<b>Advances Given</b>	<b>1898.93</b>	1818.64	<b>56.72</b>	-	<b>208.63</b>	113.00
<b>Advances Recovered</b>	<b>2269.31</b>	1418.66	<b>47.74</b>	-	<b>182.63</b>	15.50
<b>Year End Balances of Advances</b>	<b>1471.17</b>	1915.89	<b>8.98</b>	-	<b>236.89</b>	210.89
<b>Max. Amt. O/S During the Year</b>	<b>2094.94</b>	2290.80	<b>37.28</b>	0.50	<b>256.32</b>	211.29

11. As the Company's business activity falls within a single primary business segment viz. Tea plantation and production, disclosure requirement of Accounting Standards (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India are not applicable.

12. Managerial Remuneration :

Calculation of Managerial Remuneration under Section 198 of the Companies Act, 1956-

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit before Taxation as per Profit & Loss Account	<b>30,78,959</b>	72,45,794
Less: Profit on sale of fixed assets	-	-
Net Profit/ (Loss) u/s 349 of the Companies Act, 1956	<b>30,78,959</b>	72,45,794
Add: Director's Remuneration	<b>6,00,000</b>	6,00,000
Net Profit u/s 198 of the Companies Act, 1956	<b>36,78,959</b>	78,45,794
Maximum Remuneration allowable	<b>6,00,000</b>	6,00,000

13. Earnings per share-

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>NUMERATOR</b>		
Net Profit as disclosed in Profit & Loss Account	<b>30.79</b>	72.46
<b>DENOMINATOR</b>		
Weighted average no. of Equity Shares	<b>69,02,925</b>	69,02,925
<b>BASIC EARNING PER SHARE</b> (Face value of Rs. 10/- each)	<b>0.45</b>	1.05



# SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in ₹)

14. During the period the Company acquired and sold units of mutual fund on various dates as follows-

SCHEME	OPENING		PURCHASES		SOLD		CLOSING	
	UNITS	VALUE	UNITS	VALUE	UNITS	VALUE	UNITS	VALUE
HSBC LIQUID PLUS REGULAR FUND	965773.005	10000000	-	-	965773.005	10000000	-	-
ICICI PRUDENTIAL FLOATING RATE FUND	424000.718	5000000	-	-	424000.718	5000000	-	-
ICICI PRUDENTIAL INFRASTRUCTURE FUND	-	-	142038.050	4000000	-	-	142038.050	4000000
HSBC LIQUID PLUS-REGULAR FUND	722759.898	7572500	-	-	722759.898	7572500	-	-
HSBC EQUITY PROGRESSIVE THEME FUND-(G)	-	-	351539.27	6872497	-	-	351539.27	6872497
KOTAK INDO WORLD INFRA FUND - (D)	250000.000	2500000	-	-	-	-	250000.000	2500000
JM AGRI & INFRASTRUCTURE FUND-(G)	250000.000	2500000	-	-	-	-	250000.000	2500000
DSP BR MONEYMANAGER FUND-R O (G)	-	-	8975.254	11700000	-	-	8975.254	11700000
HDFC FLOATING RATE INCOME FUND- STRO (G)	-	-	153884.52	2468000	-	-	153884.52	2468000
RELIANCE REGULAR SAVING FUND BAL-PLAN (G)	-	-	207493.721	5000000	-	-	207493.721	5000000
<b>Total</b>	<b>2612533.621</b>	<b>27572500</b>	<b>863930.817</b>	<b>30040497</b>	<b>2112533.621</b>	<b>22572500</b>	<b>1363930.817</b>	<b>35040497</b>

15. The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.

# SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

## SCHEDULE XVII

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Basis of preparation of Financial Statements-**

The financial statements are prepared on accrual basis and under the historical cost convention and in accordance with the generally accepted accounting principles in India and the provisions of Companies Act, 1956.

#### **B. Use of Estimates-**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets & liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognized in the period in which results are known/ materialized.

#### **C. Fixed assets –**

Fixed assets are stated at cost net of modvat/ cenvat/ value added tax and include amount added on revaluation, less accumulated depreciation. In the case of acquisition of Dharnipur Tea Estate and Land at Bangalore, all expenses incurred on litigations are capitalized.

#### **D. Depreciation-**

- a. Depreciation on fixed assets is provided on written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- b. Freehold land and plantation is not depreciated.
- c. Depreciation on the revalued portion is debited to Revaluation Reserve.

#### **E. Investments**

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than a temporary decline is recognised and charged to profit and loss account.

#### **F. Inventory-**

- a. Stock of stores, spares part and food stuff have been taken on the basis of physical verification conducted by the management at the year end and valued at cost which is arrived at on FIFO method.
- b. Stock of tea produced is valued on since sold &/or estimated sales realization basis.

#### **G. Turnover:**

Turnover includes sale of goods, services, service tax, and excise duty, adjusted for discounts (net).

#### **H. Retirement Benefits:**

Company's contributions to Provident Fund are charged to Profit & Loss Account on accrual basis. In respect of Gratuity, liability has been provided for on the basis of actuarial valuation and in respect of leave encashment benefits, the Company accounts for the same on cash basis and neither the liability is actuarially determined at the end of accounting period nor any provision made for accrued liability.

#### **I. Borrowing costs:**

Borrowing costs are expensed in the accounting period in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its

## SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

intended use in which case it is capitalised. Borrowing cost is net of subsidy on interest received/receivable as per the Incentive Scheme of the Government.

### **J. Provision for current & deferred tax:**

Tax expense comprises of both current tax and deferred tax. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognised for financial reporting purposes and the amounts that are recognised for current tax purposes. As a matter of prudence deferred tax assets are recognised and carried forward only to the extent, there is certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### **K. Subsidies and Incentives :**

Subsidies receivable on account of capital assets or of revenue nature are accounted for on the basis of claims made with the concerned authorities.

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For and on behalf of  
**P. K. SHAH & CO.**  
Chartered Accountants  
Firm Reg. No. 308150E  
Sd/-  
**P. K. Shah**  
Partner  
Membership No. 14740

For and on behalf of the Board of Directors

Sd/-  
**Ajit Kumar Agarwala**  
Chairman and  
Managing Director

Sd/-  
**Shashikala Agarwala**  
Director

Sd/-  
**Roshan Dave**  
Company Secretary

Place : Kolkata  
Dated : 31st May, 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE**  
(As Per Schedule VI Part (iv) of the Companies Act, 1956)

**I. Registration Details**

Registration No.	29009	State Code	21
Balance Sheet Date	31/03/2011		

**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Issue	NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	7,27,739	Total Assets	7,27,739
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**Sources of Funds**

Paid up Capital	69,029	Reserves & Surplus	3,15,173
Secured Loan	1,26,057	Unsecured Loan	2,17,429

**Application of Funds**

Net Fixed Assets	2,85,507	Investments	84,298
Net Current Assets	3,56,994	Misc. Expenditure	939
Accumulated Losses	NIL		

**IV. Performance of the company (Amount in Rs. Thousands)**

Turnover	4,10,202	Total Expenditure	4,76,977
Profit / Loss Before Tax	3,079	Profit after Tax	1,539
Earning per Share in Rs.	0.45	Dividend Rate %	NIL

**V. Generic Names of three Principal products / services of Company (as per monetary terms)**

Items Code No. (ITC Code)	090240.02
Product Description	BLACK TEA

**TERAI TEA COMPANY LIMITED**  
**10, Government Place (East), 1<sup>st</sup> Floor, Kolkata – 700 069.**  
**Ph. No. : 40214444, Fax – 22489182,**  
E-mail: [teraitea@gmail.com](mailto:teraitea@gmail.com) Website: [www.teraignroup.com](http://www.teraignroup.com)

16<sup>th</sup> August, 2011

**Dear Members,**

**GREEN INTIATIVE IN CORPORATE GOVERNANCE: GO PAPERLESS**

The Ministry of Corporate Affairs (MCA), Government of India vide its circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has allowed companies to send all communications/documents to its shareholders by electronic mode to their registered email addresses after giving an advance opportunity to each shareholder to register their e-mail address and changes therein from time to time with the company or with the concerned depository.

It is a welcome move as it will reduce paper consumption to a great extent and allow shareholders to contribute in a small way towards a Greener Environment. This is a golden opportunity for every shareholder of Terai Tea Company Limited to contribute to the Corporate Social Responsibility initiative of the Company.

Your Company has decided to follow the above circular and would like to send in future all its documents/communications to the shareholders by electronic mode to the respective email address of the shareholders. Share holders holding shares in Demat mode are requested to register their email address and changes if any in their existing email address with their respective Depository Participants (DP)

Shareholders holding shares in physical form are requested to register their email address and changes if any in their existing email address by writing a letter or email to the Registrar and Share Transfer Agents of the Company as per below address.

Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, 2<sup>nd</sup> floor, Surendra Mohan Ghosh Sarani.  
Kolkata-700001  
Ph: 91-33-2243-5029/5809  
Fax No: 33-2248-4787  
Email: [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in)

We also ensue that all documents/communications shall be displayed on the Company's website [www.teraignroup.com](http://www.teraignroup.com) and shall be made available for inspection during the working hours at the Registered Office of the Company.

We request all our shareholders to support this green initiative and opt for electronic mode of communication as it will ensure quicker and instant receipt of the reports/various communications by you.

Thanking you,

Your truly,  
For **Terai Tea Company Limited**

**Roshan Dave**  
**Company Secretary**



**TERAI TEA COMPANY LIMITED**  
**Regd. Office : 10, Government Place (East)**  
**Kolkata – 700 069**

**PROXY**

I/we.....of  
.....being a member/  
members of TERA I TEA COMPANY LIMITED hereby appoint.....  
.....of.....  
or failing him.....of.....  
as my/our proxy to attend and vote for me/us on my/our behalf at the 38th Annual General Meeting of the members of TERA I TEA COMPANY LIMITED to be held at Registered office of the Company at 10, Govt, Place (East), 1st Floor Kolkata-700 069 on Friday, the 30th September, 2011 at 10.30 A.M. and at any adjournment thereof :

Signed at.....this.....day of.....2011

Note : If a member is unable to attend the meeting, he may sign this form and send it to the Company at its Registered Office so as to reach the Company not less than 48 hours before the time of holding meeting.

Affix Re. 1/-  
Revenue  
Stamp



**TERAI TEA COMPANY LIMITED**  
**Regd. Office : 10, Government Place (East)**  
**Kolkata – 700 069**

**ATTENDANCE SLIP**

Name of the shareholoder/proxy*	Folio No.  No. of Shares held
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I hereby record my presence at the 38th Annual General Meeting held at Registered office of the Company at 10, Govt. Place (East) 1st Floor, Kolkata- 700 069 on Friday, the 30th September, 2011 at 10.30 A.M.

SIGNATURE OF THE SHAREHOLDER/ PROXY\*

\*Stricke out whichever is not applicable.

Note. : Please handover the slip at the entrance of the meeting venue.