

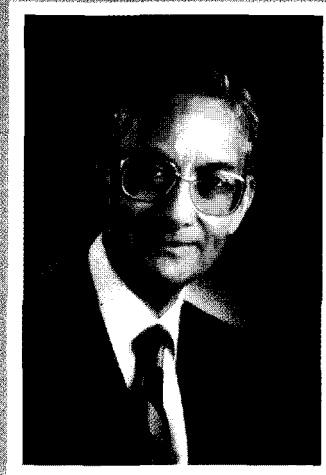


58th
Annual Report
2003-04



Jay Shree Tea & Industries Limited

Our Chairman Syt. B. K. Birla



The Group Logo

As represented by the 21st Century Atlas

Atlas, the Titan - Collective Strength

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun - Enlightenment and Growth

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments - Diversified Activities

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group made up of its diverse activities.

The Globe - Global Vision

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base - Solid Foundations

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry -

The Resilience, Versatility and Stability

Seen in its entirety, each of the elements - Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

Strong Foundation

Sustained Growth

Proven Leadership



B K BIRLA GROUP OF COMPANIES



JAY SHREE TEA & INDUSTRIES LIMITED

58TH ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH, 2004

DIRECTORS

Shri B. K. Birla, Chairman
 Shri B. M. Khaitan
 Shri G. P. Goenka
 Shri S. S. Kothari
 Shri S. K. Tapuriah
 Smt. Jayashree Mohta
 Shri D. K. Pant (Nominee of GIC)
 Shri D. M. Jain (Managing Director)

EXECUTIVES

Shri D. P. Maheshwari
 President (Cachar, Upper Assam & South India)
 Shri R. K. Ganeriwala
 President (Finance & Corporate Affairs) & Secretary
 Shri S. Basu
 Senior Vice President (Tea Marketing & Exports)
 Shri P. K. Agrawal
 Vice President (Darjeeling & Dooars Tea Estates)
 Shri V. N. Jha
 Vice President (Tea Warehouse & Exports)

SOLICITORS

Messrs Khaitan & Co.,
 9, Old Post Office Street,
 Kolkata - 700 001

AUDITORS

Messrs Singhi & Co.
 1-B, Old Post Office Street,
 Kolkata - 700 001

BANKERS

State Bank of India
 UCO Bank
 Citibank N.A.
 HDFC Bank Ltd.
 Bharat Overseas Bank Ltd.
 ICICI Bank Ltd.
 Indus Ind Bank Ltd.
 UTI Bank Ltd.

REGISTERED & HEAD OFFICE

"Industry House", (15th Floor),
 10, Camac Street,
 Kolkata - 700 017
 Phone : (033) 22827531-34 Fax : 22827535
 Website : www.jayshreetea.com
 E-mail : birlatea@iascl01.vsnl.net.in

MUMBAI OFFICE

Embassy Centre, Nariman Point,
 Mumbai - 400 021
 Phone : (022) 22830915/22823474 Fax : 22873045

NEW DELHI OFFICE

620-A, Faiz Road, Karol Bagh,
 New Delhi - 110 005
 Phone : (011) 23528055/23522149 Fax : 23633747

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NOTICE

To the Shareholders

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of the shareholders of the Company will be held on Monday, the 28th June, 2004 at 10.30 A.M. at 'Kala Kunj' 48, Shakespeare Sarani, Kolkata 700 017 to transact the following business:

1. To receive and consider the Report of the Directors to the Shareholders and adopt the audited accounts for the year 2003-04.
2. To declare dividend for the year 2003-04.
3. To appoint a Director in place of Shri B.M. Khaitan who retires by rotation but being eligible offers himself for re-election.
4. To appoint a Director in place of Shri S.S. Kothari who retires by rotation but being eligible offers himself for re-election.
5. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s.Singhi & Co., Chartered Accountants, Kolkata, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby authorised to fix their remuneration for the said period."

Registered & Head Office :

"INDUSTRY HOUSE"

10, Camac Street,
Kolkata 700 017

Dated, the 27th April, 2004

By Order of the Board
For Jay Shree Tea & Industries Limited
R.K.GANERIWALA
President (Finance & Corporate Affairs)
& Secretary

Notes :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Equity Share Transfer Registers will remain closed from 21st June 2004 to 28th June, 2004 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
3. The dividend on Equity Shares as recommended by the Board, if declared, will be payable on or after 28th June, 2004 to those members whose names appear on the Register of Members of the Company as on 28th June, 2004 or to their mandatees. In respect of dematerialised shares, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by NSDL and CDSL for the purpose.
4. Members are requested to intimate before hand to the Company query/ies, if any, regarding these accounts/ notice at least ten days before the meeting to enable the management to keep the required information readily available at the meeting.
5. Pursuant to Section 205A (5) of the Companies Act, 1956 (as amended) any money transferred to the unpaid dividend account of a Company remaining unpaid or unclaimed for a period of seven years from the date of



Jay Shree Tea & Industries Limited

such transfer shall be transferred to Investor Education and Protection Fund and thereafter no claims shall lie against the fund or the Company. So, you are advised to claim the same from the Company immediately.

The due dates of transfer of the following dividend to the Fund are as under :

<u>Dividends for the year</u>	<u>Date of declaration of dividend</u>	<u>Due date of transfer to the Fund</u>
1996-1997	24.06.1997	10th August, 2004
1997-1998	23.06.1998	9th August, 2005
1998-1999	28.06.1999	13th August, 2006
1999-2000	10.03.2000	15th June, 2007
2000-2001	23.06.2001	26th July, 2008
2001-2002	29.06.2002	2nd August, 2009
2002-2003	27.06.2003	2nd August, 2010

6. The Company's shares are enlisted with NSDL and CDSL for participation into Electronic Depository System operated by them. Its shares are compulsorily to be traded in Electronic Form and the security bears Code No. INE 364A01012.
7. Members are requested to notify immediately change of address, if any, to the company or to the DPs where the account is maintained.
8. Information about the Directors retiring by rotation as required under Clause 49 of the Listing Agreement with the Stock Exchanges :

a) **Shri B.M. Khaitan**

Shri B.M. Khaitan, aged about 76 years is an eminent industrialist heading the Williamson Magor Group of Companies and a nationally revered entrepreneur. Shri Khaitan has more than 5 decades of experience in leading diverse industries in the country.

Directorships held in other Companies : Williamson Magor & Co. Ltd., Eveready Industries (India) Ltd., Eveready Co. India Ltd., CESC Ltd., Phillips Carbon Black Ltd., The Moran Tea Co. (India) Ltd., Babcock Borsig Ltd., Flender Ltd. and Williamson Maknam Ltd., U.K.

He also holds the Chairmanship in the Remuneration Committee of your Company.

b) **Shri S.S. Kothari**

Shri S.S. Kothari, aged about 73 years, an eminent Chartered Accountant and ex-member of Parliament. Directorships held in other Companies : The Pratappur Sugar & Industries Ltd., Nicco-UCo Alliance Credit Ltd., Kriti Industries (India) Ltd., Uniworth Biotech Ltd. and Kothari Management & Industrial Consultants Pvt. Ltd.

He also holds the Chairmanships in the Audit Committees of Nicco-UCo Alliance Credit Ltd. and your Company and membership in Investor/ Shareholders' Grievances Committee and Remuneration Committee of your Company.

Registered & Head Office :

"INDUSTRY HOUSE"

10, Camac Street,

Kolkata 700 017

Dated, the 27th April, 2004

By Order of the Board
For Jay Shree Tea & Industries Limited

R.K.GANERIWALA

President (Finance & Corporate Affairs)

& Secretary

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

India is the largest producer of tea in world accounting for 27% of world production. It is also the largest consumer of tea. With the increase in production, stagnating internal demand and declining exports, there is continuous downward pressure on tea prices. Your company is focusing on increased productivity, improved quality and reduced cost. Indian crop was up in 2003 by 3.74% at 857 m.kgs. compared to 826 m.kgs. in 2002. Your company manufactured 180.60 lac kgs. tea against 160.89 lac kgs. last year.

SEGMENT ANALYSIS AND REVIEW

The Company is engaged in the manufacture of tea, chemicals & fertilisers, besides tea warehousing and real estate development activities. The core business of the Company is TEA. This accounts for 71.98% of gross turnover during 2003-04. The other segments i.e. chemicals & fertilisers account for 25.74% and others 2.28% in the gross turnover.

TEA

Your Company's districtwise production compared to All India production is enumerated below :

(Quantity in million kgs.)

District	Tea Manufactured by the Company			All India Production*		
	(April to March)		Increase/ Decrease %	(Jan. to December)		Increase/ Decrease %
	2003-2004 **	2002-03 **		2003	2002	
Cachar	6.76	6.13	(+) 10.28	56.26	51.97	(+) 8.25
Assam Valley	6.46	5.60	(+) 15.36	397.18	380.54	(+) 4.37
Total Assam	13.22	11.73	(+) 12.70	453.44	432.51	(+) 4.84
Darjeeling	0.51	0.41	(+) 24.39	11.52	10.73	(+) 7.36
Dooars	0.58	0.56	(+) 3.57	147.85	142.62	(+) 3.67
Terai	1.14	0.71	(+) 60.56	41.23	36.49	(+) 12.99
Total West Bengal	2.23	1.68	(+) 32.74	200.60	189.84	(+) 5.67
Others	-	-	-	9.55	9.40	(+) 1.60
Total North India	15.45	13.41	(+) 15.21	663.59	631.75	(+) 5.04
Tamilnadu	2.31	2.41	(-) 4.15	131.71	128.96	(+) 2.13
Kerala	0.30	0.27	(+) 11.11	56.62	59.68	(-) 5.13
Karnataka	-	-	-	5.14	5.77	(-) 10.92
Total South India	2.61	2.68	(-) 2.61	193.47	194.41	(-) 0.48
Total Production	18.06	16.09	(+) 12.24	857.06	826.16	(+) 3.74

* All India figures on calendar year basis and estimated for 2003.

** The above production includes tea manufactured from bought leaf.



Jay Shree Tea & Industries Limited

District wise price realised by the Company on own produce compared to previous year is as under :

(Quantity in million kgs.)

Tea Areas	This year		Dist.	Previous year		Dist.
	Qnty.	Rate Rs.P.	Average Rs.P.	Qnty.	Rate Rs.P.	Average Rs. P.
Cachar	6.32	54.98	44.78	5.70	60.54	49.09
Assam	6.35	79.99	62.98	5.16	87.23	68.45
Darjeeling	0.47	226.95	145.14	0.41	195.65	117.90
Dooars	1.64	53.36	53.42	1.19	59.11	58.55
South India	2.66	54.80	39.62	2.77	52.89	41.62
	<u>17.44</u>	<u>68.56</u>		<u>15.23</u>	<u>71.72</u>	

OUTLOOK

The industry has a long way to go, to come out of the present crisis. Tea quality needs to be upgraded continuously while keeping a check on cost of production. The industry has to be globally competitive for exports and it has to adopt innovative strategies to improve domestic demand. Government and the industry have taken various steps, but these will bring reprieve only in the long term. Presently we feel that industry should benefit from increased domestic consumption and re-opening up of old markets like Iraq, Iran and Pakistan. With the incentive announced for export of orthodox tea and improvement in bilateral relationship with Pakistan, India should slowly increase its share in world trade.

FERTILISERS

REVIEW OF OPERATIONS

The poor demand situation in the Fertiliser Industry still continues in Single Super Phosphate and Sulphuric Acid. The producers have to face the pressure of lower volumes, prices and liquidity.

Your SSP Factory situated at Khardah, West Bengal being a major player of Eastern region, is continuously striving towards improvement. Various cost reduction measures coupled with strong marketing effort, has helped the Company increase its sales volume despite stiff competition in the market. However, abnormal increase in ocean freight and raw materials have reduced the margins.

The Sulphuric acid plant at Gurgaon was running satisfactorily.

OUTLOOK

The company is putting thrust on increasing volumes and continuous reduction in per tonne cost. The optimum asset utilisation will help the company to maintain its competitive edge and ensure better overall performance.

RISKS AND CONCERNS

Tea industry is an agricultural industry and its performance is largely dependant on vagaries of nature. In the area of plantations, production of tea is labour intensive and wages of plantation workers which form a significant part of the total cost of production are revised periodically on the basis of industry wide settlements. Labour costs in India is higher than most other tea producing countries. Mushroom growth of bought leaf factories and a large number of regional / local tea packeteers are also affecting the competitiveness of the organised sector for quality tea. The abnormal increase in ocean freight rate is major risk that confront the fertiliser industry. Pricing policies to contain subsidy may have a damaging effect on the industry.

FINANCIAL REVIEW AND ANALYSIS

The inherent strength of the company lies in its strong financial position and Reserve fund. Continuous modernisation and development of tea estates and factories have helped in to maintain garden in healthy state, producing quality tea and commanding premiums in both domestic as well as international market even in the depressed market. The surplus fund is regularly invested in mutual funds to derive steady returns.

As all other parameters are strong, the company shall derive benefit as and when there is improvement in the market.

INTERNAL CONTROL

The Company has laid down policies, guidelines and procedures which form part of its internal control system. The Company's internal control systems are periodically tested and supplemented by an extensive programme of internal audit by independent firm of Chartered Accountants. Audits are finalised and conducted based on internal risk assessment. Significant findings are brought to the notice of the Audit Committee of the Board and corrective measures recommended for implementation.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial relations in all tea estates and units continued to be cordial. Focus on better deployment of labour in garden areas, and shop floor management has resulted in improving productivity both quantitative and qualitative.

CAUTIONARY STATEMENT

The statements in the report of the Board of Directors and the Management's Discussion and Analysis report describing the Company's projection, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities Laws and regulations. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company.



Jay Shree Tea & Industries Limited

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy of Corporate Governance is to ensure transparency in all dealings and the functioning of the Board and people working with it at all levels. The Company has worked with a philosophy and mission of good governance in every field. The Company believes that Corporate Governance code will enhance the growth of benefits to all shareholders.

2. BOARD OF DIRECTORS

Composition :

Your Company's Board consists of eight Directors, out of which four are independent who have no business and/or professional relationship with the Company, two non-executive Directors, one nominee of financial institution and one Managing Director.

Membership as other Boards of Directors/ Committee of directors and Attendance record for the Company:

Five Board Meetings were held in 2003-2004 on 25th April, 2003, 27th June, 2003, 30th July, 2003, 23rd October, 2003 and 31st January, 2004.

Directors	Executive/ Non-Executive Independent	No. of Board Mtgs. Attended	Attendance of The last AGM	No. of outside Directorship held	No. of outside Committee Membership held	No. of outside Committee Chairmanship held
Shri B.K. Birla (Chairman)	Non-Executive	5	Yes	4	—	—
Shri B.M. Khaitan	Independent	3	Yes	9	—	—
Shri G.P. Goenka	Independent	1	No	12	—	—
Shri S.S. Kothari	Independent	5	Yes	5	1	1
Shri S.K. Tapuriah	Independent	5	Yes	3	—	—
Smt. Jayashree Mohta	Non-Executive	2	Yes	7	—	—
Shri D.K. Pant (Nominee of GIC)	Non-Executive/ Nominee	5	Yes	—	—	—
Shri D.M. Jain	Executive	5	Yes	2	—	—

3. AUDIT COMMITTEE

The Audit Committee comprises of Shri S.S. Kothari, Chairman of the Committee, Shri S.K. Tapuriah, Independent Director and Shri D.K. Pant, nominee Director. Shri D.M. Jain, Managing Director of the Company and Shri R.K. Ganeriwala, President (Finance & Corporate Affairs) & Secretary are permanent invitees to the meeting. The Internal Auditors and Statutory Auditors are invitees to the meeting. The Terms of Reference of the Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreements and the provision of Section 292A of the Companies Act, 1956 .

Three Meetings of the Audit Committee were held in 2003-2004 on 24th April, 2003, 27th June, 2003, 23rd October, 2003.

Attendance record of the Audit Committee Meetings.

Name of Directors	No. of Meetings Attended
Shri S.S. Kothari	3
Shri S.K. Tapuriah	3
Shri D.K. Pant	3

4. DIRECTORS' REMUNERATION COMMITTEE

The Board constituted the Directors' Remuneration Committee on 29th April, 2002. The composition of the committee is as under :-

Shri B.M. Khaitan	Chairman
Shri S.S. Kothari	Member
Shri S.K. Tapuriah	Member

Shri R.K. Ganeriwala, President (Finance & Corporate Affairs) & Secretary is invitee to the meeting. Terms of reference of this committee include determination of the Company's policy as specific remuneration packages,

commission payable to Directors / Managing Director of the Company and sitting fees and other expenses payable to the Directors for attending meeting of the Board / or Committee thereof.

A meeting of the Directors' Remuneration Committee was held on 25th April, 2003.

Attendance record of the Directors' Remuneration Committee Meeting.

Name of Directors	No. of Meetings Attended
Shri B.M. Khaitan	1
Shri S.S. Kothari	1
Shri S.K. Tapuriah	1

5. REMUNERATION OF DIRECTORS

The details of sitting fee paid to the Directors and salary and perks paid to the Managing Director of the company during the year 2003-2004 are given below :-

Name of Directors	Sitting Fees (Rs.)		Salary & Parks (Rs.)
	Board Meeting	Committee Meeting	
Shri B.K. Birla	25,000	—	—
Shri B.M. Khaitan	15,000	5,000	—
Shri G.P. Goenka	5,000	—	—
Shri S.S. Kothari	25,000	30,000	—
Shri S.K. Tapuriah	25,000	30,000	—
Smt. Jayashree Mohta	10,000	—	—
Shri D.K. Pant (Nominee of GIC)	25,000	25,000	—
Shri D.M. Jain (Managing Director)	—	—	17,92,407
	1,30,000	90,000	17,92,407

6. INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE

The Investors / Shareholders Grievance Committee comprises of Shri S.S. Kothari and Shri S.K. Tapuriah being independent Directors and Shri D.K. Pant nominee Director. Shri R.K. Ganeriwala, President (Finance & Corporate Affairs) & Secretary is the Compliance Officer of the Company. The Company had received 49 complaints from the shareholders and all of them have been resolved. The shares are traded on the Stock Exchanges in compulsory dematerialised form. There are no pending transfer or complaints for the same.

Two Meetings of the Investors / Shareholders Grievance Committee were held in 2003-2004 on 24th April, 2003 and 23rd October, 2003.

Attendance record of the Investors / Shareholders Grievance Meetings.

Name of Directors	No. of Meetings Attended
Shri S.S. Kothari	2
Shri S.K. Tapuriah	2
Shri D.K. Pant	2

7. GENERAL BODY MEETINGS

Particulars of the last three Annual General Meeting.

A.G.M.	Year	Venue	Date	Time
Fifty fifth	2000-2001	Kala Kunj 48, Shakespeare Sarani Kolkata-700017	23rd June, 2001	10.30 A.M.
Fifty sixth	2001-2002	-do-	29th June, 2002	10.30 A.M.
Fifty seventh	2002-2003	-do-	27th June, 2003	10.30 A.M.

- All the resolutions set out in the respective Notices were passed by the shareholders.
- No special resolution was put through postal ballot during the year 2003-04.