

Dhunseri Tea & Industries Limited

ANNUAL REPORT 2003 - 2004



BOARD OF DIRECTORS

C. K. Dhanuka *Chairman &
Managing Director*

P. L. Agarwal
S. R. Daga
B. D. Beriwal
R. N. Deogun
H. Khaitan
M. Dhanuka

VICE PRESIDENT (F & C)

K. K. Tibrewalla

VICE PRESIDENT (P & S)

I. B. Saraf

COMPANY SECRETARY

R. Mahadevan

AUDITORS

Lodha & Co.,
Chartered Accountants

BANKERS

State Bank of India
Punjab National Bank
United Bank of India
Bank of Baroda

REGISTERED OFFICE

"Dhunseri House"
4A, Woodburn Park
Kolkata-700 020
Phone : 2280-1950 (6 Lines)
Fax : 91-33-2240 8995
e-mail : dtil@vsnl.com

REGISTRARS & SHARE TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata-700 001
Phone : 2243-5029, 2243-5809
Fax : 91-33-2248-4787
e-mail : mdpl@cal.vsnl.net.in

TEA ESTATES

Dhunseri Tea Estate, P.O. Mazbat, Assam.
Dilli Tea Estate, P.O. Parbatpur, Assam.
Namsang Tea Estate, P.O. Jeypore, Assam.
Bahadur Tea Estate, P.O. Tinsukia, Assam.
Hatijan Tea Estate, P.O. Hoogrijan, Assam.
Khagorijan Tea Estate, P.O. Sapekhati, Assam.
Santi Tea Estate, P.O. Hoogrijan, Assam.
Khetojan Tea Estate, P.O. Tinsukia, Assam.

TEA PACKAGING DIVISIONS

SP-534-A, Sitapura Industrial Area,
Jaipur, Rajasthan.

Dhunseri Tea Estate
P.O. Mazbat, Assam.

BRANCH OFFICES

Lamb Road, Latasil, Ujjain Bazar,
Guwahati - 781 001, Assam.

110, Raheja Centre,
214, Nariman Point,
Mumbai - 400 021

STOCK EXCHANGES (Listing Fees paid)

The Calcutta Stock Exchange Assn. Ltd.
7, Lyons Range, Kolkata - 700 001

The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

The Guwahati Stock Exchange Ltd.
Saraf Building Annexe,
A. T. Road, Guwahati - 781 001

ANNUAL GENERAL MEETING

Monday, 13th September, 2004 at 11.00 a.m.
at : "Kalakunj", Sangit Kala Mandir,
48, Shakespeare Sarani, Kolkata - 700 017

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NOTICE

NOTICE is hereby given that the Eighty-eighth Annual General Meeting of the Members of DHUNSERI TEA & INDUSTRIES LIMITED will be held on Monday, the 13th day of September, 2004 at 'Kala Kunj', Sangit Kala Mandir Trust, 48,Shakespeare Sarani, Kolkata 700017 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March,2004, the Balance Sheet as at that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend.
3. To elect a Director in place of Sri B. D. Beriwalla, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Sri S. R. Daga, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED that Sri Mrigank Dhanuka be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement of Directors by rotation".

Registered Office:
'DHUNSERI HOUSE',
4A, Woodburn Park,
Kolkata - 700 020
28th June, 2004

By Order of the Board

R. MAHADEVAN
Secretary

NOTES:

- i) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
- ii) A MEMBER ENTITLED TO ATTEND AND VOTE MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A proxy may be sent in the form enclosed and in order to be effective must reach the registered office of the company atleast 48 hours before the meeting.
- iii) The Register of Members and the Share Transfer Books of the company will remain closed from Wednesday 1st September,2004 to Monday,13th September,2004 both days inclusive.
- iv) The dividend as recommended by the Board, if approved by the shareholders will be payable to those shareholders whose names appear on the Register of Members of the Company as on 13th September,2004.
- v) The dividend in respect of shares held in the electronic form will be payable to the beneficial owners of shares as on the closing hours of business on 31st August, 2004 as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.

The said beneficial owners are requested to intimate to their Depository Participant (DP) all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc. These changes will be automatically reflected in company's records, which will help the company to provide efficient and better service to the members.

- vi) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities the company will print the bank account details, if available, on the payment instrument for distribution of dividend.

NOTICE (Contd.)

- vii) Shareholders seeking any information with regard to accounts are requested to write to the company atleast 10 days prior to the meeting so as to enable the management to keep the information ready.
- viii) Members are requested to bring their copies of Annual Report to the meeting.
- ix) Under Section 205A (5) of the Companies Act, 1956 the amount of dividend remaining unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund (IEPF). Accordingly, the unclaimed dividend for the year ended 31st December, 1996 on becoming due for transfer to IEPF will be duly transferred to the said fund.

No claim shall lie against the company or the said Fund in respect of individual amounts which remain unclaimed and unpaid for a period of seven years from the date of payment and no payment shall be made in respect of any such claims.

Members are requested to send unclaimed/unpaid dividend warrants, if any, for the years 1997, 1998-1999, 1999-2000, 2000-2001, 2001-2002 and 2002-2003 to the Registered Office of the Company at their earliest, for payment in lieu thereof.

I) EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No.6**

The Board of Directors at their meeting held on 31st January, 2003 appointed Sri Mrigank Dhanuka as a Director of the company in the casual vacancy caused by the demise of Sri S. L. Dhanuka and holds such office till the ensuing Annual General Meeting when he will be eligible for election.

Details of Sri Mrigank Dhanuka as required under Corporate Governance Norms :

Sri Mrigank Dhanuka is the youngest member of the Board who is presently pursuing his graduation degree under Calcutta University.

He had his initial training in tea tasting, grading and blending. He is also actively involved with the other associate companies of the Group and has acquired considerable experience in the day to day administration of the business.

He holds directorship of the following companies :

- a) South Asian Petrochem Ltd.
- b) Tezpore Tea Co. Ltd.
- c) Jaipur Polyspin Ltd.
- d) Naga Dhunseri Group Ltd.
- e) Mint Investments Ltd.
- f) Mayfair India Ltd.
- g) Madhuting Tea Pvt. Ltd.
- h) Trimplex Investments (P) Ltd.

He does not hold any Committee Membership of other companies of which he is a Director.

The Company has received a notice in writing from a member alongwith the requisite deposit proposing the candidature of Sri Mrigank Dhanuka as a Director of the company pursuant to the provisions of Section 257 of the Companies Act, 1956.

The approval of the members is being sought to the appointment of Sri Mrigank Dhanuka as a Director of the Company whose office will be liable to determination by retirement of directors by rotation.

None of the Directors, except Sri Mrigank Dhanuka, Sri C. K. Dhanuka and Sri Haigreve Khaitan is interested or concerned in the resolution at item No.6.

II. DETAILS OF SRI B. D. BERIWALA AND SRI S. R. DAGA AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.

- i) Sri Basu Deo Beriwal is one of the senior members of the Board having joined the Board of the Company in the year 1974. His association with the industries for about three decades and his valuable suggestions and opinions as well as active participation at the Board and Committee meetings have been beneficial to the Company.

He holds directorship of the following companies :

- a) Kaniska Engineering Industries Ltd.
- b) Rainbow Engineering Ltd.

He does not hold any Committee Membership of other companies of which he is a Director.

- ii) Sri S. R. Daga is the senior most member of the Board of Directors of the Company having joined the Board in the year 1955. His association with the Tea Industry for more than six decades and his valuable suggestions and opinions as well as active participation at the Board and Committee meetings have been greatly beneficial to the Company.

He holds directorship of the following companies :

- a) Sublime Agro Ltd.
- b) Hind Hosiery Mills Pvt. Ltd.
- c) Amaravati Tea Co. Ltd.
- d) Assam Asbestos Ltd.

He is also the Chairman of the Audit Committee of M/s. Sublime Agro Ltd.

By Order of the Board

Kolkata,
28th June, 2004

R. MAHADEVAN
Secretary

DIRECTORS' REPORT

We have pleasure in presenting our Eighty-Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2004 :

FINANCIAL RESULTS :

	<u>For the year ended 31.03.2004</u>	<u>For the year ended 31.03.2003</u>
	(Rs. in lacs)	(Rs. in lacs)
Gross Profit	287.79	284.87
Less : Depreciation (Net)	163.41	169.07
Provision for Taxation (Net)	17.34	18.80
Net Profit for the year	<u>107.04</u>	<u>97.00</u>
Add : Debenture Redemption Reserve written back	-	150.00
Add : Balance Brought Forward	<u>337.61</u>	<u>269.39</u>
The Directors recommend this amount to be appropriated as under :	<u>444.65</u>	<u>516.39</u>
Transfer to General Reserve	100.00	100.00
Proposed Dividend	69.84	69.84
Tax on Dividend	8.59	8.95
Balance Carried Forward	266.22	337.60

DIVIDEND :

The Directors recommend the payment of dividend @ 10% i.e. Re.1.00 per share for the year ended 31st March,2004.

OPERATIONS :

The total tea manufacturing & sales has been 7.2 & 6.8 million kg as against 7.5 & 7.5 million kg respectively in the previous year. The production was low due to adverse weather conditions. The sales in terms of volume as well as realisation were also less compared to the previous year resulting in reduced turnover during the year. However, due to initiation of certain measures, the cost of production was lower during the year.

The steps being taken for achieving higher productivity, cost control and quality improvement are expected to improve the performance of the company in future.

The new brand which was launched during the previous year continued to receive favourable response from the market.

MADHUTING TEA PVT. LTD.

The annual production of tea from its two tea estates aggregated to about 6.63 lac kg including about 5.70 lac kg of orthodox tea in comparison to 6.71 lac kg including 0.43 lac kg of orthodox tea in the previous year. The steps are being taken to consolidate its performance in future.

PROJECT :

The Company's 100% Export Oriented Project viz. South Asian Petrochem Ltd., which is engaged in manufacture of Bottle Grade PET Resin, commenced commercial production from 1st September, 2003. During the seven months ended 31st March, 2004, the company achieved a turnover of Rs. 392.17 Crore and more than 100% capacity utilisation. The product which is mostly exported have been accepted by the market. The company has also received various statutory approvals from FDA. European Health Authorities etc.

AUDITORS' REPORT :

The notes to the accounts referred to in the Auditors' Report are self-explanatory.

PARTICULARS OF EMPLOYEES :

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not attracted and hence no statement is being enclosed.

DIRECTORS' REPORT (Contd.)

PARTICULARS REGARDING ENERGY ETC. :

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are attached and form part of this report.

DIRECTORS :

Sri B. D. Beriwalla and Sri S. R. Daga retire by rotation and being eligible offer themselves for re-appointment.

Sri Mrigank Dhanuka who was appointed a Director of the Company w.e.f. 31st January, 2003 in the casual vacancy caused by the demise of Sri S. L. Dhanuka shall hold office till the ensuing Annual General Meeting. A notice under section 257 of the Companies Act, 1956 has been received proposing the appointment of Sri Mrigank Dhanuka as a Director of the Company.

Your directors recommend the appointment of Sri Mrigank Dhanuka as a Director of the company.

The information on the particulars of directors seeking re-appointment/appointment are included in the Explanatory Statement.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm :

- (i) that in the preparation of the annual accounts the applicable accounting standards have been followed and no material departures have been made from the same ;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits for that period ;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ;
- (iv) that they have prepared the annual accounts on a 'going concern' basis.

REPORT ON CORPORATE GOVERNANCE :

A separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

AUDITORS :

M/s. Lodha & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and cooperation received from the Consortium of Commercial Banks and other authorities. Your Directors also thank all the employees of the company for their valuable service and support during the year.

Kolkata,
28th June, 2004

C. K. DHANUKA *Chairman of the Board
& Managing Director*

P. L. AGARWAL
B. D. BERIWALA
S. R. DAGA
R. N. DEOGUN
H. KHAITAN

Directors

(Note : Sri M. Dhanuka being away could not attend the meeting and hence has not signed the Report and accompanying Accounts)

Annexure to the Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO.

Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FORM A

CONSERVATION OF ENERGY

	Current year ended 31.03.2004	Previous year ended 31.03.2003
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units (lakhs KWH)	33.00	32.07
Total Amount (Rs. lakhs)	178.09	162.71
Rate / Unit (Rs. / KWH)	5.40	5.07
b) Own Generation		
i) Through Diesel Generator Units (lakhs KWH)	12.18	13.75
Units per Ltr. of Diesel Oil	2.70	3.40
Cost / Unit (Rs. / KWH)	7.61	5.35
ii) Through Gas Generator Units (lakhs KWH)	22.99	18.45
Units per cu.m of Gas	6.14	4.69
Cost / Unit (Rs. / KWH)	0.42	0.49
2. Coal		
Quantity (Tonne)	2554.72	2376.20
Total Cost (Rs. lakhs)	43.34	40.80
Average Rate (Rs. / Tonne)	1696.28	1717.12
3. Furnace Oil		
Quantity (lakhs Ltrs.)	0.47	0.38
Total Cost (Rs. lakhs)	7.39	5.63
Average Rate (Rs. / Ltr.)	15.63	14.90
4. Gas		
Quantity (lakhs Cu.m)	31.75	30.21
Total Cost (Rs. lakhs)	77.33	63.28
Average Rate (Rs. / Cu.m)	2.44	2.09
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product-Tea		
Tea Produced (lakh kgs.)	72.44	75.07
Electricity (KWH)	0.94	0.86
Furnace Oil (Ltr.)	0.01	0.01
Coal (Kg.)	0.35	0.32
Gas (Cu.m)	0.44	0.40

RESEARCH AND DEVELOPMENT (R & D)

The Company has no R & D unit. It subscribes regularly to Tea Research Association which does R & D work for Tea Industry.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation : Indigenously developed technologies for the improvement of production both in field and factory were adopted, required modifications and innovations were done.
2. Benefits derived as a result of the above efforts, e.g. product improvement, import substitution, etc. : Higher yield, reduction of cost of production and improvement in quality of product.
3. Imported Technology : Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings & Outgo of Foreign Exchange as detailed in Notes and in Schedule 17 to the Accounts were as under :

Foreign Exchange Earnings	: Rs. Nil (Previous year Rs. Nil)
Foreign Exchange Outgo	: Rs. 93.79 lacs (Previous year Rs. 35.02 lacs)

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY

The company believes in good corporate governance and will lay emphasis on transparency, accountability and integrity.

The company will endeavour to improve on these aspects on ongoing basis.

2. BOARD OF DIRECTORS (Board)

a) Composition of Board

The Board now comprises of four non-executive independent directors, two non-executive/promoter relative directors and an executive/promoter director who is the Managing Director of the company and Chairman of the Board. The number of non-executive independent directors are more than one half the total strength of the Board.

During the year under review there has been no change in the Board of Directors of the company.

b) Attendance of each Director at the Board Meetings and at the last AGM and other Directorships/ Committee Memberships held

During the year the Board met five times on the following dates :-

30th May,2003 ; 30th June,2003 ; 28th July,2003 ; 28th October, 2003 and 29th January, 2004.

The attendance and number of other directorship/committee membership of each director is given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Whether attended last AGM on 23.09.2003	* No. of Directorships of other public Companies.	@ Other Committee Memberships	
					Member	Chairman
Sri P. L. Agarwal	Non-Executive Independent	5	Yes	8	4	—
Sri B. D. Beriwala	Non-Executive Independent	3	Yes	2	—	—
Sri S. R. Daga	Non-Executive Independent	5	Yes	3	—	1
Sri R. N. Deogun	Non-Executive Independent	4	Yes	1	1	—
Sri C. K. Dhanuka	Executive Director / Promoter	5	Yes	8	5	—
Sri Mrigank Dhanuka	Non-Executive / Promoter Relative	3	Yes	6	—	—
Sri Haigreve Khaitan	Non-Executive / Promoter Relative	2	No	14	6	—

* Excluding directorship in private companies and alternate directorships.

@ Only the Membership/Chairmanship of Audit Committees, Shareholders/Investors Grievance Committee and Remuneration Committee have been considered.

c) Remuneration of Directors, sitting fees, salary, perquisites and commissions

Details of remuneration paid/payable to Directors :

(in Rupees)

Name of Director	Sitting fees paid		Salaries & Perquisites	Commission	Total
	For Board Meetings	For Committee Meetings			
Sri P. L. Agarwal	2500	1000	Nil	Nil	3500
Sri B. D. Beriwala	1500	2500	Nil	Nil	4000
Sri S. R. Daga	2500	2500	Nil	Nil	5000
Sri R. N. Deogun	2000	1000	Nil	Nil	3000
Sri C. K. Dhanuka *	Nil	Nil	538519	Nil	538519
Sri M. Dhanuka *	1500	Nil	Nil	Nil	1500
Sri H. Khaitan *	1000	Nil	Nil	Nil	1000

* Sri M. Dhanuka & Sri H. Khaitan are related to Sri C. K. Dhanuka.

Sri C. K. Dhanuka was re-appointed as Managing Director of the company for a period of five years with effect from 1st January, 2000.

3. Audit Committee

The Audit Committee now comprises of the following non-executive independent directors :

Sri S. R. Daga : Chairman
 Sri B. D. Beriwala : Member
 Sri R. N. Deogun : Member

During the year under review there has been no change in the composition of the Audit Committee.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement.

The Audit Committee met thrice during the year on 30th June, 2003; 28th October, 2003 and 29th January, 2004. The attendance of the members at the Audit Committee meetings are summarised below :

Name	No. of Meetings	No. of Meetings Attended
Sri S. R. Daga	3	3
Sri B. D. Beriwala	3	3
Sri R. N. Deogun	3	2

4. Remuneration Committee

A remuneration committee comprising of three non-executive independent directors was constituted by the Board at its meeting held on 24th May, 2004. The members of the remuneration committee are Sri P. L. Agarwal, Chairman, Sri B. D. Beriwala, Member and Sri S. R. Daga, Member.

The remuneration committee would determine the remuneration packages of the executive director(s).

5. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee comprises of 4 (four) member directors, of which three are non-executive independent directors namely, Sri P. L. Agarwal, Sri S. R. Daga and Sri B. D. Beriwala and One Executive Director Sri C. K. Dhanuka.

Sri P. L. Agarwal is the Chairman of the Committee and the Company Secretary acts as the Secretary to the Committee.

The Committee deals with all matters relating to shareholders/ investors grievances viz., transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

The Committee met twice during the year on 30th June, 2003 and 29th January, 2004 All the members of the committee attended both these meetings.

During the year 269 complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants. All valid requests for share transfer received during the year have been acted upon by the company and no such transfer is pending.

6.1. General Body Meetings

a) The last three annual general meetings of the company were held as under :-

Year	Location	Date	Time
2002-2003	Kala Kunj Sangit Kalamandir Trust 48, Shakespeare Sarani, Kolkata-700 017	23.09.2003	10.00 a.m
2001-2002	same as above	20.09.2002	11.00 a.m.
2000-2001	same as above	20.09.2001	11.00 a.m.

There was no other General Body Meeting in the last three years and no resolution was put through postal ballot.

6.2 Information about Directors seeking re-appointment, etc.

These have been included in the Explanatory Statement annexed to the Notice of the Annual General Meeting.

7. Disclosures

There are no materially significant related party transactions made by the company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

Transaction with related parties are disclosed in Note No.12 of Schedule 17 to the Accounts in the Annual Report.

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

8. Means of Communication

The unaudited financial results of the company for each quarter is placed before the Board of Directors in the last week of the succeeding month and is usually published in Business Standard (Kolkata & Mumbai) as well as in Sambad Pratidin. These results are also being hosted in the company's website www.dhunseritea.com.

The company is also electronically filing specific documents/statements on the EDIFAR website www.sebiedifar.nic.in.

The unaudited financial results for half year ended 30th September, 2003 was considered and approved by the Board at the meeting held on 28th October,2003 and the report on limited review of financial results for half year ended 30th September,2003 was subsequently obtained from the Auditors of the company on 28th November,2003 and filed with the Stock Exchanges.

9. Management Discussions and Analysis Report

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is given below :

(a) Industry Structure and Developments

The tea industry is emerging out of the difficult phase and is now poised for improved growth and realisation. The trend appears positive and with the exports picking up the industry can expect better prospects in the near future.

(b) Opportunities and Threats

As your company's produce is presently not exported, it is not exposed to the vagaries of the export market.

(c) Outlook

It is hoped that the industry will improve, with the demand for exports picking-up in due course.

(d) Risks and concerns

The availability of newer land for cultivation continues to be a constraint. The steps taken for increasing the yield as well as replantation programme being pursued will enable the company to sustain its manufacturing capacities.

(e) Internal control systems and their adequacy

The system of internal control is commensurate with the size and nature of the business of the company. The systems are regularly reviewed to ensure effectiveness.

(f) Discussion on financial performance with respect to operational performance

These have been covered in the Directors' Report specifically under the section on Financial Results and Operations.

(g) Material developments in Human Resources / Industrial Relations front, including number of people employed

The company continues to lay emphasis on training and development of its human resources. The requirement of professionally qualified and trained personnel is regularly reviewed to obtain optimum results in all spheres of its activity.

The company continued to maintain a healthy industrial relations at all its production facilities. It also strived to maintain the best of relations with its employees and ensure providing all mandatory facilities to them.

The actual number of persons employed by the company as on 31st March,2004 was 3441.

10. Shareholders' Information

a) Annual General Meeting :

Monday, 13th September, 2004 at 11.00 a.m. at Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017.

b) Book Closure :

The Register of Members and Share Transfer Register will remain closed from Wednesday, 1st September, 2004 to Monday, 13th September, 2004 (both days inclusive) on account of annual general meeting and dividend payment.

c) Dividend Payment :

On or after 13th September,2004.

d) Registered Office : 'Dhunseri House', 4A,Woodburn Park,

Kolkata- 700 020

Ph.No. : 2280-1950 (six lines)

Fax No. : 91 33 2240-8995

e.mail: dtil@vsnl.com

e) Listing on Stock Exchanges : Kolkata,Mumbai and Guwahati Exchanges. The Company has paid the listing fees for the year 2004-2005.

f) i) Exchange Stock Code : Kolkata - 14014

Mumbai - 23736

ii) Demat ISIN Number for NSDL & CDSL : INE 477B01010

g) Stock Market price data for the year 2003-2004 :

Year 2003-2004	Stock Exchange				BSE Sensex	
	Kolkata		Mumbai		High Rs.	Low Rs.
	High Rs.	Low Rs.	High Rs.	Low Rs.		
April	—	—	14.00	10.70	3221.90	2904.44
May	13.10	13.10	19.30	13.20	3200.48	2934.78
June	—	—	20.40	13.60	3632.84	3170.38
July	—	—	18.60	14.40	3835.75	3534.06
August	—	—	22.00	16.50	4277.64	3722.08
September	16.00	16.00	18.55	13.05	4473.57	4097.55
October	16.00	16.00	16.90	13.20	4951.11	4432.93
November	—	—	20.00	13.60	5135.00	4736.70
December	—	—	41.80	19.10	5920.76	5082.82
January	—	—	39.50	21.00	6249.60	5567.68
February	—	—	33.00	21.85	6082.80	5550.17
March	—	—	24.45	17.05	5951.03	5324.78

- h) **Registrars and Share Transfer Agents :** Maheshwari Datamatics (P) Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata-700 001
Phone : 2243-5029, 2243-5809
Fax : 91 33 2248-4787
e.mail : mdpl@cal.vsnl.net.in

i) **Share Transfer System :**

The Company's Registrars and Share Transfer Agents M/s. Maheshwari Datamatics Pvt. Ltd. process the share transfers and after completion of registration, return the shares in the normal course within an average period of 15 to 20 days from the date of receipt, if the documents are valid and complete in all respects.

Further, M/s. Maheshwari Datamatics Pvt. Ltd., also being the Company's Demat Registrars, the requests for dematerialisation of shares are processed and confirmation given by them to the respective depositories i.e. National Securities Depository Limited(NSDL) and Central Depository Services India Limited(CDSL) within 15 days.

j) **Shareholding Pattern and Distribution of Shares as on 31.03.2004**

Shareholding Pattern			Distribution of shareholding				
Category	No. of shares held	Percentage (%)	Range	Shareholders		Shares	
				No.	%	No.	%
Promoters	5016137	71.83	1 - 500	9694	96.40	1165618	16.70
Financial Institutions, Mutual Fund & Banks	89490	1.28	501 - 1000	188	1.87	144887	2.07
			1001 - 2000	79	0.79	115554	1.65
			2001 - 3000	24	0.24	59008	0.84
Private Corporate Bodies	149350	2.14	3001 - 4000	19	0.19	66292	0.95
			4001 - 5000	13	0.13	59448	0.85
Indian Public	1722533	24.66	5001- 10000	15	0.15	126749	1.81
			10001 and above	23	0.23	5246244	75.13
Total	6983800	100		10055	100%	6983800	100%

k) **Dematerialisation of shares and Liquidity :**

As on 31st March,2004, 18.42 percent of the company's shares were held in dematerialised form and the rest in physical form. It needs to be said that the promoters own 71.83 percent of the company's share of which 1.09% shares are dematerialised and the remaining are held in physical form. If these physical shares were to be excluded from the total number of shares, then dematerialised shares account for about 62.94 percent of the remainder.

l) **Insider Trading Regulation :**

To comply with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended in February, 2002, the Company has adopted a code of internal procedures for prevention of any unauthorised trading in the shares of the Company by insiders. Mr. R. Mahadevan, Company Secretary, is appointed as the Compliance Officer for this purpose.

- m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : NIL

n) **Plant Location :**

The company's plants are located at its various tea estates in Assam viz Dhunseri, Dilli, Namsang, Bahadur, Santi and Khagorijan and Tea Packaging Units are located in Assam and Jaipur.

o) Address for Investor correspondence :

Shareholders can correspond at the Registered Office of the Company and/or at the Company's Registrars and Share Transfer Agents.

Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

p) Financial Calendar 2004-05 (Tentative) :

Board Meetings

Un-audited results for quarter ending June 30, 2004	- Last week of July, 2004
Un-audited results for quarter ending September 30, 2004	- Last week of October, 2004
Un-audited results for quarter ending December 31, 2004	- Last week of January, 2005
Audited results for year ending March 31, 2005	- Last week of June, 2005

Annual General Meeting for the year ending 31st March, 2005 - September, 2005.

q) Auditors' Certificate on Corporate Governance :

As required by Clause 49 of the Listing Agreement, the auditors' certificate is given as an annexure to the Directors' Report.

For & on behalf of the Board of Directors

Kolkata
28th June, 2004

C. K. DHANUKA
Chairman & Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Dhunseri Tea & Industries Limited

We have examined the compliance of conditions of Corporate Governance by Dhunseri Tea & Industries Limited, for the year ended on 31st March, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and management and subject to our remarks as mentioned above we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

14, Government Place East,
Kolkata - 700 069
Dated : 28 June, 2004

For LODHA & CO.
Chartered Accountants

P. L. VADERA
Partner

**AUDITORS' REPORT
TO THE MEMBERS**

We have audited the attached Balance Sheet of DHUNSERI TEA & INDUSTRIES LIMITED as at 31st March, 2004 and Profit and Loss Account annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibilities of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government under Section 227 (4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate we state that :

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- b) The Fixed assets of the Company are physically verified according to a phased programmes of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. During the year physical verification has been carried out for certain Plant and Machinery and reconciliation of assets physically verified with the book records are under progress in respect of certain locations. No material discrepancies were noticed to the extent items verified and reconciled during the year.
- c) The Company has not disposed off any substantial part of fixed assets during the year, which could affect the going concern status of the Company.
- (ii) a) Physical verification has been conducted by the management at reasonable intervals in respect of inventory except in respect of stock of tea lying with the third parties, which as informed to us were confirmed by the third parties.
- b) In our opinion, the procedure for the physical verification of such stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the books records, were not material.
- (iii) a) The Company has not taken any loans, from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has granted unsecured loans to two parties in the previous year. The maximum amount outstanding during the year was Rs. 51.85 lacs and the year end balance is Rs. Nil.
- b) In our opinion, the rate of interest and other terms and conditions on which these loans were granted are not prima-facie, prejudicial to the interest of the Company.
- c) The parties have repaid the principal amount as stipulated and were regular in the payment of interest.
- d) There is no overdue amount of loans granted to the parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us during the course of our audit, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. However, there is a scope for improvement to strengthen further the system with regard to purchase of store items. During the course of our audit we have not observed any major weaknesses in the internal control.
- (v) a) According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956. Accordingly, para (b) of this is not applicable.
- (vi) The Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the employees and others.
- (vii) In our opinion, the internal audit system is generally commensurate with the size and nature of Company's business.
- (viii) The Central Government has prescribed the maintenance of cost records for the product of the Company under Section 209(1)(d) of the Companies Act, 1956. As informed to us, the Company is in the process of maintaining these records and accordingly we are not able to comment on the maintenance of these records.
- (ix) a) According to the information and explanations given to us, the Company, is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education And Protection Fund, Employees' State Insurance, Income-tax, Sales-Tax, Wealth Tax, Custom Duty, Excise-Duty, Cess and any other statutory dues with the appropriate authorities excepting that there were delays in deposits of provident fund dues of certain locations of the Company's unit. There are no arrears of undisputed statutory dues of material nature outstanding for a period of more than six months from the date on which they became payable.

AUDITORS' REPORT (Contd.)

- (b) According to the information and explanations given to us and as per our verification of the records of the Company, there are no disputed amount due for more than six months from the date these became payable of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and Cess that has not been deposited as on 31.3.2004
- (x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash losses during such financial year and in the financial year immediately preceeding such financial year also.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) According to the information and explanations given and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Nidhi or Mutual Benefit Society within the meaning of the respective statute.
- (xiv) In our opinion and according to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has given any guarantees for loans taken by others from bank or financial institutions. In our opinion and according to the information and explanations given to us the terms and conditions whereof are not prima facie prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given and based on the documents and records produced to us, the Company have applied the term loans raised during the year for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that Rs.753.46 lacs being excess of long-term funds over long-term investments have been used for short-term purposes mainly for working capital of the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) During the year the Company has not raised any money by way of public issue.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India for the purpose of reporting the true and fair view of the financial statements, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.

B. Attention is invited to Note 2 (a) and 2 (b) of Schedule 17 regarding certain investments in respect of which the eventual shortfall in the values thereof and the provision there against, if any, cannot be ascertained.

C. Further to the above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit ;
- ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of these books ;
- iii) The Balance Sheet and the Profit and Loss Account are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ;
- v) On the basis of the information available with the Company and written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2004 from being appointed as director in terms of Section 274 (1) (g) of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to paragraph B above the impact of which could not be ascertained on the reserves and surplus at the year end and the profit for the year and read with the other notes thereon, give in the prescribed manner, the information required by the Companies Act, 1956 and also respectively, a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
 - b. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c. In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

14, Government Place East,
Kolkata - 700 069
Dated : 28 June, 2004

For LODHA & CO.
Chartered Accountants
P. L. VADERA
Partner
Membership No. 2342

BALANCE SHEET

as at 31st March, 2004

	Schedule	As at 31.03.2004	(Rs. in '000)	As at 31.03.2003
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	69,919.00		69,919.00
Reserves and Surplus	2	524,058.34		521,196.90
Loan Funds				
Secured Loans	3	262,817.54		271,184.02
Unsecured Loans	4	71,727.50		26,805.00
Deferred Tax Liabilities (Net)		41,886.91		41,413.77
		<u>970,409.29</u>		<u>930,518.69</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	448,791.51	436,747.93	
Less : Depreciation		<u>151,253.98</u>	<u>135,593.81</u>	
Net Block			297,537.53	301,154.12
Capital Work-in-Progress			1,206.31	1,250.46
Investments	6		403,713.40	397,048.64
Current Assets, Loans and Advances				
Inventories	7	100,222.41	79,486.98	
Sundry Debtors	8	41,837.63	54,060.95	
Cash and Bank Balances	9	34,861.86	10,542.69	
Other Current Assets	10	5,220.08	6,199.08	
Loans and Advances	11	151,178.66	144,561.48	
		<u>333,320.64</u>	<u>294,851.18</u>	
Less :				
Current Liabilities and Provisions	12			
Current Liabilities		56,281.24	50,943.77	
Provisions		<u>9,087.35</u>	<u>12,841.94</u>	
		65,368.59	63,785.71	
Net Current Assets			<u>267,952.05</u>	<u>231,065.47</u>
			<u>970,409.29</u>	<u>930,518.69</u>
Accounting Policies and Notes on Accounts	17			

Schedules referred to above form an integral part of the Balance Sheet

	As per our Report of even date.	C. K. DHANUKA	Chairman & Mg. Director
	For LODHA & CO.	P. L. AGARWAL	 Directors
	Chartered Accountants	B. D. BERIWALA	
14, Government Place East, Kolkata	P. L. VADERA	S. R. DAGA	
The 28th day of June, 2004	Partner	R. N. DEOGUN	
	R. MAHADEVAN	H. KHAITAN	
		Secretary	

PROFIT & LOSS ACCOUNT

for the year ended 31st March, 2004

	Schedule	Year ended 31.03.2004	(Rs. in '000)	Year ended 31.03.2003
INCOME				
Sales		512,286.62		557,279.62
(Decrease)/Increase in Stock	13	21,018.04		(1,196.02)
Other Income	14	6,314.68		2,966.90
		<u>539,619.34</u>		<u>559,050.50</u>
EXPENDITURE				
Excise Duty and Cess		15,042.10		10,711.00
Expenses	15	472,104.54		491,945.27
Interest	16	23,693.81		27,907.24
Depreciation		16,341.09		16,907.40
		<u>527,181.54</u>		<u>547,470.91</u>
Profit before Income Tax		12,437.80		11,579.59
Provision for Income Tax				
For Current Year				
Current Tax		2,600.00	4,500.00	
Deferred Tax		<u>473.14</u>	<u>(1,874.78)</u>	2,625.22
For Earlier Years				<u>(745.47)</u>
Profit after Income Tax		10,704.24		9,699.84
Profit brought from previous year		33,760.39		26,938.98
Transfer from Debenture Redemption Reserve		—		15,000.00
Amount available for appropriation		<u>44,464.63</u>		<u>51,638.82</u>
APPROPRIATIONS:				
Transfer to General Reserve		10,000.00		10,000.00
Proposed Dividend		6,983.80		6,983.80
Corporate Dividend Tax		859.00		894.63
Balance carried to Balance Sheet		26,621.83		33,760.39
		<u>44,464.63</u>		<u>51,638.82</u>
Basic and diluted Earnings per share (Face Value Rs 10 each)				
Basic & Diluted		1.53		1.39

Accounting Policies and Notes on Accounts 17

Schedules referred to above form an integral part of the Profit & Loss Account.

This is the Profit and Loss Account, referred to in our report of even date.

14, Government Place East,
Kolkata
The 28th day of June, 2004

For LODHA & CO.
Chartered Accountants
P. L. VADERA
Partner

R. MAHADEVAN
Secretary

C. K. DHANUKA	<i>Chairman & Mg. Director</i>
P. L. AGARWAL	<i>Directors</i>
B. D. BERIWALA	
S. R. DAGA	
R. N. DEOGUN	
H. KHAITAN	

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 1

(Rs. in '000)

	As at 31.03.2004	As at 31.03.2003
SHARE CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>100,000.00</u>	<u>100,000.00</u>
Issued, Subscribed and Paid up		
69,83,800 Equity Shares of Rs. 10/- each	69,838.00	69,838.00
Add : Shares Forfeited	81.00	81.00
	<u>69,919.00</u>	<u>69,919.00</u>

Notes : Of the above Shares

1. 18,28,000 Equity Shares of Rs. 10/- each allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.
2. 2,23,800 Equity Shares of Rs. 10/- each allotted as fully paid up for consideration other than cash.

SCHEDULE 2

RESERVES & SURPLUS

	<i>Balance as on 01.04.2003</i>	Addition	Deduction	Balance as on 31.03.2004
Capital Reserve	1,803.51	—	—	1,803.51
Share Premium	105,633.00	—	—	105,633.00
General Reserve	380,000.00	10,000.00	—	390,000.00
Balance in Profit and Loss Account	<u>33,760.39</u>	<u>10,704.24</u>	<u>17,842.80</u>	<u>26,621.83</u>
	<u>521,196.90</u>	<u>20,704.24</u>	<u>17,842.80</u>	<u>524,058.34</u>

SCHEDULE 3

	Notes	As at 31.03.2004	As at 31.03.2003
SECURED LOANS			
TERM LOANS			
In Indian Rupees			
Banks	1	126,498.74	166,498.74
Tea Board	2	5,350.56	6,397.80
Auto Finance Loans From :			
Banks	3	<u>1,793.95</u>	<u>3,236.77</u>
WORKING CAPITAL FACILITY FROM BANKS	4		
In Indian Rupees		29,229.91	37,744.16
In Foreign Currency		<u>99,944.38</u>	<u>57,306.55</u>
		<u>262,817.54</u>	<u>271,184.02</u>

Notes

1. Secured by first charge by way of Hypothecation of all the specific items of goods, book debts, and other moveables assets of the company.
2. Secured/to be secured by Hypothecation of respective Machines and Motor Vehicles purchased there against.
3. Secured by Hypothecation of respective vehicles financed.
4. Secured by a first charge on the current assets of the company namely, Stocks of Raw Materials, Stock-in-Process, Semi finished and finished goods, stores and spares not relating to Plant and Machinery, Bills Receivable, Book Debts and all other moveables, both present and future wherever situated and equitable mortgage by deposit of title deeds of Tea Estates and personal guarantee of two of its directors.

SCHEDULE 4

(Rs. in '000)

	As at 31.03.2004	As at 31.03.2003
UNSECURED LOANS		
Fixed Deposits	1,727.50	1,805.00
Short Term Loan from Bank	70,000.00	25,000.00
	71,727.50	26,805.00

SCHEDULE 5

FIXED ASSETS

(Rs. in '000)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	<i>Cost as at 1.4.2003</i>	Additions	Sale or Adjust- ments	Total Cost as at 31.3.2004	<i>Upto 1.4.2003</i>	For the year ended 31.3.2004	Sale or Adjust- ments	Total upto 31.3.2004	As at 31.3.2004	As at 31.3.2003
Freehold Land	39,999.65	—	126.00	39,873.65	—	—	—	—	39,873.65	39,999.65
Leasehold Land	2,567.68	—	—	2,567.68	108.40	—	—	108.40	2,459.28	2,459.28
Leasehold Land and Estate Development	83,272.74	—	—	83,272.74	119.81	—	—	119.81	83,152.93	83,152.93
Buildings	87,168.70	1,537.90	—	88,706.60	19,180.57	1,952.43	—	21,133.00	67,573.60	67,988.13
Plant & Machinery	192,685.02	10,537.49	—	203,222.51	99,101.20	12,123.94	—	111,225.14	91,997.37	93,583.82
Furniture and Fixtures	8,475.70	471.95	—	8,947.65	5,403.01	431.21	—	5,834.22	3,113.43	3,072.69
Vehicles	22,578.44	589.81	967.57	22,200.68	11,680.82	1,833.51	680.92	12,833.41	9,367.27	10,897.62
Total	436,747.93	13,137.15	1,093.57	448,791.51	135,593.81	16,341.09	680.92	151,253.98	297,537.53	301,154.12
Previous Year	423,784.83	14,925.53	1,962.43	436,747.93	119,685.87	16,907.39	999.45	135,593.81	301,154.12	—

NOTES : 1. Assets acquired pursuant to Hire Purchase Scheme and included as under :

- a) Machinery Rs. 53.50 lacs (Previous year Rs. 76.90 lacs).
- b) Vehicles Rs. 49.64 lacs (Previous year Rs. 52.87 lacs).

SCHEDULE 6

	Face Value (Rs.)	No. of Shares		(Rs. in '000) Book Value	
		As at 31.03.2004	As at 31.03.2003	As at 31.03.2004	As at 31.03.2003
INVESTMENTS (Long Term except otherwise stated) (Other than Trade)					
QUOTED					
Equity Shares (Fully paid up) :					
Tezpore Tea Co. Ltd.	10	316,000	316,000	41,005.63	41,005.63
Bhagwati Resources Ltd. (Sold during the Year)	10	—	20,000	—	75.00
Jaipur Polyspin Limited	10	286,000	286,000	2,859.76	2,859.76
Huges Software Limited (Sold during the Year)	5	—	4,000	—	1,556.68
South Asian Petrochem Ltd.	10	33,047,007	7,097,007	330,470.07	70,970.07
Current Investments					
Gail India Limited (Purchase during the Year)	10	27,252	—	5,314.14	—
Petronet LNG Limited (Purchase during the Year)	10	168,900	—	2,533.50	—
Power Trading Corporation of India Limited (Purchase during the Year)	10	12,300	—	196.80	—
Biccon Limited (Purchase during the Year)	5	800	—	252.00	—
Quoted Equity Shares				<u>382,631.90</u>	<u>116,467.14</u>
Quoted Debentures					
14% Fully Convertible Debentures					
South Asian Petrochem Limited	100	—	2,595,000	—	259,500.00
				—	259,500.00
Total Quoted				<u>382,631.90</u>	<u>375,967.14</u>
UNQUOTED					
Equity Shares (Fully paid up) :					
Assam Bengal Cereals Ltd.	10	1,130	1,130	11.30	11.30
Assam Financial Corporation Ltd.	100	100	100	10.05	10.05
East India Planters Co-operative Ltd.	50	124	124	6.20	6.20
Assam Co-operative Apex Bank Ltd.	50	300	300	15.00	15.00
Madhuting Tea Pvt. Ltd.	100	3,500	3,500	21,010.50	21,010.50
OTHERS					
National Savings Certificates (Deposited with Electricity, Postal Authorities and Sales Tax Dept. as security)				28.45	28.45
Total Unquoted				<u>21,081.50</u>	<u>21,081.50</u>
Grand Total				<u>403,713.40</u>	<u>397,048.64</u>
Aggregate of Quoted Investments (Book Value)				382,631.90	375,967.14
Aggregate of Quoted Investments (Market Value)				346,829.25	337,162.22

Note :

The Company has an investment of Rs. 3304.70 lacs. in the equity shares of South Asian Petrochem Limited (SAPL), as a promoter's contribution. In respect of loans sanctioned to SAPL by Financial Institutions, the Company has pledged its investments in SAPL and has given undertaking for non-disposal of its shareholding in SAPL.

SCHEDULE 7

	(Rs. in '000)	
	As at 31.03.2004	As at 31.03.2003
INVENTORIES		
(As taken, valued and certified by the Management)		
Stores, Spares and Packing materials including in transit	18,018.37	18,300.98
Tea including in transit	82,204.04	61,186.00
	<u>100,222.41</u>	<u>79,486.98</u>

SCHEDULE 8

SUNDRY DEBTORS

Unsecured, Considered Good, unless otherwise stated

Debts Outstanding for more than Six Months - Considered Good	—	498.56
Other Debts (Considered Good)	41,837.63	53,562.39
	<u>41,837.63</u>	<u>54,060.95</u>

SCHEDULE 9

CASH AND BANK BALANCES

Cash Balances on Hand (As certified by the Management)	421.07	762.81
Remittance-in-Transit	1,429.00	1,395.08
Cheques in Hand (As certified by the Management)	29,616.15	5,925.14
Balances with Scheduled Banks		
On Current Account *	1,607.98	777.16
On Fixed Deposit	211.10	182.00
On Dividend Account	1,561.11	1,485.05
On Preference Share Redemption Account	15.45	15.45
	<u>34,861.86</u>	<u>10,542.69</u>

* includes Rs. 880 (Previous year Rs. 920) with Lakhimi Gaonila Bank. Maximum amount outstanding during the year Rs. 8.95 lacs (Previous year Rs. 9.45 lacs)

SCHEDULE 10

	As at 31.03.2004	(Rs. in '000)	As at 31.03.2003
OTHER CURRENT ASSETS			
Interest Receivable	3,107.98		5,423.78
Other Receivable	2,112.10		775.30
	<u>5,220.08</u>		<u>6,199.08</u>

SCHEDULE 11

LOANS AND ADVANCES

Loans (Unsecured, considered good by the Management unless otherwise stated). To Bodies Corporate and Others	69,200.00		72,700.00
Advances (Recoverable in cash or in kind or for value to be received)			
Considered Good	38,065.44	31,919.12	
Considered Doubtful	<u>172.37</u>	<u>172.37</u>	
	38,237.81	32,091.49	
Less : Provision for Doubtful Advances	<u>172.37</u>	<u>172.37</u>	31,919.12
Advances to Suppliers	3,894.27		3,457.12
Income Tax Refundable	12,616.79		10,009.28
Advance Income Tax (net of provision)	3,035.44		2,106.88
Deposits with Govt. authorities and Others	9,083.92		9,086.28
Deposit with NABARD Under Sec. 33AB of Income Tax Act, 1961	15,282.80		15,282.80
	<u>151,178.66</u>		<u>144,561.48</u>

SCHEDULE 12

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

Sundry Creditors			
Total Outstanding dues of Small Scale Industrial undertakings	4,929.59		1,201.56
Total Outstanding dues of other than Small Scale Industrial undertakings	49,671.17		47,886.99
*Unclaimed Dividend	1,315.90		1,239.84
Unclaimed Preference Shareholders Money	15.46		15.45
*Debenture Application and Allotment Money (Refund)	9.40		9.40
Interest accrued but not due	339.72		590.53
	<u>56,281.24</u>		<u>50,943.77</u>

B. Provisions

For Retirement Benefits	1,244.55		4,963.51
For Proposed Dividend	6,983.80		6,983.80
For Corporate Dividend Tax	859.00		894.63
	<u>9,087.35</u>		<u>12,841.94</u>

*There is no amount due and payable under Investor Education & Protection Fund

SCHEDULE 13

	Year ended 31.03.2004	Year ended 31.03.2003
	(Rs. in '000)	
(DECREASE) / INCREASE IN STOCK		
Closing Stock		
Finished Goods	82,204.04	61,186.00
<i>Less :</i>		
Opening Stock		
Finished Goods	61,186.00	62,382.02
Increase / (Decrease)	21,018.04	(1,196.02)

SCHEDULE 14

INCOME – OTHERS

Dividend on long term investments	459.00	553.50
Profit/(loss) on Sale of Fixed Assets (Net)	438.16	(99.52)
Rent Received	363.36	—
Profit/(Loss) on Sale of long term Investments	(736.08)	(2,282.75)
Profit/(loss) on Sale of Current Investments	1,448.19	—
Liability no longer required written back (Net)	417.59	145.40
Miscellaneous	3,924.46	4,650.27
	6,314.68	2,966.90

SCHEDULE 15

(Rs. in '000)

	Year ended 31.03.2004		Year ended 31.03.2003
CULTIVATION, MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Salary, Wages and Bonus	112,422.83		117,632.79
Contribution to Provident Fund and Other Funds	10,960.47		14,886.44
Workmen and Staff Welfare	16,797.78		17,514.69
Cultivation Expenses	27,090.21		25,385.37
Consumption of Stores and Spares	8,862.25		10,449.32
Consumption of Packing Materials	22,535.60		18,763.35
Power and Fuel	42,937.19		37,962.21
Green Leaf Purchase	128,749.77		149,480.16
Repairs and Maintainance :			
To Plant and Machinery	10,380.21	9,019.60	
To Building	2,660.08	2,967.77	
To Others	<u>12,327.85</u>	<u>11,817.94</u>	23,805.31
Rent	568.77		521.55
Rates and Taxes	1,602.61		1,230.05
Advertisement (Sales)	8,854.21		5,250.80
Insurance	3,351.79		2,319.53
Travelling and Conveyance	5,472.17		5,219.07
Freight	18,141.36		19,041.10
Brokerage and Commission on Sales	5,987.86		7,202.00
Other Selling Expenses	12,785.48		16,914.39
Directors' Fees	18.00		13.00
Managing Director's Remuneration	538.52		509.09
Charity and Donations	329.50		329.91
Miscellaneous Expenses	17,615.49		16,961.53
Sundry adjustment for earlier years	181.74		(67.01)
Provision for Doubtful Debtors	—		417.58
Bad Debts Written off	932.80		—
Share issue expenses written off	—		203.04
	<u>472,104.54</u>		<u>491,945.27</u>

SCHEDULE 16

INTEREST AND FINANCE CHARGES

On Debentures	—		141.46	
On Term loans	<u>17,551.25</u>	17,551.25	<u>22,083.70</u>	22,225.16
Others	11,829.93		23,249.06	
Less : Interest on Deposit with Bank and NABARD (Tax deducted at source Rs.1.83 lacs, Previous year Rs.3.05 lacs)	916.88		1,452.94	
Interest on Loans etc. (Gross, Tax deducted at source Rs.14.55 lacs, Previous year Rs. 38.81 lacs)	<u>7,224.09</u>	3,688.96	<u>18,839.35</u>	2,956.77
Finance Charges		2,453.60		2,725.31
		<u>23,693.81</u>		<u>27,907.24</u>

SCHEDULE 17**NOTES FORMING PART OF THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****a. System of Accounting**

The accounts are prepared on the basis of historical cost convention and on the accounting principles of a going concern. All expenses and income, unless specifically stated to be otherwise, have been accounted for on accrual basis. Re-plantation subsidy and other claims, refunds etc., which are not ascertainable with reasonable accuracy, are accounted for on acceptance of the same.

b. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost includes cost of acquisition, custom duties, taxes, incidental expenses relating to acquisition and installation and interest upto the date the asset is put to use.

Expenditure incurred towards estate development during the first year is capitalised and the expenses incurred there against in subsequent years, cost of replanting are charged to Profit and Loss Account.

c. Depreciation

i) Depreciation on assets had been provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.

ii) Assets whose cost does not exceed Rs. 5,000 in each case are fully depreciated in the year of addition.

d. Investments

Long term Investments are stated at cost. Diminution in value thereof as determined which are not temporary in nature are adjusted there from and recognised in Profit and Loss Account. Current Investments are valued at or below cost as the case may be.

e. Inventories

Inventories are valued at cost or net realisable value whichever is lower except tea waste, which is valued at net realisable value. Cost in respect of stores, spares and packing materials are determined on weighted average. Cost in respect of Stock of tea represents direct cost plus appropriate portion of overheads. Excise duty and Cess is considered as cost in respect of tea not cleared from the factories.

f. Foreign Currency Transactions

Foreign Currency transactions during the year are recorded at the rates of exchange prevailing on the date of transactions. Liabilities in foreign currency are translated in rupees at the rates prevailing at the year end or at the forward cover rate as the case may be and the exchange difference on these and transactions settled during the year (other than those related to acquisition of fixed assets which are added to the cost of fixed assets) are recognised in the Profit and Loss Account.

g. Retirement Benefits

Contribution to Provident Fund is accounted for on accrual basis. Provision for gratuity liability is determined on the basis of year end actuarial valuation and funded with the approved gratuity fund. Liability for the leave encashment is determined on the basis of actuarial valuation/management estimates.

h. Revenue Recognition

Revenue from sale of goods are recognised upon passing of title to the consumer. Sales are recorded net of Sales tax but inclusive of excise duty and cess.

i. Research and Development

Research and Development expenditures charged to revenue under the natural heads of account in the year in which it is incurred and the capital expenditure is treated in the same way as the expenditure on other fixed assets.

j. Government Grants

Grants are credited to Capital Reserves and subsidy against any particular asset is reduced from the respective cost of the asset.

k. Income Tax

Provision for tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversals in subsequent years are recognised using tax rates and tax laws, which have been enacted or subsequently enacted.

SCHEDULE 17 (Contd.)

l. Lease Assets

The fair value of the assets is capitalised as fixed assets with corresponding amount shown under secured loan. The principal component in the hire purchase charges is adjusted against the secured loan and the interest component is charged to Profit and Loss Account.

m. Contingent Liabilities

Contingent liabilities are not generally provided for and are disclosed by way of notes.

1. Contingent Liabilities not provided for in respect of :
 - a. Land Revenue Rs. 2.52 lacs (previous year Rs. 2.52 lacs) assessed at enhanced rate by authorities concerned.
 - b. Agricultural tax demands amounting to Rs. 1.55 lacs (previous year Rs. 1.55 lacs) are under appeal.
2. a) Recognition with respect to fall in market price of certain quoted investments has not been done since these are long term strategic investments and decline in the market prices at year end do not represent permanent diminution in the value of investments.
- b) Company has made investments in 3500 equity shares of Madhuting Tea Private Limited (company), amounting to Rs. 210.11 lacs, Net-worth of the company is negative as on 31.03.2003. This investment is strategic in nature and considering the present market conditions and future expectations no provision for diminution in value of investments has been considered necessary by the management.
3. The names of small scale Industrial Undertakings to the extent information available with the company, which is outstanding for more than 30 days as at 31st March 2004, are : 1. Associated Chemical Industries 2. Ankar Industries Pvt Ltd 3. Balaji Chemical Corporation 4. Continental Engineering Co. 5. C.M.Ho & Co. 6. Jute Emporium Pvt Ltd. 7. Kanodia Technoplast Pvt Ltd 8. K.D. Polytech 9. Manjushree Polypacks Pvt Ltd. 10. Modi Packaging 11. Orgaman 12. SKG Jute Industries 13. Suvochem Inds. (P) Ltd. 14. T & I Ltd. 15. T & I Engineering Pvt Ltd. 16. Zenith Machinery Co.
4. No adjustments for compensation of the following has been made in the accounts as the amount of such compensation has not yet been determined by the authorities :
 - a) 149 hectares (previous year 149 hectares approx.) of land acquired by the Assam Government under the Assam Fixation of Ceiling on Land Holding Act, 1956.
 - b) 4 hectares (previous year 4 hectares approx.) of land was acquired by P.W.D. for construction of public road.
5. Deposits with Govt. Authorities and others include Rs. 65.00 lacs being deposits for use of office space, with a private limited company in which directors of the company are interested as director.
6. The break-up of the deferred tax liability is as under :

	<i>Opening as on 1st April, 2003</i>	<i>Charge/(Credit) during the year</i>	<i>Closing as on 31st March, 2004</i>
Deferred Tax Assets			
Expenses Allowable on Payment Basis	<u>76.71</u>	<u>29.77</u>	<u>46.94</u>
Total	<u>76.71</u>	<u>29.77</u>	<u>46.94</u>
Deferred Tax Liabilities			
Depreciation and Related Items	<u>490.85</u>	<u>(25.04)</u>	<u>465.81</u>
Total	<u>490.85</u>	<u>(25.04)</u>	<u>465.81</u>
Net Deferred Tax Liabilities	<u>414.14</u>	<u>4.73</u>	<u>418.87</u>

7. Exchange differentials of Rs 20.11 lacs (Previous year Rs. 21.48 lacs) with regards to foreign currency transactions have been adjusted against the respective heads of accounts.
Exchange differentials of Rs. 1.85 lacs (Previous year Rs 9.71 lacs) being loss on outstanding forward exchange contracts to be recognised in subsequent accounting year.

SCHEDULE 17 (Contd.)

8. COMPUTATION OF NET PROFIT FOR DIRECTORS' REMUNERATION :

	Current Year	Previous Year
Net Profit as per Profit and Loss Account (Profit before Tax)	124.37	115.79
Add : Directors' Fees	0.14	0.13
Managing Directors' Remuneration	5.38	5.09
Wealth Tax	<u>0.22</u>	<u>0.30</u>
	5.74	5.52
	<u>130.11</u>	<u>121.31</u>
Commission to Managing Director @ 2.5% after reducing salary etc. paid during this period	<u>3.25</u>	<u>5.09</u>
Salary	3.00	3.00
House Rent Allowance	1.50	1.50
Company's Contribution to Provident & Other Funds	0.79	0.36
Commission	—	—
Other Benefits	0.09	0.23
Total	<u>5.38</u>	<u>5.09</u>

9. AMOUNT PAID AND/OR PAYABLE TO AUDITORS :

	Current Year	Previous Year
Audit Fees	1.50	1.50
Certification	0.58	0.40
	<u>2.08</u>	<u>1.90</u>

10. Capital Work in Progress include Machinery to be installed, Construction and Erection Material, advances etc., and estate development in progress.
11. Loss on sale of fixed assets includes Rs.0.48 lac (Previous year Rs.1.33 lacs) the cost of which is not available, has been directly credited to Profit and Loss Account.
12. Related Party disclosures in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India and effective from 1st April, 2001.

Name of the Related Parties :
(a) Key Management Personnel Mr. C. K. Dhanuka, Managing Director Payment made during the year are given in Note 8 above
(b) Relative of Key Management Personnel Mr. Mrigank Dhanuka, Director
(c) Group / Associate Companies Naga Dhunseri Group Limited Trimplex Investments Private Limited (Formerly Trimplex Investments Limited) Mayfair India Limited Mint Investments Limited Tezpore Tea Company Limited Jaipur Polyspin Limited South Asian Petrochem Limited Dhunseri Services Limited Bhagwati Resources Limited (Previously Dhunseri Plantation and Marketing Limited) Khaitan & Co. Madhuting Tea Private Limited. (Previously Malbogh Baruah Estates Private Limited)

SCHEDULE 17 (Contd.)

The aggregate amount of transactions with the related parties as mentioned in (c) above is as given hereunder		
Nature of Transactions	Total of Transaction with Related parties (Rs. in lacs)	
	Current Year	Previous Year
Income		
Services Rendered	9.04	0.41
Expenditure		
Interest Paid	—	0.80
Services Received	49.54	54.97
Finance and Investment		
Loan Given	—	64.38
Loan Received/Refund	51.85	129.13
Loan Repaid	—	78.00
Equity Shares Purchased	—	84.00
Outstanding		
Loan Given	—	51.85
Investment in Shares	3953.46	3953.46
On Other Accounts	68.00	—
Others		
Fixed Assets Sold	7.06	7.50

13. Loans & Advances in the nature of loans & investments to/in Associates/Group Companies.

Name of the Company	As at March 2004		Maximum balance during the year	
	Loans/Advances	Investments	Loans/Advances	Investments
South Asian Petrochem Limited	—	3304.70	51.34	3304.70
Tezapore Tea Company Limited	—	410.05	0.20	410.05
Jaipur Polyspin Limited	—	28.60	2.76	28.60
Madhuting Tea Private Limited	—	210.11	—	210.11
Bhagwati Resources Limited	—	—	0.15	0.75

DHUNSERI TEA & INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

14. The company has Six Vehicles under finance lease ; reconciliation of minimum lease payments and their present value are as follows :

Particulars	Minimum Lease payments	Present value of Minimum Lease Payments	Lease Charges
A) Amount paid upto 31.3.04	29.30	24.35	4.95
B) Amount payable not later than one year	13.47	12.53	0.94
C) Amount payable later than one year but not later than five years	5.59	5.41	0.18
TOTAL	48.36	42.29	6.07

The total cost of the vehicles and their written down value as on 31st March, 2004 are Rs. 49.64 lacs and Rs. 41.55 lacs respectively.

15. (a) QUANTITATIVE INFORMATION

Product	Year	Unit	Licensed Capacity **	Installed Capacity **	OPENING STOCK		PURCHASES		Actual production-Qty. (Kgs) (in lacs)	Internal Transfers Qty. (Kgs) (in lacs)	TURNOVER *		CLOSING STOCK		
					Unit	Qty. Amount (Kgs) (Rs.) (in lacs)	Qty. Amount (Kgs) (Rs.) (in lacs)	Qty. Amount (Kgs) (Rs.) (in lacs)			Qty. Amount (Kgs) (Rs.) (in lacs)				
1. Tea	31.03.2004	Kgs.	N.A.	N.A.	Kgs.	8.41	512.79	—	—	71.05	28.62	40.16	2444.63	10.68	623.77
	31.03.2003	"	"	"	"	8.14	534.44	—	—	73.61	26.38	46.96	2997.34	8.41	512.79
2. Packet Tea	31.03.2004	"	"	"	"	1.38	99.07	—	—	28.62	—	27.13	2658.13	2.87	198.27
	31.03.2003	"	"	"	"	1.12	83.76	—	—	26.38	—	26.12	2554.13	1.38	99.07
3. Tea Waste	31.03.2004	"	"	"	"	0.01	0.09	—	—	1.38	—	1.39	20.11	—	—
	31.03.2003	"	"	"	"	0.56	5.62	—	—	1.61	—	2.16	21.33	0.01	0.09

Sub Notes : * Including Sample, Staff, Complimentary, Gift, Liquid, Labourers Tea, Breakage, Damages and Write off etc.

** As certified by the Management.

SCHEDULE 17 (Contd.)

	Unit	Qty.	Year ended 31.03.2004 Value (Rs. in lacs)	Year ended 31.03.2003 Value (Rs. in lacs)
15. (b) Raw Materials Consumed				
i) Green Leaf – Own Tea	Kgs. (in lacs)	176.40	N.A. *	179.41
ii) Green Leaf – Purchased (100% Indigenous)	Kgs. (in lacs)	147.69	1287.50	157.83

*Being raw materials harvested in the Company's own garden as agricultural produce involving integrated activities of nursery, cultivation, growth etc. and utilised in the manufacturing of tea and the value at the intermediate stage could not be ascertained.

15. (c) Stores, Spares and Tools consumed (100% Indigenous)		88.62	104.51
15. (d) Packing Materials Consumed (100% Indigenous)		225.36	187.63
16. Expenditure in Foreign Currency			
Travelling Expenses		13.56	21.97
Interest on FCNR (B) Loan		22.93	13.05
Others		57.30	—
17. Interest free loans and advances in the nature of loan given to employees :			(Rs. in lacs)

Particulars	Outstanding as on 31.3.2004	Maximum outstanding during the year	Outstanding as on 31.3.2003	Maximum outstanding during the year
Interest Free Loan to Employees	9.76	11.72	10.42	12.56

18. BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

1. Registration Details

Registration No. 2697 State Code 21
Balance Sheet Date : 31.03.2004

2. Capital Raised during the year (Amount in Rs. '000)

Public Issue Nil
Rights Issue Nil
Bonus Issue Nil
Private Placement Nil

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities 1035778
Total Assets 1035778

Sources of Funds

Paid up Capital 69919
Reserves & Surplus 524058
Secured Loans 262818
Unsecured Loans 71728

SCHEDULE 17 (Contd.)

Application of Funds

Net Fixed Assets	298744
Investments	403713
Net Current Assets	267952
Misc. Expenditure	—
Accumulated Losses	Nil

4. Performance of the Company (Amount in Rs. '000)

Turnover (including Other Income)	539619
Total Expenditure	527181
Profit Before Tax	12438
Profit After Tax	10704
Earning per Share (in Rs.)	1.53
Dividend Rate %	10%

5. Generic Names of Three Principal Products / Services (as per monetary terms)

Item Code No.	:	9.02
(ITC Code)		
Product Description	:	Tea

19. Figures are expressed in lacs and have been rounded off to the nearest thousand.

20. Previous year's figures have been re-grouped or re-arranged wherever considered necessary.

21. Schedule 1 to 12 and 13 to 16 forms an integral part of Balance Sheet and Profit & Loss Account respectively. (Signed pursuant to the provisions of Section 215 of the Companies Act, 1956 in authentication of Schedule 1 to 17)

For LODHA & CO.
Chartered Accountants
P. L. VADERA
Partner

Kolkata
28th June, 2004

R. MAHADEVAN
Secretary

C. K. DHANUKA	Chairman & Mg. Director
P. L. AGARWAL	Directors
B. D. BERIWALA	
S. R. DAGA	
R. N. DEOGUN	
H. KHAITAN	

CASH FLOW STATEMENT

for the year ended 31st March, 2004

	Year ended 31.03.2004	(Rs. in '000)	Year ended 31.03.2003
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax and Extra-ordinary Items	12,437.80		11,579.00
Adjustment for :			
Depreciation	16,341.09	16,907.00	
Profit / (loss) on sale of Fixed Assets	(438.16)	100.00	
Profit/(loss) on sale of long term Investments	736.08	2,283.00	
Profit/(loss) on sale of Current Investments	(1,448.19)	—	
Interest Expenses	30,917.90	46,746.00	
Interest Income	(7,224.09)	(18,839.00)	
Dividend Received	(459.00)	(554.00)	
Misc. Expenses Written Off	—	203.00	
	<u>38,425.63</u>		<u>46,846.00</u>
Operating Profit before Working Capital Changes	50,863.43		58,425.00
Adjustment for :			
Sundry Debtors	12,640.90	(474.00)	
Inventories	(20,735.43)	1,768.00	
Trade Payables	1,375.67	(22,784.00)	
Loans and Advances	(9,188.62)	2,618.00	(18,872.00)
Cash Generated from Operations	34,955.95		39,553.00
Tax Paid (Net of Refund)	(2,188.98)	(2,188.98)	(2,033.00)
Net Cash from Operating Activities (A)	<u>32,766.97</u>	<u>(2,033.00)</u>	<u>37,520.00</u>
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(13,093.00)		(10,525.00)
Sale of Fixed Assets	850.81		863.00
Purchase of Investments - Others	(40,246.44)		(8,400.00)
Sale of Investments	34,293.79		1,455.00
Interest Received	8,203.09		27,194.00
Dividend Received	459.00		554.00
Loans & Advances Given to Bodies Corporate and Others	3,500.00		217,872.00
Net Cash used in Investing Activities (B)	<u>(6,032.75)</u>		<u>229,013.00</u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest Paid	(31,168.71)		(46,653.00)
Repayment of Borrowings	(42,567.56)		(166,434.00)
Proceeds from Borrowings	45,000.00		—
Proceeds from Cash Credit	34,123.58		(50,305.00)
Dividend Paid (including Tax)	(7,802.36)		(6,682.00)
Net Cash from Financing Activities (C)	<u>(2,415.05)</u>		<u>(270,074.00)</u>
Net increase/(decrease) in Cash & Cash Equivalents (A + B + C)	<u>24,319.17</u>		<u>(3,541.00)</u>
Opening	10,542.69		14,084.00
Closing	34,861.86		10,543.00

Note : Previous Year figures have been re-grouped and re-arranged wherever considered necessary.

For and on behalf of Board

Kolkata, 28th June, 2004

C. K. DHANUKA
Chairman & Managing Director



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