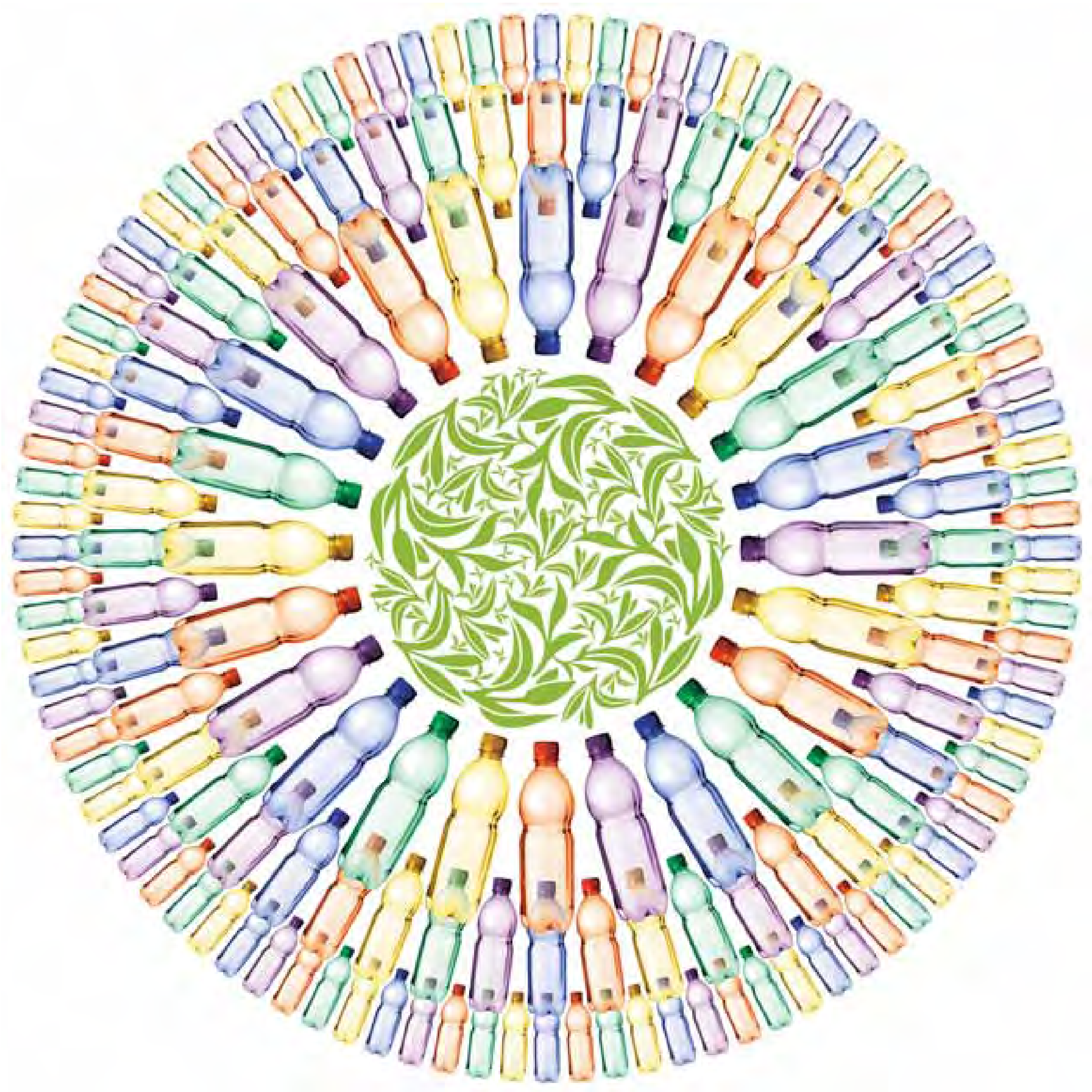
Dhunseri

Dhunseri Petrochem & Tea Limited

www.dhunseritea.com | www.aspetindia.com



future-focused.

Dhunseri Petrochem & Tea Limited > Annual report, 2011-12

Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.
We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

Corporate information

(as on 2nd May, 2012)

BOARD OF DIRECTORS:
P K Khaitan
J P Kundra
Dr B Sen
B Bajoria
Y F Lombard
A Bagaria
R N Bhardwaj
D P Jindal

EXECUTIVE CHAIRMAN
C. K. Dhanuka

VICE CHAIRMAN & MANAGING DIRECTOR
M. Dhanuka

MANAGING DIRECTOR & CEO
B. Chattopadhyay

EXECUTIVE DIRECTOR (FINANCE)
R. K. Sharma

SENIOR VICE PRESIDENT (COO-TEA DIVISION)
P. C. Dhandhania

SENIOR VICE PRESIDENT (IT SEZ)
K. K. Tibrewalla

COMPANY SECRETARY & COMPLIANCE OFFICER
K. V. Balan

STATUTORY AUDITORS
Lovelock & Lewes
Chartered Accountant

COST AUDITORS
Mani & Co.
Cost Accountant

BANKERS & FINANCIAL INSTITUTIONS
Axis Bank
Allahabad Bank
Bank of Baroda
Bank of India
Canara Bank
Deutsche Bank
Development Credit Bank
DBS Bank Limited
Export-Import Bank of India
HSBC Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
International Finance Corporation, Washington
Punjab National Bank
State Bank of India
State Bank of Travancore
Syndicate Bank
Standard Chartered Bank
United Bank of India

REGISTERED OFFICE
"Dhunseri House", 4A, Woodburn Park, Kolkata-700020.

PET RESIN PLANT
Unit I: JL-126, Mouza- Basudevpur, PS Durgachak, Haldia, District: Midnapore (East), Pin - 721 602, West Bengal, India.

Unit II: JL-126, Mouza - Basudevpur, PS Durgachak & JL-145 Mouza - Paranchak, PS Bhabanipur, Haldia, District: Midnapore (East), West Bengal, India.

TEA ESTATES/FACTORIES
Bahadur Tea Estate, P.O. Tinsukia, Assam, Pin: 786125
Bahipookri Tea Estate, P.O. Mazbat, Assam, Pin: 784507
Bettybari Tea Estate, P.O. Mazbat, Assam, Pin: 784507
Dhunseri Tea Estate, P.O. Mazbat, Assam, Pin: 784507
Dilli Tea Estate, P.O. Parbatpur, Assam, Pin: 786623
Hatijan Tea Estate, P.O. Hoogrijan, Assam, Pin: 786601
Khagorijan Tea Estate, P.O. Sepekhati, Assam, Pin: 786592
Khetojan Tea Estate, P.O. Tinsukia, Assam, Pin: 786125
Namsang Tea Estate*, P.O. Jeypore, Assam, Pin: 786614
Orang Tea Estate, P.O. Mazbat, Assam, Pin: 784507
Santi Tea Estate, P.O. Hoogrijan, Assam, Pin: 786601
Primax Tea Factory, P.O. Borhapjan, Assam Pin: 786150
Shreemoni Tea Factory, P.O: Tingkhong, Assam Pin: 786612
Sona Assam Tea Factory, P.O: Makum Junction, Assam Pin: 786170

* agreement for sale executed

ITSEZ
Dhunseri IT Park, Kolkata IT Park, SEZ, Kolkata Leather Complex, Bantala, South 24 Paraganas, West Bengal.

SUBSIDIARY COMPANIES
Egyptian Indian Polyester Company S.A.E (EIPET),
10, Nehru Street, Behind Merryland Park, Heliopolis Cairo-11341, Egypt

Dowamara Tea Company Private Ltd. (DTCPL),
Kakopath Road, Vill: Rangajan, P.O: Rupaisiding, Assam Pin: 786153

Dhunseri Petrochem & Tea Pte Ltd. (DPTPL),
80 Raffles Place, UOB Plaza 1, #26-01, Singapore 048624

REGISTRARS AND SHARE TRANSFER AGENTS
Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata-700001

NEW PRODUCT GRADES. NEW COUNTRIES TO MARKET IN. THIS HAS BEEN OUR STRATEGY TILL DATE. FROM NOW, WE WILL INVEST IN NEW CAPACITY. MANUFACTURE IN MORE LOCATIONS. AND CREATE A STRONGER COMPANY.

Most companies were focused on playing it safe in a slow 2011-12.

However, we are engaged in raising our PET resin capacity by four times.

And emerging as one of the world's top ten PET resin producers.

Legacy

Dhunseri Petrochem & Tea Limited is a ₹ 2000 crores organisation, headquartered in Kolkata, India. The Company is headed by Mr. C. K. Dhanuka (Executive Chairman), ably assisted by Mr. M. Dhanuka (Vice Chairman & Managing Director) and a professionally managed competent team. The promoter holding in the Company was 63.51% as on 31st March 2012.

Certifications

- **PET resin:** Quality certification from USFDA, EC, ITRC, Food and Health Bodies of Japan and Canada.

ISO 9001: 2008 (quality), ISO 14001:2004 (environment protection) and BS OHSAS 18001:2007 (health and safety), SA 8000:2008 (social accountability)-certified.

- **Tea:** ISO 22000:2005 (food safety)-certified for nine gardens with factories

Corporate strategy

To maximise shareholder value by scaling up PET sales, increasing tea production capacity and focusing on marketing packet tea.

Brands

PET resin: ASPET

Tea: LAL GHORA and KALA GHORA

From the Executive Chairman's desk

Over the last few years, the Company primarily focused on consolidating its core strengths and embarked on scaling up production in those areas.

Q. How would you analyse the Company's performance in 2011-12?

A. It is an interesting commentary on the PET resin industry, that despite a sluggish year for the global economy marked by consumer resistance across various sectors, the global PET resin industry grew at six per cent and Dhunseri registered a capacity utilisation of 105% with a 26% increase in sales revenue in 2011-12. This outperformance indicates that the global PET resin industry is not as dependent on the global economy as most other sectors, which is one of the reasons why Dhunseri embarked on an unprecedented expansion in its production capacity.

Q. How then would you explain the decline in the Company's profits in 2011-12?

A. The Company's EBIDTA and PAT declined by 47% and 61% respectively, despite increased revenues for the following reasons.

One, the Company was severely affected by currency volatility, which influenced the value of raw material and finished goods inventory on the Company's books and translated into a loss. Margins were also under pressure.

Two, in the tea division, even as production increased 31% from 10.29 mn kg to 13.48 mn kg, principally due to the acquisition of four bought leaf factories, profitability was affected on account of lower tea processing due to severe drought, pest attack at gardens and impact of increased labour wages across the tea industry.

Q. What initiatives helped minimise the impact of these unfavourable developments?

A. In the business of PET resin manufacture, the objective is to produce as much as possible with an aim to amortise our fixed costs and earn an attractive margin above our breakeven point. During the year under review, we benefited from the technological upgradation and plant maintenance that we carried out periodically in the past to generate a capacity utilisation of 105% compared with the global average of 79%.

At Dhunseri, we recognised that we needed to push deeper into our existing markets to achieve higher realisations and superior terms of trade. The result is that the Company derived 68% of its PET resin sales revenues from within India. The remaining 32% came from the global market.

Besides, we entered into an agreement with M&G (Italy) to manufacture barrier grade resin using state-of-the-art BicoPET technology. This resin grade provides an effective barrier against atmospheric oxygen and keeps edible products fresh for longer periods. It will strengthen the Company's presence in the food processing industry and provide a strategic entry into the global beverage industry, resulting in increased production volumes.

The Company countered the drought through extensive irrigation, pest attack by using new-generation pesticides, sold one bought leaf factory and is in advanced stages of negotiations to sell another factory. Meanwhile, operations in the other two bought leaf factories are being stabilised. The expansion on the Hatijan tea estate is on schedule and expected to be commissioned in May 2012. The Company's factory automation and yield improvement programmes resulted in improved quality, increased productivity and cost reduction.

The Company sustained the construction of its IT park, the first phase of which is expected to be completed by Q4 FY 2012-13, resulting in rentals from FY 2013-14.

Q. The big question is how the Company expects to market the additional material that will come out of its significant PET resin capacity expansion?

A. The Company's principal strength is its quality commitment. The Company is well known worldwide for its ability to produce different PET resin grades. We expect that this fundamental commitment to quality will translate into a wider market reach and enhanced production. So from the moment we commission our expanded capacity, we expect to leverage our goodwill from sustained relations with existing customers across 40 countries. As a prudent sales allocation strategy, our Indian plant will concentrate primarily on the Asian market (including India) and some demand in Europe and the US, while our proposed Egypt plant will cater to the growing demand from the Middle East, Africa, Europe and the US.

The Egyptian plant expects to capitalise on attractive regional realities as well. The plant is expected to emerge as the first bottle-grade PET resin plant in North Africa and one of the largest in the Middle East. The plant is being set up near Ain Sukhna, a 17m draft deep sea port on the Red Sea. This location is ideal for making supplies to Europe within 48 hours and USA within seven days. I am happy to state that this plant received private free-zone status from the government (duty-waiver benefits). Egypt also enjoys free trade status with a number of African, Middle Eastern and European countries. The availability of tax benefits, low-cost labour and energy will make it one of the most competitive PET resin manufacturers in the region.

Q. What is your message to the shareholders?

A. Over the last few years, the Company primarily focused on consolidating its core strengths and embarked on scaling production in those areas. I am pleased to state that much of this growth will be reflected in numbers following the commissioning of our expanded PET resin capacity starting June 2012, the completion of the first phase of our IT park and commissioning of the Egypt plant in Q4 FY 2012-13.

Once complete, we expect to witness a significant growth in our topline and bottomline, which on an unaltered equity, will translate into enhanced value in the hands of all those who own shares in our Company.

Regards,

C. K. Dhanuka, .
Executive Chairman

Future-focused

Because tomorrow, people will turn to a bottle or container by reflex action.

While most consumers globally were largely using glass bottles, we at Dhunseri recognised that the old order would change... with speed.

That consumers would increasingly switch to PET for reasons of cost, weight, clarity and convenience.

By taking what was clearly a call on the future, Dhunseri invested in a 1,40,000 TPA PET resin manufacturing facility in 2003.

While most doubted whether the Company would indeed be able to survive and succeed in a challenging global environment, Dhunseri grew manufacturing capacity 43% through responsible cost-effective de-bottlenecking to 2,00,000 TPA in the first four years.

The time has come for Dhunseri to embark on increasing its production capacity from 200,000 TPA to 830,000 TPA by 2013.

For just one reason: more consumers will use a PET bottle or container by reflex action in the years to come.

Future-focused

Because tomorrow, more and more packaging industries will switch to PET bottles, given its wide usage & applications.

While most manufacturers were using PET bottles to package carbonated beverages, we at Dhunseri recognised that applications would grow … with speed.

An increasing number of PET bottle manufacturers – our primary customers – will work closely with their downstream users to create new and customised applications.

And so emerging applications gradually replaced the conventional…one sector at a time.

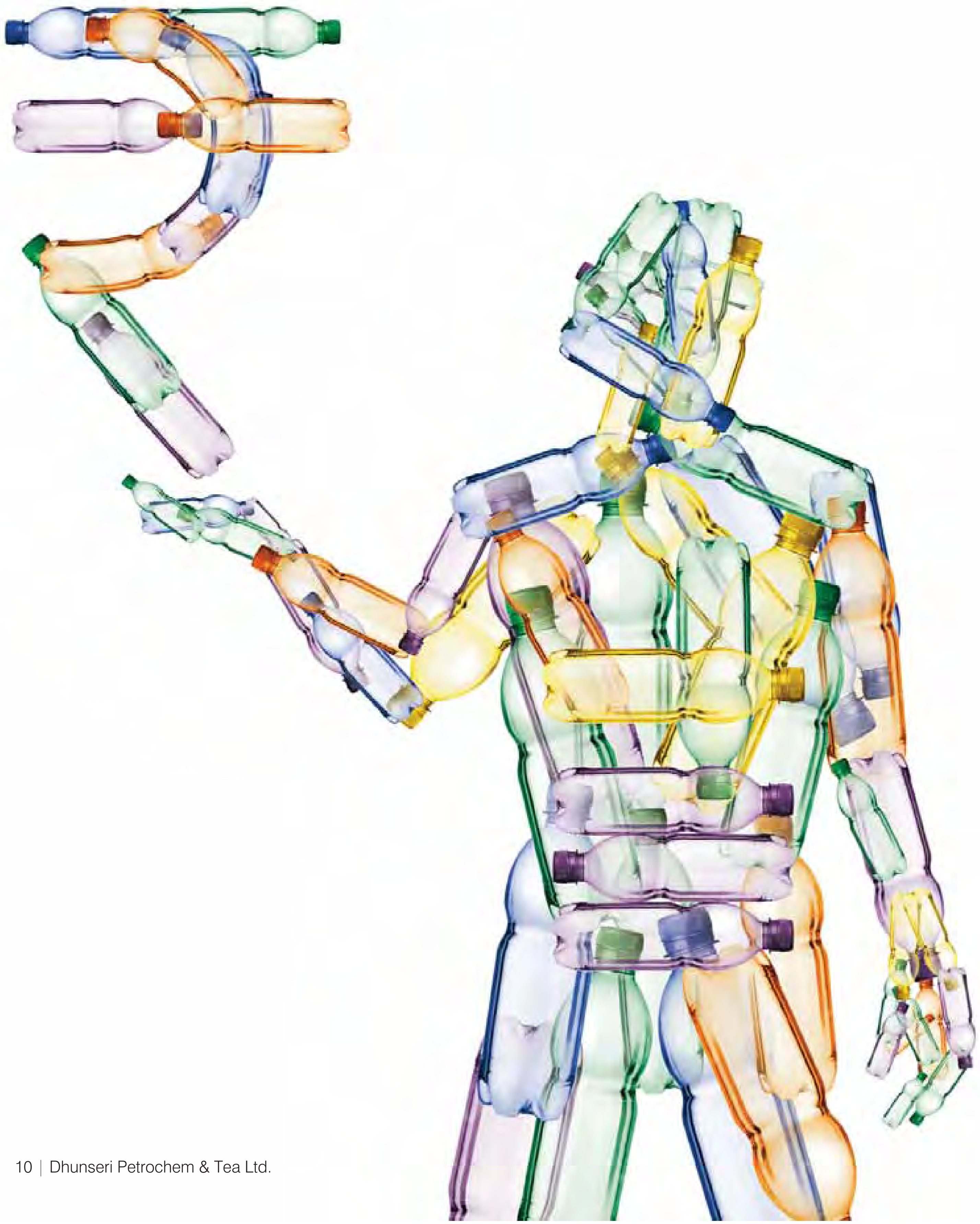
Beer was always perceived to be a chilled glass bottle taken out of the refrigerator and served on a bar table. Until the bottle turned PET.

Pharmaceutical tablets and capsules were usually emptied out of brown glass bottles. Until the bottle turned PET.

Ketchup and juice was, for decades, in heavy bottles sitting on the kitchen table. Until the bottles turned PET.

Recognising this transition, in 2011, Dhunseri entered into an agreement with M&G (Italy) to provide the latest BicoPET technology to manufacture barrier resins that would help protect food content in high-shelf life products.

For just one reason: a wider product application means wider market reach.



Future-focused

Because tomorrow, companies will need to generate larger profits and bigger value.

While most analysts were likely to dismiss the manufacture of PET resin as a commodity, we at Dhunseri perceived a window of opportunity … in the fine print.

That in a business marked by a growing number of consumers, the magic would lie in leveraging economies of scale consistently.

This is how the economies will work: running the manufacturing plant at a high capacity utilisation, generating a reasonable delta, recovering proceeds with speed, spending effectively in capacity de-bottlenecking, minimising downtime, generating an additional production, and enhancing returns.

The result is evident in the Company's financials: the Company's investment in capacity quadrupling was funded through a prudent combination of accruals and debt resulting in low leverage and high cash flows.

This decision to quadruple capacity without altering the Company's equity structure will enhance shareholder value significantly across the foreseeable future.

Future-focused

Because tomorrow, more people will drink tea.

While most people will be inclined to dismiss tea as a drink for the aged, Dhunseri recognised that this notion would progressively evolve. That tea would become trendier with the youth due to its health benefits. That the government would promote tea more aggressively after declaring it as national beverage from April 2013.

In view of this, the Company embarked on expanding its tea manufacturing capacity from 10.5 mn kgs in 2010-11 to 20 mn kgs by 2015 by purchase of bought leaf factories and if negotiations to acquire tea gardens overseas fructify.

Business segment review

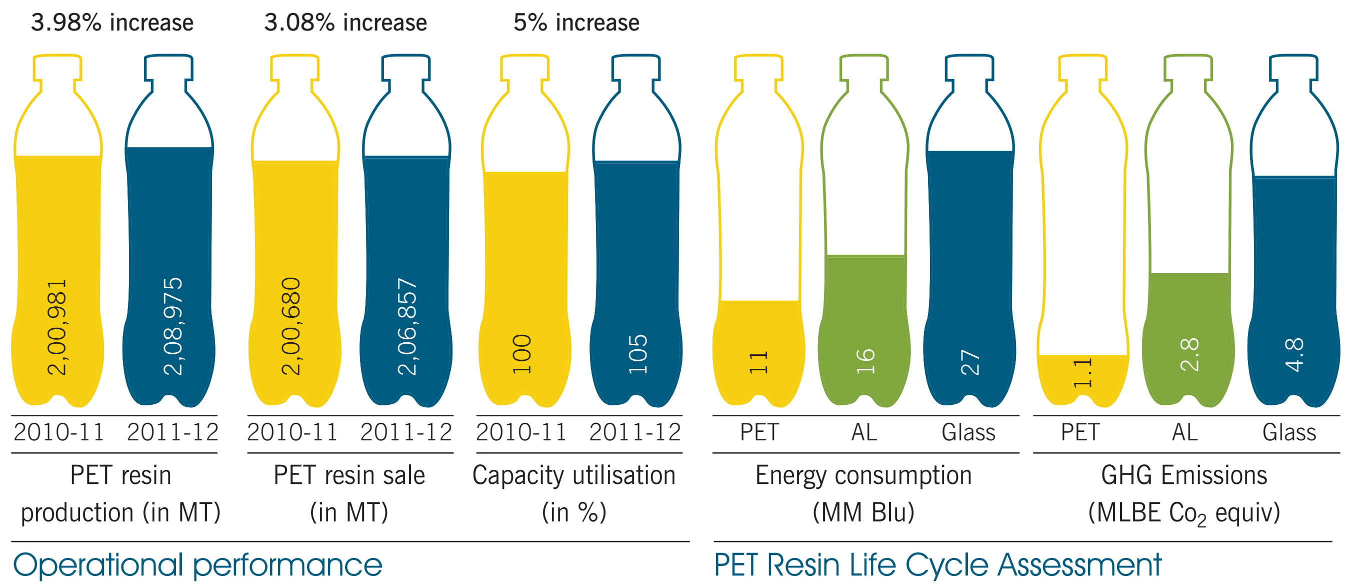
Business snapshot

	Petrochemicals	Tea	IT SEZ
Operational capacities/ built-up area	200,000 TPA PET resin manufacturing capacity in Haldia, a port town in West Bengal	10 tea estates in Assam with a production capacity of 10 mn kg* and three bought leaf factories with a processing capacity of 4.2 mn kg	750,000 sq. ft of commercial space in Bantala (Kolkata). Phase I to operationalise in Q4 FY 2012-13
Products and brand	PET resins for bottle/sheet/jar grade marketed under ASPET brand	Packet tea marketed under the LAL GHORA and KALA GHORA brands	Dhunseri IT Park
Capacity expansion	210,000 TPA brownfield expansion in Haldia by June 2012 and 420,000 TPA greenfield expansion in Egypt through subsidiary EIPET by Q4 FY 2012-13	Double capacity to 20 mn kgs by 2015, if negotiations to acquire tea gardens overseas fructify	Planning for Phase II in progress
Growth drivers	■ Convenience of using PET bottles for packaging ■ Globally, the PET packaging consumption to grow 5.1% CAGR by 2017	■ Tea gaining popularity as a health drink among the youth ■ Tea consumption in India is likely to grow by 2.4% annually during the coming three years *(Source: Care Research)*	■ Kolkata – a popular IT destination ■ Nine notified IT/ITeS SEZs in West Bengal ■ The domestic IT/ITeS industry is expected to generate 2.3 lacs employment opportunities in 2012 which is likely to boost demand for office space

* excluding Namsang Tea Estate for which agreement to sale has been executed.

Business segment – 1

Petrochemicals



Overview

The Company embarked on manufacturing polyethylene terephthalate resins owing to the growing demand for clear, strong, lightweight unbreakable packaging material. The Company's domestic sales volumes accounted for 68% of total PET sales, whereas the rest is exported across around 40 countries. The Company's product is approved by global health and safety agencies for use in foods and beverages.

Advantages of PET

■ PET resin production process is environment-friendly over aluminium and glass manufacture

■ PET offers significant convenience advantages over glass – it is lightweight, transparent, convenient while travelling, and recyclable

■ PET offers superior shelf life with low permeability to oxygen, carbon dioxide and water, protecting content integrity

Highlights, 2011-12

Financial highlights

■ Increased sales 26% from ₹ 1,419.09 crores in 2010-11 to ₹ 1785.59 crores. Despite this, margins were under pressure due to fluctuating raw material prices and the volatile foreign exchange scenario.

Operational highlights

■ Achieved highest PET resin production of 2,08,975 MT

■ Accelerated construction works at the Haldia plant for expansion (210,000 TPA) and setting-up a new PET resin plant in Egypt (420,000 TPA) with their respective commercial operations to start in June 2012 and Q4 FY 2012-13

■ Achieved capacity utilisation of 105% through preventive and predictive plant maintenance to minimise downtime

■ Commenced the import of MEG (raw material) from internationally-reputed producers to reduce dependence on a single supplier

■ Developed a fire handling system through the following:

- Installed a 16,000 m^3 water reservoir
- Procured additional fire tenders
- Installed sprinklers in raw material warehouse
- Installed LED lights in raw material warehouse to enhance safety and lower power cost

■ Optimised resource utilisation at Haldia Plant 1 and 2 to reduce overheads

■ Received SA 8000 certification for social accountability

Marketing highlights

■ PET resin sales increased from 200,680 tonnes in 2010-11 to 206,857 tonnes in 2011-12

■ Domestic sales increased 12% from 1,24,404 tonnes in 2010-11 to 1,39,673 tonnes in 2011-12, resulting in better margins and improved working capital flow

■ Hired representatives in various countries to market added volumes in their respective regions

■ Increased product packaging sizes to reduce logistics cost

Outlook

■ Undertake technological advancements to enter new industry segments like beer, paints, pharmaceutical, hot-filled beverages, ketchup and juices where shelf life is higher

■ Stabilise new plant production, improve operational efficiency and achieve competitive cost following commissioning

■ Undertook pipeline installation to transport MEG (raw material) directly from the port to the plant, thereby reducing logistics cost

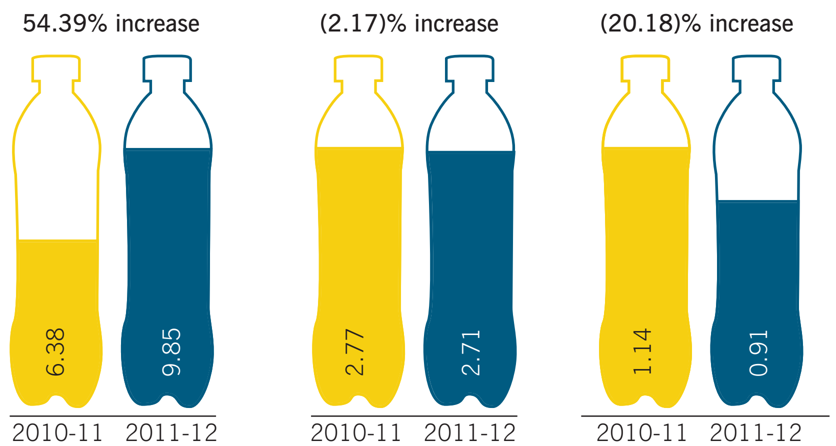
■ Started construction of a 10 MW coal-based power plant expected to be commissioned in Q2 FY13

■ Undertook construction of additional MEG tanks for storage at the plant site

■ Undertook installation of a coal-based 15 mn kcal/hr HTM heater for effective energy competitiveness

Business segment – 2

Tea



CTC tea production (in million kg) | Packet tea production (in million kg) | Orthodox tea production (in million kg)

Operational performance

Overview

The Company enjoys a five-decade presence in the tea industry. Dhunseri's tea estates are located in Eastern Himalayas in Assam, with warm and wet climatic conditions that are conducive to tea production.

Dhunseri is among the top 10 tea producers in India, owning 10 tea estates and three bought leaf factories. Seven gardens are located in upper Assam (South Bank) and four gardens in lower Assam (North Bank). The Company produces CTC tea (marketed in India through auctions and in packets under the brand name LAL GHORA and KALA GHORA) and orthodox tea (100% sold through auctions). Packet tea is sold in Rajasthan where the Company is a market leader.

Nine gardens with tea factories are ISO 22000:2005-certified from DNV Business Assurance for food safety systems. The said certification for Hatijan Tea Estate will be taken up after commencement of commercial production.

Highlights, 2011-12

Financial highlights

■ Net sales increased 14.33% from ₹ 137.50 crores in 2010-11 to ₹ 157.21 crores

Operational highlights

■ Increased tea production from 10.29 mn kgs in 2010-11 to 13.47 mn kgs, following the acquisition of four bought leaf factories

■ Operations being stabilised at two bought leaf factories; sold one factory with a capacity of 1.8 mn kg and is in advanced stages of selling another with a capacity of 1 mn kg, owing to regional and operational difficulties

■ Suffered crop loss due to severe drought and pest attacks

■ Received ISO 22000:2005 certification (Food safety system) from DNV Business Assurance for seven tea estates during the year

■ Minimised reprocessing by installing a machine (Santoor) to further improve the quality of its produce

■ Improved quality by installing cooling dryers at all factories

■ Converted open troughs into enclosed ones for achieving better withering of leaves as well as reducing power consumption

■ Tiling of fermenting floors for better hygiene and eliminate bacterial contamination

■ Installed humidification plants in the fermentation room in all factories to induce humidity inside the factories for achieving better fermentation thereby improving the quality

■ Installed monorail conveyer system to carry withered leaves from withering trough to processing room to reduce labour and enhance productivity

■ Undertook automisation at factories to enhance productivity and mitigate labour shortage to some extent

Marketing highlights

■ Entered into an agreement with famous actor, Hema Malini as the brand ambassador to promote packet tea brands – LAL GHORA and KALA GHORA

■ Increased average blended tea realisations from ₹ 162.64 per kg in 2010-11 to ₹ 166.41 per kg through increased focus on packet tea sales

■ Maintained packet tea sales at around the same level as last year, accounting for 29.25% of total tea sales

Strengths

Scale of production: The Company's tea production increased 29.85% in five years leading to 2011-12; this is expected to increase by another 50% by 2015 if negotiations to acquire tea gardens overseas fructify thereafter making it one of the largest tea-producing group.

Productivity: The Company, through its training and plant automation programmes, achieved high labour productivity. Average plucking productivity was 26.15 kg compared with the industry average of 24.5 kg; factory productivity was 55.19 kg compared with the industry average of 40.2 kg.

Yield: Average yield is 2091 kg in 2011-12. The Company is continuosly uprooting old tea areas at 2.5% p.a. with better yielding and quality clones.

Irrigation: The Company significantly invested in modern irrigation facilities at its gardens to mitigate the ill effects of drought.

Technology: The Company invested in factory automisation, installing Vibratory Fluidised Bed Dryer, enclosed withering trough, modern humidification plant and monorail conveyer system to improve quality and productivity.

Research and development: Research is conducted by TRA, UPASI with TRA Advisory Officers visiting all gardens to advise on matters regarding quality and yield improvement.

Outlook

■ Increase sale of packet tea by at least 10%

■ Achieve tea production levels of 13.5 million kg in 2012-13

■ Commercialise operations of the new factory at Hatijan estate in Q1FY 2012-13 with an annual capacity of 1.5 mn kg

■ Improve quality of loose tea to fetch better realisations

■ Undertake improvement in tea packaging for enhanced sales

■ Develop tea blends suitable for the Rajasthan market to further improve sales and margins

IT SEZ

Name	Dhunseri IT Park
Location	Bantala, south-east of Kolkata
Built-up area	7,50,000 sq ft
Phases	Two (twin towers)
Phase I (area)	3,70,000 sq ft
Phase 1 (expected completion)	Q4 FY 2012-13

Overview

The Company initiated IT park development in Bantala on the outskirts of Kolkata. Bantala being a SEZ, provides an attractive opportunity for IT companies to set-up their base here. Moreover, the location being a developed one, offers commercial office spaces at economical rates in Kolkata.

Major IT companies like Patni Computers and Tech Mahindra have reserved space at the IT Park. Cognizant Technology Solutions has already started operations at the location with an employee base of 4,000. Infrastructure developers like Forum Projects and Infinity Group have booked space within the facility.

Major IT and ITeS companies in Kolkata

*TCS *Cognizant Technology Solutions *Wipro *Tech Mahindra *ITC Infotech *HCL Technologies *Genpact *Tata Interactive Systems *NIIT Technologies *IBM *Sun Microsystems *RS Software *TCG Software *Metalogic Systems *Serenue Infotech *Intelliant Technologies *Alumnus Software *Moser Baer *Aditya Birla Minacs *Sonata Software *Avant Garde Software *Capgemini Consulting *Pinnacle Infotech

Highlights, 2011-12

- Constructed nine out of 12 floors of the Phase 1 tower
- Appointed Voltas for mechanical, electrical and plumbing works
- Civil construction expected to be completed by September, 2012 and entire Phase I project work to be completed by December, 2012
- Appointed international consultants Jones Lang LaSalle and Cushman & Wakefield to market the commercial space
- The Company expects to generate rentals of ₹ 30-35 per square foot
- Applied for LEED India Certification with Indian Green Building Council

Kolkata, a preferable IT destination

- Around 500 IT and ITeS companies operate in West Bengal
- IT sector is recognised as the priority focus area by the state government
- Empowered WEBEL (West Bengal Electronics Industry Development Corporation) – a single-window support centre for IT investors in the state to ease operations
- Literacy rate of 77% with a huge affordable talent reservoir
- One of the lowest-cost metropolitan cities in India, making operations profitable for companies
- Possesses three successful IT parks, creating an appetite for Dhunseri IT Park

Management discussion and analysis

Petrochem division

Overview

Polyethylene terephthalate (PET) is a versatile plastic used as a packaging material for beverages, food, personal and home care, pharmaceuticals, consumer and industrial products. The material gained global acceptance as a preferred packaging material on account of hygiene, strength, lightness, durability, inertness, economy, attractiveness and freshness-retention. Global food and health-safety agencies approved PET as perfectly safe for food and beverage packaging.

The result is that PET consumption increased significantly in the last 15 years over other alternative packaging materials (aluminium, glass, paper and others). This is best reflected in global PET demand increase for beverage packaging, which grew at a CAGR of 7.5% in 15 years compared with 2.2% for aluminium and 1.5% for glass. As a result, the product is establishing its superiority and deepening its penetration across products, sectors and countries *(Source: SBA CCI, Euromonitor, IVL Analysis).*

Global PET resin industry

The global PET resin industry grew at a 6% CAGR in the five years leading to 2011-12. The industry experienced an oversupply; global capacity utilisation was placed at 79% in 2011, which is expected to improve to 84% in 2015 *(Source: Crisil Research)*. Global PET packaging consumption is expected to grow 5.1% annually to 19.1 MT by 2017 with an estimated value of USD 43.7 bn. Asia is expected to account for 29.4% of the world's PET packaging consumption. *(Source: Pira International).*

The PET packaging markets have evolved over the years, with demand shifting from Europe and the US to Asia-Pacific. West Europe and North America accounted for about 24% and 28% respectively of the global PET packaging demand in 2007; they are expected to account for about 17% and 21% of the demand respectively by 2017. On the other hand, Asia-Pacific demand is likely to increase from 25% to 34% during the period *(Source: Pira International).*

Global PET resin demand by geography

	Expected demand in 2012 ('000 tonnes)	Proportion of world total	Increase in 2011 ('000 tonnes)	Increase in 2011 %
North America	3,774	22.1	95	2.6
South America	1,469	8.2	112	8.3
Middle East/Africa	2,033	11.2	171	9.2
West Europe	3,001	17.8	35	1.2
East Europe	1,057	6.1	37	3.6
Asia/ Pacific	6,364	34.6	615	10.7
Total	**17,698**	**100.0**	**1,047**	**6.4**

(Source: PCI PET packaging)

Global PET resin demand by industry

	Demand in 2012 ('000 tonnes)	Proportion of world total	Increase in 2011 ('000 tonnes)	%
Carbonated soft drinks	5,293	29.9	207	4.1
Water	4,609	26.0	292	6.8
Other drinks	3,581	20.2	310	9.5
Food	1,757	9.9	90	5.4
Non-food	1,052	5.9	100	10.5
Sheet	2,801	15.8	198	7.6
RPET	-1,395	-7.9	-132	10.5
Total	**17,698**	**100.0**	**1,065**	**6.4**

(Source: PCI PET packaging)

Indian PET resin industry

The Indian packaging industry (USD 15 billion) grew at a 15% CAGR in the five years leading to 2011-12; the industry is expected to grow to USD 40 billion by 2015 *(Source: Assocham)*, driven by a huge consumption growth for products like milk, food, beverages, food grains and pharmaceuticals as well as a packaging shift from the conventional to PET. Demand for PET from within India grew at a compounded 35% in FY06-11 even as the country's per capita PET consumption remained at a low 0.3 kg (global average 2.3 kg) *(Source: Crisil Research)*.

PET demand in India's packaging industry

	Domestic demand (tonnes)	Growth over last year
2006-07	147,918	49%
2007-08	177,424	20%
2008-09	243,508	37%
2009-10	309,233	27%
2010-11	408,723	32%
2011-12	500,000	22%

PET demand drivers in India

- **Rising population:** India's population rose by 181 million to 1.21 billion people over 10 years ending 2011 *(Source: Census)*.
- **Youth:** Almost 65% of Indians between the age group of 20-60 years are employed, leading to higher disposable incomes in the hands of the youth with aspirations for a better lifestyle. An estimated 70 million individuals will enter the workforce over the next five years. (Source: The Hindu)
- **Increasing disposable income:** The average employee remuneration grew 10.8% in 2010-11; per capita income is estimated to rise 14.3% to ₹ 60,972 in 2011-12 *(Source: Deccan Herald)*.
- **Urbanisation:** According to the United Nations, India is the world's fastest-urbanising country. Nearly 30% of India's population live in urban locations; almost 40% could be living in urban areas by 2030 *(Source: Assocham)*.

Segment-wise or product-wise performance

During the year under review, the Company's PET sales revenue increased 26% to ₹ 1,78,559 lacs in 2011-12. The Company's domestic sales grew 35% to ₹ 1,22,078 lacs, accounting for 68% of the total PET sales. Exports grew 9% to ₹ 56,481 lacs, accounting for 32% of the total PET sales. Domestic sales were higher given the increased demand in the sub-continent coupled with attractive margins.

Outlook

The Company undertook improvements in its existing plant and focused on commissioning its upcoming Haldia (2,10,000 TPA by June 2012) and Egypt plants (4,20,000 TPA by Q4 FY 2012-13). The Egypt plant will cater to the growing PET demand in Africa, the Middle East and Europe, whereas the Indian expansion will cater primarily to the Asian market (including India) and some demand of Europe and the US.

The Company optimised its existing resources and appointed marketing representatives to market the material coming out of the expanded capacity.

The outlook for this division is positive as the global PET resin industry is expected to grow at a compounded 5% in 5 years whereas Indian consumption is expected to grow at a compounded 18-20% during the period *(Source: Crisil Research)*. The packaging industry in India, a major consumer of PET resins, is expected to grow at a compounded rate of 15% to USD 40 billion by 2015 *(Source: Chairman of Indian Institute of Packaging)*.

Tea division

Overview

The global tea industry is largely dominated by India, the world's second-largest producer and largest consumer. India offers a wide tea range (CTC, orthodox, green tea) compared with other tea exporting countries. The country's tea industry accounts for 30% of the world production, 25% of global consumption and provides employment to over 35 lac workers across 1,500 tea estates. The Indian tea industry faces competition from China, Sri Lanka, Kenya and Vietnam.

Production

India's tea production increased from 966.4 mn kg in 2010 to 988.33 mn kg in 2011. Assam (509 mn kg of tea in 2011) contributed to over 50% of this production *(Source: Tea Board)*.

Consumption

India's tea consumption has increased from 837 mn kg in 2010 to 856 mn kg in 2011, growing at 3% annually compared with a 2.2% production growth, leading to a domestic deficit of 55 mn kg *(Source: Tea Board)*.

Exports

India's tea exports declined from 193.3 mn kg in 2010 to 186.7 mn kg in 2011, given the sharp decline (24%) in exports during January-April 2011. Tea exports stood at ₹ 2,595 crores in 2011 compared with ₹ 2,786 crores in 2010 *(Source: Tea Board)*.

Imports

India's tea imports declined from 20.04 mn kg in 2010 to 18.6 mn kg in 2011. Imports declined from ₹ 214.44 crores in 2010 to ₹ 172.69 crores in 2011 *(Source: Tea Board)*

Yield

The country's tea yield per hectare is more or less stagnant in the last few years. India's yield per hectare in 2009, 2010 and 2011 stood at 1,662 mn kg, 1,662.9 mn kg and 1,697 mn kg respectively *(Source: Sharekhan research report).*

Tea demand drivers

- **Preference:** India is the world's largest tea consumer, accounting for nearly 25% of the global tea production *(Source: Assocham).*
- **Health benefits:** Tea is perceived as a health drink, helps to combat cardise ailments, controls cholesterol, protects the skin, keeps cancer at bay, strengthens bones and teeth and contains no calories, fat or salt.
- **Affordability:** Nearly 90% of Indian households are regular tea drinkers, the beverage being cheap and affordable.
- **National drink:** Indian Government finalised to declare tea as the national beverage with effect from 17th April 2013.

Segment-wise or product-wise performance

The Company suffered on account of severe drought and major pest attacks in its gardens during 2011-12, leading to crop loss and decrease in revenues. Notwithstanding this, overall tea production increased from 10.29 mn kg in 2010-11 to 13.48 mn kg in 2011-12 due to the Company's acquisition of bought leaf factories. Average tea realisation decreased from ₹ 134.07 per kg to ₹ 113.38 per kg mainly on account of tea made in bought leaf factories. The new factory at Hatijan tea estate is expected to be commissioned shortly having a capacity of 1.5 mn kg. The Company sold one bought leaf factory during the year under review and another bought leaf factory is at the final stage of negotiations for sale due to non-availability of sufficient quantity of good quality green leaf.

Outlook

The Indian tea industry (six lac hectares under cultivation) is expected to report a CAGR of 15%, its turnover increasing from ₹ 19,500 crores to ₹ 33,000 crores by 2015. Volume-wise, production is expected to reach 1,000 mn kgs in 2012. As tea consumption grows faster than production, tea prices are expected to progressively strengthen *(Source: Assocham).*

Risks and concerns

Risks and opportunities are inseparable components of the Company's business. The Company's Directors and management keeps this in mind when taking decisions to ensure that stakeholders are not adversely affected. The Company's Risk Management Committee, comprising various departmental heads, meets regularly to assess and minimise risks without losing opportunities. These have been discussed in details in the risk management section in this annual report.

Internal control systems and their adequacy

The Company introduced internal control systems to ensure that all assets are safeguarded and protected against loss and that transactions are recorded and reported correctly. The internal control system is commensurate with the size and nature of the Company's business. The systems are regularly reviewed for effectiveness. The Managing Director & CEO, Executive Director (Finance) and Senior V. P. (COO-Tea division) of the Company oversee the entire internal control system. The Company ensures control through Oracle, E-Business Suite and ERP.

Discussion on financial performance with respect to operational performance

This has been covered in the Director's Report specifically under the section on financial results and performance. The financial review for the year has also been separately covered in this annual report.

Material developments in human resources/industrial relations front, including number of people employed

The Company emphasises training and development for optimum results. The Company strives to maintain healthy industrial relations across its various locations and employees in both the petrochem and tea divisions. The actual number of persons employed by the Company as on 31st March 2012 was 6,179.

Financial Review

Highlights, 2011-12

Revenue from operations increased by 24.18% from ₹ 1,593.95 crore in 2010-11 to ₹ 1,979.45 crore	Net profit declined by 61.13% from ₹ 127.31 crore in 2010-11 to ₹ 49.49 crore	EBIDTA declined by 46.94% from ₹ 251.15 crore in 2010-11 to ₹ 133.26 crore	Interest coverage declined from 9.70 in 2010-11 to 3.23	Profit before tax (PBT) declined by 69.59% from ₹ 194.12 crore in 2010-11 to ₹ 59.03 crore

Income

The revenue from operations registered a growth of 24.18% from ₹ 1,593.95 crore in 2010-11 to ₹ 1,979.45 crore in 2011-12 primarily due to rise in prices of polyester chips.

Other incomes declined from ₹ 109.11 crore in 2010-11 to ₹ 25.08 crore in 2011-12 since the other incomes in the previous years included insurance claims and profit on sale of long-term non-trade investments.

Expenses

Cost of raw materials: This increased by 36.02% from ₹ 1,146.93 crore in 2010-11 to ₹ 1,560.11 crore in 2011-12 largely driven by increase in prices of major raw materials Purified Terepthalic Acid (PTA) and Monoethylene Glycol (MEG).

Employee costs: This increased by 12.45% from ₹ 48.30 crore in 2010-11 to ₹ 54.31 crore in 2011-12.

Power and fuel costs: This increased by 18.45 % from ₹ 53.17 crore in 2010-11 to ₹ 62.98 crore in 2011-12 primarily on account of inflated fuel prices.

Foreign exchange loss: The Company faced a loss of ₹ 33.54 crore in 2011-12 on account of raw material imports and outstanding current liability in foreign currency.

Finance costs: This increased by 59.20% from ₹ 25.89 crore in 2010-11 to ₹ 41.22 crore in 2011-12 primarily on account of higher foreign exchange difference and increase in interest on net working capital.

Depreciation: This increased by 6% from ₹ 31.14 crores in 2010-11 to ₹ 33 crores in 2011-12 due to capital expenditure including for replacement of assets damaged by fire.

Resources

Reserves grew by 4.58% from ₹ 680.42 crore as on 31st March 2011 to ₹ 711.58 crore	Return on capital employed declined by 1164 bps from 23.34% in 2010-11 to 11.7%

Capital employed: The capital employed in the Company increased by 5.88% from ₹ 1,075.97 crore as on 31st March 2011 to ₹ 1,139.24 crore as on 31st March 2012 (excluding the capital employed amounting to ₹ 350.41 crore for plant under construction) due to increase in reserves and debt capital.

Networth: The net worth of the Company increased by 4.36% from ₹ 715.45 crore as on 31st March 2011 to ₹ 746.61 crore as on 31st March 2012 on account of profit generated during the year.

Long term borrowings: The Company's long-term borrowings increased from ₹ 96.02 crore as on 31st March 2011 to ₹ 350.29 crore as on 31st March 2012 primarily to fund the expansion project at Haldia. The debt equity ratio of the Company as on 31st March 2012 was at 0.47.

Gross block: The gross block of the Company increased by 4.21% from ₹ 793.68 crore as on 31st March 2011 to ₹ 827.07 crore as on 31st March 2012. This increase in gross block is due to acquisition of land for new plant expansion and general upgradation and upkeep of existing plant.

Environment, Health and Safety management

The Company invested in a clean manufacturing technology resulting in low emissions and a positive environmental impact. The Petrochem Division of the Company was certified with SA 8000:2008 from TUV NORD for maintaining workers' rights, workplace conditions, and management systems. This is in addition to the ISO 9001, ISO 14001 and OHSAS 18001 certifications already received.

Environment

Dhunseri has always been committed to the highest environmental and safety standards which is reflected in complete compliance of such regulations. This commenced with the selection of advanced technology from Germany, complying with international environmental standards and marked by no emissions.

The various initiatives undertaken by the Company in these areas are:

- Created a dedicated Environmental Cell to review related activities, report shortcomings and undertake various improvement steps
- Continuous monitoring of effluent treatment and water discharge to keep it well below the norms
- Invested in rainwater harvesting, afforestation drive and vermi-compost pits
- Installed roof top extractor and modified control circuit for ventilation fans at Haldia plant
- Installed ventilator fans at all tea factories to circulate fresh air

These initiatives improved water and energy consumption efficiency on the one hand and reduced hazardous gases and waste on the other.

Health

The Company undertook the following initiatives towards maintaining and improving the health of the employees:

Petrochem division

- Protected employee health by establishing a well-equipped occupational health centre with a qualified doctor
- Free medical check-ups for all employees
- Regular training for all employees

Tea division

- Medical camps are organised with the help of specialist doctors
- Free distribution of chemically-treated mosquito nets to workers
- Provided a water filtration plant with iron filtration for potable water supply to workers

Safety

Dhunseri is committed to employee safety through the following initiatives:

- Safety audit through internal team and external agencies
- Regular safety rounds
- Periodic inspection of breathing apparatus and personal protective equipment
- Developed a fire handling system at plant by installing a 16,000 m^3 water reservoir, procuring additional fire tenders and installing sprinklers in raw material warehouse

Corporate social responsibility

The Company carried out various CSR activities across the country through Dhanuka Dhunseri Foundation (DDF). DDF was established in 1972 and focuses on four major philanthropic areas:

- Promoting education by building schools and colleges and providing assistance for their maintenance
- Empowering the girl child through education and other initiatives
- Improving healthcare by distributing free medicines and setting up dispensaries and providing assistance to charitable hospitals
- Focusing on community development through donations

The Foundation regularly provides financial assistance in association with various organisations to carry out CSR activities in these areas. During the year, the Foundation undertook initiatives to provide primary education to 352 children and medical treatment to 58,250 patients. We are currently building a new girls hostel in Kolkata to accommodate 400 girls with a built-up area of 70,000 sq. ft.

Building plans have been submitted to Kolkata Municipal Corporation and the construction work will begin once the plan is sanctioned.

In 2011-12, we contributed a sum of ₹ 0.61 crores towards CSR activities.

Risk management

Industry risk

A downturn in the economy or select sectors (petrochem or tea) could adversely impact revenues

Mitigation

Petrochem

- The PET industry in India is expected to grow at a compounded rate of 18-20% during the next five years
- The global consumption of PET packaging is expected to grow 5.1% annually during the next five years
- The Indian packaging industry (USD 15 billion), the primary consumer of PET in India, grew at a CAGR of 15% in five years and is expected to reach USD 40 billion by 2015 which is likely to boost PET demand

Tea

- The country's rising population and increased tea preference is likely to sustain domestic consumption
- India's tea industry turnover is expected to grow from ₹ 19,500 crores to ₹ 33,000 crores by 2015

Quality risk

An inability to manufacture quality products could lead to poor realisations and brand diminution

Mitigation

Petrochem

- The Company's robust and tested German technology enables it to manufacture top quality products for demanding clients
- The Company regularly undertakes plant maintenance and upgradation to ensure that the end product is of acceptable quality
- The Company maintains strict quality control checks and ensures that the two major raw materials – PTA and MEG are procured from quality vendors
- The Company's ISO 9001:2008 certifications has been a result of all the above. Substantial revenues were derived from longstanding customers

Tea

- The Company's research and development is engaged with TRA and UPASI Tea Research Foundation to enhance yield and quality
- Installed cooling driers, enclosed withering trough and humidation plant, which are likely to improve processed tea quality
- Provided adequate labour training regarding tea plucking to enhance tea quality
- Installed machines to enhance quality and minimise tea reprocessing of secondary grades for overall improvement in quality
- Nine gardens with factories are ISO 22000:2005-certified for food safety

Asset quality risk

Inability of the Company to maintain the quality of its existing plant may hamper its efficiency, resulting in production losses

Mitigation

Petrochem

- The Company undertakes predictive plant maintenance activities regularly to ensure higher plant uptime and asset utilisation resulting in increased production

Tea

- Automation of factories to improve productivity and also overcome shortage of workers resulting in lower cost of production

Cost risk

Inability of the Company to manufacture products at a lower cost could lead to a loss in market share

Mitigation

Petrochem

- The Company operates at a high capacity utilisation level of 105%, which rationalises overheads
- MEG pipelines from the port to the plant will reduce logistics cost
- The upcoming 10 MW coal-based power plant in Haldia will reduce energy cost
- Optimum utilisation of resources at the Haldia plant 1 and 2 will reduce overheads

Tea

- Plant automation and efficient use of machineries will reduce operating cost
- Increasing yield per hectare at the gardens will help in reducing cost once new plantation comes into full bearing

Marketing risk

Inability of the Company to efficiently market products could lead to unsold stock and lower capacity utilisation

Mitigation

Petrochem

- The Company recruited specialised representatives across regions to market products globally following expansion
- The Company's brand ASPET is respected across around 40 countries; none of the countries to which products were exported accounted for more than eight per cent of revenues in 2011-12

Tea

- The Company appointed famous cine actor Hema Malini to promote its package tea/branded tea sales in Rajasthan
- The Company created a wide distribution network to cover each district in Rajasthan for its packet tea sale
- The Company's tea brands are very popular in Rajasthan due to quality of tea as well as packaging

Technology risk

Use of outdated technology will result in inefficiency in the production process resulting in lower margins

Mitigation

Petrochem

- Our existing plant at Haldia, expansion at Haldia and new plant in Egypt has been equipped with the latest PET manufacturing German technology
- The Company associated with M&G (Italy) to provide BicoPET technology to manufacture barrier grade PET resins to store products with higher shelf-life

Tea

- The Company upgraded its factories with new drying machines, humidation plant, enclosed withering trough, monorail system, online sorting machineries and automated most of the operations to enhance factory efficiency
- The Company regularly invests in replacing machines with modern equipment and upgrading processes to improve tea quality
- The Company invested in factory automation processes to reduce downtime and enable higher capacity utilisation levels

Environment risk

Inability of the Company to maintain plant operations within the environmental norms might lead to losses for the Company and hamper its reputation

Mitigation

Petrochem

- PET manufacturing is more environment-friendly compared with other packaging material. Moreover, it is the most recycled domestic packaging polymer resulting in lower carbon emission
- The Company adopted reputed technology from Germany and has constantly engaged in adopting new technology that can reduce water and energy consumption and keep waste emissions within norms
- The Company's PET plant is ISO 14001:2004-certified for its compliance to environmental norms, BS OHSAS 18001:2007 for safety and health management and SA 8000:2008 for maintaining workers' rights, workplace conditions and management systems.

Tea

- The Company complies with all environmental laws and regulations at its gardens and factories

Credit risk

Inability of the Company to recover funds from debtors may hamper the Company's working capital requirements which in turn would impact production leading to losses

Mitigation

- The Company's internal team thoroughly evaluates the customer's profile and its past track record before making credit sales
- Most of the Company's export credit sales are covered under credit insurance policy thereby reducing chances of loss due to non-payment

Statutory compliance risk

Inability of the Company to meet statutory compliances may lead to heavy penalty

Mitigation

The Company has an effective statutory compliance management system in place which is regularly reviewed under the close supervision of CRMO (Chief Risk Management Officer) to ensure that the Company meets all statutory compliances

Directors' Report

Dear members

Your Directors have pleasure in presenting the Ninety Sixth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

(₹ in lacs)

	2011-12	2010-11
Turnover and other income	2,00,453	1,70,306
Profit before interest and depreciation	13,326	25,115
Interest	4,122	2,589
Profit before depreciation	9,204	22,526
Profit for the year	5,903	19,412
Provision for tax		
- Current tax	719	3,789
- Deferred tax	526	2,884
- Adjustments of earlier years	(291)	8
Profit after tax	4,949	12,731
Amount brought forward from previous year	4,903	20,317
Amount available for appropriation	9,852	33,048
Appropriation proposed:		
Transfer to General Reserve	495	26,306
Dividend proposed on equity shares (Current year @ ₹ 4.50/- and previous year @ ₹ 4.50/- per share of ₹ 10/- each)	1,576	1,577
Tax on dividend	256	262
Balance carried to Balance Sheet	7,525	4,903

Dividend

Your Directors recommended a dividend @ ₹ 4.50/- per equity share of ₹ 10/- each for the year ended 31st March 2012, maintaining the last year's rate, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Performance

Petrochem Division

The PET plant at Haldia operated at 105% capacity utilisation. The production of PET resin increased from 2,00,981 MT in 2010-11 to 2,08,975 MT in 2011-12.

Although the plant operated in excess of 100% capacity utilisation the margins remained under pressure throughout the year. Further the unexpected and steep decline in the value of Indian Rupee against other foreign currencies also affected the bottomline.

Your Directors take satisfaction to inform you that all the term loans pertaining to the first PET project of the Company have been fully repaid in the financial year 2011-12. The pledge of 53,04,700 shares in the Company held by Dhunseri Investments Ltd., provided as a security in respect of the aforesaid term loans, have since been released on 3rd April 2012.

As reported in last year's Directors' Report in respect to the unfortunate incidence of fire due to electrical short circuit in the raw materials godown at Haldia plant on 14th March 2011, your Directors wish to inform you that the claims under the "Stock Policy" towards destruction of raw materials & packing materials and reimbursement of expenses aggregating to ₹ 51.82 crores have been settled by the insurance company to the tune of ₹ 36.26 crores (net of salvage of ₹ 5.32 crores) in the current year. The shortfall on this account amounting to ₹ 10.24 crores has been charged off in the books of accounts for the year ended 31st March 2012.

Further, during the current year your Company restored to operation some fire damaged fixed assets valuing ₹ 2.89 crores in the books and as on 31st March 2012 is carrying ₹ 9.82 crores in the books of accounts towards amount receivable from insurance company on account of loss incurred on damage/ destruction of fixed assets & spares under "Industrial All Risk" (IAR) policy. Your Company expects to receive the claim amount under IAR policy shortly.

Tea Division

Crop in Assam was affected due to early close of season due to no rain from end September 2011 till first week of April 2012 resulting in severe drought. There was increased pest activity due to very unfavourable weather condition.

The production of your Company increased from 103.03 lac kgs tea made to 134.81 lac kgs tea made mainly due to addition from new bought leaf factories. However, price realisation was substantially lower due to poor market condition for medium quality teas especially from new bought leaf factories where quality parameters could not be stabilised in the first year. Orthodox market was also substantially lower by ₹ 20/- due to fall in prices of orthodox teas as compared with ₹ 17.16 lower for our teas.

Prospects

Petrochem Division

The existing plant is running at full capacity utilisation and is expected to operate likewise in the coming year.

The project for expansion of the PET plant capacity in Haldia to 4,10,000 TPA from 2,00,000 TPA is progressing satisfactorily. Mechanical completion is expected to be achieved around middle of May 2012. Start up of trial run is expected around middle of June 2012. Delay in the project completion is due to delay in civil construction caused by heavy rains during construction.

With this the capacity of the Company's total production will increase to around 3,50,000 tonnes for the financial year 2012-13. The Company appointed marketing representatives in various international markets and is gearing up to meet marketing challenges to sell enhanced production.

As already reported in the last report, your Company plans to produce and market barrier resins using M&G's state of the art BicoPET technology, after carrying out necessary modifications in the existing plant. All the equipments for this purpose have been procured. The erection of these equipments will be done after the commissioning of the new plant. After the erection of the plant and machinery, the commissioning will be synchronised with the maintenance shutdown of the existing plant.

Tea Division

Tea garden received some useful rain in the second week of April (after prolonged drought for the past six months) and now crop prospects appears to be good from the month of May 2012 onwards. Your Company mitigated the ill effect of drought to a large extent by continuous use of sprinkler irrigation. Some gardens in South Bank also suffered this year due to less rainfall upto February 2012 where irrigation facilities are provided only for newly planted tea areas.

Continued emphasis given on manufacturing quality teas yielded favourable results in some gardens. However, all the gardens have been brought under similar manufacturing process to improve the quality as well as grade mix and there should be substantial improvement in overall quality of teas to be produced by the Company in the Season 2012.

Company's packet tea brands LAL GHORA and KALA GHORA continued to receive good response from consumers due to overall improvement in quality and also packaging which helped in achieving the targeted sale quantity and it is expected that there should be substantial increase in sale quantity in 2012-13 as the trend shows for the month of April 2012.

The tea market is expected to remain good during the year and difference in prices would be maintained for quality teas.

The Company has sold and handed over one tea factory in Assam and negotiation for another tea factory is under progress and expected to be completed shortly.

The operations of the remaining two bought leaf factories are being stabilised and is expected to achieve the targeted quantity of 3 mn kg tea made depending on availability of quality green leaf at competitive rates in the area. A new factory at Hatijan Tea Estate is being constructed having an annual capacity of 1.5 mn kg production and commercial production will start from the first week of May 2012.

Further subsequent to the end of financial year 2011-12, the Company has entered into an agreement for sale of one of the tea estates namely Namsang Tea Estate, having around 5% of the production of the Company, at a consideration of ₹ 28.29 crores.

The Company's current tea production is 13.5 mn kg and is expected to reach 20 mn kg in the next 2/3 years if negotiations to acquire tea gardens abroad fructifies.

IT-SEZ Division

The construction work of 'Dhunseri IT Park' at Bantala is progressing gradually. In respect of the first phase having a built up area of 3,70,000 sq. ft., the construction is expected to be completed in the last quarter of financial year 2012-13.

Barring unforeseen circumstances, the Company's performance for the coming year is expected to be satisfactory.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings/Outgo

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are attached as an annexure to this report.

Disclosure Under Sec 217(2A) of the Companies Act, 1956

The particulars of employees whose salary exceed the limits as prescribed under Section 217(2A) of the Companies Act, 1956 are given as an annexure to this report.

Auditors

M/s Lovelock & Lewes, Chartered Accountants, retire on the conclusion of this Annual General Meeting, and being eligible, offer themselves for reappointment.

Audit Report

With regard to the observations of the auditors in paragraph 4 of Auditors' Report, the relevant notes to accounts are self explanatory.

Directors

As already informed in the last report, the Central Government had accorded its approval u/s 259 of the Companies Act, 1956 to increase the maximum number of Directors of the Company from 12(Twelve) to 18 (Eighteen), subject to the condition that the increase in the number of Directors had to be effected within 19th September 2011, failing which the approval would lapse.

Since the Company has not affected the increase in the number of Directors by 19th September 2011, the approval lapsed. Hence the maximum number of directors of the Company has come down to 12(Twelve) again.

During the year Mr. S. K. Pai ceased to be a Director of the Company consequent to the withdrawal of nomination by IDBI Bank Limited following the full repayment of its term loan. The Board of Directors wish to place on record their sincerest appreciation for the contribution made by Mr. S. K. Pai during his tenure.

Further, during the year the tenure of Mr. B. K. Biyani as the Executive Director (Corporate) of the Company ended on 31st March 2012 and simultaneously he has resigned from the post of Director with effect from close of 31st March, 2012. The Board of Directors wish to place on record their sincerest appreciation for the contribution made by Mr. B. K. Biyani during his tenure. Mr. R. K. Sharma, has been appointed as a Director of your Company in the casual vacancy created by the resignation of Mr. B. K. Biyani with effect from 1st April 2012. Mr. R. K. Sharma shall hold office till the term Mr. B. K. Biyani would have held office.

Mr. A. Bagaria, Mr. R. N. Bhardwaj and Mr. Y. F. Lombard, Directors of your Company will retire at this Annual General Meeting by rotation, and being eligible, offer themselves for reappointment. The Board recommends their reappointment as Directors of your Company.

The tenure of Mr. M. Dhanuka as the Vice Chairman & Executive Director has ceased on 31st March 2012. He is proposed to be reappointed as the Vice Chairman & Managing Director of the Company with effect from 1st April 2012. Your Directors recommend approval of his reappointment as the Vice Chairman & Managing Director of the Company. The particulars required for reappointment as the Vice Chairman & Managing Director are contained in the Notice for the Annual General Meeting of the Company.

The tenure of Mr. B.Chattopadhyay as the Executive Director & CEO ceased on 31st March 2012. He is proposed to be reappointed as the Managing Director & CEO of the Company with effect from 1st April 2012. Your Directors recommend approval of his reappointment as the Managing Director & CEO of the Company. The particulars required for reappointment as the Managing Director & CEO are contained in the Notice for the Annual General Meeting of the Company.

Mr. R. K. Sharma is presently the CFO of the Company. He is proposed to be appointed as the Executive Director (Finance) of the Company, liable to retire by rotation, with effect from 1st April 2012. Your Directors recommend the approval of his appointment as the Executive Director (Finance) of the Company, liable to retire by rotation. The particulars required for appointment as the Executive Director (Finance), liable to retire by rotation are contained in the Notice for the Annual General Meeting of the Company.

Mr. D.P.Jindal has been appointed as the Additional Director of your Company with effect from 2nd May, 2012. In terms of Section 260 of the Companies Act, 1956 he shall hold office only upto the date of this Annual General Meeting. The required notice pursuant to provisions of Section 257 of the Companies Act, 1956 has been received from a member proposing his appointment as a Director of your Company, liable to retire by rotation. Your Directors recommend approval of his appointment as a Director of your Company, liable to retire by rotation. The particulars required for appointment as Director are contained in the Notice for the Annual General Meeting of the Company.

Fixed Deposits

The Company has not accepted any deposits from the public. However the Companies (Acceptance of Deposits) Rules, 1975 were complied with in view of the deposits being accepted from the employees of the Company. All deposits which matured during the year were repaid.

Subsidiary Company

1) Egyptian Indian Polyester Company S.A.E (EIPET):

EIPET's project in Egypt is progressing satisfactorily. Start up of trial run is expected to be achieved by fourth quarter of financial year 2012-13.

2) Dowamara Tea Company Private Ltd. (DTCPL):

Dowamara Tea factory belonging to Dowamara Tea Company Private Limited (DTCPL), which is a wholly – owned subsidiary of the Company, produced 5.25 lac kgs during the year ended 31st March 2012. DTCPL suffered a loss of ₹ 112.64 lacs during the current year.

3) Dhunseri Petrochem & Tea Pte Ltd. (DPTPL):

Your Directors wish to inform you that a wholly owned subsidiary has been incorporated in Singapore on 28th December, 2011 under the name and style of Dhunseri Petrochem & Tea Pte Ltd. for the purpose of transferring the investment of the Company in Egyptian Indian Polyester Company S.A.E.(EIPET) to the aforesaid subsidiary in Singapore.

Upon receipt of the approvals and other statutory permissions, the investment of the Company in EIPET would be transferred to DPTPL.

Subsidiary Accounts

Ministry of Corporate Affairs has granted general exemption to the companies under Section 212 of the Companies Act, 1956, from attaching the reports and accounts of the subsidiary company, subject to fulfillment of certain conditions, which amongst others include the consent of the Board of Directors for not attaching the annual accounts of the subsidiary. Accordingly, the Board of Directors of the Company, at its meeting held on 2nd May 2012, has consented for not attaching the annual accounts of the subsidiaries viz, M/s Egyptian Indian Polyester Company S.A.E. and Dowamara Tea Company Private Ltd. with the accounts of the Company.

Accordingly, the Audited Statements of Accounts, the reports of Board of Directors and Auditors of the subsidiary companies have not been annexed. The annual accounts of the subsidiary companies and the related detailed information shall be made available to the shareholders of the Company and subsidiary companies seeking such information at any point of time. Shareholders who wish to have a hard copy of the full reports and accounts of the subsidiaries will be provided the same on receipt of written request from them. These documents will also be available for inspection by any shareholder at the registered office of the Company and that of the subsidiaries on any working day during business hours, except on Saturdays.

As required under the listing agreement with the stock exchanges, the audited consolidated financial statements of your Company are also attached and form a part of the Company's annual report. However, the consolidated financial statements do not include the operations of Dhunseri Petrochem & Tea Pte Ltd. as the first financial year of the said Company will end only on 31st March 2013.

Cost Audit

Your Company is under the purview of Cost Audit as per Section 233B of the Companies Act, 1956 in respect of manufacture of Tea. Further with effect from financial year 2012-13 Poly Ethylene Terephthalate (PET) resin has also been covered for Cost Audit. M/s Mani & Co., Cost Accountants, have been appointed as Cost Auditors of the Company.

Directors' Responsibility Statement Pursuant to Section 217 (2AA) of the Companies Act, 1956

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

(i) That in the preparation of the annual accounts, the applicable accounting standards were followed, except as specified in Para 4 of Auditors' Report. Proper explanation relating to material departures, have been clarified in note no. 35 in the notes to accounts which is self explanatory;

(ii) That the Directors selected such accounting policies and applied them consistently except as specified in note no. 38 in notes to accounts and made judgments and estimates that were 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 profit and loss of the Company for that period;

(iii) That the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;

(iv) That the Directors prepared the annual accounts on a going concern basis.

Corporate Governance and Management Discussion and Analysis Reports

Corporate Governance and Management Discussion and Analysis Reports are set out as separate annexure to this report.

Corporate Social Responsibility

Your Company understands that the expectations of society from industry is constantly changing and is conscious of its social responsibilities. It has continued with its welfare activities for development in the fields of education, health, culture and other welfare measures and to improve the general standard of living.

Your Directors have decided that 1% of the profits of the Company would be used towards CSR activities, with a maximum ceiling of ₹ 1 crore including contributions to Dhanuka Dhunseri Foundation Trust (DDFT). As reported in the last year's report, DDFT acts as the vehicle through which the CSR activities of the Company are carried out across the various parts of the country. The Trust was formed in 1972 for various charitable objectives. It is involved in various philanthropic activities like building schools, colleges and girls hostel, providing free medicines through dispensaries and grants to charitable institutes.

Certifications

Petrochem Division

As already informed in the last report, the Petrochem division of the Company holds quality certifications from renowned national and international agencies like the USFDA, EC, Japanese and Canadian Food and Health Bodies and ITRC and is also ISO 9001:2008, ISO 14001: 2004 and BS OHSAS 18001: 2007 certified.

Further during the year the Petrochem division of the Company has received SA 8000: 2008 certification (i.e. Certificate of Social Accountability) from TUV NORD for its plant at Haldia in respect of manufacture and sale of PET resin in International and domestic markets.

Tea Division

As informed in the last report, your Company was already having the ISO 22000:2005 certification for Dilli & Santi Tea Estates. Further during the year your Company has also received the ISO 22000:2005 certifications from DNV Business Assurance in respect of Food Safety System for the following Tea Estates:

i) Bahadur Tea Estate

ii) Bahipookri Tea Estate

iii) Bettybari Tea Estate

iv) Dhunseri Tea Estate

v) Khagorijan Tea Estate

vi) Namsang Tea Estate (agreement for sale executed)

vii) Orang Tea Estate

Awards

Your Directors have the pleasure to inform you that the following awards have been received:

Petrochem Division

Second Best Exporter Award: The Company's Petrochem division has received the second best exporter award for the year 2009-10 in the product category of Plastic Polymers by The Plastics Export Promotion Council, Mumbai.

Environment, Health and Safety

Health and safety has always been a matter of major concern and importance. Your Company continuously strives to ensure that our operations are safe. The Company recognises the importance of managing its environmental impact. These are matters of priority and therefore caring for the environment and responsible disposal of wastes are some of the ongoing initiatives undertaken by the Company.

Utilisation of Proceeds from Preferential Issue

Erstwhile SAPL had made an allotment of equity shares, warrants and FCCBs in 2007-08. Consequently, during 2007-08, erstwhile SAPL raised ₹ 7,416.23 lacs by preferential allotment of equity shares and equity share warrants and ₹ 7,864.00 lacs from the issue of the FCCBs. The FCCB proceeds as at 31st March 2012 (as reduced by redemption in 2009-10) is ₹ 2949 lacs.

The money raised out of such issue was to be utilised for:

i) Equity participation in overseas subsidiaries

ii) Retirement of high cost borrowings

iii) Other business purposes, including working capital requirements

The amount raised by issue of equity shares, equity share warrants and FCCB's have been fully utilised towards equity participation/issue related expenses in the overseas project in Egypt.

CRISIL EQUITIES GRADING

Your Directors inform that CRISIL vide its independent equity research report dated 16th February, 2012 has assigned a CRISIL fundamental grade of 3/5 (pronounced three on five) to the Company. The grade indicated that the Company's fundamentals were 'good', relative to other listed equity securities in India. CRISIL has assigned a valuation grade of 5/5, indicating that the stock has a strong upside as compared to the market price of ₹122/- (as on 16th February, 2012). CRISIL's fair value of the Company's stock was ₹ 243/-.

Credit Rating by Credit Analysis & Research Ltd. (Care)

Your Directors inform that CARE has reaffirmed the Credit rating of CARE A + (Single A plus) assigned to long term bank facilities of the Company and CARE A1+ (A One plus) assigned to short term facilities of the Company. At the same time CARE has reaffirmed the Credit rating of CARE A1+ (A One plus) assigned to the Short Term Debt (STD) programme (including Commercial Paper) of the Company for a maturity upto six months.

Employees

Your Company believes that 'people' are the most prized asset for the success of any organisation. Your Directors wish to express their appreciation to all the employees for their exemplary contributions and excellent team spirit. Their dedicated efforts, enthusiasm and commitment have played a pivotal role in the growth of the Company.

Acknowledgement

The Directors wish to place on record their sincere appreciation for the whole-hearted support received from Axis Bank, Allahabad Bank, Bank of Baroda, Bank of India, Canara Bank, Deutsche Bank, Development Credit Bank, DBS Bank Limited, Export-Import Bank of India, HSBC Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, International Finance Corporation, Washington, Punjab National Bank, State Bank of India, State Bank of Travancore, Syndicate Bank, Standard Chartered Bank, United Bank of India, West Bengal Industrial Development Corporation Ltd, Tea Board, Haldia Development Authority, Office of the District Magistrate of East Midnapore, West Bengal Pollution Control Board, West Bengal State Electricity Board, Ministry of Environment & Forest, Government of West Bengal, Government of Assam, Government of Egypt, Governorate of Suez, General Authority for Investment and Free Zones (GAFI), Egyptian Petrochemicals Holding Company (ECHEM), Engineering for the Petroleum and Process Industries(ENPPI), Ahli United Bank (Egypt) S.A.E, Commercial International Bank (Egypt) S.A.E, Egypt, the customers, suppliers, shareholders and all others associated with the Company.

For and on behalf of
The Board of Directors

Place: Kolkata
Date: 2nd May, 2012

C. K. Dhanuka
Executive Chairman

Annexure to the Directors' Report

Information Pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and Forming Part of the Directors' Report for the year ended 31st March 2012.

A. Conservation of Energy:

Your Company attaches priority to conservation of energy. The activities of the Company in this direction are:

a. Energy conservation measures taken:

Petrochem Division

1. Installation of LED based low voltage, low wattage lights in FGS.
2. Installation of turbo ventilators in FGS to replace electrical motor driven exhaust fans.

Tea Division

Vibratory fluidised bed dryer has been installed in all the gardens and manufacturing has been stabilised with improvement in quality.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Petrochem Division

Investments and proposals presently under consideration are:

1. Stoppage of existing MEG unloading pumps for installation of new Cross country MEG pipe line.
2. Replacement of conventional tube lights with energy efficient for office areas.
3. Replacement of conventional street lights with LED type.

Tea Division

New gas burners have been installed in two factories for efficient use of gas. Initial results have shown savings on energy. However, final assessment will be made after continuous use of the same in the peak season.

Installation of santoor in all the gardens will reduce the percentage of reprocessing thereby improving the quality and reduction in non-remunerative grade.

c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Petrochem Division

The proposed energy conservation measures are expected to yield an annual cost savings of:

1. ₹4.52 lacs on account of stoppage of MEG unloading pumps for cross country MEG pipeline.
2. ₹ 1.33 lacs on account of Replacement of conventional tube lights with energy efficient for office areas.
3. ₹ 1.15 lacs on account of replacement of conventional street lights with LED

Tea Division

The energy conservation measures have resulted in saving of approx 4-5% in both gas and electricity consumption and will also save on maintenance costs in future. Its full impact will be visible in the year 2012-13.

FORM A

Form for disclosure of particulars with respect to conservation of energy

A. POWER & FUEL CONSUMPTION	Current year ended 31st March 2012	Previous year ended 31st March 2011
1. Electricity		
a) Purchased units (lacs KWH)	78.59	60.80
Total Amount (₹ lacs)	568.20	397.16
Rate / Unit (₹ /KWH)	7.23	6.53
b) Own Generation		
i) Through Diesel Generator Units (lacs KWH)	20.60	13.03
Units per ltr. of diesel oil	2.75	2.74
Cost/unit (₹ /KWH)	13.86	13.44
ii) Through F O generator units (lacs KWH)	61.29	154.52
Units per kg of furnace oil (KWH)	4.69	4.46
Cost/unit (₹ /KWH)	7.62	5.94
iii) Through gas generator units (lacs KWH)	13.14	16.29
Units per S cum of gas	3.82	5.29
Cost/unit (₹ /KWH)	2.32	1.55
iv) Through turbine generator units (lacs KWH)	514.03	368.15
Units per MT of coal	908.15	773.78
Cost/Unit (₹ /KWH)	4.83	4.82
2. Coal (Note 1&2)		
Quantity (MT)	44,907.56	28,973.53
Total cost (₹ lacs)	1,938.42	1,025.99
Average rate (₹ / MT)	4,316.48	3,541.11
3. Furnace Oil (for heating)		
Quantity (MT)	911.54	2,633.95
Total cost (₹ lacs)	315.14	696.85
Average rate (₹ / MT)	34,572.53	26,456.64
4. Gas		
Quantity (lacs S cum)	34.32	25.93
Total cost (₹ lacs)	282.84	187.75
Average rate (₹ / S cum)	8.24	7.24

B. CONSUMPTION PER UNIT OF PRODUCTION	Standard (if any)	Current year ended 31st March 2012	Previous year ended 31st March 2011
Product- Tea			
Tea produced (lac kgs.)		134.66	102.83
Electricity (KWH)	1.00	0.83	0.87
Coal (kg.) (Margherita and Khasi coal)	1.00	0.43	0.49
Gas (S cum)		0.25	0.25
Product- Poly Ethylene Terephthalate (PET) Resin			
PET produced (MT)		2,08,975	2,00,981
Electricity (KWH/MT)	273.00	275.70	260.14
Furnace oil (Kg/MT)	86.00	4.36	13.11
Coal (Kg /MT) (steam coal/ROM coal)		187.25	118.96

Note:

1) Quality of coal- a) Petrochem division: Imported Indonesian coal/steam and ROM coal; b) Tea division: Margherita and Khasi coal.
2) Where used- a) Petrochem division: In coal-fired HTM heaters for process heating; b) Tea division: In coal-fired heaters.
3) In Petrochem division, process heating was done primarily by coal and in case of emergency by FO during the year. In Tea division process heating was done by coal in North Bank gardens and gas in South Bank gardens.

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R&D)

Petrochem division

Research and Development is spread across the business of the Petrochem division. Constant development efforts are made to increase efficiency and for cost reduction

1. Specific areas in which R&D was carried out by the Company-

   The following R&D activities were conducted during the financial year 2011-12 to achieve significant development in quality and to make the product compliance to changing international criteria.

   In continuation to the R&D activities pertaining to the replacement of heavy metal cobalt from the range of product, DPTL with its intense study, trail and review could be able to eliminate cobalt completely from the product with effect from August 2011. Subsequently EU had banned the use of cobalt in food grade packaging material in January 2012. DPTL is the only PET manufacturing unit in India who took the initiative in making the PET cobalt free. Most of the domestic customers catering their product to EU would be able to sell their product. The transition of PET with cobalt to zero cobalt was very smooth and had no adverse impact on gloss and tinge of the downstream product.

2. Benefits derived as a result of the above R&D-

   ASPET brand PET is more environmental friendly with no heavy metal cobalt as its ingredient. The product is fully in compliance with EU regulations. Further due to elimination of cobalt the Company could save ₹ 1.20 crore annually.

3. Future plan of action-

   To extend the same facility and implementing the above for products with new plant.

4. Expenditure on R&D:

   a. Capital: ₹33.88 lacs

   b. Recurring: Nil

   c. Total: ₹33.88 lacs

   d. Total R&D expenditure as a percentage of total turnover: 0.02%

The R&D is integrated to the production and quality control process of the Company and as a result cannot be segregated.

The benefits are consequently synergised and not allocated in terms of financial heads.

Tea division

The Company subscribes to Tea Research Associations, which does R&D work for its tea industry and their expert advice is also being obtained through visits by their Advisory Officers to the garden from time to time.

Gramin Krishi Unnayan Prakalpa is implemented for agricultural development as well as overall improvement of socio-economic improvement of the area through various tea associations.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

Petrochem division

Material procurement for required modification of existing plant to produce barrier PET was completed and modification job would be done at nearest opportunity. The new plant erection is in full swing to meet the target date of completion. With the commissioning of new plant, company could be able to double its production with Haldia production facility.

Tea division

Indigenously developed technologies for the improvement of production both in field and factory were adopted and required modifications and innovations were done on continuous basis.

Garden started using JCB for uprooting tea bushes with good results in both quality and speed of work. This reduced the involvement of manual workers without increasing the overall cost of uprooting and replanting.

2. Benefits derived as a result of the above efforts, e.g, product improvement, cost reduction, product development, import substitution etc.

Petrochem division

The adaptation and absorption of the technology knowhow will make the organisation capable to meet demands for Barrier PET which is currently being imported. With new plant commissioning, more flexibility for availability of different and specialised grade PET would be available.

Tea division

Benefits in the tea division included reducing the cost of production and improvement in product quality.

3. In case of imported technology (imported during the last five years, reckoned from the beginning of the financial year), the following information may be furnished:

(a) Technology imported – licensing agreement for import of technology in connection with the production of Barrier PET was signed in the FY 2010-11.

(b) Year of import - agreement signed in 2010-11 and implementation of the modifications in the existing plant are underway.

(c) Has technology been fully absorbed- In project stage.

(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action - project progress is as planned. Would be completed as per target.

Foreign exchange earnings and outgo:

1. Earnings in foreign exchange- ₹ 54,889 lacs

2. Foreign exchange outgo- ₹ 84,241 lacs

Information on foreign exchange earnings and outgo is contained in Note no. 48, 49 and 50 to the Accounts.

Activities Relating to Exports:

Your Company's product (bottle grade PET resins), produced in Haldia plant, is exported to 37 countries currently. Your Company exported 67,182 MT in 2011-12. The export quantity is reduced due to strong domestic demand.

There are no exports in respect to tea.

Initiatives taken to increase exports:

Our export sales strategy remains similar to last financial year. Your Company reduced sales channels and contacted end-users directly, developing good relationships with them for long-term business, achieving better bottomline and better brand visibility in the market. Direct contact with customers helps understand customer-specific needs, guides them for appropriate products and provides them with customised services to strengthen relationships. Due to GSP benefit reinstated to USA with effect from October 2011, your Company has restarted exporting to the US and switched majority of business to European Union & Latin American Markets.

Development of new export markets for products and services:

Your Company targeted strong and regular customers in Europe, USA & Latin America in view of future capacity expansion and working closely with them to enhance their business and became a part of their business process. Your Company has been marketing specialty resin as per technology license agreement with M&G, Italy for producing and marketing M&G's proprietary oxygen and passive gas barrier technologies in association with M&G's proprietary "BicoPET" technology for specialty resin production. The same product is successfully being tested in India at different locations for various suitable applications and development work is under process.

Export plans:

Your Company's plan for 2012-13 is based on current global supply demand. The Company's focus is on the market which will give optimum returns and employing experienced sales professionals in the respective market for better follow ups and customer services.

Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March 2012.

Name	Age (yrs)	Qualification	Date of commencement of employment	Designation/ nature of duties	Remuneration received gross (₹)	Experience	Last employment
Mr.C.K. Dhanuka	58	B.Com	07/02/75	Executive Chairman	1,78,70,880	37 years	First Employment
Mr.M.Dhanuka *	31	B.Com	12/08/05	Vice Chairman & Executive Director {reappointed as Vice Chairman & Managing Director w.e.f. 1.4.2012}	62,02,163	11 years	First Employment
Mr. Biswanath Chattopadhyay *	55	B.Tech (Chem)	19/10/99	Executive Director & CEO {reappointed as Managing Director & CEO w.e.f. 1.4.2012}	70,31,777	31 years	Tech. Director, Elque Polyester
Mr. Brijesh Kumar Biyani *	60	B.Tech (H) in Chemical Engineering from IIT, Post Graduate Diploma in Industrial Engineering	01/06/06	Executive Director (Corporate) {resigned w.e.f. 31.3.2012}	84,17,026	34 years	Managing Director, Sicpa India Ltd.

*The details in respect of Date of commencement of Employment and Last Employment pertain to that of their employment in erstwhile South Asian Petrochem Limited (merged with the Company).

Notes:

1. Remuneration received includes salary, bonus, allowances, commission, taxable value of perquisites and the Company's contribution to provident fund.
2. Nature of Employment is contractual. Other terms and conditions are as per their respective agreement/Board Resolution and as per the Rules of the Company.
3. Mr. C.K.Dhanuka and Mr. M.Dhanuka are related to each other. Mr. C.K.Dhanuka is the father of Mr. M.Dhanuka. None of the other employees mentioned above is related to any of the Directors of the Company.
4. Mr. C.K.Dhanuka holds 45,520 shares (0.13%) in the Company. Mr. M.Dhanuka holds 1,15,921 shares (0.33%) in the Company. Mr. B.K.Biyani holds 2,404 shares (0.01%) in the Company.

CORPORATE GOVERNANCE REPORT

In accordance with Clause 49 of the Listing Agreement with the stock exchanges:

1. Company's philosophy

Corporate governance is a reflection of our culture, policies, relationship with stakeholders, and our commitment to values. It is about how an organization is managed. Dhunseri Petrochem & Tea Limited (DPTL) lays special emphasis on conducting its affairs within the framework of policies, internal and external regulations, in a transparent manner. It believes that good Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. Dhunseri Petrochem & Tea Limited complies with the Corporate Governance Code enshrined in Clause 49 of the Listing Agreement. During 2011-12, the Corporate Governance Committee of the Company met twice to review the performance of the Company officials, in complying with Corporate Governance requirements.

2. BOARD OF DIRECTORS

a) Composition of Board

As on 31st March 2012, the Board comprises an Executive Chairman, a Vice Chairman & Executive Director and nine other Directors. The day to day affairs of the Company would be managed by Executive Chairman, Vice Chairman, Managing Directors & Executive Director, one of whom is also designated as the Chief Executive Officer (CEO) of the Company. The composition of Board is as follows:

Name of the Directors	Position
Mr. Chandra Kumar Dhanuka	Executive Chairman Executive Director & Promoter Not liable to retire by rotation
Mr. Mrigank Dhanuka (reappointed w.e.f 01.04.2012 as Vice Chairman & Managing Director)	Vice Chairman &Executive Director Promoter Not liable to retire by rotation
Mr. Biswanath Chattopadhyay (reappointed w.e.f 01.04.2012 as Managing Director & CEO)	Executive Director & Chief Executive Officer Not liable to retire by rotation
Mr. Brijesh Kumar Biyani (resigned w.e.f 01.04.2012) Note 1	Executive Director (Corporate) Liable to retire by rotation
Mr. Pradip Kumar Khaitan	Non-Executive Director & Non-Independent Director Liable to retire by rotation
Mr. Bharat Bajoria	Non- Executive Director & Independent Director Liable to retire by rotation
Mr. Yves F Lombard	Non- Executive Director & Non-Independent Director Liable to retire by rotation
Mr. Joginder Pal Kundra	Non- Executive Director & Independent Director Liable to retire by rotation
Dr. Basudeb Sen	Non- Executive Director & Independent Director Liable to retire by rotation
Mr. Anurag Bagaria	Non- Executive Director & Independent Director Liable to retire by rotation
Mr. Sanjay Kumar Pai*	Non-Executive & Independent Director Nominee of IDBI Bank Ltd. Not liable to retire by rotation
Mr. Raj Narain Bhardwaj	Non- Executive Director & Independent Director Liable to retire by rotation

* nomination withdrawn w.e.f 21st Jan, 2012

Note :- 1. Mr. Rajiv Kumar Sharma is appointed w.e.f 1st April 2012
2. Mr. Dharam Pal Jindal is appointed w.e.f 2nd May, 2012 as Additional Director.

The membership of the Directors in various Board Committees of the Company and also the number of Directorships and committee memberships in other companies as on 31st March 2012 is given hereunder:

Name of the Director	Board Committee Memberships In the Company	Number of directorships In other companies	Board Committee Memberships in other companies	Board Committee chairmanships in other companies.
Mr. C. K. Dhanuka	Audit Committee Remuneration Committee Shareholders' Grievance Committee Share Transfer Committee Investment Committee Corporate Governance Committee	6	None	None
Mr. M. Dhanuka	Share Transfer Committee Investment Committee Risk Management Committee	4	None	None
Mr. B. Chattopadhyay	Shareholders' Grievance Committee Share Transfer Committee Investment Committee Risk Management Committee	None	None	None
Mr. B. K. Biyani*	Share Transfer Committee Investment Committee Risk Management Committee	3	None	None
Mr. P. K. Khaitan	Remuneration Committee	14	3	None
Mr. B. Bajoria	Audit Committee Investment Committee	7	2	None
Mr. Y. F. Lombard	None	None	N.A	N.A
Mr. J. P. Kundra	Audit Committee Remuneration Committee Shareholders' Grievance Committee	4	4	1
Dr. B. Sen	Audit Committee Remuneration Committee Shareholders' Grievance Committee Share Transfer Committee Corporate Governance Committee	6	4	1
Mr. A. Bagaria	None	None	None	None
Mr. S. K. Pai**	Audit Committee Remuneration Committee	None	None	None
Mr. R. N. Bhardwaj	None	9	8	3

* resigned w.e.f 1st April 2012 ** nomination withdrawn w.e.f 21st Jan, 2012

Note 1: Number of directorships in other companies excludes directorships in private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

Note 2: Board Committee chairmanships/memberships in other companies includes only chairmanships/memberships of Audit Committees and Shareholders' Grievance Committees.

Note 3: Board Committee memberships in other companies includes chairmanships in other companies.

Note 4: Mr. M. Dhanuka, Vice Chairman & Executive Director, is related to Mr. C. K. Dhanuka, Executive Chairman, as per Section 6 of the Companies Act, 1956. Mr. M. Dhanuka is the son of Mr. C. K. Dhanuka.

The Board met four times during the financial year 2011-12.The attendance of Directors at the Board Meetings and at the last Annual General Meeting:

Members of the Board	BOARD MEETINGS HELD ON				AGM HELD ON
	24TH MAY 2011	4TH AUGUST 2011	3RD NOVEMBER 2011	1ST FEBRUARY 2012	4TH AUGUST 2011
Mr. C. K. Dhanuka	Yes	Yes	Yes	Yes	Yes
Mr. M. Dhanuka	Yes	Yes	Yes	Yes	Yes
Mr. B. Chattopadhyay	Yes	Yes	Yes	Yes	Yes
Mr. B. K. Biyani*	Yes	Yes	Yes	Yes	Yes
Mr. P. K. Khaitan	No	Yes	No	No	Yes
Mr. B. Bajoria	No	Yes	Yes	No	Yes
Mr. Y. F. Lombard	Yes	Yes	No	No	Yes
Mr. J. P. Kundra	Yes	Yes	Yes	Yes	Yes
Dr. B. Sen	Yes	Yes	Yes	Yes	Yes
Mr. A. Bagaria	No	No	Yes	Yes	No
Mr. S. K. Pai**	Yes	No	Yes	N.A.	No
Mr. R. N. Bhardwaj	Yes	Yes	No	No	Yes

Note: During 2011-12, the Board Meetings and the Annual General Meeting were held at Kolkata.

* resigned w.e.f 1st April 2012 ** nomination withdrawn w.e.f 21st Jan 2012

Code of Conduct

The Board of Dhunseri Petrochem & Tea Limited laid down a Code of Conduct for all the Board members and Senior Management of the Company. The Code of Conduct is posted on the website of the Company (www.Dhunseri Tea.com). All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct and the Executive Director & CEO of the Company has confirmed the same.

3. Audit Committee

The Audit Committee of the Company comprises four Directors out of whom three are Non-Executive, Independent Directors.

The Audit Committee has been vested with the following powers:

a) To investigate any activity within its terms of reference.

b) To seek information from any employee.

c) To obtain outside legal or other professional advice.

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Mr. K. V. Balan, Company Secretary of the Company is the designated Compliance Officer.

Role of Audit Committee

The role of Audit Committee includes:-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Directors' Responsibility Statement, is to be included in the Boards' report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
   b. Changes, if any, in accounting policies and practices and reasons for the same.
   c. Major accounting entries involving estimates based on the exercise of judgment by management.
   d. Significant adjustments made in the financial statements arising out of audit findings.
   e. Compliance with listing and other legal requirements relating to financial statements.
   f. Disclosure of any related party transactions.
   g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval

5A. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Approval of appointment of CFO (i.e., the wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, among others of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee conducts a review of the following information:

1. Management Discussion and Analysis of the financial condition and results of operations.
2. Statement of significant related-party transactions (as defined by the Audit Committee), submitted by management.
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

The Company has constituted the Risk Management Committee, comprising all the Executive Directors of the Company and Senior Management officials by the name, to assess the risks and concerns affecting the Company. The minutes of the meetings of the Committee are placed before the Board, who take note of the same and initiate deliberations, if required.

The Committee met five times during the financial year 2010-11. The attendance of the Directors at the said meetings was:

Members of the Audit Committee	Audit Committee Meetings Held On			
	24TH MAY 2011	4TH AUGUST 2011	3RD NOVEMBER 2011	1ST FEBRUARY 2012
Mr. J. P. Kundra, Independent Director Retired Banker Chairman, Audit Committee	Yes	Yes	Yes	Yes
Mr. C. K. Dhanuka, Promoter-Director Industrialist	Yes	Yes	Yes	Yes
Mr. S. K. Pai*, Independent Director Nominee of IDBI Bank Ltd.	Yes	No	Yes	N.A.
Dr B. Sen, Independent Director Retired Banker, Management Professional and Business Economist	Yes	Yes	Yes	Yes
Mr. B. Bajoria, Independent Director	No	Yes	Yes	No

* nomination withdrawn w.e.f. 21st Jan, 2012

General

M/s Mani & Co., Cost Accountants, "Ashoka", 111, Southern Avenue, Kolkata - 700029 were appointed as Cost Auditor of the Company to conduct Cost Audit of the Accounts of the Tea division maintained by the Company for the financial year ending 31st March 2012.

The Cost Auditors appointed by the Company under Section 233B of the Companies Act, 1956 attend the Audit Committee Meeting, where cost audit reports are discussed. The due date for filing the Cost Audit Reports for the financial year ended March 31, 2011 was September 27, 2011 and the Cost Audit Reports of the Tea division were filed by the Cost Auditors on August 12, 2011. The due date for filing the Cost Audit Reports for the financial year ended March 31, 2012 is September 27, 2012 within which the said report would be filed.

4. Remuneration Committee

The Remuneration Committee comprises one Executive Director and four Non-Executive Directors, of whom three are Independent Directors.

The Remuneration Committee has been vested with the following powers:

a) To determine on behalf of the Board, the agreed terms of reference, remuneration packages for Executive Directors including pension rights and any commission and compensation payment.

b) To decide on the remuneration policy of the Company.

The Committee met twice during the financial year 2011-12. The attendance of the Directors at the said Meeting was:

Members of the Remuneration Committee	Remuneration Committee Meeting Held On	
	24th May 2011	1st February 2012
Dr. B. Sen Chairman, Remuneration Committee	Yes	Yes
Mr. C.K.Dhanuka	Yes	Yes
Mr. P. K. Khaitan	No	No
Mr. J. P. Kundra	Yes	Yes
Mr. S. K. Pai * (Nominee Director of IDBI Bank Ltd.)	Yes	N.A.

* nomination withdrawn w.e.f. 21st Jan, 2012

4. Details of remuneration for the year ended 31st March 2012

Executive Director (in ₹)

Name of Director	Salary	Other benefits	Company's contribution to P.F	Commission (variable component)	Incentive (variable component)	Total remuneration
Mr. C. K. Dhanuka	13,50,000.00	7,59,344.00	1,62,000.00	1,55,99,535.73	Nil	1,78,70,879.00
Mr. M. Dhanuka	39,81,996.00	9,63,847.11	2,56,320.00	Nil	10,00,000.00	62,02,163.11
Mr. B. K. Biyani	39,60,000.00	29,81,825.70	4,75,200.00	Nil	10,00,000.00	84,17,025.70
Mr. B. Chattopadhyay	39,81,996.00	17,93,461.20	2,56,320.00	Nil	10,00,000.00	70,31,777.20
Total	1,40,46,725.00	49,99,699.01	11,46,240.00	1,55,99,535.73	30,00,000.00	2,31,92,664.01

The agreements with the Executive Director(s) are contractual in nature and are executed to cover tenure as permissive under the Companies Act, 1956. The agreements between the company and the Executive Directors can be terminated by either party by giving three months' notice / one months' notice in writing as per their respective agreements. The agreements do not provide for the payment of any severance fees. There were no stock options available/ issued to the Executive Directors and it does not form part of the contract with the Company.

Payment of incentives to the Executive Directors, except Executive Chairman is based on the performance of the person contributing towards the performance and growth of the Company, subject to a maximum of ₹ 10 lacs. The Executive Chairman is entitled to a commission, based on the net profits of the Company in a particular year as laid down in Sections 198 and 309 of the Companies Act, 1956, subject to a maximum of 2.5% of the net profits of the Company.

Details of shares held by executive directors in the Company as on 31st March 2012:-

Name	No. of Shareholdings in the Company
Mr. C. K. Dhanuka	45,520 shares
Mr. M. Dhanuka	1,15,921 shares
Mr. B. K. Biyani	2,404 shares

(ii) Non-Executive Directors

Sitting fees for attending Board/Committee meetings are paid to the Non-Executive Directors. The Non-Executive Directors are not paid any commission. The criteria for remuneration, payable to Non- Executive Directors, are as contained in the Articles of Association of the Company. The Company pays ₹ 20,000 as sitting fees to each Director for every Board meeting attended by them. It pays ₹ 10,000 to each member for attending each of the Audit and Remuneration Committee meetings and ₹ 5,000 to each member for attending the Shareholders' & Investors' Grievance Committee meeting of the Board, unless such a Committee has waived the sitting fees. No sitting fee is payable for attending the other Committee meetings of the Company.

Details of shares held by Non - Executive Directors in the Company as on 31st March 2012:

None of the Non-Executive Directors hold any shares in the Company.

During the financial Year 2011-12 the following were the remuneration paid to the Non-Executive Directors:

Name of the Director	Board Committee Memberships In the Company	Total sitting fees Received # (₹)
Mr. P. K. Khaitan	Remuneration Committee	20,000
Mr. B. Bajoria	Audit Committee Investment Committee	60,000
Mr. Y. F. Lombard	None	40,000
Mr. J. P. Kundra	Audit Committee Remuneration Committee Shareholders' Grievance Committee	1,60,000
Dr. B. Sen	Audit Committee Remuneration Committee Shareholders' Grievance Committee Share Transfer Committee Corporate Governance Committee	1,60,000
Mr. A. Bagaria	None	40,000
Mr. S. K. Pai*	Audit Committee Remuneration Committee	70,000
Mr. R. N. Bhardwaj	None	40,000

*nomination withdrawn w.e.f 21st Jan, 2012

Mr. Anurag Bagaria, Mr. Raj Narain Bhardwaj and Mr. Yves Frank Lombard are retiring by rotation and being eligible offer themselves for reappointment. Their details are given in the Annexure to the Notice, under the head Information Pursuant to Clause 49 of The Listing Agreement.

6. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises four Directors, two of whom are Non- Executive Independent Directors. This Committee specifically looks into the redressal of shareholder and investor complaints. The Committee met four times during the financial year 2011-12. The attendance of the Directors at the said meetings was:

Members of the Shareholders' Grievance Committee	Shareholders' Grievance Committee meeting held on			
	24th May 2011	4th August 2011	3rd November 2011	1st February 2012
Mr. J. P. Kundra Chairman Shareholders' Grievance Committee	Yes	Yes	Yes	Yes
Mr. C. K. Dhanuka	Yes	Yes	Yes	Yes
Dr. B.Sen	Yes	Yes	Yes	Yes
Mr. B.Chattopadhyay	Yes	Yes	Yes	Yes

Mr. K. V. Balan, Company Secretary of the Company is the designated Compliance Officer.

The Company has received 10 investor complaints during the year ended 31st March 2012 and the same had been disposed off. There were no Investor complaints pending at the beginning of the year or lying unresolved at the end of the year.

7. Share Transfer Committee

The shares of the Company are traded compulsorily in dematerialised form. In accordance with Clause 49 para IV(G)(iv) of the Listing Agreement of the stock exchanges, the Board has unanimously delegated the powers of share transfers to Maheswari Datamatics Pvt. Limited, Registrar and Share Transfer Agent . The Company has a Share Transfer Committee to consider requests for transfer of shares in physical form, rematerialisation of shares and consolidation/sub-division of shares. The Committee meets as and when required in order to attend to any such requests within 20 days. The Committee met Sixteen times during the financial year 2011-12.

Share Transfer Committee meetings held on	Members of the Share Transfer Committee				
	Mr. C. K.Dhanuka	Mr. M.Dhanuka	Mr. B. K.Biyani*	Mr.B. Chattopadhyay	Dr. B. Sen
14th April 2011	Yes	Yes	Yes	Yes	No
2nd May 2011	Yes	Yes	Yes	Yes	No
24th May 2011	Yes	Yes	Yes	Yes	Yes
9th June 2011	Yes	Yes	Yes	Yes	Yes
20th June 2011	Yes	Yes	Yes	Yes	Yes
22nd July 2011	Yes	Yes	Yes	No	Yes
4th August 2011	Yes	Yes	Yes	Yes	Yes
19th August 2011	Yes	Yes	Yes	Yes	Yes
20th September 2011	Yes	Yes	Yes	Yes	Yes
25th November 2011	Yes	Yes	Yes	Yes	No
16th December 2011	Yes	Yes	No	Yes	No
9th January 2012	Yes	Yes	No	Yes	Yes
1st February 2012	Yes	Yes	Yes	Yes	Yes
16th February 2012	Yes	Yes	Yes	Yes	Yes
2nd March 2012	Yes	Yes	Yes	Yes	Yes
16th March 2012	Yes	Yes	Yes	Yes	Yes

** resigned w.e.f 1st April 2012*

8. Corporate Governance Committee

A Corporate Governance Committee of the Board was constituted to advise the Board on Corporate Governance issues and practices. The Committee comprises Dr. B. Sen, Independent Director, who is the Chairman of the Committee and Mr. C. K. Dhanuka, Promoter-Director who is a member of the Committee. The Committee met twice during the financial year 2011-12. The attendance of the Directors at the said meeting was:

Members of the Corporate Governance Committee	Corporate Governance Committee meeting held on	
	23rd November 2011	30th March 2012
Dr B.Sen - Chairman, Corporate Governance Committee	Yes	Yes
Mr. C. K. Dhanuka	Yes	Yes

9. General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Year	Date & Time	Venue
2010 –2011 (AGM)	4th August 2011 10:30 A.M	Kala Kunj (Kala Mandir Premises), 48, Shakespeare Sarani, Kolkata - 700017
2009-2010 (AGM)	4th September 2010 10:30 A.M.	Kala Kunj (Kala Mandir Premises), 48, Shakespeare Sarani, Kolkata - 700017
2008-2009 (AGM)	27th August 2009 11:45 A.M.	Kala Kunj (Kala Mandir Premises), 48, Shakespeare Sarani, Kolkata - 700017

The Special Resolutions were passed for the following items in the previous three Annual General Meetings:

AGM Date	Items Passed Under Special Resolution
4th August 2011, (AGM)	None
4th September 2010 (AGM)	Amendment of Articles of Association of the Company
27th August 2009 (AGM)	None

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

Postal Ballot and postal ballot process:

During the last year, on 14th March 2012, an Ordinary Resolution was passed through postal ballot.

Person conducting the postal ballot exercise:

Mr. C. K. Dhanuka, Executive Chairman and Mr. K. V. Balan, Company Secretary were appointed as responsible persons for 14th March 2012 postal ballot voting process. Mr. K. C. Dhanuka, Practicing Company Secretary was appointed as scrutinizer for postal ballot processes. Mr. K. C. Dhanuka conducted the process and submitted it to the Executive Chairman.

Procedure followed:

The Company issued the postal ballot notice dated 1st February, 2012, seeking approval of the members for the following purposes:

1. Powers to the Board of Directors to sell or otherwise dispose of two tea factories of the Company situated at Assam

   The draft resolution together with the explanatory statement and the postal ballot form and self-addressed envelopes were dispatched on 10th February, 2012 to the members and other concerned under certificate of posting. The members were advised to carefully read the instructions printed on the postal ballot form and return the duly completed form in the attached self-addressed envelopes, so as to reach the scrutinizer on or before the close of business hours on 12th March 2012. After due scrutiny of all the postal ballot forms received upto the close of business hours on 12th March 2012, the scrutinizer Mr. K. C. Dhanuka, Practicing Company Secretary, submitted his report on 14th March 2012. The results of the postal ballot were declared on 14th March 2012. The date of declaration of result of the postal ballot was the date of passing of the ordinary resolutions. The results of the postal ballot were published in Business Standard and Aajkal on Thursday 15th March 2012.

9.3. Information about Directors seeking appointment/ reappointment

Mr. Anurag Bagaria, Mr. R. N. Bhardwaj and Mr. Yves F Lombard are retiring by rotation and being eligible offer themselves for reappointment. Their details are given in the Annexure to the Notice, under the head Information Pursuant to Clause 49 of The Listing Agreement.

10. Disclosures

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

   Transactions with related parties are disclosed in Note No. 44 of notes to the accounts in the Annual Report.

b) Non compliance with existing Accounting Standard as referred to in Para 4 of Auditors' Report have been clarified in note no. 35 in the notes to accounts which is self explanatory.

c) 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.

d) The Company does not have any whistle blower policy as of now but no personnel is being denied any access to the Audit Committee.

e) The Company adopted all mandatory requirements as recommended by Clause 49 of the Listing Agreement with stock exchanges and is in the process of examining the implementation of some of the non-mandatory requirements. However till date, except for the constitution of the Remuneration Committee, none of the non-mandatory requirements of Clause 49 have been adopted or implemented.

f) There are no pecuniary relationships or transactions with Non-Executive Independent Directors, other than those disclosed in this report.

CEO and CFO Certification

As per Clause 49 (v) of the Listing Agreement , the CEO i.e. the Executive Director of the Company and the CFO of the Company, certifies to the Board regarding the review of the financial statement, compliance with the accounting standard, maintenance of the internal control for financial reporting, accounting policies, among others.

11. MEANS OF COMMUNICATION

The quarterly results/ annual results/ notices are published in one english daily newspaper, circulating in the whole or substantially the whole of India and in one daily newspaper published in the Bengali language. These results are also posted in the Company's website www.Dhunseri Tea.com as well as on CFDS website www.corpfiling.co.in.

Corporate Filing and Dissemination System (CFDS):

The CFDS portal jointly owned, managed and maintained by Bombay Stock Exchange Limited and National Stock Exchange of India Limited, is a single source to view information filed by listed companies. All disclosures and communications to BSE and NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

- Other important announcements are also published by the Company in leading english and bengali dailies.
- Management's Discussions and Analysis forms part of the Annual Report of the Company.
- As per the SEBI requirements, quarterly and annual results as well as quarter-end shareholding pattern are also posted on the Stock Exchanges immediately after the same is approved by the Board.
- Official news releases are given directly to the press and to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- Your Company's website is www.Dhunseri Tea.com. Press releases, quarterly and annual results as well as quarter-end shareholding pattern is posted at the end of every quarter on the website.

12. General Shareholder Information

a) Annual General Meeting

Date & Time	:	2nd August, 2012 at 10:30 A.M
Venue	:	Kala Kunj, 48, Shakespeare Sarani, Kolkata-700017
b) Book Closure Date	:	20th July, 2012 to 2nd August, 2012 (Both days inclusive)
c) Financial Year	:	April 2011 – March 2012
d) Dividend Payment Date	:	The dividend, if declared, shall be paid/credited on 6th/7th August, 2012
e) Financial Calendar	:	2012-13 (tentative)

Adoption of un-audited quarterly results and Annual Results	Adoption on
Unaudited 1st quarter results	Within middle of August 2012
Unaudited 2nd quarter results	Within middle of November 2012
Unaudited 3rd quarter results	Within middle of February 2013
Audited 4th quarterly results and annual results	Within middle of May 2013

f) Registrar and 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
Email: mdpl@cal.vsnl.net.in

g) Investors' Correspondence

All queries of investors regarding your Company's shares in physical/demat form may be sent to the Registrar and Share Transfer Agent of the Company.

h) Listing on Stock Exchanges & Stock Code

Stock Exchanges	Code
Bombay Stock Exchange Limited	523736
National Stock Exchange of India Limited	DPTL
Demat ISIN No. for NSDL and CDSL	INE 477B01010

Listing fees for the financial year 2012-13 have been paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Unsecured Foreign Currency Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

i) Stock market price data and Performance in comparison to BSE Sensex for the year 2011-12

Stock Market Data (equity shares of ₹ 10 each)

Month	National Stock Exchange		Bombay Stock Exchange		BSE Sensex	
	High	Low	High	Low	High	Low
Apr-11	166.10	150.05	166.00	153.00	19,811.14	18,976.19
May-11	169.90	143.00	163.75	151.60	19,253.87	17,786.13
Jun-11	158.00	142.05	157.00	147.90	18,873.39	17,314.38
Jul-11	160.00	131.50	159.50	149.50	19,131.70	18,131.86
Aug-11	152.00	130.00	151.45	131.00	18,440.07	15,765.53
Sep-11	139.90	123.00	140.70	123.15	17,211.80	15,801.01
Oct-11	129.40	116.30	129.00	116.70	17,908.13	15,745.43
Nov-11	124.00	102.00	124.35	106.50	17,702.26	15,478.69
Dec-11	120.90	100.00	117.00	101.10	17,003.71	15,135.86
Jan-12	112.95	97.00	115.80	100.00	17,258.97	15,358.02
Feb-12	125.75	105.05	126.00	108.00	18,523.78	17,061.55
Mar-12	119.00	102.20	117.50	105.20	18,040.69	16,920.61

j) Share Transfer System

The Company's Registrars and Share Transfer Agents M/s. Maheshwari Datamatics Pvt. Ltd process the share transfer and after completion of all required formalities, 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, requests for dematerialisation of shares are processed and confirmation is given by them to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) within 15 days.

k) Shareholding pattern and distribution of shares as on 31st March 2012

Category	Shareholders		Shares	
	Numbers	% of shareholders	Numbers	% of shares
Upto 500	28,187	95.31	22,87,066	6.53
501 - 1000	740	2.50	5,85,610	1.67
1001 - 2000	316	1.07	4,81,016	1.37
2001 - 3000	114	0.39	2,89,560	0.83
3001 - 4000	54	0.18	1,91,121	0.55
4001 - 5000	41	0.14	1,90,011	0.54
5001 - 10000	60	0.20	4,02,693	1.15
10001 and above	62	0.21	30,597,677	87.36
Total	**29,574**	**100.00**	**3,50,24,754**	**100.00**

Shareholding Pattern as on 31st March 2012

Introductory sub-table (I)(a)

Partly paid-up shares:	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter/promoter group	Nil	Nil	Nil
Held by public	Nil	Nil	Nil
Total - D	**Nil**	**Nil**	**Nil**

Outstanding convertible securities:	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the Company, assuming full conversion of the convertible securities
Held by promoter/promoter group	Nil	Nil	Nil
Held by public	17,33,686	100	4.72
Total - E	**17,33,686**	**100**	**4.72**

Warrants:-	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the Company, assuming full conversion of warrants
Held by promoter/promoter group	Nil	Nil	Nil
Held by public	Nil	Nil	Nil
Total - F	**Nil**	**Nil**	**Nil**
Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities (Grand Total (A+B+C)+ D+E+F)	**3,67,58,440**		

(1)(a)

Category Code (I)	Category of shareholder (II)	No. of shareholders (III)	Total No. of shares (IV)	No. of shares held in dematerialised form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
(A)	Shareholding of promoter and promoter group							
(1)	Indian							
(a)	Individuals/ Hindu undivided Family	11	907,383	907,383	2.59	2.59	0	0.00
(b)	Central Government/ State Government(s)	–	–	–	–	–	–	–
(c)	Bodies Corporate*	10	17,543,204	17,543,204	50.09	50.09	5,304,700	30.24
(d)	Financial Institutions/Banks	–	–	–	–	–	–	–
(e)	Any Other (specify)							
	i) Trusts	–	–	–	–	–	–	–
	ii) Society	–	–	–	–	–	–	–
	iii) Educational Institutions	–	–	–	–	–	–	–
	Sub Total (A)(1)	21	18,450,587	18,450,587	52.68	52.68	53,04,700	28.75

Category Code (I)	Category of shareholder (II)	No. of shareholders (III)	Total No. of shares (IV)	No. of shares held in dematerialised form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
(2)	Foreign							
(a)	Individuals (Non Resident Indians/ Foreign Individuals)	–	–	–	–	–	–	–
(b)	Bodies Corporate	1	3,795,054	3,795,054	10.84	10.84	–	–
(c)	Institutions	–	–	–	–	–	–	–
(d)	Any Other (specify)	–	–	–	–	–	–	–
	Sub Total (A)(2)	1	3,795,054	3,795,054	10.84	10.84	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	22	22,245,641	22,245,641	63.51	63.51	53,04,700	23.85
(B)	Public Shareholding							
(1)	Institutions							
(a)	Mutual Funds/UTI	2	6,100	6,100	0.02	0.02		
(b)	Financial Institutions/ Banks	17	2,55,441	2,53,255	0.73	0.73		
(c)	Central Government/ State Government(s)	1	175	–	0.00	0.00		
(d)	Venture Capital Funds	–	–	–	–	–		
(e)	Insurance Companies	4	2,922,569	2,922,569	8.34	8.34		
(f)	Foreign Institutional Investors	1	2,000	2,000	0.01	0.01		
(g)	Foreign Venture Capital Investors	–	–	–	–	–		
(h)	Any Other (specify) Bodies Corporate (Foreign Body) (IFC)	1	2,308,641	2,308,641	6.59	6.59		
	Sub Total (B)(1)	26	5,494,926	5,494,926	15.69	15.69		
(2)	Non-institutions						NA	NA
(a)	Bodies Corporate	640	2,961,684	2,949,726	8.46	8.46		
(b)	i. Individual shareholders holding nominal share capital upto ₹ 1 lac	28,611	3,785,945	3,338,716	10.81	10.81		
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lac	20	428,806	428,806	1.22	1.22		

Category Code (I)	Category of shareholder (II)	No. of shareholders (III)	Total No. of shares (IV)	No. of shares held in dematerialised form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
(c)	Any other							
	i. Trust	2	1,000	1,000	0.00	0.00		
	ii. Cooperative Societies	–	–	–	–	–		
	iii. Educational Institutions	–	–	–	–	–		
	iv. Non Resident Individuals	202	101,689	92,194	0.29	0.29		
	v. Foreign National	8	1,348	–	0.00	0.00		
	vi. Custodian of Enemy Property	20	1,134	–	0.00	0.00		
	vii. Clearing Member	23	2,581	2,581	0.01	0.01		
	viii. OCB	–	–	–	–	–		
	Sub Total (B)(2)	29,526	7,284,187	6,813,023	20.80	20.80		
	Total Public Shareholding (B) = (B)(1) + (B)(2)	29,552	12,779,113	12,305,558	36.49	36.49	NA	NA
	TOTAL (A) + (B)	29,574	35,024,754	34,551,229	100.00	100.00		
	Shares held by Custodians and against which Depository Receipts have been issued	–	–	–	–	–	NA	NA
(C)	Grand Total *(A)+(B)+(C)	29,574	35,024,754	34,551,229	100.00	100.00	5304700	15.15

l) Dematerialisation of shares and liquidity

As on 31st March 2012, 98.65% 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 63.51% of the Company's share and the entire promoters holding are in dematerialised form.

m) Insider trading regulation

The Company 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) (Amendment) Regulations, 2011. The Company Secretary is the Compliance Officer for this purpose.

n) Outstanding Foreign Currency Convertible Bonds (FCCBs)

Erstwhile South Asian Petrochem Limited (since merged with the Company) issued 200 Zero Percent Unsecured Foreign Currency Convertible Bonds (FCCBs) (considered as a non-monetary liability) of USD 1,00,000 each aggregating to USD 20 million in 2007-08. Of this 125 FCCBs of USD 1,00,000 each aggregating to USD 12,500,000 have already been bought back by erstwhile South Asian Petrochem Limited. Hence Bonds, amounting to USD 7,500,000 are outstanding as on date. The bonds are redeemable on 23rd January, 2013 at 136.86% of their principal amount. The bond holders have an option to convert these bonds into equity shares at a conversion price of ₹ 170.10 per share (post merger), reset during the year, with a fixed rate of exchange on conversion of ₹ 39.32 (USD 1) subject to certain adjustments. Further, the bonds may be redeemed in whole and not part at the option of the Company subject to certain conditions. Also the Company has an option requiring mandatory conversion of all the outstanding bonds on or after 16th January, 2011 and upto 14th January, 2013.

o) Plant location

The Company's plants are located at its various tea estates viz. Dhunseri, Dilli, Namsang, Bahadur, Santi, Khagorijan, Bettybari, Bahipookri and Orang in the state of Assam.

The Company has three tea factory's, namely Sona Assam Tea Factory, Shreemoni Tea Factory and Tea Factory of Primax Tea Private Ltd.

The Company's packaging unit is located in Dhunseri Tea Estate in the state of Assam.

The Company's Polyethylene Terephthalate (PET) Resin's plant is located at JL126, Mouza – Basudevpur, Haldia, Dist. - Midnapore, West Bengal.

p) Address for investor correspondence

Shareholders can correspond with 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.

q) Grievance Redressal Division / Compliance Officer:

Mr. K. V. Balan
Company Secretary and Compliance Officer
Dhunseri Petrochem & Tea Ltd.
Dhunseri House, 4A, Woodburn Park, Kolkata - 700 020
Phone – (033) 2283-6128 (6 lines)
Fax – (033) 2280-1956
E-mail: investors@aspetindia.com

r) Auditors' Certificate on Corporate Governance

As required by Clause 49 of the Listing Agreement, a certificate from Auditor of the Company, M/s Lovelock & Lewes, confirming compliance with the conditions of Corporate Governance, is attached to the Directors' Report forming part of the Annual Report.

For and on behalf of the Board of Directors

Place: Kolkata — **C. K. DHANUKA**
Date: 2nd May, 2012 — *Executive Chairman*

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Dhunseri Petrochem & Tea Limited

We have examined the compliance of conditions of Corporate Governance by Dhunseri Petrochem & Tea Limited, for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We 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.

For **Lovelock Lewes**
Firm Registration Number: 301056E
Chartered Accountants

P Law
Partner
Membership No:51790

Kolkata
2nd May, 2012

Auditors' Report

To

The Members of

Dhunseri Petrochem & Tea Limited

1. We have audited the attached Balance Sheet of Dhunseri Petrochem & Tea Limited (the "Company") as at 31st March 2012, and the related Statement of Profit and Loss 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 conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain 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 (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), 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 of the books and records of the Company 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 Order.

4. *We draw your attention to Note 35 to the financial statements, in relation to recognition of Rs. 6462.93 lacs towards compensation receivable from the insurance company toward loss of certain items of fixed assets, spares, raw materials and packing materials due to fire during the year ended 31st March 2011, of which Rs. 982.08 lacs is outstanding as at 31st March 2012 in spite of the awaited approval of the insurance claim and uncertainties as to the amount that may be approved by the insurance company which does not meet the requirement to consider prudence in the selection of accounting policies, as set out in Accounting Standard 1 – "Disclosure of Accounting Policies". Had the aforesaid Insurance Claim not been recognised in keeping with the consideration of prudence the profit before tax for the year would have been Rs. 4921.28 lacs instead of the reported amount of Rs. 5903.36 lacs, current tax for the year would have been Rs. 522.50 lacs instead of the reported amount of Rs. 718.99 lacs, Profit after tax for the year would have been Rs. 4163 lacs instead of the reported amount of Rs. 4948.59 lacs, earnings per share (basic) would have been Rs.11.89 instead of the reported amount of Rs.14.13, earnings per share (diluted) would have been Rs.11.33 instead of the reported amount of Rs.13.46 and Other current assets would have been Rs. 3393.05 lacs instead of the reported amount of Rs. 4375.13 lacs and Reserves and Surplus would have been Rs. 70372.90 lacs instead of the reported amount of Rs. 71158.49 lacs*.

5. 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) *Except for the effects of the matter referred to in paragraph 4 above*, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) *Except for the matter referred to in paragraph 4 above*, in our opinion, the Balance Sheet, the Statement of Profit and Loss 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2012 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 *except for the effects of the matter referred to in paragraph 4 above*, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and 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 2012;

      (ii) in the case of the Statement of the Profit and Loss, 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.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

P Law
Partner
Membership Number 51790

Kolkata
2nd May 2012

Annexure to Auditors' Report

Referred to in paragraph [3] of the Auditors' Report of even date to the members of Dhunseri Petrochem & Tea Limited on the financial statements as of and for the year ended 31st March 2012.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   (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 has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. 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.

4. 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 and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weaknesses have been noticed or reported.

5. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. 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 or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, 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 on the Company in respect of the aforesaid deposits.

7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of 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.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of income tax, the Company has generally been regular in depositing during the year undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities other than dues in respect of income tax. The extent of arrears of statutory dues outstanding as at 31st March 2012 for a period of more than six months is in respect of income tax of Rs 1.54 lacs for the assessment year 2008-09.

   (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty as applicable as at 31st March 2012 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.)in lacs	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1944	Service Tax	18.13	June 2005- March 2007 and April 2007 to February 2008	Commissioner (Appeals-1) Kolkata
Income Tax Act, 1961	Income Tax	4.94	2004-05	Commissioner (Appeal II)
Income Tax Act, 1961	Income Tax	77.83	2008-09	Commissioner of Income Tax (Appeals)

10. The Company has no accumulated losses as at 31st March 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceeding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

16. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

17. 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-term basis which have been used for long-term investment.

18. 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.

19. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.

20. The Company has not raised any money by public issues during the year.

21. 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 any such case by the Management.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

P Law
Partner
Membership Number 51790

Kolkata
2nd May 2012

Balance Sheet as at 31st March, 2012

(₹ in lacs)

	Notes	As at 31 March, 2012	As at 31 March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	3,503.29	3,503.29
Reserves and surplus	3	71,158.49	68,041.69
Non-Current Liabilities			
Long-term borrowings	4	35,028.70	9,602.25
Deferred tax liabilities (Net)	5	7,237.62	6,711.04
Other Long-term liabilities	6	50.00	2,234.02
Long-term provisions	7	219.67	188.23
Current Liabilities			
Short-term borrowings	8	39,274.56	26,449.69
Trade payables	9	44,118.06	32,133.32
Other current liabilities	10	7,437.98	7,451.72
Short-term provisions	11	2,059.00	2,921.87
		210,087.37	159,237.12
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	12	57,137.43	56,969.35
Intangible assets	13	273.83	486.18
Capital work-in-progress	14	35,041.31	4,675.46
Non-current investments	15	16,351.98	14,074.87
Long-term loans and advances	16	4,964.32	4,362.22
Other non-current assets	17	164.87	187.07
Current Assets			
Current investments	18	5,901.22	–
Inventories	19	22,740.13	18,237.23
Trade receivables	20	25,168.00	17,218.30
Cash and Bank balances	21	27,632.00	26,035.17
Short-term loans and advances	22	10,337.15	5,764.79
Other current assets	23	4,375.13	11,226.48
		210,087.37	159,237.12

The notes are an integral part of these financial statements
This is the Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka, *Executive Chairman*
M. Dhanuka, *Vice Chairman & Managing Director*
B. Chattopadhyay, *Managing Director & CEO*
P. K. Khaitan, *Director*

P Law
Partner
Membership No: 51790
Place: Kolkata
Date: 2nd May 2012

J. P. Kundra, *Director*
R. K. Sharma, *Executive Director (Finance)*
K. V. Balan, *Company Secretary & Compliance Officer*

Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in lacs)

	Notes	Year ended 31 March, 2012	Year ended 31 March, 2011
Revenue from operations (gross)	27	211,005.13	168,934.72
Less: Excise duty		13,060.38	9,539.90
Revenue from operations (net)		197,944.75	159,394.82
Other income	28	2,508.23	10,911.13
Total Revenue		200,452.98	170,305.95
Expenses:			
Cost of materials consumed	29	156,010.58	114,692.91
Purchases of stock -in-trade		1,182.40	–
Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	(2,429.08)	(1,011.56)
Employee benefits expense	31	5,431.48	4,829.98
Finance costs	32	4,121.56	2,588.91
Depreciation and amortisation expense	33	3,300.79	3,114.23
Other expenses	34	26,931.89	26,679.85
Total Expenses		194,549.62	150,894.32
Profit before tax		5,903.36	19,411.63
Tax expense:			
Current tax		718.99	3,788.87
Adjustment for earlier years		(290.80)	8.30
Deferred tax		526.58	2,883.53
Profit for the period		4,948.59	12,730.93
Earnings per equity share: [Nominal value per share:₹10/- each (Previous Year-₹ 10/- each)]			
(1) Basic	43	14.13	36.35
(2) Diluted	43	13.46	34.63

The notes are an integral part of these financial statements
This is the Statement of Profit and Loss referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka, *Executive Chairman*
M. Dhanuka, *Vice Chairman & Managing Director*
B. Chattopadhyay, *Managing Director & CEO*
P. K. Khaitan, *Director*

P Law
Partner
Membership No: 51790
Place: Kolkata
Date: 2nd May 2012

J. P. Kundra, *Director*
R. K. Sharma, *Executive Director (Finance)*
K. V. Balan, *Company Secretary & Compliance Officer*

Notes to the Financial Statements for the year ended 31st March, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act,1956 and other relevant provisions of the said Act.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act,1956.

(b) Fixed Assets

(i) Tangible Assets

Tangible assets are stated at cost/revalued amount net of accumulated depreciation and accumulated impairment losses, if any.

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.

(ii) Intangible Assets

Intangible assets are stated at cost net of accumulated amortisation and accumulated impairment losses, if any. Intangible asset is recognized if it is probable that future economic benefits will flow to the Company. Such asset is initially recognized at cost. Subsequent expenditure on such asset is recognized as expense when incurred unless it is probable that the expenditure will enhance its future economic benefits.

(c) Depreciation and Amortisation

Leasehold land is amortised over the period of lease. Depreciation on assets is provided using the straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 other than the following-

With effect from 1st April, 2007 computer and its accessories and mobile phones are depreciated over a period of 3 years and 2 years respectively as per straight line method. The changes had been made perceiving their useful life. Assets costing below ₹ 5,000/- each are fully depreciated in the year of addition.

Intangible assets is amortised on straight line method over the best estimate of its useful life as given below :

– Computer software is amortised over 5 years.
– Other Intangible assets are amortised over 10 years.

(d) Impairment

An impairment loss is recognised, where applicable, when the recoverable amount of an asset (i.e. higher of the assets net selling price and value in use) is less than its carrying amount.

(e) Investments

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provision is recorded to recognise, any decline, other than temporary, in the carrying value of such investment. Investment acquired in exchange of another is carried at a cost determined with reference to the fair value of investment given up.

(f) Inventories

Inventories are valued at the lower of cost, computed on a weighted average basis, and estimated net realisable value. Provision is made for obsolescence wherever considered necessary. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(g) Employee Benefits

Contributions to Defined Contribution Provident Fund scheme (administered by Government) and Defined Contribution Pension Fund scheme (maintained by the Company with Life Insurance Corporation of India, hereinafter referred to as "LICI") are made based on the current basic salary and are recognised in the Statement of Profit and Loss on accrual basis. The Pension Fund scheme is applicable to certain employees only. Contributions to the pension funds along with interest accumulated during the service period of such employee are utilised to buy pension annuity from the LICI.

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

The Company also provides for retirement benefits with defined benefits in the form of Gratuity. Based on actuarial valuation carried out at the year-end by an independent actuary applying Projected Unit Credit Method (PUCM) , the Company makes annual contributions for part of Gratuity to a trust and LICI respectively. Balance liability remains unfunded.

The obligation for employee benefits, i.e., leave encashment is unfunded and calculated by an independent actuary applying PUCM at the year-end and provided for.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss .Short term employee benefits are recognised as an expense in the Statement of Profit and Loss of the year in which the related service is rendered.

(h) Foreign Currency Transactions

Transactions in foreign currency are recorded at daily exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the year-end at the exchange rate prevailing on the Balance Sheet date. Foreign currency non monetary items carried in terms of historical cost are reported using the exchange rate on the date of transactions. Exchange differences arising on restatement or settlement are recognised in the Statement of Profit and Loss except for exchange difference arising on reinstatement/settlement of long term foreign currency monetary items relating to acquisition of depreciable assets which are adjusted to the cost of the depreciable assets to be depreciated over the balance life of the assets and in other cases such differences are accumulated in a Foreign currency monetary item translation difference account, and amortised over the balance period of such long term asset/liability w.e.f from 01.04.2011 onwards.(Also Refer Note-38)

The Company uses forward contracts to hedge its exposure to movements in foreign exchange rates. In respect of contracts covered by AS-11, exchange differences arising on the settlement of transactions or on reporting at year end rates, are recognized as income or as expense in the period in which they arise. The premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

The foreign exchange losses, if any, arising on mark to market of forward exchange contract entered to hedge the foreign currency risks of a firm commitment or a highly probable forecast transaction are provided for in the Statement of Profit and Loss.

(i) Revenue Recognition

Sales are recognised upon transfer of substantial risk and rewards of ownership in the goods to the buyers as per the terms of the Contract and net of trade discounts and excise duties, where applicable.

Other items of the revenue are accounted for on accrual basis.

(j) Other Income

Interest income is recognised on time proportion basis taken into account the amount outstanding and the rate applicable.
Dividend income is recognised when the right to dividend is established.
Other items are accounted for on accrual basis.

(k) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

(l) Taxes on Income

Current tax in respect of taxable income for the year is recognised based on applicable tax rate and laws.

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax assets in respect of carried forward losses and/or unabsorbed depreciation are recognised only when it is virtually certain and in other cases where there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Note 1 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(m) Leases

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss .

(n) Grants and Subsidies

Quality Upgraded subsidy, Irrigation and Transport subsidy received during the year under Tea Board Quality Upgradation & Product Diversification, Irrigation Subsidy Schemes and Plantation Development Scheme - creation of Transport Facility are adjusted against the cost of the respective assets.

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

(o) Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or reliable estimate of the amount cannot be made.

(p) Use of Estimates

The preparation of financial statements requires use of estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Difference between actual amount and estimates are recognised in the period in which the results are known / materialized.

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 2 SHARE CAPITAL		
Authorised		
351,220,000 (Previous Year 351,220,000) Equity Shares of ₹ 10/- each	35,122.00	35,122.00
Issued, Subscribed and Fully Paid up		
35,024,754 (Previous Year 35,024,754) Equity Shares of ₹ 10/- each.	3,502.48	3,502.48
Add: Shares Forfeited	0.81	0.81
	3,503.29	3,503.29

(Amount – ₹ in lacs)

	As at 31 March, 2012		As at 31 March, 2011	
	No. of Share	Amount	No. of Share	Amount
(a) Reconciliation of number of shares				
Balance at the beginning of the year	35,024,754	3,503.29	11,710,895	1,171.90
Issued pursuant to a scheme of arrangement without payment being received in cash			23,313,859	2,331.39
Balance as at the end of the year	35,024,754	3,503.29	35,024,754	3,503.29

(b) The Company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation the equity shareholders are eligible and receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

	As at 31 March, 2012	As at 31 March, 2011
Note 2 SHARE CAPITAL *(contd.)*		
(c) List of shareholders holding more than 5% of Issued, Subscribed and Paid-up share.		
Dhunseri Investments Limited	11,988,252	11,706,702
	34.23%	33.42%
Naga Dhunseri Group Limited	3,078,759	3,044,180
	8.79%	8.69%
Yves Lombard Asset Management A G	3,795,054	3,795,054
	10.84%	10.84%
International Finance Corporation	2,308,641	2,308,641
	6.59%	6.59%

(d) Terms of securities/other liabilities convertible into equity shares : Refer Notes 39 and 54.

(e) Shares allotted as fully paid pursuant to contracts without payment being received in cash (during five years immediately preceding 31st March, 2012).

(i) During the year 2010-11- 23,313,859 Equity Shares of ₹ 10/- each were issued as fully paid up, issued pursuant to the scheme of arrangement without payment being received in cash.

(ii) During the year 2008-09- 4,727,095 Equity Shares of ₹ 10/- each were issued as fully paid up, issued pursuant to the scheme of amalgamation without payment being received in cash.

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 3 RESERVES AND SURPLUS		
Capital Reserve	262.06	262.06
Capital Redemption Reserve	12.48	12.48
Securities Premium Reserve	3,140.79	3,140.79
General Reserve #		
Balance as at the beginning of the year	59,723.50	33,422.06
Add: Transfer from Surplus in Statement of Profit and Loss	494.86	26,306.44
Less: Deduction during the year	–	(5.00)
Balance as at the end of the year	60,218.36	59,723.50
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	4,902.86	20,316.69
Add : Profit for the year	4,948.59	12,730.93
Less : Appropriations		
Transfer to General reserve	494.86	26,306.44
Proposed dividend on Equity Share for the year	1,576.11	1,576.48
Dividend Distribution Tax on Proposed Dividend	255.68	261.84
Balance as at the end of the year	7,524.80	4,902.86
Total	71,158.49	68,041.69

General Reserve is a free reserve and is not meant for meeting any specific liability,contigency or commitment.

	As at 31 March, 2012	As at 31 March, 2011
Note 4 LONG-TERM BORROWINGS		
Secured		
Term Loans		
From banks [Refer (a) to (e) below]	34,987.46	9,593.30
From other parties [Refer (e) below]	41.24	8.56
	35,028.70	9,601.86
Unsecured		
Public Deposits	–	0.39
	–	0.39
	35,028.70	9,602.25

Dhunseri

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 4 LONG-TERM BORROWINGS *(Contd.)*

Sl No.	Nature of Security	Terms of Repayment
(a)	Term Loan from Banks amounting to ₹ 26089.82 lacs (Previous Year-₹ 3125.50 lacs)is secured/to be secured by: i) Joint mortgage on pari-passu first charge basis on all the immovable properties of the new PET plant, situated at Mouza Basudevpur, JL No. 126, PS Durgachak & Mouza Paranchak, JL No. 145, PS Bhabanipur, Haldia, West Bengal together with all the buildings and structures thereon including fixed plant and machinery and fixtures and fittings permanently fastened to the earth or fastened to anything attached to the earth. ii) Pari-passu first charge by way of hypothecation on all movable fixed assets of petrochem division for the new PET plant.	Repayable in 25 quarterly installments commencing from the last quarter of the year ending 31.03.2013.
(b)	Term Loan from Banks amounting to ₹ 3804.76 lacs (Previous Year-₹ 3711.53 lacs) is secured by joint mortgage on pari-passu first charge basis on all the immovable properties of the existing PET plant situated at JL 126 Mouza Basudevpur, P.S. Durgachak, Haldia, District Midnapore(East) in the State of West Bengal together with all the buildings and structures thereon including fixed plant and machinery and fixtures and fittings permanently fastened to the earth or fastened to anything attached to the earth.	Repayable in 10 Half Yearly installments commencing from the last quarter of the year ended on 31.03.2011.
(c)	Term Loan from Banks amounting to ₹ 2192.20 lacs (Previous Year-₹ 1115.15 lacs)is secured by way of first pari-passu charge on certain Fixed Assets of the tea division of the Company (including Capital WIP & equitable mortgage on the tea estates) along with the working capital bankers, second charge on certain current assets of the Company's tea division and further by any other security as may be stipulated by the bank.	Repayable in 12 Quarterly Installments commencing from second quarter of the year ended 31.03.2011 and 19 Quarterly installments commencing from second quarter of the year ended 31.03.2012.
(d)	Term Loan from Banks amounting to ₹ 4500.00 lacs (Previous Year-₹ 2500.00 lacs) is secured by way of first charge on the immovable property of the Company viz. Land being no. IT15A within notified SEZ in JL No. 35 in Mouza Gangapur at KITP Basanti Highway, within the jurisdiction of Kolkata Leather Complex police station and to be secured by second charge on the fixed assets of the tea division of the Company.	Repayable in 12 Quarterly Installments commencing from the last quarter of the year ending on 31.03.2013.
(e)	Term Loans (Auto Loans) from bank and other parties amounting to ₹ 195.12 lacs (Previous Year-₹ 112.89 lacs) are Secured by Hypothecation of respective vehicles.	Equated Monthly Installments beginning from the month subsequent to taking of the Loans.
(f)	Figures indicated in (a) to (e) above includes current maturities of respective borrowings which have been presented in Note 10.	–

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 5 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
– Depreciation	7,353.28	6,752.68
	7,353.28	6,752.68
Deferred Tax Asset		
– Items allowable for tax purposes on payment	115.66	41.64
	115.66	41.64
Net Deferred Tax Liabilities	7,237.62	6,711.04
Note 6 OTHER LONG-TERM LIABILITIES		
Security Deposits	50.00	50.00
Liability against purchase of shares (Refer Note-54)	–	2,184.02
	50.00	2,234.02
Note 7 LONG-TERM PROVISIONS		
Provision for employee benefits.		
Provision for gratuity	98.09	81.48
Provision for leave encashment	121.58	106.75
	219.67	188.23
Note 8 SHORT-TERM BORROWINGS		
Secured		
Loan Repayable on demand from Banks [Refer (a) below] [Includes ₹ 10375.77 lacs(Previous Year-₹ 13962.92 lacs) on account of bills discounted with banks]	24,093.72	20,158.61
	24,093.72	20,158.61
Unsecured		
Loan Repayable on demand from Banks [Includes ₹ 7914.10 lacs(Previous Year-₹ Nil) on account of bills discounted with banks]	8,208.71	–
Other Loans from Banks	4,023.13	3,342.08
Bonds/Debentures		
Zero Percent Foreign Currency Convertible Bonds (Refer Note-39)	2,949.00	2,949.00
	15,180.84	6,291.08
	39,274.56	26,449.69

Nature of Security

(a) Loans Repayable on demand from Banks

(i) Amounting to ₹ 15514.57 lacs (Previous Year ₹ 14562.92 lacs):

First charge by way of hypothecation ranking pari-passu over all present and future inventories, consumables, stores and spares, book-debts and all other movables of petrochem division.

Secured/ to be secured by joint mortgage on pari-passu second charge basis on all the immovable properties of the existing and new PET plant situated at Mouza Basudevpur, JL No. 126, PS Durgachak & Mouza Paranchak, JL No. 145, PS Bhabanipur, Haldia, West Bengal together with all the buildings and structures thereon including fixed plant and machinery and fixtures and fittings permanently fastened to the earth or fastened to anything attached to the earth.

Secured by personal guarantee of two of the Promoter Directors of the Company.

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 8 SHORT-TERM BORROWINGS *(Contd.)*

(ii) Amounting to ₹ 2510.30 lacs (Previous Year ₹ 87.17 lacs):
Secured by a first hypothecation charge on the current assets of the Company's tea division 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 and personal guarantee of the promoter director of the Company and to be secured by second pari-passu charge on the immovable property of the Company viz. Land being no. IT15A within notified SEZ in JL No. 35 in Mouza Gangapur at KITP Basanti Highway, within the jurisdiction of Kolkata Leather Complex police station.

(iii) Amounting to ₹ 6068.85 lacs (Previous Year ₹ 5508.52 lacs):
Secured by way of lien against fixed deposits with banks.

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 9 TRADE PAYABLES		
Total outstanding dues of Micro and Small Enterprises (Refer Note 52)	6.69	6.11
Total outstanding dues of creditors other than Micro and Small Enterprises	44,111.37	32,127.21
	44,118.06	32,133.32
Note 10 OTHER CURRENT LIABILITIES		
Current maturities of Long-term borrowings (Refer Note 4)	1,753.59	4,930.85
Interest accrued but not due on borrowings	317.13	62.76
Unpaid Dividends	46.52	37.76
Advance from Customers/Agents	1,308.04	814.95
Employee benefits	735.60	715.21
Liability for Capital goods	1,189.59	388.20
Statutory Dues	796.53	493.16
Liability against purchase of shares (Refer Note 54)	1,284.03	–
Mark to Market Loss on Forward Contracts	6.95	8.83
	7,437.98	7,451.72
Note 11 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	218.15	134.14
Provision for leave encashment	9.06	7.85
	227.21	141.99
Others		
Provision for Taxation(Net of Advances)	–	941.56
Provision for Proposed Dividend	1,576.11	1,576.48
Provision for Tax on Dividend	255.68	261.84
	1,831.79	2,779.88
	2,059.00	2,921.87

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 12 TANGIBLE ASSETS

(₹ in lacs)

	Gross Block					Depreciation				Net Block	
	As at 31.03.2011	Addition	Disposal	Other Adjustment	As at 31.03.2012	As at 31.03.2011	For the year	Disposal	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Lease hold Land	864.18	779.53	26.73	–	1,616.98	62.08	13.70	–	75.78	1,541.20	802.10
Free hold Land	505.74	–	–	–	505.74	–	–	–	–	505.74	505.74
Land & Estate Development	10,406.18	11.86	2.38	–	10,415.66	7.62	–	–	7.62	10,408.04	10,398.56
Non Factory Building/ Factory Building	12,287.11	713.43	232.44	–	12,768.10	1,816.22	278.44	4.64	2,090.02	10,678.08	10,470.89
Plant and Equipment.	51,320.25	1,372.05	523.59	858.79	53,027.50	17,470.71	2,648.87	(156.40)	20,275.98	32,751.52	33,849.54
Furniture and Fixtures.	417.59	284.14	6.87	–	694.86	170.95	29.71	1.11	199.55	495.31	246.64
Vehicles.	1,062.48	195.17	110.87	–	1,146.78	474.74	84.10	65.68	493.16	653.62	587.74
Office Equipment	166.26	7.18	3.96	0.60	170.08	58.12	11.08	3.04	66.16	103.92	108.14
	77,029.79	3,363.36	906.84	859.39	80,345.70	20,060.44	3,065.90	(81.93)	23,208.27	57,137.43	56,969.35
Previous Year	70,715.07	7,661.42	1,708.41	361.71	77,029.79	17,727.43	2,886.85	553.84	20,060.44	56,969.35	

(a) Quality Upgraded subsidy amounting to ₹ 54.99 lacs (Previous Year : ₹ 14.40 lacs) received during the year under Tea Board Quality Upgraderation & Product Diversification has been adjusted against the cost of the respective assets.

(b) The Assam Government has acquired in total 793.05 hectares of land under the Assam Fixation of Ceiling on Land Holdings Act, 1956 and P.W.D. has acquired 4 hectares of land for construction of public road. Pending the receipt/finalisation of compensation money from the authorities in respect of the above acquisition, no adjustment in this regard has been made in these accounts.

(c) Disposal column includes Gross Block and Accumulated Depreciation of assets written off worth ₹ 4.04 lacs (Previous Year ₹ 1.81 lacs) & ₹ 3.02 lacs (Previous Year ₹ 1.49 lacs) respectively.

(d) Gross Block-Addition and Depreciation -Disposal column includes ₹ 484.25 lacs and ₹ 195.13 lacs respectively on account of assets reinstated/restored subsequent to Fire at Haldia Plant on 14.03.2011.

(e) Other adjustments column includes adjustments on account of exchange difference ₹ 859.39 lacs (Previous Year – ₹ Nil) (Refer Note- 38) and borrowing cost ₹ Nil (Previous Year – ₹ 361.71 lacs).

Note 13 INTANGIBLE ASSETS

	Gross Block					Amortisation				Net Block	
	As at 31.03.2011	Addition	Disposal	Other Adjustment	As at 31.03.2012	As at 31.03.2011	For the year	Disposal	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Computer software-acquired	69.90	6.25	–	–	76.15	65.63	0.67	–	66.30	9.85	4.27
Technical Know-how-acquired	2,268.43	–	–	16.29	2,284.72	1,786.52	234.22	–	2,020.74	263.98	481.91
	2,338.33	6.25	–	16.29	2,360.87	1,852.15	234.89	–	2,087.04	273.83	486.18
Previous Year	2,338.33	0.01	0.01	–	2,338.33	1,624.77	227.38	–	1,852.15	486.18	

(a) Other adjustment column includes adjustments on account of exchange difference ₹ 16.29 lacs (Previous Year – ₹ Nil) (Refer Note- 38) and borrowing cost ₹ Nil (Previous Year – ₹ Nil).

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 14 CAPITAL WORK-IN-PROGRESS		
Capital work-in-progress	35,041.31	4,675.46
	35,041.31	4,675.46

	2011-12	2010-11
Capital work-in-progress includes:		
(a) Borrowing cost capitalised during the year [net of interest income of ₹ 362.78 lacs (Previous Year – ₹ 33.23 lacs)]	301.50	671.08
Cumulative as on year end	1063.18	761.68
(b) Loss on foreign currency transactions and translations capitalised during the year amounting to ₹ 2,909.35 lacs (Previous Year ₹ Nil) (Refer Note 38).		

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 14 CAPITAL WORK-IN-PROGRESS *(Contd.)*

(c) Other expenses capitalised during the year are as follows:

	(₹ *in lacs*)
Salaries and Wages	71.75
Contribution to provident and other funds	4.12
Staff welfare expenses	1.20
Power & Fuel	45.91
Insurance	29.47
Miscellaneous Expenses	68.28
	220.73

Note 15 NON-CURRENT INVESTMENTS

	Face Value (₹)	No. of Shares/Units As at 31.03.2012	No. of Shares/Units As at 31.03.2011	Book Value (₹ *in lacs*) As at 31.03.2012	Book Value (₹ *in lacs*) As at 31.03.2011
Trade Investments (valued at cost)					
In Equity Instruments - Unquoted, Fully Paid up					
A-Investment in subsidiaries:					
Dhunseri Petrochem & Tea Pte Ltd.					
(formerly Dhunseri Holding (Singapore) Pte Ltd.)	SGD 1	1000	–	0.41	–
Egyptian Indian Polyester Co. SAE	USD 100	336000 #	175950	15,662.06	7,950.59
Dowamara Tea Co Pvt Ltd.	10	176650	–	97.41	–
				15,759.88	7,950.59
B–Others					
Tectura Corporation		104096	282240	55.17	149.59
Haldia Integrated Development Agency Ltd.	10	10000	10000	1.00	1.00
				56.17	150.59
Other investments (valued at cost unless stated otherwise)					
In Equity Instruments – Quoted, Fully Paid up					
Aditya Birla Nuvo	10	–	15950	–	173.20
Coal India Ltd.	10	–	130037	–	318.59
Gujrat Fluoro Chemicals Ltd.	1	93740	98740	146.24	154.05
Havells India Ltd.	5	–	51200	–	165.23
Indo Rama Synthetics Ltd.	10	–	442500	–	292.77
Kirloskar Pneumetic Co. Ltd.	10	–	33200	–	151.78
Larsen & Toubro Ltd.	2	–	15000	–	161.38
Microsec Financial Services Ltd.	10	1176	1176	1.39	1.39
Power Grid Corporation of India Ltd.	10	–	242600	–	219.02
Simplex Projects Ltd.	10	41008	132336	122.45	395.17
State Bank Of India	10	–	20200	–	438.04
The Andhra Pradesh Paper Mills Ltd.	10	98877	100000	170.88	160.84
West Coast Paper Mills Ltd.	2	196823	488505	94.97	342.23
[Net of provision for other than temporary diminution aggregating to ₹ 43.04 lacs (Previous Year: ₹ Nil)]					
In Units of Mutual Fund–Unquoted					
Birla Sun Life Fixed Term Plan Series CX Growth	10	–	30000000	–	3,000.00
				535.93	5,973.69
				16,351.98	14,074.87
Aggregate of Quoted Investments - Book Value				535.93	2,973.69
Aggregate of Quoted Investments - Market Value				787.70	3,486.16
Aggregate of Unquoted Investments - Book Value				15,816.05	11,101.18
Aggregate provision for diminution in value of investments				43.04	–

Pledged with bank against financial assistance taken by Egyptian Indian Polyester Co. SAE.

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ *in lacs*)

	As at 31 March, 2012	As at 31 March, 2011
Note 16 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital Advances	4,019.30	3,992.90
Security Deposits(Refer Note 40)	356.60	271.39
Loans and advances to subsidiary	500.00	–
Other Loans		
To Staff	6.42	5.93
To Bodies Corporate	82.00	92.00
	4,964.32	4,362.22
Note 17 OTHER NON-CURRENT ASSETS		
Others		
Vat Refund Receivable	164.87	187.07
	164.87	187.07

Note 18 CURRENT INVESTMENTS

	Face Value (₹)	No. of Shares/Units As at 31.03.2012	No. of Shares/Units As at 31.03.2011	Book Value (₹ *in lacs*) As at 31.03.2012	Book Value (₹ *in lacs*) As at 31.03.2011
Other than trade unquoted					
(Valued at cost or market value whichever is lower)					
Investment in Mutual Funds					
Birla Sun Life Fixed Term Plan Series CX Growth [Refer (b) below]	10	30,000,000	–	3,000.00	–
HDFC Cash Management Fund Saving Plan - Growth		13,117,737	–	2,901.22	–
				5,901.22	–
(a) Aggregate of Unquoted Investments-Book Value				5,901.22	–
(b) Represents current portion of Non current investments.					

(₹ *in lacs*)

	As at 31 March, 2012	As at 31 March, 2011
Note 19 INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials [includes in transit: ₹ 960.41 lacs (Previous Year-₹ 6010.11 lacs)]	11,807.98	12,363.07
Work-in-progress-[Refer (a) below]	204.49	211.47
Finished goods [includes in transit: ₹ 64.77 lacs (Previous Year-₹ 84.10 lacs)] [Refer (b) below]	4,950.33	3,679.44
Stock-in-trade (i.e Traded goods) [Refer (c) below]	1,165.17	–
Stores and spares including packing material [includes in transit: ₹ 772.88 lacs (Previous Year-₹30.93 lacs)]	4,612.16	1,983.25
	22,740.13	18,237.23
(a) Represents Polyester Chips	204.49	211.47
(b) Comprises:		
Polyester Chips	4,457.86	2,915.22
Tea	492.47	764.22
	4,950.33	3,679.44
(c) Represents Pet Barrier Resins	1,165.17	–

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 20 TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	33.02	20.80
Other debts	25,134.98	17,197.50
[Includes ₹ 18289.87 lacs (Previous Year ₹ 13962.92 lacs) on account of bills discounted with banks]		
	25,168.00	17,218.30

	As at 31 March, 2012	As at 31 March, 2011
Note 21 CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with Banks :		
Current Accounts	2,114.14	1,531.23
Cash Credit Accounts	998.79	36.25
Fixed Deposits (with maturity less than 3 months)	8,673.63	1,643.68
Unpaid Dividend Account [Refer (a) below]	46.52	37.75
Cheques,Drafts on hand	265.46	5.47
Cash on hand	24.40	22.71
	12,122.94	3,277.09
Others bank balances		
Fixed Deposits (with maturity greater than 3 months but less than 12 months) [Refer (b) below]	13,665.96	20,321.15
Margin Money	1,843.10	2,436.93
	15,509.06	22,758.08
	27,632.00	26,035.17
(a) Earmarked for payment of dividend		
(b) Includes ₹ 6,068.85 lacs (Previous Year ₹ 5,508.52 lacs) under Lien with bank		

	As at 31 March, 2012	As at 31 March, 2011
Note 22 SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good:		
Loans and advances to related parties (Refer Note 40)	363.43	24.83
Deposits with Government Authorities and Others	4,572.19	1,714.02
Deposit with National Bank for Agriculture and Rural Development	886.22	382.97
Others:		
Loans to Staff	20.10	14.06
Advance to Suppliers/Service Providers (Refer Note 40)	3,874.85	3,444.79
For Nursery Plantation	79.66	64.98
Prepaid Expenses	154.99	119.14
Advance Tax (net of provision)	385.71	–
	10,337.15	5,764.79

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 23 OTHER CURRENT ASSETS		
Unsecured, considered good:		
Interest accrued on Deposits	91.16	134.43
Incentives receivable	2,728.58	4,430.01
Insurance Claim receivable	997.81	6,549.67
Vat Refund Receivable	407.58	112.37
Receivables against sale of assets	150.00	–
	4,375.13	11,226.48

	As at 31 March, 2012	As at 31 March, 2011
Note 24 CONTINGENT LIABILITIES		
(a) Claims against the Company not acknowledged as debts		
(i) Customs Demand - matter under dispute	148.61	148.61
(ii) Service Tax Demand - matter under dispute	18.13	18.13
(iii) Income Tax-matter under dispute	82.77	–
It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.		

	As at 31 March, 2012	As at 31 March, 2011
Note 25 CAPITAL AND OTHER COMMITMENTS		
Estimated value of contracts in capital account remaining to be executed and not provided for	5,371.00	22,156.94
Other commitments		
The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at Zero rates of duty on an undertaking to fulfill quantified exports in the next six years.	2,807.93	–

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 26 PROPOSED DIVIDENDS		
On Equity Shares of ₹ 10/- each		
(i) Amount of dividend proposed for the year	1576.11	1576.48
(ii) Dividend per Equity Share (₹)	4.50	4.50

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 27 REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods:		
Tea	11,123.17	9,230.20
Packet Tea	4,597.84	4,519.86
Polyester Chips	191,618.71	151,449.26
Traded Goods:		
Pet Barrier Resins	0.84	–
Other Operating Revenues		
Scrap Sales	121.46	47.64
Export Incentive	3,269.42	3,485.59
Other Incentives & Subsidies	273.69	202.17
Gross Revenue	211,005.13	168,934.72
Less: Excise Duty	13,060.38	9,539.90
Net Revenue	197,944.75	159,394.82
Note 28 OTHER INCOME		
Interest Income	1,793.78	1,188.20
Dividend Income from Long Term Investment	36.27	119.92
Profit on Sale of Current Investment	26.22	3.20
Profit on Sale of Long Term Investment	41.70	1,926.73
Profit on Sale of Fixed Assets	–	13.27
Net gain/loss on foreign currency transactions/translations	–	650.72
Service Charges Received	146.55	404.84
Liabilities no longer required written back	5.42	46.98
Insurance Claim	12.46	6,529.36
Interest Subsidy	264.49	–
Miscellaneous Income	181.34	27.91
	2,508.23	10,911.13
Note 29 COST OF MATERIALS CONSUMED		
Opening inventory	12,363.07	2,654.13
Add: Purchase during the year	155,455.49	124,401.85
Less: Closing inventory	11,807.98	12,363.07
	156,010.58	114,692.91
Note 30 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
(Increase)/Decrease in Stock		
Stock at the end of year		
Finished Goods	4,950.33	3,679.44
Work-in-Progress	204.49	211.47
Stock-in-Trade	1,165.17	–
	6,319.99	3,890.91
Stock at the beginning of year		
Finished Goods	3,679.44	2,727.42
Work-in-Progress	211.47	151.93
Stock-in-Trade	–	–
	3,890.91	2,879.35
Net(Increase)/Decrease in Stock	(2,429.08)	(1,011.56)

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 31 EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	4,531.18	4,131.24
Contribution to provident and other funds	313.29	269.41
Gratuity	175.53	49.79
Staff welfare expenses	411.48	379.54
	5,431.48	4,829.98
Note 32 FINANCE COSTS		
Interest expense	3,115.65	1,647.37
Other borrowing costs	1,005.91	941.54
	4,121.56	2,588.91
Note 33 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Tangible assets	3,065.90	2,886.85
Amortisation on Intangible assets	234.89	227.38
	3,300.79	3,114.23
Note 34 OTHER EXPENSES		
Power & Fuel	6,298.18	5,317.52
Consumption of stores and spare parts including packing material	2,274.37	2,108.89
Freight, delivery and shipping charges	6,049.21	6,264.30
Brokerage and commission on sales	2,128.01	1,897.63
Loss on sale of Fixed Assets	9.25	–
Net gain/loss on foreign currency transactions/translations	3,353.67	–
Loss by fire	–	6,462.93
Claim receivable written off (Refer Note 35)	1,023.92	–
Rent	144.46	117.55
Repairs and Maintenance		
Plant & Machinery	1,071.30	721.63
Buildings	105.07	74.00
Others	564.07	407.46
Insurance	411.11	249.13
Rates and Taxes	106.15	149.97
Provision for diminution in the value of long term investments	43.04	–
Assets Written off	1.02	0.32
Bad Debts/Advances Written off	–	20.78
Cess on Tea	177.01	148.56
Excise Duty	182.62	52.71
Miscellaneous Expenses [Refer Note 36 and (a) below]	2,989.43	2,686.47
	26,931.89	26,679.85
(a) Includes Auditors' remuneration paid/payable for the year as follows:		
Audit Fees	35.00	35.00
Tax Audit Fees	3.50	3.50
For other matters (Certificates etc)	15.74	21.61
Reimbursement of expenses (excluding service tax to the extent not routed through the Statement of Profit and Loss)	1.00	0.11
	55.24	60.22

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 35 INSURANCE CLAIM

A major fire broke out in the raw material store at the Company's Haldia plant on 14.03.2011 leading to destruction/ damage of certain fixed assets, spares, raw materials & packing materials. The items damaged being insured, insurance claims were filed by the Company. The impact of all related losses for fixed assets, spares, raw materials and packing materials damaged/destroyed due to fire had been duly accounted for and an equivalent amount of ₹ 6462.93 lacs (₹ 5157.66 lacs and ₹ 1305.27 lacs on account of raw materials & packing materials and fixed assets & spares respectively) recognised as insurance claim receivables during the year 2010-11. During the current year upon settlement of claim pertaining to raw material and packing material by the insurance company, the Company has received ₹ 3626.69 lacs (including reimbursement of expenses of ₹ 23.82 lacs) from the insurance company and recovered ₹ 532.91 lacs (net of tax) through disposal of salvage materials and the balance amount of related claim receivable being ₹ 1023.92 lacs has been written off in these financial statements (Refer Note-34) under the head "Other expenses". Claims on account of destruction / damage of fixed assets & spares are yet to be settled by the insurance Company and the related claim amounting to ₹ 982.08 lacs (net of salvage value and value of assets reinstated in books on restoration of certain assets-₹ 323.19 lacs) included in "Insurance Claim Receivable" (Refer note - 23) is outstanding at the year end. Further the Company has also lodged claims for loss of profits on account of loss suferred during the period of disruption in the operation of the plant due to fire which is pending settlement and has not been accounted for on prudent basis.

Note 36

Miscellaneous expenses (Note 34) include a donation of ₹ 7.5 lacs (Previous Year- ₹ Nil) to a Political Party-Assam Pradesh Congress Committee.

Note 37 REVALUATION OF FIXED ASSETS

All fixed asset other than Computers and Furniture & Fixtures located at eleven tea estates and nine factories in the state of Assam had been revalued by M/s S. R. Batliboi Consultants Pvt. Limited, Registered Valuer, on 1st April, 2009, to ₹ 20047.00 lacs resulting in increase in net book value of assets by ₹ 16250.00 lacs which had been credited to the Revaluation Reserve. The Revaluation Reserve has been fully adjusted in earlier years.

Buildings, Plant & Machinery and Vehicles were revalued at the Net Replacement Value method whereas freehold land and leasehold land & estate development were revalued at Plantation Value method.

Note 38 CHANGE IN ACCOUNTING POLICY

The Company has exercised the option as set out in paragraph 46A of the Accounting Standard 11 on the effects of Changes in Foreign Exchange Rates, pursuant to the Notification dated 29th December 2011.Accordingly,during the current financial year exchange differences arising on restatement of long term foreign currency loans obtained for the purpose of acquisition of depreciable capital assets, which were hitherto being recognised in the Statement of Profit and Loss, has been adjusted in the cost of depreciable assets, which would be depreciated over the balance lives of the assets.

Had the Company continued to follow the earlier accounting policy, the net foreign exchange loss recognised in the Statement of Profit and Loss would have been higher by ₹ 3,785.03 lacs with corresponding decrease in net profit for the year and fixed assets would have been lower to the same extent.

Note 39 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

(a) The erstwhile South Asian Petrochem Limited (presently Dhunseri Petrochem & Tea Ltd) had allotted 200 Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCBs) of US $ 1,00,000 each for an aggregate amount of US $ 20,000,000 (i.e., ₹ 7864.00 lacs) in the year 2007-08. After buyback bonds amounting to US $ 7,500,000 are outstanding as on date. The outstanding bonds are redeemable on January 23, 2013 at 136.86% of their principal amount. The bond holders have an option to convert these bonds into equity shares at the reset price of ₹ 170.10 per share with a fixed rate of exchange on conversion of ₹ 39.32 (US$ 1), subject to certain adjustments. The Bonds may also be redeemed, in whole but not in part, at the option of the Company at any time, subject to certain conditions. Also the Company has an option requiring mandatory conversion of all the outstanding bonds on or after January 16, 2011 and up to January 14, 2013.

The Company is of the view that the balance outstanding bonds may not ultimately be redeemed as the same may be converted into equity shares within the assigned date and hence has not considered the effect of realignment of the bond value as prescribed in the Accounting Standard (AS 11) on ' Effects of Changes in Foreign Exchange Rates' notified in the Companies (Accounting Standards) Rules 2006 and also not provided for premium on redemption of the said bonds. The future cash flows

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 39 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB) *(Contd.)*

if any cannot be determined at this stage.

(b) Unutilized proceeds of ₹ 2949.00 lacs lying as on 31.03.2011 in the form of Fixed Deposits have been fully utilized towards equity participation in the overseas project in Egypt.

Note 40 LOANS AND ADVANCES

Loans and advances to related parties under "Short term loans and advances" (Note 22) includes amount due from-

(i) Private Limited Company in which Director of the Company is a director - ₹ 0.10 lacs (Previous Year ₹ 0.39 lacs).

(ii) Subsidiary Company amounting to ₹ 363.33 lacs (Previous Year ₹ 24.44 lacs).

Advance to Suppliers/Service Providers under "Short term loans and advances" (Note 22) includes amount due from-

(i) Firm in which Director of the Company is partner- ₹ 0.55 lacs (Previous Year ₹ 1.49 lacs).

Security Deposits under "Long-term loans and advances "(Note 16) includes amount due from

(i) A Limited Company in which Directors of the Company are interested as Director - ₹ 127.50 lacs (Previous Year ₹ 127.50 lacs) being deposit for use of office space with parking.

Note 41 EMPLOYEE BENEFIT OBLIGATION

Contribution for Defined Contribution Plan comprising ₹ 6.72 lacs (Previous Year ₹ 6.22 lacs) on account of the Company's contribution to Super annuation fund and ₹ 306.57 lacs (Previous Year: ₹ 263.19 lacs) on account of the Company's contribution to Provident funds has been recognised as an expense and included in Note 31- Employee benefits expense under the head "Contribution to provident and other funds" in the Statement of Profit and Loss.

I. Gratuity

(a) Change in Defined Benefit Obligation during the year ended March 31, 2012

(₹ in lacs)

	31.03.2012		31.03.2011	
	Funded	Unfunded	Funded	Unfunded
Present value of Defined Benefit Obligation as at April 1, 2011	982.18	82.11	1,001.24	51.80
Current Service Cost	63.06	17.28	56.74	11.03
Interest Cost	83.13	6.05	79.34	3.85
Benefits Paid	(71.58)	(17.65)	(66.09)	(10.30)
Actuarial (gain)/loss on Obligation	39.36	13.70	(89.05)	25.73
Present value of Defined Benefit Obligation as at March 31, 2012	1,096.15	101.49	982.18	82.11

(b) Change in Fair Value of Assets during the year March 31, 2012

	31.03.2012		31.03.2011	
	Funded	Unfunded	Funded	Unfunded
Fair Value of Plan Assets as at April 1, 2011	848.18	–	740.55	–
Expected Return on Plan Assets	66.72	–	63.54	–
Contributions Made	57.75	–	135.56	–
Benefits Paid	(71.58)	–	(66.09)	–
Actuarial gain / (loss) on Plan Assets	(19.67)	–	(25.38)	–
Fair value of Plan Assets as at March 31, 2012	881.40	–	848.18	–

Note 41 EMPLOYEE BENEFIT OBLIGATION *(Contd.)*

(c) Net(Asset)/Liability recognised in the Balance Sheet as at March 31, 2012

(₹ in lacs)

	31.03.2012		31.03.2011	
	Funded	Unfunded	Funded	Unfunded
Present Value of the Defined Benefit Obligation	1096.15	101.49	982.18	82.11
Fair value of Plan assets	881.40	–	848.18	–
Net(Asset)/Liability recognised in the Balance Sheet	214.75	101.49	134.00	82.11

(d) Expense recognised in the Statement of Profit and Loss for the year ended March 31, 2012

	31.03.2012		31.03.2011	
	Funded	Unfunded	Funded	Unfunded
Current Service Cost	63.06	17.28	56.74	11.03
Interest Cost	83.13	6.05	79.34	3.85
Expected return on plan assets	(66.72)	–	(63.54)	–
Net actuarial (gain)/loss recognised during the year	59.03	13.70	(63.37)	25.73
Total Expense recognised in the Statement of Profit and Loss (in Note 31- Employee benefits expense under the head " Gratuity")	138.50	37.03	9.17	40.61

(e) Major Categories of Plan Assets as a percentage of total plans as at March 31, 2012

	31.03.2012	31.03.2011
Investment with Private Insurance Companies	43.04%	40.01%
Administered by Life Insurance Corporation of India	30.80%	29.36%
Special Deposit and Bonds	11.67%	13.52%
Others Including Bank Balance	14.49%	17.11%
	100.00%	100.00%

(f) Experience adjustments

(₹ in lacs)

	31.03.2012		31.03.2011		31.03.2010		31.03.2009		31.03.2008	
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
Defined Benefit Obligation as at March 31,2012	1,096.15	101.49	982.18	82.11	1,001.24	51.80	837.51	26.77	791.45	18.53
Fair value of Plan Assets	881.40	–	848.18	–	740.55	–	617.32	–	613.81	–
Status Surplus/(Deficit)	(214.75)	(101.49)	(134.00)	(82.11)	(260.69)	(51.80)	(220.19)	(26.77)	(177.64)	(18.53)
Experience adjustments on Plan Liabilities Gain/(Loss)	(39.36)	(14.38)	89.05	(10.16)	(94.61)	(18.52)	1.61	2.66	133.34	(1.64)
Experience adjustments on Plan Assets Gain/(Loss)	(19.67)	–	(26.74)	–	33.42	–	(16.54)	–	(4.37)	–

(g) Contribution expected to pe paid to the plan during the period 2012-13 is ₹ 132.19 lacs.

II. Leave Encashment - Unfunded

(a) Change in Defined Benefit Obligation during the year ended March 31, 2012

(₹ in lacs)

	31.03.2012	31.03.2011
Present value of Defined Benefit Obligation as at April 1,2011	114.60	65.66
Current Service Cost	13.41	4.72
Interest Cost	8.05	4.82
Plan Amendments	–	–
Actuarial (Gain) / Loss	41.42	56.93
Benefits payment	(46.84)	(17.53)
Present value of Defined Benefit Obligation as at March 31, 2012 recognised in the Balance Sheet	130.64	114.60

Note 41 EMPLOYEE BENEFIT OBLIGATION *(Contd.)*

(b) Expense recognised in the Statement of Profit and Loss for the year ended March 31, 2012

(₹ in lacs)

	31.03.2012	31.03.2011
Current Service Cost	13.41	4.72
Interest Cost	8.05	4.82
Net actuarial (gain)/loss recognised during the year	41.42	56.84
Total Expense recognised in the Statement of Profit and Loss (in Note 31 -Employee benefits expense under the head "Salaries and Wages")	62.88	66.38

(c) Experience adjustments

(₹ in lacs)

	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined Benefit Obligation as at March 31,2012	130.64	114.60	65.66	65.09	70.79
Fair value of Plan Assets	–	–	–	–	–
Status Surplus/(Deficit)	(130.64)	(114.60)	(65.66)	(65.09)	(70.79)
Experience adjustments on Plan Liabilities Gain/(Loss)	(41.00)	(33.93)	(5.74)	6.06	10.47
Experience adjustments on Plan Assets Gain/(Loss)	–	–	–	–	–

(d) Contribution expected to pe paid to the plan during the period 2012-13 is ₹ 69.17 lacs.

III. Acturial assumptions

	Gratuity		Leave encashment	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Mortality Table	LICI-1994-1996	LICI-1994-1996	–	–
Discount rate	8.60% & 8.00%	8.00% & 8.25%	8.60% & 8.00%	8.00% & 8.25%
Salary Escalation rate	5.00% & 7.00%	5.00% & 7.00%	5.00% & 7.00%	5.00% & 7.00%
Expected Return on Plan Assets	8.00%	8.00%	–	–

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risk, historical results on plan assets, the Company's policy for plan asset management and other relevant factors.

Note 42 SEGMENT REPORTING

The Company has considered business segment as the primary segment for disclosure. The components of these business segments are Polyester Chips and Tea.

The segment wise revenue, assets and liabilities relate to the respective amounts directly identifiable with each of the segments.There is no inter-segment revenue.

The geographical segments considered for disclosure as secondary segment is , based on location of customers.

Note 42 SEGMENT REPORTING *(Contd.)*

(a) Primary Reporting Segment-Business Segment

(₹ in lacs)

	2011-12					2010-11				
	Polyester Chips	Tea	Segment Total	Unallo-cated	Total Enterprise	Polyester Chips	Tea	Segment Total	Unallo-cated	Total Enterprise
Sales to External Customers	178,559.17	15,721.01	194,280.18	–	194,280.18	141,909.36	13,750.06	155,659.42	–	155,659.42
Operating Revenue	3,587.32	77.25	3,664.57	–	3,664.57	3,702.45	32.95	3,735.40	–	3,735.40
Segment Revenue–Total	182,146.49	15,798.26	197,944.75	–	197,944.75	145,611.81	13,783.01	159,394.82	–	159,394.82
Segment Result	6,062.58	1,196.37	7,258.95	(2,310.36)	4,948.59	14,596.22	2,706.30	17,302.52	(4,571.59)	12,730.93
Total carrying amount of Segment Assets	126,664.20	28,914.01	155,578.21	54,509.16	210,087.37	88,791.10	28,232.49	117,023.59	42,213.54	159,237.13
Total amount of Segment Liabilities	46,382.97	2,371.79	48,754.76	161,332.61	210,087.37	32,837.58	508.24	33,345.82	125,891.31	159,237.13
Total cost incurred during the period to acquire segment assets	25,329.18	2,934.95	28,264.13	–	28,264.13	4,731.12	3,610.89	8,342.01	–	8,342.01
Total amount of depreciation and amortisation	2,659.66	641.13	3,300.79	–	3,300.79	2,523.00	591.23	3,114.23	–	3,114.23
Total amount of significant non–cash expenses	–	–	–	–	–	–	–	–	–	–

(b) Secondary Segment - Geographical Segment

(₹ in lacs)

	2011-12			2010-11		
	Outside India	Within India	Total	Outside India	Within India	Total
Segment Revenue-Sales to External Customers	56,481.45	141,463.30	197,944.75	51,755.02	107,639.80	159,394.82
Segment Assets	12,840.73	142,737.48	155,578.21	9,674.16	107,349.43	117,023.59
Total cost incurred during the period to acquire segment assets	–	28,264.13	28,264.13	–	8,342.01	8,342.01

Note 43 EARNINGS PER EQUITY SHARE

	2011-12	2010-11
(a) Earnings attributable to equity shareholders (₹in lacs)	4,948.59	12,730.93
(b) Adjustments for Dilutive Earnings net of tax	–	–
(c) Earnings Diluted (₹ in lacs)	4,948.59	12,730.93
(d) Weighted Average number of Ordinary Shares outstanding	35,024,754	35,024,754
(e) Adjustment for Potential Ordinary Shares #	1,733,686	1,733,686
(f) Weighted Average number of Ordinary shares in computing Diluted Earnings Per Share.	36,758,440	36,758,440
– Basic (a / d) (in ₹)	14.13	36.35
– Diluted (c / f) (in ₹)	13.46	34.63

As per agreement of Zero Percent Unsecured Foreign Currency Convertible Bonds (FCCB) the bond holders have an option to convert these bonds into equity shares at a minimum price of ₹170.10 per share which has been taken as fair value for the purpose of calculating Diluted EPS.

Note 44 DISCLOSURE OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS IN KEEPING WITH ACCOUNTING STANDARD 18:

Names of related parties and description of relationship:

A. Subsidiary Companies:
1. Egyptian Indian Polyester Company S.A.E.
2. Dowamara Tea Company Pvt. Ltd. (acquired during the year ended 31.03.2012)
3. Dhunseri Petrochem & Tea Pte Ltd.(formerly Dhunseri Holding (Singapore) Pte Ltd.) (set up during the year ended 31.03.2012)

B. Group Companies: (i.e Companies in which Key Management Personnel is able to exercise significant influence)
4. Madhuting Tea Private Ltd.
5. Naga Dhunseri Group Ltd.
6. Trimplex Investments Ltd.(formerly Trimplex Investments Private Ltd.)
7. Mint Investments Ltd.
8. Plenty Valley Intra Ltd.
9. Dhunseri Investments Ltd.

Note 44 DISCLOSURE OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS IN KEEPING WITH ACCOUNTING STANDARD 18: *(Contd.)*

C. Key Management Personnel
10. Mr. C. K. Dhanuka. (Executive Chairman)
11. Mr. M. Dhanuka (Vice Chairman and Executive Director)
12. Mr. B. Chattopadhyay (Executive Director and Chief Executive Officer)
13. Mr. B. K. Biyani (Executive Director, Corporate)

Nature of Transactions/Balances

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
A. Subsidiary Company:		
Egyptian Indian Polyester Company S.A.E.		
– Receivable / (Payable)	167.80	281.88
– Professional service rendered	146.55	404.84
– Investment in Shares	7,711.47	7,950.59
Dhunseri Petrochem & Tea Pte Ltd.(formerly Dhunseri Holding (Singapore) Pte Ltd.)		
– Investment in Shares	0.41	–
Dowamara Tea Company Pvt. Ltd.		
– Receivable/ (Payable)	695.53	–
– Investment in Shares	97.41	–
B. Group Companies (i.e companies in which key management personnel is able to exercise significant influence)		
Trimplex Investments Ltd. (formerly Trimplex Investments Private Ltd.)		
– Rent and Service Charges	88.42	65.06
– Security Deposits	127.50	127.50
– Receivable / (Payable)	(2.50)	–
Naga Dhunseri Group Ltd.		
– Rent Paid	27.79	27.00
Mint Investments Ltd.		
– Rent and Service Charges	25.75	–
– Services Received	–	24.15
– Purchase of goods	2.00	–
– Receivable / (Payable)	(456.53)	(1,356.53)
Madhuting Tea Pvt. Ltd.		
– Purchase of goods	–	0.61
– Sales of goods	–	1.01
– Receivable / (Payable)	–	0.39
Plenty Valley Intra Ltd.		
– Receivable / (Payable)	(827.50)	(827.50)
Dhunseri Investments Ltd.		
– Receivable / (Payable)	–	(6.89)
– Rent and Service Charges	87.52	67.30
– Reimbursement of Expenses	–	13.94
– Sale of Fixed Assets	–	3.96

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Nature of Transactions/Balances *(Contd.)*

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
C. Key Management Personnel		
Mr. C. K. Dhanuka		
– Remuneration	178.71	317.96
– Rent Received	0.60	0.60
– Receivable / (Payable)	(181.00)	(325.00)
Mr. M. Dhanuka		
– Remuneration	62.02	57.32
– Rent Received	0.60	0.60
– Receivable / (Payable)	(25.00)	(25.00)
Mr. B. Chattopadhyay		
– Remuneration	70.32	58.31
Mr. B. K. Biyani		
– Remuneration (including retirement benefits)	84.17	53.37
– Receivable / (Payable)	(21.64)	–

Note 45 PURCHASE - STOCK IN TRADE

	2011-12	2010-11
Pet Barrier Resins	1,182.40	–

Note 46 (a)-DETAILS OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

	2011-12		2010-11	
	Value (₹ in lacs)	% Consumed	Value (₹ in lacs)	% Consumed
Raw Materials				
Imported	56,419.24	36.16%	39,845.02	34.74%
Indigenous	99,591.34	63.84%	74,847.89	65.26%
Total	156,010.58	100.00%	114,692.91	100.00%
Stores and Spare parts				
Imported	48.50	2.13%	7.44	0.35%
Indigenous	2,225.87	97.87%	2,101.45	99.65%
Total	2,274.37	100.00%	2,108.89	100.00%

Note 46 (b)-DETAILS OF MATERIAL CONSUMED

(₹ in lacs)

	2011-12	2010-11
Green Leaf-Purchased	4,747.76	2,897.76
PTA	106,053.39	81,085.61
MEG	40,330.91	27,323.94
Others	4,878.52	3,385.60
Total	156,010.58	114,692.91

Note 47 EXPENDITURE IN FOREIGN CURRENCY

Travelling Expenses	93.75	75.19
Commission on Sales	530.80	509.26
Professional and Consultation Fees	399.42	–
Other Miscellaneous Expenditure	577.87	1,158.40
Interest Paid in Rupee to financial institutions/banks towards interest on Foreign Currency Term Loan	292.04	416.54

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	2011-12	2010-11
Note 48 AMOUNT OF DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Year to which it relates	2010-11	2009-10
Number of non-resident shareholders	1	1
Number of Equity Shares held on which dividend was due (shares)	3,795,054	3,795,054
Amount remitted in Rupees	170.78	151.80

Note 49 CIF VALUE OF IMPORTS

Raw Materials	66,662.82	47,919.62
Capital Goods	12,394.17	98.51
Stores and Spares	1,778.42	101.60
Traded Goods	1,341.37	–

Note 50 EARNINGS IN FOREIGN EXCHANGE

Exports on FOB Basis	54,700.06	49,373.32
Interest income on Fixed Deposits	42.79	57.89
Service Charges Received	146.55	404.84

Note 51 FOREX EXPOSURE

(a) Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise is ₹ 74468.17 lacs (Previous Year ₹ 45286.96 lacs).

(b) Outstanding Forward Contracts as on 31st March, 2012 taken to hedge various foreign currency receivables is ₹ 186.99 lacs (Previous Year ₹ 827.82 lacs).

Note 52 DISCLOSURE AS PER THE MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006 (MSMED ACT)

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) as at 31st March 2012. The disclosure pursuant to the said Act is as under:

(₹ in lacs)

	2011-12	2010-11
Principal amount remaining unpaid to any supplier as at the end of the year.	6.69	6.11
Interest remaining unpaid to any supplier as at the end of the year.	–	2.24
Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	2.24	–
Amount of the payment made to the suppliers beyond the appointed day during the year;	–	–
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	–	–
Amount of interest accrued and remaining unpaid at the end of the year.	–	–
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	–	2.24

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 53 LEASE OBLIGATION

Operating Lease:

The Company has taken various office premises under operating lease having tenures of 11 months / 9 years. There is no specific obligation for renewal of these agreements. Lease rent for the year amounts to ₹ 121.99 lacs (Previous Year ₹ 91.58 lacs).

Apart from above the Company has taken a motor vehicle on non-cancellable operating lease and lease rent amounting to ₹ 6.42 lacs (Previous Year ₹ 6.92 lacs) has been charged in the Statement of Profit and Loss. The future minimum lease payments not later than one year as on 31.03.12 is ₹ Nil (Previous Year-₹ 5.76 lacs)

Note 54 LIABILITY AGAINST PURCHASE OF SHARES

Other Long-term liabilities (Note-6) and other Current liabilities (Note 10) includes ₹ Nil (Previous Year ₹ 2184.02 lacs) and ₹ 1284.03 lacs (Previous Year ₹ Nil) respectively which is on account of purchase of 77.58 lacs (Previous Year: 131.95 lacs) Equity Shares of erstwhile South Asian Petrochem Limited. from certain group companies (sellers) whereby the purchase consideration is payable within five years from the purchase date (i.e., 31st March, 2008) at the option of the sellers, either in cash or by converting the consideration into Equity Shares of the Company at a value to be determined by an independent Chartered Accountant and as per SEBI Guidelines.

Note 55 CLASSIFICATION OF INVESTMENT IN ACCORDANCE WITH AS 13: ACCOUNTING FOR INVESTMENTS

Description	Face Value (₹)	No. of Shares/ Units		Book Value (₹ *in lacs*)	
		As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Long Term Investments					
Egyptian Indian Polyester Co. SAE	USD 100	336,000	175,950	15,662.06	7,950.59
Dowamara Tea Co Pvt Ltd.	10	176,650		97.41	–
Dhunseri Petrochem & Tea Pte Ltd. (formerly Dhunseri Holding (Singapore) Pte Ltd.)	SGD 1	1,000	–	0.41	–
Tectura Corporation		104,096	282,240	55.17	149.59
Haldia Integrated Development Agency Ltd.	10	10,000	10,000	1.00	1.00
Aditya Birla Nuvo	10	–	15,950	–	173.20
Coal India Ltd.	10	–	130,037	–	318.59
Gujrat Fluoro Chemicals Ltd.	1	93,740	98,740	146.24	154.05
Havells India Ltd.	5	–	51,200	–	165.23
Indo Rama Synthetics Ltd.	10	–	442,500	–	292.77
Kirloskar Pneumetic Co. Ltd.	10	–	33,200	–	151.78
Larsen & Toubro Ltd	2	–	15,000	–	161.38
Microsec Financial Services Ltd.	10	1,176	1,176	1.39	1.39
Power Grid Corporation of India Ltd.	10	–	242,600	–	219.02
Simplex Projects Ltd.	10	41,008	132,336	122.45	395.17
State Bank Of India	10	–	20,200	–	438.04
The Andhra Pradesh Paper Mills Ltd	10	98,877	100,000	170.88	160.84
West Coast Paper Mill Ltd.	2	196,823	488,505	94.97	342.23
Mutual Fund–Birla Sun Life Fixed Term Plan Series CX Growth	10	30,000,000	30,000,000	3,000.00	3,000.00
Total Long term Investments				19,351.98	14,074.87

Notes to the Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 55 CLASSIFICATION OF INVESTMENT IN ACCORDANCE WITH AS 13: ACCOUNTING FOR INVESTMENTS *(Contd.)*

Description	Face Value (₹)	No. of Shares/ Units		Book Value (₹ *in lacs*)	
		As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Current Investments					
Mutual Fund–HDFC Cash Management Fund – Savings Plan – Growth		13,117,737	–	2,901.22	–
Total Current Investments			–	2,901.22	–
Grand Total				22,253.20	14,074.87
Disclosed Under:					
Non Current Investments (Refer Note 15)				16,351.98	14,074.87
Current Investments (Refer Note 18)				5,901.22	–
				22,253.20	14,074.87

Note 56

The Company has invested an amount of ₹ 15662.06 lacs by way of equity contribution upto 31st March 2012, towards PET Resin manufacturing project in its subsidiary company Egyptian Indian Polyester Company, S.A.E. (EIPET). During the year, EIPET has also taken loans from various lenders to fund the project. As the sponsor shareholder having majority stake in EIPET, the Company has given an undertaking to the lenders that in the event of the failure of EIPET to make any term loan repayment on due date and triggering of Market Redirection Event as specified in the agreement, which according to the Company are within its control, the Company will be required to pay to the lenders the amounts due by EIPET subject to a specified limit. Based on the information available with the Company, the loan amount outstanding in EIPET books as on 31st March 2012 amounts to USD 378.52 lacs [Equivalent rupee amount ₹ 19363.67 lacs, (Previous Year ₹ Nil)], which is not due for payment.

Note 57

Till the year ended 31st March 2011,the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation of and presentation of its financial statement. During the year ended 31st March 2012,the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous years figures to conform to this years' classification in line with the revised Schedule VI to the Companies Act,1956.

The notes are an integral part of these financial statements

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka — *Executive Chairman*

M. Dhanuka — *Vice Chairman & Managing Director*

B. Chattopadhyay — *Managing Director & CEO*

P. K. Khaitan — *Director*

P Law
Partner
Membership No: 51790

J. P. Kundra — *Director*

R. K. Sharma — *Executive Director (Finance)*

K. V. Balan — *Company Secretary & Compliance Officer*

Place: Kolkata
Date: 2nd May 2012

Cash Flow Statement for the year ended 31st March, 2012

(₹ in lacs)

		Year ended 31 March, 2012	Year ended 31 March, 2011
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before taxation	5,903.36	19,411.63
	Adjustments for:		
	Interest Income	(1,793.78)	(1,188.20)
	(Profit)/Loss on sale of assets	9.25	(13.27)
	Dividend income	(36.27)	(119.92)
	(Profit)/Loss on investments (net)	(67.92)	(1,929.93)
	Provision for diminution in the value of investments	43.04	–
	Finance costs	4,121.56	2,588.91
	Depreciation and Amortisation	3,300.79	3,114.23
	Advances / deposit written off	–	20.78
	Assets Written Off	1.02	0.32
	Liabilities no longer required written back	(5.42)	(46.98)
	Insurance Claim	–	(6,462.93)
	Claim receivable written off	1,023.92	–
	Loss by Fire	–	6,462.93
	Unrealized Foreign Exchange Loss/(Gain)	958.49	(515.96)
	Operating Profit before Working Capital Changes	13,458.04	21,321.61
	Adjustments for:		
	Trade and other receivables	(6,221.85)	(5,722.24)
	Inventories	(4,502.90)	(16,033.02)
	Trade payables and other liabilities	11,846.19	21,131.02
	Cash generated from operations	14,579.48	20,697.37
	Direct Taxes (Paid) / Received	(1,755.45)	(2,418.18)
	Net Cash from Operating Activities	12,824.03	18,279.19
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Advances to subsidiaries	(838.89)	–
	Purchase of fixed assets	(2,174.42)	(3,849.19)
	Payment for shares purchased in erstwhile subsidiary	(899.99)	(1,598.00)
	Sale of fixed assets	633.37	107.67
	Purchase of Non Current Investments	(2,441.47)	(15,324.69)
	Purchase of Current Investments	(4,350.00)	–
	Increase in Capital Work in Progress	(26,400.96)	(3,821.74)
	Investment in subsidiaries	(7,809.29)	(6,620.68)
	Sale of Non Current Investments	4,972.32	19,281.58
	Sale of Current Investments	1,475.00	–
	Refund/(Investment) of deposits made with banks	6,655.19	(1,346.07)
	Refund of loans/deposits made with bodies corporate & others	10.00	–
	Dividend received	36.27	119.92
	Interest received	2,199.82	1,110.14
	Net Cash from Investing Activities	(28,933.05)	(11,941.06)

Cash Flow Statement *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

		Year ended 31 March, 2012	Year ended 31 March, 2011
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from borrowings	24,094.80	13,024.93
	Repayment of borrowings	(5,630.64)	(12,903.96)
	(Repayments)/ Proceeds of Short Term Borrowings	12,851.74	(1,586.66)
	Dividend paid	(1,829.56)	(1,633.73)
	Interest paid	(4,531.47)	(3,209.25)
	Net Cash used in Financing Activities	24,954.87	(6,308.67)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		8,845.85	29.46
Cash and Cash Equivalents (opening balance) (Refer Note 21)		3,277.09	3,247.63
Cash and Cash Equivalents (closing balance) (Refer Note 21)		12,122.94	3,277.09

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.

(b) Closing Cash and Cash Equivalents includes foreign exchange loss of ₹ Nil (Previous Year ₹ 41.15 lacs)

(c) The note referred to above forms an integral part of the Cash Flow Statement.

(d) Previous Year's figures have been regrouped / rearranged wherever necessary.

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Managing Director

B. Chattopadhyay
Managing Director & CEO

P. K. Khaitan
Director

P Law
Partner
Membership No: 51790

J. P. Kundra
Director

R. K. Sharma
Executive Director (Finance)

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 2nd May 2012

DETAILS OF SUBSIDIARY COMPANIES FORMING PART OF CONSOLIDATED ACCOUNTS

(in lacs)

Sl No.	Particulars	Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend	Country
1.	Egyptian Indian Polyester Company S.A.E.	USD	480.00	(141.62)	605.11	605.11	–	0.33	(52.70)	–	(52.70)	–	Egypt
		INR	22,374.39	(6,453.93)	32,231.55	32,231.55	–	15.58	(2,459.44)	–	(2,459.44)	–	Egypt
2.	Dowamara Tea Company Pvt. Ltd.	INR	176.65	(292.64)	656.22	656.22	–	472.11	(112.64)	–	(112.64)	–	India

Note: Exchange rate as on 31.12.2011: 1 USD=₹ 53.266

Auditors' Report on the Consolidated Financial Statements of Dhunseri Petrochem & Tea Limited

To

The Board of Directors of

Dhunseri Petrochem & Tea Limited

1. We have audited the attached consolidated balance sheet of Dhunseri Petrochem & Tea Limited (the "Company") and its subsidiaries, hereinafter referred to as the "Group" (refer Note [1A] to the attached consolidated financial statements) as at 31st March 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated 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 conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain 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. We did not audit the financial statements of (i) two subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 32887.5 Lacs and net assets of Rs. 16814.86 lacs as at 31st March 2012, total revenue of Rs. 490.65 lacs, net loss of Rs. 1687.70 lacs and net cash flows amounting to Rs. 11910.02 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.

5. *We draw your attention to Note 35 to the Financial Statements, in relation to recognition of Rs. 6462.93 lacs towards compensation receivable from the insurance company toward loss of certain items of fixed assets, spares, raw materials and packing materials due to fire during the year ended 31st March 2011, of which Rs. 982.08 lacs is outstanding as at 31st March 2012 in spite of the awaited approval of the insurance claim and uncertainties as to the amount that may be approved by the insurance company which does not meet the requirement to consider prudence in the selection of accounting policies , as set out in Accounting Standard 1 – "Disclosure of Accounting Policies". Had the aforesaid Insurance Claim not been recognised in keeping with the consideration of prudence the profit before tax for the year would have been Rs. 2349.19 lacs instead of the reported amount of Rs. 3331.27 lacs , current tax for the year would have been Rs. 522.50 lacs instead of the reported amount of Rs. 718.99 lacs , Profit after tax and after minority interest for the year would have been Rs. 2328.74 lacs instead of the reported amount of Rs. 3114.33 lacs , earnings per share (basic) would have been Rs. 6.65 instead of the reported amount of Rs. 8.89 ,earnings per share (diluted) would have been Rs. 6.34 instead of the reported amount of Rs. 8.47, and Other current asset would have been Rs. 3418.22 lacs instead of the reported amount of Rs. 4400.30 lacs and Reserves and Surplus would have been Rs. 65742.50 lacs instead of the reported figure of Rs. 66528.09 lacs.*

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, *except for the effects of the matter referred to in paragraph 5* above, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;

   (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

P Law
Partner
Membership Number 51790

Kolkata
2nd May 2012

Dhunseri

Consolidated Balance Sheet as at 31st March, 2012

(₹ in lacs)

	Notes	As at 31 March, 2012	As at 31 March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	3,503.29	3,503.29
Reserves and surplus	3	66,528.09	65,523.25
Minority Interest		4,776.14	2,323.91
Non-Current Liabilities			
Long-term borrowings	4	48,941.48	9,602.25
Deferred tax liabilities (Net)	5	7,237.62	6,711.04
Other Long-term liabilities	6	50.00	2,234.02
Long-term provisions	7	219.67	188.23
Current Liabilities			
Short-term borrowings	8	39,274.56	26,449.69
Trade payables	9	44,465.43	32,399.29
Other current liabilities	10	9,397.81	7,451.72
Short-term provisions	11	2,059.00	2,921.87
		226,453.09	159,308.56
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	12	59,538.22	58,565.34
Intangible assets	13	374.59	486.20
Capital work-in-progress	14	40,492.51	4,825.92
Non-current investments	15	592.51	6,124.26
Long-term loans and advances	16	14,456.05	7,637.70
Other non-current assets	17	164.87	187.07
Current Assets			
Current investments	18	5,901.22	–
Inventories	19	22,763.05	18,237.23
Trade receivables	20	25,174.70	17,218.30
Cash and Bank balances	21	42,557.83	29,050.97
Short-term loans and advances	22	10,037.24	5,749.09
Other current assets	23	4,400.30	11,226.48
		226,453.09	159,308.56

The notes are an integral part of these financial statements

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka, *Executive Chairman*
M. Dhanuka, *Vice Chairman & Managing Director*
B. Chattopadhyay, *Managing Director & CEO*
P. K. Khaitan, *Director*

P Law
Partner
Membership No: 51790

J. P. Kundra, *Director*
R. K. Sharma, *Executive Director (Finance)*
K. V. Balan, *Company Secretary & Compliance Officer*

Place: Kolkata
Date: 2nd May 2012

Consolidated Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in lacs)

	Notes	Year ended 31 March, 2012	Year ended 31 March, 2011
Revenue from operations (gross)	27	211,430.58	168,934.72
Less: Excise duty		13,060.38	9,539.90
Revenue from operations (net)		198,370.20	159,394.82
Other income	28	2,426.88	10,515.89
Total Revenue		**200,797.08**	**169,910.71**
Expenses:			
Cost of materials consumed	29	156,318.53	114,692.91
Purchases of stock -in-trade		1,182.40	–
Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	(2,341.38)	(1,011.56)
Employee benefits expense	31	5,789.20	4,978.84
Finance costs	32	4,121.86	2,588.91
Depreciation and amortisation expense	33	3,332.95	3,115.86
Other expenses	34	29,062.25	26,995.76
Total Expenses		**197,465.81**	**151,360.72**
Profit before tax		3,331.27	18,549.99
Tax expense:			
Current tax		718.99	3,788.87
Adjustment for earlier years		(290.80)	8.30
Deferred tax		526.58	2,883.53
Profit for the period		**2,376.50**	**11,869.29**
Share of Minority Interest in Subsidiary Company		(737.83)	(258.67)
Profit after Tax and Minority Interest		**3,114.33**	**12,127.96**
Earnings per equity share:			
[Nominal value per share:₹10/- each (Previous Year-₹ 10/- each)]			
(1) Basic	42	8.89	34.63
(2) Diluted	42	8.47	32.99

The notes are an integral part of these financial statements

This is the Consolidated Statement of Profit and Loss referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka, *Executive Chairman*
M. Dhanuka, *Vice Chairman & Managing Director*
B. Chattopadhyay, *Managing Director & CEO*
P. K. Khaitan, *Director*

P Law
Partner
Membership No: 51790

J. P. Kundra, *Director*
R. K. Sharma, *Executive Director (Finance)*
K. V. Balan, *Company Secretary & Compliance Officer*

Place: Kolkata
Date: 2nd May 2012

Note 1 GROUP STRUCTURE AND SIGNIFICANT ACCOUNTING POLICIES

A-Group Structure

The Consolidated Financial Statements of the Company pertain to Dhunseri Petrochem & Tea Limited (the Parent Company) and its subsidiaries, the details of which is given below :

Name of the Companies	Category	Country of Incorporation	Proportion of Ownership Interest	
			31.03.2012	31.03.2011
Egyptian Indian Polyester Company S.A.E.	Subsidiary	Egypt	70.00%	70.00%
Dowamara Tea Company Pvt. Ltd.	Subsidiary	India	100.00%	–

The reporting date of Egyptian Indian Polyester Company S.A.E. is 31st December,2011 which is three months prior to the reporting date of the Consolidated Accounts. The financial statements of Egyptian Indian Polyester Company S.A.E has been consolidated as of the reporting date i.e. 31st December 2011 with significant transactions of next three months.

Consolidated financial statements do not include the operations of Dhunseri Petrochem & Tea Pte Ltd.(formerly Dhunseri Holding (Singapore) Pte Ltd.) a wholly owned subsidiary (incorporated in Singapore) set up during the year ,as the first financial year of the said Company will end only on 31st March, 2013.

The Group has acquired during the year the entire controlling interest in Dowamara Tea Company Pvt. Ltd which has become a wholly owned subsidiary and it has been considered for the purpose of Consolidation with effect from this year.

B-Significant Accounting Policies

(a) Basis of preparation

These Consolidated financial statements have been prepared to comply in all material aspects with applicable accounting principles in India and the applicable Accounting Standards notified under section 211(3C) of the Companies Act,1956. All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle.

(b) Fixed Assets

(i) Tangible Assets

Tangible assets are stated at cost/revalued amount net of accumulated depreciation and accumulated impairment losses, if any.

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.

(ii) Intangible Assets

Intangible assets are stated at cost net of accumulated amortisation and accumulated impairment losses, if any. Intangible asset is recognized if it is probable that future economic benefits will flow to the Company. Such asset is initially recognized at cost. Subsequent expenditure on such asset is recognized as expense when incurred unless it is probable that the expenditure will enhance its future economic benefits.

(c) Depreciation and Amortisation

Leasehold land is amortised over the period of lease. Depreciation on assets is provided using the straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 other than the following-

With effect from 1st April, 2007 computer and its accessories and mobile phones are depreciated over a period of 3 years and 2 years respectively as per straight line method. The changes had been made perceiving their useful life. Assets costing below ₹ 5,000/- each are fully depreciated in the year of addition.

Intangible assets other than Goodwill arising on Consolidation is amortised on straight line method over the best estimate of its useful life as given below :

– Computer software is amortised over 5 years.
– Other Intangible assets are amortised over 10 years.

Note 1-B SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(d) Impairment

An impairment loss is recognised, where applicable, when the recoverable amount of an asset (i.e. higher of the assets net selling price and value in use) is less than its carrying amount.

(e) Investments

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provision is recorded to recognise, any decline, other than temporary, in the carrying value of such investment. Investment acquired in exchange of another is carried at a cost determined with reference to the fair value of investment given up.

(f) Inventories

Inventories are valued at the lower of cost, computed on a weighted average basis, and estimated net realisable value. Provision is made for obsolescence wherever considered necessary. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(g) Employee Benefits

Contributions to Defined Contribution Provident Fund scheme for all Companies in the Group except the foreign subsidiary(administered by Government) and Defined Contribution Pension Fund scheme in the Parent Company(maintained by the Parent Company with Life Insurance Corporation of India, hereinafter referred to as "LICI") are made based on the current basic salary and are recognised in the Statement of Profit and Loss on accrual basis. The Pension Fund scheme is applicable to certain employees only. Contributions to the pension funds along with interest accumulated during the service period of such employee are utilised to buy pension annuity from the LICI.

The Parent Company also provides for retirement benefits with defined benefits in the form of Gratuity. Based on actuarial valuation carried out at the year-end by an independent actuary applying Projected Unit Credit Method (PUCM) , the Parent Company makes annual contributions for part of Gratuity to a trust and LICI respectively. Balance liability remains unfunded.

The obligation for employee benefits, i.e., leave encashment is unfunded and calculated by an independent actuary applying PUCM at the year-end and provided for in case of the Parent Company.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss .Short term employee benefits are recognised as an expense in the Statement of Profit and Loss of the year in which the related service is rendered.

The foreign subsidiary of the Parent Company pays contributions to the Public Authority for Social Insurance Plans on a mandatory basis .It can also contributes to publicly or to publicly or privately administered pension insurance plans. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in Employee benefits.

h) Foreign Currency Transactions

Transactions in foreign currency are recorded at daily exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the year-end at the exchange rate prevailing on the Balance Sheet date. Foreign currency non monetary items carried in terms of historical cost are reported using the exchange rate on the date of transactions. Exchange differences arising on restatement or settlement are recognised in the Statement of Profit and Loss except for exchange difference arising on reinstatement/settlement of long term foreign currency monetary items in the Parent Company relating to acquisition of depreciable assets which are adjusted to the cost of the depreciable assets to be depreciated over the balance life of the assets and in other cases such differences are accumulated in a Foreign currency monetary item translation difference account, and amortised over the balance period of such long term asset/liability w.e.f 01.04.2011 onwards.(Also Refer Note-38)

The Company uses forward contracts to hedge its exposure to movements in foreign exchange rates. In respect of contracts covered by AS-11, exchange differences arising on the settlement of transactions or on reporting at year end rates, are recognized as income or as expense in the period in which they arise. The premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

The foreign exchange losses, if any, arising on mark to market of forward exchange contract entered to hedge the foreign

Note 1-B SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

currency risks of a firm commitment or a highly probable forecast transaction are provided for in the Statement of Profit and Loss.

(i) Revenue Recognition

Sales are recognised upon transfer of substantial risk and rewards of ownership in the goods to the buyers as per the terms of the Contract and net of trade discounts and excise duties, where applicable.

Other items of the revenue are accounted for on accrual basis.

(j) Other Income

Interest income is recognised on time proportion basis taken into account the amount outstanding and the rate applicable.

Dividend income is recognised when the right to dividend is established.

Other items are accounted for on accrual basis.

(k) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

(l) Taxes on Income

Current tax in respect of taxable income for the year is recognised based on applicable tax rate and laws.

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax assets in respect of carried forward losses and/or unabsorbed depreciation are recognised only when it is virtually certain and in other cases where there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(m) Leases

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss .

(n) Grants and Subsidies

Quality Upgraded subsidy, Irrigation and Transport subsidy received during the year under Tea Board Quality Upgradation & Product Diversification, Irrigation Subsidy Schemes and Plantation Development Scheme - creation of Transport Facility has been adjusted against the cost of the respective assets.

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

(o) Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or reliable estimate cannot be made.

(p) Use of Estimates

The preparation of financial statements requires use of estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Difference between actual amount and estimates are recognised in the period in which the results are known / materialized.

(q) Consolidation

The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after adjustments / elimination of inter-company balances, transactions including unrealized profits on inventories etc, if any.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent required and possible, in the same manner as the Parent Company's separate financial statements.

Note 1-B SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

The translation of the functional currencies into Indian Rupees (reporting currency) of foreign subsidiaries (non integral foreign operations) is performed for assets and liabilities using closing exchange rates at the Balance Sheet date, for revenues, costs, and expenses using average rates prevailing during the period. The resultant exchange difference arising out of such transactions is recognized as part of equity (Foreign Currency Translation Reserve) by the Parent Company until the disposal of Investment.

The excess of cost to the Parent Company of its investment in the subsidiaries over the Parent's portion of equity of the subsidiaries at the dates they became subsidiaries is recognized in the financial statements as Goodwill.

Minority interest in the consolidated financial statements is identified and recognized in the consolidated balance sheet separate from liabilities and the equity of the Parent Company's Shareholders after taking into consideration:

– The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.

– The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.

– Adjustment of the losses attributable to the minorities against the minority interest in the equity of the subsidiaries and thereafter adjustment of the excess of loss, if any, over the minority interest in the equity against the majority interest.

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 2 SHARE CAPITAL		
Authorised		
351,220,000 (Previous Year 351,220,000) Equity Shares of ₹ 10/- each	35,122.00	35,122.00
Issued, Subscribed and Fully Paid up		
35,024,754 (Previous Year 35,024,754) Equity Shares of ₹ 10/- each.	3,502.48	3,502.48
Add: Shares Forfeited	0.81	0.81
	3,503.29	3,503.29

(Amount – ₹ in lacs)

	As at 31 March, 2012		As at 31 March, 2011	
	No. of Share	Amount	No. of Share	Amount
(a) Reconciliation of number of shares				
Balance at the beginning of the year	35,024,754	3,503.29	11,710,895	1,171.90
Issued pursuant to a scheme of arrangement without payment being received in cash			23,313,859	2,331.39
Balance as at the end of the year	35,024,754	3,503.29	35,024,754	3,503.29

(b) The Parent Company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation the equity shareholders are eligible and receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Terms of securities/other liabilities convertible into equity shares : Refer Notes 39 and 45

(d) Shares allotted as fully paid pursuant to contracts without payment being received in cash (during five years immediately preceding 31st March 2012)

(i) During the year 2010-11- 23,313,859 Equity Shares of ₹ 10/- each were issued as fully paid up, issued pursuant to the scheme of arrangement without payment being received in cash.

(ii) During the year 2008-09- 4,727,095 Equity Shares of ₹ 10/- each were issued as fully paid up, issued pursuant to the scheme of amalgamation without payment being received in cash.

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 3 RESERVES AND SURPLUS		
Capital Reserve	262.06	262.06
Capital Redemption Reserve	12.48	12.48
Securities Premium Reserve	3,140.79	3,140.79
General Reserve		
Balance as at the beginning of the year	59,723.50	33,422.06
Add: Transfer from Surplus in Statement of Profit and Loss	494.86	26,306.44
Less: Deduction during the year	–	(5.00)
Balance as at the end of the year	60,218.36	59,723.50
Foreign Exchange Translation Reserve		
Balance as at the beginning of the year	(85.40)	(35.91)
Add: Addition during the year	(277.70)	–
Less: Deduction during the year	–	(49.49)
Balance as at the end of the year	(363.10)	(85.40)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	2,469.82	18,156.16
Add : Profit for the year	3,114.33	12,458.42
Less : Appropriations		
Transfer to General reserve	494.86	26,306.44
Proposed dividend on Equity Share for the year	1,576.11	1,576.48
Dividend Distribution Tax on Proposed Dividend	255.68	261.84
Balance as at the end of the year	3,257.50	2,469.82
Total	**66,528.09**	**65,523.25**

	As at 31 March, 2012	As at 31 March, 2011
Note 4 LONG-TERM BORROWINGS		
Secured		
Term Loans		
From banks	48,900.24	9,593.30
From other parties	41.24	8.56
	48,941.48	9,601.86
Unsecured		
Public Deposits	–	0.39
	–	0.39
	48,941.48	**9,602.25**

	As at 31 March, 2012	As at 31 March, 2011
Note 5 DEFERRED TAX LIABILITES (NET)		
Deferred Tax Liability		
– Depreciation	7,353.28	6,752.68
	7,353.28	6,752.68
Deferred Tax Asset		
– Items allowable for tax purposes on payment	115.66	41.64
	115.66	41.64
Net Deferred Tax Liabilities	**7,237.62**	**6,711.04**

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 6 OTHER LONG-TERM LIABILITIES		
Security Deposits	50.00	50.00
Liability against purchase of shares (Refer Note-45)	–	2,184.02
	50.00	**2,234.02**

	As at 31 March, 2012	As at 31 March, 2011
Note 7 LONG-TERM PROVISIONS		
Provision for employee benefits.		
Provision for gratuity	98.09	81.48
Provision for leave encashment	121.58	106.75
	219.67	**188.23**

	As at 31 March, 2012	As at 31 March, 2011
Note 8 SHORT-TERM BORROWINGS		
Secured		
Loan Repayable on demand from Banks [Includes ₹ 10375.77 lacs (Previous Year ₹ 13962.92 lacs) on account of bills discounted with banks]	24,093.72	20,158.61
	24,093.72	20,158.61
Unsecured		
Loan Repayable on demand from Banks [Includes ₹ 7914.10 lacs(Previous Year ₹ Nil) on account of bills discounted with banks]	8,208.71	–
Other Loans from Banks	4,023.13	3,342.08
Bonds/Debentures		
Zero Percent Foreign Currency Convertible Bonds (Refer Note 39)	2,949.00	2,949.00
	15,180.84	6,291.08
	39,274.56	**26,449.69**

	As at 31 March, 2012	As at 31 March, 2011
Note 9 TRADE PAYABLES		
Trade payables	44,465.43	32,399.29
	44,465.43	**32,399.29**

	As at 31 March, 2012	As at 31 March, 2011
Note 10 OTHER CURRENT LIABILITIES		
Current maturities of Long-term borrowings (Refer Note 4)	1,753.59	4,930.85
Interest accrued but not due on borrowings	354.25	62.76
Unpaid Dividends	46.52	37.76
Advance from Customers/Agents	1,308.04	814.95
Employee benefits	741.70	715.21
Liability for Capital goods	1,189.59	388.20
Statutory Dues	832.20	493.16
Liability against purchase of shares (Refer Note 45)	1,284.03	–
Mark to Market Loss on Forward Contracts	1,887.89	8.83
	9,397.81	**7,451.72**

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 11 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	218.15	134.14
Provision for leave encashment	9.06	7.85
	227.21	141.99
Others		
Provision for Taxation (Net of Advances)	–	941.56
Provision for Proposed Dividend	1,576.11	1,576.48
Provision for Tax on Dividend	255.68	261.84
	1,831.79	2,779.88
	2,059.00	**2,921.87**

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 12 TANGIBLE ASSETS

(₹ in lacs)

	Gross Block						Depreciation					Net Block	
	As at 01.04.2011	Addition	Addition due to acquisition of a Subsidiary Company	Disposal	Other Adjustment	As at 31.03.2012	As at 01.04.2011	Addition due to acquisition of a Subsidiary Company	For the year	Disposal	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Lease hold land	864.18	779.53	–	26.73	–	1,616.98	62.08	–	13.70	–	75.78	1,541.20	802.10
Free Hold Land.	2,066.02	301.08	–	–	–	2,367.10	–	–	–	–	–	2,367.10	2,066.02
Land & Estate Development	10,406.18	11.86	20.22	2.38	–	10,435.88	7.62	–	–	–	7.62	10,428.26	10,398.56
Non Factory Building/ Factory Building	12,287.11	734.36	222.42	232.44	–	13,011.45	1,816.23	35.32	285.83	4.64	2,132.74	10,878.71	10,470.88
Plant and Equipment.	51,324.36	1,514.05	184.95	523.59	858.79	53,358.56	17,471.11	44.60	2,665.90	(156.40)	20,338.01	33,020.55	33,853.25
Furniture and Fixtures.	444.09	295.47	2.36	6.87	–	735.05	170.98	0.58	34.77	1.11	205.22	529.83	273.11
Vehicles.	1,062.48	195.17	–	110.87	–	1,146.78	474.74	–	84.10	65.68	493.16	653.62	587.74
Office Equipment	172.98	19.32	–	3.96	0.60	188.94	59.30	–	13.73	3.04	69.99	118.95	113.68
	78,627.40	3,850.84	429.95	906.84	859.39	82,860.74	20,062.06	80.50	3,098.03	(81.93)	23,322.52	59,538.22	58,565.34
Previous Year	70,715.07	9,259.02	–	1,708.40	361.71	78,627.40	17,727.42	–	2,888.48	553.84	20,062.06	58,565.34	

(a) Quality Upgraded subsidy amounting to ₹ 54.99 lacs (Previous Year : ₹ 14.40 lacs) received during the year under Tea Board Quality Upgradation & Product Diversification has been adjusted against the cost of the respective assets.

(b) The Assam Government has acquired in total 793.05 hectares of land under the Assam Fixation of Ceiling on Land Holdings Act, 1956 and P.W.D. has acquired 4 hectares of land for construction of public road. Pending the receipt/finalisation of compensation money from the authorities in respect of the above acquisition, no adjustment in this regard has been made in these accounts.

(c) Disposal column includes Gross Block and Accumulated Depreciation of assets written off worth ₹ 4.04 lacs (Previous Year ₹ 1.81 lacs) & ₹ 3.02 lacs (Previous Year ₹ 1.49 lacs) respectively.

(d) Gross Block-Addition and Depreciation -Disposal column includes ₹ 484.25 lacs and ₹ 195.13 lacs respectively on account of assets reinstated/restored subsequent to Fire at Haldia Plant on 14.03.11.

(e) Other adjustments column includes adjustments on account of exchange difference ₹ 859.39 lacs (Previous Year ₹ Nil) (Refer Note- 38) and borrowing cost - ₹ Nil (Previous Year-₹ 361.71 lacs).

Note 13 INTANGIBLE ASSETS

(₹ in lacs)

	Gross Block						Amortisation					Net Block	
	As at 01.04.2011	Addition	Addition due to acquisition of a Subsidiary Company	Disposal	Other Adjustment	As at 31.03.2012	As at 01.04.2011	Addition due to acquisition of a Subsidiary Company	For the year	Disposal	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Computer software-acquired	69.91	6.25	–	–	–	76.16	65.63	–	0.67	–	66.30	9.86	4.28
Technical Know–how-acquired	2,268.44	–	–	–	16.29	2,284.73	1,786.52	–	234.25	–	2,020.77	263.96	481.92
Goodwill-arising on Consolidation	–	100.77	–	–	–	100.77	–	–	–	–	–	100.77	–
	2,338.35	107.02	–	–	16.29	2,461.66	1,852.15	–	234.92	–	2,087.07	374.59	486.20
Previous Year	2,338.35	0.01	–	0.01	–	2,338.35	1,624.77	–	227.38	–	1,852.15	486.20	

(a) Other adjustments column includes adjustments on account of exchange difference ₹ 16.29 lacs (Previous Year ₹ Nil) (Refer Note- 38) and borrowing cost - ₹ Nil (Previous Year ₹ Nil).

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 14 CAPITAL WORK-IN-PROGRESS		
Capital work-in-progress	40,492.51	4,825.92
	40,492.51	4,825.92
Capital work in progress includes	2011-12	2010-11
(a) Borrowing cost capitalised during the year [net of interest income of ₹ 362.78 lacs (Previous Year ₹ 33.23 lacs)]	2843.39	671.08
Cumulative as on year end	3605.07	761.68
(b) Loss on foreign currency transactions and translations capitalised during the year amounting to ₹ 2909.35 lacs (Previous Year ₹ Nil). (Refer Note 38).		
(c) Other expenses capitalised during the year are as follows:		
Salaries and Wages	71.75	
Contribution to provident and other funds	4.12	
Staff welfare expenses	1.20	
Power & Fuel	45.91	
Insurance	642.87	
Miscellaneous Expenses	160.61	
	926.46	

	As at 31 March, 2012	As at 31 March, 2011
Note 15 NON CURRENT INVESTMENTS		
Equity Shares - Quoted, Fully Paid up	535.93	2,973.67
Equity Shares - Unquoted, Fully Paid up [Refer (a) below]	56.58	150.59
Units in Mutual Fund - Unquoted	–	3000.00
	592.51	6,124.26

(a) Includes ₹ 0.41 lacs (Previous Year ₹ Nil) being shares in a Subsidiary Company not considered for Consolidation as indicated in Note 1A.

	As at 31 March, 2012	As at 31 March, 2011
Note 16 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital Advances	13,978.57	7,268.38
Security Deposits	389.06	271.39
Other Loans		
To Staff	6.42	5.93
To Bodies Corporate	82.00	92.00
	14,456.05	7,637.70

	As at 31 March, 2012	As at 31 March, 2011
Note 17 OTHER NON-CURRENT ASSETS		
Others		
Vat Refund Receivable	164.87	187.07
	164.87	187.07

	As at 31 March, 2012	As at 31 March, 2011
Note 18 CURRENT INVESTMENTS		
Units in Mutual Funds - Unquoted	5,901.22	–
	5,901.22	–

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 19 INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials	11,807.98	12,363.07
Work-in-progress	204.49	211.47
Finished goods	4,951.79	3,679.44
Stock-in-trade (i.e. Traded goods)	1,165.17	–
Stores and spares including packing material	4,633.62	1,983.25
	22,763.05	18,237.23

	As at 31 March, 2012	As at 31 March, 2011
Note 20 TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	39.38	20.80
Other debts	25,135.32	17,197.50
[Includes ₹ 18289.87 lacs (Previous Year ₹ 13962.92 lacs) on account of bills discounted with banks]		
	25,174.70	17,218.30

	As at 31 March, 2012	As at 31 March, 2011
Note 21 CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with Banks :		
Current Accounts	15,147.88	2,510.08
Cash Credit Accounts	998.79	36.25
Fixed Deposits (with maturity less than 3 months)	10,537.94	1,643.68
Unpaid Dividend Account [Refer (a) below]	46.52	37.75
Cheques,Drafts on hand	265.46	5.47
Cash on hand	25.55	23.95
	27,022.14	4,257.18
Others bank balances		
Fixed Deposits (with maturity greater than 3 months but less than 12 months)	13,665.96	22,334.53
Margin Money	1,869.73	2,459.26
	15,535.69	24,793.79
	42,557.83	29,050.97
(a) Earmarked for payment of dividend		

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	As at 31 March, 2012	As at 31 March, 2011
Note 22 SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good:		
Loans and advances to related parties	0.10	0.39
Deposits with Government Authorities and Others	4,581.96	1,720.17
Deposit with National Bank for Agriculture and Rural Development	886.22	382.97
Others:		
Loans to Staff	21.41	14.19
Advance to Suppliers/Service Providers	3,924.88	3,447.25
For Nursery Plantation	79.66	64.98
Prepaid Expenses	157.30	119.14
Advance Tax (net of provision)	385.71	–
	10,037.24	5,749.09

	As at 31 March, 2012	As at 31 March, 2011
Note 23 OTHER CURRENT ASSETS		
Unsecured, considered good:		
Interest accrued on Deposits	91.16	134.43
Incentives receivable	2,753.75	4,430.01
Insurance Claim receivable	997.81	6,549.67
Vat Refund Receivable	407.58	112.37
Receivables against sale of assets	150.00	–
	4,400.30	11,226.48

	As at 31 March, 2012	As at 31 March, 2011
Note 24 CONTINGENT LIABILITIES		
(a) Claims against the Company not acknowledged as debts		
(i) Customs Demand - matter under dispute	148.61	148.61
(ii) Service Tax Demand - matter under dispute	18.13	18.13
(iii) Income Tax-matter under dispute	82.77	–
It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.		

	As at 31 March, 2012	As at 31 March, 2011
Note 25 CAPITAL AND OTHER COMMITMENTS		
Estimated value of contracts in capital account remaining to be executed and not provided for	32,000.26	22,156.94
Other commitments		
The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at Zero rates of duty on an undertaking to fulfill quantified exports in the next six years.	2,807.93	–

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 26 PROPOSED DIVIDENDS		
On Equity Shares of ₹ 10/- each		
(i) Amount of dividend proposed for the year	1576.11	1576.48
(ii) Dividend per Equity Share (₹)	4.50	4.50

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 27 REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods:		
Tea	11,548.62	9,230.20
Packet Tea	4,597.84	4,519.86
Polyester Chips	191,618.71	151,449.26
Traded Goods:		
Pet Barrier Resins	0.84	–
Other Operating Revenues		
Scrap Sales	121.46	47.64
Export Incentive	3,269.42	3,485.59
Other Incentives & Subsidies	273.69	202.17
Gross Revenue	211,430.58	168,934.72
Less: Excise Duty	13,060.38	9,539.90
Net Revenue	198,370.20	159,394.82

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 28 OTHER INCOME		
Interest Income	1,809.37	1,197.77
Dividend Income from Long Term Investment	36.27	119.92
Profit on Sale of Current Investment	26.22	3.20
Profit on Sale of Long Term Investment	41.70	1,926.73
Profit on sale of Fixed Assets	–	13.27
Net gain/loss on foreign currency transactions/translations	–	650.75
Liabilities no longer required written back	53.39	46.98
Insurance Claim	12.46	6,529.36
Interest Subsidy	264.49	–
Miscellaneous Income	182.98	27.91
	2,426.88	10,515.89

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 29 COST OF MATERIALS CONSUMED		
Opening inventory	12,363.07	2,654.13
Add: Purchase during the year	155,763.44	124,401.85
Less: Closing inventory	11,807.98	12,363.07
	156,318.53	114,692.91

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 30 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
(Increase)/Decrease in Stock		
Stock at the end of year		
Finished Goods	4,951.79	3,679.44
Work-in-Progress	204.49	211.47
Stock-in-Trade	1,165.17	–
	6,321.45	3,890.91
Stock at the beginning of year		
Finished Goods	3,679.44	2,727.42
Stock taken over on acquisition of Subsidiary	89.16	
Work-in-Progress	211.47	151.93
Stock-in-Trade	–	–
	3,980.07	2,879.35
Net(Increase)/Decrease in Stock	(2,341.38)	(1,011.56)

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 31 EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	4,888.00	4,279.80
Contribution to provident and other funds	313.47	269.41
Gratuity	175.53	49.79
Contribution to Social Insurance	0.72	
Staff welfare expenses	411.48	379.84
	5,789.20	4,978.84

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 32 FINANCE COSTS		
Interest expense	3,115.65	1,647.37
Other borrowing costs	1,006.21	941.54
	4,121.86	2,588.91

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 33 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Tangible assets	3,098.03	2,888.48
Amortisation on Intangible assets	234.92	227.38
	3,332.95	3,115.86

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 34 OTHER EXPENSES		
Power & Fuel	6,376.63	5,317.98
Consumption of stores and spare parts including packing material	2,286.70	2,108.89
Freight, delivery and shipping charges	6,055.75	6,264.30
Brokerage and commission on sales	2,131.83	1,897.63
Loss on sale of Fixed Assets	9.25	–
Net gain/loss on foreign currency transactions/translations	5,036.95	–
Loss by fire	–	6,462.93
Claim receivable written off (Refer Note 35)	1,023.92	–
Rent	177.56	136.70
Repairs and Maintenance		
Plant & Machinery	1,079.97	721.63
Buildings	105.07	74.00
Others	574.38	414.13
Insurance	412.58	249.13
Rates and Taxes	108.50	149.99
Provision for diminution in the value of long term investments	43.04	–
Assets Written off	1.02	0.32
Bad Debts/Advances Written off	–	20.78
Cess on Tea	179.96	148.56
Excise Duty	182.62	52.71
Miscellaneous Expenses (Refer Note 36)	3,276.52	2,976.08
	29,062.25	26,995.76

Note 35 INSURANCE CLAIM

A major fire broke out in the raw material store at the Parent Company's Haldia plant on 14.03.2011 leading to destruction/ damage of certain fixed assets, spares, raw materials and packing materials. The items damaged being insured, insurance claims were filed by the Company. The impact of all related losses for fixed assets, spares, raw materials and packing materials damaged/destroyed due to fire had been duly accounted for and an equivalent amount of ₹ 6462.93 lacs (₹ 5157.66 lacs and ₹ 1305.27 lacs on account of raw materials & packing materials and fixed assets & spares respectively) recognised as insurance claim receivables during the year 2010-11. During the current year upon settlement of claim pertaining to raw materials and packing materials by the insurance company, the Parent Company has received ₹ 3626.69 lacs (including reimbursement of expenses of ₹ 23.82 lacs) from the insurance company and recovered ₹ 532.91 lacs (net of tax) through disposal of salvage materials and the balance amount of related claim receivable being ₹ 1023.92 lacs has been written off in these financial statements under the head "Other expenses" (Refer Note-34). Claims on account of destruction / damage of fixed assets & spares are yet to be settled by the insurance company and the related claim amounting to ₹ 982.08 lacs (net of salvage value and value of assets reinstated in books on restoration of certain assets-₹ 323.19 lacs) included in "Insurance Claim Receivable" (Refer Note-23) is outstanding at the year end. Further the Parent Company has also lodged claims for loss of profits on account of loss suffered during the period of disruption in the operation of the plant due to fire which is pending settlement and has not been accounted for on prudent basis.

Note 36

Miscellaneous expenses (Note 34) include a donation of ₹ 7.5 lacs (Previous Year ₹ Nil) by a Parent Company to a Political Party-Assam Pradesh Congress Committee.

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 37 REVALUATION OF FIXED ASSETS

All fixed asset other than Computers and Furniture & Fixtures located at eleven tea estates and nine factories in the state of Assam of the Parent Company had been revalued by M/s S. R. Batliboi Consultants Pvt. Limited, Registered Valuer, on 1st April, 2009, to ₹ 20047.00 lacs resulting in increase in net book value of assets by ₹ 16250.00 lacs which had been credited to the Revaluation Reserve. The Revaluation Reserve has been fully adjusted in earlier years.

Buildings, Plant & Machinery and Vehicles were revalued at the Net Replacement Value method whereas freehold land and leasehold land & estate development were revalued at Plantation Value method.

Note 38 CHANGE IN ACCOUNTING POLICY

The Parent Company has exercised the option as set out in paragraph 46A of the Accounting Standard 11 on the effects of Changes in Foreign Exchange Rates, pursuant to the Notification dated 29th December 2011.Accordingly,during the current financial year exchange differences arising on restatement of long term foreign currency loans obtained for the purpose of acquisition of depreciable capital assets, which were hitherto being recognised in the Statement of Profit and Loss, has been adjusted in the cost of depreciable assets, which would be depreciated over the balance lives of the assets.

Had the Parent Company continued to follow the earlier accounting policy, the net foreign exchange loss recognised in the Statement of Profit and Loss would have been higher by ₹ 3785.03 lacs with corresponding decrease in net profit for the year and fixed assets would have been lower.

Note 39 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

The erstwhile South Asian Petrochem Limited (presently Dhunseri Petrochem & Tea Ltd ,the Parent Company) had allotted 200 Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCBs) of US $ 1,00,000 each for an aggregate amount of US $ 20,000,000 (i.e., ₹ 7864.00 lacs) in the year 2007-08. After buyback bonds amounting to US $ 7,500,000 are outstanding as on date. The outstanding bonds are redeemable on January 23, 2013 at 136.86% of their principal amount. The bond holders have an option to convert these bonds into equity shares at the reset price of ₹ 170.10 per share with a fixed rate of exchange on conversion of ₹ 39.32 (US$ 1), subject to certain adjustments. The Bonds may also be redeemed, in whole but not in part, at the option of the Company at any time, subject to certain conditions. Also the Company has an option requiring mandatory conversion of all the outstanding bonds on or after January 16, 2011 and up to January 14, 2013.

The Parent Company is of the view that the balance outstanding bonds may not ultimately be redeemed as the same may be converted into equity shares within the assigned date and hence has not considered the effect of realignment of the bond value as prescribed in the Accounting Standard (AS 11) on 'Effects of Changes in Foreign Exchange Rates' notified in the Companies (Accounting Standards) Rules 2006 and also not provided for premium on redemption of the said bonds. The future cash flows if any cannot be determined at this stage.

Note 40 EMPLOYEE BENEFIT OBLIGATION

Contribution for Defined Contribution Plan includes ₹ 6.72 lacs (Previous Year ₹ 6.22 lacs) on account of the Parent Company's contribution to Super annuation fund and ₹ 307.47 lacs (Previous Year ₹ 263.19 lacs) on account of the Group's contribution to Provident funds and other funds has been recognised as an expense and included in Note 31- Employee benefits expense under the head "Contribution to provident and other funds" in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 40 EMPLOYEE BENEFIT OBLIGATION *(Contd.)*

I. Gratuity

(a) Change in Defined Benefit Obligation during the Year ended March 31, 2012

(₹ in lacs)

	31.03.2012		31.03.2011	
	Funded	Unfunded	Funded	Unfunded
Present value of Defined Benefit Obligation as at April 1,2011	982.18	82.11	1,001.24	51.80
Current Service Cost	63.06	17.28	56.74	11.03
Interest Cost	83.13	6.05	79.34	3.85
Benefits Paid	(71.58)	(17.65)	(66.09)	(10.30)
Actuarial (gain)/loss on Obligation	39.36	13.70	(89.05)	25.73
Present value of Defined Benefit Obligation as at March 31, 2012	1,096.15	101.49	982.18	82.11

(b) Change in Fair Value of Assets during the year March 31, 2012

	31.03.2012		31.03.2011	
	Funded	Unfunded	Funded	Unfunded
Fair Value of Plan Assets as at April 1, 2011	848.18	–	740.55	–
Expected Return on Plan Assets	66.72	–	63.54	–
Contributions Made	57.75	–	135.56	–
Benefits Paid	(71.58)	–	(66.09)	–
Actuarial gain / (loss) on Plan Assets	(19.67)	–	(25.38)	–
Fair value of Plan Assets as at March 31, 2012	881.40	–	848.18	–

(c) Net(Asset)/Liability recognised in the Balance Sheet as at March 31, 2012

	31.03.2012		31.03.2011	
	Funded	Unfunded	Funded	Unfunded
Present Value of the Defined Benefit Obligation	1096.15	101.49	982.18	82.11
Fair value of Plan assets	881.40	–	848.18	–
Net(Asset)/Liability recognised in the Balance Sheet	214.75	101.49	134.00	82.11

(d) Expense recognised in the Statement of Profit and Loss for the year ended March 31, 2012

	31.03.2012		31.03.2011	
	Funded	Unfunded	Funded	Unfunded
Current Service Cost	63.06	17.28	56.74	11.03
Interest Cost	83.13	6.05	79.34	3.85
Expected return on plan assets	(66.72)	–	(63.54)	–
Net actuarial (gain)/loss recognised during the year	59.03	13.70	(63.37)	25.73
Total Expense recognised in the Statement of Profit and Loss (in Note 31- Employee benefits expense under the head " Gratuity")	138.50	37.03	9.17	40.61

Note 40 EMPLOYEE BENEFIT OBLIGATION *(Contd.)*

(e) Major Categories of Plan Assets as a percentage of total plans as at March 31, 2012

	31.03.2012	31.03.2011
Investment with Private Insurance Companies	43.04%	40.01%
Administered by Life Insurance Corporation of India	30.80%	29.36%
Special Deposit and Bonds	11.67%	13.52%
Others Including Bank Balance	14.49%	17.11%
	100.00%	100.00%

(f) Experience adjustments

(₹ in lacs)

	31.03.2012		31.03.2011		31.03.2010		31.03.2009		31.03.2008	
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
Defined Benefit Obligation as at March 31,2012	1,096.15	101.49	982.18	82.11	1,001.24	51.80	837.51	26.77	791.45	18.53
Fair value of Plan Assets	881.40	–	848.18	–	740.55	–	617.32	–	613.81	–
Status Surplus/(Deficit)	(214.75)	(101.49)	(134.00)	(82.11)	(260.69)	(51.80)	(220.19)	(26.77)	(177.64)	(18.53)
Experience adjustments on Plan Liabilities Gain/(Loss)	(39.36)	(14.38)	89.05	(10.16)	(94.61)	(18.52)	1.61	2.66	133.34	(1.64)
Experience adjustments on Plan Assets Gain/(Loss)	(19.67)	–	(26.74)	–	33.42	–	(16.54)	–	(4.37)	–

(g) Contribution expected to be paid to the plan during the period 2012-13 is ₹ 132.19 lacs.

II. Leave Encashment - Unfunded

(a) Change in Defined Benefit Obligation during the Year ended March 31, 2012

(₹ in lacs)

	31.03.2012	31.03.2011
Present value of Defined Benefit Obligation as at April 1, 2011	114.60	65.66
Current Service Cost	13.41	4.72
Interest Cost	8.05	4.82
Plan Amendments	–	–
Actuarial (Gain) / Loss	41.42	56.93
Benefits payment	(46.84)	(17.53)
Present value of Defined Benefit Obligation as at March 31, 2012 recognised in the Balance Sheet	130.64	114.60

(b) Expense recognised in the Statement of Profit and Loss for the year ended March 31, 2012

	31.03.2012	31.03.2011
Current Service Cost	13.41	4.72
Interest Cost	8.05	4.82
Net actuarial (gain)/loss recognised during the year	41.42	56.84
Total Expense recognised in the Statement of Profit and Loss (in Note 31 -Employee benefits expense under the head "Salaries and Wages")	62.88	66.38

Note 40 EMPLOYEE BENEFIT OBLIGATION *(Contd.)*

(c) Experience adjustments

(₹ in lacs)

	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined Benefit Obligation as at March 31,2012	130.64	114.60	65.66	65.09	70.79
Fair value of Plan Assets	–	–	–	–	–
Status Surplus/(Deficit)	(130.64)	(114.60)	(65.66)	(65.09)	(70.79)
Experience adjustments on Plan Liabilities Gain/(Loss)	(41.00)	(33.93)	(5.74)	6.06	10.47
Experience adjustments on Plan Assets Gain/(Loss)	–	–	–	–	–

(d) Contribution expected to pe paid to the plan during the period 2012-13 is ₹ 69.17 lacs.

III. Actuarial Assumptions

	Gratuity		Leave encashment	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Mortality Table	LICI-1994-1996	LICI-1994-1996	–	–
Discount rate	8.60% & 8.00%	8.00% & 8.25%	8.60% & 8.00%	8.00% & 8.25%
Salary Escalation rate	5.00% & 7.00%	5.00% & 7.00%	5.00% & 7.00%	5.00% & 7.00%
Expected Return on Plan Assets	8.00%	8.00%	–	–

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risk, historical results on plan assets, the Company's policy for plan asset management and other relevant factors.

Note 41 SEGMENT REPORTING

The Group has considered business segment as the primary segment for disclosure. The components of these business segments are Polyester Chips and Tea.

The segment wise revenue, assets and liabilities relate to the respective amounts directly identifiable with each of the segments. There is no inter-segment revenue.

The geographical segments considered for disclosure as secondary segment is , based on location of customers.

(a) Primary Reporting Segment-Business Segment

(₹ in lacs)

	2011-12					2010-11				
	Polyester Chips	Tea	Segment Total	Unallo-cated	Total Enterprise	Polyester Chips	Tea	Segment Total	Unallo-cated	Total Enterprise
Segment Revenue-Sales to External Customers	178,559.17	16,146.46	194,705.63	–	194,705.63	141,909.36	13,750.06	155,659.42	–	155,659.42
Operating Revenue	3,587.32	77.25	3,664.57	–	3,664.57	3,702.45	32.95	3,735.40	–	3,735.40
Segment Revenue–Total	182,146.49	16,223.71	198,370.20	–	198,370.20	145,611.81	13,783.01	159,394.82	–	159,394.82
Segment Result	3,749.70	1,083.73	4,833.43	(2,456.93)	2,376.50	13,734.59	2,706.30	16,440.89	(4,571.60)	11,869.29
Total carrying amount of Segment Assets	143,977.79	29,562.34	173,540.13	52,912.96	226,453.09	89,847.54	28,232.49	118,080.03	41,228.53	159,308.56
Total amount of Segment Liabilities	48,429.32	2,448.45	50,877.77	175,575.32	226,453.09	33,127.99	3,990.44	37,118.43	122,190.13	159,308.56
Total cost incurred during the period to acquire segment assets	37,620.88	3,482.70	41,103.58	–	41,103.58	6,479.21	3,610.89	10,090.10	–	10,090.10
Total amount of depreciation and amortisation	2,668.66	664.29	3,332.95	–	3,332.95	2,524.63	591.23	3,115.86	–	3,115.86
Total amount of significant non–cash expenses	–	–	–	–	–	–	–	–	–	–

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 41 SEGMENT REPORTING *(Contd.)*

(b) Secondary Segment - Geographical Segment

(₹ in lacs)

	2011-12			2010-11		
	Outside India	Within India	Total	Outside India	Within India	Total
Segment Revenue-Sales to External Customers	56,481.45	141,888.75	198,370.20	51,755.02	107,639.80	159,394.82
Segment Assets	30,154.32	143,385.81	173,540.13	9,488.22	108,591.81	118,080.03
Total cost incurred during the period to acquire segment assets	12,291.70	28,811.88	41,103.58	1,748.07	8,342.03	10,090.10

Note 42 EARNINGS PER EQUITY SHARE

	2011-12	2010-11
a) Earnings attributable to equity shareholders (₹ in lacs)	3,114.33	12,127.96
b) Adjustments for Dilutive Earnings net of tax	–	–
c) Earnings Diluted (₹ in lacs)	3,114.33	12,127.96
d) Weighted Average number of Ordinary Shares outstanding	35,024,754	35,024,754
e) Adjustment for Potential Ordinary Shares #	1,733,686	1,733,686
f) Weighted Average number of Ordinary shares in computing Diluted Earnings Per Share.	36,758,440	36,758,440
– Basic (a / d)(in ₹)	8.89	34.63
– Diluted (c / f)(In ₹)	8.47	32.99

As per agreement of Zero Percent Unsecured Foreign Currency Convertible Bonds (FCCB) the bond holders have an option to convert these bonds into equity shares at a minimum price of ₹ 170.10 per share which has been taken as fair value for the purpose of calculating Diluted EPS.

Note 43 DISCLOSURE OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS IN KEEPING WITH ACCOUNTING STANDARD 18:

Names of related parties and description of relationship:

A. Group Companies (i.e. Companies in which Key Management Personnel is able to exercise significant influence)
1. Madhuting Tea Private Ltd.
2. Naga Dhunseri Group Ltd.
3. Trimplex Investments Ltd.(formerly Trimplex Investments Private Ltd.)
4. Mint Investments Ltd.
5. Plenty Valley Intra Ltd.
6. Dhunseri Investments Ltd.

B. Key Management Personnel
7. Mr. C. K. Dhanuka. (Executive Chairman)
8. Mr. M. Dhanuka (Vice Chairman and Executive Director)
9. Mr. B. Chattopadhyay (Executive Director and Chief Executive Officer)
10. Mr. B. K. Biyani (Executive Director, Corporate)

Note 43 DISCLOSURE OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS IN KEEPING WITH ACCOUNTING STANDARD 18: *(Contd.)*

Nature of Transactions/Balances

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
A. Group Companies (i.e. Companies in which Key Management Personnel is able to exercise significant influence)		
Trimplex Investments Ltd.(formerly Trimplex Investments Private Ltd.)		
– Rent and Service Charges	88.42	65.06
– Security Deposits	127.50	127.50
– Receivable / (Payable)	(2.50)	–
Naga Dhunseri Group Ltd.		
– Rent Paid	27.79	27.00
Mint Investments Ltd.		
– Rent and Service Charges	25.75	–
– Services Received	–	24.15
– Purchase of goods	2.00	–
– Receivable / (Payable)	(456.53)	(1,356.53)
Madhuting Tea Pvt. Ltd		
– Purchase of goods	–	0.61
– Sales of goods	–	1.01
– Receivable / (Payable)	–	0.39
Plenty Valley Intra Ltd		
– Receivable / (Payable)	(827.50)	(827.50)
Dhunseri Investments Ltd		
– Receivable / (Payable)	–	(6.89)
– Rent and Service Charges	87.52	67.30
– Reimbursement of Expenses	–	13.94
– Sale of Fixed Assets	–	3.96
B. Key Management Personnel		
Mr. C. K. Dhanuka		
– Remuneration	178.71	317.96
– Rent Received	0.60	0.60
– Receivable / (Payable)	(181.00)	(325.00)
Mr. M. Dhanuka		
– Remuneration	62.02	57.32
– Rent Received	0.60	0.60
– Receivable / (Payable)	(25.00)	(25.00)
Mr. B. Chattopadhyay		
– Remuneration	70.32	58.31
Mr. B. K. Biyani		
– Remuneration (including retirement benefits)	84.17	53.37
– Receivable / (Payable)	(21.64)	–

Notes to the Consolidated Financial Statements *(Contd.)* for the year ended 31st March, 2012

Note 44 LEASE OBLIGATION

Operating Lease:

The Group has taken various office premises under operating lease having tenures of 11 months / 9 years. There is no specific obligation for renewal of these agreements. Lease rent for the year amounts to ₹ 121.99 lacs (Previous year ₹ 91.58 lacs).

Apart from above the Group has taken a motor vehicle on non-cancellable operating lease and lease rent amounting to ₹ 6.42 lacs (Previous Year ₹ 6.92 lacs) has been charged in the Statement of Profit and Loss . The future minimum lease payments not later than one year as on 31.03.12 is Nil (Previous Year-₹ 5.76 lacs).

Note 45 OTHER LIABILITIES

Other Long-term liabilities (Note 6) and other Current liabilities (Note 10) includes ₹ Nil (Previous Year ₹ 2184.02 lacs) and ₹ 1284.03 lacs (Previous Year Nil) respectively which is on account of purchase of 77.58 lacs (Previous Year: 131.95 lacs) Equity Shares of erstwhile South Asian Petrochem Limited. from certain group companies (sellers) whereby the purchase consideration is payable within five years from the purchase date (i.e., 31st March, 2008) at the option of the sellers, either in cash or by converting the consideration into Equity Shares of the Parent Company at a value to be determined by an independent Chartered Accountant and as per SEBI Guidelines.

Note 46

The Previous Years figures have been regrouped/reclassified to conform with this year's classification. Further, pursuant to acquisition of a subsidiary during the year and consideration of the same in these financial statements (as mentioned in Note 1A), figures for the current year are not comparable with those of the Previous Year.

The notes are an integral part of these financial statements

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

P Law
Partner
Membership No: 51790

Place: Kolkata
Date: 2nd May 2012

For and on behalf of the Board

C. K. Dhanuka, *Executive Chairman*
M. Dhanuka, *Vice Chairman & Managing Director*
B. Chattopadhyay, *Managing Director & CEO*
P. K. Khaitan, *Director*
J. P. Kundra, *Director*
R. K. Sharma, *Executive Director (Finance)*
K. V. Balan, *Company Secretary & Compliance Officer*

Consolidated Cash Flow Statement for the year ended 31st March, 2012

(₹ in lacs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,331.27	18,549.99
Adjustments for:		
Interest Income	(1,809.37)	(1,197.77)
(Profit)/Loss on sale of assets	9.25	(13.27)
Dividend income	(36.27)	(119.92)
(Profit)/Loss on investments (net)	(67.92)	(1,929.93)
Provision for diminution in the value of investments	43.04	–
Finance costs	4,121.86	2,588.91
Depreciation and Amortisation	3,332.95	3,115.86
Advances / deposit written off	–	20.78
Assets Written Off	1.02	0.32
Liabilities no longer required written back	(53.39)	(46.98)
Insurance Claim	–	(6,462.93)
Claim receivable written off	1,023.92	–
Loss by Fire	–	6,462.93
Unrealized Foreign Exchange Loss (Gain)	487.36	(510.87)
	10,854.84	18,549.99
Operating Profit before Working Capital Changes	10,383.72	20,457.12
Adjustments for:		
Trade and other receivables	(6,288.52)	(8,748.56)
Inventories	(4,432.81)	(16,033.02)
Trade payables and other liabilities	13,825.90	19,831.41
Cash generated from operations	13,488.29	15,506.95
Direct Taxes (Paid) / Received	(1,755.45)	(2,418.18)
Net Cash from Operating Activities	11,732.84	13,088.77
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Subsidiary	(97.82)	–
Purchase of fixed assets	(2,661.92)	(5,446.82)
Payment for shares purchased in erstwhile subsidiary	(899.99)	(1,598.00)
Sale of fixed assets	633.38	107.67
Purchase of Non current investments	(2,441.47)	(15,324.69)
Purchase of Current investments	(4,350.00)	–
Increase in Capital Work in Progress	(35,843.55)	(3,969.35)
Sale of Non current investments	4,972.32	19,281.58
Sale of Current investments	1,475.00	–
Refund/(Investment) of deposits made with banks	8,668.57	(3,359.45)
Refund of loans/deposits made with bodies corporate & others	10.00	–
Dividend received	36.27	119.92
Interest received	2,215.42	1,119.73
Net Cash used in Investing Activities	(28,283.79)	(9,069.41)

Consolidated Cash Flow Statement *(Contd.)* for the year ended 31st March, 2012

(₹ in lacs)

		Year ended 31 March, 2012	Year ended 31 March, 2011
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from borrowings	37,725.65	13,024.93
	Repayment of borrowings	(5,630.64)	(12,903.96)
	Proceeds from minority holdings	3,190.06	2,829.38
	(Repayments)/ Proceeds of Short Term Borrowings	12,702.00	(1,586.66)
	Dividend paid	(1,829.56)	(1,633.73)
	Interest paid	(7,036.53)	(3,209.25)
	Net Cash (used in)/ from Financing Activities	39,120.98	(3,479.29)
D.	Exchange Difference on Translation of Foreign Currency Cash and Cash Equivalents	193.43	(5.15)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D)	22,763.46	534.92
	Cash and Cash Equivalents (opening balance) (Refer Note 21)	4,257.18	3,722.26
	Add Cash and Cash Equivalents pursuant to acquisition of subsidiary (Refer Note 1A)	1.50	–
	Cash and Cash Equivalents (closing balance) (Refer Note 21)	27,022.14	4,257.18

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.

(b) Closing Cash and Cash Equivalents includes foreign exchange loss of ₹ Nil (Previous Year-₹ 41.15 lacs)

(c) The note referred to above forms an integral part of the Consolidated Cash Flow Statement.

(d) Previous Year's figures have ben regrouped / rearranged wherever necessary.

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Managing Director

B. Chattopadhyay
Managing Director & CEO

P. K. Khaitan
Director

P Law
Partner
Membership No: 51790

J. P. Kundra
Director

R. K. Sharma
Executive Director (Finance)

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 2nd May 2012