

# Dhunseri Tea & Industries Limited

ANNUAL REPORT 2005 - 2006

**BOARD OF DIRECTORS**

C. K. Dhanuka *Chairman of the Board  
Managing Director & CEO*

P. L. Agarwal  
S. R. Daga  
B. D. Beriwal  
R. N. Deogun  
S. Bagaria  
H. Khaitan  
M. Dhanuka  
B. K. Biyani *(w.e.f. 31.05.2006)*

**VICE PRESIDENT (F & C) & CFO**

K. K. Tibrewalla

**VICE PRESIDENT (P & S)**

I. B. Saraf

**COMPANY SECRETARY**

R. Mahadevan

**AUDITORS**

Lovelock & Lewes  
*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 : 91-33-2287 8995  
e-mail : dtil@vsnl.com

**REGISTRARS & SHARE TRANSFER AGENT**

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 Association Ltd.  
7, Lyons Range, Kolkata - 700 001

Bombay Stock Exchange Ltd.  
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**

Saturday, 29th July, 2006 at 10.30 a.m.  
at 'KALAKUNJ', Sangit Kala Mandir,  
48, Shakespeare Sarani, Kolkata - 700 017

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## NOTICE

NOTICE is hereby given that the Ninetieth Annual General Meeting of the Members of DHUNSERI TEA & INDUSTRIES LIMITED will be held on Saturday, the 29th day of July, 2006 at 'Kala Kunj', Sangit Kala Mandir Trust, 48, Shakespeare Sarani, Kolkata 700 017 at 10.30 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, 2006, 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 P. L. Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Sri Mrigank Dhanuka, 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 Brijesh Kumar Biyani be and is hereby appointed as a Director of the Company".
7. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :-  
"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be altered in the following manner :  
To insert in Article 84 the word 'twelve' in place of the word 'nine' appearing at the end of the said articles."

**Registered Office:**  
'DHUNSERI HOUSE',  
4A, Woodburn Park,  
Kolkata - 700 020  
12th June, 2006

**By Order of the Board**

R. MAHADEVAN  
**Secretary**

### NOTES:

- i) An 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, 19th July, 2006 to Saturday, 29th July, 2006, 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 29th July, 2006.*
- 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 18th July, 2006 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*

**NOTICE (Contd.)**

*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.*
- 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 1998-99 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 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004 and 2004-2005 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 May, 2006 appointed Sri Brijesh Kumar Biyani as an Additional Director of the Company. Sri Brijesh Kumar Biyani holds such office till the ensuing Annual General Meeting when he will be eligible for election.

Details of Sri Brijesh Kumar Biyani as required under Corporate Governance :

Sri Brijesh Kumar Biyani (54) is a Chemical Engineer from IIT, Kharagpur (1974 Batch) and also holds Post Graduate Diploma in Industrial Engineering from the National Productivity Council, Chennai (1977 Batch).

He was with the National Productivity Council from 1977 to 1980 and with S.B. Billimoria & Co. from 1980 to 1985 and with BOC (India) Ltd. from 1985 till 1990. From 1990 till 2003 he was with Usha Martin Group and held various positions in the Group including that of Managing Director of Usha Beltron Ltd. from 1992 till 1998 and as Group Advisor from 1998 till 2003. From 2003 he was with Sicpa India Ltd. and recently retired therefrom as Managing Director of the Company.

He is an Executive Director of South Asian Petrochem Ltd.

The Company has received a notice in writing from a member alongwith the requisite deposit proposing the candidature of Sri Brijesh Kumar Biyani 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 Brijesh Kumar Biyani 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 Brijesh Kumar Biyani is interested or concerned in the resolution at item No. 6.

**Item No.7**

The maximum number of directors the company may have on its Board is presently nine as per Article 84 of the Articles of Association of the Company.

Under Section 259 of the Companies Act, 1956 the maximum number of directors a company may have on its Board is twelve.

It is proposed to amend Article 84 of the Articles of Association of the company, so that, if required, the number of directors on the Company's Board, may be increased upto a maximum of twelve directors.

No director of the company is concerned or interested in the resolution.

The Board recommends the resolution for approval of the members.

**INSPECTION**

A copy of the Articles of Association of the Company together with the proposed alteration will be available for inspection of the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturdays and holidays and will also be available at the meeting.

**II) DETAILS OF SRI P.L. AGARWAL AND SRI MRIGANK DHANUKA AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT :**

- i) Sri P. L. Agarwal is an eminent lawyer. He is a Bachelor of Commerce as well as Bachelor of Law and also an Attorney-at-Law. He is having experience of more than three decades in the field of law and his areas of expertise includes Commercial, Corporate Law, Real Estate and Intellectual Property. He has been practising as an Advocate since 1965.

He is a partner of M/s. Khaitan & Co., Kolkata, Mumbai, New Delhi and Bangalore.

He is also director of the following Companies :

- 1) Albert David Ltd.
- 2) Dharampal Premchand Ltd.
- 3) Karamchand Thapar & Bros. (Coal Sales) Ltd.
- 4) Rossell Tea Ltd.
- 5) Tezapore Tea Co. Ltd.
- 6) The Oodlabari Co. Ltd.
- 7) Cookson India Pvt. Ltd.

He also holds membership of various committees of the following companies :

- |                           |   |                          |
|---------------------------|---|--------------------------|
| a) Albert David Ltd.      | - | Remuneration Committee   |
|                           | - | Share Transfer Committee |
| b) Rossell Tea Ltd.       | - | Remuneration Committee   |
| c) Tezapore Tea Co. Ltd.  | - | Remuneration Committee   |
| d) The Oodlabari Co. Ltd. | - | Remuneration Committee   |

- ii) Sri Mrigank Dhanuka is the youngest member of the Board.

He is a Commerce Graduate and 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 is an Executive Director of South Asian Petrochem Ltd. and is also director of the following companies:

- i) South Asian Petrochem Ltd.
- ii) Tezapore Tea Co. Ltd.
- iii) Naga Dhunseri Group Ltd.
- iv) Mint Investments Ltd.
- v) Mayfair India Ltd.
- vi) Madhuting Tea Pvt. Ltd.
- vii) Trimplex Investments (P) Ltd.
- viii) Euroinfo Systems Pvt. Ltd.

He does not hold any Committee Membership of other companies.

**By Order of the Board**

Kolkata,  
12th June, 2006

R. MAHADEVAN  
*Secretary*

## DIRECTORS' REPORT

We have pleasure in presenting our Ninetieth Annual Report together with the Audited Accounts for the year ended 31st March, 2006 :

### FINANCIAL RESULTS :

	For the year ended 31.03.2006	For the year ended 31.03.2005
	(Rs. in lacs)	(Rs. in lacs)
Gross Profit	637.85	726.58
Less : Depreciation (Net)	185.04	175.83
Provision for Taxation (Net)	105.15	98.50
Net Profit for the year	347.66	452.25
Add : Balance Brought Forward	298.14	265.34
The Directors recommend this amount to be appropriated as under :	645.80	717.59
Transfer to General Reserve	200.00	300.00
Proposed Dividend	87.30	104.76
Tax on Dividend	12.24	14.69
Balance Carried Forward	346.26	298.14

### DIVIDEND :

The Directors recommend the payment of dividend @ 12.5% i.e. Rs.1.25 per share for the year ended 31st March,2006.

### OPERATIONS :

The total tea manufacturing & sales has been 7.5 & 7.4 million kg. as against 7.6 & 7.5 million kg. respectively in the previous year. The production and sales were almost similar compared to previous year. The realisation was lower in comparison to previous year.

In spite of stiff competition from other brands the company continued to maintain its position as market leader in Rajasthan for its Packet teas viz 'LAL GHORA' & 'KALA GHORA'. The new brand 'CHHOTE LAL' which was launched earlier also received good response and it is being considered for marketing in other states.

The company continues to focus on higher productivity, cost control as well as quality improvement and value addition to sustain its growth and profitability in the coming years.

### MADHUTING TEA PVT. LTD.

The annual production of tea from the two estates of Madhuting Tea Pvt. Ltd., in which company holds 50% of the paid-up share capital, is expected to be around 8.80 lac kg. entirely comprising of orthodox tea in comparison to 8.00 lac kg. in the previous year. The company has embarked on a programme for extension of its plantation area in a phased manner. Although there was increase in production, the realisation was much lower during the year ended 31st March, 2006.

### SOUTH ASIAN PETROCHEM LTD.

The EOU Company jointly promoted by your company, is engaged in manufacture of Bottle and Film Grade PET Resin. In its second full year of commercial production it achieved a turnover of Rs. 980.93 Crore. The capacity of the plant has been increased from 1,40,000 TPA to 1,80,000 TPA. The product continues to receive wide acceptance in the export market.

### 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 P.L. Agarwal and Sri Mrigank Dhanuka retire by rotation and being eligible offer themselves for re-appointment. Sri Brijesh Kumar Biyani was appointed as an Additional Director of the Company w.e.f. 31st May, 2006 and shall hold office till the ensuing Annual General Meeting and is eligible for election.

The information on the particulars of directors seeking re-appointment / election 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 a practising Company Secretary confirming compliance is set out in the Annexure forming part of this report.

**AUDITORS :**

M/s. Lovelock & Lewes, 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 the employees of the company for their valuable service and support during the year.

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

P. L. AGARWAL  
S. R. DAGA  
B. D. BERIWALA  
R. N. DEOGUN  
S. BAGARIA  
M. DHANUKA  
B. K. BIYANI

*Directors*

Kolkata,  
12th June, 2006

(Note : Sri H. Khaitan being away could not attend the meeting and hence have 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 31.03.2006	Previous year ended 31.03.2005
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased Units (lakhs KWH)	28.63	30.20
Total Amount (Rs. lakhs)	172.59	177.37
Rate / Unit (Rs. / KWH)	6.03	5.87
b) Own Generation		
i) Through Diesel Generator Units (lakhs KWH)	12.51	12.92
Units per Ltr. of Diesel Oil	2.88	2.38
Cost / Unit (Rs. / KWH)	11.68	10.58
ii) Through Gas Generator Units (lakhs KWH)	4.80	4.17
Units per cu.m of Gas	0.50	0.44
Cost / Unit (Rs. / KWH)	2.49	2.41
2. Coal		
Quantity (Tonne)	2,535.20	2,724.59
Total Cost (Rs. lakhs)	60.40	57.93
Average Rate (Rs. / Tonne)	2,382.42	2,126.13
3. Furnace Oil		
Quantity (lakhs Ltrs.)	0.05	1.06
Total Cost (Rs. lakhs)	0.81	17.15
Average Rate (Rs. / Ltr.)	16.73	16.25
4. Gas		
Quantity (lakhs Cu.m)	34.53	31.96
Total Cost (Rs. lakhs)	106.53	85.28
Average Rate (Rs. / Cu.m)	3.09	2.67
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Product - Tea		
Tea Produced (lakh kgs.)	75.06	74.61
Electricity (KWH)	0.61	0.83
Furnace Oil (Ltr.)	0.00	0.01
Coal (Kg.)	0.34	0.37
Gas (Cu.m)	0.46	0.43

#### 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. 11.11 lacs (Previous year Rs. 160.06 lacs)



**Report on Corporate Governance**

**1. COMPANY'S PHILOSOPHY**

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

The company endeavours to improve on these aspects on ongoing basis.

**2. BOARD OF DIRECTORS (Board)**

**a) Composition of Board**

The Board comprises of four non-executive independent directors, one non-executive/non-independent director, two non-executive directors related to promoter and an executive/promoter director who is the Managing Director of the company as well as chairman of the Board. The number of non-executive independent directors comprise of one half of the total strength of the Board.

During the year under review Sri S. Bagaria was inducted as a Non-executive Independent Director in the Board of the Company w.e.f. 31.05.2005.

**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 four times on the following dates :-

31st May,2005 ; 29th July, 2005 ; 29th October, 2005 and 31st January, 2006.

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 29.07.2005	* No. of Directorships in other Public Companies.	@ Other Committee Memberships	
					Member	Chairman
Sri P. L. Agarwal	Non-Executive Non-Independent	3	Yes	6	5	—
Sri S. R. Daga	Non-Executive Independent	4	Yes	3	—	1
Sri B. D. Beriwala	Non-Executive Independent	3	Yes	2	—	—
Sri C. K. Dhanuka	Executive Director / Promoter	4	Yes	9	5	1
Sri R. N. Deogun	Non-Executive Independent	4	Yes	1	1	—
Sri Haigreve Khaitan	Non-Executive / Promoter Relative	—	No	14	10	—
Sri S. Bagaria	Non-Executive Independent	2	Yes	2	—	—
Sri Mrigank Dhanuka	Non-Executive / Promoter Relative	4	Yes	5	—	—

\* Excluding directorship in Indian Private Limited Companies, Foreign Companies and Alternate Directorships.

@ Only the Membership/Chairmanship of Audit Committee, 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		Salaries & Perquisites	Total
	Board Meetings	Committee Meetings		
Sri C. K. Dhanuka	Nil	Nil	1072312	1072312
Sri P. L. Agarwal #	15000	2000	Nil	17000
Sri B. D. Beriwala	15000	10000	Nil	25000
Sri S. R. Daga	20000	12000	Nil	32000
Sri R. N. Deogun	20000	8000	Nil	28000
Sri S. Bagaria	10000	Nil	Nil	10000
Sri M. Dhanuka	20000	Nil	Nil	20000

Sri M. Dhanuka is related to Sri C. K. Dhanuka.

# Paid to M/s. Khaitan & Co. of which Sri P. L. Agarwal is a Partner.

Sri C. K. Dhanuka was re-appointed as Managing Director with concurrent designation of Chief Executive Officer of the Company for a period of 5 years w.e.f. 1st January, 2005 on revised terms as approved by the members at the Annual General Meeting held on 29th July, 2005.

**d) Code of Conduct for Directors and Senior Management**

The Board at its meeting held on 27.01.2005 adopted the Code of Conduct for Directors and Senior Management. The Code has been put on the Company's website [www.dhunseritea.com](http://www.dhunseritea.com)

The Code was duly circulated to all the members of the Board and Senior Management and they have affirmed their compliance to the code. A declaration to this effect is appearing along with this Report.

**3. Audit Committee**

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

- Sri S. R. Daga : Chairman
- Sri B. D. Beriwal : 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 four times during the year on 31st May, 2005; 29th July, 2005; 29th October, 2005 and 31st January, 2006. The attendance of the members at the Audit Committee meetings are summarised below :

Name	No. of Meetings held	No.of Meetings attended
Sri S. R. Daga	4	4
Sri B. D. Beriwal	4	3
Sri R. N. Deogun	4	4

**4. Remuneration Committee**

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

- Sri S. R. Daga : Chairman
- Sri B. D. Beriwal : Member
- Sri P. L. Agarwal : Member

During the year there were no meetings of the Remuneration Committee.

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

The details of remuneration paid/payable to directors are detailed under para 2(c) above.

**5. Shareholders/Investors Grievance Committee**

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

Sri P. L. Agarwal is the Chairman of the Committee and Sri R. Mahadevan, Company Secretary acts as the Compliance Officer 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 31st May, 2005 and 31st January, 2006.

The attendance of the members at the Shareholders/Investors Grievance Committee Meeting are summarised below :-

Name	No. of Meetings held	No.of Meetings attended
Sri P. L. Agarwal	2	1
Sri S. R. Daga	2	2
Sri B. D. Beriwal	2	2
Sri C. K. Dhanuka	2	2

During the year 278 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**

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

Year	Location	Date	Time
2004-2005	Kala Kunj (Sangit Kalamandir Trust) 48, Shakespeare Sarani, Kolkata-17	29.07.2005	3.00 p.m.
2003-2004	same as above	13.09.2004	11.00 a.m.
2002-2003	same as above	23.09.2003	11.00 a.m.

There was no other General Body Meeting in the last three years. No resolution was put through postal ballot last year. No special resolutions were passed in the above Annual General Meetings.

**6.2 Information about Directors seeking re-appointment, etc.**

These have been included in the 'Notes' 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.10 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 posted in the company's website [www.dhunseritea.com](http://www.dhunseritea.com) as well as on EDIFAR website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in).

**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 production of tea for the year 2005-06, for the industry as a whole was more compared to the previous year. However, due to lower realisations the industry could not consolidate its position. The exports being below expectation had affected the realisations.

The company however maintained its production at last year's level with emphasis on increased production of Orthodox tea.

**(b) Opportunities and Threats**

There is demand for Orthodox tea in the export market. The company is exploring the opportunities for its export.

**(c) Outlook**

The outlook for the industry is expected to improve with better realisations and with demand for exports picking up in the coming years.

**(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 strategies.

**(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 strives to maintain a healthy industrial relation at all its production facilities. It also continues to maintain cordial relationship with its employees and provides all mandatory facilities to them.

The actual number of persons employed by the company as on 31st March,2006 was 3350.

**10. Shareholders' Information**

a) **Annual General Meeting :**

Saturday, 29th July, 2006 at 10.30 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, 19th July, 2006 to Saturday, 29th July, 2006 (both days inclusive) on account of annual general meeting and dividend payment.

c) **Dividend Payment :**

On or after 29th July, 2006.

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

Kolkata- 700 020

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

Fax No. : 91 33 2287-8995

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 2006-2007.

f) i) **Exchange Scrip Code :** : Kolkata - 14014  
: Mumbai - 523736

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

g) **Stock Market price data for the year 2005-2006 :**

Period 2005-2006	BSE		BSE Sensex	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April	70.00	57.15	6649.42	6118.42
May	69.50	57.75	6772.74	6140.97
June	79.55	64.00	7228.21	6647.36
July	83.00	57.50	7708.59	7123.11
August	92.00	63.00	7921.39	7537.50
September	100.50	62.00	8722.17	7818.90
October	84.00	56.60	8821.84	7656.15
November	68.00	58.75	9033.99	7891.23
December	73.50	59.55	9442.98	8769.56
January	74.05	64.80	9945.19	9158.44
February	121.45	64.00	10422.65	9713.51
March	119.90	80.40	11356.95	10344.26

There were no trading in Calcutta Stock Exchange during 2005-2006.

h) **Registrars and 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

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 31.03.2006 :**

Shareholding Pattern			Distribution of shareholding				
Category	No. of shares held	Percentage (%)	Range	Shareholders		Shares	
				No.	%	No.	%
Promoters	5016137	71.83	1 - 500	7718	94.77	867769	12.43
Financial Institutions, Mutual Fund & Banks	120390	1.72	501 - 1000	212	2.60	172474	2.47
Private Corporate Bodies	239192	3.43	1001 - 2000	100	1.23	152457	2.18
Indian Public	1601563	22.93	2001 - 3000	32	0.40	81881	1.17
NRI/Foreign Nationals	6518	0.09	3001 - 4000	15	0.18	52961	0.76
			4001 - 5000	15	0.18	68111	0.98
			5001- 10000	21	0.26	157346	2.25
			10001 and above	31	0.38	5430801	77.76
<b>Total</b>	<b>6983800</b>	<b>100%</b>		<b>8144</b>	<b>100%</b>	<b>6983800</b>	<b>100%</b>

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

As on 31st March,2006, 22.05 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 held in physical form. If these physical shares were to be excluded from the total number of shares, then dematerialised shares account for about 75.35 percent of the remainder.

l) **Insider Trading Regulation :**

The Company has adopted a code of internal procedures for prevention of any unauthorised trading in the shares of the Company by insiders as required under SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company Secretary is 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, Namrang, 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 Registrar and Share Transfer Agents.

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

**p) Financial Calendar 2006-07 (Tentative) :**

**Board Meetings**

Un-audited results for quarter ending June 30, 2006	- Last week of July, 2006
Un-audited results for quarter ending September 30, 2006	- Last week of October, 2006
Un-audited results for quarter ending December 31, 2006	- Last week of January, 2007
Audited results for year ending March 31, 2007	- Last week of June, 2007
<b>Annual General Meeting for the year ending 31st March, 2007</b>	- September, 2007

q) As required by Clause 49 of the Listing Agreement, a Certificate from a practising company secretary is given as an annexure to the Directors' Report.

For & on behalf of the Board of Directors

Kolkata  
12th June, 2006

C. K. DHANUKA  
*Chairman & Managing Director*

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT.**

I confirm that the Company has in respect of the financial year ended 31st March, 2006 received from the members of the Board and the Senior Management Personnel, a declaration of compliance with the Company's Code of Conduct.

Kolkata  
12th June, 2006

C. K. DHANUKA  
*CEO & Managing Director*

**COMPANY SECRETARIES 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 reviewed the compliance of conditions of Corporate Governance by Dhunseri Tea & Industries Ltd. for the year ended 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

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.

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.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with by the Company.

K. C. DHANUKA & CO.  
*Company Secretaries*

K. C. DHANUKA  
*Proprietor*  
FCS 2204, C. P. No. 1247

21, Hemanta Basu Sarani  
Kolkata - 700 001  
Dated : 12th June, 2006

**AUDITORS' REPORT  
TO THE MEMBERS**

1. We have audited the attached Balance Sheet of Dhunseri Tea & Industries Limited, as at 31st March, 2006, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) 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 those books;
  - (c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
  - (e) On the basis of written representations received from the Directors, as on 31st March, 2006, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India :
    - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2006;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Kolkata  
Dated : 12th June, 2006

Prabal Kr. Sarkar  
*Partner*  
Membership No. : 52340  
For and on behalf of  
Lovelock & Lewes  
*Chartered Accountants*



**ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Dhunseri Tea & Industries Limited on the financial statements for the year ended 31st March, 2006]

- i. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified during the year and the management is in the process of reconciling the same with book records. Discrepancies if any, will be adjusted only on completion of such reconciliation. In our opinion, the intervals at which such physical verification is carried out is reasonable having regard to the size of the company and the nature of its assets.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- ii. (a) Physical verification of inventories has been conducted by the management at reasonable intervals, except in respect of stocks lying with third parties for which certificates have been obtained.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore the provisions of the clauses 4(iii) (b), (c), (d), (f) and (g) are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) The value of transactions made in pursuance of contracts or arrangements entered into the register in pursuance of section 301 of the Act do not exceed Rupees Five Lakhs in respect of each party during the year. Therefore, the provisions of clause 4(v)(b) are not applicable.
- vi. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA and other relevant provision of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the company in respect of the products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) sub-section (1) of section 209 of the 'Act' and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, undisputed statutory dues including provident fund, investors' education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited with the appropriate authorities excepting delays in depositing provident fund dues of certain locations of the company's unit.

Further since the Central Government has till date not prescribed the amount of cess under section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

**ANNEXURE TO AUDITOR'S REPORT (Contd.)**

- (b) According to the information and explanations given to us, no undisputed amount payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears as at 31st March, 2006 for a period of more than six months from the date they become payable.
- (c) Other than an income tax due of Rs. 18.98 lakhs which is pending before the Commissioner of Income Tax Appeal, there are no other dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31 March, 2006 which have not been deposited on account of a dispute.
- x. The Company has no accumulated losses as at 31st March 2006 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, bank or debenture holders as at the Balance Sheet date.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and share investment. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.
- xv. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-terms basis which have been used for long-term investment.
- 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 Act during the year.
- xix. In our opinion, the company has not issued any debentures during the year and hence no securities have been created.
- xx. The company has not raised any money by public issues during the year.
- xxi. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

Place : Kolkata  
Dated : 12th June, 2006

Prabal Kr. Sarkar  
*Partner*  
Membership No. : 52340  
For and on behalf of  
Lovellock & Lewes  
*Chartered Accountants*

**BALANCE SHEET**

as at 31st March, 2006

	Schedule	As at 31.03.2006	(Rs. in '000)	As at 31.03.2005
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	69,919.00		69,919.00
Reserves and Surplus	2	582,062.54		557,251.03
<b>Loan Funds</b>				
Secured Loans	3	251,988.05		147,295.09
Unsecured Loans	4	153,042.50		101,217.00
Deferred Tax Liabilities (Net) (Refer Note 7 on Schedule 17)		30,553.26		34,671.48
		<u>1,087,565.35</u>		<u>910,353.60</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5	491,086.65	476,414.48	-
Less : Depreciation		<u>186,468.02</u>	<u>168,188.40</u>	
Net Block		304,618.63		308,226.08
Capital Work-in-Progress		2,426.54		8,372.10
<b>Investments</b>	6	609,004.97		411,077.56
<b>Current Assets, Loans and Advances</b>				
Inventories	7	108,167.83	107,624.75	
Sundry Debtors	8	34,696.87	51,596.46	
Cash and Bank Balances	9	13,832.04	15,934.27	
Other Current Assets	10	3,900.95	1,597.08	
Loans and Advances	11	105,185.36	92,907.88	
		<u>265,783.05</u>	<u>269,660.44</u>	
<b>Less :</b>				
<b>Current Liabilities and Provisions</b>	12			
Current Liabilities		80,630.61	71,084.48	
Provisions		<u>13,637.23</u>	<u>15,898.10</u>	
		94,267.84	86,982.58	
<b>Net Current Assets</b>		<u>171,515.21</u>		<u>182,677.86</u>
		<u>1,087,565.35</u>		<u>910,353.60</u>
<b>Notes on Accounts</b>	17			

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

This is the Balance Sheet referred to in our report of even date.

		C. K. DHANUKA	Chairman & Mg. Director
		P. L. AGARWAL	Directors
		S. R. DAGA	
		B. D. BERIWALA	
		R. N. DEOGUNJ	
		S. BAGARIA	
		M. DHANUKA	
Place : Kolkata		R. MAHADEVAN	Secretary
Date : 12th June, 2006	Prabal Kr. Sarkar Partner Membership No : 52340 For and on behalf of Lovelock & Lewes Chartered Accountants		

**PROFIT & LOSS ACCOUNT**

for the year ended 31st March, 2006

	Schedule		Year ended 31.03.2006	(Rs. in '000)	Year ended 31.03.2005
<b>INCOME</b>					
Sales		574,421.67		603,398.53	
Less : Excise Duty		—	574,421.67	7,025.46	596,373.07
(Decrease)/Increase in Stock	13		(1,185.65)		5,453.51
Other Income	14		37,857.33		30,611.94
			<u>611,093.35</u>		<u>632,438.52</u>
<b>EXPENDITURE</b>					
Expenses	15		518,000.63		537,780.83
Interest	16		29,306.59		21,999.48
Depreciation			18,504.57		17,583.72
			<u>565,811.79</u>		<u>577,364.03</u>
<b>Profit before Tax</b>			45,281.56		55,074.49
Provisions for Taxation					
For Current Year					
Current Tax [(Including Rs. 25.84 lacs (P. Y. Rs. 65 Lacs) in respect of earlier Year)		13,984.19		17,065.41	
Fringe Benefit Tax		650.00		—	
Deferred Tax (Refer Note 7 on Schedule 17)		(4,118.24)	10,515.95	(7,215.43)	9,849.98
<b>Profit after Tax</b>			34,765.61		45,224.51
Balance brought forward from previous year			29,814.52		26,534.93
<b>Amount available for appropriation</b>			<u>64,580.13</u>		<u>71,759.44</u>
<b>APPROPRIATIONS :</b>					
Transfer to General Reserve			20,000.00		30,000.00
Proposed Dividend			8,729.75		10,475.70
Corporate Dividend Tax			1,224.35		1,469.22
Balance carried to Balance Sheet			34,626.03		29,814.52
			<u>64,580.13</u>		<u>71,759.44</u>
<b>Basic and Diluted Earnings per share (Face Value Rs 10/- each)</b>					
Basic & Diluted (Refer Note 7 on Schedule 17)			4.98		6.48

**Notes on Accounts**

17

The 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.

		C. K. DHANUKA	<i>Chairman &amp; Mg. Director</i>
	Prabal Kr. Sarkar <i>Partner</i>	P. L. AGARWAL S. R. DAGA B. D. BERIWALA	
	Membership No : 52340 <i>For and on behalf of</i>	R. N. DEOGUN S. BAGARIA	<i>Directors</i>
Place : Kolkata	Lovelock & Lewes	R. MAHADEVAN	M. DHANUKA
Date : 12th June, 2006	<i>Chartered Accountants</i>	<i>Secretary</i>	B. K. BIYANI

**SCHEDULES FORMING PART OF BALANCE SHEET**

**SCHEDULE 1**

(Rs. in '000)

	As at 31.03.2006	As at 31.03.2005
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>100,000.00</u>	<u>100,000.00</u>
<b>Issued, Subscribed and Paid up</b>		
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 01.04.2005</i>	Addition	Deduction	Balance as on 31.03.2006
Capital Reserve	1,803.51	—	—	1,803.51
Share Premium	105,633.00	—	—	105,633.00
General Reserve	420,000.00	20,000.00	—	440,000.00
Balance in Profit and Loss Account	29,814.52	34,765.61	29,954.10	34,626.03
	<u>557,251.03</u>	<u>54,765.61</u>	<u>29,954.10</u>	<u>582,062.54</u>

**SCHEDULE 3**

**SECURED LOANS**

**TERM LOANS FROM BANK**

	As at 31.03.2006	As at 31.03.2005
In Indian Rupees (Refer Note 1 below)	200,000.00	6,498.74
In Foreign Currency (Refer Note 1 below)	—	90,604.68
Tea Board (Refer Note 2 below)	3,552.93	4,391.65
Auto Finance Loans From :		
Banks (Refer Note 3 below)	<u>472.14</u>	<u>541.33</u>
	204,025.07	102,036.40

**WORKING CAPITAL FACILITY FROM BANKS**

In Indian Rupees (Refer Note 4 below)	47,962.98	45,258.69
	<u>251,988.05</u>	<u>147,295.09</u>

Notes

1. This is to be secured by whole of the movable properties of the company situated at its tea estates and other places, including movable plant & machinery, machinery spares, tools & accessories and other movables both present & future and also to be secured by immovable properties of the company and further to be secured by way of second charge on the current 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 Hypothecation 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 movables, both present and future wherever situated and equitable mortgage over the immovable properties by deposit of title deeds of tea estates.

**SCHEDULE 4**

(Rs. in '000)

	As at 31.03.2006	As at 31.03.2005
<b>UNSECURED LOANS</b>		
Fixed Deposits	1,042.50	1,217.00
Short Term Loan from Bank	150,000.00	100,000.00
Loans From Bodies Corporate	2,000.00	—
	153,042.50	101,217.00

**SCHEDULE 5**

**FIXED ASSETS**

(Rs. in '000)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 1.4.2005	Additions	Sale or Adjust- ments	Total Cost as at 31.3.2006	Upto 1.4.2005	For the year ended 31.3.2006	Sale or Adjust- ments	Total upto 31.3.2006	As at 31.3.2006	As at 31.3.2005
Freehold Land	39,873.65	—	—	39,873.65	—	—	—	—	39,873.65	39,873.65
Leasehold Land	2,567.68	—	—	2,567.68	218.29	4.32	—	222.61	2,345.07	2,349.39
Leasehold Land and Estate Development	83,272.74	—	—	83,272.74	119.81	—	—	119.81	83,152.93	83,152.93
Buildings	107,604.80	1,921.50	—	109,526.30	23,209.80	2,323.45	—	25,533.25	83,993.05	84,395.00
Plant & Machinery	208,867.10	13,444.38	2,491.20	219,820.28	124,426.99	13,960.18	3.04	138,384.13	81,436.15	84,440.11
Furniture and Fixtures	9,199.18	179.03	5.69	9,372.52	6,274.17	436.60	3.51	6,707.26	2,665.26	2,925.01
Vehicles	25,029.33	2,019.22	395.07	26,653.48	13,939.34	1,780.02	218.40	15,500.96	11,152.52	11,089.99
<b>Total</b>	476,414.48	17,564.13	2,891.96	491,086.65	168,188.40	18,504.57	224.95	186,468.02	304,618.63	308,226.08
Previous Year	448,791.51	28,645.23	1,022.25	476,414.48	151,253.98	17,583.72	649.30	168,188.39	308,226.08	—

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

- a) Machinery Rs. 35.52 lacs (Previous year Rs. 43.91 lacs).
- b) Vehicles Rs. 6.66 lacs (Previous year Rs. 5.41 lacs).

2. Quality Upgraded subsidy amounting to Rs. 24.81 lacs received during the year under Tea Board Quality Upgradation & Product Diversification Subsidies Scheme has been adjusted against the cost of the respective plant & machineries.

**SCHEDULE 6**

	Face Value (Rs.)	No. of Shares		(Rs. in '000) Book Value	
		As at	As at	As at	As at
		31.03.2006	31.03.2005	31.03.2006	31.03.2005
<b>INVESTMENTS (Long Term except otherwise stated) (Other than Trade)</b>					
<b>QUOTED</b>					
<b>Equity Shares (Fully paid up) :</b>					
Tezapore Tea Co. Ltd.	10	316,000	316,000	41,005.63	41,005.63
South Asian Petrochem Ltd.	10	33,047,007	33,047,007	330,470.07	330,470.07
ACC Ltd.	10	10,000	—	5,985.55	—
Areva T & D Ltd.	10	12,997	—	8,324.32	—
Colour Chem Ltd.	10	1,000	—	328.33	—
Divis Laboratories Ltd.	10	3,500	—	6,389.35	—
Elecon Engg. Co. Ltd.	10	4,000	—	4,392.61	—
Escorts Ltd.	10	92,000	—	8,415.74	—
Fag Bearings Ltd.	10	10,000	—	4,109.29	—
Fin Technologies Ltd.	10	6,500	—	8,458.08	—
Eastern Shipping Co. Ltd.	10	40,000	—	9,480.63	—
Grasim Inds. Ltd.	10	10,000	—	14,474.70	—
Gammon India Ltd.	10	12,500	—	6,818.92	—
IVRCL Infra & Pro Ltd.	10	6,500	—	8,639.40	—
ICICI Bank Ltd.	10	10,000	—	6,088.22	—
Jaiprakash Associates Ltd.	10	25,000	—	10,723.58	—
Kotak Mahindra Bank Ltd.	10	10,000	—	2,500.23	—
Man Industries Ltd.	10	31,233	—	7,879.38	—
Nagarjuna Construction Co. Ltd.	10	13,000	—	5,096.49	—
NTPC Ltd.	10	38,259	38,259	2,372.06	2,372.06
Reliance Industries Ltd.	10	40,000	—	19,159.29	—
Reliance Natural Resource Ltd.	10	136,000	—	833.63	—
Sasken Communication Tech Ltd.	10	3,947	—	1,026.22	—
Syngenta India Ltd.	10	27,194	—	12,189.33	—
Shree Cements Ltd.	10	10,000	—	5,749.04	—
State Bank of India	10	10,000	—	8,822.37	—
Sanghiv Movers Ltd.	10	1,000	—	704.51	—
State Bank of Travancore	10	100	—	446.54	—
State Bank of Bikaner & Jaipur	10	100	—	451.00	—
TISCO Ltd.	10	5,000	—	2,433.07	—
Til Ltd.	10	6,597	—	1,765.21	—
TCS Ltd.	5	—	7,500	—	7,148.30
				<u>545,532.77</u>	<u>380,996.06</u>
Less :					
Provision for Dimnution in Investments				1,027.04	—
				<u>544,505.73</u>	<u>380,996.06</u>
<b>UNQUOTED</b>					
<b>Equity Shares (Fully paid up) :</b>					
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.	1000	5,000	5,000	30,010.50	30,010.50
Euroinfo System Private Ltd.	100	70,000	—	9,917.74	—
				<u>39,970.79</u>	<u>30,053.05</u>
Carried over					

**SCHEDULE 6 (Contd.)**

	Face Value (Rs.)	No. of Shares		(Rs. in '000)	
		As at	As at	Book Value	
		31.03.2006	31.03.2005	As at	As at
				31.03.2006	31.03.2005
Brought Forward				39,970.79	30,053.05
<b>MUTUAL FUNDS</b>					
Principal Junior Cap Fund	244.499			2,500.00	—
Principal Junior Large Fund	100.000			1,000.00	—
Principal Infrastructure & Service	97.799511			1,000.00	—
Reliance Equity Fund	2000.000			20,000.00	—
<b>OTHERS</b>					
National Savings Certificates (Deposited with Electricity, Postal Authorities and Sales Tax Dept. as Security)				28.45	28.45
Total Unquoted				<u>64,499.24</u>	<u>30,081.50</u>
Grand Total				<u>609,004.97</u>	<u>411,077.56</u>
Aggregate of Quoted Investments (Book Value)				545,532.77	380,996.06
Aggregate of Quoted Investments (Market Value)				517,965.89	375,104.02

The following shares were purchased and sold during the year :

Scripts Name	Face Value (Rs.)	Quantity (in Nos.)
Reliance Industries Ltd.	10	181000
Reliance Communication Ventures Ltd.	10	136000
Reliance Capital Ventures Ltd.	10	136000
Reliance Energy Ventures Ltd.	10	136000
Balrampur Chinni Mills Ltd.	10	50550
MTNL Ltd.	10	25000
Amroger Inds. Ltd.	10	495
Bank of India Ltd.	10	100000
EIH Associated Hotels Ltd.	10	62008
Federal Bank Ltd.	10	10000
Gokaldas Exports Ltd.	10	1779
Jet Airways Ltd.	10	5000
Union Bank of India	10	145407
Suzlon Energy Ltd.	10	2476
Tulip IT Services Ltd.	10	6527
IDFC Ltd.	10	283028
Yes Bank Ltd.	10	23007
<b>Mutual Funds -</b>		Quantity (in units)
DSP M L Liquidity Fund		2420380.705
DSP Float Rate Funds		4711628.214



**SCHEDULE 7**

	As at 31.03.2006	(Rs. in '000)	As at 31.03.2005
<b>INVENTORIES</b>			
Stores, Spares and Packing materials including in transit	21,695.92		19,967.20
Tea including in transit	86,471.91		87,657.55
	<u>108,167.83</u>		<u>107,624.75</u>

**SCHEDULE 8**

**SUNDRY DEBTORS - Unsecured (Considered Good)**

Debts Outstanding for more than Six Months	—		—
Other Debts	34,696.87		51,596.46
	<u>34,696.87</u>		<u>51,596.46</u>

**SCHEDULE 9**

**CASH AND BANK BALANCES**

Cash in hand	1,859.98		1,014.36
Remittance-in-transit	155.07		884.84
Cheques in hand	1,897.38		3,970.44
Balances with Scheduled Banks			
On Current Account	9,738.43		9,883.45
On Fixed Deposit	180.00		180.00
Balances with Non Scheduled Banks			
* On Current Account with Lakhimi Gaonila Bank	1.18		1.18
(Maximum Amount Outstanding During the Year Rs. 1180.65 Previous Year Rs. 8.95 Lacs)			
	<u>13,832.04</u>		<u>15,934.27</u>

**SCHEDULE 10**

(Rs. in '000)

	As at 31.03.2006	As at 31.03.2005
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable	1,298.96	1,588.08
Other Receivable	2,601.99	9.00
	3,900.95	1,597.08

**SCHEDULE 11**

**LOANS AND ADVANCES**

(Unsecured, considered good unless otherwise stated)

Loans to Bodies Corporate and Others	19,250.00	20,950.00
Advances Recoverable in cash or in kind or for value to be received		
Considered Good	68,335.90	40,801.70
Considered Doubtful	—	172.37
	68,335.90	40,974.07
Less : Provision for Doubtful Advances	—	172.37
	68,335.90	40,801.70
Deposits with Govt. Authorities and Others (Refer Note 6 on Schedule 17)	13,317.26	15,873.98
Deposit with NABARD u/s. 33AB of Income Tax Act, 1961	4,282.20	15,282.20
	105,185.36	92,907.88

**SCHEDULE 12**

**CURRENT LIABILITIES AND PROVISIONS**

**A. Current Liabilities**

Sundry Creditors		
Total Outstanding dues of Small Scale Industrial undertakings (Refer Note 4 on Schedule 17)	476.53	7,433.38
Total Outstanding dues of other than Small Scale Industrial undertakings	41,789.56	34,141.54
Other Liabilities	32,644.44	25,409.86
Provision for Income Tax (net of advance tax)	3,879.13	3,619.64
Interest accrued but not due	1,840.95	480.06
	80,630.61	71,084.48

**B. Provisions**

For Retirement Benefits	3,683.13	3,953.18
For Proposed Dividend	8,729.75	10,475.70
For Corporate Dividend Tax	1,224.35	1,469.22
	13,637.23	15,898.10

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT****SCHEDULE 13**

(Rs. in '000)

	Year ended 31.03.2006	Year ended 31.03.2005
<b>(DECREASE) / INCREASE IN STOCK</b>		
Closing Stock		
Finished Goods - Tea	86,471.91	87,657.55
Less :		
Opening Stock		
Finished Goods - Tea	87,657.55	82,204.04
Increase / (Decrease)	<u>(1,185.64)</u>	<u>5,453.51</u>

**SCHEDULE 14****INCOME - OTHERS**

Dividend on Long Term Investments	678.19	376.66
Profit/(Loss) on Sale of Fixed Assets (Net)	107.79	—
Rent Received	181.68	181.68
Profit/(Loss) on Sale of Long Term Investments	29,798.33	25,589.76
Provision for Doubtful Advances written back	172.37	—
Liability no longer required written back (Net)	92.40	156.24
Replantation Subsidy	707.12	551.85
Orthodox Subsidy	2,875.20	—
Miscellaneous	3,244.26	3,755.76
	<u>37,857.34</u>	<u>30,611.95</u>

**SCHEDULE 15**

(Rs. in '000)

	Year ended 31.03.2006	Year ended 31.03.2005
<b>CULTIVATION, MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Salary, Wages and Bonus	131,152.67	128,495.71
Contribution to Provident Fund and Other Funds	10,760.80	12,994.68
Workmen and Staff Welfare	16,915.53	17,484.96
Cultivation Expenses	26,717.11	26,743.56
Consumption of Stores and Spares	10,089.66	9,721.18
Consumption of Packing Materials	22,506.19	21,420.99
Power and Fuel	50,974.04	50,341.30
Green Leaf Purchase	137,119.33	167,024.75
Purchase of Made Tea for Resale	665.64	—
Excise Duty & Cess	8,233.65	8,200.11
Repairs and Maintenance :		
To Plant and Machinery	6,692.82	5,689.51
To Building	3,649.22	3,364.05
To Others	16,146.76	13,423.58
Rent	678.10	543.89
Rates and Taxes	1,050.97	842.82
Advertisement (Sales)	7,345.49	7,912.79
Insurance	2,234.53	1,852.84
Travelling and Conveyance	4,752.35	4,255.35
Freight	22,276.84	17,995.35
Brokerage and Commission on Sales	6,685.79	6,657.11
Other Selling Expenses	12,676.41	12,223.17
Directors' Fees	132.00	152.00
Charity and Donations	370.24	1,412.70
Miscellaneous Expenses (Refer Note 9 on Schedule 17)	16,706.75	16,497.04
Sundry Adjustment for earlier years	53.95	121.32
Provisions For Dimnution for value of Investments	1,027.04	—
Loss on Sale of Fixed Assets	—	191.67
Exchange Loss	386.78	2,218.42
	<u>518,000.66</u>	<u>537,780.85</u>

**SCHEDULE 16**

**INTEREST AND FINANCE CHARGES**

Interest On Fixed Loans	12,430.99	16,059.90
Others	19,499.30	11,225.12
Less : Interest on Deposit with Bank and NABARD	710.40	835.58
(Tax deducted at source Rs.1.59 lacs, Previous year Rs.1.68 lacs)		
Other Interest on Loans etc. (Gross) [Tax deducted at source Rs. 11.19 lacs (Previous Year Rs. 8.94 lacs)]	3,003.35	5,296.56
Finance Charges	1,090.06	846.60
	<u>29,306.60</u>	<u>21,999.48</u>

**SCHEDULE 17****NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006****1. SIGNIFICANT ACCOUNTING POLICIES****a. Convention**

The financial statements have been prepared in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been applied consistently, is set out below. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 1956.

**b. Basis of Accounting**

The financial statements have been prepared in accordance with historical cost convention. All expenses and income, unless specifically stated to be otherwise, have been accounted for on accrual basis. Replantation subsidy, other claims and refunds etc., which are not ascertainable with reasonable accuracy, are accounted for on receipts / acceptance of the same.

**c. 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 up to the date, the asset is put to use.

Expenditure incurred towards estate development during the first year is capitalised and the expenses incurred thereafter in subsequent years and cost of replanting in existing areas are charged to revenue.

Subsidies from Government in respect of fixed assets are deducted from the cost of respective assets on receipt. An impairment loss is recognised when applicable, when the carrying value of fixed assets exceeds the market value or value in use, whichever is higher.

**d. Depreciation**

Depreciation on fixed assets other than Land and Estate Development has been provided on Straight-Line Method at the rates specified in Schedule XIV of the Companies Act., 1956.

Assets costing below Rs. 5,000/- each are fully depreciated in the year of addition.

Lease-hold land is amortised over the effective period of lease.

**e. Investments**

Long term Investments are stated at cost. Diminution in value, if any, which are not temporary in nature, are adjusted there from and recognised in the financial statements. Current Investments, if any, are valued at lower of cost and fair value of such investments.

**f. Inventories**

Inventories are valued at lower of cost or net realisable value except tea waste, which is valued at net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their location and condition and includes appropriate overhead.

Cost in respect of stores, spares and packing materials are determined at weighted average.

Provision is made for obsolete and slow-moving stock where necessary.

**g. Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing at the transaction date.

Exchange differences arising on settlement of transactions or on reporting at year end rates are recognised as income or as expenses in the period in which they arise, except in case of fixed assets acquired outside India where exchange variance is adjusted to the carrying amount of respective fixed assets.

The premium or discount arising at inception of a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

**h. Retirement Benefits**

Contribution to Provident Fund is accounted for on accrual basis. Contribution to provident fund in respect of managerial staff and head office employees are funded and administered by Trustees and are independent of Company's finance.

Provision for gratuity liability is determined on the basis of year end actuarial valuation and funded with the approved gratuity fund.

**SCHEDULE 17 (Contd.)**

The Company contributes to a defined benefit pension scheme (Superannuation Fund) for certain employees and deposit the same to L.I.C.I. to take care of the future liability.

Provision is made for retirement leave encashment benefit payable to employees on the basis of actuarial valuation.

**i. Revenue Recognition**

Revenue from sale of goods are recognised upon passing of title to the consumer. Sales are recorded net of sales tax.

**j. Taxes on Income**

Current tax is determined and provided in the financial statements on tax payable method using the applicable tax rates and tax laws.

Deferred tax is recognized, at the current rates of taxation, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets in respect of business loss is not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**2. Contingent liabilities not provided for in respect of :**

Income Tax matter relating assessment year 2002-03 : Rs. 18.98 lacs (Previous Year - Rs. Nil)

**3. Estimated amount of contracts to be executed on capital account and not provided for Rs. 78.30 lacs (Previous Year - Rs. 23.20 lacs)**

**4. Sundry Creditors include dues of Rs. 4.75 lacs (Previous Year - Rs. 17.31 lacs) in respect of dues over 30 days to Small Scale Industrial Units :-**

Name of the Party	As at 31 March, 2006 (Rs. in lacs)
Suvochem Industries Private Limited	1.52
Zenith Forging & Allied Industries	3.23
<b>Total</b>	<b>4.75</b>

The above is as certified by the management.

**5. No adjustments for the following have been made in the accounts as the amount of relevant compensation has not yet been determined by the authorities :**

- a) 149 hectares (Previous Year - 149 hectares) 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) of land was acquired by P.W.D. for construction of public road.

**6. Deposits with Govt. Authorities and others include Rs. 68.00 lacs (Previous Year - Rs. 68.00 lacs) being deposit for use of office space, with a private limited company in which Directors of the Company are interested as Director.**

**7. The major components of the Deferred Tax Assets/Liabilities based on the tax effect of the timing differences, as at 31st March, 2006 are as under :**

	Opening as on 1st April, 2005	Charge/(Credit) during the year	(Rs. in lacs) Closing as on 31st March, 2006
<b>Deferred Tax Assets</b>			
Expenditure u/s 43B of Income Tax Act, 1961	55.03	00.67	54.35
<b>Total</b>	<b>55.03</b>	<b>00.67</b>	<b>54.35</b>
<b>Deferred Tax Liabilities</b>			
Depreciation	401.74	(41.86)	359.88
<b>Total</b>	<b>401.74</b>	<b>(41.86)</b>	<b>359.88</b>
<b>Net Deferred Tax Liabilities</b>	<b>346.71</b>	<b>(41.18)</b>	<b>305.53</b>

**SCHEDULE 17 (Contd.)**

8. DETAILS OF MANAGERIAL REMUNERATION :

	Year ended 31.3.2006	(Rs. in lacs) Year ended 31.3.2005
Salary	6.00	3.75
House Rent Allowance	3.00	1.88
Company's Contribution to Provident & Other Funds	0.72	1.27
Commission	—	9.31
Other Benefits	1.00	0.41
<b>Total</b>	<b>10.72</b>	<b>16.62</b>

9. Miscellaneous expenses include -

	Year ended 31.3.2006	Year ended 31.3.2005
Audit Fees	3.00	3.00
Tax Audit Fees	0.25	0.25
Other Certification Work	0.90	0.90

10. 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 (son of Mr. C. K. Dhanuka)
(c)	Group / Associate Companies — Naga Dhunseri Group Limited Triplex Investments Private Limited Mayfair India Limited Mint Investments Limited Tezpore Tea Company Limited South Asian Petrochem Limited Khaitan & Co. Madhuting Tea Private Limited. Euroinfo Sytems Private Limited.

The aggregate amount of transactions with the related parties as mentioned in (c) above is as given hereunder -

(Rs. in lacs)

Nature of Transactions	Total of Transaction with Related parties	
	For the year ended 31st March, 2006	For the year ended 31st March, 2005
<b>Income</b>		
Services Rendered	1.82	1.98
Dividend Received	3.16	2.29
Interest Received	—	0.97

**SCHEDULE 17 (Contd.)**

<b>Expenditure</b>		
Services Received	44.17	44.01
<b>Finance and Investment</b>		
Loan Given	—	100.00
Loan received / refund	—	100.00
Equity Shares Purchased	99.17	90.00
Equity Shares Sold	—	74.34
<b>Outstanding</b>		
Investment in Shares	4114.04	4014.86
On Other Accounts (Deposits)	68.00	68.00
<b>Others</b>		
Fixed Assets Purchase / (Sold)	—	2.30

11. Basic and Diluted Earnings per share :-

	For the year ended 31st March 2006	For the year ended 31st March, 2005
Profit / Loss after Tax (Rs. in lacs)	347.66	452.25
Number of Equity Shares of Rs. 10/- each	69,83,800	69,83,800
Basic and Diluted Earning per share (a/b)	4.98	6.48

12. The Company is engaged in the business of integrated activities of manufacture and sale of tea, predominantly in the domestic market. Hence, there is no reportable segment as per the AS - 17 on "Segment Reporting" as issued by ICAI.

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

(Rs. in lacs.)

Name of the Company	As at 31st March 2006		Maximum balance during the year	
	Loans/ Advances	Investments	Loans/ Advances	Investments
South Asian Petrochem Limited	—	3304.70	—	3304.70
Tezapore Tea Company Limited	—	410.05	—	410.05
Euroinfo Systems (P) Limited	—	99.17	—	99.17
Madhuting Tea Private Limited	—	300.11	—	300.11

14. Interest free loans and advances in the nature of loan given to employees :

(Rs. in lacs.)

Particulars	Outstanding as on 31.03.2006	Maximum outstanding during the year	Outstanding as on 31.03.2005	Maximum outstanding during the year
Interest Free Loan to Employees	13.47	13.59	8.61	10.14



## SCHEDULE 17 (Contd.)

## 15. (a) QUANTITATIVE INFORMATION

Product	Year	Unit	Licensed Capacity **	Installed Capacity **	OPENING STOCK		PURCHASES		Actual produc- tion-Qty. (Kgs) (in lacs)	Internal Transfers Qty. (Kgs) (in lacs)	TURNOVER *		CLOSING STOCK		
					Unit	Qty. (Kgs) (in lacs)	Amount (Rs.) (in lacs)	Qty. (Kgs) (in lacs)			Amount (Rs.) (in lacs)	Qty. (Kgs) (in lacs)	Amount (Rs.) (in lacs)	Qty. (Kgs) (in lacs)	Amount (Rs.) (in lacs)
1. Tea	31.03.2006	Kgs.	N.A.	N.A.	Kgs.	10.89	671.81	0.14	—	73.66	28.16	46.19	2950.02	10.34	625.04
	31.03.2005	"	"	"	"	10.68	623.77	—	—	74.04	25.76	48.07	3360.01	10.89	671.81
2. Packet Tea	31.03.2006	"	"	"	"	2.78	204.76	—	—	28.16	—	27.82	2793.92	3.12	223.21
	31.03.2005	"	"	"	"	2.87	198.27	—	—	25.76	—	25.85	2658.13	2.78	204.76
3. Tea Waste	31.03.2006	"	"	"	"	0.01	0.01	—	—	1.65	—	0.01	0.28	1.65	16.46
	31.03.2005	"	"	"	"	—	—	—	—	1.49	—	1.48	30.76	0.01	0.01

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

\*\* As certified by the Management.

**SCHEDULE 17 (Contd.)**

			Year ended 31.03.2006 Value (Rs. in lacs)		Year ended 31.03.2005 Value (Rs. in lacs)
	Unit	Qty.		Qty.	
15. (b) Raw Materials Consumed					
i) Green Leaf – Own	Kgs. (in lacs)	185.36	N.A. *	184.44	N.A. *
ii) Green Leaf – Purchased (100% Indigenous)	Kgs. (in lacs)	153.34	1371.19	153.75	1670.25
* 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)			100.90		97.21
15. (d) Packing Materials Consumed (100% Indigenous)			225.06		214.21
16. Expenditure in Foreign Currency					
Travelling Expenses			—		—
Interest on FCNR (B) Loan			11.11		100.70
Others			—		59.36

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

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

Signatures to Schedule 1 to 17

		C. K. DHANUKA	<i>Chairman &amp; Mg. Director</i>
		P. L. AGARWAL	
		S. R. DAGA	
		B. D. BERIWALA	
		R. N. DEOGUN	<i>Directors</i>
		S. BAGARIA	
		M. DHANUKA	
		B. K. BIYANI	
Place : Kolkata Date : 12th June, 2006	Prabal Kr. Sarkar <i>Partner</i> Membership No : 52340 For and on behalf of Lovelock & Lewes Chartered Accountants	R. MAHADEVAN <i>Secretary</i>	

**BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE**

<b>1. Registration Details</b>		
Registration No. 2697		State Code 21
Balance Sheet Date :		31.03.2006
<b>2. Capital Raised during the year (Amount in Rs. '000)</b>		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
<b>3. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)</b>		
Total Liabilities		1181833
Total Assets		1181833
<b>Sources of Funds</b>		
Paid up Capital		69919
Reserves & Surplus		582062
Secured Loans		251988
Unsecured Loans		153043
<b>Application of Funds</b>		
Net Fixed Assets		307045
Investments		609005
Net Current Assets		171515
Misc. Expenditure		—
Accumulated Losses		Nil
<b>4. Performance of the Company (Amount in Rs. '000)</b>		
Turnover (including Other Income)		611093
Total Expenditure		565812
Profit Before Tax		45282
Profit After Tax		34766
Earning per Share (in Rs.)		4.98
Dividend Rate %		12.5%
<b>5. Generic Names of Three Principal Products / Services (as per monetary terms)</b>		
Item Code No. :	9.02	
(ITC Code)		
Product Description :	Tea	

For and on behalf of Board

C. K. DHANUKA  
Chairman & Managing Director

Kolkata, 12th June, 2006

**CASH FLOW STATEMENT**

for the year ended 31st March, 2006

	Year ended 31.03.2006	(Rs. in '000)	Year ended 31.03.2005
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net Profit before Tax and Extra-ordinary Items</b>	45,281.56		55,074.49
Adjustment for :			
Depreciation	18,504.57		17,583.71
Profit / (loss) on sale of Fixed Assets	(107.79)		191.67
Profit/(loss) on sale of Investments	(29,798.33)		(25,589.75)
Provisions for Dimnution in Investment	1,027.04		—
Interest Expenses	31,930.29		27,285.02
Interest Income	(3,713.75)		(6,132.14)
Dividend Received	(678.19)		(376.66)
	17,163.84		12,961.85
<b>Operating Profit before Working Capital Changes</b>	62,445.40		68,036.34
Adjustment for :			
Sundry Debtors	16,899.59		(9,758.83)
Inventories	(543.08)		(7,402.34)
Trade Payables	7,655.69		13,664.99
Loans and Advances	(16,570.47)		9,088.45
	7,441.73		5,592.27
<b>Cash Generated from Operations</b>	69,887.13		73,628.61
Tax Paid (Net Refund)	(14,374.61)	(14,374.61)	(10,410.33)
<b>Net Cash from Operating Activities (A)</b>	55,512.52	(10,410.33)	63,218.28
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(11,618.57)		(35,811.01)
Sale of Fixed Assets	2,774.80		181.28
Purchase of Investments	(533,160.27)		(197,366.44)
Sale of Investments	364,004.08		215,592.04
Interest Received	4,002.88		7,652.04
Dividend Received	678.19		376.66
Loans & Advances Given to Bodies Corporate and Others	1,700.00		48,250.00
<b>Net Cash used in Investing Activities (B)</b>	(171,618.89)		38,874.57
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest Paid	(30,569.40)		(27,144.68)
Repayment of Borrowings	(998,685.83)		(492,117.36)
Proceeds from Borrowings	1,152,499.99		490,000.00
Proceeds from Cash Credit	2,704.29		(83,915.60)
Dividend Paid (including Tax)	(11,944.91)		(7,842.80)
<b>Net Cash from Financing Activities (C)</b>	114,004.14		(121,020.44)
<b>Net increase/(Decrease) in Cash &amp; Cash Equivalents (A + B + C)</b>	(2,102.23)		(18,927.59)
Opening	15,934.27		34,861.86
Closing	13,832.04		15,934.27

Note : Previous Year figures have been regrouped and rearranged wherever considered necessary.

This is the Cash Flow Statement referred to in our report of even date.

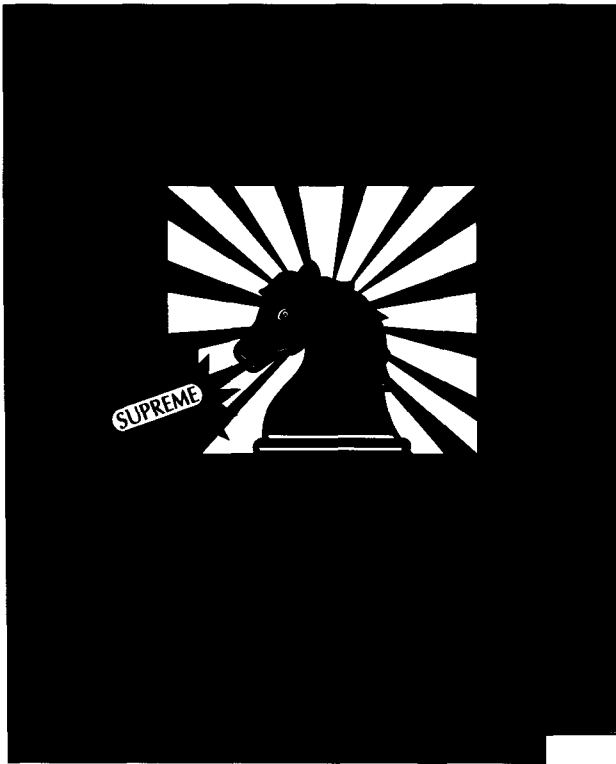
C. K. DHANUKA *Chairman & Mg. Director*

P. L. AGARWAL S. R. DAGA B. D. BERIWALA R. N. DEOGUN S. BAGARIA M. DHANUKA B. K. BIYANI	<i>Directors</i>
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Prabal Kr. Sarkar  
*Partner*  
 Membership No : 52340  
 For and on behalf of  
 Lovelock & Lewes  
*Chartered Accountants*

R. MAHADEVAN  
*Secretary*

Place : Kolkata  
 Date : 12th June, 2006



**DHUNSERI चाय**

पत्ती  
चाय

100%  
सुखे आसाम  
चाय



ताजगी सब के लिये

**DHUNSERI चाय**

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ताजगी सब के लिये