



# JAY SHREE TEA & INDUSTRIES LIMITED



67<sup>TH</sup> ANNUAL REPORT 2012 - 2013



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 Stength

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**

Enlightment 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**

### **67TH ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2013**

#### **DIRECTORS**

Shri B.K. Birla (*Chairman*)  
Smt. Jayashree Mohta  
(*Vice-Chairperson*)  
Shri B. M. Khaitan  
Shri G.P.Goenka  
Shri S.S.Kothari  
Shri S.K.Tapuriah  
Shri Vikash Kandoi  
(*Executive Director*)  
Shri D.P.Maheshwari  
(*Managing Director*)

#### **EXECUTIVES**

Shri R.K.Ganeriwala  
*President, CFO & Secretary*  
Shri S.Basu  
*President (Tea Marketing & Exports)*  
Shri P.K.Agrawal  
*President (Darjeeling & Dooars Tea Estates)*  
Shri H.G.Singh  
*Vice President*  
(*Upper Assam Gardens*)  
Shri B.K.Chaturvedi  
*Vice President (Taxation)*  
Shri Rajan Goyal  
*Vice President (Tea Exports)*

#### **SOLICITORS**

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

#### **AUDITORS**

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

#### **REGISTRARS**

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

#### **BANKERS**

Axis Bank Ltd.  
DBS Bank Ltd.  
Development Credit Bank Ltd.  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
IndusInd Bank Ltd.  
ING Vysya Bank Ltd.  
Kotak Mahindra Bank Ltd.  
Punjab National Bank  
Rabobank International  
State Bank of India  
UCO Bank  
Yes Bank Ltd.

#### **SHARE DEPTT.**

"Industry House" (15th Floor)  
10, Camac Street,  
Kolkata - 700 017  
Ph : (033) 22827531/4  
Fax : (033) 22827535  
E-mail : shares@jayshreetea.com

#### **STOCK EXCHANGES WHERE SHARES ARE LISTED**

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

#### **AUDIT COMMITTEE**

Shri S.S.Kothari (Chairman)  
Shri S.K.Tapuriah  
Shri D.P.Maheshwari

#### **SHAREHOLDERS'/INVESTORS GRIEVANCES COMMITTEE**

Shri S.K.Tapuriah (Chairman)  
Shri S.S.Kothari  
Shri D.P.Maheshwari

#### **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 - 700017  
Ph : (033) 22827531-34  
Fax : (033) 22827535/22825830  
E-mail : webmaster@jayshreetea.com  
website : www.jayshreetea.com

#### **MUMBAI OFFICE**

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

#### **AHMEDABAD OFFICE**

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

#### **NEW DELHI OFFICE**

620-A, Faiz Road,  
2nd Floor, Karol Bagh,  
New Delhi - 110 055  
Phone : (011) 23633717/23522149  
Fax : (011) 23633747

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## **NOTICE**

### **To the Shareholders**

NOTICE is hereby given that the Sixty Seventh Annual General Meeting of the shareholders of the Company will be held on Monday, the 29th July 2013 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 2012-13
2. To declare dividend for the year 2012-13.
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 appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### **AS SPECIAL BUSINESS**

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

“RESOLVED that in supersession of the Resolution passed at the Annual General Meeting of the shareholders held on 25th June, 2010, consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of ₹ 500 crores.

“RESOLVED FURTHER that the Board of Directors be and are hereby authorized to do and perform such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), the Company, be and is hereby authorized to pay commission to its Directors not exceeding 1% of the net profits of the company calculated in accordance with the provisions of sections 198 & 349 of the Act. The remuneration will be distributed amongst the Directors of the company in such manner or proportion as may be determined by the Board of Directors for a period of five years from the financial year commencing 1st April, 2014.

“RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable in this regard and to vary or increase the commission as may be permitted or authorized in accordance with any provisions under the Act, for the time being in force or any statutory modifications or re-enactment thereof and/or any rules or regulations framed thereunder”.

**Registered & Head Office :**

“INDUSTRY HOUSE”

10, Camac Street,

Kolkata - 700 017

Dated, the 6th May, 2013

By Order of the Board

**For Jay Shree Tea & Industries Limited**

**R.K.GANERIWALA**

**(President, CFO & 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 22nd July, to 29th July 2013 (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 29th July 2013 to those members whose names appear on the Register of Members of the Company as on 29th July 2013 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 :

<b><u>Dividends for the year</u></b>	<b><u>Date of declaration of dividend</u></b>	<b><u>Due date of transfer to the Fund</u></b>
2005-2006	27.06.2006	2nd August, 2013
2006-2007	28.06.2007	2nd August, 2014
2007-2008	27.06.2008	2nd August, 2015
2008-2009	29.06.2009	2nd August, 2016
2009-2010	25.06.2010	30th July, 2017
2010-2011	22,09.2011	26th October, 2018
2011-2012	25.07.2012	29th August, 2019

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 364A01020.
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. The members who have not yet registered their e-mail address are requested to do so to support the green initiative in the Corporate Governance.
9. 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 85 years, holding 200 shares, is a renowned Industrialist having interest in Tea, Batteries and Engineering. Shri Khaitan has great contributions to the Tea Industry with which he has been associated for around six decades. He is the Non-Executive Chairman of McLeod Russel India Ltd., a major Tea Plantation Company in the world and also on the Boards of certain other renowned companies having diversified business interests.

Directorships held in other Companies :

Williamson Magor & Co. Ltd., McLeod Russel India Ltd., Eveready Industries India Ltd., Babcock Borsig Ltd., CESC Ltd.

He also holds Chairmanship of the Remuneration Committee of your company and membership of Audit Committee of CESC Ltd.

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

Shri S.S.Kothari, aged about 83 years, holding 4600 shares, is an eminent Chartered Accountant and former Member of Parliament. He was Director of Bank of India (1989-95)

Directorships held in other companies:

Kriti Industries (India) Ltd., Maharaja Shree Umaid Mills Ltd. & Kothari Management & Industrial Consultants Pvt. Ltd.

He also holds the Chairmanship of the Audit Committee of your company. He also holds membership in the Investor/Shareholder's Grievances Committee of your company and Maharaja Shree Umaid Mills Ltd. Also he holds membership in the Remuneration Committee of your company.

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Dated, the 6th May, 2013

By Order of the Board  
**For Jay Shree Tea & Industries Limited**  
**R.K.GANERIWALA**  
**(President, CFO & Secretary)**

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

### **Item No.6**

Under Section 293(1) (d) of the Companies Act, 1956 the Board of Directors, cannot, except with the consent of the Company in General Meeting, borrow monies (apart from temporary loans obtained from the company's bankers in the ordinary course of business) in excess of the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

At the Annual General Meeting of the Company held on 25th June, 2010 the shareholders had authorized the Board of Directors to borrow monies for the purpose of the business of the company not exceeding ₹ 300 crores in the aggregate.

Now, in view of the increased requirement of the company, it is proposed to enhance the borrowing powers of the Board of Directors to ₹ 500 crores.

The Directors recommend the Resolution for approval of the members.

None of the Directors is concerned or interested in the resolution.

### **Item No.7**

As the shareholders are aware, the entire management of the company except for the powers vested in the Managing Director, vests in the Board of Directors which acts through a number of Committees on which the directors are represented. In view of the greater involvement of the Directors in the affairs of the company, it is proposed that in terms of section 309(4) of the Act, 1956, the Directors (apart from the Managing director) be paid, for a period of five years from the financial year commencing 1st April, 2014. remuneration by way of commission not exceeding one per cent of the net profit of the company computed in accordance with the provisions of the Act. The exact remuneration payable will be determined by the Directors every year within the overall limit of 1% of the net profit and shall be distributed amongst the directors in accordance with the decision of the Board.

Section 309(4) of the Act states that a Director who is neither in whole time employment of the company, nor a Managing Director may be paid remuneration by way of commission if the company by Special Resolution authorizes such payment, provided the remuneration payable to all the Directors shall not exceed one percent of the net profits of the company, if the company has a Managing Director.

Hence this resolution is proposed for your acceptance.

All the Directors of the company except the Managing Director and whole time Directors are concerned or interested in the resolution to the extent of the remuneration that may be received by them.

### **Registered & Head Office :**

"INDUSTRY HOUSE"

10, Camac Street,

Kolkata - 700 017

Dated, the 6th May, 2013

By Order of the Board

**For Jay Shree Tea & Industries Limited**

**R.K.GANERIWALA**

**(President, CFO & Secretary)**



## Management's Discussion and Analysis

### OVERVIEW

Indian Tea production in 2012 was lower at 1112 million kg. compared to 1116 million kg. in 2011 i.e., a decrease of 4 million kg. The methodology adopted for computation of all India crop has been revised by Tea Board of India from the year 2011 based on payment of cess on made tea by all manufacturers. This has resulted in the revision of last year crop from 988 million kg. to 1116 million kg. i.e. an increase of 128 million kg. Your Company produced 206.60 lac kg. of tea against 237.60 lac kg. last year. Out of this your own crop was 171.47 lac kg against 190.34 lac kg. To improve quality of Tea, the bought leaf production was reduced from 47.26 lac kg to 35.16 lac kg. Upper Assam crop was lower by 23%, Cachar by 6% and Dooars by 30%. Darjeeling crop was a little short of last year's level. Apart from wage increase, the higher cost of power, fertilisers and other inputs are also affecting the industry.

### SEGMENT ANALYSIS AND REVIEW

The Company is engaged in the manufacture of tea, chemicals & fertilisers, sugar besides tea warehousing and investment activities. Tea accounts for 64%, chemicals & fertilisers 14%, sugar 21% and others 1 % of the gross turnover during 2012-13.

### TEA

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

(Quantity in million kg.)

District	Tea Manufactured by the Company (April to March)			All India Production* (Jan. to December)		
	2012-13**	2011-12**	Increase/ Decrease (%)	2012	2011	Increase/ Decrease (%)
Cachar	7.97	8.52	(-) 6.46	52.85	50.29	(+) 5.09
Assam Valley	6.56	8.54	(-) 23.19	535.42	538.82	(-) 0.63
<b>Total Assam</b>	<b>14.53</b>	<b>17.06</b>	<b>(-) 14.83</b>	<b>588.27</b>	<b>589.11</b>	<b>(-) 0.14</b>
Darjeeling	0.96	0.99	(-) 3.03	8.61	9.14	(-) 5.80
Dooars	0.63	0.90	(-) 30.00	153.31	148.42	(+) 3.29
Terai	2.68	2.95	(-) 9.15	113.91	114.04	(-) 0.11
<b>Total West Bengal</b>	<b>4.27</b>	<b>4.84</b>	<b>(-) 11.78</b>	<b>275.83</b>	<b>271.60</b>	<b>(+) 1.56</b>
<b>Others</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16.00</b>	<b>14.86</b>	<b>(-) 7.67</b>
<b>Total North India</b>	<b>18.80</b>	<b>21.90</b>	<b>(-) 14.16</b>	<b>880.10</b>	<b>875.57</b>	<b>(+) 0.52</b>
Tamilnadu	1.86	1.86	-	162.84	165.89	(-) 1.84
Kerala	-	-	-	63.10	68.83	(-) 8.32
Karnataka	-	-	-	5.72	5.43	(+) 5.34
<b>Total South India</b>	<b>1.86</b>	<b>1.86</b>	<b>-</b>	<b>231.66</b>	<b>240.15</b>	<b>(-) 3.54</b>
<b>Total Production</b>	<b>20.66</b>	<b>23.76</b>	<b>(-) 13.05</b>	<b>1111.76</b>	<b>1115.72</b>	<b>(-) 0.35</b>

\*All India figures on calendar year basis and estimated for 2012.

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

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

(Quantity in million kgs)

Tea Areas	This year			Previous year		
	Qty.	Rate (₹)	Dist. Average (₹)	Qty.	Rate (₹)	Dist. Average (₹)
Cachar	7.85	125.70	115.76	8.62	94.65	87.16
Assam	6.46	181.14	150.16	9.13	123.15	122.64
Darjeeling	0.90	498.62	372.92	0.94	397.61	344.93
Dooars/ Terai	3.11	134.74	126.24	3.81	103.37	104.89
South India	2.21	112.10	99.78	2.24	94.32	88.84
	20.53	159.49		24.74	117.96	

## OUTLOOK

Dry weather conditions in Assam, Dooars & Terai in early part of the season have affected the crop. Kenyan crop is very high compared to last year. This has subdued the market to some extent. The 2013 season augurs well for tea prices, both Orthodox and CTC with better quality teas likely to perform better. With cost of production having increased significantly in 2012, any erosion in prices will adversely impact the bottom line. The premium available for good quality will cushion cost increase.

Your company's acquisitions in Uganda and Rwanda are giving good results and there is scope for increase in crop and quality of all these estates.

## CHEMICALS & FERTILISERS

### Review Of Operations

Nutrient based subsidy is reduced by ₹ 500/- per M.T. w.e.f. 1st April, 2013. This is further to decrease of ₹ 1686/- per M.T. last year. The producers are trying to compensate the above by increasing the price realisation but the off take is adversely affected. The consumers are taking time to adjust to the real market situation. Fluctuation in Rupee/Dollar rate increases the raw material cost and is a cause of concern for the current year.

## RISKS AND CONCERNS

- Substantial crop loss due to bad weather.
- Increased wages and sharp inflation in coal, fertilisers and chemicals.
- Availability of good quality leaf to be outsourced.
- Foreign exchange fluctuations for import/export/loan transaction.

## SUGAR

India's sugar industry is 2nd largest agro based industry after cotton. The rural economy of India is dependent on the farmers, and livelihood for 7.5% of India's rural population is provided by sugar mills. The sugar production in India was 24.63 million tonnes in 2012-13 as against 24.30 million tonnes in 2011-12. The continuous higher cane prices fixed by the State Government resulted in more acreage under sugar cane and pressure on cost.

In the state of Maharashtra, the drought like situation is prevailing and this might reduce sugarcane crop again by 10 to 15%.