

# Dhunseri Tea & Industries Limited

ANNUAL REPORT 2003 - 2004



Report  junction.com



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

**C. K. Dhanuka** *Chairman &  
Managing Director*

**P. L. Agarwal**  
**S. R. Daga**  
**B. D. Beriwalla**  
**R. N. Deogun**  
**H. Khaitan**  
**M. Dhanuka**

**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. Hoogrija, Assam.  
Khagorijan Tea Estate, P.O. Sapekhati, Assam.  
Santi Tea Estate, P.O. Hoogrija, 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**

Monday, 13th September, 2004 at 11.00 a.m.  
at : "Kalakunj", Sangit Kala Mandir,  
48, Shakespeare Sarani, Kolkata - 700 017

**TABLE OF CONTENTS**

i) Notice etc.	2-4	v) Balance Sheet	16
ii) Directors' Report	5-7	vi) Profit & Loss Account	17
iii) Report on Corporate Governance	8-13	vii) Schedules to the Accounts	18-31
iv) Auditors' Report	14-15	viii) Cash Flow Statement	32

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

NOTICE is hereby given that the Eighty-eighth Annual General Meeting of the Members of DHUNSERI TEA & INDUSTRIES LIMITED will be held on Monday, the 13th day of September, 2004 at 'Kala Kunj', Sangit Kala Mandir Trust, 48,Shakespeare Sarani, Kolkata 700017 at 11.00 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,2004, 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 B. D. Beriwalla, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Sri S. R. Daga, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

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

"RESOLVED that Sri Mrigank Dhanuka be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement of Directors by rotation".

Registered Office:  
'DHUNSERI HOUSE',  
4A, Woodburn Park,  
Kolkata - 700 020  
28th June, 2004

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 1st September,2004 to Monday,13th September,2004 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 13th September,2004.
- 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 31st August, 2004 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, 1996 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 1997, 1998-1999, 1999-2000, 2000-2001, 2001-2002 and 2002-2003 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 Mrigank Dhanuka as a Director of the company in the casual vacancy caused by the demise of Sri S. L. Dhanuka and holds such office till the ensuing Annual General Meeting when he will be eligible for election.

Details of Sri Mrigank Dhanuka as required under Corporate Governance Norms :

Sri Mrigank Dhanuka is the youngest member of the Board who is presently pursuing his graduation degree under Calcutta University.

He had his initial training in tea tasting, grading and blending. He is also actively involved with the other associate companies of the Group and has acquired considerable experience in the day to day administration of the business.

He holds directorship of the following companies :

- a) South Asian Petrochem Ltd.
- b) Tezpore Tea Co. Ltd.
- c) Jaipur Polyspin Ltd.
- d) Naga Dhunseri Group Ltd.
- e) Mint Investments Ltd.
- f) Mayfair India Ltd.
- g) Madhuting Tea Pvt. Ltd.
- h) Trimplex Investments (P) Ltd.

He does not hold any Committee Membership of other companies of which he is a Director.

The Company has received a notice in writing from a member alongwith the requisite deposit proposing the candidature of Sri Mrigank Dhanuka 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 Mrigank Dhanuka 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 Mrigank Dhanuka, Sri C. K. Dhanuka and Sri Haigreave Khaitan is interested or concerned in the resolution at item No.6.

**DHUNSERI TEA & INDUSTRIES LIMITED**

**II. DETAILS OF SRI B. D. BERIWALA AND SRI S. R. DAGA AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.**

- i) Sri Basu Deo Beriwal is one of the senior members of the Board having joined the Board of the Company in the year 1974. His association with the industries for about three decades and his valuable suggestions and opinions as well as active participation at the Board and Committee meetings have been beneficial to the Company.

He holds directorship of the following companies :

- a) Kaniska Engineering Industries Ltd.
- b) Rainbow Engineering Ltd.

He does not hold any Committee Membership of other companies of which he is a Director.

- ii) 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 of 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.

Kolkata,  
28th June, 2004

By Order of the Board

R. MAHADEVAN  
Secretary

Reportjunction.com

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

We have pleasure in presenting our Eighty-Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2004 :

**FINANCIAL RESULTS :**

	For the year ended 31.03.2004	For the year ended 31.03.2003
	(Rs. in lacs)	(Rs. in lacs)
Gross Profit	287.79	284.87
Less : Depreciation (Net)	163.41	169.07
Provision for Taxation (Net)	17.34	18.80
Net Profit for the year	107.04	97.00
Add : Debenture Redemption Reserve written back	-	150.00
Add : Balance Brought Forward	337.61	269.39
The Directors recommend this amount to be appropriated as under :	444.65	516.39
Transfer to General Reserve	100.00	100.00
Proposed Dividend	69.84	69.84
Tax on Dividend	8.59	8.95
Balance Carried Forward	266.22	337.60

**DIVIDEND :**

The Directors recommend the payment of dividend @ 10% i.e. Re.1.00 per share for the year ended 31st March, 2004.

**OPERATIONS :**

The total tea manufacturing & sales has been 7.2 & 6.8 million kg as against 7.5 & 7.5 million kg respectively in the previous year. The production was low due to adverse weather conditions. The sales in terms of volume as well as realisation were also less compared to the previous year resulting in reduced turnover during the year. However, due to initiation of certain measures, the cost of production was lower during the year.

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 previous year continued to receive favourable response from the market.

**MADHUTING TEA PVT. LTD.**

The annual production of tea from its two tea estates aggregated to about 6.63 lac kg including about 5.70 lac kg of orthodox tea in comparison to 6.71 lac kg including 0.43 lac kg of orthodox tea in the previous year. The steps are being taken to consolidate its performance in future.

**PROJECT :**

The Company's 100% Export Oriented Project viz. South Asian Petrochem Ltd., which is engaged in manufacture of Bottle Grade PET Resin, commenced commercial production from 1st September, 2003. During the seven months ended 31st March, 2004, the company achieved a turnover of Rs. 392.17 Crore and more than 100% capacity utilisation. The product which is mostly exported have been accepted by the market. The company has also received various statutory approvals from FDA. European Health Authorities etc.

**AUDITORS' REPORT :**

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

**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.



**DHUNSERI TEA & INDUSTRIES LIMITED****DIRECTORS' REPORT (Contd.)****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 B. D. Beriwalla and Sri S. R. Daga retire by rotation and being eligible offer themselves for re-appointment.

Sri Mrigank Dhanuka who 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 shall hold office till the ensuing Annual General Meeting. A notice under section 257 of the Companies Act, 1956 has been received proposing the appointment of Sri Mrigank Dhanuka as a Director of the Company.

Your directors recommend the appointment of Sri Mrigank Dhanuka as a Director of the company.

The information on the particulars of directors seeking re-appointment/appointment 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.

Kolkata,  
28th June, 2004

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

P. L. AGARWAL  
B. D. BERIWALA  
S. R. DAGA  
R. N. DEOGUN  
H. KHAITAN

*Directors*

(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 31.03.2004	Previous year ended 31.03.2003
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased Units (lakhs KWH)	33.00	32.07
Total Amount (Rs. lakhs)	178.09	162.71
Rate / Unit (Rs. / KWH)	5.40	5.07
b) Own Generation		
i) Through Diesel Generator Units (lakhs KWH)	12.18	13.75
Units per Ltr. of Diesel Oil	2.70	3.40
Cost / Unit (Rs. / KWH)	7.61	5.35
ii) Through Gas Generator Units (lakhs KWH)	22.99	18.45
Units per cu.m of Gas	6.14	4.69
Cost / Unit (Rs. / KWH)	0.42	0.49
2. Coal		
Quantity (Tonne)	2554.72	2376.20
Total Cost (Rs. lakhs)	43.34	40.80
Average Rate (Rs. / Tonne)	1696.28	1717.12
3. Furnace Oil		
Quantity (lakhs Ltrs.)	0.47	0.38
Total Cost (Rs. lakhs)	7.39	5.63
Average Rate (Rs. / Ltr.)	15.63	14.90
4. Gas		
Quantity (lakhs Cu.m)	31.75	30.21
Total Cost (Rs. lakhs)	77.33	63.28
Average Rate (Rs. / Cu.m)	2.44	2.09
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Product-Tea		
Tea Produced (lakh kgs.)	72.44	75.07
Electricity (KWH)	0.94	0.86
Furnace Oil (Ltr.)	0.01	0.01
Coal (Kg.)	0.35	0.32
Gas (Cu.m)	0.44	0.40

**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 17 to the Accounts were as under :

Foreign Exchange Earnings	: Rs. Nil (Previous year Rs. Nil)
Foreign Exchange Outgo	: Rs. 93.79 lacs (Previous year Rs. 35.02 lacs)



**DHUNSERI TEA & INDUSTRIES LIMITED****Report on Corporate Governance****1. COMPANY'S PHILOSOPHY**

The company believes in good corporate governance and will lay emphasis on transparency, accountability and integrity.

The company will endeavour to improve on these aspects on ongoing basis.

**2. BOARD OF DIRECTORS (Board)****a) Composition of Board**

The Board now comprises of four non-executive independent directors, two non-executive/promoter relative directors and an executive/promoter director who is the Managing Director of the company and Chairman of the Board. The number of non-executive independent directors are more than one half the total strength of the Board.

During the year under review there has been no change in the Board of Directors of the company.

**b) Attendance of each Director at the Board Meetings and at the last AGM and other Directorships/ Committee Memberships held**

During the year the Board met five times on the following dates :-

30th May, 2003 ; 30th June, 2003 ; 28th July, 2003 ; 28th October, 2003 and 29th January, 2004.

The attendance and number of other directorship/committee membership of each director is given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Whether attended last AGM on 23.09.2003	* No. of Directorships of other public Companies.	@ Other Committee Memberships	
					Member	Chairman
Sri P. L. Agarwal	Non-Executive Independent	5	Yes	8	4	—
Sri B. D. Beriwal	Non-Executive Independent	3	Yes	2	—	—
Sri S. R. Daga	Non-Executive Independent	5	Yes	3	—	1
Sri R. N. Deogun	Non-Executive Independent	4	Yes	1	1	—
Sri C. K. Dhanuka	Executive Director / Promoter	5	Yes	8	5	—
Sri Mrigank Dhanuka	Non-Executive / Promoter Relative	3	Yes	6	—	—
Sri Haigreve Khaitan	Non-Executive / Promoter Relative	2	No	14	6	—

\* Excluding directorship in private companies and alternate directorships.

@ Only the Membership/Chairmanship of Audit Committees, Shareholders/Investors Grievance Committee and Remuneration Committee have been considered.

**c) Remuneration of Directors, sitting fees, salary, perquisites and commissions**

Details of remuneration paid/payable to Directors :

(in Rupees)

Name of Director	Sitting fees paid		Salaries & Perquisites	Commission	Total
	For Board Meetings	For Committee Meetings			
Sri P. L. Agarwal	2500	1000	Nil	Nil	3500
Sri B. D. Beriwal	1500	2500	Nil	Nil	4000
Sri S. R. Daga	2500	2500	Nil	Nil	5000
Sri R. N. Deogun	2000	1000	Nil	Nil	3000
Sri C. K. Dhanuka *	Nil	Nil	538519	Nil	538519
Sri M. Dhanuka *	1500	Nil	Nil	Nil	1500
Sri H. Khaitan *	1000	Nil	Nil	Nil	1000

\* Sri M. Dhanuka & Sri H. Khaitan are related to Sri C. K. Dhanuka.

Sri C. K. Dhanuka was re-appointed as Managing Director of the company for a period of five years with effect from 1st January, 2000.

**DHUNSERI TEA & INDUSTRIES LIMITED****3. Audit Committee**

The Audit Committee now comprises of the following non-executive independent directors :

Sri S. R. Daga	: Chairman
Sri B. D. Beriwalla	: Member
Sri R. N. Deogun	: Member

During the year under review there has been no change in the composition of the Audit Committee.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement.

The Audit Committee met thrice during the year on 30th June, 2003; 28th October, 2003 and 29th January, 2004. The attendance of the members at the Audit Committee meetings are summarised below :

Name	No. of Meetings	No. of Meetings Attended
Sri S. R. Daga	3	3
Sri B. D. Beriwalla	3	3
Sri R. N. Deogun	3	2

**4. Remuneration Committee**

A remuneration committee comprising of three non-executive independent directors was constituted by the Board at its meeting held on 24th May, 2004. The members of the remuneration committee are Sri P. L. Agarwal, Chairman, Sri B. D. Beriwalla, Member and Sri S. R. Daga, Member.

The remuneration committee would determine the remuneration packages of the executive director(s).

**5. Shareholders/Investors Grievance Committee**

The Shareholders/Investors Grievance Committee comprises of 4 (four) member directors, of which three are non-executive independent directors namely, Sri P. L. Agarwal, Sri S. R. Daga and Sri B. D. Beriwalla and One Executive Director Sri C. K. Dhanuka.

Sri P. L. Agarwal is the Chairman of the Committee and the Company Secretary acts as the Secretary to the Committee.

The Committee deals with all matters relating to shareholders/ investors grievances viz., transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

The Committee met twice during the year on 30th June, 2003 and 29th January, 2004 All the members of the committee attended both these meetings.

During the year 269 complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants. All valid requests for share transfer received during the year have been acted upon by the company and no such transfer is pending.

**6.1. General Body Meetings**

a) The last three annual general meetings of the company were held as under :-

Year	Location	Date	Time
2002-2003	Kala Kunj Sangit Kalamandir Trust 48, Shakespeare Sarani, Kolkata-700 017	23.09.2003	10.00 a.m
2001-2002	same as above	20.09.2002	11.00 a.m.
2000-2001	same as above	20.09.2001	11.00 a.m.

There was no other General Body Meeting in the last three years and no resolution was put through postal ballot.