



Jay Shree Tea & Industries Limited



B. K. BIRLA GROUP OF COMPANIES

Our Chairman Syt. B. K. Birla

Strong Foundation Sustained Growth Proven Leadership

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.





JAY SHREE TEA & INDUSTRIES LIMITED

60TH ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH, 2006

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
 HDFC Bank Ltd.
 Bharat Overseas Bank Ltd.
 ICICI Bank Ltd.
 Indus Ind Bank Ltd.
 UTI Bank Ltd.
 Union Bank of India

REGISTRARS

Maheshwari Datamatics
 Pvt. Ltd.,
 6, Mangoe Lane,
 Kolkata - 700 001
 Ph.: 91(033)22435029/5809
 Fax: (033)22484787
 E-mail : mdpl@cal.vsnl.net.in

SHARE DEPTT.

"Industry House" (15th Floor)
 10, Camac Street,
 Kolkata 700 001
 Ph.: (033)22827531/4
 Fax: (033)22827535
 E-mail : rkg@jayshreetea.com

STOCK EXCHANGES WHERE SHARES ARE LISTED

The National Stock Exchange
 of India Ltd.
 Bombay Stock Exchange Ltd.
 The Calcutta Stock Exchange
 Association Ltd.

AUDIT COMMITTEE

Shri S.S. Kothari
 (Chairman)
 Shri S.K. Tapuriah
 Shri D.K. Pant
 Shri D.M. Jain

SHAREHOLDERS'/ INVESTORS GRIEVANCES COMMITTEE

Shri S.K. Tapuriah
 (Chairman)
 Shri S.S. Kothari
 Shri D.K. Pant

REMUNERATION COMMITTEE

Shri B.M. Khaitan
 (Chairman)
 Shri S.S. Kothari
 Shri S.K. Tapuriah

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

AHMEDABAD OFFICE

101, Sheel Building, 4 Mayur Colony, Navrangpura,
 Ahmedabad - 380 009
 Phone : (079) 26565371 / 26430511

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 Sixtieth Annual General Meeting of the shareholders of the Company will be held on Tuesday, the 27th June, 2006 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 2005-06.
2. To declare dividend for the year 2005-06.
3. To appoint a Director in place of Shri B.K. Birla who retires by rotation but being eligible offers himself for re-election.
4. To appoint a Director in place of Shri G.P. Goenka 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 28th April, 2006

By Order of the Board

For Jay Shree Tea & Industries Limited

R.K.GANERIWALA

President (Finance & Corporate Affairs)

& Secretary

Jay Shree Tea & Industries Limited



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 20th June 2006 to 27th June, 2006 (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 27th June, 2006 to those members whose names appear on the Register of Members of the Company as on 27th June, 2006 or to their mandatees. In respect of dematerialised shares, the dividend will be payable on the basis of beneficial ownership 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 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>
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
2003-2004	28.06.2004	2nd August, 2011
2004-2005	29.06.2005	2nd August, 2012

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 in case shares are held in physical form or to the DPs, where the account is maintained, if held in demat form.
8. Information about the Directors retiring by rotation as required under Clause 49 of the Listing Agreement with the Stock Exchanges:

a) **Shri B.K. Birla**

Shri B.K. Birla, aged about 85 years, holding 13,500 shares, is a well known industrialist in the country and is well regarded for his foresightedness, enterprise and leadership qualities. Coming from the pioneer industrial house of India, he built up an industrial empire with strong foundation, sustained growth and proven leadership. He is associated with various educational cultural and philanthropic institutions in the Country.

Directorships held in other companies are:

Century Enka Ltd., Century Textiles & Industries Ltd., Kesoram Industries Ltd., & Pilani Investment & Industries Ltd.

b) Shri G.P. Goenka

Shri G.P. Goenka, aged about 66 years, holding 300 shares, is a reputed industrialist hailing from one of the country's oldest business families. The family has associated itself with the country's industrialization for five generations since 1820. Mr. Goenka has been the director of the Company since 1984. He is also Chairman of a number of other well known listed companies. Mr. Goenka has been associated with a number of Trade & Industry Organisations. He is a past President of the Federation of Indian Chambers of Commerce and Industry. He is also a past President of the Indian Tea Association and the Consultative Committee of Plantation Associations. He has also served as a Member on the Prime Minister's Council on Trade and Industry. He is presently a nominee of the Central Government on the Board of Governors of Indian Institute of Management, Kolkata.

Directorships held in other companies :

Andhra Cements Ltd., Consolidated Fibres & Chemicals Ltd., Duncans Industries Ltd., Energy Development Co. Ltd., Gujarat Carbon & Industries Ltd., NRC Ltd., Nicholas Piramal India Ltd., Stone India Ltd., Star Paper Mills Ltd., Unimers India Ltd. and Alfred Herbert (India) Ltd.

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For Jay Shree Tea & Industries Limited

R.K.GANERIWALA

President (Finance & Corporate Affairs)

& Secretary



Jay Shree Tea & Industries Limited



MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Indian Tea production in 2005 was higher at 928 m.kgs. i.e. 3.9% more than the upwardly revised 893 m.kgs. produced in 2004. Tea Board and Indian Tea Association undertook revision of country's tea production statistics because of the emergence of small growers and bought leaf factories and accordingly revised the figures. The world crop other than India is more or less maintained at last year levels. Your Company produced 201.98 lac kgs. tea against 198.50 lac kgs. last year despite loss of crop in the month of March in Cachar, Dooars, South India and Darjeeling due to drought situation. In addition, Dooars and Terai estates also saw a two week closure on account of wage negotiations which affected production. Your Company continues to lay emphasis on quality production of tea. This with improved marketing efforts has helped to increase the exports even in unfavourable market conditions.

SEGMENT ANALYSIS AND REVIEW

The Company is engaged in the manufacture of tea, chemicals & fertilisers, besides tea warehousing and investment activities. The core business of the Company is TEA. This accounts for 73.43% of gross turnover during 2005-06. The other segments i.e. chemicals & fertilisers account for 24.35% and others 2.22% of 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 (April to March)			All India Production* (Jan. to December)		
	2005-2006 **	2004-05 **	Increase/ Decrease %	2005	2004	Increase/ Decrease %
Cachar	7.13	6.74	(+) 5.79	49.53	43.39	(+) 14.15
Assam Valley	7.71	7.53	(+) 2.39	424.61	392.26	(+) 8.25
Total Assam	14.84	14.27	(+) 3.99	474.14	435.65	(+) 8.83
Darjeeling	0.90 ****	0.70	(+) 28.57	11.37	10.07	(+) 12.93
Dooars	0.92	0.97	(-) 5.15	133.05	135.24	(-) 1.61
Terai	1.23	1.31	(-) 6.11	70.24	69.24	(+) 1.45
Total West Bengal	3.05	2.98	(+) 2.35	214.66	214.55	(+) 0.06
Others	-	-	-	12.18	11.99	(+) 1.53
Total North India	17.89	17.25	(+) 3.71	700.98	662.19	(+) 5.86
Tamilnadu	2.30	2.27	(+) 1.32	154.60	163.01	(-) 5.16
Kerala	-	0.34 ***	(-) 100.00	67.03	62.15	(+) 7.86
Karnataka	-	-	-	5.38	5.62	(-) 4.31
Total South India	2.30	2.61	(-) 11.88	227.01	230.78	(-) 1.63
Total Production	20.19	19.86	(+) 1.66	927.99	892.97	(+) 3.92

* All India figures on calendar year basis and estimated for 2005.

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

*** Previous year figure include 3.4 lac kgs. crop of Merchiston Estate and 0.93 lac kgs. of Maitraiye Tea Project which has been sold last year.

**** Includes 1.64 lac kgs. crop of Balasun Tea Estate taken on lease & licence basis w.e.f. 01.02.2005 against last year 0.08 lac kgs.

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

(Quantity in million kgs.)

Tea Areas	This year		Dist. Average Rs.P.	Previous year		Dist. Average Rs. P.
	Qty.	Rate Rs.P.		Qty.	Rate Rs.P.	
Cachar	7.50	56.51	47.49	6.34	63.43	58.02
Assam	7.47	77.77	65.26	7.09	81.23	73.55
Darjeeling	0.87	213.80	148.77	0.65	223.56	150.02
Dooars / Terai	2.12	55.30	59.12	2.23	63.75	64.99
South India	2.45	60.29	42.55	2.43	61.60	49.27
	<u>20.41</u>	<u>71.32</u>		<u>18.74</u>	<u>75.54</u>	

OUTLOOK

The current year started with no stock in pipeline with the revised statistics of tea production and consumption now available, it is evident that domestic consumption is rising at a fast pace than anticipated earlier. Further the Kenyan production is likely to drop by 16% which should boost up Indian tea exports. So we can take an optimistic view about the future of Indian Tea Industry.

CHEMICALS & FERTILISERS

REVIEW OF OPERATIONS

The situation of the Single Superphosphate plants have improved to some extent with a raise in subsidy by the Government from Rs. 650/- per M.T. to Rs. 925/- per M.T. But still the raise in subsidy is not sufficient enough to cover the increase in cost of production.

SSP is considered to be poor man's fertiliser because of its applicability in rainfed conditions and lower price tag. Your SSP factory at Khardah, has installed an efficient turbine to generate electricity to save on cost and restarted production of granulated SSP to improve productivity. These measures should help in improving the results in the long run.

The Sulphuric Acid plant at Gurgaon is running satisfactorily with improved market conditions and effective cost control.

OUTLOOK

The concerned authorities of the Govt. of India are aware of the situation of SSP industry and further revision in subsidy rate is under consideration of the Government. The sooner it is done, it will be better as it will help the industry as well as poor farmers who are dependent on SSP to maintain production and quality of soil.

RISKS AND CONCERNS

The Tea industry is dependent on vagaries of nature. The industry is highly labour intensive and has to pay for social cost under stringent labour laws. This increases our cost over other competing countries and hampers our exports. The current year has started with dry weather in almost all tea growing areas. This is likely to have an impact on Indian tea production. The Indian tea industry should continue to face stiff competition in exports from the presence of inferior quality tea manufactured by countries like China, Indonesia, Vietnam etc. at lower cost. The industry shall have to be cost competitive with wages linked to productivity to have sustainable growth.

FINANCIAL REVIEW AND ANALYSIS

The cash generation during the year continued to be very good arising from better business performance, efficient collection system and better investment results. Your Company managed the investments prudently by deployment of cash surplus in a balanced portfolio of Equity and Debt market instruments where returns earned were higher than the market benchmarks.



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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

The Company maintained cordial relations with its employees at all levels. The welfare and well being of the workers are continuously monitored by senior executives of the Company.

Your Company is running hospital at its various tea estates for medical care of the estate's employees as well as neighbouring community. The hospital at Manjushree of Towkok Group of Tea Estates got a certificate of efficiency from the Government of Assam during the year for maintaining the best hospital in its area. The B.K. Kedia Central Hospital at Dewan group of Tea Estates has been commended for maintaining its quality service and the Ministry of Health and Public Welfare, Government of Assam has provided an ambulance for the patients.

CAUTIONARY STATEMENT

The statements in the report of the Board of Directors and the Management's Discussion and Analysis report describing the Company's projections, 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.



CORPORATE GOVERNANCE REPORT

Our pursuit towards achieving good governance is an ongoing process, thereby ensuring transparency, accountability and responsibility in our dealings with people working with it at all levels.

In accordance with revised Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Corporate Governance compliance by the Company are as under :

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company has been persistently pursuing good Corporate Governance through full transparency, efficient operational practices, strong internal control systems and operating with fairness and integrity to enhance the interests of all its stakeholders. The Company being a labour intensive industry gives due emphasis to its human assets and excellent relations are being maintained at all levels to secure optimum results.

2. BOARD OF DIRECTORS

Composition:

Your Company is having a Non-Executive Chairman. So atleast one third of the Board should comprise of Independent Directors. As per the new definition, five out of total eight Directors Shri B.M. Khaitan, Shri G.P. Goenka, Shri S.S. Kothari, Shri S.K. Tapuriah and Shri D.K. Pant (Nominee of GIC) are Independent-Non-Execuvite Directors. Shri B.K. Birla, Chairman is a Promoter-Non-Executive Director and Smt. Jayashree Mohta is a Non-Executive Director. Shri D.M. Jain, the Managing Director is an Executive Director of the Company.

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

Five Board Meetings were held in 2005-2006 on 28th April, 2005; 29th June, 2005; 29th July, 2005; 29th October, 2005 and 30th January, 2006.

Directors	Categories of Directors	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	No. of Shares held in the Company
Shri B.K. Birla (Chairman)	Promoter - Non-Executive	4	Yes	4	-	-	13500
Shri B.M. Khaitan	Independent - Non-Executive	2	Yes	11	-	-	746
Shri G.P. Goenka	Independent - Non-Executive	1	Yes	11	-	-	300
Shri S.S. Kothari	Independent - Non-Executive	5	Yes	5	4	-	2300
Shri S.K. Tapuriah	Independent - Non-Executive	5	Yes	3	-	-	284
Smt. Jayashree Mohta	Non-Executive	4	Yes	7	-	-	3972
Shri D.K. Pant (Nominee of GIC)	Independent - Non-Executive	3	No	-	-	-	-
Shri D.M. Jain	Executive - Managing Director	5	Yes	2	-	-	100

All the Directors affirmed that apart from receiving sitting fees and / or commission in case of profit / or remuneration by the Managing Director, they do not have any pecuniary relationships or transactions with the Company, its promoters, its Directors, its Senior management or its subsidiary i.e. North Tukvar Tea Co. Ltd., and associates (as defined in AS 23) which might affect independence of directorship in the Company.

3. AUDIT COMMITTEE

The constitution of Audit Committee is as per requirement of revised Clause 49 of the Listing Agreement.

The Audit Committee comprises of Shri S.S. Kothari, Chairman of the Committee, Shri S.K. Tapuriah, Independent Director, Shri D.K. Pant, Nominee Director and Shri D.M. Jain, Managing Director of the Company. Shri R.K. Ganeriwala, President (Finance & Corporate Affairs) & Secretary, the Internal Auditors and Statutory Auditors are permanent invitees to the meeting.

A brief description of the terms of reference of the Audit Committee, which covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956, is as follows:

- * To review with the management the nature and scope of Internal Audits and approve the Internal Audit plan for the year.