

Dhunseri



in an expansion mode

Dhunseri Tea & Industries Limited
Annual Report 2017 - 18

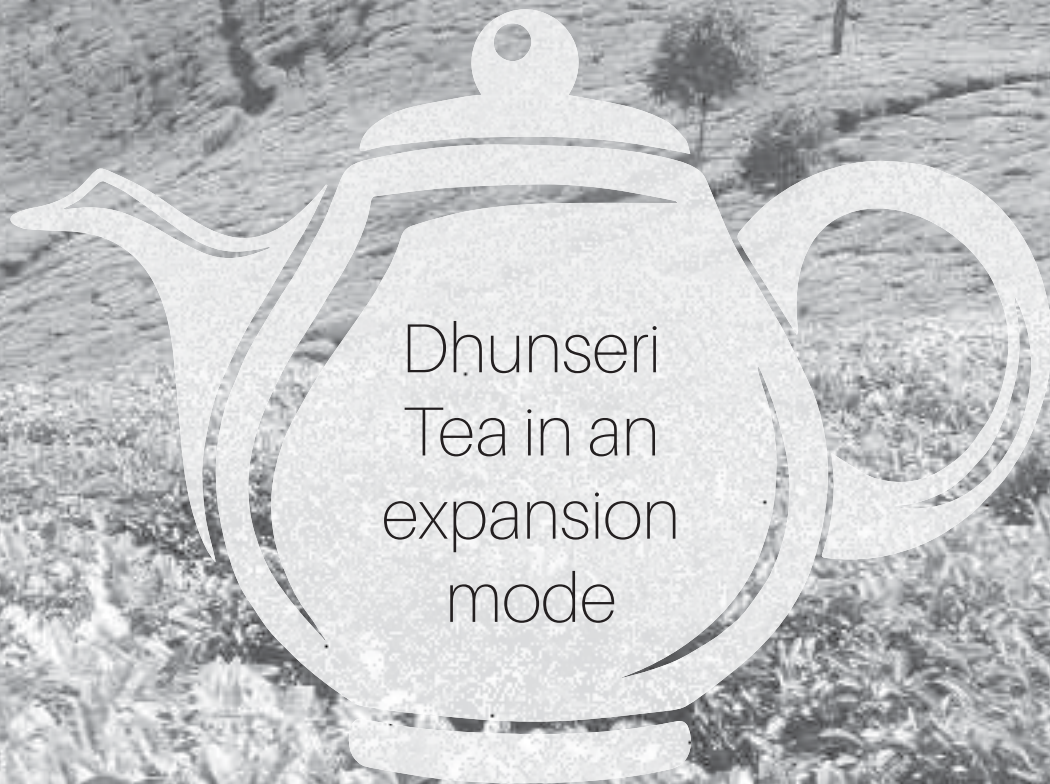
Forward-looking Statement

In this annual report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance. We cannot guarantee that these forward-looking statements will be

realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

01 Corporate Identity	45 Standalone Auditors' Report and Financial Statements
06 Chairman's Statement	
08 Financial Highlights	94 Consolidated Auditors' Report and Financial Statements
10 Directors' Report	
30 Secretarial Audit Report	149 Notice
31 Corporate Governance Report	

 **Dhunseri**

Dhunseri
Tea in an
expansion
mode



Sustainable business expansion has always been at the centrestage of the overall strategy at Dhunseri Tea. Dhunseri Tea is amongst the top ten tea manufacturers globally. We have 10 Tea Estates in Assam, India and 2 Tea Estates in Malawi, Africa with about 7200 hectares under Tea/Macadamia Plantations.

We invested in good agricultural practices for improving yield and quality of our produce. We also acquired African plantations to geographically de-risk our tea business and expand the area under Tea and Macadamia cultivation.

Our strategic initiatives for growth comes from quality driven approach and benchmarking ourselves with global best practices. Our determination for continuous improvement in how we do things, is the key to unlocking our potential.

We strive to grow
bigger

At Dhunseri Tea, we believe in continued focus on business growth through...

▀ **Improvement in crop yield**

Land being a finite resource, we have been focusing on increasing yield per hectare. We replace old bushes with high yielding clonal varieties. As old bushes age, we replace and replenish these tea bushes to get new bushes to start delivering enhanced quality and productivity over time. We have continuously increased irrigation coverage to counter vagaries of nature. All these efforts have generated incremental volumes.

▀ **Improvement in product quality and price realization**

We believe, quality of product defines quality of business. We use best agricultural methods, better plucking, pruning and processing equipment to enhance quality. This increases our realization, apart from winning customer loyalty.

▀ **Organic expansion**

▀ **Market expansion**

Dhunseri Tea has focused on retail market through tea packeting. We have 5% market share in Packet Tea in India and command leadership position in Rajasthan. We have consistently focused on brand building and expanding our distribution network in Rajasthan.



Expansion through acquisition

Keeping in mind the constraint of land, the primary way to grow is by acquiring new plantations.

The Company acquired land contiguous to our existing plantations in Africa for Tea and Macadamia. The African plantation has contributed revenues of about Rs. 110.07 crores during 2017-18.

The Company always looks for opportunities for sustainable growth and will continue to do so in future to enhance our growth momentum.



Enhancing

Quality, Securing
Sustainable Growth

Dhunseri Tea is a quality driven Company. Over the years, we have strategically invested in high yield quality clones, efficient irrigation, integrated pest management and continuous processing equipment to enhance the tea quality. Our blending competence deliver consistent color, taste and aroma and meet consumer expectations . Our quality produce not only generates better realization but also customer loyalty. Our focus on Packet Tea segment has improved our sustainability.

We are accredited with ISO 22000-2005 Food and Safety standards and our produce has been certified by Trustea, Fairtrade, Rainforest Alliance, HACCP, PPC and FASSAI.



Chairman's Statement



Entrenched business model, strong financial position, deep-rooted belief system and long term vision positions us with unparalleled advantage in this challenging business environment.

Dear Shareholders,

I welcome you all to this 21st Annual General Meeting.

I am pleased to inform you that it has been our constant endeavor to improve the quality of our produce. The quality teas being manufactured by your Company enables us to consolidate its brand value and also sustain its market share in the long run. With improvement in quality, your Company will be amongst the best producers of Quality Assam CTC teas.

Mechanised harvesting has been started in the prune area to reduce the dependence on manual plucking which will ensure the timely harvest of ready leaves.

Integrated Pest & Nutrition Management is another thrust area for enhancing the yield of our plantations. Mechanization of other field operation will help timely completion of field work for better results.

We are presently contemplating a twofold growth strategy encompassing the domestic as well as in the global arena. Your Company had acquired in

2012-13 two Tea Estates at Malawi which now produces 4 lakh kgs of Macadamia nuts as well as 9 million kgs of tea out of the total annual tea production of the Company of about 20 million kgs.

We are now looking to enhance the growth of the Company in the Tea Sector by acquiring tea estates in India and abroad.

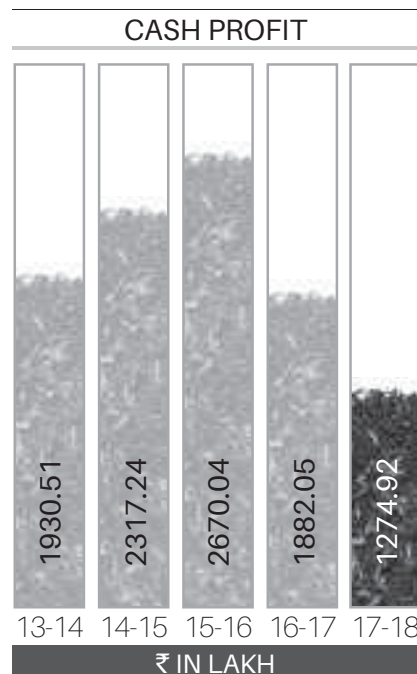
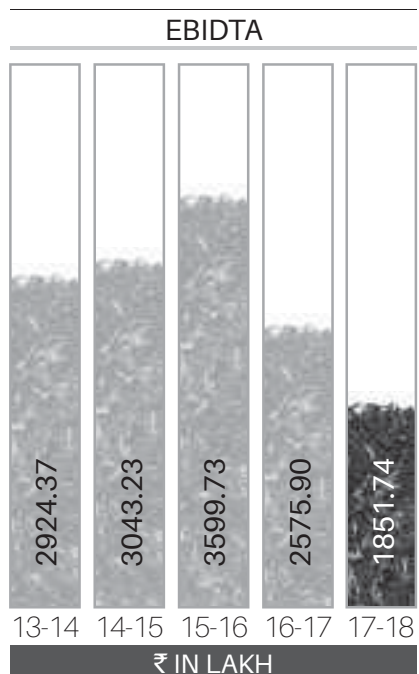
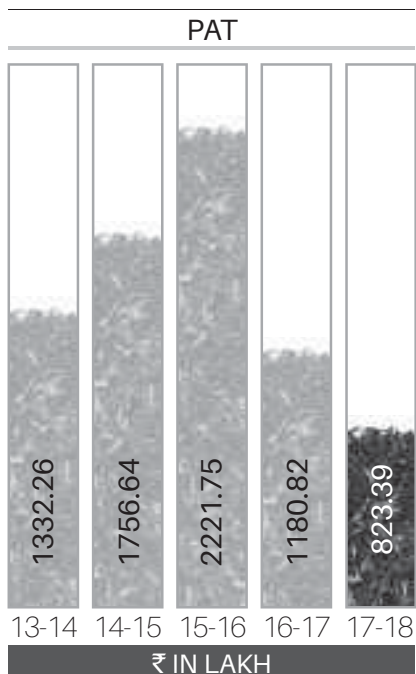
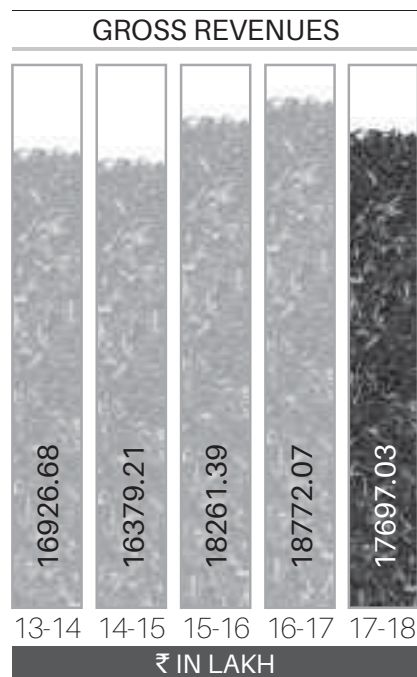
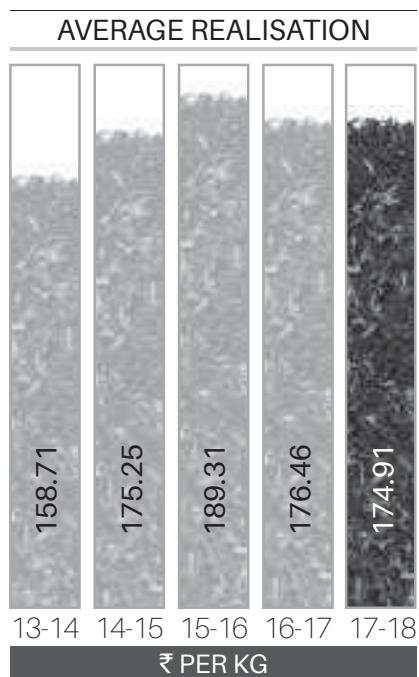
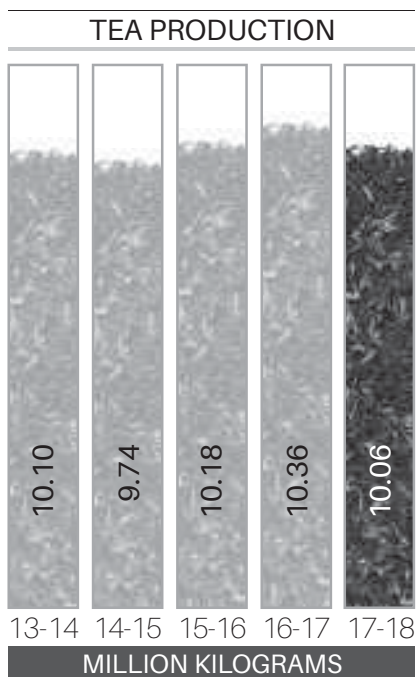
With this in view, your Company is exploring all opportunities for an expansion and to double its existing production capacity which is possible only through acquisitions of Tea Estates at a competitive price.

It is expected that this will enable your Company to achieve increased market share and also meet the growing demand for quality teas thereby resulting in improved profitability for the Company and better returns to the stakeholders.

Kolkata
21st May, 2018

C. K. Dhanuka
Chairman

Performance Statement



Note : The figures for year 2016-17 and 2017-18 are as per IND-AS.