

# Dhunseri Tea & Industries Limited



Annual Report 1998-99

**DHUNSERI TEA & INDUSTRIES LIMITED**

**BOARD OF DIRECTORS**

**S.L. Dhanuka**

*Chairman*

**S.R. Daga**

**B.D. Beriwalla**

**P.L. Agarwal**

**C. K. Dhanuka**

*Managing Director*

**VICE PRESIDENT (F & C)**

K.K. Tibrewalla

**VICE PRESIDENT (P & S)**

I.B. Saraf

**COMPANY SECRETARY**

R. Mahadevan

**AUDITORS**

Lodha & Co.

*Chartered Accountants*

**BANKERS**

State Bank of India

Punjab National Bank

United Bank of India

ABN - AMRO Bank N.V.

Standard Chartered Bank

**REGISTERED OFFICE**

"Dhunseri House"

4A, Woodburn Park

Calcutta - 700 020

**REGISTRARS &**

**SHARE TRANSFER AGENTS**

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor

Calcutta - 700 001

**BRANCH OFFICES**

Lamb Road

Guwahati - 781 001

Assam

110, Raheja Centre

214, Nariman Point

Mumbai - 400 021

Hans Bhawan

1, Bahadur Shah Zafar Marg

New Delhi - 110 002

**TEA ESTATES**

Dhunseri Tea Estate

P.O. Mazbat, Assam.

Dilli Tea Estate

P.O. Parbatpur, Assam.

Namsang Tea Estate

P.O. Jeypore, Assam.

Bahadur Tea Estate

P.O. Tinsukia, Assam.

Hatijan Tea Estate

P.O. Hoogrijan, Assam.

Khagorijan Tea Estate

P.O. Sapekhati, Assam.

Santi Tea Estate

P.O. Hoogrijan, Assam.

Khetojan Tea Estate

P.O. Tinsukia, Assam.

**TEA PACKAGING DIVISION**

SP-534-A, Sitapura Industrial Area

Jaipur, Rajasthan

**DHUNSERI TEA & INDUSTRIES LIMITED****NOTICE**

Notice is hereby given that the Eighty-third Annual General Meeting of the Members of DHUNSERI TEA & INDUSTRIES LIMITED will be held on Tuesday, the 14th day of September, 1999 at "Kala Kunj" of Sangit Kala Mandir Trust, 48, Shakespeare Sarani, Calcutta 700 017 at 3.00 p.m. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, Profit & Loss Account for 15 months period ended on that date and Reports of the Directors' and Auditors' thereon.
2. To declare Dividend.
3. To elect a Director in place of Sri S. R. Daga, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Sri P. L. Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

To consider and if thought fit, to pass with or without modification(s), the following resolutions :

**(As Ordinary Resolution)**

6. Resolved that subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other necessary approvals, consent of the Members of the Company be and is hereby accorded to the re-appointment of Sri C. K. Dhanuka as Managing Director of the Company for a period of 5 (five) years with effect from 1st January, 2000 on the remuneration, terms & conditions as set out in the Draft Agreement placed before this meeting and initialled by the Chairman for the purpose of identification, with authority to the Board of Directors of the Company to alter, modify or vary the terms & conditions of the said re-appointment and/or agreement with the Managing Director within the maximum remuneration payable in accordance with Schedule XIII to the Companies Act, 1956 as amended/revised/ altered/modified and any other statutory modifications or re-enactment thereto and/or any guidelines relating to managerial remuneration as may be notified by the Central Government from time to time and as may be agreed to by the Board of Directors and Sri C. K. Dhanuka, Managing Director.

**(As Special Resolution)**

7. Resolved that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

- (a) Insert the following Article as Article 43A after Article 43.

**Nomination 43A** Notwithstanding anything contained in Articles 42 & 43 or in any other law for the time being in force, where a nomination has been made in the manner prescribed in Section 109A of the Act, purporting to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in Sections 109A and 109B of the Act, shall be applicable to such cases.

- (b) Insert the following Article as Article 51A after Article 51.

**Buy-Back of Shares 51A** Subject to the provisions of the Companies Act, 1956 the Company may purchase its own shares as and when considered necessary and upto such limits, upon such terms and conditions and subject to such approvals as permitted by law.

Registered Office :  
4A, Woodburn Park  
Calcutta-700 020  
28th July, 1999

By Order of the Board

R. MAHADEVAN  
Company Secretary

**DHUNSERI TEA & INDUSTRIES LIMITED****NOTICE (Contd.)****NOTES :**

- i) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 6 and 7 is annexed hereto.
- ii) **A Member entitled to attend and vote may appoint a proxy to attend and vote on his behalf and the proxy need not be a Member of the Company. A proxy may be sent in the form enclosed and in order to be effective must reach the Registered Office of the Company atleast 48 hours before the meeting.**
- iii) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 9th September, 1999 to Tuesday, 14th September, 1999 both days inclusive.
- iv) Dividend as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to those Members whose names appear in the Register of Members as on 14th September, 1999 or to their mandatees.
- v) Shareholders seeking any information with regard to accounts are requested to write to the Company before 7th September, 1999 so as to enable the management to keep the information ready.
- vi) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed Dividends upto the year ended 31st December, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Nizam Palace, Ind M.S.O. Bldg., 2nd Floor, 234/4, A. J. C. Bose Road, Calcutta 700 020.

Consequent upon the amendment to Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed or unpaid for a period of seven years shall be transferred to Investor Education and Protection Fund to be established by the Central Government and no claim thereof shall lie against this Fund or the Company on the expiry of the said period of seven years.

Members are requested to send unclaimed/unpaid dividend warrants, if any, for the years 1995, 1996 and 1997 to the Registered Office of the Company at their earliest, for payment in lieu thereof.

- vii) Section 109A has been inserted by the Companies (Amendment) Act, 1999 enabling the shareholder(s) to nominate, a person to whom his shares in the Company shall vest in the event of his/their death. Where the shares are held in joint names, such nomination has to be made jointly. The nominee shall, on the death of the shareholder or all joint holders, as the case may be, become entitled to all rights in the shares to the exclusion of all other persons unless the nomination is varied or cancelled by the shareholder(s) in the prescribed manner.

For the convenience of the shareholder(s) proposing to nominate a person as above Form 2B is enclosed. Please fill in and return the same to the Registered Office of the Company duly completed and signed in all respects.

**DHUNSERI TEA & INDUSTRIES LIMITED**

**EXPLANATORY STATEMENT**  
**Under Section 173(2) of the Companies Act, 1956**

**Item No. 6**

The Board of Directors of the Company at their meeting held on 28th July, 1999 have re-appointed Sri C. K. Dhanuka as Managing Director of the Company, subject to approval of the Members at the Annual General Meeting of the Company, for a period of 5 (five) years with effect from 1st January, 2000 on the remuneration, terms & conditions as set out in the Draft Agreement placed before this meeting and initialled by the Chairman for the purpose of identification with authority to the Board of Directors of the Company to alter, modify or vary the terms & conditions of the said re-appointment and/or agreement with the Managing Director within the maximum remuneration payable in accordance with Schedule XIII to the Companies Act, 1956 as amended/revised/altered/modified and any other statutory modifications or re-enactment thereto and/or any guidelines relating to managerial remuneration as may be notified by the Central Government from time to time and as may be agreed by the Board of Directors and Sri C. K. Dhanuka, Managing Director.

The material terms of the Draft Agreement to be entered into between the Company and Sri C. K. Dhanuka, Managing Director are as follows :

1. **Term** : The term of Managing Director is for a period of 5 (five) years with effect from 1st January, 2000.
2. **Salary** : Rs. 25,000 (Rupees Twenty five thousand only) per month.
3. **Commission** : Such amount of commission based on the net profits of the company in a particular year, as laid down in Sections 198 and 309 of the Companies Act, 1956, subject to a maximum of 2.5% of the net profits of the company less payments made towards salary and perquisites.
4. **Perquisites** : In addition to salary, the Managing Director shall be entitled to the following perquisites :-
  - (a) House Rent Allowance – @ 50% of the salary.
  - (b) Medical Reimbursement – The reimbursement of medical expenses incurred by self and family of the Managing Director, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
  - (c) Leave Travel Concession – For self and family once in a year.
  - (d) Club Fees – Fees of clubs subject to a maximum of two clubs.
  - (e) Personal Accident Insurance – Premium not to exceed Rs. 4,000/- per annum.
  - (f) Provident Fund – Company's contribution subject to a maximum of 12% of the salary or as per the Employees Provident Fund Act.
  - (g) Gratuity – Gratuity shall not exceed half months' salary for every completed year of service.
  - (h) Car – Facility of Car with driver.
  - (i) Telephone – Provision of telephone at residence.
  - (j) Superannuation Fund – Company's contribution subject to a maximum of 15% of the salary for every completed year of service.

The Managing Director shall be entitled to a minimum remuneration by way of salary and perquisites as specified above in the event of loss or inadequacy of profits in any year.

The Board of Directors recommend passing of the resolution.

Apart from Sri C. K. Dhanuka, Sri S. L. Dhanuka a relative, may be deemed to be concerned or interested in the resolution. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

This may also be treated as an abstract of the terms of re-appointment of Sri C. K. Dhanuka as Managing Director required to be sent to the Members under Section 302 of the Companies Act, 1956.

**DHUNSERI TEA & INDUSTRIES LIMITED**

**Item No. 7**

- a) An amendment has been made to the Companies Act, 1956 through the Companies Amendment Act, 1999, to permit the holders of every share in or debentures of the Company, to nominate in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death.

The proposed insertion of Article 43A in the Articles of Association of the Company would be in conformity with the amended provisions of the Act.

- b) The proposed insertion of Article 51A in the Articles of Association of the Company, would enable your Company to buy back its own shares as permitted under the provisions of Section 77A of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the proposed resolution.

The Board of Directors recommend passing of the above resolution.

**INSPECTION**

The Draft Agreement as well as the Memorandum and Articles of Association and other relevant documents, if any, will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days and at the meeting.

By Order of the Board

**R. MAHADEVAN**  
*Company Secretary*

28th July, 1999

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**DHUNSERI TEA & INDUSTRIES LIMITED****DIRECTORS' REPORT**

We have pleasure in presenting our Eighty-third Annual Report together with the Audited Accounts for a period of 15 months ended 31st March, 1999 :

**FINANCIAL RESULTS :**

	For the 15 months ended 31.03.99	For the year ended 31.12.97
	(Rs. in lacs)	(Rs. in lacs)
Gross Profit	1690.18	1214.99
Less : Depreciation (Net)	137.33	118.93
Provision for Taxation (Net)	663.07	389.97
Net Profit for the year	889.78	706.09
Add : Balance Brought Forward	371.69	46.50
The Directors recommend this amount to be appropriated as under :	1261.47	752.59
Transfer to General Reserve	89.00	70.00
Transfer to Debenture Redemption Reserve	295.00	160.00
Dividend	175.00	129.00
Tax on Dividend	19.25	21.90
Balance Carried Forward	683.22	371.69

**DIVIDEND :**

The Directors recommend Dividend @ 25% i.e. Rs. 2.50 per Equity Share.

**OPERATIONS :**

The total tea manufacturing during the period under review has been 7.9 million kg as against 6.9 million kg in the previous year. The average price realisation was higher compared to the earlier year. The Company's packaging division at Jaipur is performing well and most of the production of packet tea is now being undertaken at this unit. This has ensured better logistics support to our main markets. The Company is in the process of taking some bold marketing initiatives to establish its brands in various niche markets. The production for the current year is likely to be affected due to adverse weather conditions.

**SCHEME OF ARRANGEMENT :**

As already informed the Scheme of Arrangement between the Company and Dhunseri Plantation & Marketing Ltd. (formerly Royal Refinery Ltd.) was recalled by an order passed on 26th August, 1998 by the Hon'ble High Court at Calcutta.

**DEBENTURES :**

During the period under review the Company raised a sum of Rs. 8 Crores by issue of 15% Secured Non-convertible Debentures on private placement basis with Financial Institutions to augment long-term resources of the Company for working capital requirements.

During the current year, the company availed from ICICI Ltd. a Corporate Rupee Loan facility of Rs. 11 Crores at 13.25% p.a. in order to retire high cost debts comprising Rights Debentures.

**Y2K COMPLIANCE :**

The Company is in the process of ensuring year 2000 compliance in its computer hardware and software and all micro processor based equipments.

**PERSONNEL :**

The Board wishes to place on record its appreciation of services rendered by the executives, staff and workers at all levels during the year under review. A statement pursuant to Section 217(2A) of the Companies Act, 1956 is enclosed.



**DHUNSERI TEA & INDUSTRIES LIMITED****DIRECTORS' REPORT (Contd.)****CHAH UDYOG GRAMIN KRISHI VIKASH SAMITY :**

The Samity promoted by the Company continues to render services to the farmers in Assam. The Samity has provided the latest technical guidelines to the farmers for increasing the yield of paddy. It has also provided fertilizer and seeds with saplings for production of various cash crops during off-season.

**PARTICULARS REGARDING ENERGY ETC. :**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are attached and form part of this Report.

**DIRECTORS :**

Sri Prafull Goradia resigned from the directorship of the company w.e.f. 30.7.98. The Board placed on record its appreciation of the valuable services rendered by Sri Prafull Goradia.

Sri S. R. Daga and Sri P. L. Agarwal retire by rotation and being eligible offer themselves for re-appointment.

**AUDITORS' REPORT :**

The notes to the Accounts referred to in the Auditors' Report are self-explanatory.

**AUDITORS :**

M/s. Lodha & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

**GENERAL :**

The Directors wish to place on record their appreciation of the Financial Institutions, Banks and other Authorities for the excellent co-operation extended by them to the Company during the year.

S. L. DHANUKA *Chairman*

S. R. DAGA  
P. L. AGARWAL  
B. D. BERIWALA *Directors*

C. K. DHANUKA *Mg. Director*

Calcutta  
28th July, 1999

**Annexure to the Directors' Report**

Statement of Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 1999.

Sl. No.	Name of Employee	Age (Years)	Designation/ Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Post held	Name of Previous Employer	% of Equity Shares held
<b>Employed for full year :</b>										
	Dhanuka C.K.	46	Mg. Director	8,02,127	B.Com.	24	07.02.75	—	First Appointment	0.75

- Notes :
1. Remuneration includes value of perquisites under the Income Tax Act, 1961 and the Company's contribution to Provident, Superannuation and Gratuity Funds.
  2. Above appointment is contractual and the conditions of employment are governed by the rules and regulations of the Company.
  3. Sri C. K. Dhanuka, Managing Director is a relative of Sri S. L. Dhanuka, Director.