



# Management DISCUSSION AND ANALYSIS

## Industry Structure and Development

The total world tea production was about 5856 million kilograms in 2018 as compared to 5697 million kilograms in 2017 out of which contribution from Indian Tea crop was approximately 1349 million kilograms against 1278 million kilograms last year. Kenya also contributed majorly to the excess production. Total Indian export was 254.50 kilograms against last year's 256.57 kilograms. The contribution of small growers in India tea production continue to swell every year and has almost reached 50% of the total crop whereas production from the organized sector is declining consistently. Global tea consumption is likely to grow due to rising population and tea being recognized as a health drink. Indian tea consumption continues to grow at a steady rate of 3% CAGR.

## Segment Analysis

Tea crop is entirely dependent on weather conditions being agriculture in nature. With continued uncertain weather conditions, the crop tends to suffer because of excessive rainless period followed by pest infestation. However, with our prudent field practices and 100% irrigation facilities, we try to overcome such situation at the earliest.

## Opportunities Threats, Risks and Concerns

Global tea production is rising every year and so is the consumption. Being agricultural in nature, production is directly linked to the weather conditions prevailing during the year and tends to affect the production in adverse conditions. Furthermore, mushrooming of small growers in the Indian tea sectors is challenging the survivability

of organized tea gardens as there is no level playing field between the two. The latter is burdened with huge social cost falling under Plantation Labour Act, whereas small growers are not affected by it. Rising cost in form of higher wages and other inputs not supported by increase in price realization, continues to pose major threat on survivability of organized sector.

## Outlook

Current year outlook continues to be extremely challenging wherein overall cost continues to go high in form of wages and other inputs, failing to convert into higher realization, thus effecting the bottom line of the tea companies adversely. Our company emphasizes on putting proper policies and strategies in form of developmental work in field and modernization work in the factory to improve quality and to reduce costs. This will enable us to survive in this difficult scenario.

## Financial Review and Analysis

The Company's financial position is strong enough which has helped company to pass through in turbulent times. The development and modernization work in garden is always given top priority for improvement in quantity as well as quality. The surplus fund in the Company is deployed in such a way that reasonable returns are derived.

## Details of Significant Changes

The SEBI-LODR (Amendment) Regulation, 2018 introduced the requirement of disclosing details of significant changes (i.e., change of 25% or more as compared to the immediately previous financial year) in the key financial

## Annexure to the Directors' Report

ratios, accordingly, such changes are tabled below-

Financial Ratios	Variance	Reasons for Variance
Debtors Turnover	-30.53%	Due to decrease in sales the debtors turnover ratio has been increased.
Inventory Turnover	-28.09%	Due to decrease in sales, which led to higher inventory of unsold stock resulted in increase in Inventory ratio.
Interest Coverage Ratio	-96.48%	Average working capital borrowing was higher during the year due to sharp rise in wages as well as higher production cost and corresponding decrease in sales.
Debt Equity Ratio	76.84%	Due to decrease in sales and increase in working capital and higher capital expenditure resulting in increase in Debt equity ratio.
Operating Profit Margin	-94.77%	Due to decrease in sales and increase in labour cost.
Net Profit Margin	-156.97%	Operating costs increased sharply due to substantial wage increase in North Bengal, which did not translate into higher tea prices thus having an adverse effect on the margins. Financial cost increased because of higher borrowings of working capital and term loans. Depreciation cost was high because of expansion work carried out in the factories.

### Internal Control

The Company has laid down policies, guidelines and procedures, which form part of its internal control system. The Company's internal control system are periodically tested and supplemented by an extensive programme of internal audit by independent firm of Chartered Accountants. Audits are finalized and conducted based on internal risk assessment. Significant findings are brought to the notice of the Audit Committee of the Board and corrective measures are 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 area has resulted in improving productivity both in quantitative and qualitative manner. The total number of people employed in your Company as on 31<sup>st</sup> March, 2019 was 3620.

### 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.

Registered Office :  
3B, Lalbazar Street  
Kolkata - 700 001  
Date : 13th August, 2019

For and on behalf of the Board  
Sd/- Sd/-  
**Sandeep Singhania** **Sarita Singhania**  
Managing Director (Whole-time Director)  
(DIN: 00343837) (DIN: 00343786)