

Dhunseri Tea & Industries Limited



ANNUAL REPORT 2006 - 2007

BOARD OF DIRECTORS

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

P. L. Agarwal
S. R. Daga
B. D. Beriwalla
R. N. Deogun
H. Khaitan
M. Dhanuka
B. K. Biyani
A. K. Lohia *(w.e.f. 30.05.2007)*

SENIOR VICE PRESIDENT

I. B. Saraf

SENIOR VICE PRESIDENT (D & P) & CFO

K. K. Tibrewalla

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 : dhunseri@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.
Santi Tea Estate, P.O. Hoogrijan, Assam.
Bahadur Tea Estate, P.O. Tinsukia, Assam.
Hatijan Tea Estate, P.O. Hoogrijan, Assam.
Khagorijan Tea Estate, P.O. Sapekhati, 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 OFFICE

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

Monday, 30th July, 2007 at 10.00 a.m.
at 'KALAKUNJ', Sangit Kaia Mandir,
48, Shakespeare Sarani, Kolkata - 700 017

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NOTICE

NOTICE is hereby given that the Ninety-first Annual General Meeting of the Members of DHUNSERI TEA & INDUSTRIES LIMITED will be held on Monday, the 30th day of July, 2007 at 'Kala Kunj', Sangit Kala Mandir Trust, 48, Shakespeare Sarani, Kolkata 700 017 at 10.00 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,2007, 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 S. R. Daga, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Sri B. D. Beriwalla, 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 Ashok Kumar Lohia be and is hereby appointed 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
30th May, 2007

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 Tuesday, 17th July, 2007 to Monday, 30th July, 2007, 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 30th July, 2007.*
- 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 16th July, 2007 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.*
- 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(s) for the relevant year(s) on becoming due for transfer, 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 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005 and 2005-2006 to the Registered Office of the Company at their earliest, for payment in lieu thereof.

NOTICE (Contd.)**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 May 30, 2007 appointed Sri Ashok Kumar Lohia as a Director of the Company in the casual vacancy caused by the resignation of Sri S. Bagaria. Sri Lohia holds office till the ensuing Annual General Meeting when he will be eligible for election.

Details of Sri Ashok Kumar Lohia as required under Corporate Governance :

Sri Ashok Kumar Lohia (54) graduated in Commerce in 1972 from St. Xavier's College, Kolkata. He represents the fifth generation of his family's Tea Business and is associated with the tea industry for over 30 years. He is presently a Member of the Tea Board of India. He was elected as a Governing Board Member of the Darjeeling Planters Association in 1996 and became its Vice-Chairman in 1997 and finally elected as its Chairman for three consecutive terms from 1998 to 2000. His expert knowledge and varied experience will be of immense value to the company.

He holds directorships of the following companies :

- | | |
|------------------------------------|---------------------------------|
| 1) Maud Tea & Seed Co. Ltd. | 2) Sycotta Tea Co. Pvt. Ltd. |
| 3) Bio Tea Estates Ltd. | 4) Nagri Farm Tea Co. Ltd. |
| 5) Chamong Tee Exports Pvt. Ltd. | 6) Lohia Properties Pvt. Ltd. |
| 7) Senairam (India) Pvt. Ltd. | 8) S. D. Enterprises Pvt. Ltd. |
| 9) East India Commercial Pvt. Ltd. | 10) B. D. Tea Estates Pvt. Ltd. |

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

He does not hold any shares in the company.

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

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

- i) Sri S. R. Daga (83) 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 Roofing Ltd. |

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

Sri S. R. Daga holds 1000 shares in the company.

- ii) Sri Basu Deo Beriwal (69) is one of the senior members of the Board having joined the Board in the year 1974. His association with the Tea Industry for more than three 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) Kaniska Engineering Industries Ltd. | b) Rainbow Engineering Ltd. |
| c) Bee Aar Enterprises Ltd. | |

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

Sri B. D. Beriwal does not hold any shares in the company.

By Order of the Board

Kolkata,
30th May, 2007

R. MAHADEVAN
Secretary

DIRECTORS' REPORT

We have pleasure in presenting our Ninety-First Annual Report together with the Audited Accounts for the year ended 31st March, 2007 :

FINANCIAL RESULTS :

	For the year ended 31.03.2007	<i>For the year ended 31.03.2006</i>
	(Rs. in lacs)	<i>(Rs. in lacs)</i>
Gross Profit	1038.97	637.85
Less : Depreciation (Net)	177.44	185.04
Provision for Taxation (Net)	154.15	105.15
Net Profit for the year	707.38	347.66
Add : Balance Brought Forward	346.26	298.14
The Directors recommend this amount to be appropriated as under :	1053.64	645.80
Transfer to General Reserve	300.00	200.00
Proposed Dividend	122.22	87.30
Tax on Dividend	20.78	12.24
Balance Carried Forward	610.64	346.26

DIVIDEND :

The Directors recommend the payment of dividend @ 17.5% i.e. Rs.1.75 per share for the year ended 31st March,2007.

OPERATIONS :

The total tea manufacturing & sales has been 7.4 & 7.9 million kg. as against 7.5 & 7.4 million kg. respectively in the previous year. The production for the year was maintained at last year's level. The sales were comparatively higher for the year under consideration. The realisation was also better in comparison to the previous year.

The existing brands of the company viz. LAL GHORA & KALA GHORA continues to maintain its position in the market. The other brand viz. CHHOTE LAL continues to receive favourable market response and is expected to further consolidate its position.

The demand for orthodox tea is expected to rise in the coming years. Accordingly, a programme for uprooting and replanting of quality clones, in a phased manner is being undertaken. It is also proposed to modify/extend the existing facilities as well as set-up new facilities for manufacture of orthodox tea.

The company continues to focus on higher productivity, cost control as well as quality improvement 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 its paid-up capital), is expected to be around 9.7 lac kg. entirely comprising of orthodox tea in comparison to 8.8 lac kg. in the previous year. The company's programme for extension of its plantation area is continuing in a phased manner. The realisation during the year was much better in comparison to the previous year. There has been an all-round improvement in the performance of the company during the year.

SOUTH ASIAN PETROCHEM LTD.

The EOU Company jointly promoted by your company, is engaged in manufacture of PET Resin. In its third full year of commercial production it achieved a turnover of Rs. 1066 crore. as against Rs. 981 crore in the previous year. The Company's EBITDA was Rs. 104.78 crore and after providing for depreciation etc. its PAT was Rs. 44.69 crore. 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 :

A statement pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is 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 S. R. Daga and Sri B. D. Beriwal retire by rotation and being eligible offer themselves for re-appointment. Sri S. Bagaria resigned from the directorship of the Company w.e.f. May 30, 2007. The Board placed on record its appreciation of valuable services rendered by Sri S. Bagaria during his tenure as a Director of the Company. Sri Ashok Kumar Lohia was appointed director of Company at the Board Meeting held on May 30, 2007, in the casual vacancy caused by the resignation of Sri S. Bagaria. Sri Ashok Kumar Lohia holds office till the ensuing Annual General Meeting being the date upto which Sri S. Bagaria would have held office, if it had not been vacated as aforesaid.

A Notice under Section 257 of the Companies Act, 1956 has been received from a member, proposing the appointment of Sri Ashok Kumar Lohia as a Director of the Company.

The directors recommend the appointment of Sri Ashok Kumar Lohia as a Director of the Company.

The information regarding particulars of directors seeking re-appointment/appointment is 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 & CEO*

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

Directors

Kolkata,
30th May, 2007

Annexure to the Directors' Report

Statement of Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2007 :

Name of Employee	Age Year	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifi- cation	Experience (Years)	Date of Commence- ment of Employment	Last Post held	Name of previous Employer	% of Equity Shares held
Dhanuka C. K.	53	Mg. Director & CEO	20,55,972	B.Com	32	07.02.75	—	First Appoint- ment	0.86

- Notes :
1. Remuneration includes value of perquisites under the Income Tax Act, 1961 and the company's contribution to provident & superannuation funds.
 2. Above appointment is contractual and the conditions of employment are governed by the rules and regulations of the company.
 3. Sri C. K. Dhanuka, Managing Director is related to Sri Mrigank Dhanuka and Sri Haigreve Khaitan, Directors of the Company

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 31.03.2007	Previous year ended 31.03.2006
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units (lakhs KWH)	27.19	28.63
Total Amount (Rs. lakhs)	170.32	172.59
Rate / Unit (Rs. / KWH)	6.26	6.03
b) Own Generation		
i) Through Diesel Generator Units (lakhs KWH)	10.22	12.51
Units per Ltr. of Diesel Oil	2.83	2.88
Cost / Unit (Rs. / KWH)	11.45	11.68
ii) Through Gas Generator Units (lakhs KWH)	3.50	4.80
Units per cu.m of Gas	1.14	0.50
Cost / Unit (Rs. / KWH)	2.59	2.49
2. Coal (Margherita and Khasi used in tea withering & drying machines)		
Quantity (Tonne)	2,253.86	2,535.20
Total Cost (Rs. lakhs)	60.88	60.40
Average Rate (Rs. / Tonne)	2,701.33	2,382.42
3. Furnace Oil		
Quantity (lakhs Ltrs.)	0.10	0.05
Total Cost (Rs. lakhs)	1.95	0.81
Average Rate (Rs. / Ltr.)	18.77	16.73
4. Gas		
Quantity (lakhs Cu.m)	34.62	34.53
Total Cost (Rs. lakhs)	140.56	106.53
Average Rate (Rs. / Cu.m)	4.06	3.09
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product - Tea		
Tea Produced (lakh kgs.)	74.16	75.06
Electricity (KWH)	0.55	0.61
Coal (Kg.)	0.30	0.34
Gas (Cu.m)	0.47	0.46

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

- 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.
- 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.
- 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. Nil (Previous year Rs. 11.11 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 five 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 more than one half of the total strength of the Board.

During the year under review Sri B. K. Biyani was inducted as a non-executive non-Independent Director in the Board of the Company w.e.f. 31.05.2006.

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 :-

31st May, 2006 ; 12th June, 2006 ; 29th July, 2006 ; 30th October, 2006 and 31st January, 2007.

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 29.07.2006	* No. of Directorships in other Public Companies.	@ Other Committee Memberships	
					Member	Chairman
Sri P. L. Agarwal	Non-Executive Independent	3	Yes	7	—	—
Sri S. R. Daga	Non-Executive Independent	5	No	3	—	1
Sri B. D. Beriwal	Non-Executive Independent	5	Yes	3	—	—
Sri C. K. Dhanuka	Executive Director / Promoter	5	Yes	8	4	—
Sri R. N. Deogun	Non-Executive Independent	4	Yes	1	1	—
Sri Haigreve Khaitan	Non-Executive / Promoter Relative	—	No	13	6	—
Sri S. Bagaria	Non-Executive Independent	2	Yes	2	—	—
Sri Mrigank Dhanuka	Non-Executive / Promoter Relative	4	Yes	5	—	—
Sri B. K. Biyani	Non-Executive/ Non-Independent	4	Yes	3	—	—

* Excluding directorship in Indian Private Limited Companies, Foreign Companies, Alternate Directorships and section 25 Companies.

@ Only the Membership/Chairmanship of Audit Committee and Shareholders/Investors Grievance 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	Commission	Total
	Board Meetings	Committee Meetings			
Sri C. K. Dhanuka	Nil	Nil	1151327	904645	2055972
Sri P. L. Agarwal #	15000	2000	Nil	Nil	17000
Sri B. D. Beriwal	25000	12000	Nil	Nil	37000
Sri S. R. Daga	25000	12000	Nil	Nil	37000
Sri R. N. Deogun	20000	6000	Nil	Nil	26000
Sri S. Bagaria	10000	Nil	Nil	Nil	10000
Sri B. K. Biyani	20000	Nil	Nil	Nil	20000
Sri M. Dhanuka	20000	Nil	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.

Details of shares held by non-executive directors in the company as on 31st March, 2007 :-

Sri M. Dhanuka — 95,000 Shares ; Sri S. R. Daga — 1,000 Shares
None of the other non-executive directors hold any shares in the company.

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

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 12th June, 2006; 29th July, 2006; 30th October, 2006 and 31st January, 2007. 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	4
Sri R. N. Deogun	4	3

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 12th June, 2006 and 31st January, 2007.

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 175 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	Whether any Special Resolution passed
2005-2006	Kala Kunj (Sangit Kalamandir Trust) 48, Shakespeare Sarani, Kolkata-17	29.07.2006	10.30 a.m.	Article 84 of the Articles of Association was amended, for increasing, if required, the number of directors on the Board upto a maximum of 12 directors.
2004-2005	same as above	29.07.2005	3.00 p.m.	No
2003-2004	same as above	13.09.2004	11.00 a.m.	No

Other than the above, there were no other General Meetings during the last three years.

No resolution was put through postal ballot last year.

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

a) 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.11 of Schedule 17 to the Accounts in the Annual Report.

b) 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.

c) The Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

d) The Company has adopted all the mandatory requirements as recommended by Clause 49 of the Listing agreement with Stock Exchange and is in the process of examining implementation of some of the non-mandatory requirements. However till date, except for the constitution of the Remuneration Committee of the Board, none of the non-mandatory requirements of Clause 49 has been adopted or implemented.

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 as well as on EDIFAR website 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 total tea production during the season 2006, for the industry as a whole, was more by about 28 million kg. as compared to the previous season. The realisations were also better during the season 2006 as compared to the previous season.

Your company's production was maintained at last year's level with more emphasis on increased production of Orthodox tea.

(b) Opportunities and Threats

The demand for internal consumption of tea as well as exports is expected to grow in the coming years. The production is also expected to match with the increased demands, subject however, to favourable weather conditions.

(c) Outlook

The outlook for the industry is expected to further improve with increased exports as well as internal consumption coupled with better price realisations in the coming years.

(d) Risks and concerns

The availability of 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, 2007 was 3341.

10. Shareholders' Information

a) **Annual General Meeting :**

Monday, 30th July, 2007 at 10.00 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 Tuesday, 17th July, 2007 to Monday, 30th July, 2007 (both days inclusive) on account of annual general meeting and dividend payment.

c) **Dividend Payment :**

On or after 30th July, 2007.

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 : dhunseri@vsnl.com

e) **Listing on Stock Exchanges :** Kolkata, Mumbai and Guwahati Exchanges.

The Company has paid the listing fees for the year 2007-2008.

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 2006-2007 :**

Period 2006-2007	BSE		BSE Sensex	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April	110.35	88.00	12102.00	11008.43
May	101.00	71.65	12671.11	9826.91
June	72.05	49.45	10626.84	8799.01
July	64.00	40.10	10940.45	9875.35
August	78.80	55.00	11794.43	10645.99
September	80.00	66.80	12485.17	11444.18
October	76.70	67.20	13075.85	12178.83
November	91.00	73.40	13799.08	12937.30
December	82.00	68.25	14035.30	12801.65
January	83.50	74.75	14325.92	13303.22
February	77.60	58.75	14723.88	12800.91
March	64.00	50.50	13386.95	12316.10

There was no trading in the shares of the Company at the Calcutta Stock Exchange during 2006-2007.

- 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 31.03.2007 :**

Shareholding Pattern			Distribution of shareholding				
Category	No. of shares held	Percentage (%)	Range	Shareholders		Shares	
				No.	%	No.	%
Promoters	5016137	71.83	1 - 500	7994	94.89	929697	13.31
Financial Institutions, Mutual Fund & Banks	120390	1.72	501 - 1000	221	2.62	179570	2.57
			1001 - 2000	94	1.12	138726	1.99
			2001 - 3000	36	0.43	88185	1.26
			3001 - 4000	17	0.20	60140	0.86
Private Corporate Bodies	235242	3.37	4001 - 5000	15	0.18	69095	0.99
Indian Public	1590379	22.77	5001- 10000	17	0.20	127025	1.82
NRI/Foreign Nationals	21652	0.31	10001 and above	30	0.36	5391362	77.20
Total	6983800	100%		8424	100%	6983800	100%

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

As on 31st March,2007, 22.67 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 81.17 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, 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 Registrar and Share Transfer Agents.

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

p) Financial Calendar 2007-08 (Tentative) :

Board Meetings

Un-audited results for quarter ending June 30, 2007	- Last week of July, 2007
Un-audited results for quarter ending September 30, 2007	- Last week of October, 2007
Un-audited results for quarter ending December 31, 2007	- Last week of January, 2008
Audited results for year ending March 31, 2008	- Last week of June, 2008
Annual General Meeting for the year ending 31st March, 2008	- September, 2008

q) Grievance Redressal Division/Compliance Officer :

R. Mahadevan
Company Secretary & Compliance Officer
e-mail : dhunseri@vsnl.com

r) Auditors' Certificate on Corporate Governance :

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
30th May, 2007

C. K. DHANUKA
Chairman, Managing Director & CEO

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, 2007 received from the members of the Board and the Senior Management Personnel, a declaration of compliance with the Company's Code of Conduct.

Kolkata
30th May, 2007

C. K. DHANUKA
Managing Director & CEO

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, 2007, 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

21, Hemanta Basu Sarani
Kolkata - 700 001
Dated : 30th May, 2007

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

**AUDITORS' REPORT
TO THE MEMBERS**

1. We have audited the attached Balance Sheet of Dhuneseri Tea & Industries Limited, as at 31st March, 2007, 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, 2007, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2007 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, 2007;
 - (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 : 30th May, 2007

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, 2007]

- 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 financial year ending on 31.03.2006 and reconciliation of the same is at final stage. 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 confirmations 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. The company has neither granted nor taken any loans, secured or unsecured, to/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 provisions 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 amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears as at 31st March, 2007 for a period of more than six months from the date they become payable.
- (c) There are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2007 which have not been deposited on account of a dispute.
- x. The Company has no accumulated losses as at 31st March 2007 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 other investments. 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 : 30th May, 2007

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

BALANCE SHEET

as at 31st March, 2007

	Schedule	As at 31.03.2007	(Rs. in '000)	As at 31.03.2006
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	69,919.00		69,919.00
Reserves and Surplus	2	638,501.33		582,062.54
Loan Funds				
Secured Loans	3	270,591.58		251,988.05
Unsecured Loans	4	252,900.50		153,042.50
Deferred Tax Liabilities (Net) (Refer Note 8 on Schedule 17)		27,267.99		30,553.26
		<u>1,259,180.40</u>		<u>1,087,565.35</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	536,479.65	491,086.65	
Less : Depreciation		203,402.90	186,468.02	
Net Block			333,076.75	304,618.63
Capital Work-in-Progress			1,629.49	2,426.54
Investments				
	6	755,202.68		609,004.97
Current Assets, Loans and Advances				
Inventories	7	90,164.86	108,167.83	
Sundry Debtors	8	70,218.28	34,696.87	
Cash and Bank Balances	9	9,207.18	13,832.04	
Other Current Assets	10	7,137.59	3,900.95	
Loans and Advances	11	80,353.31	105,185.36	
		<u>257,081.22</u>	<u>265,783.05</u>	
Less :				
Current Liabilities and Provisions				
Current Liabilities	12	68,840.70	80,630.61	
Provisions		18,969.04	13,637.23	
		<u>87,809.74</u>	<u>94,267.84</u>	
Net Current Assets		<u>169,271.48</u>		<u>171,515.21</u>
		<u>1,259,180.40</u>		<u>1,087,565.35</u>
Notes on Accounts	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
	Prabal Kr. Sarkar		S. R. DAGA	Directors
	Partner		H. KHAITAN	
	Membership No : 52340		M. DHANUKA	
	For and on behalf of		P. L. AGARWAL	
Place : Kolkata	Lovelock & Lewes	R. MAHADEVAN	R. N. DEOGUN	
Date : 30th May, 2007	Chartered Accountants	Secretary	B. D. BERIWALA	
			B. K. BIYANI	

PROFIT & LOSS ACCOUNT

for the year ended 31st March, 2007

(Rs. in '000)

	Schedule	Year ended 31.03.2007	Year ended 31.03.2006
INCOME			
Sales		668,125.63	574,421.67
Less : Excise Duty		<u>—</u>	<u>—</u>
(Decrease)/Increase in Stock	13	(18,570.56)	(1,185.64)
Other Income	14	60,290.23	37,857.33
		<u>709,845.30</u>	<u>611,093.36</u>
EXPENDITURE			
Expenses	15	568,479.03	518,000.64
Interest	16	37,468.30	29,306.59
Depreciation		17,744.27	18,504.57
		<u>623,691.60</u>	<u>565,811.80</u>
Profit before Tax		86,153.70	45,281.56
Provisions for Taxation			
For Current Year			
Current Tax (Net of Rs. 11.99 lacs excess provided in respect of earlier years Previous Year - Rs. 25.84 lacs short provided in earlier years)		18,300.85	13,984.19
Fringe Benefit Tax		400.00	650.00
Deferred Tax (Refer Note 8 on Schedule 17)		<u>(3,285.27)</u>	<u>(4,118.24)</u>
Profit after Tax		70,738.12	34,765.61
Balance brought forward from previous year		34,626.03	29,814.52
Amount available for appropriation		<u>105,364.15</u>	<u>64,580.13</u>
APPROPRIATIONS :			
Transfer to General Reserve		30,000.00	20,000.00
Proposed Dividend		12,221.65	8,729.75
Corporate Dividend Tax		2,077.68	1,224.35
Balance carried to Balance Sheet		61,064.82	34,626.03
		<u>105,364.15</u>	<u>64,580.13</u>
Basic and Diluted Earnings per share (Face Value Rs 10/- each)			
Basic & Diluted (Refer Note 12 on Schedule 17)		10.13	4.98

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 & Mg. Director</i>
Prabal Kr. Sarkar <i>Partner</i>	S. R. DAGA H. KHAITAN M. DHANUKA	<i>Directors</i>
<i>Membership No : 52340</i>	P. L. AGARWAL R. N. DEOGUN	
<i>For and on behalf of</i>	B. D. BERIWALA	
Lovelock & Lewes	R. MAHADEVAN	
<i>Chartered Accountants</i>	<i>Secretary</i>	
Place : Kolkata		
Date : 30th May, 2007		
	B. K. BIYANI	

CASH FLOW STATEMENT

for the year ended 31st March, 2007

(Rs. in '000)

A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before Tax and Extra-ordinary Items

Year ended 31.03.2007 Year ended 31.03.2006

86,153.71 45,281.56

Adjustment for :

Depreciation	17,744.27	18,504.57
Profit / (loss) on sale of Fixed Assets	(363.64)	(107.79)
Profit/(loss) on sale of Investments	(45,962.43)	(29,798.33)
Provisions for Diminution in Investment	2,790.61	1,027.04
Advances/Deposit Written Off	2,461.33	53.95
Liability no longer required written back	(703.75)	(264.76)
Interest Expenses	38,916.48	31,930.29
Interest Income	(2,156.79)	(3,713.75)
Dividend Received	(2,618.14)	(678.19)
	<u>10,107.94</u>	<u>16,953.03</u>

Operating Profit before Working Capital Changes

96,261.65 62,234.59

Adjustment for :

Sundry Debtors	(35,521.41)	16,899.59
Inventories	18,002.97	(543.08)
Trade Payables	(12,255.43)	7,920.45
Loans and Advances	19,706.10	(16,624.42)
	<u>(10,067.77)</u>	<u>7,652.54</u>

Cash Generated from Operations

86,193.88 69,887.13

Tax Paid (Net Refund)

(16,014.87) (14,374.61)

Net Cash from Operating Activities (A)

70,179.01 55,512.52

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(49,523.60)	(11,618.57)
Sale of Fixed Assets	4,481.90	2,774.80
Purchase of Investments	(557,262.76)	(533,160.27)
Sale of Investments	454,236.87	364,004.08
Interest Received	2,484.77	4,002.88
Dividend Received	2,618.14	678.19
Loans & Advances Given to Bodies		
Corporate and Others	(900.00)	1,700.00
	<u>(143,864.68)</u>	<u>(171,618.89)</u>

Net Cash used in Investing Activities (B)

(143,864.68) (171,618.89)

C. CASH FLOW FROM FINANCING ACTIVITIES

Interest Paid	(39,446.61)	(30,569.40)
Repayment of Borrowings	(783,461.05)	(998,685.83)
Proceeds from Borrowings	844,980.50	1,152,499.99
Proceeds from Cash Credit	56,942.07	2,704.29
Dividend Paid (including Tax)	(9,954.10)	(11,944.91)
	<u>69,060.81</u>	<u>114,004.14</u>

Net Cash from Financing Activities (C)

69,060.81 114,004.14

Net increase/(Decrease) in

Cash & Cash Equivalents (A + B + C)

(4,624.86) (2,102.23)

Opening

13,832.04 15,934.27

Closing

9,207.18 13,832.04

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

Prabal Kr. Sarkar
Partner
Membership No : 52340
For and on behalf of

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

Directors

Place : Kolkata
Date : 30th May, 2007

Lovelock & Lewes
Chartered Accountants

R. MAHADEVAN
Secretary

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 1

(Rs. in '000)

	As at 31.03.2007	As at 31.03.2006
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

	Balance as on 01.04.2006	Addition	Deduction	Balance as on 31.03.2007
Capital Reserve	1,803.51	—	—	1,803.51
Share Premium	105,633.00	—	—	105,633.00
General Reserve	440,000.00	30,000.00	—	470,000.00
Balance in Profit and Loss Account	34,626.03	70,738.12	44,299.33	61,064.82
	<u>582,062.54</u>	<u>100,738.12</u>	<u>44,299.33</u>	<u>638,501.33</u>

SCHEDULE 3

SECURED LOANS

FROM BANK

	As at 31.03.2007	As at 31.03.2006
Cash Credit/Overdraft (Refer Note 1 below)	104,905.05	47,962.98
Term Loan (Refer Note 2 below)	160,000.00	200,000.00
Auto Finance Loans (Refer Note 3 below)	2,972.32	472.14
	<u>267,877.37</u>	<u>248,435.12</u>

FROM OTHERS

Tea Board (Refer Note 4 below)	2,714.21	3,552.93
	<u>270,591.58</u>	<u>251,988.05</u>

Notes

1. 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 moveables, both present and future wherever situated and equitable mortgage over the immovable properties by deposit of title deeds of tea estates.
2. This is secured by way of first pari passu charge on the Fixed Assets of the Company alongwith the working capital bankers, second charge on the current assets of the company and further by any other security as may be stipulated by the bank.
3. Secured by hypothecation of respective vehicles financed.
4. Secured/to be secured by hypothecation of respective machines and motor vehicles purchased there against.

SCHEDULE 4

(Rs. in '000)

	As at 31.03.2007	As at 31.03.2006
UNSECURED LOANS		
Fixed Deposits	900.50	1,042.50
Short Term Loan from Bank	250,000.00	150,000.00
Loans From Bodies Corporate	2,000.00	2,000.00
	252,900.50	153,042.50

SCHEDULE 5

FIXED ASSETS

(Rs. in '000)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 1.4.2006	Additions	Sale or Adjust- ments	Total Cost as at 31.3.2007	Upto 1.4.2006	For the year ended 31.3.2007	Sale or Adjust- ments	Total upto 31.3.2007	As at 31.3.2007	As at 31.3.2006
Freehold Land	39,873.65	—	—	39,873.65	—	—	—	—	39,873.65	39,873.65
Leasehold Land	2,567.68	28,303.17	—	30,870.85	222.61	25.94	—	248.55	30,622.30	2,345.07
Leasehold Land and Estate Development	83,272.74	1,346.60	—	84,619.34	119.81	—	—	119.81	84,499.53	83,152.93
Buildings	109,526.30	3,597.38	65.00	113,058.68	25,533.25	2,432.16	—	27,965.41	85,093.27	83,993.05
Plant & Machinery	219,820.28	6,038.10	2,834.52	223,023.86	138,384.13	12,815.35	202.41	150,997.07	72,026.79	81,436.15
Furniture and Fixtures	9,372.52	1,401.71	—	10,774.23	6,707.26	457.69	—	7,164.95	3,609.28	2,665.26
Vehicles	26,653.48	9,633.69	2,028.13	34,259.04	15,500.96	2,013.13	606.98	16,907.11	17,351.93	11,152.52
Total	491,086.65	50,320.65	4,927.65	536,479.65	186,468.02	17,744.27	809.39	203,402.90	333,076.75	304,618.63
Previous Year	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	—

Notes : 1. Quality Upgradation subsidy amounting to Rs. 26.97 lacs (Previous Year- Rs. 24.81 lacs) received during the year under Tea Board Quality Upgradation & Product Diversification Subsidy Scheme has been adjusted against the cost of the respective assets.

SCHEDULE 6

(Rs. in '000)

	Face Value (Rs.)	No. of Shares		Book Value	
		As at 31.03.2007	As at 31.03.2006	As at 31.03.2007	As at 31.03.2006
INVESTMENTS (Long Term except otherwise stated)					
(Other than Trade)					
QUOTED					
Equity Shares (Fully paid up) :					
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.	5	14,997	12,997	9,868.61	8,324.32
Ansal Properties & Infrastructure Ltd.	10	9,500	—	9,227.72	—
Aditya Birla Nuvo Ltd.	5	5,100	—	6,074.96	—
Adlabs Films Ltd.	10	17,923	—	6,984.81	—
Bilpower Ltd.	10	46,500	—	10,398.76	—
Colour Chem Ltd.	10	—	1,000	—	328.33
Divis Laboratories Ltd.	10	3,500	3,500	7,662.51	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
Financial 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
Hinduja TMT Ltd.	10	1,895	—	1,368.33	—
Indian Petrochemicals Ltd. (IPCL)	10	10,000	—	2,702.96	—
IVRCL Infrastructure & Projects Ltd.	10	—	6,500	—	8,639.40
ICICI Bank Ltd.	10	—	10,000	—	6,088.22
Jaiprakash Associates Ltd.	10	50,000	25,000	24,723.71	10,723.58
Kalyani Steels Ltd.	10	1,500	—	614.32	—
Kotak Mahindra Bank Ltd.	10	10,000	10,000	2,500.23	2,500.23
Man Industries Ltd.	10	—	31,233	—	7,879.38
Madhucon Projects Ltd.	2	43,413	—	13,176.26	—
Microtech Ltd.	10	27,000	—	8,809.47	—
Nagarjuna Construction Co. Ltd.	10	—	13,000	—	5,096.49
NTPC Ltd.	10	—	38,259	—	2,372.06
Radha Madhav Corporation Ltd.	10	58,000	—	2,323.13	—
Reliance Industries Ltd.	10	31,000	40,000	17,825.07	19,159.29
Reliance Natural Resource Ltd.	10	—	136,000	—	833.63
Sasken Communication Tech Ltd.	10	22,450	3,947	11,407.06	1,026.22
Syngenta India Ltd.	10	—	27,194	—	12,189.33
Shree Cements Ltd.	10	—	10,000	—	5,749.04
Sonata Software Ltd.	10	90,661	—	6,147.37	—
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
Tech Mahindra Ltd.	10	10,550	—	15,106.87	—
TISCO Limited	10	—	5,000	—	2,433.07
Til Limited	10	—	6,597	—	1,765.21
Venus Remedies Ltd.	10	22,000	—	6,291.62	—
Zenotech Lab. Ltd.	10	17,500	—	1,652.24	—
				536,341.71	545,532.77
Less :					
Provision for Diminution in Investments				3,817.65	1,027.04
				532,524.06	544,505.73

SCHEDULE 6 (Contd.)

	Face Value (Rs.)	No. of Shares		(Rs. in '000) Book Value	
		As at 31.03.2007	As at 31.03.2006	As at 31.03.2007	As at 31.03.2006
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.	1000	5,000	5,000	30,010.50	30,010.50
Euroinfo System Private Ltd. (*)	100	—	70,000	—	9,917.74
Tectura Corporation (*)	100	169,118	—	9,917.74	—
MUTUAL FUNDS					
DSP Merrill Lynch Liquid Plus Growth Fund	41,614.060	—	—	43,179.38	—
HDFC FMP	10,000,000.000	—	—	100,000.00	—
Principal Junior Cap Fund	250,000.000	250,000.000	250,000.000	2,500.00	2,500.00
Principal Large Cap Fund	97,799.511	97,799.511	97,799.511	1,000.00	1,000.00
Principal Infrastructure & Service Industries Fund	97,799.511	97,799.511	97,799.511	1,000.00	1,000.00
Principal L/T Equity Fund Growth	1,000,000.000	—	—	10,000.00	—
Reliance Equity Fund	—	—	2,000.000	—	20,000.00
Stnd. Chartered Entps. Equity Fund Growth	2,500,000.000	—	—	25,000.00	—
INVESTMENTS IN GOVERNMENT / TRUST SECURITIES					
National Savings Certificates (Deposited with Electricity, Postal Authorities and Sales Tax Dept. as Security)				28.45	28.45
Total Unquoted				<u>222,678.62</u>	<u>64,499.24</u>
Grand Total				<u>755,202.68</u>	<u>609,004.97</u>
Aggregate of Quoted Investments (Book Value)				536,341.71	545,532.77
Aggregate of Quoted Investments (Market Value)				535,622.38	517,965.89

(*) Pursuant to an agreement dated November 6, 2006 between (i) the Company along with certain other Companies (collectively the Sellers), (ii) Euroinfo Systems Pvt. Ltd. And (iii) Tectura Corporation, USA (the Buyer), 70000 shares of Euroinfo Systems Pvt. Ltd. held by the Company were sold to Tectura Corporation subject to certain terms and conditions as mentioned in the agreement at the aggregate of following purchase price subject to clause (c) as below :

- (a) 169118 fully paid up, common stock of Tectura Corporation – these stocks are held in escrow and shall be released after 3 years commencing from the closing date thereafter the company may elect to exercise their redemption option anytime at an agreed price and
- (b) annual stock dividend in the form of Tectura Corporation's common stock after 24 and 36 months post closing.
- (c) a price adjustment in the form of Tectura Corporation's common stock, if tangible net worth of Euroinfo Systems Pvt. Ltd. as on the date preceding the closing date is less than USD 0.4 million.

SCHEDULE 6 (Contd.)

The following shares were purchased and sold during the year :

Scripts Name	Face Value (Rs.)	Quantity (in nos.)
Anant Raj Ind. Ltd.	10	5,000
Alpha Geo India Ltd.	10	6,000
Colour Chem Ltd.	10	2,005
DS Kulkarni Ltd.	10	2,667
Divis Laboratories Ltd.	10	1,500
Escorts Ltd.	10	41,000
Fedders Llyods Ltd.	10	111,118
Gammon India Ltd.	10	15,000
GTL Ltd.	10	45,000
Goodyear India Ltd.	10	3,842
Hindustan Motors Ltd.	10	391,153
Hinduja TMT Ltd.	10	6,205
Himadri Chem & Ind Ltd.	10	13,000
Ingersol Rand India Ltd.	10	500
India Bulls Fin Serv Ltd.	10	5,000
ICICI Bank Ltd.	10	500
Jindal Saw Ltd.	10	10,000
Kalyani Steels Ltd.	10	13,500
KEC Inter National Ltd.	10	11,000
Karnataka Bank Ltd.	10	13,000
Mysore Cements Ltd.	10	275,000
Madhucon Projects Ltd.	10	11,437
Parsvnath Developers Ltd.	10	13,463
Reliance Industries Ltd.	10	3,500
RPG Cables Ltd.	10	19,168
Shree Precoated Steels Ltd.	10	78,000
South East Asian Merin Ltd.	10	4,772
Saregama India Ltd.	10	10,624
TIL Ltd.	10	10,394
Tata Metaliks Ltd.	10	70,017
UTV Software Communications Ltd.	10	1,000
Unitech Ltd.	10	51,500
Venus Remedies Ltd.	10	20,000
Wire & Wireless Ltd.	10	7,500
Zee Telefilms Ltd.	10	15,000
Zee News Ltd.	10	6,781
Mutual Funds -		Quantity (in units)
DSP M. L. Liquidity Fund		22,049.02
DSP Float Rate Fund		2,108,734.631
Standard Chartered Liquidity Manager (Weekly)		12,598.125
Standard Chartered Liquidity Manager - Growth		2,032.109

SCHEDULE 7

	(Rs. in '000)	
	As at 31.03.2007	As at 31.03.2006
INVENTORIES		
Stores, Spares and Packing materials including in transit	22,263.51	21,695.92
Tea including in transit	67,901.35	86,471.91
	<u>90,164.86</u>	<u>108,167.83</u>

SCHEDULE 8

SUNDRY DEBTORS - Unsecured (Considered Good)

Debts Outstanding for more than Six Months	—	—
Other Debts	70,218.28	34,696.87
	<u>70,218.28</u>	<u>34,696.87</u>

SCHEDULE 9

CASH AND BANK BALANCES

Cash in hand	1,142.81	1,859.98
Remittance-in-transit	569.98	155.07
Cheques in hand	2,477.54	1,897.38
Balances with Scheduled Banks		
On Current Account	4,866.73	9,738.43
On Fixed Deposit	150.00	180.00
Balances with Non Scheduled Banks		
* On Current Account with Lakhimi Gaonila Bank	0.12	1.18
(Maximum Amount Outstanding during the Year Rs. 1180 Previous Year Rs. 1180)		
	<u>9,207.18</u>	<u>13,832.04</u>

SCHEDULE 10

(Rs. in '000)

	As at 31.03.2007	As at 31.03.2006
OTHER CURRENT ASSETS		
Interest Receivable	970.98	1,298.96
Other Receivable	6,166.61	2,601.99
	7,137.59	3,900.95

SCHEDULE 11

LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

Loans to Bodies Corporate and Others	20,150.00	19,250.00
Advances Recoverable in cash or in kind or for value to be received	46,724.45	68,335.90
Deposits with Govt. Authorities and Others (Refer Note 6 on Schedule 17)	9,977.46	13,317.26
Deposit with NABARD u/s 33AB of Income Tax Act, 1961	3,501.40	4,282.20
	80,353.31	105,185.36

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)	1,414.42	476.53
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Total Outstanding dues of other than Small Scale Industrial undertakings	29,657.58	41,789.56
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Other Liabilities	29,892.77	32,644.44
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Provision for Income Tax (net of advance tax)	6,565.11	3,879.13
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Interest accrued but not due	1,310.82	1,840.95
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	68,840.70	80,630.61
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B. Provisions

For Retirement Benefits	4,669.71	3,683.13
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For Proposed Dividend	12,221.65	8,729.75
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For Corporate Dividend Tax	2,077.68	1,224.35
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	18,969.04	13,637.23
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SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 13

	(Rs. in '000)	
	Year ended 31.03.2007	Year ended 31.03.2006
(DECREASE) / INCREASE IN STOCK		
Closing Stock		
Finished Goods - Tea	67,901.35	86,471.91
<i>Less :</i>		
Opening Stock		
Finished Goods - Tea	86,471.91	87,657.55
Increase / (Decrease)	<u>(18,570.56)</u>	<u>(1,185.64)</u>

SCHEDULE 14

INCOME - OTHERS

Dividend on Long Term Investments	2,618.14	678.19
Profit/(Loss) on Sale of Fixed Assets (Net)	363.64	107.79
Rent Received	226.81	181.68
Profit/(Loss) on Sale of Long Term Investments (Net)	45,962.43	29,798.33
Liability no longer required written back	703.75	264.76
Replantation Subsidy	250.87	707.12
Orthodox Subsidy	3,622.45	2,875.20
Central Interest Subsidy	3,263.19	—
Miscellaneous	3,278.95	3,244.26
	<u>60,290.23</u>	<u>37,857.33</u>

SCHEDULE 15

(Rs. in '000)

	Year ended 31.03.2007		Year ended 31.03.2006
CULTIVATION, MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Salary, Wages and Bonus	139,747.88		131,152.67
Contribution to Provident Fund and Other Funds	12,033.27		10,760.80
Workmen and Staff Welfare	19,092.77		16,915.53
Cultivation Expenses	30,649.45		26,717.11
Consumption of Stores and Spares	11,073.98		10,089.66
Consumption of Packing Materials	19,608.09		22,506.19
Power and Fuel	54,001.65		50,974.04
Green Leaf Purchase	156,227.24		137,119.33
Purchase of Made Tea for Resale	—		665.64
Excise Duty & Cess	8,280.26		8,233.65
Repairs and Maintenance :			
To Plant and Machinery	7,191.42	6,692.82	
To Building	4,467.04	3,649.22	
To Others	<u>17,578.47</u>	<u>16,146.76</u>	26,488.80
Rent	4,065.64		678.10
Rates and Taxes	1,922.70		1,050.97
Advertisement (Sales)	5,843.55		7,345.49
Insurance	2,795.32		2,234.53
Travelling and Conveyance	4,422.49		4,752.35
Freight	25,235.85		22,276.84
Brokerage and Commission on Sales	8,283.30		6,685.79
Other Selling Expenses	15,175.39		12,676.41
Directors' Fees	167.00		132.00
Charity and Donations	391.19		370.24
Miscellaneous Expenses	14,823.14		16,706.73
Advances/Deposit Written Off	2,461.33		53.95
Provisions For Dimiution for value of Investments	2,790.61		1,027.04
Provisions For Obsolete Stores	150.00		—
Exchange Loss	—		386.78
	<u>568,479.03</u>		<u>518,000.64</u>

SCHEDULE 16

INTEREST AND FINANCE CHARGES

Interest On Fixed Loans	28,874.97		12,430.99
Others	10,041.51	19,499.30	
Less : Interest on Deposit with Bank and NABARD (Tax deducted at source Rs.0.60 lacs, Previous year Rs.1.59 lacs)	297.82	710.40	
Other Interest on Loans etc. (Gross) [Tax deducted at source Rs. 4.04 lacs (Previous Year Rs. 8.94 lacs)]	<u>1,858.97</u>	<u>7,884.72</u>	<u>3,003.35</u>
Finance Charges	708.61		1,090.05
	<u>37,468.30</u>		<u>29,306.59</u>

SCHEDULE 17**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007****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.

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.

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 therefrom 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 were funded and administered by Trustees till October 2006, subsequently the fund have been transferred to Regional Provident Fund Commissioner account.

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 year end 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 as the amount of tax payable in respect of taxable income for the period.

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.

k. Borrowing Cost

Borrowing cost that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised till substantial completion of all the activities that are necessary for this if any, otherwise borrowing cost are charged to revenue.

l. Grants/Subsidies

Subsidies from Government in respect of fixed assets are deducted from the cost of respective assets.

Other subsidies are accounted for on accrual basis when one is reasonably certain of its receipt.

2. Contingent liabilities not provided for in respect of :

Income Tax matter : Rs. Nil (Previous Year - Rs. 18.98 lacs)

Service Tax matter : Rs. 0.38 lacs (Previous Year - Rs. 0.00)

3. Estimated amount of contracts to be executed on capital account and not provided for Rs. 5.97 lacs (Previous Year - Rs. 78.30 lacs)**4. Sundry Creditors include dues of Rs. 9.40 lacs (Previous Year - Rs. 4.75 lacs) in respect of dues over 30 days to Small Scale Industrial Units :-**

Name of the Party	As at 31 March, 2007 (Rs. in lacs)
AB Paul	2.45
Aarkay (Asiatic) Industries	0.97
Associated Chemicals	0.02
Avani Poly Pvt. Ltd.	0.09
Bengal Metal Works	2.01
Continental Engineering Company	0.28
Essar Sales	0.14
K. Shop Engineering Works	0.18
Suvochem Industries Pvt. Ltd.	0.70
Tea Mech (India)	2.56
Total	9.40

Note : The above information regarding Small Scale Industrial Undertakings has been determined to the extent such parties have been identified on the basis of information available with the Company.

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.

SCHEDULE 17 (Contd.)

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. Necessary disclosures required under Micro, Small & Medium Enterprises Development Act, 2006, can only be considered once relevant information to identify the supplier who are covered under the said Act are received from such parties.
8. The major components of the Deferred Tax Assets/Liabilities based on the tax effect of the timing differences, as at 31st March, 2007 are as under :

	<i>Opening as on 1st April, 2006</i>	<i>Charge/(Credit) during the year</i>	<i>(Rs. in lacs) Closing as on 31st March, 2007</i>
Deferred Tax Assets			
Expenditure u/s 43B of Income Tax Act, 1961	<u>54.35</u>	<u>(10.24)</u>	<u>64.59</u>
Total	<u>54.35</u>	<u>(10.24)</u>	<u>64.59</u>
Deferred Tax Liabilities			
Depreciation	<u>359.88</u>	<u>(22.61)</u>	<u>337.27</u>
Total	<u>359.88</u>	<u>(22.61)</u>	<u>337.27</u>
Net Deferred Tax Liabilities	<u>305.53</u>	<u>(32.85)</u>	<u>272.68</u>

9. (A) DETAILS OF MANAGERIAL REMUNERATION :

	<i>Year ended 31.3.2007</i>	<i>Year ended 31.3.2006</i>
Salary	6.37	6.00
House Rent Allowance	3.19	3.00
Company's Contribution to Provident & Other Funds	1.72	1.62
Commission	9.04	—
Other Benefits	<u>0.23</u>	<u>0.10</u>
Total	<u>20.55</u>	<u>10.72</u>

- (B) COMPUTATION OF NET PROFIT AND DIRECTORS' COMMISSION

	<i>Year ended 31.3.2007</i>
Profit as per Profit and Loss account	861.54
Add : Provision for diminution on value of investments	<u>27.90</u>
	889.44
Less : Profit on sale of investments	<u>459.62</u>
	429.82
Add : Sitting Fees	1.67
Add : Director Remuneration	<u>20.55</u>
Profit for computation of Directors' Remuneration	<u>452.04</u>
Commission thereon @2%	<u>9.04</u>

10. MISCELLANEOUS EXPENSES INCLUDE :

	<i>Year ended 31.3.2007</i>	<i>Year ended 31.3.2006</i>
Audit Fees	4.00	3.00
Other Certification Work	1.50	0.90

SCHEDULE 17 (Contd.)

11. 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 9 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 Trimplex Investments Private Limited
	Mayfair India Limited Mint Investments Limited
	Tezapore Tea Company Limited South Asian Petrochem Limited
	Khaitan & Co. Madhuting Tea Private Limited.
	Euroinfo Sytems Private Limited. (till 06.11.2006)

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, 2007	For the year ended 31st March, 2006
Income		
Services Rendered	1.82	1.82
Dividend Received	1.58	3.16
Expenditure		
Services Received	49.77	44.17
Finance and Investment		
Equity Shares Purchased	—	99.17
Fixed Assets Purchased	3.61	—
Outstanding		
Investment in Shares	3714.76	4114.04
Loans & Advances -		
Deposits	68.00	68.00
Other Loans & Advances	1.07	—

12. Basic and Diluted Earnings per share :- (Rs. in lacs)

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Profit / Loss after Tax	707.38	347.66
Number of Equity Shares of Rs. 10/- each	69,83,800	69,83,800
Basic and Diluted Earning per share (a/b)	10.13	4.98

13. 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.
14. The Company has taken office premises under leave and licence agreement that has a tenure of twelve months ending as on 31st March, 2007 and has no specific obligations for renewal. Lease rent for the year amounts to Rs. 36.00 Lacs (Previous Year - Rs. 36.00 Lacs).

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	31.03.2007	Kgs.	N.A.	N.A.	Kgs.	10.34	625.04	—	—	72.61	26.84	47.30	3,507.36	8.81	583.44
	31.03.2006	"	"	"	"	10.89	671.81	0.14	6.66	73.66	28.16	46.19	2,950.02	10.34	625.04
2. Packet Tea	31.03.2007	"	"	"	"	3.12	223.21	—	—	26.84	—	28.80	3,127.85	1.16	91.35
	31.03.2006	"	"	"	"	2.78	204.76	—	—	28.16	—	27.82	2,793.92	3.12	223.21
3. Tea Waste	31.03.2007	"	"	"	"	1.65	16.46	—	—	1.73	—	2.96	46.04	0.42	4.22
	31.03.2006	"	"	"	"	0.01	0.01	—	—	1.65	—	0.01	0.28	1.65	16.46

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 31.03.2007 Value (Rs. in lacs)		Year ended 31.03.2006 Value (Rs. in lacs)
	Unit	Qty.		Qty.	
15. (b) Raw Materials Consumed					
i) Green Leaf – Own	Kgs. (in lacs)	188.30	N.A.*	185.36	N.A.*
ii) Green Leaf – Purchased (100% Indigenous)	Kgs. (in lacs)	141.86	1,562.27	153.34	1,371.19
* 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)			110.74		100.09
15. (d) Packing Materials Consumed (100% Indigenous)			196.08		225.06
16. Expenditure in Foreign Currency					
Travelling Expenses			—		—
Interest on FCNR (B) Loan			—		11.11
Others			—		—

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

	Prabal Kr. Sarkar <i>Partner</i> Membership No : 52340 For and on behalf of Lovelock & Lewes <i>Chartered Accountants</i>	R. MAHADEVAN <i>Secretary</i>	C. K. DHANUKA <i>Chairman & Mg. Director</i>
Place : Kolkata Date : 30th May, 2007			S. R. DAGA H. KHAITAN M. DHANUKA P. L. AGARWAL R. N. DEOGUN B. D. BERIWALA B. K. BIYANI <i>Directors</i>

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

1. Registration Details

Registration No. 2697 State Code 21
 Balance Sheet Date : 31.03.2007

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 1346990
 Total Assets 1346990

Sources of Funds

Paid up Capital 69919
 Reserves & Surplus 638501
 Secured Loans 270592
 Unsecured Loans 252901
 Deferred Tax Liabilities 27268

Application of Funds

Net Fixed Assets 334706
 Investments 755203
 Net Current Assets 169272
 Misc. Expenditure —
 Accumulated Losses Nil

4. Performance of the Company (Amount in Rs. Lakhs)

Turnover (including Other Income) 7098.45
 Total Expenditure 6236.91
 Profit Before Tax 861.53
 Profit After Tax 707.38
 Earning per Share (in Rs.) 10.13
 Dividend Rate % 17.50

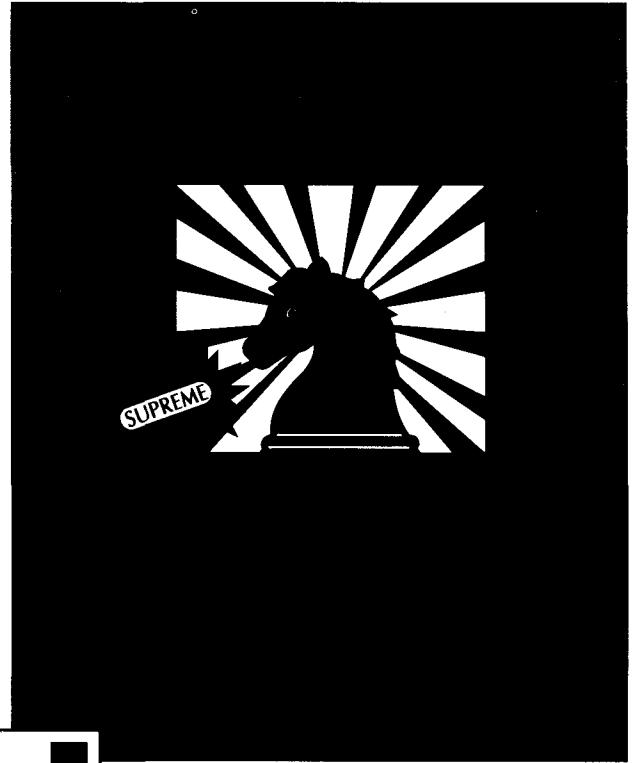
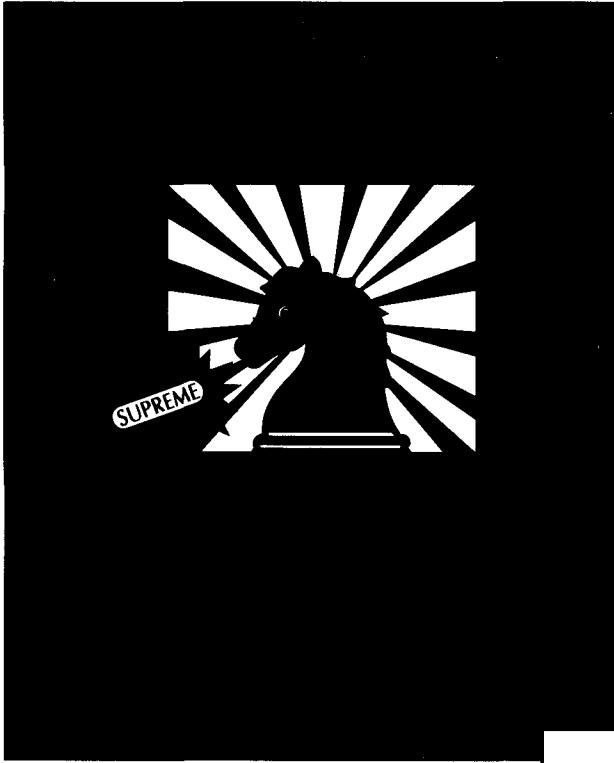
5. Generic Names of Three Principal Products / Services (as per monetary terms)

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

For and on behalf of Board

C. K. DHANUKA
 Chairman & Managing Director

Kolkata, 30th May, 2007



DHUNSERI चाय

पत्ती चाय

100% शुद्ध असुराम चाय

ताजगी सब के लिये

DHUNSERI चाय

पत्ती चाय

100% शुद्ध असुराम चाय

ताजगी सब के लिये

