



**TEESTA VALLEY  
TEA COMPANY LIMITED**

---

*Annual Report*  
*2007-2008*

# **Teesta Valley Tea Company Limited**

## **Board of Directors**

Bharat Bajoria  
*Managing Director*

Abha Bajoria

R. K. Dixit

## **Auditors**

N. K. Poddar & Co.  
P-3, New CIT Road,  
Kolkata-700 073.

## **Branch Auditors**

B. C. Kundu & Co.,  
Faraday House,  
P-17, Mission Row Extn.,  
Kolkata-700 013.

## **Registered Office**

5 & 7, Netaji Subhas Road,  
Kolkata-700 001.

TEESTA VALLEY TEA COMPANY LIMITED

NOTICE

Notice is hereby given that the Annual General Meeting of Teesta Valley Tea Co. Ltd. will be held at "McLeod House", 3, Netaji Subhas Road, Kolkata: 700 001 on Tuesday, the 30th September, 2008 at 2.30 p.m. to transact the following business :-

1. To consider and adopt the Profit & Loss Account for the year ended 31st. March, 2008, the Balance Sheet as at that date and the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mrs. Abha Bajoria, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration.
4. To appoint Branch Auditors and to fix their remuneration.

AS A SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to provisions of Section 94 and other applicable provisions, if any, the Authorised Capital of the Company be increased by the creation of further 50,000 Redeemable Cumulative Preference Shares of Rs. 100/- each"

"RESOLVED FURTHER THAT Clause 5 of the Memorandum of Association of the Company be altered by substitution for the words and figures "The Authorised Share Capital of the Company is Rs. 1,75,00,000 divided into 5,00,000 Equity Shares of Rs. 10/- each and 1,25,000 Redeemable Cumulative Preference Shares of Rs. 100/- each" appearing therein with the following words and figures namely :-

"The Authorised Share Capital of the Company is Rs. 2,25,00,000 divided into 5,00,000 Equity Shares of Rs. 10/- each and 1,75,000 Redeemable Cumulative Preference Shares of Rs. 100/- each.

6. To consider and if thought fit to pass with or without modification the following resolution as an Special Resolution :-

"RESOLVED THAT PURSUANCE TO provisions of Section 31 and other Applicable provisions if any, of the Companies Act, 1956, the Article 4 of the Article of Association of the Company be and is hereby altered as hereunder :-

"The Authorised Share Capital of the Company is Rs 2,25,00,000 divided into 5,00,000 Equity Shares of Rs. 10/- each and 1,75,000 Redeemable Cumulative Preference Shares of Rs. 100/- each."

7. "To consider and if thought fit to pass with or without modification the following resolution as an ordinary Resolution :-

"Resolved that pursuant to Section 80 and Sub-section (1) of Section 81 of the Companies Act, 1956 and subject to other statutory approvals, if necessary, the Board of Directors of the Company be and is hereby authorised to offer 50,000 6% Redeemable Cumulative Preference Shares of Rs. 100/- each in the authorised Capital of the Company to Promoters, their relatives and friends.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary to complete the above allotment."

Registered Office :  
5 & 7, Netaji Subhas Road,  
Kolkata : 700 001  
Dated, the 4th day of September, 2008

By Order of the Board  
Teesta Valley Tea Co. Ltd.  
R.K. Dixit  
Director

## NOTES :

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 5 to 7 of the Notice set out above is annexed thereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member.
3. The Proxy Form is to be submitted at Mcleod House, 3, Netaji Subhas Road, Kolkata-700 001, 48 hours before holding the Annual General Meeting.
4. The Share transfer book and Register of Members of the Company will remain closed from 27th September, 2008 to 30th September, 2008 both days inclusive.

## EXPLANATORY STATEMENT

1. Authorised Share Capital of the Company is Rs. 2,25,00,000 divided into 5,00,000 Equity Shares of Rs. 10/- each, 1,75,000 Redeemable Cumulative Preference Shares of Rs. 100/- each.
2. The Company required funds for its operation and the Board of Directors of the Company decided that funds be raised by way of a preferential allotment of 50,000 6% Redeemable Cumulative Preference Shares of Rs. 100/- each of the total nominal value of Rs. 50,00,000/-. Accordingly it is proposed to increase the Authorised Share Capital of the Company by Rs. 50,00,000/- by creation of 50,000 Redeemable Cumulative Preference Shares of Rs. 100/- each which requires the approvals of the members and hence the Board recommends the passing of the Resolution.

None of the Directors are concerned or interested in the aforesaid resolution.

3. The Company required long term funds for smooth running of its existing business operations for which it was unanimously decided by the Board of make Preferential allotment of 50,000 6% Redeemable Cumulative Preference Shares of Rs. 100/- each totalling to Rs. 50,00,000/- (Rupees fifty lacs only) as per the terms and conditions attached herewith, to promoters, their relatives, friends and / or associates. This also requires the approval of the members in terms of section 81 (1A) read with Section 80 of the Companies Act, 1956 and hence the Board recommends the passing of the Resolution.

None of the Directors are concerned or interested in the aforesaid Resolution.

## 4. TERMS AND CONDITIONS

1. (a) The Redeemable Cumulative Preference Shares (the Preference Shares) of the Company shall confer on the holders thereof the right to receive a preferential dividend at the rate of 6% per annum (free of income tax payable by the Company but subject to deduction of tax if applicable under Section 194 of the Income Tax Act, 1961 or any statutory modification or reenactment thereof for the time being in force) and the right in a winding up to re-payment of capital paid up thereon in priority to the Equity Shares of the Company and shall not confer any further right to participate in the profits or assets of the Company.
- (b) At any time on or after the expiration of 5 years from the date of allotment of the Preference Shares but before the expiration of 20 years from the date of such allotment, the Company may out of the profits of the Company which may be lawfully applied for the purpose of redemption or the proceeds of a fresh issue of shares made expressly for redemption, redeem at par the whole of any part (to be selected by drawing as hereinafter provided) of the Preference Shares for the time being outstanding by giving to the holders thereof not less than one month's notice in writing of its intention so to redeem.
- (c) If a part of the Preference Shares is to be redeemed by drawing pursuant to the aforementioned provision, it shall be selected by drawing to be made at such time and place and in such manner as the Board may determine but in the presence of at least one of the Directors for the time being of the Company.

- (d) Forthwith after such drawing the Company shall give to the holders of the Preference Shares which have been drawn for redemption a notice in writing of the Company's intention to redeem the same and fixing a time (not less than one month from the date of such notice) and place for such redemption.
- (e) At the time and place so fixed each registered holder of such Preference Shares shall be bound to surrender to the Company the certificate or certificates thereof for cancellation and there upon the Company shall pay to him the amount payable in respect of such redemption. Where any such certificates comprises by Preference Shares which have not been drawn for redemption, the Company shall issue to the holders thereof a fresh certificate therefore free of charge.
- (f) Any of the Preference Shares not previously redeemed under the foregoing provisions shall be redeemed at par before the expiry of 20 years from the date of their allotment.

# **DIRECTORS' REPORT**

**OF**

## **TEESTA VALLEY TEA COMPANY LIMITED**

### **TO THE MEMBERS**

Your Directors present the Annual Report with the Audited Accounts for the year ended 31st March, 2008

### **CROP**

During the year 4,23,981 kgs of tea was manufactured as against 4,21,200 kgs. in the previous year.

### **FINANCIAL RESULTS**

The working for the year shows a surplus of Rs.5,38,349/- after providing Rs.37,23,680/- for depreciation. After taking into account Rs.5,612/- for previous years adjustments Rs. 1,38,933/- Liabilities written back, Rs. 53,105/- for irrecoverable debts written off and Rs. 90,000/- provision for Fringe Benefit Tax and Debit Balance of Rs. 3,23,62,136/- carried forward from previous years, Profit & Loss account shows a Debit Balance of Rs. 3,18,33,571/-. In view of the carried forward losses your Directors do not recommend any dividend for the current period.

### **PERFORMANCE**

We were able to improve upon the last years crop performance by undertaking sound agricultural formalities timely.

### **PARTICULARS OF EMPLOYEES**

Statement of particulars of employees pursuant to the provision of Section 217(2A) of the Companies Act 1956 is not applicable, hence it is not annexed.

### **COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988**

The particulars in terms of Sec.217(1)(e) of the Companies Act, 1956 are annexed, forming part of the report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure.
2. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the Annual Accounts on a going concern basis.

### **DEMATERIALISATION OF SHARES**

Your Company's Shares are tradable compulsorily in electronic form under ISIN No INE 718E01011 and your Company has established connectivity with Central Depository Services (India) Limited (CDSL).

# DIRECTORS' REPORT

OF

## TEESTA VALLEY TEA COMPANY LIMITED

### TO THE MEMBERS

Your Directors present the Annual Report with the Audited Accounts for the year ended 31st March, 2008

### CROP

During the year 4,23,981 kgs of tea was manufactured as against 4,21,200 kgs. in the previous year.

### FINANCIAL RESULTS

The working for the year shows a surplus of Rs.5,38,349/- after providing Rs.37,23,680/- for depreciation. After taking into account Rs.5,612/- for previous years adjustments Rs. 1,38,933/- Liabilities written back, Rs. 53,105/- for irrecoverable debts written off and Rs. 90,000/- provision for Fringe Benefit Tax and Debit Balance of Rs. 3,23,62,136/- carried forward from previous years, Profit & Loss account shows a Debit Balance of Rs. 3,18,33,571/-. In view of the carried forward losses your Directors do not recommend any dividend for the current period.

### PERFORMANCE

We were able to improve upon the last years crop performance by undertaking sound agricultural formalities timely.

### PARTICULARS OF EMPLOYEES

Statement of particulars of employees pursuant to the provision of Section 217(2A) of the Companies Act 1956 is not applicable, hence it is not annexed.

### COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988

The particulars in terms of Sec.217(1)(e) of the Companies Act, 1956 are annexed, forming part of the report.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure.
2. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the Annual Accounts on a going concern basis.

### DEMATERIALISATION OF SHARES

Your Company's Shares are tradable compulsorily in electronic form under ISIN No INE 718E01011 and your Company has established connectivity with Central Depository Services (India) Limited (CDSL).

## COMPLIANCE CERTIFICATE :

Pursuant to the Proviso of Sub-Section(1) of Section 383A of the Companies Act, 1956, the Compliance Certificate dated 2nd September, 2008 is attached and forms part of the Directors' Report.

### AUDITORS REPORT

The observations of the Auditors in their Report vide Note No.6(a) to 6(g) are self-explanatory and therefore, need no further explanation. As regards, procedural lapses are concerned, effective steps are being taken to remove those lapses. As regards Gratuity the Company has always treated Gratuity in the accounts on cash basis. Since the value of the Gratuity as on 31.3.2008, does not fully relate to the current year, the Management decided not to provide the value of Gratuity as on 31.3.2008.

### DIRECTORS

Mrs. Abha Bajoria retires by rotation, but being eligible, offers herself for the re-appointment.

### BRANCH AUDITORS

M/s B.C. Kundu & Co., Chartered Accountants, retire and are eligible for re-appointment.

### AUDITORS

M/s. N. K. Poddar & Co. Chartered Accountants, retire and are eligible for re-appointment.

#### *Registered Office :*

5 & 7, Netaji Subhas Road,  
Kolkata-700 001.

Dated the 4th day of September, 2008

BHARAT BAJORIA	} Managing Director
ABHA BAJORIA	
R. K. DIXIT	} Directors



# TEESTA VALLEY TEA COMPANY LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT

### (A) CONSERVATION OF ENERGY

Appropriate steps have been taken for conservation, viz-a-viz improved utilisation of energy by adopting better techniques and replacing old machinery and/or equipment where necessary.

#### FORM "A"

		31st March, 2008	31st March, 2007
<b>Power and Fuel Consumption</b>			
1. Electricity			
(a) Purchased			
Unit		3,82,772	2,93,962
Total Amount			
Rate/Unit	Rs.	20,89,857	Rs. 16,86,884
(b) Own Generator			
i) Through Diesel Generator			
Unit		2,27,942	2,36,188
Unit per Litre of Diesel Oil		31.82	32.59
Cost/Unit	Rs.	4.06	Rs. 3.74
ii) Through Steam Turbine Generator			
Units		—	—
Unit/Litre of Fuel Oil/Gas		—	—
2. Coal (Quantity)		838.32 MT	588.68 MT
Total Cost			
Average Rate	Rs.	28,87,184	Rs. 22,09,644
3. Furnace Oil			
Quantity (K.Lts.)		—	—
Total Amount			
Average Rate	Rs.	—	Rs. —
4. Other/Internal Generation			
Quantity		—	—
Total Cost		—	—
Average Rate/Unit	Rs.	—	Rs. —
5. Consumption per unit of Production			
Products : TEA			
Production (Kgs.)		4,23,981	4,21,200
Electricity		1.44	1.26
Furnace Oil		—	—
Coal		1.98	1.40
Others		—	—

# TEESTA VALLEY TEA COMPANY LIMITED

## FORM "B"

### (A) RESEARCH AND DEVELOPMENT (R & D)

- |  |     |
|--|-----|
| 1. Specific areas in which R & D carried out by the Company  | Nil |
| 2. Benefits derived as a result of the R & D                 | Nil |
| 3. Future Plan of Action                                     | Nil |
| 4. Expenditure on R & D                                      |     |
| a) Capital   | Nil |
| b) Recurring   | Nil |
| c) Total   | Nil |
| d) Total R & D expenditure as a percentage of total turnover | Nil |

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- |   |   |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.  | Nil   |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution.                          | Nil   |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :- | Nil   |
| a) Technology imported  | Nil   |
| b) Year of import   | Nil   |
| c) Has technology been fully absorbed ?   | Nil   |
| d) If not fully absorbed, area where has not taken place, reasons therefore, and future plans of action.  | The Company subscribes to Tea Research Association within the meaning of Section 35(1) of the Income Tax Act. |

### FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |         |
|---|---------|
| a) Activities relating to exports, initiative taken to increase exports.      |         |
| b) Development of new export markets for product and services and export plan |         |
| c) Total foreign exchange used and earned                                     |         |
| Foreign exchange used   | Rs. NIL |
| Foreign exchange earned   | Rs. NIL |

## ANNEXURE TO THE DIRECTOR'S REPORT

### COMPLIANCE CERTIFICATE

**Registration No. of the Company : 21-000347**

**Nominal Capital : Rs. 175 lacs**

To  
The Members of  
**Teesta Valley Tea Company Ltd.**  
5 & 7, Netaji Subhas Road,  
Kolkata-700 001

I have examined the registers, records, books and papers of **Teesta Valley Tea Company Ltd.** as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2008. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers, and agents, I certify that in respect of the aforesaid financial year :

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company, being a public limited company having the minimum paid up capital, comments are not required.
4. The Board of Directors duly met eight times respectively on 13/04/07, 10/07/07, 05/09/07, 29/09/07, 12/10/07, 06/12/07, 04/01/08 and 14/02/08 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.
5. The company closed its Register of Members from 26th September 2007 to 29th September 2007 both days inclusive in compliance of section 154 of the Act.
6. The annual general meeting for the financial year ended on 31/03/2007 was held on 29.09.2007 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extraordinary general meeting was held during the financial year.
8. As explained, the Company has not entered into any contracts falling within the purview of Section 297 of the Act.
9. The company has provided guarantee worth Rs. 4,30,00,000/- in favour of Teesta Valley Exports Limited, that is subject to approval from Central Government as required u/s 295 of the Act.
10. As explained, the company has made entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate shares certificates during the financial year.
13. The Company has :
  - i) Delivered all the certificates and on Lodgement thereof for transfer. There was no allotment/transmission of Shares during the year.
  - ii) The company has not deposited any amount in a separate account as no dividend was declared during the financial year,
  - iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year,
  - iv) The company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund,
  - v) The company has duly complied with the requirements of section 217 of the Act;

14. The Board of Directors of the company is duly constituted. Further the Company has not appointed any alternate directors, additional directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has made any borrowings within the meaning of section 293(1)(d) during the financial ending 31st March, 2008 after complying with the relevant provisions of the Act.
25. The company has not made any loans and investments to other bodies corporate. Further the Company has given Guarantee worth Rs. 4,30,00,000/- in favour of Teesta Valley exports Limited.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the financial year under scrutiny.
30. The company has not altered its Articles of Association during the financial year under scrutiny.
31. There were no prosecutions initiated against or show cause notices received by the company and no fines or penalties for any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was irregular in deposit of contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

It is stated that the compliance of all applicable provisions of the Companies Act, 1956 is the responsibility of the management. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the Companies Act, 1956.

**For D. RAUT & ASSOCIATES**  
(Company Secretaries)

Commerce House, 8th Floor, Room No. 8C  
2A-Ganesh Chandra Avenue, Kolkata-700 013  
Date : 2nd day of September, 2008

*Name of the Company Secretary :* **DEBENDRA RAUT, ACS**  
(Proprietor)  
**C. P. No. : 5232**

14. The Board of Directors of the company is duly constituted. Further the Company has not appointed any alternate directors, additional directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has made any borrowings within the meaning of section 293(1)(d) during the financial ending 31st March, 2008 after complying with the relevant provisions of the Act.
25. The company has not made any loans and investments to other bodies corporate. Further the Company has given Guarantee worth Rs. 4,30,00,000/- in favour of Teesta Valley exports Limited.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the financial year under scrutiny.
30. The company has not altered its Articles of Association during the financial year under scrutiny.
31. There were no prosecutions initiated against or show cause notices received by the company and no fines or penalties for any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was irregular in deposit of contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

It is stated that the compliance of all applicable provisions of the Companies Act, 1956 is the responsibility of the management. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the Companies Act, 1956.

**For D. RAUT & ASSOCIATES**  
(Company Secretaries)

Commerce House, 8th Floor, Room No. 8C  
2A-Ganesh Chandra Avenue, Kolkata-700 013  
Date : 2nd day of September, 2008

*Name of the Company Secretary :* **DEBENDRA RAUT, ACS**  
(Proprietor)  
C. P. No. : 5232

### Annexure - "A"

#### Registers as maintained by the Company

1. Register of Transfers u/s 108
2. Register of Members u/s 150
3. Minutes of Share Holders Meetings u/s 193
4. Minutes of Board Meeting u/s 193
5. Register of Contracts u/s 301
6. Register of Directors etc. u/s 303
7. Register of Directors Shareholdings u/s 307
8. Register of Charges u/s 143
9. Books of Accounts u/s 209

### Annexure - "B"

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2008.

Sl. No.	Form No./Return	Filed under section	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional Fee paid (Yes/No)
1.	Annual Return (20B) made made up to 30th Sep., 2007	u/s 159	29.11.2007	Yes	Yes
2.	Balance Sheet (23AC&) 23ACA) as at 31/03/2007	u/s 220	24.12.2007	No	Yes
3.	Compliance Certificate (66) for the year ended 31st March 2007	u/s 383A	24.12.2007	No	Yes
4.	Form 2		02.04.2007	Yes	N.A.

# **AUDITORS' REPORT TO THE SHAREHOLDERS OF TEESTA VALLEY TEA COMPANY LIMITED**

We have audited the attached Balance Sheet of TEESTA VALLEY TEA COMPANY LIMITED as at 31<sup>st</sup> March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended as on that date annexed thereto. These financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

The report on the audit of accounts of the Garden of the Company by B. C. Kundu & Co., Chartered Accountants under section 228 of the Companies Act, 1956 has been forwarded to us as requested by clause (c) of sub section (3) of that Section which has been considered in preparing our report and we entirely relied on the Branch Auditors in regard to their checking, observations and comments on the accounts and other related matters pertaining to the Company.

We have conducted our audit in accordance with the 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, subject to Note B-4 of Schedule 16 regarding accounting of gratuity and bonus on Cash Basis, proper books of account as required by law have been kept by the company, so far as it appears from our examination of these books and proper audited returns adequate for the purpose of audit, have been received from the units/gardens not visited by us;
3. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
4. Save and except complying with the Accounting Standard-2 on Valuation of Inventories, Accounting Standard-15 on accounting for Retirement Benefits of Employees, and AS-22 on Accounting for Taxes on Income, in our opinion the Profit & Loss Account and the Balance Sheet dealt with by this Report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
5. Based on written representations received from the Directors and taken on record by the Board of Directors, we report that none of the director were disqualified as on 31st March, 2008 from being appointed as a Director in terms of Section 274(1) (g) of the Companies Act, 1956.
6. *Attention is invited to the following notes of Schedule 16 :*
  - (a) *Note B-3 regarding valuation of closing finished stock on the basis of estimated realizable value which is not in consonance with accounting standard 2 on Valuation of inventories.*
  - (b) *Note B-4 on non-provision of liability for gratuity and bonus, the impact of which has not been ascertained.*
  - (c) *Note B-9 regarding non-provision of doubtful advances amounting to Rs. 6,44,910/- the eventual recovery of which is currently not ascertainment;*
  - (d) *Note B-12 regarding corporate guarantee given to bank on behalf of other company which is subject to approval of central government under Section 295 of the Companies Act, 1956.*

- (e) *As indicated in Note B-24 of Schedule 16 the accounts of the Company have been prepared on a going concern basis. However, its ability to continue as such is dependent upon future performances and profitability, which presently cannot be commented upon by us.*
  - (f) *No Confirmation is available in respect of unsecured loan from West Bengal Government Housing Department in absence of which we are unable to verify the same.*
  - (g) *Without considering the items mentioned in paragraph (a), (b) and (e) above, the effect of which could not be ascertained, had the impact of paragraph (c) be given, the profit for the year would have lower by Rs. 6,44,910/- and debit balance of Profit & Loss Account would have been higher by the same amount.*
7. Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes appearing in Schedule '16' give the information required by the Companies Act, 1956 in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008; and
  - (ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date;
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
8. As required by Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and other records of the company as we considered appropriate and on the basis of information and explanations given to us during the course of audit, we report that:-
- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
  - (c) There is no sale of substantial part of fixed assets during the year affecting the going concern status of the company.
  - (ii) (a) The inventory has been physically verified by the management at regular intervals during the year.
  - (b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The company is maintaining proper records of its inventory and no material discrepancies were noticed on such physical verification.
  - (iii) (a) The company has not granted unsecured loans/advances to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 save and to a director which has been realised in full and year end balance is NIL.
  - (b) In our opinion, the rate of interest and other terms and conditions on which loans have been given by the company are not *prima facie*, prejudicial to the interest of the company.
  - (c) The Company is regular in realizing principal amount as well as interest as stipulated.
  - (d) There are no loans which have become overdue at the end of the year.
  - (e) The Company has taken unsecured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 52.63 lacs and the year end balance of the same was Rs. NIL.



- (e) *As indicated in Note B-24 of Schedule 16 the accounts of the Company have been prepared on a going concern basis. However, its ability to continue as such is dependent upon future performances and profitability, which presently cannot be commented upon by us.*
  - (f) *No Confirmation is available in respect of unsecured loan from West Bengal Government Housing Department in absence of which we are unable to verify the same.*
  - (g) *Without considering the items mentioned in paragraph (a), (b) and (e) above, the effect of which could not be ascertained, had the impact of paragraph (c) be given, the profit for the year would have lower by Rs. 6,44,910/- and debit balance of Profit & Loss Account would have been higher by the same amount.*
7. Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes appearing in Schedule '16' give the information required by the Companies Act, 1956 in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008; and
  - (ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date;
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
8. As required by Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and other records of the company as we considered appropriate and on the basis of information and explanations given to us during the course of audit, we report that:-
- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
  - (c) There is no sale of substantial part of fixed assets during the year affecting the going concern status of the company.
  - (ii) (a) The inventory has been physically verified by the management at regular intervals during the year.
  - (b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The company is maintaining proper records of its inventory and no material discrepancies were noticed on such physical verification
  - (iii) (a) The company has not granted unsecured loans/advances to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 save and to a director which has been realised in full and year end balance is NIL.
  - (b) In our opinion, the rate of interest and other terms and conditions on which loans have been given by the company are not *prima facie*, prejudicial to the interest of the company.
  - (c) The Company is regular in realizing principal amount as well as interest as stipulated.
  - (d) There are no loans which have become overdue at the end of the year.
  - (e) The Company has taken unsecured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 52.63 lacs and the year end balance of the same was Rs. NIL.

- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken by the company are not *prima facie*, prejudicial to the interest of the company.
- (g) The Company is regular in repaying the principal amount but are not regular in payment of interest.
- (h) There are no loans taken by the company which have become overdue for payment.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the 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 according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the company has not accepted any deposits within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) The company has an internal audit system during the year commensurate with the size and nature of its business. However, the scope of internal audit is required to be enlarged with regard to areas covered.
- (viii) According to the information and explanations given to us, the cost records as prescribed by the Central Government under cost record rules under section 209 (1) (d) of the Companies Act, 1956 has been maintained.
- (ix) (a) The Company is not regular in depositing undisputed provident fund dues, Cess, Income Tax and VAT with appropriate authorities. However the company was regular in depositing other undisputed statutory dues as applicable to it including Investor Education & Protection Fund, Employees State Insurance, Wealth Tax, Service Tax, Custom Duty, Excise Duty. According to the information and explanations given to us, the arrears of outstanding statutory dues as at the last day of financial year for a period of more than six months from the date they became payable is as under :

Name of Statute	Nature of Dues	Amount Rs.	Period to which amount relates
Income Tax Act, 1961	Tax deducted at Source	2,25,364	2002 - 07
Employees P. F. & Miscellaneous Provisions Act, 1952	Provident Fund	72,24,521	2004 - 07
Welfare Fund		48,965	
VAT	WBST	41,182	2005-06
	Total	<u>75,40,032</u>	

- (b) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute other than the following :

Name of Statute	Nature of dues	Amount Rs.	Period of dues	Forum where dispute is pending
Agriculture Income Tax Act,	Agriculture Income Tax	80,339	1975-76	Assistant Commissioner of Agriculture Income Tax

- (x) The accumulated losses of the Company has exceeded the net worth of the company as on 31st March, 2008. The Company has not incurred cash losses during the period covered by this report as well as in the financial year immediately preceding this financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us, and the records examined by us, the company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit / nidhi / mutual benefit fund / society and such clause (xiii) of the Order, is not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The Company has given guarantees for loan taken by others from banks or financial institutions and the terms and conditions on which the same is given are not prejudicial to the interest of the company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the company has used funds raised on short-term basis for long term investment and accumulated losses.
- (xviii) According to the information and explanations given to us, 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 during the year.
- (xix) The company has not issued any debentures that were outstanding at any time during the year.
- (xx) The company has not raised money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

P-3, New C I T Road,  
Kolkata-700 073  
Dated the 4th day of September, 2008

**Padam Kumar Poddar**  
Partner  
For **N. K. PODDAR & CO.**  
Chartered Accountants  
Membership No. 50125

# TEESTA VALLEY TEA COMPANY LIMITED

## Balance Sheet as at 31st March, 2008

	Schedules	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	1	1,40,00,000	1,40,00,000
<b>LOAN FUNDS</b>			
Secured Loans	2	44,263,940	4,63,71,504
Unsecured Loans	3	70,49,068	1,03,38,145
		<u>5,13,13,008</u>	<u>5,67,09,649</u>
	Total	<u>6,53,13,008</u>	<u>7,07,09,649</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	7,38,85,237	4,46,08,581
Less : Depreciation		<u>2,71,74,595</u>	<u>2,34,50,915</u>
Net Block		4,67,10,642	2,11,57,666
Capital Work-in-Progress		<u>2,13,513</u>	<u>2,10,61,628</u>
		<u>4,69,24,155</u>	<u>4,22,19,294</u>
<b>Investments</b>	5	1,50,390	1,50,390
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	2,01,29,734	1,79,97,715
Sundry Debtors	7	12,77,991	11,29,204
Cash and Bank Balances	8	6,86,386	4,48,966
Loans and Advances	9	44,17,072	53,63,611
		<u>2,65,11,183</u>	<u>2,49,39,496</u>
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	10	3,98,48,201	2,87,93,577
Provisions	11	<u>2,58,090</u>	<u>1,68,090</u>
		<u>4,01,06,291</u>	<u>2,89,61,667</u>
<b>Net Current Assets</b>		(1,35,95,108)	(40,22,171)
Profit & Loss Account		<u>3,18,33,571</u>	<u>3,23,62,136</u>
	Total	<u>6,53,13,008</u>	<u>7,07,09,649</u>
Notes on Accounts	16		

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

P-3, New C. I. T. Road, Kolkata-73 Dated the 4th day of September, 2008	<b>PADAM KUMAR PODDAR</b> <i>Partner</i> For N. K. PODDAR & CO. <i>Chartered Accountants</i> Membership No. 50125	<b>BHARAT BAJORIA</b> <b>ABHA BAJORIA</b> <b>R. K. DIXIT</b>	Managing Director } Directors
--	---	--	--

# TEESTA VALLEY TEA COMPANY LIMITED

## Profit & Loss Account for the year ended 31st March, 2008

	Schedules	31st March, 2008 Rs.	31st March, 2007 Rs.
<b>INCOME</b>			
Sales of Tea		7,63,51,440	7,01,37,860
Other Income	12	16,27,786	14,61,529
		<u>7,79,79,226</u>	<u>7,15,99,389</u>
<b>EXPENDITURE</b>			
Expenses	13	6,93,22,800	6,48,86,124
Interest	14	68,75,397	63,82,534
(Increase)/Decrease in Stock of Tea	15	(24,81,000)	(20,29,000)
		<u>7,37,17,197</u>	<u>6,92,39,658</u>
PROFIT/(LOSS) BEFORE DEPRECIATION & TAXATION		42,62,029	23,59,731
Less : Depreciation		37,23,680	10,30,372
PROFIT/(LOSS) FOR THE YEAR AFTER DEPRECIATION		<u>5,38,349</u>	<u>13,29,359</u>
Add/(Less) : Previous year's Adjustments		(5,612)	4,09,650
Liabilities written back/(Written off)		1,38,933	—
Irrecoverable Debts written off		(53,105)	(75,296)
		<u>80,216</u>	<u>3,34,354</u>
PROFIT/(LOSS) BEFORE TAXATION		6,18,565	16,63,713
Less : Provision for Fringe Benefit Tax		(90,000)	(96,090)
Profit/(Loss) after Taxation		<u>5,28,565</u>	<u>15,67,623</u>
Add : Balance brought forward from Previous year		(3,23,62,136)	(3,39,29,759)
Balance Carried to Balance Sheet		<u>(3,18,33,571)</u>	<u>(3,23,62,136)</u>
Notes on Accounts	16		

The Schedules referred to above form an integral part of the Profit & Loss Account.  
This is the Profit & Loss Account referred to in our report of even date.

P-3, New C. I. T. Road, Kolkata-73  
Dated the 4th day of September, 2008

PADAM KUMAR PODDAR  
*Partner*  
For N. K. PODDAR & CO.  
*Chartered Accountants*  
Membership No. 50125

BHARAT BAJORIA  
*Managing Director*  
ABHA BAJORIA  
R. K. DIXIT  
} *Directors*

# TEESTA VALLEY TEA COMPANY LIMITED

## Schedules to the Accounts

		As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
<b>SCHEDULE-1</b>			
<b>SHARE CAPITAL</b>			
<b>Authorised</b>			
5,00,000	Equity Shares of Rs. 10/- each	50,00,000	50,00,000
1,25,000	6% Redeemable Cumulative Preference Shares of Rs. 100/- each	1,25,00,000	1,25,00,000
		<u>1,75,00,000</u>	<u>1,75,00,000</u>
<b>Issued Subscribed</b>			
1,50,000	Equity Shares of Rs. 10/- each fully paid-up	15,00,000	15,00,000
Of the above Shares :			
i)	32,000 Equity Shares are allotted as fully paid-up pursuant to a contract without payment being received in cash		
ii)	96,000 Equity Shares are allotted as fully paid-up by way of Bonus Shares by capitalisation of General Reserve		
1,25,000 (1,00,000)	6% Redeemable Cumulative Preference Shares of Rs. 100/- each fully paid up. (Redeemable at any time on or after the expiry of five years and before twenty years from the date of allotment i.e. 50,000 on 26.03.02 & 50,000 on 12.03.05 and 25,000 on 27-03-2007)	1,25,00,000	1,25,00,000
		<u>1,40,00,000</u>	<u>1,40,00,000</u>

# TEESTA VALLEY TEA COMPANY LIMITED

## Schedules to the Accounts

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
<b>SCHEDULE-2</b>		
<b>SECURED LOANS</b>		
From Punjab National Bank		
a) Working Capital Borrowings	3,46,70,573	3,40,14,273
Interest accrued thereon	—	3,31,877
b) Term Loan	23,03,764	43,83,764
Interest accrued thereon	5,01,993	5,22,460
(Secured by hypothecation of standing Tea Crop. including Green leaves before and after plucking, tea in process, entire finished tea and book debts. The above limit is further collaterally secured by Equitable Mortgage of Land (Paripassu with WBIDC on the plot of land of the Gielle Tea Factory), Buildings, Machineries etc. (except the moveable and immoveable properties of Gielle Tea Factory) and by deposit of Title deeds in respect of Teesta Valley and Gielle Tea Estates and second charge on all moveable and immoveable of Gielle Tea Factory and personal Guarantee of Mr. Bharat Bajoria)		
From West Bengal Industrial Development Corpn. Ltd.		
Term Loan	55,80,000	69,00,000
Interest accrued thereon	2,06,428	2,19,130
(Secured by first charge on all the movable and immovable properties of the Gielle Tea Factory, including Factory Building and civil constructions both present and future, paripasu charge with PNB on the plot of land of the factory and the second charge on the existing fixed assets of the Company, save and except book debts, but including movable machineries, spares, tools accessories etc, created/to be created for the proposed project subject to the prior charges in favour of the Punjab National Bank, Company's Bankers for Raw Materials, Stock in Trade, finished and semi-finished goods and other specified movables and Personally guaranteed by two directors namely Mr. Bharat Bajoria and Mrs. Abha Bajoria.)		
From Banks (Against hypothecation of vehicles purchased under the respective schemes)		
Equipment Credit/Finance Scheme		
Amount payable within one year Rs. 4,70,400/-		
(Previous year Rs. NIL )	10,01,182	—
	<u>4,42,63,940</u>	<u>4,63,71,504</u>
<b>SCHEDULE-3</b>		
<b>UNSECURED LOANS</b>		
From West Bengal Government Housing Department		
(Subsidy Scheme)	81,000	81,000
Interest Accrued thereon	69,304	60,595
From other Body Corporates*	64,00,000	90,53,000
Interest Accrued thereon	4,98,764	11,43,550
	<u>70,49,068</u>	<u>1,03,38,145</u>
*Includes loan of Rs. 30,00,000 taken on personal guarantee of a Director Mr. Bharat Bajoria		

**TEESTA VALLEY TEA COMPANY LIMITED**

**SCHEDULE-4**

**Schedule of Fixed Assets as at 31st March, 2008**

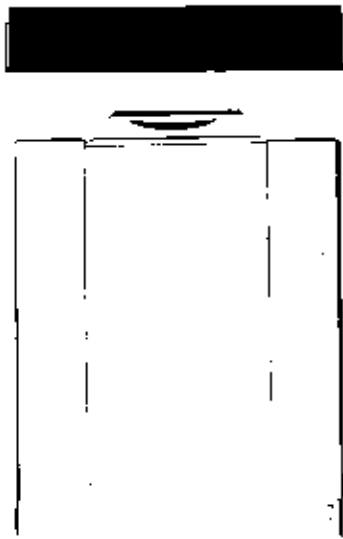
Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 31.03.2007	Additions during the year	Adjustments on sale/ Transfer for the year	Total Cost as on 31.3.2008	Up to 31.03.2007	For the Year	Adjustments on sales	Upto 31.3.2008	As on 31.03.2008	As on 31.03.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Leasehold Land & Development	1,08,54,695	29,14,116	—	1,37,68,811	—	—	—	—	1,37,68,811	1,08,54,695
Buildings	1,56,57,307	1,60,66,047	—	3,17,23,354	86,27,436	19,11,298	—	1,05,38,734	2,11,84,620	70,29,871
Machinery	1,09,53,376	88,07,198	—	1,97,60,574	88,32,260	13,66,728	—	1,01,98,988	95,81,588	21,21,116
Vehicles	40,08,768	14,89,295	—	54,98,064	34,57,754	3,52,350	—	38,10,104	16,88,960	5,52,015
Furniture & Fittings	21,83,941	—	—	21,83,941	18,93,004	50,317	—	19,43,321	2,40,620	2,90,937
Water Supply Installation & Irrigation Equipments	9,49,493	—	—	9,49,493	6,40,461	42,987	—	6,83,448	2,66,045	3,09,032
<b>TOTAL</b>	<b>4,46,08,581</b>	<b>2,92,76,656</b>	<b>—</b>	<b>7,38,85,237</b>	<b>2,34,50,915</b>	<b>37,23,680</b>	<b>—</b>	<b>2,71,74,595</b>	<b>4,67,10,642</b>	<b>2,11,57,666</b>
Previous Year Total	4,08,12,842	42,06,769	4,11,030	4,46,08,581	2,28,10,063	10,30,372	3,89,520	2,34,50,915	2,11,57,668	1,80,02,779



# TEESTA VALLEY TEA COMPANY LIMITED

## Schedules to the Accounts

		As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
<b>SCHEDULE-5</b>			
<b>INVESTMENTS-other than trade (at cost) Long Term</b>			
<b>QUOTED</b>			
In fully paid Shares of Companies			
1,100	Equity Shars of Rs. 10/- each in Gielle Investments Ltd.	6,666	6,666
425	Equity Shars of Rs. 10/- each in The Bormah Jan Tea Co. (1936) Ltd.	4,737	4,737
16,000	Equity Shars of Rs. 10/- each in Zen Industrial Services Ltd.	40,480	40,480
1,000	Equity Shars of Rs. 10/- each in Premier Tubes Ltd.	10,000	10,000
3,000	Equity Shares of Rs. 10/- each in The Dibrugarh Co. Ltd.	37,638	37,638
1,818	Equity Shars of Rs. 100/- each in McLeod & Co. Ltd.	42,269	42,269
<b>UNQUOTED</b>			
500	Equity Shares of Rs. 10/- each in Teesta Valley Exports Ltd.	5,000	5,000
200	Equity Shares of Rs. 10/- each in Assam Bengal Cereals Ltd.	2,000	2,000
6	1/2% Registered Debenture of East India Clinic Ltd.	600	600
100	Units of Rs. 10/- each in G. I. C. Mutual Fund (Fortune - 94)	1,000	1,000
	Total	1,50,390	1,50,390
Aggregate Amount of Quoted Investments		1,41,790	1,41,790
Aggregate Market Value of Quoted Investments		7,07,064	7,07,064
Surplus / (Deficit)		5,65,274	5,65,274
Aggregate Amount of Unquoted Investments		8,600	8,600
		1,50,390	1,50,390



#### SCHEDULE-7

Other debts

12,77,991

11,29,204

#### SCHEDULE-8

##### CASH & BANK BALANCES

Cash in Hand (As certified by the Management)

51,001

30,000

With Scheduled Banks on

Current Account

3,66,201

2,24,697

Fixed Deposit Account

2,69,184

1,94,236

(Deposited with Govt. Authorities)

6,86,386

4,48,966

# TEESTA VALLEY TEA COMPANY LIMITED

## Schedules to the Accounts

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
<b>SCHEDULE-6</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stock of Stores (at Cost)	32,70,899	35,61,153
Stock of Foodstuffs (at Cost)	31,835	90,562
Stock of Tea (At estimated realisable value)	1,68,27,000	1,43,46,000
	<u>2,01,29,734</u>	<u>1,79,97,715</u>
<b>SCHEDULE-7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
Debtors outstanding for a period exceeding six months	—	2,88,869
Other debts	12,77,991	8,40,335
	<u>12,77,991</u>	<u>11,29,204</u>
<b>SCHEDULE-8</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand (As certified by the Management)	51,001	30,033
<b>With Scheduled Banks on</b>		
Current Account	3,66,201	2,24,697
Fixed Deposit Account	2,69,184	1,94,236
(Deposited with Govt. Authorities)	<u>6,86,386</u>	<u>4,48,966</u>

# TEESTA VALLEY TEA COMPANY LIMITED

## Schedules to the Accounts

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
<b>SCHEDULE-9</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured - Considered Good)		
Loans	4,09,732	8,34,732
Interest Accrued thereon	1,04,703	1,34,771
Advance recoverable in cash or kind or for value to be received - Considered Good	30,17,703	35,84,103
Considered Doubtful	6,44,910	6,44,910
Advance payment of Taxes	2,40,024	1,65,095
	<u>44,17,072</u>	<u>53,63,611</u>
<b>SCHEDULE-10</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	2,67,96,804	2,10,61,960
Other Liabilities	1,31,11,397	77,31,617
	<u>3,98,48,201</u>	<u>2,87,93,577</u>
<b>SCHEDULE-11</b>		
<b>PROVISIONS</b>		
Provision for Fringe Benefit Tax	2,58,090	1,68,090
	<u>2,58,090</u>	<u>1,68,090</u>
<b>SCHEDULE-12</b>		
<b>OTHER INCOME</b>		
Interest on Loans & Deposits (Tax deducted at Source Rs. NIL, Previous year Rs. 13,939/-)	72,126	68,484
Miscellaneous Receipts	2,77,669	1,314
The Board Orthodox Subsidy	12,71,943	12,63,600
Profit on Sale of Investments	—	44,640
Profit on Sale of Fixed Assets	—	83,491
Insurance Claim	6,048	—
	<u>16,27,786</u>	<u>14,61,529</u>

# TEESTA VALLEY TEA COMPANY LIMITED

## Schedules to the Accounts

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
<b>SCHEDULE-13</b>		
<b>EXPENSES</b>		
Consumption of Stores & Spare Parts (100% indigenous)	80,01,771	71,77,284
Cultivation Expenses	80,27,234	60,72,125
Power & Fuel Consumed	16,43,717	18,25,343
Salaries, Wages & Bonus (including Gratuity Rs. 6,11,145/-, Previous Year Rs. 2,32,526/-)	3,17,85,610	3,05,43,165
Contribution to P.F. & Other Funds	50,60,324	49,27,409
Rent	2,36,315	2,14,955
Rates & Taxes	2,500	2,500
Staff & Labour welfare Expenses	96,44,185	95,87,397
Insurance	2,17,993	2,00,719
Sales Expenses (including Broker's Commission Rs. 5,20,037/-, Previous Year Rs. 4,76,322/-)	10,65,169	8,83,312
Carriage of Tea	3,72,420	4,56,483
Repairs to Buildings	1,87,864	68,875
Repairs to Machinery	3,13,811	51,021
Repairs to Others	3,63,954	1,43,056
Directors' Fee	8,000	6,000
Telephone, Telex & Other Expenses	3,19,574	3,58,734
Tea Cess & Excise Duty	61,874	51,646
Cess on Green Leaf	—	2,19,068
Miscellaneous Expenses	19,42,529	20,31,155
Auditor's Remuneration	67,956	65,877
	<u>6,93,22,800</u>	<u>6,48,86,124</u>
<b>SCHEDULE-14</b>		
<b>INTEREST ON</b>		
Term loans	10,68,301	7,62,502
Others	58,07,096	56,20,032
	<u>68,75,397</u>	<u>63,82,534</u>
<b>SCHEDULE-15</b>		
<b>INCREASE/(DECREASE) IN STOCK OF TEA</b>		
Opening Stock	1,43,46,000	1,23,17,000
Closing Stock	1,68,27,000	1,43,46,000
	<u>(24,81,000)</u>	<u>(20,29,000)</u>

# TEESTA VALLEY TEA COMPANY LIMITED

## Schedules to the Accounts

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
<b>SCHEDULE-13</b>		
<b>EXPENSES</b>		
Consumption of Stores & Spare Parts (100% indigenous)	80,01,771	71,77,284
Cultivation Expenses	80,27,234	60,72,125
Power & Fuel Consumed	16,43,717	18,25,343
Salaries, Wages & Bonus (including Gratuity Rs. 6,11,145/-, Previous Year Rs. 2,32,526/-)	3,17,85,610	3,05,43,165
Contribution to P.F. & Other Funds	50,60,324	49,27,409
Rent	2,36,315	2,14,955
Rates & Taxes	2,500	2,500
Staff & Labour welfare Expenses	96,44,185	95,87,397
Insurance	2,17,993	2,00,719
Sales Expenses (including Broker's Commission Rs. 5,20,037/-, Previous Year Rs. 4,76,322/-)	10,65,169	8,83,312
Carriage of Tea	3,72,420	4,56,483
Repairs to Buildings	1,87,864	68,875
Repairs to Machinery	3,13,811	51,021
Repairs to Others	3,63,954	1,43,056
Directors' Fee	8,000	6,000
Telephone, Telex & Other Expenses	3,19,574	3,58,734
Tea Cess & Excise Duty	61,874	51,646
Cess on Green Leaf	—	2,19,068
Miscellaneous Expenses	19,42,529	20,31,155
Auditor's Remuneration	67,956	65,877
	<u>6,93,22,800</u>	<u>6,48,86,124</u>
<b>SCHEDULE-14</b>		
<b>INTEREST ON</b>		
Term loans	10,68,301	7,62,502
Others	58,07,096	56,20,032
	<u>68,75,397</u>	<u>63,82,534</u>
<b>SCHEDULE-15</b>		
<b>INCREASE/(DECREASE) IN STOCK OF TEA</b>		
Opening Stock	1,43,46,000	1,23,17,000
Closing Stock	1,68,27,000	1,43,46,000
	<u>(24,81,000)</u>	<u>(20,29,000)</u>

## SCHEDULE-16

Notes forming Part of the Accounts for the year ended 31st March, 2008

### A. Significant Accounting Policies

#### **BASIS OF PREPARATION OF FINANCIAL STATEMENTS.**

The Accounts have been prepared under the historical cost convention in accordance with the provisions of the Companies Act, 1956 and mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

#### **USE OF ESTIMATES**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affects the reported amounts of Assets, Liabilities, Revenues and Expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates.

#### **Fixed Assets :**

Fixed Assets are stated at cost which includes freight, duties, insurance, taxes and expenses incidental to acquisition and installation. All expenditure incurred on extension planting are capitalised.

#### **Borrowing Cost**

Borrowing costs relating to the acquisition /construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

#### **Depreciation :**

Depreciation has been provided on Reducing balance method at the rates and in the manner as per Schedule XIV (as amended) to the Companies Act, 1956.

#### **Investments :**

Long term Investments are stated at cost, less provisions for diminution in value of investments other than temporary.

#### **Inventories :**

Stock of Tea is valued at estimated realisable value, stock of stores (including Food Stuffs) is valued at cost. Cost for the purpose of valuation of stores is computed on FIFO basis. Cost comprises inward freight, duties, taxes etc. Provision is made for obsolete, slow moving and defective stocks where necessary. Excise duty and Cess on Tea lying at factory at the year end is accounted for on accrual basis.

#### **Sales :**

- Sales include Excise Duty and Cess, Rebates, discounts, claims and other non-recoverable are excluded there from.
- Sales is recognised in the Accounts on passing of title to the goods, i.e. delivery as per terms of sale or on completion of auction in case of auction sale.

#### **Expenses :**

Expenses except otherwise stated under primary heads such as Salary, Wages, Consumption of Stores and Raw Materials etc. are being shown as usual in their respective heads of Accounts instead of functional re-classification. Expenses relating to replanting are charged to the profit and loss Account.

#### **Retirement Benefits :**

Gratuity if any are being accounted for as and when paid. Leave encashment and other Retirement Benefits are not applicable to the employees of the Company.

#### **Research and Development Expenses :**

Subscription to Tea Research Association is charged in the Profit and Loss Account under the Head "Miscellaneous Expenses".

#### **Contingent Liabilities**

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and to the extent not provided for are disclosed by way of notes on the accounts.

#### **Foreign Currency Transactions :**

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date. The

## TEESTA VALLEY TEA COMPANY LIMITED

fluctuations in the same is recorded as Foreign Exchange Gain/(Loss).

### GOVERNMENT GRANTS

Revenue grants including subsidy/ rebates are credited to Profit and Loss Account under "Other Income" or deducted from the related expenses.

### TAXATION

Provision for Tax is being made on account of current years tax liability including fringe benefit tax. However the Company does not take cognizance of any deferred tax assets and/or liabilities arising on account of timing differences, which are capable of reversal in subsequent periods unless there is reasonable possibility of its realization in near future.

### Miscellaneous Deferred Revenue Expenditure :

Preliminary and pre-operative expenditure are amortized over a period of five years.

### IMPAIRMENT OF FIXED ASSETS

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets.

### B. Notes on Accounts :

1. Additions to Leasehold Land and Development includes the Cost of New Extension and in accordance with past practice no depreciation has been provided for on Leasehold Land and Developments.
2. Balances with Banks in current accounts include Rs.1,23,568 attached by the Income Tax authorities for recovery of tax deducted at source. The company's appeal for release of the said balance was upheld but the department has not yet released the same.
3. As per the consistent practice the Stock of Tea has been valued at estimated realizable value as estimated by the management based on market rates prevailing as at the year end and on the basis of the Tea qualities as ascertained by them (i.e. since sold and value realized).
4. As per consistent policy of the company gratuity, and bonus are accounted for as and when paid. As such liability on account of the same for the year has neither been ascertained nor provided for.
5. In accordance with Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India, additions to fixed assets includes a sum of Rs. 54,625/- for the year (Up to Previous year included in work in progress Rs. 11,69,716/- on account of interest and/or other commitment charges on bank borrowings for loan taken for construction of factory building at Gielle Tea Estate.
6. The Company operates in a single business segment i.e. tea and hence no further disclosure is required to be made as per AS - 17 on Segment Reporting.
7. Govt. of West Bengal has issued a scheme for exemption from payment of Cess under the West Bengal Rural Employment & Production Act, 1976 and the West Bengal Primary Education Act, 1973 upto 31st March, 2009 subject to the condition that cess dues upto 31st March, 2004 alongwith interest calculated upto 31st March, 2005 are paid in eight quarterly instalments. The Company has opted for the said scheme and as such no further provision in respect of the same has been made in accounts.
8. Certain debit and credit Balances of debtors and creditors are subject to confirmation and consequential reconciliation/adjustments.
9. Certain advances aggregating to Rs. 6,44,910/- (Previous year Rs. 6,44,910/-) are outstanding for a considerable period. Persuasive and other steps for the recovery are being taken by the management. Considering the same to be good for recovery and pending outcome, no provision is considered necessary by the management.
10. In the opinion of the Board of Directors' the Current Assets, Loans and Advances have a value of realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.



# TEESTA VALLEY TEA COMPANY LIMITED

11. The Company has brought forward business losses and unabsorbed depreciation as per the Income Tax Act, 1961. In view of uncertainty prevailing in the tea industry for some time, it is unlikely that any deferred tax assets and/or liability, if recognized, would be realized in the near future. From the point of view of prudence required to be exercised under AS-22, no deferred tax assets and/or liability has been recognized, which, however, would not infringe the provisions of Section 211(3C) and/or any other applicable provisions of the said Act.
12. During the year the company had granted loan to a company subject to compliance of provisions of Sec. 295 of the Companies Act, 1956. However as the company is no more under the same management compliance of Section 295 has become set right. The Company had give Corporate guarantee worth Rs. 4.30 crore (Previous year 4.30) in favour of other Company to which the provisions of Section 295 apply. Steps are being taken to obtain necessary approvals from Central Government.
13. Necessary application has been filed with appropriate authority for renewal of lease of Teesta Valley Tea Garden the approval of which is awaited. However, pending renewal of lease, lease rent payment of the same has been accepted by the Govt. of West Bengal.
14. Related Party disclosure as identified by the management in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India :

- a) Related parties and nature of relationships with whom the Company had transactions.

## Directors and Relatives.

- Mr. B. Bajoria – Managing Director (Key Management Personnel)  
 Mrs. Abha Bajoria – Director (Relative of Key Management Personnel)  
 Mr. R. K. Dixit – Director (Key Management Personnel)

- b) Enterprises over which any person described in (a) above is able to exercise Significant influence.

The Tingamira Tea Seed Co. Limited  
 Teesta Valley Exports Limited  
 The Bormah Jan Tea Co.(1936) Ltd.  
 Birdie Trading Pvt. Ltd.  
 Orlando Holding Limited

- c) Disclosure of Transactions carried out with the related parties in the ordinary course of the business.

Transaction with related Parties	KMP & Relatives		KMP have control	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
<b>Share Capital</b>				
Preference Shares Issue	—	15,00,000	—	10,00,000
<b>Sales</b>	—	—	2,44,20,275	2,50,59,187
<b>INCOME</b>				
Interest Received	2,672	6,375	—	50,473
Miscellaneous Receipts	—	—	2,400	—
<b>EXPENDITURE</b>				
Interest paid	—	—	4,70,153	6,48,763
Rent Paid	—	—	72,000	—
Consumption of Stores	—	—	5,97,120	3,52,768
Electricity Charges	—	—	48,000	48,000
Remuneration to Directors	2,25,240	4,13,246	—	—
Miscellaneous Expenses	—	—	1,20,000	1,20,000
Directors Fee	8,000	6,000	—	—
<b>FINANCE &amp; INVESTMENTS</b>				
Loans Given	—	—	—	4,09,732
Loans with Interest Received back	7,63,725	—	—	—
Loans taken (Net)	—	—	—	16,01,000

# TEESTA VALLEY TEA COMPANY LIMITED

Loans refunded back (net)	—	—	52,90,862	—
Sales Advance Taken (net)	—	—	62,01,211	58,98,819
Corporate Guarantees Given	—	—	4,30,00,000	4,30,00,000
<b>OUTSTANDING AS ON 31-3-2008</b>				
Loans Given	—	6,65,428	—	4,09,732
Interest Receivable	—	95,625	—	39,146
Loans taken	—	—	—	42,53,000
Interest Payable	—	—	4,33,739	10,37,862
Sales Advance taken	—	—	1,21,00,030	—
Investments In Shares	—	—	9,737	47,375
Other Payables	5,49,713	3,89,253	5,34,597	5,52,123
Corporate Guarantees Given	—	—	4,30,00,008	4,30,00,000
			31.03.2008	31.03.2007
			Rs.	Rs.
15. Estimated amount of contract remaining to be executed on Capital Account and not provided for			5,00,000	10,00,000
16. Contingent Liability not provided for in respect of :				
Dividend on Preference Shares in Arrear			28,73,425	21,23,425
Agricultural Income Tax (1975-76) under appeal			80,339	80,339
Income Tax (TDS) for the Asst. Year 1993-94			1,23,568	1,23,568
Guarantees given by Banks on behalf of Company			2,74,900	2,04,900
Corporate guarantee given to Bank on behalf of Teesta Valley Exports Limited			4,30,00,000	4,30,00,000
17. Auditors Remuneration includes:				
Audit Fee (including Rs.8,000/- to Branch Auditor)			44,000	44,000
Tax Audit Fee (Branch Auditor)			3,000	3,000
In Other Capacities			20,956	18,877
18. Total Remuneration paid/payable to Managing Director				
Salary			1,92,000	1,92,000
Provident Fund Contribution			23,040	23,040
Perquisites			10,200	1,98,206
19. Expenses includes :				
Stores Consumption charged to Functional heads			13,68,705	2,60,389
Salaries,Wages & Bonus charged to functional heads			1,01,13,548	1,18,17,338
Total Stores Consumption during the year			88,10,554	74,37,673
Total Salaries,Wages & Bonus for the year			4,18,99,157	4,23,60,503
Bonus for earlier years included in Salaries, Wages & Bonus above			38,91,152	39,42,34
20. Previous Years Adjustments represents :			(Dr.)	(Dr.)
Sales Expenses (Brokerage)			NIL	21,05
Interest on Others			NIL	N
VAT (Stores & Spares Parts Consumed)			NIL	(4,40,35
Audit Fees			5,612	N
Miscellaneous Expenses			NIL	9,6
			<u>4,09,650</u>	<u>4,09,6</u>

# TEESTA VALLEY TEA COMPANY LIMITED

	Kgs.	Kgs.
21. Raw Materials Consumed – Green Leaf	18,20,131	18,25,562
22. The Company is engaged solely in one product namely Tea and the relevant particulars relating thereto are as under :		
a) Licensed Capacity	Not Applicable	Not Applicable
b) Installed Capacity	6,00,000	6,00,000
c) Actual Production of Tea	4,23,981	4,21,200
d) Sales	4,15,116	4,07,510
e) Samples, Garden use, Shortage, Tea Waste etc.	18,893	6,427
f) Opening Stock of Tea	46,278	39,015
g) Closing Stock of Tea	36,250	46,278
23. Earning per share :		
Net Profit/(Loss) as per Profit & Loss Account	5,38,349	13,29,359
Less: Preference dividend on Pref. Shares	(7,50,000)	(6,02,055)
Net Profit/(Loss) attributable to Equity Shareholders	(2,11,651)	7,27,304
No. of Equity Shareholders	1,50,000	1,50,000
Earning per share (of Rs. 10/- each) basic & diluted	(1.41)	4.85
24. The accumulated losses of the company have exceeded its net worth. However in view of the management's plan of action and its anticipated future growth, these accounts have been prepared on a going concern basis.		
25. As the Production of Green Leaf (Raw materials) from Company's own Garden involves an integrated process having various stages such as Nursery, replanting etc. Details regarding the value of consumption cannot be given.		
26. Payments against supplies from small scale and ancillary undertaking are made in accordance with agreed credit terms and to the extent ascertained from available sources. There was no amount due/overdue for payment at the end of the year.		
27. Figures for the previous year have been rearranged and regrouped wherever necessary.		

P-3, New CIT Road, Kolkata-700 073  
Dated the 4th day of September, 2008

PADAM KUMAR PODDAR  
*Partner*  
For N. K. PODDAR & CO.  
*Chartered Accountants*  
Membership No. : 50125

BHARAT BAJORIA    *Managing Director*  
ABHA BAJORIA  
R. K. DIXIT    }

# TEESTA VALLEY TEA COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2008

*Pursuant to clause 32 of the Listing Agreement*

	Rs.	As at 31st March, 2008 Rs.	Rs.	As at 31st March, 2007 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before taxation and extraordinary items		5,38,349		13,29,359
Adjustments for :				
1. Depreciation	37,23,680		10,30,372	
2. Interest (Received)	(72,126)		(68,484)	
3. Interest (Paid)	68,75,397	1,05,26,951	63,82,534	73,44,422
Operating Profit before Working Capital changes		1,10,65,300		86,73,781
Adjustments for :-				
1. Trade & Other Receivables	(1,48,787)		19,468	
2. Loans and Advances	9,91,400		(8,44,636)	
3. Inventories	(21,32,019)		(13,24,759)	
4. Trade Payables	1,10,54,624		(1,17,943)	
5. Dividend (Transferred to Govt. account)	—	97,65,218	(28,066)	(22,95,936)
Cash Generated from Operations		2,08,30,518		63,77,845
1. Interest Paid	(78,76,520)		(56,41,774)	
2. Direct Taxes Paid	(74,929)	(79,51,449)	(52,529)	(56,94,303)
Cash Flow before Extraordinary Items		1,28,79,069		6,83,542
Extraordinary Items :				
1. Expenses for previous years	(5,612)		4,09,650	
2. Irrecoverable Debts Written off	(53,105)		(75,296)	
3. Profit on Sale of Investments	—		(44,640)	
4. Profit on Sale of Fixed Assets	—		(83,491)	
5. Liabilities no longer required w/back	1,38,933	80,216	—	2,06,223
Cash Flow from Operating activities		1,29,59,285		8,89,765
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
1. Purchase of Fixed Assets	(84,28,541)		(69,02,810)	
2. Interest Received	1,02,194		22,963	
3. Sale of Fixed Assets	—		1,05,001	
4. Sale of Investments	—	(83,26,347)	1,20,000	(66,54,846)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		46,32,938		(57,65,081)
1. Proceeds of Issue of Preference Share Issue	—		25,00,000	
2. Proceeds Short Term Borrowings	(9,95,518)		3,56,8041	
3. Proceeds Long Term Borrowings	(34,00,000)		(10,94,800)	
4. Miscellaneous Expenses	—	(43,95,518)	—	49,73,241
Net change in Cash and Cash Equivalents		2,37,420		(7,91,840)
Cash & Cash Equivalents (Opening Balance)		4,48,966		12,40,806
Cash & Cash Equivalents (Closing Balance)		6,86,386		4,48,966
		2,37,420		(7,91,840)

# TEESTA VALLEY TEA COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2008

*Pursuant to clause 32 of the Listing Agreement*

	Rs.	As at 31st March, 2008 Rs.	Rs.	As at 31st March, 2007 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before taxation and extraordinary items		5,38,349		13,29,359
Adjustments for :				
1. Depreciation	37,23,680		10,30,372	
2. Interest (Received)	(72,126)		(68,484)	
3. Interest (Paid)	68,75,397	1,05,26,951	63,82,534	73,44,422
Operating Profit before Working Capital changes		1,10,65,300		86,73,781
Adjustments for :-				
1. Trade & Other Receivables	(1,48,787)		19,468	
2. Loans and Advances	9,91,400		(8,44,636)	
3. Inventories	(21,32,019)		(13,24,759)	
4. Trade Payables	1,10,54,624		(1,17,943)	
5. Dividend (Tranfered to Govt. account)	—	97,65,218	(28,066)	(22,95,936)
Cash Generated from Operations		2,08,30,518		63,77,845
1. Interest Paid	(78,76,520)		(56,41,774)	
2. Direct Taxes Paid	(74,929)	(79,51,449)	(52,529)	(56,94,303)
Cash Flow before Extraordinary Items		1,28,79,069		6,83,542
Extraordinary Items :				
1. Expenses for previous years	(5,612)		4,09,850	
2. Irrecoverable Debts Written off	(53,105)		(75,296)	
3. Profit on Sale of Investments	—		(44,640)	
4. Profit on Sale of Fixed Assets	—		(83,491)	
5. Liabilities no longer required w/back	1,38,933	80,216	—	2,06,223
Cash Flow from Operating activities		1,29,59,285		8,89,765
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
1. Purchase of Fixed Assets	(84,28,541)		(69,02,810)	
2. Interest Received	1,02,194		22,963	
3. Sale of Fixed Assets	—		1,05,001	
4. Sale of Investments	—	(83,26,347)	1,20,000	(66,54,846)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		46,32,938		(57,65,081)
1. Proceeds of Issue of Preference Share Issue	—		25,00,000	
2. Proceeds Short Term Borrowings	(9,95,518)		3,56,8041	
3. Proceeds Long Term Borrowings	(34,00,000)		(10,94,800)	
4. Miscellaneous Expenses	—	(43,95,518)	—	49,73,241
Net change in Cash and Cash Equivalents		2,37,420		(7,91,840)
Cash & Cash Equivalents (Opening Balance)		4,48,966		12,40,806
Cash & Cash Equivalents (Closing Balance)		6,86,386		4,48,966
		2,37,420		(7,91,840)

## TEESTA VALLEY TEA COMPANY LIMITED

---

### Notes :

1. Above statements have been prepared in indirect method except in case of interest, dividend, purchase & sale of investments and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.
2. Cash and Cash Equivalents consist of cash in hand and balance with Banks and Remittance in transit.
3. Additions to Fixed Assets are stated inclusive of movements of Capital work in progress between beginning and end of the year and treated as part of investing activities

P-3, New CIT Road, Kolkata-700 073  
Dated the 4th day of September, 2008

PADAM KUMAR PODDAR  
*Partner*  
For N. K. PODDAR & CO.  
*Chartered Accountants*  
Membership No. : 50125

BHARAT BAJORIA     *Managing*  
                                   *Director*  
ABHA BAJORIA     }  
R. K. DIXIT         }