

Directors'

report



To the Members,

Your Directors present the 144th Annual Report of the Company together with the Audited Standalone and Consolidated Financial Statements for the year ended 31st March, 2018.

FINANCIAL PERFORMANCE

(Amount in ₹)

	Standalone		Consolidated	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Revenue from Operations	1,00,12,83,996	88,21,07,863	1,06,49,68,622	94,61,38,962
Other Income	5,53,84,987	5,62,09,198	5,02,35,753	6,53,24,477
Total	105,66,68,983	93,83,17,061	1,11,52,04,375	1,01,14,63,439
Profit/(Loss) before Depreciation, Finance Cost & Tax	50,71,894	(1,34,43,591)	(34,57,471)	(30,54,671)
Less : Depreciation	6,43,61,092	6,88,36,667	7,84,92,201	8,61,02,501
Less : Finance Cost	7,53,52,509	7,56,79,776	8,09,77,723	7,91,05,066
Profit/(Loss) before Tax	(13,46,41,707)	(15,79,60,034)	(16,29,27,395)	(16,82,62,238)
Less : Tax Expense (including Deferred Tax)	(1,69,79,760)	(1,64,46,022)	(1,93,40,531)	(2,48,36,612)
Profit/(Loss) after Tax	(11,76,61,947)	(14,15,14,012)	(14,35,86,864)	(14,34,25,626)
Other Comprehensive Income (Net of Tax)	87,35,700	(1,06,83,551)	95,46,000	(88,05,769)
Total Comprehensive Income	(10,89,26,247)	(15,21,97,563)	(13,40,40,864)	(15,22,31,395)
Add : Share of Profit/(Loss) of Associates	-	-	-	(2,86,906)
Less : Non-Controlling Interest	-	-	3,68,851	-
Total Comprehensive Income attributable to owners of the Company	(10,89,26,247)	(15,21,97,563)	(13,44,09,715)	(15,25,18,301)
Surplus brought forward from previous year	54,09,84,981	69,76,62,047	54,30,32,990	70,00,30,795
Amount available for appropriation	43,20,58,734	54,54,64,484	40,86,23,276	54,75,12,493

The financial statements for the year ended 31st March, 2018 have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 13 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

Directors' report (Contd.)

DIVIDEND & RESERVES

Your Directors are pleased to recommend for your approval, a dividend of 5% i.e. ₹0.50 per share for the year ended 31st March, 2018.

The Company has not transferred any amount to the General Reserve during the financial year ended 31st March, 2018.

OPERATIONAL REVIEW

Your Company produced 56,14,825 Kgs. of Tea during the year as against 58,13,206 produced during the year 2016-17, a decrease of 1,98,381 Kgs. to the previous year; 2,43,590 Kgs. of Coffee during the year as against 2,82,951 Kgs. during the year 2016-17, a decrease of 39,361 Kgs. from the previous year and 8,60,101 Kgs. of Rubber during the year as against 9,25,513 Kgs. produced during the year 2016-17, a decrease of 65,412 Kgs. from the previous year.

CAPITAL EXPENDITURE

The Company has incurred capital expenditure amounting to ₹255.15 lacs during the year ended 31st March, 2018 as compared to ₹320.78 lacs for the same period last year.

PUBLIC DEPOSITS

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements of the Company.

RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Act and the SEBI (LODR) Regulations, 2015. There are no materially significant related party transactions made by the Company with promoters, directors or key managerial personnel etc. during the year which might have potential conflict with the interest of the Company at large.

The policy on Related Party Transactions has been uploaded on the website of the Company and can be accessed at http://www.joonktolleetea.in/downloads/party_transactions_policy.pdf.

SUBSIDIARY & ASSOCIATE COMPANIES

The Company as on 31st March, 2018 has three Subsidiary Companies namely, Keshava Plantations Pvt. Ltd., Cowcoody Builders Pvt. Ltd. and Pranav Infradev Co. Pvt. Ltd. and one Associate Company namely The Cochin Malabar Estates And Industries Ltd.

During the year under review, the Company divested its 39.18% stake in its Wholly-owned Subsidiary M/s. Cowcoody Builders Pvt. Ltd.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the Company's Subsidiaries and Associates is attached to the financial statements of the Company.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements alongwith the relevant documents and separate audited accounts in respect of Subsidiaries are available on the website of the Company.

The policy on material subsidiaries is available on the website of the Company and can be accessed at http://www.joonktolleetea.in/downloads/material_subsidaries_policy.pdf.

CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company together with Auditors' Report for the year ended 31st March, 2018 forms part of this Report.

ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return in the prescribed format is provided in **Annexure – A** forming part of this Report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. Jitendra K. Agarwal & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company at the Annual General Meeting held on August 31, 2017 to hold office till the conclusion of the Annual General Meeting for the Financial Year 2021-22.

The Members may note that consequent to the changes made in the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 by the Ministry of Corporate Affairs (MCA) vide notification dated May 7, 2018, the proviso to Section 139(1) of the Companies Act, 2013 read with explanation to sub-rule 7 of Rule 3 of the Companies (Audit and Auditors) Rules, 2014, the requirement of ratification of appointment of Auditors by the Members at every AGM has been done away with. Therefore, the Company is not seeking any ratification of appointment of M/s. Jitendra K. Agarwal & Associates, Chartered Accountants as the Auditors of the Company, by the Members at the ensuing AGM.

Your Company has received a certificate from M/s. Jitendra K.

Directors' report (Contd.)

Agarwal & Associates, Chartered Accountants confirming the eligibility to continue as Auditors of the Company in terms of the provisions of Section 141 of the Companies Act, 2013 and the Rules framed thereunder. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI as required under the provisions of Regulation 33 of the Listing Regulations.

There is no qualification, reservation or adverse remark made by the Auditors in their reports to the Standalone and Consolidated Financial Statements for the Financial Year ended 31st March, 2018.

Secretarial Auditors

The Board of Directors of the Company had appointed M/s. MKB & Associates, Company Secretaries to carry out secretarial audit for the financial year 2017-18 in terms of the provisions of Section 204(1) of the Companies Act, 2013 and Rules made thereunder. The Secretarial Audit Report for the Financial Year 2017-18 is provided in the **Annexure – B** forming part of this report.

The Board has reappointed M/s. MKB & Associates, Company Secretaries, as Secretarial Auditors of the Company for the Financial Year 2018-19.

There is no qualification, reservation or adverse remark made by the Secretarial Auditors in their Secretarial Audit report for the Financial Year ended 31st March, 2018.

Cost Auditors

M/s. A. Basu & Co., Cost Auditors have expressed their unwillingness to conduct the audit of cost records of the Company. On the recommendation of the Audit Committee and in compliance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, the Board has appointed M/s. D. Sabyasachi & Co., Cost Accountants, as Cost Auditors for conducting the audit of cost records of the Company.

In accordance with Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for the Financial Year 2018-19 would be placed at the ensuing Annual General Meeting for approval.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Clause (m) of Sub-Section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of energy, Research and Development,

Technology Absorption and Foreign Exchange Earnings and Outgo is provided in **Annexure – C** and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a CSR Committee and has simultaneously approved and adopted a CSR policy based on the recommendations of the CSR Committee.

The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in **Annexure – D** and forms part of this Report.

Your Company also continues its welfare activities by participating in various projects sponsored by TAI, ITA, ABITA, TOKLAI, UPASI, KPA in the States of Assam, Karnataka & Kerala and also directly contributes to the area's social causes.

The policy on Corporate Social Responsibility has been uploaded on the website of the Company and can be accessed at http://www.joonktolleeta.in/downloads/corporate_social_responsibility_policy.pdf.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board with grief regret to inform you of the sad demise of Shri K.C. Mohta, Executive Director and Chief Executive Officer of the Company, who passed away for his heavenly abode on 30th April, 2018. Late K.C. Mohta served the Company as an Executive Director since 2007. The Board acknowledges the contribution made by Late K.C. Mohta for the growth of the Company during this tenure.

In accordance with the provisions of the Articles of Association of the Company read with Section 152 of the Companies Act, 2013 Shri Hemant Bangur will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

During the year, the Company had three Key Managerial Personnel, being Shri K.C. Mohta, Executive Director & Chief Executive Officer, Shri B.L. Dhanuka, Chief Financial Officer and Shri S. Bagree, Manager (Finance) & Company Secretary.

Shri B.L. Dhanuka, Chief Financial Officer of the Company, retired from the services of the Company and Shri S. Das was appointed as Chief Financial Officer of the Company w.e.f. 23rd March, 2018.

The Board met four times during the financial year, the details of which are given in the "Report on Corporate Governance" forming part of this Annual Report.

Directors' report (Contd.)

Independent Directors have submitted their disclosures to the Board that they meet the criteria as stipulated in Section 149(6) of the Companies Act, 2013 and in accordance with the SEBI (LODR) Regulations, 2015.

Independent Directors have been familiarized with the nature of operations of the Company and the industry in which it operates and business module of the Company. The details of the familiarization programme have been posted on the website of the Company and can be accessed at http://www.joonktolleeta.in/downloads/familiarisation_programme.pdf.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines Note on Board Evaluation issued by SEBI, the Board of Directors have carried out the performance evaluation for the Board, Committees of the Board, individual Directors including the Chairman of the Company for the Financial Year ended 31st March, 2018.

The Board of Directors expressed their satisfaction with the evaluation process.

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee have been furnished in the Corporate Governance Report forming a part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

NOMINATION AND REMUNERATION POLICY

The Board has adopted a Remuneration Policy for identification, selection, appointment and payment of remuneration to Directors, Key Managerial Personnel (KMP) and Senior Managerial Personnel (SMP) of the Company. The policy enumerates the powers, roles and responsibilities of the Nomination and Remuneration Committee.

The Remuneration Policy aims to enable the Company to attract, retain and motivate qualified members for the Board and other executive level. It ensures that the interest of Board members and senior executives are aligned with the business strategy and risk tolerance objectives, values and long term interests of the Company. The Nomination and Remuneration Committee along with Board reviews on an annual basis appropriate skills, characteristics and experience required of the executives for the better management of the Company. The Company has a credible and transparent framework in determining the remuneration of Wholetime Directors, KMPs

and SMPs. Remuneration to Directors is paid within the limits as prescribed under the Companies Act, 2013 and as approved by the members of the Company. The Company pays remuneration to Non-Executive Directors by way of sitting fees and commission on the net profits of the Company.

The aforesaid Remuneration policy has been uploaded on the website of the Company and can be accessed at http://www.joonktolleeta.in/downloads/remuneration_policy.pdf.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 134(3)(c) of the Companies Act, 2013 your Directors confirm that:

- i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- ii) the selected Accounting Policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the losses of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in 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) the annual accounts have been prepared on a going concern basis;
- v) the internal financial controls have been laid down and such internal financial controls are adequate and are operating effectively; and
- vi) the Company has adequate internal systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Company has framed a Whistle Blower Policy / Vigil Mechanism for Directors and Employees for reporting genuine concerns about any instance of any irregularity, unethical practice and/or misconduct.

The details of the Whistle Blower Policy/Vigil Mechanism are posted on the Company's website and can be accessed at http://www.joonktolleeta.in/downloads/whistle_blower_policy.pdf.

Directors' report (Contd.)

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at work place and has adopted a policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules thereunder for prevention, prohibition and redressal of complaints of sexual harassment at workplace. There were no cases of sexual harassment reported during the year.

The policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 has been uploaded on the website of the Company and can be accessed at http://www.joonktolleetea.in/downloads/sexual_harassment_policy.pdf.

RISK MANAGEMENT

The Company has laid down well defined risk management mechanism covering the risk exposure, potential impact and risk mitigation process. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined frame work.

INTERNAL FINANCIAL CONTROL

For ensuring methodical and efficient conduct of its business, the Board has adopted policies and procedures. Thus, it ensures on the one hand, safeguarding of assets and resources of the Company, prevention and detention of frauds and errors, accuracy and completeness of the accounting records, timely preparation of financial disclosures and on the other hand, encourages the improvement of the operational performance of the Company.

The Internal Audit of the Company was carried out by M/s. Singhi & Co., Chartered Accountants. The Audit Committee of the Board reviews the Internal Audit Report and corrective actions taken on the findings are also reported to the Audit Committee.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

During the year under review, the Company has duly complied with the applicable provisions of the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year

under review is provided in **Annexure – E** forming part of this Report.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Policies and Code of Conduct which set out the principle of running the Company with fairness, transparency and accountability. A report on the Corporate Governance alongwith a certificate from a Practicing Company Secretary regarding compliance of the Corporate Governance is provided in the **Annexure – F** forming part of this Report.

SAFETY, HEALTH & ENVIRONMENT

The Company has committed to maintaining highest standard of safety, health environment protection and has complied with all applicable statutory requirements and prevention of pollution. It always strives to keep the estates greener and cleaner and committed to the safety and health of its employees.

TRADE RELATIONS

The Board desires to place on record its appreciation for the support and co-operation that the Company has received from suppliers, brokers, customers and others associated with the Company as its enterprise partners. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be Company's endeavor to build and nurture strong links with trade, based on mutuality, respect and co-operation with each other.

AWARDS & RECOGNITIONS

- The Company has been accredited with ISO 9001:2008 certification by SGS, U.K.
- Joonktollee Tea Estate in Assam has been accredited with ISO 22000 : 2005 certification by SGS, Switzerland.
- Goomankhan Tea Estate in Karnataka has been accredited with ISO 9001:2008 & HACCP certification by SGS.
- Pullikanam Tea Estate has bagged The Golden Leaf Awards for the leaf, fannings and dust categories for 2017.

CREDIT RATING

The Company has domestic credit ratings of BB+/-Negative from CRISIL for its banking facilities.

OTHER DISCLOSURES

- i) There were no material changes and commitments affecting the financial position of the Company occurring between 31st March, 2018 and the date of this Report.
- ii) There is no change in the business of the Company.

Directors' report (Contd.)

- iii) There were no significant and material orders passed by regulator or courts or tribunals impacting the going concern status and Company's operation in future.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure – G** and forms part of this Report.

None of the employees of the Company fall within the purview of the information required under Section 197 read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the Financial Year.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges and the stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the employees of the Company.

On behalf of the Board

Place : Kolkata
Date : 14th May, 2018

H.Bangur
Chairman