



Dhunseri

TEA & INDUSTRIES LIMITED

Annual Report 2019-20



Foward-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.

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We grow

PLANTATIONS

We nurture

NATURE



At DHUNSERI



our mission is for creating a sustainable eco system. Sustainability is one of our core focus across all areas of environmental, social and economic importance.

All our cultivation practices conform to the best globally accepted standards. We use eco friendly practices from mapping soil nutrition, rain water harvesting to cropping patterns and integrated pest management.

Dhunseri's plantations harvest finest tea leaves to offer some of the best premium teas while African plantations also produce Macadamia which has great nutritional value.

Our state of the art tea factories make high quality strong and full bodied teas.

Dhunseri today..

12

Tea Estates

11

Manufacturing
facilities

8000

Hectares

Tea/Macadamia
Plantations

200

Lakh kg (approx.)

Tea
Production

4.10

Lakh kg

Macadamia
Production

Over

5000

employees



Chairman's Statement



Dear Shareholders,

I welcome you all to this 23rd Annual General Meeting of the Company being held through Video Conference as permitted by the Ministry of Corporate Affairs vide their Circular of 5th May, 2020 occasioned due to the COVID-19 pandemic which has resulted in considerable disruption of the economic activity globally.

There has been no material impact of the pandemic on your Company's performance during the year under review i.e. 2019-20. However, tea prices realised was lower in comparison to the previous year due to excess global production of CTC Tea. Labour migration and restrictions on their deployment as well as logistical issues did not require any material adjustments during 2019-20.

There was Industry wise staff wage agreement during the year.

The sale of brands of the Company viz; LAL GHORA and KALA GHORA to erstwhile Tata Global Beverages Ltd was concluded on 21st August, 2019. It is proposed to augment the production and sales in future through Auction and / or direct / private sales.

The Company is taking all necessary steps to ensure smooth functioning of its operations in all its manufacturing facilities and ensure the safety and well being of all its employees.

Kolkata
26th June, 2020

C. K. Dhanuka
Chairman

Directors' Report

We have pleasure in presenting the 23rd Annual Report together with the Financial Statement of the Company for the year ended 31st March, 2020.

1. Financial Results :

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	Accounting year ended		Accounting year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
1 Income				
a Revenue from Operations	17,737.86	18,081.27	30,248.32	32,428.83
b Other Income	387.75	280.22	534.18	477.69
Total income	18,125.61	18,361.49	30,782.50	32,906.52
2 Expenses				
a Cost of Materials Consumed #	4,009.67	4,151.02	4,009.67	4,362.94
b Purchases of Stock-in-Trade	660.84	-	660.84	-
c Changes in Inventories of finished goods	(314.98)	(191.53)	(768.10)	(507.06)
d Changes in Inventories of biological assets	48.91	9.86	(5.17)	(431.44)
e Employee benefits expense	7,050.31	7,143.52	11,158.39	11,421.94
f Finance costs	404.82	286.04	1,054.53	727.01
g Depreciation expense	864.37	750.04	1,948.33	1,866.15
h Other expenses	6,788.74	5,938.32	13,338.09	11,312.80
Total expenses	19,512.68	18,087.27	31,396.58	28,752.34
3 Profit / (Loss) before exceptional items and tax (1-2)	(1,387.07)	274.22	(614.08)	4,154.19
4 Exceptional items	10,069.80	-	10,069.80	-
5 Profit before tax (3+4)	8,682.73	274.22	9,455.72	4,154.19
6 Tax expense				
- Current tax charge	1,971.46	145.53	1,996.91	813.23
- Adjustment of tax relating to earlier years	-	-	10.99	-
- Deferred tax charge / (credit)	61.91	(7.07)	128.32	530.59
Total Tax expense	2,032.65	138.46	2,136.22	1,343.82
7 Profit for the year (5-6)	6,650.08	135.76	7,319.50	2,810.36
8 Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement loss on defined benefit plans	(111.88)	(113.62)	(111.88)	(113.62)
Net (Loss)/Gain on fair valuation of equity instruments through other comprehensive income	(204.89)	245.41	(204.89)	245.41
Income Tax relating to these items	54.51	(108.21)	54.51	(108.21)
Items that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations	-	-	144.59	1,469.88
Other comprehensive income for the year (net of tax)	(262.26)	23.58	(117.67)	1,493.46
9 Total comprehensive income for the year (7+8)	6,387.82	159.34	7,201.83	4,303.82
10 Paid-up equity share capital				
(Face value Rs.10/- each)	700.50	700.50	700.50	700.50
11 Other Equity	65,971.79	60,006.22	81,901.62	75,065.12
12 Earnings per share (of Rs 10/- each)				
(a) Basic and Diluted (Rs)	94.93	1.94	104.49	40.12

Cost of materials consumed represents Green Leaf purchased.

Directors' Report (Contd.)

2. Dividend :

The Directors recommend a dividend of Rs.2.50 per equity share i.e. 25% for the financial year ended 31st March, 2020 subject to approval of the shareholders at the ensuing Annual General Meeting ("AGM"). The dividend on equity shares, if approved by the members would involve a cash outflow of Rs.175.12 lakhs subject to deduction of tax at source in appropriate cases as per the provisions of the Income Tax Act.

3. Transfer to reserves:

The directors have decided to retain the entire amount of Rs.50,710.23 lakhs in the retained earnings.

4. Operations:

The total tea manufacturing in respect of the Indian operations for the year under review was 11.13 mn kg as against 10.33 mn kg in the previous year and the total sales were 11.11 mn kg as against 10.18 mn kg in the previous year. The total production and sale from the Indian operations during the year were more in comparison to the previous year. The average realization per kg of Tea was lower in comparison to the previous year.

The total tea manufacturing in respect of the African operations for the year under review was 8.63 mn kg as against 9.52 mn kg in the previous year and the total sales were 8.09 mn kg as against 8.92 mn kg in the previous year. The total production, sales and average realization per kg of Tea during the year was less in comparison to the previous year.

The production of macadamia in terms of volume was about 0.44 mn kg as against 0.41 mn Kg in the previous year and the sales were 0.42 mn kg as against and 0.37 mn kg in the previous year. The production, sales and average realization per kg of macadamia was higher during the year.

In view of the lockdown across the country due to COVID-19, the operations of the Company's tea estates located in Assam were adversely impacted during March & April, 2020. The shutdown resulted in delay and disruptions in production and sales operations of the Company due to restriction on labour deployment and logistical issues. The operations have now stabilised. The Company has assessed the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date i.e., 31st March, 2020 and on the basis of such evaluation, has concluded that no material adjustments are required to be considered for 2019-20. The Company is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and also to ensure the safety and well-being of all its employees.

5. Subsidiary Companies :

The Company's has seven wholly owned subsidiaries as on March 31, 2020:

- i) Dhunseri Petrochem & Tea Pte Ltd (DPTPL)
- ii) Makandi Tea & Coffee Estates Ltd (MTCEL)
- iii) Kawalazi Estate Company Ltd (KECL)
- iv) A.M. Henderson & Sons Ltd. (AMHSL)
- v) Chiwale Estate Management Services Ltd (CEMSL)
- vi) Dhunseri Mauritius Pte Ltd (DMPL)
- vii) Ntimabi Estate Ltd (NEL)

The entire share capital of the subsidiary AMHSL, CEMSL & NEL are held by MTCEL and that of MTCEL, KECL and DMPL are held by DPTPL and that of DPTPL is held by the Company making them 100% wholly owned subsidiaries incorporated outside India.

There has been no material change in the nature of the business of the subsidiaries.

There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

Pursuant to provisions of Section 129(3) of the Act, a statement in **Form AOC-1** containing the salient features of the financial statements of the Company's subsidiaries is attached to the financial statements of the Company.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

6. Listing:

The equity shares of the Company are listed on BSE and NSE.

7. Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Act the Board of 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 profit and loss of the Company for that period;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in

Directors' Report (Contd.)

accordance with the provisions of the Companies Act, 2013 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.
- (v) that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (vi) that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

The work performed by the internal auditor, statutory auditor and secretarial auditor and the reviews performed by management and the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2019-20.

8. Directors & Key Managerial Personnel :

Mr. Chandra Kumar Dhanuka (DIN: 00005684) was re-appointed as a Managing Director of the Company for a period of five years w.e.f. 9th September, 2019 as approved by the members at their 22nd AGM held on 13th August, 2019.

Mr. Mrigank Dhanuka resigned from the post of Executive Director of the Company w.e.f. 23rd July, 2019. However, he continues to be on the Board of the Company as a Non-Executive Non-Independent Director.

Mr. Bharat Bajoria (DIN: 00109241) was re-appointed as an Independent Director of the Company for a second term of five consecutive years w.e.f. 8th September, 2019 as approved by the members at their 22nd AGM held on 13th August, 2019.

Mrs. Aaradhana Jhunjunwala (DIN: 00550481) was appointed as an Additional Director (designated as Non-Executive Independent director) of the Company at the Board Meeting held on 14th November, 2019. She shall hold office till the conclusion of the ensuing 23rd AGM of the Company. It is proposed to appoint Mrs. A. Jhunjunwala as an Independent Director of the Company at the ensuing 23rd AGM for a consecutive period of five years w.e.f. 14th November, 2019.

Ms. Nandini Khaitan ceased office w.e.f. 9th September, 2019 on completion of her term as an Independent Non-Executive Director.

Section 149(13) of the Act states that the provisions of sub-section (6) and (7) of Section 152 of the Act in respect of retirement of directors by rotation shall not be applicable to independent directors.

Pursuant to the provisions of Section 149 of the Act and Regulation 25(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"], the Independent Directors have submitted declarations that they meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI (LODR) Regulations.

In the opinion of the Board, there has been no change in the circumstances which may affect their status as independent directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. The Independent Directors have also declared that they have registered their name with the data bank maintained by the Indian Institute of Corporate Affairs as required under the provisions of Section 150 of the Act read with Rule 6(1) of Companies (Appointment and Qualification of Directors) Rules, 2014.

Mr. Rajiv Kumar Sharma (DIN: 05197101), Non-Executive Non-Independent Director retires by rotation at the ensuing 23rd AGM and being eligible offers himself for re-appointment.

9. Number of Meetings of the Board :

The Board met six times during the financial year 2019-20. The details have been provided in the Corporate Governance Report in terms of SEBI (LODR) Regulations which is annexed to this Report.

10. Board evaluation:

An annual performance evaluation of the Board as a whole and that of its various committees and that of the individual directors was undertaken during the year on the basis of the criteria such as the composition, structure, functioning, effectiveness of the Board, the Committee Meetings, the contribution and preparedness of individual directors to the board and committees etc after seeking inputs from all the directors.

The performance of Non-Independent Directors, Chairman and Board as a whole was evaluated by the Independent Directors in a separate meeting held during the year.

11. Policy on directors' appointment and remuneration and other details :

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report.