



TERAI TEA COMPANY LIMITED

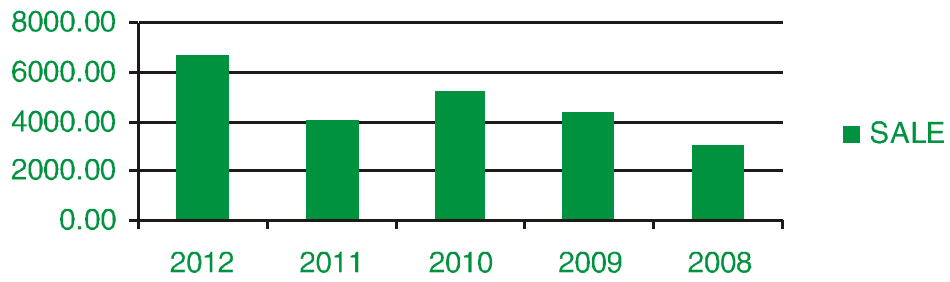


39th
Annual Report
2011-2012

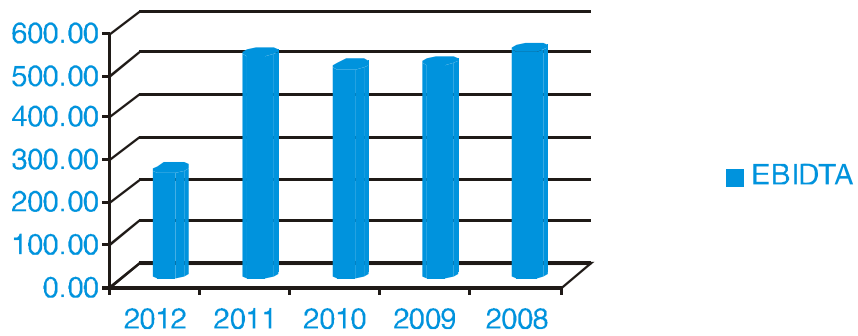


SALES

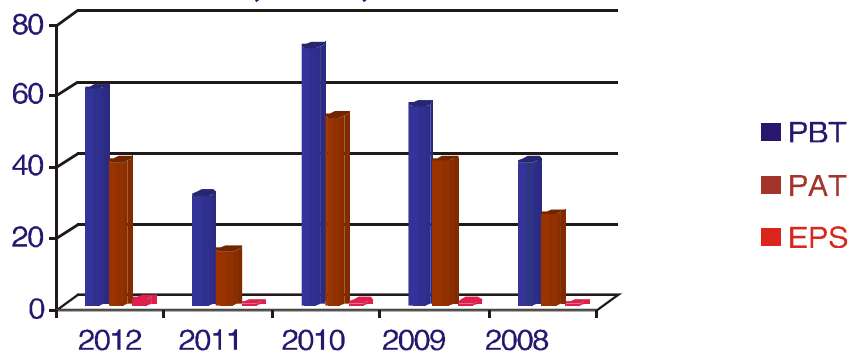
(₹ in lacs)



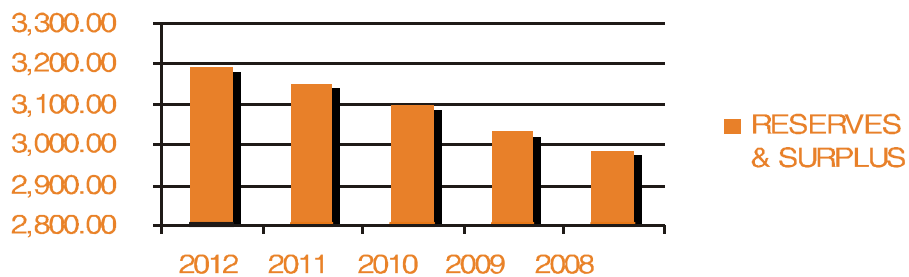
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RESERVES & SURPLUS



Corporate Information

BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Roshan Dave

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

SHAREHOLDER'/INVESTORS' GRIEVANCE COMMITTEE

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

AUDITORS

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

BANKERS

Central Bank of India
Bank of India
UCO Bank

SOLICITORS & LEGAL ADVISORS

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

SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

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Notice

TO THE SHAREHOLDERS

NOTICE is hereby given that the 39th Annual General Meeting of the members of “**Terai Tea Company Limited**” will be held on Saturday, the 29th September, 2012 at 11.00 A.M. at its Registered Office at 10 Government Place (East), 1st Floor, Kolkata – 700069 to transact the following business:

AS ORDINARY BUSINESS:

- 1) To consider and adopt the Balance Sheet as at 31st March, 2012 and the Profit and Loss Account of the Company for the year ended on that date and Reports of Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Kamal Kishore Bihani, who retires by rotation but being eligible offers himself for re-election
- 3) To appoint a Director in place of Mr. Rajendra Kanodia, who retires by rotation but being eligible offers himself for re-election
- 4) To appoint Auditors and fix their remuneration and in this regard to consider and if thought

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

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

By order of the Board
For Terai Tea Company Limited

Roshan Dave
Company Secretary &
Compliance Officer

Registered Office :

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

NOTES :

- 1) **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting.**
- 2) The Equity Share transfer Registers of the Company will remain closed from September 22nd, 2012 to September 29th, 2012 (both days inclusive) for the purpose of Annual General Meeting.
- 3) Members desiring any information as regard accounts are requested to intimate the company at least Ten days before the meeting to enable the management to keep the information required readily available at the meeting.
- 4) The Company's shares are enlisted with NSDL

and CDSL for participation into Electronic Depository System operated by them. Its shares are compulsorily to be traded in Electronic Form and the security bears Code ISIN INE 390D1011.

- 5) Members are requested to notify immediately any change of their address, if any, to the Company in case shares are held in physical form or to the DP's, where the account is maintained, if held in demat form.
- 6) As per provisions of the Companies Act, 1956 facility for making nominations is available for members in respect of the shares held by them. Nomination Forms can be obtained from the Company's Registrar and Transfer Agent.
- 7) Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange the particulars of the directors seeking appointment/reappointment at the meetings are annexed separately.

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

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

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

By order of the Board
For Terai Tea Company Limited

Registered Office :

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

Sd/-
Roshan Dave
Company Secretary &
Compliance Officer

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

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

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

FINANCIAL INFORMATION



Directors' Report

Dear Shareholders,

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

REVIEW OF PERFORMANCE

(₹ in lacs)

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

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

OPERATIONS :

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

Your Company's continuous emphasis on improving

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

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

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

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

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

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

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

INDUSTRY OUTLOOK :

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

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

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

PROPOSED PROJECTS :

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

Your Company is very much open for taking over closed and sick tea gardens as and when it finds viability on case to case basis. Your Company has entered into an agreement for taking over management and control of 98% shareholding of Belgachi Tea Co.Ltd. from the present owners of Belgachi Tea Estate located in the district of Darjeeling. However, after conclusion of deal , the present owners have refused to perform the said agreement for sale. Your company has filed specific performance suit for taking over management and control of 98% shares in Belgachi Tea Co. Ltd. The said suit is still pending before the Hon'ble High Court , Calcutta. Your directors are hopeful of favourable judgement in the case as and when the matter is heard.

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

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

DIRECTORS

Pursuant to section 256 of the Companies Act, 1956,

Mr. Kamal Kishore Bihani and Mr. Rajendra Kanodia, Directors of your company are liable to retire by rotation and being eligible, offers themselves for re-appointment. Brief particulars and expertise of these Directors and their directorships and committee membership have been given in the annexure to the notice of Annual General Meeting in accordance with the requirement of Listing Agreement with Stock Exchange.

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

AUDITORS

Messrs P.K.Shah & Co., Chartered Accountants, Siliguri, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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

AUDITORS' OBSERVATIONS

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

FINANCE

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

PUBLIC DEPOSITS

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

DIVIDEND

Considering the financial requirements towards the funding of the ongoing expansion plan, which we believe will enhance the shareholder's value in the long term, no dividend is recommended by the Directors of your company for the year ended 31st March, 2012.

CREDIT RATING

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

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors would like to inform members that the audited accounts containing the financial statements for the year 2011-12 are in conformity with the requirements of the Companies Act and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. The Statutory Auditors, P.K.Shah & Co., Chartered Accountants, Siliguri (Registration no. 308150E) have audited these financial statements.

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

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

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

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

INSURANCE

Adequate insurance cover has been taken for properties of the company including Buildings, Plant and Machineries and Stocks against fire, earthquake and other risks as considered necessary

DISCLOSURE OF PARTICULARS WITH REGARD TO CONSERVATION OF ENERGY ETC.

Necessary information relating to conservation of



energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided in Annexure-A to this Report.

PARTICULARS OF EMPLOYEES

The company had no employee during the financial year ended 31st March, 2012 who was in receipt of remuneration in excess of the limit specified under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

STATUTORY DISCLOSURE

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

CORPORATE GOVERNANCE

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

CODE OF CONDUCT

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

CORPORATE SOCIAL RESPONSIBILITY

The Company continues to support the Amit Agarwala Foundation, a Public Charitable Trust which has constructed 'Amit Agarwala Smrity Bhawan' to provide multipurpose facilities mainly for attendants of patients admitted at North Bengal Medical College & Hospital. All facilities provided thereat including Dormitory with 60 beds, 20 triple bedded rooms for attendant, dialysis facility with 4 dialysis machines, pathology laboratory and sonography and other diagnostic are at economical

rates just adequate to meet the maintenance cost stretched in total built-up area of 25000 sq.ft. in 4 floors including a multipurpose hall of 5400 sq. ft. The Foundation was conceived, created & developed in memory of the illustrious visionary young and dynamic Amit Agarwala, a man 'who saw tomorrow', who left for heavenly abode at young age of 30 years. It illuminates the memories of Amit Agarwala by creating permanent institutions for use by the needy masses in the field of education, medical facilities and other public utilities and to provide quality services in all such institutions at affordable cost. The Company believes that the long term impact of these initiatives will be immeasurable and invaluable to the society.

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

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

APPRECIATION

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

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

Registered Office :

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

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) : ₹ 6.43 Lacs(₹ 19.97 lacs)

Form-'A'

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

A. POWER & FUEL CONSUMPTION

CURRENT YEAR
31, March 2012

PREVIOUS YEAR
31, March 2011

1. ELECTRICITY

(a) Purchased (units KWH)	46,77,291	44,99,231
Total Amount (₹)	3,30,77,770	3,17,63,045
Rates/unit (₹/ KWH)	7.07	7.06
(b) Own Generation (Unit KWH)	22,388	61,500

2. COAL

Quantity (Tonnes)	4,380.86	4,350.11
Total Amount (₹)	2,84,36,739	2,15,44,649
Average-rate (₹/tonne)	6,491.13	4,952.67

3. FURNACE OIL/H.S.D.

Quantity (Itrs)	1,43,907	1,19,874
Total Amount (₹)	61,59,132	47,15,068
Average rate (₹/ltr)	42.80	39.33

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT-TEA (Per-Quintal)

Electricity (KWH/Qtls.)	89.92	93.70
Coal (Qtls./Qtls.)	0.84	0.91
Furnace Oil / HSD (Ltr/Qtls.)	2.77	2.50

Registered Office :

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

For and on behalf of the Board
Sd/-
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 is to attain highest level of transparency, and accountability in the functioning of the Company and its relationship with employees, shareholders, creditors, consumers, dealers, lenders and ensuring high degree of regulatory compliance.

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

a) Composition of Category of Directors

The present Board comprises of 5 members consisting of 1 Executive Director and 6 non Executive Directors out of which 4 are independent Directors.

The Name and Category of each Director is given below :

NAME OF DIRECTORS	CATEGORY
Mr. Ajit Kumar Agarwala	Executive Director and Promoter
Mrs. Shashikala Agarwala	Non –Executive, Non- Independent Director and Promoter
Mr. Sitaram Sharma	Non-Executive and Independent Director
Mr. Rajendra Kanodia	Non Executive and Independent Director
Mr. Kamal Kishore Bihani	Non Executive and Independent Director
Mr. Rajesh Singhania	Non Executive and Independent Director

b) Attendance of each Director at the Board Meeting and the last Annual General Meeting (AGM)

NAME OF THE DIRECTOR	NO. OF BOARD MEETINGS HELD	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE OF THE LAST AGM
Mr. Ajit Kumar Agarwala	12	12	Present
Mrs. Shashikala Agarwala	12	10	Present
Mr. Rajendra Kanodia	12	12	Present
Mr. Sitaram Sharma	12	10	Present
Mr. Kamal Kishore Bihani	12	10	Present
Mr. Rajesh Singhania	12	12	Present

c) During the year under review, 12 (Twelve) 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 :

April 11, 2011	August 12, 2011	December 01, 2011	February 13, 2012
May 31, 2011	November 11, 2011	January 06, 2012	February 18, 2012
June 06, 2011	November 14, 2011	February 04, 2012	March 30, 2012

d) Number of other Directorship and Chairmanship/ Membership of Committee of each Director in other Companies.

NAME OF DIRECTOR	NO. OF DIRECTORSHIPS IN OTHER COMPANIES (EXCLUDING PRIVATE/ FOREIGN COMPANIES)	NO. OF CHAIRMANSHIP/ MEMBERSHIP IN OTHER BOARD COMMITTEES *
Mr. A K Agarwala	7	NIL
Mrs. S.K.Agarwala	5	NIL
Mr. R. Kanodia	7	1
Mr. S.R. Sharma	6	1
Mr. K. K. Bihani	2	1
Mr. R. Singhania	5	1

* Committees considered are Audit Committee, Investors' Grievance Committee and Remuneration Committee.

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, 2012 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 financially literate and they have accounting or related financial management expertise. Mr. 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:

- a) 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 stockholders, the public any Stock Exchange and others.
- b) The Company compliance with legal and regulatory requirements
- c) The Company's independent auditors' qualification and independence.
- d) The audit of the Company's financial

statements and the performance of the Company's internal audit function and its independent auditors.

ROLE OF AUDIT COMMITTEE :

Reviewing Company's financial reporting process and the disclosure of its financial information to ensure that financial statement is correct, sufficient and credible.

- 1) Recommending the appointment, re-appointment and if required, the replacement or removal of the Statuary Auditors and fixation of audit fees.
- 2) Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies act, 1956.
 - b) Changes, if any, in accounting policies and practices and the reasons for the change.
 - c) Major accounting entries involving estimates based on exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit finding.
 - e) Compliance with Listing and other Legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in draft Audit Report.
- 3) Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval

- 4) To discuss with Internal Auditors any significant findings and follow up thereon.
- 5) 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.
- 6) To look into the reasons for substantial defaults in the payment to the depositors, debenture
- 7) Carrying out any other function as set out in the terms of reference of the Audit Committee.
- During the year 4(four) meetings of the Audit Committee were held on 30th June, 2011 , 30th September, 2011 , 31st December, 2011 and 31st March, 2012.

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

NAMES OF THE DIRECTORS	POSITION HELD	CATEGORY	NO. OF MEETINGS	
			HELD	ATTENDED
Mr. R. Kanodia	Chairman	Non-Executive & Independent	4	4
Mr. K.K.Bihani	Member	Non-Executive & Independent	4	4
Mr. S.R.Sharma	Member	Non-Executive & Independent	4	3
Mr. R.Singhania	Member	Non-Executive & Independent	4	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.

Composition:

The Remuneration Committee of the Board as on 31st March, 2012 comprised Mr. Kamal Kishore Bihani, a Non-Executive Independent Director, as the Chairman, Mr. Rajendra Kanodia, Mr. Sitaram Sharma and Mr. Rajesh Singhania, Non-Executive Independent Director as its members.

Attendance during the year

One meeting of the Remuneration Committee was held on 1st April, 2011 during the financial year ended 31st March, 2012.

NAMES OF THE DIRECTORS	CATEGORY	ATTENDED
Mr. K.K.Bihani	Non-Executive & Independent	1
Mr. R. Kanodia	Non-Executive & Independent	1
Mr. S.R.Sharma	Non-Executive & Independent	1
Mr. R. Singhania	Non-Executive & Independent	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 and Executive Directors :

Dr. Ajit Kumar Agarwala	₹ 15.00 Lacs p.a
-------------------------	------------------

V. SHAREHOLDER'S/ INVESTORS' GRIEVANCE COMMITTEE

Terms of Reference :

The Investor's Grievance Committee has been constituted to deal with the redressal of investors' complaints relating to transfer, non-receipt of Annual Report, etc.,

Composition :

The Shareholders' / Investors' Grievance Committee of the Board, comprised four Non-Executive Independent Directors, namely:

1. Mr. Rajesh Singhania (Chairman)
2. Mr. Kamal Kishore Bihani
3. Mr. Sitaram Sharma
4. Mr. Rajendra Kanodia

Meetings and attendance during the year

During the Financial year two meetings of the Shareholders' / Investors' Grievance Committee (SIGC) were held on 1st October, 2011 and 30th March, 2012 and the attendances of members are as follows:

MEMBERS	MEETING HELD	MEETINGS ATTENDED
Mr. Rajesh Singhania	2	2
Mr. Kamal Kishore Bihani	2	2
Mr. Sitaram Sharma	2	2
Mr. Rajendra Kanodia	2	2

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, 2012.

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, 2012.

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.

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

FINANCIAL YEAR	LOCATION	DATE	TIME
2010-11	10, Government Place (East) Kolkata – 700 069.	September 30, 2011	10.30 A.M
2009-10	10, Government Place (East) Kolkata – 700 069.	August 28, 2010	10.30 A.M
2008-09	11, Government Place (East) Kolkata – 700 069.	September 30, 2009	10.30 A.M

b) Special Resolution passed through Postal Ballot:

No Special resolution was passed through postal ballot during 2011-12. 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.38 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 normally published in News Papers	No, as the results of the Company are of published in Newspapers.
Any website, where displayed	Yes, at www.teraigroup.com
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 29, 2012
Time	11:00 A.M
Venue	10, Government Place (East), Kolkata – 700 069

b) Financial Year (tentative and subject to change) Board Meeting for approval of

Particulars	Date of Board meeting for approval
Annual Accounts for 2011-12	4th Week of May, 2012
Financial Results for First Quarter	2nd week of August, 2012
Financial Results for Second Quarter	2nd week of November, 2012
Financial Results for Third Quarter	2nd week of February, 2013
Financial Results for the year ending	Last week of May, 2013

c) Book Closere

Books shall remained closed from September 22nd, 2012 to September 29th, 2012 (both days inclusive)

d) Listing in Stock Exchange**i. The Company Securities are listed as per detailed below:**

Name of the Stock Exchange	Stock Code
The Stock Exchange	Stock Code
Bombay Stock Exchange Limited. Phiroza jeejeebhoy Tower, 25 th Floor, Dalal Street, Mumbai-400001	530533
Calcutta Stock Exchange Association Limited. 7, Lyons Range Kolkata-700001.	30105
Ahmedabad Stock Exchange Limited. Kamdhenu Complex, Ahmedabad-380015	60857
Jaipur Stock Exchange Limited. Indra Place, J.L.N. Marg. Malviya Nagar, Jaipur-302017.	596
ISIN Number for NSDL/CDSL	INE 390D1011

The Company has paid Annual listing fees to Bombay Stock Exchange for the year 2012-13.

ii. Depositories :

National Securities Depository Ltd.	Trade World, 4 th Floor, Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai-400023.
Central Depository Service (India) Limited.	Phiroza jeejeebhoy Tower, 28 th Floor Dalal Street, Mumbai-400001
(e) Demat ISIN Numbers :	
National Securities Depository Ltd.	ISIN INE 390D1011.
Central Depository Service (India) Limited.	ISIN INE 390D1011.
(f) Registrar and Share Transfer Agents	Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2 nd Floor, Surendra Mohan Ghosh Sarani, Kolkata – 700 001 Tele: (033) 2243-5029/5809 Fax: (033) 2248-4787 Email: mdpl@cal.vsnl.net.in

(g) Share Transfer System

The request for the transfer of shares held in physical mode should be lodged at the Company's Registrar & Share Transfer Agents, Maheshwari Datamatics Pvt. Ltd. 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 transfer and for other related activities. Share transfers are registered and returned in normal course within an average period of 21 days, if the transfer documents are found technically in order and complete in all respects.

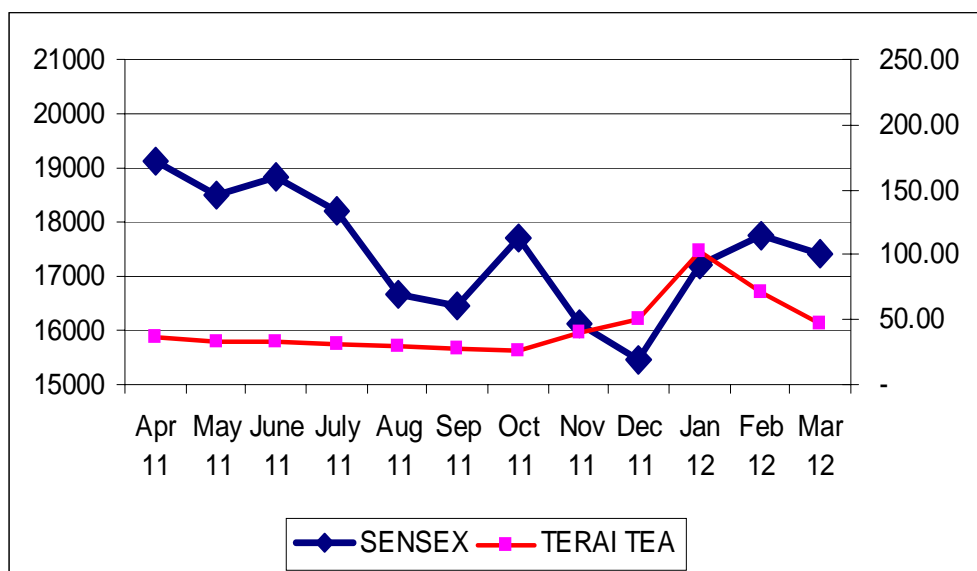
h) Market Price Data

High/low (based on the closing prices) during each month in the financial year 2011-12 on the Bombay Stock Exchange

Month	BSE SENSEX CLOSE	BSE		
		High Price	Low Price	Close Price
April-11	19135.96	37.85	33.45	36.50
May-11	18503.28	36.50	31.20	33.00
June-11	18845.87	34.65	32.30	32.30
July-11	18197.20	35.60	27.60	30.65
August-11	16676.75	32.15	26.70	30.25
September-11	16453.76	36.65	27.70	27.70
October-11	17705.01	29.05	25.25	25.25
November-11	16123.46	40.40	26.50	40.40
December-11	15454.92	52.40	38.60	49.95
January-12	17193.55	104.75	47.50	102.50
February-12	17752.68	100.50	70.25	70.25
March-12	17404.20	68.85	46.45	46.45

Particulars	Terai Tea Co. Ltd. V/S BSE Sensex	
	Terai Tea Co. Ltd. Share Price	BSE Sensex
On 1st April, 2011	36.30	19420.39
On 31st March, 2012	46.45	17404.20

(i) Performance of the Company in comparison to Sensex



j) Distribution of Share Holding as on 31st March,2012

Range of Ordinary Shares	No. of Holders	% of Holders	No. of shares	% of Capital
Upto 500	1183	92.0623	143907	2.0919
501-1000	54	4.2023	43958	0.6390
1001-2000	21	1.6342	29346	0.4266
2001-3000	6	0.4669	14893	0.2165
3001-4000	2	0.1556	6420	0.0933
4001-5000	4	0.3113	18124	0.2635
5001-10000	4	0.3113	28052	0.4078
10001 and above	11	0.856	6594600	95.8615
Total	1285	100	6879300	100

k) Share Holding Pattern as on 31st March,2012

Name of the Shareholders	No. of Shares Held	% Holding
Promoter and Promoter Group	51,03,100	74.18
Non- Promoters Holding		
- Financial Institutions	NIL	NIL
- Bodies Corporate	14,94,378	21.72
- NRI/Foreign Company	NIL	NIL
- Clearing Member	208	0.01
Indian Public	2,81,614	4.09
Total	68,79,300	100

I) Dematerialization of Shares and Liquidity as on 31st March,2012

Particulars of Shares	Equity Shares of ₹ 10 each	
	Number	% of Total
Dematerialized Form		
a) NSDL	64,87,172	94.30
b) CDSL	88,765	1.29
Sub Total	65,75,937	95.59
Physical Form	3,03,363	4.41
Total	68,79,300	100

The share of the Company are compulsorily traded in dematerialized form on Bombay Stock Exchange Limited; hence the shares enjoyed enough liquidity in the market.

m) Outstanding GDRs/ ADRS/Warrants or any Convertible Instruments:

No GDRS/ADRS/Warrants or Convertible Instruments are issued during the year.

n) Details of public funding obtained in last three years:

No capital has been raised by way of public funding in past three years

o) 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 unit	Sevoke Road, Siliguri
iv. Sevoke Tea Factory	P.O Chandani Danga, Dist Uttar Dinajpur
v. Karjeepara Tea Factory	P.O. Das Darga, Dist. Jalpaiguri

p) Address for correspondence :

Any assistance regarding share transfer 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:

1. The Company's Registered Office : TERAITEA COMPANY LIMITED

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

2. Registrar and Share Transfer Agent : MAHESHWARI DATAMATICS PVT. LTD.

6, Mangoe Lane, 2nd Floor,
 Surendra Mohan Ghosh Sarani, Kolkata – 700 001
 Tele : (033) 2243-5809; 2243-5029
 Fax : (033) 2248-4787
 Email : mdpl@cal.vsnl.net.in

For and on behalf of the Board
Sd/-

Ajit Kumar Agarwala
Chairman & Managing Director

Place : Kolkata
 Dated : 18th August, 2012

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, 2012 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, 2012 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

Sd/-
P. K. Shah
Partner
(Membership No. 14740)

Place : Siliguri
Dated : 18 August, 2012

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 31st March, 2012. Based on the above, it is hereby declared the code has been complied with by all.

For **Terai Tea Co. Limited**
Sd/-
Ajit Kumar Agarwala
Chairman & Managing Director

Place : Kolkata
Dated : 18th August, 2012

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 2011-12 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 2011-12 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.

Place : Kolkata
Dated : 18th August, 2012

Sd/-
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 52.02 lakh kgs. tea as against 48.01 lakh kgs. Last year

Our disciplined quality approach reconciles traditional techniques with modern methods enhancing product quality. The average price realisation was higher at ₹ 80/-per Kg. against the realization of ₹ 74/- per kg. Previous year. The industry wise wages agreement effective from April 2011 for Darjeeling and Dooars Gardens and effective from January 2012 for Cachar and Assam Gardens have escalated the cost of Production. Apart from wage increase, higher cost of power, higher rate of interest are also affecting the industry.

2. ECONOMIC OVERVIEW

The Indian economy was affected during the year 2011-12 by the global economic environment, which was tenuous throughout the year, and turned sharply adverse in September 2011 owing to the turmoil in the Eurozone, as well as questions about the outlook on the US economy provoked by rating agencies. Hence, the Indian economy, which was expected to grow around 9%, saw a sharp fall in growth, and was expected to end the year with a growth rate of only 6.9 % (Source: THE ECONOMIC SURVEY, 2011-12). India's economic growth rate of 6.9% for the year is one of the lowest during the period 2003-12 (except 2008-09). The economy is expected to grow only by 7.6 % in 2012-13, which is substantially lower than the growth rates that we have seen in the previous ten years. However, for the Indian economy, the outlook for growth and price stability at this juncture looks promising as compared to many other countries in the world as there are signs that the weakness in economic activity has bottomed out and a gradual upswing is imminent

3. Industry Structure and Development

Tea is cultivated in about 36 countries all over the world, but production is heavily concentrated in just a handful. In 2011, five countries (China, India, Sri Lanka, Kenya and Indonesia) together produced almost 80% of the world's tea. The major tea producing states in the country are Assam, West Bengal, Tamil Nadu, and Kerala. 75% of the total tea produced in India is

accounted by Assam and West Bengal together.

India is the largest consumer and second largest producer of tea in the world with total production at end of Current Year 2011 at 988 million Kg. on an average, India account for 24-25 % of the global tea production. India accounts for nearly 30% of world's production, the combined production of Sri Lanka, Kenya and Indonesia was lower than India's.

Indian tea industry is highly regulated. The government's policy influences the industry to great extent and the industry is a good revenue earner for country in terms of different taxes, cess and foreign currency. The wage structure and welfare benefits of the labours are also regulated by the government. Since tea plantation are highly labour intensive, labour cost accounts for 25%-35% of the net sales hence the large and integrated players are investing on mechanizing the cultivation and reduce labour cost.

Profitability of West Bengal based tea companies got hit 2012 season onwards due to recent hike in wages. In November, 2011, wages to tea estate worker went up by 27%. Almost same level hike is registered in Assam also. Because of this wages hike, cost would increase by around ₹ 6-8/kg.

In India, tea is marketed through three different channels, auction, private sales and direct export. As per the Tea Board statistics, India markets approximately 500 million kg of tea or 50-55% of the total production through auction. In India, tea auction is done through six different auction centers (Kolkata, Siliguri, Guwahati, Cochin, Coonoor and Coimbatore) and Kolkata is the largest amongst the six.

4. SEGMENT ANALYSIS AND REVIEW

The Company is engaged in the manufacturing of tea, and trading of Jute.

5. Risks & Concerns

Tea industry is an agricultural industry and its performance is dependent on vagaries of nature. The industry is highly labour intensive and is subject to strength of labour laws. Comparatively high labour cost, high infrastructure costs, and increasing energy and other input cost remain major problem of Tea industry. Shortage of labour

during the peak seasons is also a cause for concern.

6. Opportunities and Threats

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, flood and hails can be minimized through good and careful agricultural practices.

India and global tea production is likely to remain stagnant to very insignificant growth in next few years due to negligible addition of land under tea cultivation by organised sector. Demand however, is expected to increase by 2 to 3 % per annum thereby creating further shortages and lower inventory levels. Indian exports fell by 8 million kgs during 2011 on lower demand of orthodox tea from Iran. Gradual change in the weather condition in the tea growing area may affect in the production. Depreciating currency in India during 2011 had a positive impact, however any reversal of the trend may impact export realisation

7. Outlook

Dry weather conditions in the tea growing areas in the early part of the season have affected the crop of Assam & Terai region. The world crop is more or less at last year level. With the increase in consumption every year and the demand outstripping supply, the outlook of tea industry is robust and positive.

8. 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.

9. 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.

10. 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 all the Estates/ factories remain satisfactory; In spite of having 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 Estates. During the year under review, Welfare Weekly Programmes have been carried out at all the Estates Factories of your Company.

11. 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 favorable situation can reverse the whole situation.

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

Sd/-
Ajit Kumar Agarwala
Chairman & Managing Director

Registered Office :

10, Government Place (East)

Kolkata-700 069

Dated : 18th August, 2012

Financial Highlights : Balance Sheet

(For the last five years)

Amount in ₹

	2011-12	2010-11	2009-10	2008-09	2007-08
A. Assets Owned by the Company					
1, Fixed Assets:					
Gross Block (Incl. Capital Work in Progress)	614,356,971	552,802,549	497,220,219	475,762,771	460,693,950
Less: Accumulated Depreciation	286,859,171	267,295,458	246,628,555	226,983,342	204,500,767
Net Block	327,497,800	285,507,091	250,591,664	248,779,429	256,193,183
2. Investments (at cost)					
a. Long Term, Trade (Unquoted) Equity Shares.	47,240,593	46,040,593	47,240,593	47,240,593	48,238,024
b. In Subsidiary Co. (Unquoted)	-	-	-	-	32,015,775
c. Short Term, Non-trade (Quoted)	1,233,211	3,217,184	39,576	39,576	39,576
d. Others (Unquoted)	35,040,497	35,040,497	27,572,500	27,572,500	27,572,500
e. Short Term (Quoted) Equity Shares	33,361,083	-	-	-	-
	116,875,384	84,298,274	74,852,669	74,852,669	107,865,875
3. Current Assets, Loans & Advances	436,322,935	401,670,400	423,512,082	361,679,632	363,063,559
4. Miscellaneous Expenditure (to the extent not written off)		939,470	939,470	939,470	939,470
Total Assets	880,696,119	772,415,235	749,895,885	686,251,200	728,062,087
B. Dues to be Paid by the Company					
1. Secured Loan	190,787,461	126,057,219	218,515,961	168,420,146	218,646,874
2. Unsecured Loan	237,883,147	217,479,884 ^{^1}	81,175,000	79,504,000	56,266,741
3. Current Liabilities & Provisions	64,039,136	44,675,744	71,049,989	66,090,902	85,752,802
Total Outside Liabilities	492,709,744	388,212,847	370,740,950	314,015,048	360,666,417
C. Net Worth Of The Company	387,986,375	384,202,388	379,154,935	372,236,152	367,395,670
D. Equity shareholder's Fund					
Represented by :					
a. Share Capital	69,029,250	69,029,250	69,029,250	69,007,796	68,901,025
b. Reserves & Surplus	318,957,124	315,173,138	310,125,685	303,228,356	298,494,645
	387,986,374	384,202,388	379,154,935	372,236,152	367,395,670
E. Net Profit as disclosed in the P/L A/C	6,061,998	3,078,956	7,245,796	5,606,348	4,029,912
F. Weighted No. of Equity Shares	6,902,925	6,902,925	6,902,925	6,900,780	6,973,800
Net Worth per Equity Share of ₹ 10/- each	56	56	55	54	53
Earnings per Equity Share of ₹ 10/- each	0.88	0.45	1.05	0.81	0.58

Financial Highlights : Profit & Loss A/c

(For the last five years)

Amount in ₹

	2011-12	2010-11	2009-10	2008-09	2007-08
A. Income					
1. Sales	670,548,167	404,703,113	525,831,754	442,601,562	303,945,005
2. Other Income	2,466,151	5,498,848	3,124,494	4,283,215	36,210,405
Total Income	673,014,318	410,201,961	528,956,248	446,884,777	340,155,410
B. Expenditure					
1. Increase/Decrease in stock	12,002,187	39,909,856	(14,792,564)	(34,230,987)	(3,091,258)
2. Raw Materials Consumed	225,810,959	175,226,386	347,108,920	294,437,396	171,697,793
3. Personnel Expenses	37,152,108	34,176,208	36,289,575	32,860,886	30,430,910
4. Power & Fuel	68,249,842	59,746,198	61,201,668	57,946,301	49,339,434
5. Consumption Of Stores & Spare Parts	18,575,712	17,642,727	18,937,065	15,337,453	7,153,667
6. Manufacturing & Other Misc. Expenses	219,606,738	74,955,466	5,247,832	4,933,108	4,265,740
7. Selling & Packing Expenses	9,138,352	8,332,229	8,855,384	9,278,968	13,787,713
8. Administrative Expenses	13,801,711	17,041,529	16,152,834	15,383,972	12,588,184
9. Interest (Net Of Subsidy)	43,468,688	29,727,503	23,563,844	23,694,402	26,745,889
10. Depreciation	19,146,023	20,218,935	19,145,896	21,636,930	23,207,426
Total Expenditure	666,952,320	476,977,037	521,710,454	441,278,429	336,125,498
Profit Before Taxation	6,061,998	3,078,959	7,245,794	5,606,348	4,029,912
Provision For Income Tax-Current Tax	1,700,000	790,000	1,070,000	-	415,000
Fringe Benefit Tax		-	-	450,000	350,000
Provision For Deferred Tax	850,000	750,000	750,000	700,000	700,000
Income Tax For Earlier Years	536,169	-	136,127	391,678	-
Profit After Taxation	4,048,167	1,538,959	5,289,667	4,064,670	2,564,912
Balance b/f From Earlier Years	108,598,090	107,059,131	101,769,462	97,704,792	95,139,880
Balance Carried To Balance Sheet	112,646,257	108,598,090	107,059,129	101,769,462	97,704,792

* Figures for previous years have been regrouped / rearranged.

* Presentation not strictly in accordance with revised schedule VI.

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 2012, 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 and 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 and 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 Notes to Accounts.
 - e) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 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 35 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 2012
 - b. In the case of Profit and Loss account of the Profit for the year ended 31st March 2012
 - 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 : Hill Cart Road, Siliguri
Dated : 30th May, 2012

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 11 parties. The maximum amount involved during the year and the year-end outstanding balance of such loans/ advances aggregates to Rs.28.32 Crores and Rs.16.76 Crores respectively.
 - b. The company has taken interest free unsecured loans / advances against contracts from five parties. The maximum amount involved during the year and the year-end outstanding balance of such loans/ advances aggregates to Rs.12.77 Crores and Rs.7.90 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.

Auditor's Report (Contd.)

During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.

- 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, 2012 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 2012 on account of any dispute, excepting the following-
 - i. Agricultural Income Tax liability of Rs. 38.97 lakhs for accounting year 1994-95, 1995-96 and 1996-97 which is pending at West Bengal Tax Tribunal. (Refer Note No. 34)
- 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 not given any guarantees for loans taken by others from banks or financial institutions.
- 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

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

Place : Hill Cart Road, Siliguri
Dated : 30th May, 2012

BALANCE SHEET

As at 31st March 2012

(Amount in ₹)

	Note No.	As at 31st March,2012	As at 31st March,2011
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Capital	3	6,90,29,250	6,90,29,250
(b) Reserves and surplus	4	31,89,57,125	38,79,86,375
			31,51,73,138
			38,42,02,388
(2) Non - Current liabilities			
(a) Long Term Borrowings	5	28,42,40,510	11,58,79,884
(b) Long Term Provisions	8	45,45,301	46,20,015
(c) Deferred Tax Liabilities	8	51,05,000	29,38,90,811
			42,55,000
			12,47,54,899
(3) Current Liabilities			
(a) Short Term Borrowings	6	14,44,30,098	19,70,47,097
(b) Trade Payables	7	2,84,71,617	2,94,57,417
(c) Other Current Liabilities	7	1,88,11,097	3,08,59,381
(d) Short - Term Provisions	8	71,06,121	19,88,18,933
			60,94,053
			26,34,57,948
	Total	88,06,96,119	77,24,15,235
II ASSETS			
(1) Non - Current Assets			
(a) Fixed Assets	9	32,74,97,800	28,55,07,091
(b) Non - Current Investment	10	8,33,89,301	8,21,89,301
(c) Trade Receivables	12	92,90,291	1,05,54,129
(d) Loans & Advances	15	6,29,52,365	48,31,29,757
			1,81,91,461
			39,64,41,982
(2) Current Assets			
(a) Inventories	13	6,74,41,471	8,15,16,852
(b) Current Investments	11	3,34,86,083	21,08,973
(c) Trade Receivables	12	5,15,88,683	2,81,21,236
(d) Cash and Cash Equivqlent	14	2,73,33,897	1,03,89,800
(e) Short - Term Loan and Advances	15	21,77,16,228	39,75,66,362
			25,38,36,392
			37,59,73,253
	Total	88,06,96,119	77,24,15,235

The Notes referred to above 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 the Board of Directors

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

Sd/-
Ajit Kumar Agarwala
Chairman and
Managing Director

Sd/-
Shashikala Agarwala
Director

Sd/-
Roshan Dave
Company Secretary

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

Place : Hill Cart Road, Siliguri
Dated : 30th May, 2012

PROFIT & LOSS ACCOUNT For the year ended 31st March 2012

(Amount in ₹)

	Note No.	For the year Ended 31st March 2012	For the Year Ended 31st March 2011	
I Revenue From Operation (Gross)	16	67,31,19,172	40,47,03,113	
Less- Excise Duty	16	25,71,005	16,21,603	
Net Revenue from Operations		67,05,48,167	40,30,81,510	
II Other Income	17	24,66,151	54,98,848	
III Total Revenue (I+II)		67,30,14,318		40,85,80,358
IV Expenses				
Cost of Material Consumed	18	22,58,10,959	17,52,26,386	
Cost of Traded Goods	18	21,04,72,516	—	
Cost of Power & Fuel Consumed	19	6,82,49,842	5,97,46,199	
Cost of Store Consumed	20	1,85,75,712	1,76,42,727	
(Increase)/Decrease in Inventories	21	1,20,02,187	3,99,09,856	
Personnel Expenses	22	3,71,52,108	2,98,89,689	
Selling Expenses	23	91,38,352	83,32,229	
Repairs & Maintanance	24	91,34,222	77,66,347	
Administrative and Other Expenses	25	1,38,01,711	1,45,86,002	
Financial Cost	26	4,34,68,688	3,21,83,031	
Depreciation (Excluding Dep. on Revaluation)	9	1,91,46,023	2,02,18,935	
Total Expenses		66,69,52,320		40,55,01,401
V Profit Before Tax (III-IV)		60,61,998		30,78,957
VI Tax Expense:				
(1) Current Tax		17,00,000	7,90,000	
(2) Tax Expense for Earlier Years		(5,36,169)	—	
(3) Deferred Tax		8,50,000	7,50,000	15,40,000
VII Profit (Loss) For The Period (V – VI)		40,48,167		15,38,957
VIII Earnings Per Equity Share :	39			
(1) Basic		1.06		0.45
(2) Diluted		1.06		0.45

The notes referred above form an integral part of the Profit & Loss Account

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

For and on behalf of the Board of Directors

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

Sd/-
Ajit Kumar Agarwala
Chairman and
Managing Director

Sd/-
Shashikala Agarwala
Director

Sd/-
Roshan Dave
Company Secretary

Sd/-
P. K. Shah
Partner

Membership No. 14740

Place : Hill Cart Road, Siliguri

Dated : 30th May, 2012

CASH FLOW STATEMENT For the year ended 31st March 2012

(Amount in ₹)

	<u>For the Year Ended 31st March 2012</u>	<u>For the Year Ended 31st March 2011</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit before tax	60,61,998	30,78,959
Adjusted for		
Depreciation	1,91,46,023	2,02,18,935
Investment income	(5,14,084)	(27,41,240)
Financial Expenses	4,34,68,688	2,97,27,503
	6,21,00,627	4,72,05,198
Operating profit before working capital changes	6,81,62,625	5,02,84,157
Changes in :-		
Trade & Other Receivables	(2,22,03,609)	54,40,385
Inventories	1,40,75,381	3,43,48,792
Trades payable & Provisions	19,30,917	(2,63,90,204)
Loans & Advances	(86,52,923)	(1,61,62,601)
Cash generated from operations	5,33,12,392	4,75,20,530
Interest paid	(4,34,68,688)	(2,97,27,503)
Direct Taxes paid	(15,94,337)	(26,51,669)
	(4,50,63,025)	(3,23,79,172)
NET CASH FROM OPERATING ACTIVITIES (A)	82,49,367	1,51,41,358
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(6,15,54,422)	(5,55,82,330)
Capital investment & Development subsidy	1,53,511	39,56,462
Interest & Dividend Received	5,14,084	27,41,240
Increase in Investments	(3,25,77,109)	(92,45,605)
NET CASH USED FOR INVESTING ACTIVITIES (B)	(9,34,63,936)	(5,81,30,233)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Increase in borrowings	10,21,58,668	4,36,46,142
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	10,21,58,668	4,36,46,142
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C) = (D)	1,69,44,099	6,57,267
CASH & CASH EQUIVALENTS-OPENING BALANCE (E)	1,03,89,800	97,32,534
CASH & CASH EQUIVALENTS-CLOSING BALANCE (F)	2,73,33,897	1,03,89,800

CASH FLOW STATEMENT For the year ended 31st March 2012

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow statement of **Terai Tea Company Limited** for the year ended 31st March 2012. 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 2012 to the members of the Company.

For and on behalf of the Board of Directors

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

Sd/-
Ajit Kumar Agarwala
Chairman and
Managing Director

Sd/-
Shashikala Agarwala
Director

Sd/-
Roshan Dave
Company Secretary

Sd/-

P. K. Shah

Partner

Membership No. 14740

Place : Hill Cart Road, Siliguri

Dated : 30th May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST, MARCH, 2012

Note 1: Corporate Information

Terai Tea Co Limited is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange. The company is engaged in the manufacturing and selling of Tea.

Note 2: Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis and under the historical cost convention except for land & plantations, building and plant & machinery acquired before 1st April, 1994 that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy explained below.

Note 2.1 Summary of Significant Accounting Policies

a. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

b. Fixed Assets

Fixed assets, except land and plantation, building and plant & machinery acquired before 1st April, 1994 are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price, interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

c. Depreciation on Fixed Assets

- 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.
- Freehold land and plantation is not depreciated.
- Depreciation on the revalued portion is debited to Revaluation Reserve.

d. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are stated at the lower of cost and fair value. Long-term investments or non-current investment 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.

e. Inventories

- 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.
- Stock of tea produced is valued on since sold &/or estimated sales realization basis.

f. Revenue Recognition :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects value added tax (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

- Income from Services

Revenue from services is recognized when the service is completed as per terms of agreement.

- Other Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss account. Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

g. Retirement Benefits :

Retirement benefits includes provident fund, gratuity fund and leave encashment 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.

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

i. 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.

j. 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.

k. Gratuity :

Disclosure as per actuarial report of independent actuary :

Amount of obligation as at the year end is determined as under

Description	March 31,2012	March 31,2011
Present value of obligation at the beginning of the year	49,03,109	45,18,013
Interest cost	4,29,450	2,99,296
Current service cost	3,07,754	3,76,844
Actual (gain)/loss on obligation	4,75,933	(31,746)
Benefits paid	(2,83,094)	(2,59,299)
Present value of obligation as at the end of the year	58,33,152	49,03,109

Change in Plan Assets

Description	March 31,2012	March 31,2011
Plan assets at the beginning of the year	–	–
Expected Return	–	–
Contribution	2,83,094	2,59,299
Actual (gain)/loss on obligation	–	–
Benefits paid	(2,83,094)	(2,59,299)
Present value of obligation as at the end of the year	–	–

Amount of the obligation recognised in Balance Sheet :

Description	March 31,2012	March 31,2011
Present value of obligation as at the end of the year	58,33,152	(49,03,109)
Fair value of plan assets at the end of the year	–	–
Net assets/(liability) recognised in the Balance Sheet	(58,33,152)	49,03,109

Amount of the Gratuity expenses recognised in the Statement of Profit and Loss A/c :

Description	March 31,2012	March 31,2011
Current service cost	3,07,754	2,99,296
Interest cost	4,29,450	3,76,845
Expected return on plan assets	–	–
Actuarial(gain)/loss recognised during the year	4,75,933	(31,746)
Total	12,13,137	6,44,395

Amount of the obligation recognised in the Balance Sheet :

Description	March 31,2012	March 31,2011
Discount Rate per annum compound	8.00%	8.00%
Rate of increase salaries	5.00%	5.00%
Rate of return on plan assets	0.0%	5.00%
Expected average remaining working lives of employees (years)	16.85%	18.00%
Withdrawal rate	Varying between 2% per annum and 1% per annum depending on duration and age of the employees	

SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in ₹)

	As at 31st March 2012	As at 31st March 2011
Note 3: SHARE CAPITAL		
Authorised		
1,00,00,000 Equity shares of ₹ 10 Each	10,00,00,000	10,00,00,000
Issued, subscribed and paid-up		
68,79,300 (69,73,800) Equity shares of ₹ 10 Each Fully Paid in Cash (Notes : Of the above shares. 48,62,200 Equity Shares of ₹ 10 Each are issued as fully paid Bonus Shares by way of Capitalisation of Reserve)	6,87,93,000	6,87,93,000
Add. Forfeited Shares (Pending reissue of 94,500 Forfeited Equity Shares on which ₹ 2.50 per share is paid up)	2,36,250	2,36,250
	6,90,29,250	6,90,29,250

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Share	As at 31st March 12		As at 31st March 11	
	No. of Shares	₹	No. of Shares	₹
At the Beginning of the period	68,79,300	6,87,93,000	68,79,300	6,87,93,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	68,79,300	6,87,93,000	68,79,300	6,87,93,000

b. Terms/ Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10 per Share. Each holder of Equity Share is entitled to one vote per Share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all Preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders

c. Details of shareholders holding more than 5% Shares in the Company

Equity Shares of ₹ 10 each fully paid	As at 31st March 12		As at 31st March 11	
	No. of Shares	% holding	No. of Shares	% holding
Ajit Kumar Agarwala	25,76,800	37.46%	25,76,800	37.46%
Shashikala Agarwalala	18,98,800	27.60%	18,98,800	27.60%
Abhijit Tea Company Pvt Ltd.	4,70,000	6.83%	4,70,000	6.83%
Gangotri Vyapar (P) Ltd.	3,46,200	5.03%	3,46,200	5.03%
Flexco Suppliers (P) Ltd.	3,48,600	5.07%	3,48,600	5.07%
Adbhut Suppliers (P) Ltd.	3,47,500	5.05%	3,47,500	5.05%
Eversafe Distributors (P) Ltd.	3,47,500	5.05%	3,47,500	5.05%

As per the Records of the Company, including its Register of Shareholders/Members and other declarations received from Shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in ₹)

	As at 31st March 2012	As at 31st March 2011
Note 4: RESERVES AND SURPLUS		
A. CAPITAL RESERVES		
Capital Subsidies		
At the beginning of the year	7,91,97,862	7,52,41,400
Addition during the year	1,53,511	39,56,462
Total at the end of the year	<u>7,93,51,373</u>	<u>7,91,97,862</u>
B. REVALUATION RESERVE		
At the beginning of the year	3,88,59,038	3,93,07,006
Less- Depreciation on Revaluation	4,17,690	4,47,968
Balance at the end of the year	<u>3,84,41,348</u>	<u>3,88,59,038</u>
C. SHARE PREMIUM		
	<u>7,64,56,000</u>	<u>7,64,56,000</u>
D. SHARE FOREFEITURE AMOUNT		
	<u>9,45,000</u>	<u>9,45,000</u>
E. GENERAL RESERVE		
At the beginning of the year	1,11,17,148	1,11,17,148
Addition during the year	-	-
Total at the end of the year	<u>1,11,17,148</u>	<u>1,11,17,148</u>
F. SURPLUS AS PER PROFIT AND LOSS ACCOUNT		
Balance brought from Previous Year	10,85,98,087	10,70,59,132
Addition During the year	40,48,167	15,38,957
Balance at the end of the year	<u>11,26,46,255</u>	<u>10,85,98,089</u>
Total (A+B+C+D+E+F)	<u><u>31,89,57,124</u></u>	<u><u>31,51,73,137</u></u>

Note 5 : LONG TERM BORROWINGS

Term Loan from Banks- Secured	5,23,57,017	-
Term Loan from Banks- Unsecured	9,00,00,000	1,50,00,000
Loan from Related Parties- unsecured	7,81,63,493	10,08,79,884
Loan from Othes- unsecured	6,37,20,000	-
	<u>28,42,40,510</u>	<u>11,58,79,884</u>
The above amount includes		
Secured Borrowings	5,23,57,017	-
Unsecured Borrowings	23,18,83,493	11,58,79,884
	<u>28,42,40,510</u>	<u>11,58,79,884</u>

Term Loan referred above to the extent of :

- Term Loan from Central Bank of India of ₹ 490 lakh carries interest @ Base Rate plus 1.75% p.a. The Loan is repayable in 20 equal quarterly installments after 24 months moratorium period. The Loan is secured by bank's charge on replantation on areas having tea bushes of age group 50 years and above in the Company's Bagdogra Tea Estate and also guaranteed by its Directors Mr. Ajit Kumar Agarwala and Mrs. Shashikala Agarwala.
- Term Loan from Axis Bank of ₹ 33.57 lakh is secured against hypothecation of Car and carries interest @ 10.43 p.a.on a monthly reducing basis and is repayable in 60 equal monthly installments including interest.
- Unsecured Corporate Loan from UCO Bank of ₹ 900 lakh carries interest @ BPLR minus 1.5% p.a. The loan is repayable at the end of two years moratorium period. The Loan is guaranteed by its Directors Mr. Ajit Kumar Agarwala and Mrs. Shashikaka Agarwala.
- Unsecured Term Loan of ₹ 1418.83 lakhs from related parties and other are due for repayment after 3 years of deposit and carries no interest.

SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in ₹)

CURRENT LIABILITIES	As at 31st March 2012	As at 31st March 2011
Note 6: SHORT TERM BORROWINGS		
Working Capital Loan from Banks- (Secured)	13,84,30,444	8,04,47,097
Short Term Loan from Banks- (Unsecured)	-	11,66,00,000
Loan from Related Parties	59,99,654	-
Total as per details below	14,44,30,098	19,70,47,097
a) Loans Repayable on Demand		
From Central Bank of India- (Secured)	10,30,57,484	5,61,91,622
From Bank of India- (Secured)	3,53,72,960	2,42,55,475
From Axis Bank- (Unsecured)	-	11,66,00,000
b) Interest free loan and advances from related parties repayable on demand	59,99,654	-
	14,44,30,098	19,70,47,097
The above amount includes		
Secured Borrowings	13,84,30,444	8,04,47,097
Unsecured Borrowings	59,99,654	11,66,00,000
Total	14,44,30,098	19,70,47,097
a. Working Capital loans are against Bank's exclusive 1st charge by Hypothecation of Stocks of Finished Goods, Raw Materials and Stores and Book Debts and Equitable Mortgage of Land and Building in Tea Garden and Tea Factory and guaranteed by its Directors Mr. Ajit Kumar Agarwala and Mrs. Shashikala Agarwala. CC limit from Bank of India carries interest @ BR plus 1.75% and from Central Bank of India carries interest @ BR plus 1.75%.		
b. Unsecured Term Loan of ₹ 59.99 lakh from related parties and other are due for repayment within one year and carries no interest.		
Note 7 : OTHER CURRENT LIABILITIES		
A. Trade Payables	2,84,71,617	2,94,57,417
B. Other Liabilities		
Current Maturities of Long Term Debt	-	-
From Central Bank of India- Term Loan Interest	1,34,247	-
From UCO Bank payable in next 1 year	1,62,13,161	3,06,10,122
Axis Bank Installments	6,77,755	-
Other Liabilities	17,85,934	2,49,259
	1,88,11,097	3,08,59,381
Total (A + B)	4,72,82,714	6,03,16,798

Note 8 : PROVISIONS

	Non-Current		Current	
	31st March 12	31st March 11	31st March 12	31st March 11
For Bonus	-	-	36,75,000	33,75,000
For Income Tax	-	-	19,93,270	18,60,000
For Deferred Tax	51,05,000	42,55,000	-	-
For Gratuity	45,45,301	46,20,015	12,87,851	2,83,094
For Audit Fees	-	-	1,50,000	-
For Fringe Benefit Tax	-	-	-	5,75,959
	96,50,301	88,75,015	71,06,121	60,94,053

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in ₹)

NOTE 9 : FIXED ASSETS AS ON 31.3.2012

P A R T I C U L A R S	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Opening	ADDITIONS	ADJUSTED/SOLD	Closing	Upto last year	For the year	Total to date	This year	Up to last year
LAND & PLANTATION	7,07,28,239	–	–	7,07,28,239	–	–	–	7,07,28,239	7,07,28,239
FACTORY BUILDING	14,50,01,981	35,11,884	–	14,85,13,865	8,86,90,195	47,97,254	9,34,87,449	5,50,26,416	5,63,11,786
BUILDING & STRUCTURE	1,02,35,083	–	–	1,02,35,083	50,48,037	2,60,063	53,08,100	49,26,983	51,87,046
PLANT & MACHINERY	21,97,27,643	51,73,860	–	22,49,01,503	13,82,41,213	1,07,39,831	14,89,81,044	7,59,20,459	8,14,86,430
FURNITURE & FIXTURE	1,21,51,767	15,51,054	–	1,37,02,821	45,29,140	15,22,875	60,52,015	76,50,806	76,22,627
AIR CONDITIONER	6,17,660	–	–	6,17,660	4,15,372	28,215	4,43,587	1,74,073	2,02,288
DATA PROCESSING UNIT	9,99,262	56,908	–	10,56,170	8,08,824	63,097	8,71,921	1,84,249	1,90,438
VEHICLES	1,10,55,579	–	–	1,10,55,579	86,91,927	6,13,626	93,05,553	17,50,026	23,63,652
ELECTRIC INSTALLATION	1,67,78,016	2,91,566	–	1,70,69,582	1,19,21,664	6,52,603	1,25,74,267	44,95,315	48,56,352
IRRIGATION EQUIPMENT	1,34,32,775	–	–	1,34,32,775	75,99,152	8,13,679	84,12,831	50,19,944	58,33,623
OFFICE EQUIPMENT	17,42,570	40,066	–	17,82,636	13,49,934	72,470	14,22,404	3,60,232	3,92,636
GOLD & SILVER	1,01,08,224	16,13,141	–	1,17,21,365	–	–	–	1,17,21,365	1,01,08,224
DHARANIPUR TEA ESTATE	45,15,774	4,23,414	–	49,39,188	–	–	–	49,39,188	45,15,774
LAND AT BANGALORE	3,50,611	–	–	3,50,611	–	–	–	3,50,611	3,50,611
	51,74,45,184	1,26,61,893	–	53,01,07,077	26,72,95,458	1,95,63,713	28,68,59,171	24,32,47,906	25,01,49,726
CAPITAL WORK IN PROGRESS	3,53,57,365	4,89,37,369	44,840	8,42,49,894	–	–	–	8,42,49,894	3,53,57,365
T O T A L	55,28,02,549	6,15,99,262	44,840	61,43,56,971	26,72,95,458	1,95,63,713	28,68,59,171	32,74,97,800	28,55,07,091
PREVIOUS YEAR FIGURES	49,72,20,219	5,55,82,330	34,059	55,28,02,549	24,66,28,555	2,06,66,903	26,72,95,458	28,55,07,091	

Note 10: NON CURRENT INVESTMENT

Investments (at Cost) (Non Trade) Long Term, Unquoted : Fully Paid up Equity Shares Face Value

		As at 31st March 2012		As at 31st March 2011	
		No. of shares /units	₹	No. of shares /units	₹
East Indian Produce Ltd	10	28,680	40,74,863	28,680	40,74,863
Jaldacca Tea Plantations (P) Ltd	1,000	475	42,75,000	475	42,75,000
Terai Distilleries Ltd	10	20,000	90,500	20,000	90,500
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 Doors Tea Co (P) Ltd	10	1,44,000	14,40,000	24,000	2,40,000
Sayedabad Tea Co Ltd	10	1,500	15,000	1,500	15,000
Terai Ispat & Trading Ltd	10	20,000	2,00,000	20,000	2,00,000

Quoted : Fully Paid up Equity Shares

Bajaj Hindustan Ltd	1	4,000	3,40,891	4,000	3,40,891
Central Bank of India	10	2,388	3,61,762	2,388	3,61,762
IFCI Ltd	10	2,000	1,06,128	2,000	1,06,128
Jayshree Tea & Industries Ltd	5	1,000	1,61,230	1,000	1,61,230
Rural Electrification Corporation Ltd	10	1,000	2,63,200	1,000	2,63,200

Unquoted : Units of Mutual Fund

Reliance Regular Saving Fund –Bal.(Growth)		2,07,493.721	50,00,000	2,07,493.721	50,00,000
Kotak Indo World Fund – Dividend		2,50,000.000	25,00,000	2,50,000.000	2,50,000
Prudential ICICI Infrastructures Fund		1,42,038.050	40,00,000	1,42,038.050	40,00,000
J M Agri & Infra Fund		2,50,000.000	25,00,000	2,50,000.000	25,00,000

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in ₹)

	As at		(Amount in ₹)	
	31st March 2012		As at 31st March 2011	
	No. of shares	₹	No. of shares	₹
Note 10 : Investment (Contd.)	/units		/units	
DSP BR Money Manager Fund-Retail Option (Growth)	8,975.254	1,17,00,000	8,975.254	1,17,00,000
HDFC Floating Rate Income Fund-(STRO) (Growth)	1,53,884.520	24,68,000	1,53,884.520	24,68,000
HSBC Equity Progressive Theme Fund(Growth)	3,51,539.270	68,72,497	3,51,539.270	68,72,497
		8,33,89,301		8,21,89,301
Aggregate amount of Quoted Investments		12,33,211		12,33,211
Market value of Quoted Investments		7,40,628		10,94,739
Aggregate amount of Unquoted Investments		8,21,56,090		8,09,56,090

Note 11: CURRENT INVESTMENT

Current Investments (valued at lower of Cost and Fair Value, unless stated otherwise)

Quoted Equity Instruments	As at 31st March 2012			As at 31st March 2011	
	Face Value	No. of shares	Cost price	No. of shares	Cost price
Bhel Ltd.	10	2,500	9,32,189		
Exide Industries Ltd	1	5,000	7,47,812	1,000	1,35,500
Hindalco Industries Ltd	1	28,500	53,11,212	1,500	3,16,259
Infosys Techonologies Ltd	5	900	25,52,502	100	3,22,091
Reliance Industries Ltd.	10	9,500	84,68,787	–	–
State Bank of India	10	2,500	57,94,665	–	–
Tata Motors Ltd.	10	6,500	12,92,163	–	–
Tata Steel Ltd.	10	4,600	26,27,043	600	3,62,627
United Bank of India	10	50,000	56,34,710	–	–
Unitech Ltd	2	–	–	4,000	1,58,400
Jaiprakash Assoiates Ltd	2	–	–	5,000	4,16,650
Jubilant Foodworks Ltd	10	–	–	500	2,72,446
			3,33,61,083		19,83,973
Unquoted Investments					
Techno Steel India (P) Ltd	50	2,500	1,25,000	2,500	1,25,000
Total Current Investment			3,34,86,083		21,08,973
Aggregate amount of Quoted Investments			3,33,61,083		19,83,973
Market Value of Quoted Investments			2,75,76,420		20,45,700
Aggregate amount of Unquoted Investments			1,25,000		1,25,000

Note 12: TRADE RECEIVABLES

	Non-Current		Current	
	As at		As at	
	31st March 12	31st March 11	31st March 12	31st March 11
A. Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from date they are due for payment				
Unsecured, Considered Good	35,90,885	35,90,885	3,84,34,783	58,18,772
B. Other Receivables				
Unsecured, Considered Good	56,99,406	69,63,244	1,31,53,900	2,23,02,464
Total (A+B)	92,90,291	1,05,54,129	5,15,88,683	2,81,21,236

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31st March 2012	As at 31st March 2011
Note 13 : INVENTORIES		
Raw Materials (At lower of cost and net realisable value)	5,40,702	15,47,870
Power & Fuels (At lower of cost and net realisable value)	10,52,247	61,06,118
Finished Goods (At estimated sales realization value)	5,78,51,848	6,98,54,035
Stores (At lower of cost and net realisable value)	79,96,674	40,08,829
	<u>6,74,41,471</u>	<u>8,15,16,852</u>

Note 14 : CASH AND BANK BALANCES

Cash and Cash Equivalents :		
Cash in hand (as certified by the management)	31,33,278	67,90,434
Bank Balances with Bank in Current Accounts	5,34,508	84,811
Other Bank Balances :		
In Fixed Deposit	2,25,68,917	25,74,417
Accrued Interest on Fixed Deposit	10,97,194	9,40,138
	<u>2,73,33,897</u>	<u>1,03,89,800</u>

NOTE 15 : LOANS AND ADVANCES

	Non-Current		Current	
	As at		As at	
	31st March 12	31st March 11	31st March 12	31st March 11
A. Capital Advances				
Unsecured, Considered Good	–	–	160,000	–
B. Security Deposit				
Secured, Considered Good	814,219	7,14,219	–	–
C. Loans and advances to related parties (note no 37(b))				
Unsecured, Considered Good	6,000,744	6,51,000	19,68,65,179	16,98,65,455
D. Advances recoverable in Cash or kind				
Unsecured, Considered Good	9,39,470	9,39,470	1,70,94,325	4,52,97,517
E. Other Loans and Advances				
Advance Income tax (Net of Provision for Taxation)	–	–	22,63,786	22,75,969
Prepaid Expenses		–		
Loans to Company	3,78,00,000	8,50,000	–	3,50,60,744
Balances with statutory/ Government authorities	1,33,67,700	1,29,84,952	4,43,578	8,19,384
Other Advances	40,30,232	20,51,820	8,89,360	5,17,323
Sub Total (E)	<u>5,51,97,932</u>	<u>1,58,86,772</u>	<u>35,96,724</u>	<u>3,86,73,420</u>
Total (A+B+C+D+E) = F	<u>6,29,52,365</u>	<u>1,81,91,461</u>	<u>21,77,16,228</u>	<u>25,38,36,392</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

For the Year Ended
31st March 2012 31st March 2011

Note 16 : REVENUE FROM OPERATIONS

Sale of Products

Finished Goods (Tea Sale)	42,22,25,064	40,47,03,113
Traded Goods (Jute Sale)	22,09,48,108	-

Sale of Services

Agricultural Operations Contract Work	2,99,46,000	-
---------------------------------------	-------------	---

Gross Operating Revenue

	67,31,19,172	40,47,03,113
Less- Excise Duty	25,71,005	16,21,603
	<u>67,05,48,167</u>	<u>40,30,81,510</u>

Note 17 : OTHER INCOME

Interest Income	1,85,461	2,72,798
Dividend Income	3,26,230	8,366
Profit on Sale of Current Investments	3,28,623	26,47,753
Other Non operating Income	16,25,837	25,69,931
	<u>24,66,151</u>	<u>54,98,848</u>

Note 18 : COST OF MATERIAL CONSUMED

Purchases	22,47,12,072	17,43,31,034
Less: Closing Stock	(4,48,983)	(15,47,870)
Add: Opening Stock	15,47,870	24,43,222
	<u>22,58,10,959</u>	<u>17,52,26,386</u>
Purchases of traded goods	21,04,72,517	-
	<u>43,62,83,476</u>	<u>17,52,26,386</u>

Note 19 : COST OF POWER & FUEL CONSUMED

Purchases	6,74,05,703	6,31,72,903
Less: Closing Stock	(10,52,247)	(61,06,118)
Add: Opening Stock	18,96,386	26,79,414
	<u>6,82,49,842</u>	<u>5,97,46,199</u>

Note 20: COST OF STORE CONSUMED

Purchases	1,82,20,815	2,06,92,767
Less: Closing Stock	(7,89,208)	(39,87,595)
Add: Opening Stock	11,44,106	9,37,555
	<u>1,85,75,712</u>	<u>1,76,42,727</u>

Note 21 : (INCREASE)/DECREASE IN INVENTORIES

Inventories at the end of the year	5,78,51,848	6,98,54,035
Inventories at the beginning of the year	(6,98,54,035)	(10,97,63,891)
	<u>(1,20,02,187)</u>	<u>(3,99,09,856)</u>

Note 22 : EMPLOYEE BENEFIT EXPENSES

Salary, Wages, Bonus, Gratuity Etc	3,30,79,013	2,71,26,618
Contribution to Provident Fund and Other Fund	13,36,212	11,31,120
Gratuity	12,13,137	-
Staff & Labour Welfare Exp	15,23,746	16,31,951
	<u>3,71,52,108</u>	<u>2,98,89,689</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

For the Year Ended

31st March 2012 31st March 2011

Note 23 : SELLING EXPENSES

Freight & Transport Charges	1,66,683	47,533
Warehousing Expenses	40,77,075	34,99,877
Brokerage & Other Sale Charges	48,94,594	47,84,819
	<u>91,38,352</u>	<u>83,32,229</u>

Note 24 : REPAIRS & MAINTENANCE

Repairs to :

Plant & Machinery	31,21,076	20,75,423
Building & Roads	6,74,902	4,43,550
Others	53,38,244	52,47,374
	<u>91,34,222</u>	<u>77,66,347</u>

Note 25 : ADMINISTRATIVE EXPENSES

Rates & Taxes	4,02,887	4,68,287
Insurance	6,83,195	5,76,245
Travelling Expenses	43,61,927	50,43,301
Printing & Stationery	3,40,850	3,87,430
Legal & Professional Charges	7,52,622	13,05,893
Directors Remuneration	14,28,000	6,00,000
Advertisement	3,22,740	3,52,904
Auditors' Remuneration :		
As Audit Fees	90,000	70,000
As Tax Audit Fees	25,000	12,500
For Other Matters	48,390	60,890
Subscription & Donation	3,61,146	3,87,508
Keyman Insurance	21,47,500	21,47,500
Office Rent	9,00,000	9,00,000
Electricity Charges	4,21,183	—
Misc Expenses	15,16,271	22,73,544
	<u>1,38,01,711</u>	<u>1,45,86,002</u>

Note 26: Financial Cost

Bank Charges	11,04,560	24,55,528
Bank Interest	4,21,17,599	2,97,27,503
Other Interest	2,46,529	—
	<u>4,34,68,688</u>	<u>3,21,83,031</u>

27. Earnings and Expenditure in Foreign Exchange (₹ Lakhs)

i. Earnings : Sales (FOB Value) : ₹ Nil (₹ Nil (₹ NIL))

ii. Expenditure (Others) : ₹ 6.43 (₹ 19.97)

28. Capital and other commitments

As at 31st March 2012, the Company has committed of ₹ 7.9 lakh relating to purchase of Plant & Machinery.

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in ₹ lacs)

29. a) Quantitative Information of Tea Manufactured :

PARTICULARS	OPENING STOCK		PRODUCTION	SALES		CLOSING STOCK	
	QTY (Kgs.)	₹	QTY (Kgs.)	QTY (Kgs.)	₹	QTY (Kgs)	₹
CURRENT YEAR	6,82,712	698.54	52,01,667	52,86,483	4,220.40	5,97,896	578.52
PREVIOUS YEARS	13,56,509	1,097.64	48,01,637	54,75,434	4,030.16	6,82,712	698.54

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

b) Quantitative Information of Other Items

(₹ in lacs)

Items	Current Year Sales			Previous Year Sales		
	Quantity	Unit	Value	Quantity	Unit	Value
Jute Trading Sales	10369.20	MT	2,209.48	Nil	Nil	Nil
Jute Trading Purchases	10369.20	MT	2,104.73	Nil	Nil	Nil

30. 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	19,91,798	18,54,272	NA	NA
b) Purchase from Outside	2,00,92,027	1,90,80,424	1,896.49	1,747.21
II) TEA	2,47,126	12,930	76.71	5.05

31. 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	185.76	100%	176.43	100%

32. The Company has Capitalized during the year the following expenses of revenue nature to the cost of fixed assets. Consequently expenses disclosed under the respective Notes are net of amounts capitalized by the Company-

	<u>31st March 2012</u>	<u>31st March 2011</u>
Financial Cost	₹ 32,90,632/-	Nil
Legal expenses	₹ 4,23,414/-	₹ 7,34,362/-

33. Government Grants received by the Company are as given below : -

	<u>31st March 2012</u>	<u>31st March 2011</u>
Government Grants	₹ 1,53,511/-	₹ 39,56,462/-

34. No provision for contingent liability in respect of the following has been made in the accounts-

i. Outstanding Bank Guarantees amounting to ₹ 70.61 Lacs (₹ 70.61 lacs)

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

35. The Company has accounted for Agricultural Income Tax on cash basis. Total Agricultural Income Tax liability including interest payable thereon not accounted for aggregate ₹ 38.97 lakhs. However, total demand is disputed and cases are pending at West Bengal Tax Tribunal.
36. 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.
37. 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.
38. 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	Kanchaanview Tea Estate	Enterprises of Key Management Persons
15	Ajit Kumar Agarwala & Others (HUF)	
16	Mr. Ajit Kumar Agarwala	Key Management Persons
17	Mrs. Shashikala Agarwala	

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	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Name of Party						
Sales Services & Other Income	316.54	54.82	-	-	-	-
Purchase of Goods & Services	72.24	16.40	-	-	-	-
Managerial Remuneration	-	-	15.00	6.00	-	-
Advances Given	2,389.02	1,898.93	27.62	56.72	69.85	208.63
Advances Recovered	2,404.67	2,269.31	27.62	47.74	76.85	182.63
Year End Balances of Advances	1,446.12	1,471.17	-	8.98	229.89	236.89
Max. Amt. O/S During the Year	2,533.20	2,094.94	26.83	37.28	271.89	256.32

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

39. Earnings per share

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
NUMERATOR		
Net Profit as disclosed in Profit & Loss Account	73.38	30.79
DENOMINATOR		
Weighted average no. of Equity Shares	69,02,925	69,02,925
BASIC EARNING PER SHARE (Face value of ₹ 10/- each)	1.06	0.45

40. Segment -wise performance

	Tea Business & Agricultural Income		Jute Business				Total	
	2011-12	2010-11	2011-12	2010-11			2011-12	2010-11
External Revenues (Net of Excise)	4521.71	4047.03	2209.48	-			6731.19	4047.03
Inter- segment Revenue	-	-	-	-			-	-
Total Revenue	4521.71	4047.03	2209.48	-			6731.19	4047.03
Result								
Segment Result	365.89	297.63	104.76	-	-	-	470.65	297.63
Un-allocable Income net of un-allocable expenses							-	-
Borrowing Costs (Net)							(434.69)	(321.83)
Other Income							24.66	54.99
Profit Before Tax							60.62	30.79
Tax Expenses							20.14	15.40
Profit after Tax							40.48	15.39
Other Information								
Segment Assets	8806.96	7724.15	--	--			8806.96	1459.67
Segment Liabilities	8806.96	7724.15	--	--			8806.96	1459.67
Capital expenditure	615.99	--	249.97	--			615.99	249.97
Depreciation	195.64	--	206.67	--			195.64	206.67

41. 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.

For and on behalf of the Board of Directors

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

P. K. Shah
Partner
Membership No. 14740

Place : Hill Cart Road, Siliguri
Dated : 30th May, 2012

Sd/-
Ajit Kumar Agarwala
Chairman and
Managing Director

Sd/-
Shashikala Agarwala
Director

Sd/-
Roshan Dave
Company Secretary

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	31/03/2012		

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	8,80,696	Total Assets	8,80,696
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Sources of Funds

Paid up Capital	69,029	Reserves & Surplus	3,18,957
Secured Loan	52,357	Unsecured Loan	2,31,883

Application of Funds

Net Fixed Assets	3,27,497	Investments	1,16,875
Net Current Assets	1,98,747		
Accumulated Losses	NIL		

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

Turnover	6,73,014	Total Expenditure	6,66,952
Profit / Loss Before Tax	6,061	Profit after Tax	4,048
Earning per Share in Rs.	1.06	Dividend Rate %	NIL

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

Items Code No. (ITC Code)	090 240.02
Product Description	BLACK TEA



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 39th 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 Saturday, the 29th September, 2012 at 11.00 A.M. and at any adjournment thereof :

Signed at.....this.....day of.....2012

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

I hereby record my presence at the 39th Annual General Meeting held at Registered office of the Company at 10, Govt. Place (East) 1st Floor, Kolkata- 700 069 on Saturday, the 29th September, 2012 at 11.00 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.