

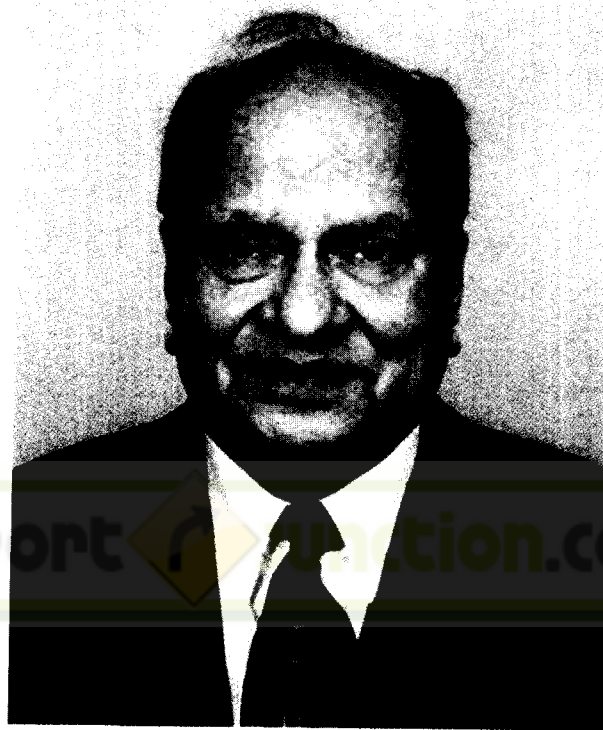
Dhunseri Tea & Industries Limited

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ANNUAL REPORT
2002 - 2003

In Homage To Our Chairman



S. L. DHANUKA

(19.11.1928 - 16.12.2002)

DHUNSERI TEA & INDUSTRIES LIMITED**BOARD OF DIRECTORS**

C. K. Dhanuka *Chairman of the Board &
Managing Director*

P. L. Agarwal

S. R. Daga

B. D. Beriwalla

R. N. Deogun *(From 31st January, 2003)*

H. Khaitan *(From 31st January, 2003)*

M. Dhanuka *(From 31st January, 2003)*

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
Bank of Baroda

REGISTERED OFFICE

"Dhunseri House"
4A, Woodburn Park
Kolkata-700 020
Phone : 2280-1950 (6 Lines)
Fax : 91-33-2240 8995
e-mail : dtl@vsnl.com

REGISTRARS & SHARE TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata-700 001
Phone : 2243-5029, 2243-5809
Fax : 91-33-2248-4787
e-mail : mdpl@cal.vsnl.net.in

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 DIVISIONS

SP-534-A, Sitapura Industrial Area,
Jaipur, Rajasthan.

Dhunseri Tea Estate
P.O. Mazbat, Assam.

BRANCH OFFICES

Lamb Road, Latasil, Ujjain Bazar,
Guwahati - 781 001, Assam.

110, Raheja Centre,
214, Nariman Point,
Mumbai - 400 021

STOCK EXCHANGES (Listing Fees paid)

The Calcutta Stock Exchange Assn. Ltd.
7, Lyons Range, Kolkata - 700 001

The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

The Guwahati Stock Exchange Ltd.
Saraf Building Annexe,
A. T. Road, Guwahati - 781 001

ANNUAL GENERAL MEETING

Tuesday, 23rd September, 2003 at 10.00 a.m.
at : "Kalakunj", Sangit Kala Mandir,
48, Shakespeare Sarani, Kolkata - 700 017

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DHUNSERI TEA & INDUSTRIES LIMITED**NOTICE**

NOTICE is hereby given that the Eighty-seventh Annual General Meeting of the Members of DHUNSERI TEA & INDUSTRIES LIMITED will be held on Tuesday, the 23rd day of September, 2003 at 'Kala Kunj', Sangit Kala Mandir Trust, 48, Shakespeare Sarani, Kolkata 700017 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2003, the Balance Sheet as at that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a 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 the following resolution :-

6. **As an Ordinary Resolution:**

RESOLVED that Sri Haigreve Khaitan be and is hereby appointed a Director of the Company.

7. **As an Ordinary Resolution:**

RESOLVED that Sri Robindra Nath Deogun be and is hereby appointed a Director of the Company.

Registered Office:
'DHUNSERI HOUSE',
4A, Woodburn Park,
Kolkata - 700020
30th June, 2003

By Order of the Board

R. MAHADEVAN
Secretary

NOTES:

- i) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
- 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 Wednesday 3rd September, 2003 to Tuesday, 23rd September, 2003 both days inclusive.
- iv) The dividend as recommended by the Board, if approved by the shareholders will be payable to those shareholders whose names appear on the Register of Members of the Company as on 23rd September, 2003.
- v) The dividend in respect of shares held in the electronic form will be payable to the beneficial owners of shares as on the closing hours of business on 2nd September, 2003 as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.
The said beneficial owners are requested to intimate to their Depository Participant (DP) all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc. These changes will be automatically reflected in company's records, which will help the company to provide efficient and better service to the members.
- vi) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities the company will print the bank account details, if available, on the payment instrument for distribution of dividend.

NOTICE (Contd.)

- vii) Shareholders seeking any information with regard to accounts are requested to write to the company atleast 10 days prior to the meeting so as to enable the management to keep the information ready.
- viii) Members are requested to bring their copies of Annual Report to the meeting.
- ix) Under Section 205A (5) of the Companies Act, 1956 the amount of dividend remaining unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund (IEPF). Accordingly, the unclaimed dividend for the year ended 31st December, 1995 on becoming due for transfer to IEPF will be duly transferred to the said fund.

No claim shall lie against the company or the said Fund in respect of individual amounts which remain unclaimed and unpaid for a period of seven years from the date of payment and no payment shall be made in respect of any such claims.

Members are requested to send unclaimed/unpaid dividend warrants, if any, for the years 1996, 1997, 1998-1999, 1999-2000, 2000-2001 and 2001-2002 to the Registered Office of the Company at their earliest, for payment in lieu thereof.

I) EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No.6**

The Board of Directors at their meeting held on 31st January, 2003 appointed Sri Haigreave Khaitan as an additional Director of the company. Sri Haigreave Khaitan holds such office till the ensuing Annual General Meeting when he will be eligible for re-election.

Details of Sri Haigreave Khaitan as required under Corporate Governance Norms :

Sri Haigreave Khaitan is a Bachelor of Law having qualified with LL.B and practising as an Advocate since 1995. His areas of expertise includes commercial & corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, licensing.

He is a partner of M/s. Khaitan & Co., Kolkata, Mumbai, New Delhi and Bangalore.

He holds directorship in the following companies :

- i) Aekta Limited
- ii) Bengal Tea & Fabrics Ltd.
- iii) Cheviot Company Ltd.
- iv) Ceat Ltd.
- v) Dormenil Birla VXL Ltd. - Alternate Director
- vi) Gujarat Borosil Ltd.
- vii) Harrisons Malayalam Ltd.
- viii) J.L. Morisson Ltd.
- ix) Khaitan Consultants Ltd. - Alternate Director
- x) Kothari Plantations & Industries Ltd.
- xi) Lanco Industries Ltd.
- xii) National Engineering Industries Ltd.
- xiii) Ritspin Synthetics Ltd.
- xiv) Ritssfibra Pte. Ltd., Singapore
- xv) RPG Cables Ltd.
- xvi) RPG Cellular Services Ltd. - Alternate Director
- xvii) Usha Martin Infotech Ltd.
- xviii) Vinar Systems Private Ltd.
- xix) Xpro India Ltd.

DHUNSERI TEA & INDUSTRIES LIMITED

He also holds membership of committees in the following companies:

- | | |
|---|--|
| i) Cheviot Company Ltd. | - Shareholders/Investors Grievance Committee |
| ii) Harrisons Malayalam Ltd. | - Remuneration Committee |
| iii) National Engineering Industries Ltd. | - Shareholders Grievance Committee |
| iv) Ritspin Synthetics Ltd. | - Finance Committee |
| v) Xpro India Ltd. | - Share Transfer Committee |

The Company has received a notice in writing from a member alongwith the requisite deposit proposing the candidature of Sri Haigreave Khaitan as a Director of the company pursuant to the provisions of Section 257 of the Companies Act, 1956.

The approval of the members is being sought to the appointment of Sri Haigreave Khaitan as a Director of the Company whose office will be liable to determination by retirement of directors by rotation.

None of the Directors, except Sri Haigreave Khaitan, Sri C.K. Dhanuka and Sri Mrigank Dhanuka is interested or concerned in the resolution at item No.6.

Item No.7

The Board of Directors at their meeting held on 31st January, 2003 appointed Sri Robindra Nath Deogun as an Additional Director of the company. Sri Robindra Nath Deogun holds such office till the ensuing Annual General Meeting when he will be eligible for re-election.

Details of Sri Robindra Nath Deogun as required under Corporate Governance Norms :

Sri Robindra Nath Deogun did his M.A. from St. Stephans' College, New Delhi in 1953. Since 1954, he held various managerial positions with Tata Tea Ltd., and its predecessor companies before becoming Managing Director of Tata Tea Ltd. from 1985 to 1991. He was Executive Vice- Chairman of Assam Frontier Group of Tea Companies from 1991 to 1993 and is presently (since 1994) the Managing Director of Rossell Tea Ltd.

Sri Robindra Nath Deogun had held various honorary positions with reputed Tea Associations and Tea Research Institutions in India and had been a Consultant to the Government of Sikkim and Government of Uttar Pradesh for development of tea in those States. He has been a delegate representing Government of India and the Tea Industry on Inter Governmental Group Discussions on Tea on international fora, e.g. UNCTAD, Geneva and FAO Rome since 1979, and was also involved in bilateral discussions between Government of India and other tea producing countries. He had been a visiting Professor to the Vinod Gupta School of Business Management, Indian Institute of Technology, Kharagpur from 1992 to 1994.

He holds directorship in the following companies :

- | | |
|---------------------|---------------------|
| i) Rossell Tea Ltd. | - Managing Director |
| ii) Warren Tea Ltd. | - Director |

He also holds membership of committees in the following companies / organisations:

- | | |
|--|--|
| i) Rossell Tea Ltd. | - Shareholders' Grievance & Share Transfer Committee |
| ii) Warren Tea Ltd. | - Remuneration Committee |
| | - Audit Committee |
| iii) Tea Research Association | - Member, Council of Management |
| iv) Indian Institute of Plantation Management, Bangalore | - Member, Board of Governors |

The Company has received a notice in writing from a member alongwith the requisite deposit proposing the candidature of Sri Robindra Nath Deogun as a Director of the company pursuant to the provisions of Section 257 of the Companies Act, 1956.

The approval of the members is being sought to the appointment of Sri Robindra Nath Deogun as a Director of the Company whose office will be liable to determination by retirement of directors by rotation.

None of the Directors, except Sri Robindra Nath Deogun is interested or concerned in the resolution at item No.7.

DHUNSERI TEA & INDUSTRIES LIMITED**II. DETAILS OF SRI S.R. DAGA AND SRI P.L. AGARWAL AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.**

- i) Sri S. R. Daga is the senior-most member of the Board of Directors of the Company having joined the Board in the year 1955. His association with the Tea Industry for more than six decades and his valuable suggestions and opinions as well as active participation at the Board and Committee meetings have been greatly beneficial to the Company.

He holds directorship in the following companies :

- a) Sublime Agro Ltd.
- b) Hind Hosiery Mills Pvt. Ltd.
- c) Amaravati Tea Co. Ltd.
- d) Assam Asbestos Ltd.

He is also the Chairman of the Audit Committee of M/s. Sublime Agro Ltd.

- ii) Sri P.L. Agarwal is an eminent lawyer. He is a Bachelor of Commerce as well as Bachelor of Law and also an Attorney-at-Law. He is having experience of more than three decades in the field of law and his areas of expertise includes Commercial, Corporate Law, Real Estate and Intellectual Property. He has been practising as an Advocate since 1965.

He is a partner of M/s. Khaitan & Co., Kolkata, Mumbai, New Delhi and Bangalore.

He holds directorship in the following companies :

- a) Albert David Ltd.
- b) Alfred Herbert (India) Ltd.
- c) Cookson India Ltd.
- d) Dharampal Premchand Ltd.
- e) Karamchand Thaper & Bros (Coal Sales) Ltd.
- f) Rossell Tea Ltd.
- g) Tezpur Tea Co. Ltd.
- h) The Oodlabari Co. Ltd.

He also holds membership of committees in the following companies :

- | | | |
|------------------------|--|------------|
| a) Albert David Ltd. | - Remuneration Committee | - Chairman |
| | - Share Transfer Committee | |
| b) Rossell Tea Ltd. | - Remuneration Committee | |
| c) Tezpur Tea Co. Ltd. | - Shareholders/Investors Grievance Committee | |

By Order of the Board

R. MAHADEVAN
Secretary

Kolkata,
30th June, 2003

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

We have pleasure in presenting our Eighty-Seventh Annual Report together with the Audited Accounts for the year ended 31st March, 2003 :

FINANCIAL RESULTS :

	For the year ended 31.03.2003	For the year ended 31.03.2002
	(Rs. in lacs)	(Rs. in lacs)
Gross Profit	284.87	374.71
Less : Depreciation (Net)	169.07	163.94
Provision for Taxation (Net)	18.80	59.63
Net Profit for the year	97.00	151.14
Add : Debenture Redemption Reserve written back	150.00	250.00
Add : Provision for dividend written back	—	0.87
Add : Balance Brought Forward	269.39	215.48
The Directors recommend this amount to be appropriated as under :	516.39	617.49
Transfer to General Reserve	100.00	278.26
Proposed Dividend	69.84	69.84
Tax on Dividend	8.95	—
Balance Carried Forward	337.60	269.39

DIVIDEND :

The Directors recommend the payment of dividend @ 10% i.e. Re.1.00 per share for the year ended 31st March, 2003.

OPERATIONS :

The total tea manufacturing & sales has been 7.5 & 7.5 million kg as against 7.5 & 7.8 million kg respectively in the previous year. The sales in terms of volume as well as realisation were less compared to the previous year resulting in reduced turnover during the year.

The above factors have put the margins under pressure for the year under review. The performance of the company's packaging division was also under pressure due to increased competition.

The steps being taken for achieving higher productivity, cost control and quality improvement are expected to improve the performance of the company in future.

The new brand which was launched during the year is receiving favourable response from the market.

MADHUTING TEA PVT. LTD. (formerly known as Malbhog Baruah Estates Pvt. Ltd.) :

The name of the company was changed to Madhuting Tea Pvt. Ltd. w.e.f. 22nd October, 2002. The annual production of tea from its two estates have been about 6.71 lac kg. including about 0.43 lac kg. of orthodox tea in comparison to 5.69 lac kg. and 0.27 lac kg. in the previous year. The company has imported machineries for manufacture of better quality orthodox tea at reduced cost. It is hoped that the performance of the company will improve in future with the measures being taken for increasing productivity, reducing costs and improvement of quality.

PROJECT :

The company's new project viz., South Asian Petrochem Ltd., a hundred percent E.O.U. petrochemical project under technical and financial collaboration with Zimmer AG of Germany, a world leader in polyester technology, was inaugurated by the Hon'ble Chief Minister of West Bengal on 14th May, 2003.

The project has been completed ahead of schedule.

The commercial production will start in due course after completion of the trial run.

AUDITORS' REPORT :

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

DHUNSERI TEA & INDUSTRIES LIMITED**DIRECTORS' REPORT (Contd.)****PARTICULARS OF EMPLOYEES :**

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not attracted and hence no statement is being enclosed.

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 S.L. Dhanuka, Chairman of the company expired on 16th December, 2002 after a brief illness. He was instrumental for the growth of the company from one tea estate in 1955 to its present ownership of eight tea estates. The Board condoled his demise at its meeting held on 31st January, 2003 and placed on record their sincere appreciation for his vision and guidance during his tenure in office.

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

Sri Mrigank Dhanuka was appointed a Director of the company w.e.f. 31st January, 2003 in the casual vacancy caused by the demise of Sri S.L. Dhanuka and will hold office only upto the date upto which Sri S. L. Dhanuka would have held office if it had not been vacated as aforesaid.

Sri Robindra Nath Deogun and Sri Haigreave Khaitan were appointed as Additional Directors of the company w.e.f. 31st January, 2003 and shall hold office till the ensuing Annual General Meeting and are eligible for re-election.

The information on the particulars of directors seeking re-appointment/re-election are included in the Explanatory Statement.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm :

- (i) that in the preparation of the annual accounts the applicable accounting standards have been followed and no material departures have been made from the same ;
- (ii) that they have 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 profits for that period ;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ;
- (iv) that they have prepared the annual accounts on a 'going concern' basis.

REPORT ON CORPORATE GOVERNANCE :

A separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

AUDITORS :

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

ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and cooperation received from the Consortium of Commercial Banks and other authorities. Your Directors also thank all the employees of the company for their valuable service and support during the year.

C. K. DHANUKA *Chairman of the Board
& Managing Director*

P. L. AGARWAL S. R. DAGA B. D. BERIWALA H. KHAITAN R. N. DEOGUN	<i>Directors</i>
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Kolkata,
30th June, 2003

(Note : Sri M. Dhanuka being away could not attend the meeting and hence has not signed the Report and accompanying Accounts)

DHUNSERI TEA & INDUSTRIES LIMITED**Annexure to the Directors' Report****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO.**

Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FORM A**CONSERVATION OF ENERGY**

	Current year ended 31.03.2003	Previous year ended 31.03.2002
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units (lakhs KWH)	32.07	32.88
Total Amount (Rs. lakhs)	162.71	156.26
Rate / Unit (Rs. / KWH)	5.07	4.75
b) Own Generation		
i) Through Diesel Generator Units (lakhs KWH)	13.75	12.31
Units per Ltr. of Diesel Oil	3.40	3.25
Cost / Unit (Rs. / KWH)	5.36	5.25
ii) Through Gas Generator Units (lakhs KWH)	18.45	19.60
Units per cu.m of Gas	4.69	4.39
Cost / Unit (Rs. / KWH)	0.49	0.48
2. Coal		
Quantity (Tonne)	2376.20	2400.50
Total Cost (Rs. lakhs)	40.80	37.33
Average Rate (Rs. / Tonne)	1717.12	1555.21
3. Furnace Oil		
Quantity (lakhs Ltrs.)	0.38	0.33
Total Cost (Rs. lakhs)	5.63	4.22
Average Rate (Rs. / Ltr.)	14.90	12.71
4. Gas		
Quantity (lakhs Cu.m)	30.21	31.17
Total Cost (Rs. lakhs)	63.28	64.39
Average Rate (Rs. / Cu.m)	2.09	2.07
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product-Tea		
Tea Produced (lakh kgs.)	75.07	75.22
Electricity (KWH)	0.86	0.86
Furnace Oil (Ltr.)	0.01	—
Coal (Kg.)	0.32	0.32
Gas (Cu.m)	0.40	0.41

RESEARCH AND DEVELOPMENT (R & D)

The Company has no R & D unit. It subscribes regularly to Tea Research Association which does R & D work for Tea Industry.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief made towards technology absorption, adaptation and innovation : Indigenously developed technologies for the improvement of production both in field and factory were adopted, required modifications and innovations were done.
- Benefits derived as a result of the above efforts, e.g. product improvement, import substitution, etc. : Higher yield, reduction of cost of production and improvement in quality of product.
- Imported Technology : Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings & Outgo of Foreign Exchange as detailed in Notes and in Schedule 18 to the Accounts were as under :

Foreign Exchange Earnings	: Rs. Nil (Previous year Rs. Nil)
Foreign Exchange Outgo	: Rs. 21.97 lacs (Previous year Rs. 23.37 lacs)