



Assam Company Limited



Member
Duncan Macneill Group

ANNUAL REPORT AND ACCOUNTS - 2004



ASSAM COMPANY LIMITED

Member : Duncan Macneill Group, U.K.

BOARD OF DIRECTORS

Dr. K. K. Jajodia, *Chairman*
Mr. A. K. Jajodia, *Managing Director & CEO*
Mr. S. Bhuwalka
Mr. Amir Ahsan, *Whole-time Director (w.e.f. 5.9.2005)*
Mr. Kurush N. Nowrojee, *Director – Estates*
Mr. B. P. Kanodia (w.e.f. 5.9.2005)
Mr. Vinod B. Tibrewala
Mr. Santosh Bhagat
Mr. Pintu Kr. Agarwalla

Chief Financial Officer

Mr. Abhay Chawdhry

Company Secretary

Mr. S. K. Sarma

Auditors

Lovelock & Lewes, Kolkata

Bankers

Allahabad Bank, Kolkata
Bank of Baroda, Kolkata
State Bank of Bikaner & Jaipur, Kolkata
State Bank of Hyderabad, Kolkata
Oriental Bank of Commerce, Kolkata

Solicitors

M/s. Khaitan & Co., Kolkata
Mr. R. L. Gaggar, Kolkata
Sharma Kajaria and Company
M/s. K. L. Yadav & Co., Kolkata

Registrars & Share Transfer Agents

M/s. C.B. Management Services Pvt. Ltd.
P-22, Bondel Road
Kolkata - 700 019.
Phone : 2280-6692-93-94/2486

Registered Office

Greenwood Tea Estate
P.O. Dibrugarh
Assam.

Head Office

Assam Tea House
52, Chowringhee Road
Kolkata - 700 071.
Phone : (033) 2283-8306/09/12

Twenty-eighth Annual General Meeting of the Company will be held at 11.00 A.M. on Friday, 30th September, 2005 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam.



NOTICE

Notice is hereby given that the Twenty-eighth Annual General Meeting of Assam Company Limited will be held at 11.00 A.M. on Friday, 30th September, 2005 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st December, 2004 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an **Ordinary Resolution** :
"RESOLVED THAT Mr. Kurush N. Nowrojee, a Director liable to retire by rotation who does not seek re-election, is not therefore re-appointed a Director of the Company".
"RESOLVED FURTHER that the vacancy on the Board of Directors of the Company so created be not filled up for the time being".
3. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an **Ordinary Resolution** :
"RESOLVED THAT Mr. Vinod B. Tibrewala, a Director liable to retire by rotation who does not seek re-election, is not therefore re-appointed a Director of the Company".
"RESOLVED FURTHER that the vacancy on the Board of Directors of the Company so created be not filled up for the time being".
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

Special Business :

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT Mr. Amir Ahsan be and is hereby appointed as Director of the Company."
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT Mr. B. P. Kanodia be and is hereby appointed as Director of the Company."
7. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 and all other provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 and other necessary sanctions, if any, approval of the Company be and is hereby accorded to the appointment of Mr. Amir Ahsan as Whole-time Director

of the Company for a period of 4 (Four) years with effect from September 05, 2005 upon the remuneration, terms and conditions as set out in the draft agreement, material terms of which are set out in the Explanatory Statement annexed to the Notice convening the Annual General Meeting to be entered into between the Company and Mr. Amir Ahsan, Wholetime Director (a copy of the draft agreement initialed by the Chairman for the purpose of identification placed before the meeting) which agreement is hereby approved with authority to the Board of Directors of the Company, to alter, vary or modify such terms of appointment and remuneration within the ceiling limit prescribed in Schedule XIII to the Companies Act, 1956, (including any statutory modifications, substitutions or re-enactment thereof for the time being in force), as may be agreed to by the Board of Directors and Mr. Amir Ahsan, Wholetime Director without any further approval of the Company in General Meeting".

"RESOLVED FURTHER that notwithstanding anything hererinabove stated, where in any financial year the Company has no profits or its profits are inadequate during the term, of his office, Mr. Amir Ahsan, Whole-time Director, shall be entitled to receive remuneration by way of salary, perquisites and allowances specified in the draft agreement as Minimum Remuneration, subject to the provisions of the Companies Act, 1956 and the ceiling limit laid down in Part-II Section II (A) of Schedule XIII thereto."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised and empowered to execute the necessary agreement with the Whole-time Director and to take such steps and to do all such acts, deeds, things and matters as may be necessary or expedient for the purpose of giving effect to the above resolution".

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 or any amendment or modification thereof and any other enactments for the time being in force, the consent be and is hereby accorded to the Company paying/continuing to pay the Directors of the Company other than the Whole-time Directors fee of Rs. 1,500/- (Rupees one thousand five hundred only) or such other sum as may be decided by the Board of Directors from time to time not exceeding the fees set out in Section 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956, for attending each meeting of the Board of Directors of the Company or any Committee thereof in addition to travelling, hotel and other expenses incurred in consequence of their attending Board/Committee Meetings and General Meetings of the Company or otherwise incurred in the execution of their duties, reimbursement of all travelling expenses and incidental expenses incurred for an escort (irrespective of whether such escort is a relative or personal staff) to and from the places of meeting of the



Board or Committee thereof or General Meeting of the Company or any other place of execution of his duties as Director and the expenses incurred by them in connection with the business of the Company.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

“**RESOLVED THAT** subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed there under, Listing Agreements, and all other applicable laws, approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or

imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges at Calcutta and Gauhati”.

Registered Office :
Greenwood Tea Estate
P. O. Dibrugarh, Assam
5th September, 2005

By Order of the Board

S. K. Sarma
Company Secretary

NOTES :

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 27th September, 2005 to 30th September, 2005, both days inclusive.
2. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.**
3. Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. Pursuant to Section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and up to the Company's financial year ended 31st December, 1997 have been transferred to the General Revenue Account of the Central Government.

Members are hereby informed that Dividends/Share application money/Matured Deposits etc., which remain unclaimed/unpaid over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim shall lie for such Dividends/Share application money/Matured Deposits from IEPF by the Shareholders/Share Applicants/Fixed Deposit holders.
5. All correspondence relating to transfer of shares, transmission, sub-division, issue of duplicate Share Certificate, dividend and any change in the address along with PIN code, Bank mandate and residential status should be addressed to the Company's Registrars and Share Transfer Agents, M/s. CB Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata – 700 019.
6. Members who have multiple accounts in identical names or joint accounts in the same order, are requested to intimate the Company, the ledger folios of such accounts, in order to consolidate all such shareholdings into one account.
7. Trading in Equity Shares of the Company is permitted only in Dematerialised Form w.e.f. 24th July, 2000 as per

notification issued by the Securities and Exchange Board of India (SEBI).

8. Members are requested to send their PAN & GIR numbers to the company for any future purposes.
9. All documents referred in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 am to 12 noon upto the date of the forthcoming Annual General Meeting.

DETAILS OF DIRECTORS RETIRING BY ROTATION (In pursuance of Clause 49 of the Listing Agreement) :

Item No.2

Mr. K. N. Nowrojee, (Mr. Nowrojee) Director of the Company is due to retire at the forthcoming Annual General Meeting but has expressed his desire to the Board of Directors not to seek re-election.

The Board of Directors at its meeting held on 5th September, 2005 resolved that the vacancy on the Board of Directors so created be not filled for the time being.

None of the Directors of the Company, excepting Mr. K. N. Nowrojee, is, in any way, concerned or interested in the said Ordinary Resolution.

The Board of Directors recommend the Ordinary Resolution set out in item no.2 of the Notice for approval of the Shareholders.

Item No. 3

Mr. Vinod B. Tibrewala (Mr. Tibrewala) Director of the Company is due to retire at the forthcoming Annual General Meeting but has expressed his desire to the Board of Directors not to seek re-election.

The Board of Directors at its meeting held on 5th September, 2005 resolved that the vacancy on the Board of Directors so created be not filled for the time being.

None of the Directors of the Company, excepting Mr. Tibrewala is, in any way, concerned or interested in the said Ordinary Resolution.

The Board of Directors recommend the Ordinary Resolution set out in item no. 3 of the Notice for approval of the Shareholders



EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS :

Item nos. 5 & 7 – Special Business – Ordinary Resolution(s)

Mr. Amir Ahsan was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, effective from 5th September, 2005 and he holds office upto the ensuing Annual General Meeting.

Mr. Amir Ahsan was also appointed as a Whole-time Director of the Company for a period of 4(Four) years with effect from 5th September, 2005 by the Board of Directors at its Meeting held on 5th September, 2005, subject to the approval of the Shareholders, on the remuneration determined by the Remuneration Committee of the Board, at its Meeting held on 5th September, 2005. The principal terms and conditions of his appointment are given below :

- A. SALARY : Rs.45,000/- (Rupees Forty five thousand only) per month.
- B. PERQUISITES:

Following perquisites restricted to 100% of annual Salary :

- (i) Rent free furnished accommodation with gas, electricity, water and furnishings.
- (ii) Medical Re-imbusement : Re-imbusement of medical expenses incurred for self and family, subject to a ceiling of one month's salary in the year.
- (iii) Medical/accident insurance.
- (iv) Leave Travel : Leave Travel Allowance for self and family, once a year payable as per Income-Tax Rules and restricted to two months' salary.
- (v) Leave : One month's leave on full pay and allowances for every eleven months of service, unavailed leave encashable as per rules of the Company
- (vi) Such other perquisites and allowances, in accordance with Rules of the Company or as may be agreed to by the Board of Directors, and Mr. Amir Ahsan.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

- (vii) Provision of use of the Company's car for official duties and telephone at residence including mobile phone expenses shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

C. MINIMUM REMUNERATION:

Mr. Amir Ahsan shall be entitled to remuneration by way of salary, perquisites and allowances specified above as Minimum Remuneration in the event of loss or inadequacy of profits in any financial year during the currency of his term of office, subject to ceiling laid down in Part-II Section II (A) of Schedule XIII to the Companies Act, 1956

D. OTHER TERMS:

The Company shall reimburse to Whole-time Director, entertainment, travelling and all other actual expenses incurred by him for the business of the Company.

Mr. Amir Ahsan so long as he functions as Whole-time Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.

Mr. Amir Ahsan is a Science graduate and carries more than 30 years experience in various Tea Estates and has been overseeing the Lower Assam Tea Estates of the Company as its Chief Operating Officer. His services had been also loaned to Namburnadi Tea Estates Limited, a subsidiary of the Company as a Whole-time Director and no remuneration was paid to him but he continued to draw his remuneration from the Company. He is no more Director and Whole-time Director of the said Company. Mr. Amir Ahsan is being appointed as a Whole-time Director by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283 (1) of the Companies Act, 1956. The appointment of Mr. Amir Ahsan as Whole-time Director on the principal terms and conditions as set out above is also subject to the approval of the Company in general meeting. The Board of Directors are confident that the Company will be benefitted from his valuable advice and rich experience.

Notice in writing under sub-section (1) of Section 257 of the Companies Act, 1956 has been received from a member of the Company alongwith a deposit of Rs.500/- proposing the candidature of Mr. Amir Ahsan as a Director of the Company.

The members of the Company are hereby informed of the candidature of Mr. Amir Ahsan for the office of a Director and this be treated as individual notice to the members of the Company in terms of sub-section (1A) of Section 257 of the Companies Act, 1956.

The resolutions set out in item Nos.5 and 7 of the accompanying notice is intended to obtain the consent of the Members in respect of the appointment of and remuneration payable to Mr. Amir Ahsan as Whole-time Director of the Company.

The Board recommends adoption of the above Resolutions as Ordinary Resolutions.

Mr. Amir Ahsan may be deemed to be interested and/or concerned in these items of business. No other Director of the Company is interested in the resolutions.

This may also be treated as an abstract of the terms and conditions of appointment of Mr. Amir Ahsan, as Whole-time Director of the Company pursuant to Section 302 of the Companies Act, 1956.

Item no.6 – Special Business – Ordinary Resolution:

Mr. B. P. Kanodia (Kanodia), was appointed Additional Director of the Company on 5th September, 2005. In accordance with the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Articles of Association of the Company, he will hold office till the date of the ensuing Annual General Meeting. Notice pursuant to Section 257 of the Act has been received from a

Member of the Company signifying his intention to propose at the ensuing Annual General Meeting that Mr. Kanodia be appointed a Director of the Company. Mr. Kanodia is eligible for such appointment.

Mr. B. P. Kanodia is a fellow Member of the Institute of Chartered Accountants of India. He possess more than 30 years of wide and rich experience in Finance, Accounts, Audit, Internal Audit etc. He was earlier a Director and Chairman of the Audit Committee of the Board of Directors of the Company. Your Board of Directors feel that his association once again with the Company would be beneficial to the Company and accordingly recommend the acceptance of the resolution set out in item no.6 of the accompanying Notice.

Apart from Mr. Kanodia no other Director has any interest and/or concern in the resolution under this item of business.

Directorship

Apart from Assam Company Limited, Mr. Kanodia holds Directorship in Ratnabali Capital Markets Limited and is also Chairman of Audit Committee of the said Company.

Item No. 8 – Special Business – Special Resolution

In terms of the amended Clause 49 of the Listing Agreement regarding Corporate Governance, all fees/compensations, if any paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in General Meeting.

In accordance with the Company's Articles of Association, your Company has been paying to all Non-Executive Directors including Independent Directors fee of Rs.1,500/- (Rupees one thousand five hundred only) for attending each meeting of the Board of Directors of the Company or any Committee thereof in addition to travelling, hotel and other expenses incurred in consequence of their attending Board/Committee Meetings and General Meetings of the Company or otherwise incurred in the execution of their duties, reimbursement of all travelling expenses and incidental expenses incurred for an escort (irrespective of whether such escort is a relative or personal staff) to and from the places of meeting of the Board or Committee thereof or General Meeting of the Company or any other place of execution of his duties as Director and the expenses incurred by them in connection with the business of the Company.

As fees/compensation, if any paid to Non - Executive Directors including Independent Directors may even mean sitting fees requiring approval of the shareholders, the above resolution is commended for shareholders approval by way of abundant caution

Non – Executive Directors including independent Directors of the Company may be deemed to be interested and/or concerned in this Special Resolution. No other Director has any interest.

The Directors recommend the passing of the proposed resolution.

Item No. 9 : Special Business – Special Resolution

Presently, the Company's securities are listed at the following three Stock Exchanges in India:-

- i. The Stock Exchange, Mumbai
- ii. The Calcutta Stock Exchange Association Limited.
- iii. The Gauhati Stock Exchange Ltd.

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of BSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's securities on all other Stock Exchanges are negligible.

Trading in Equity Shares of the Company is permitted only in Dematerialised form w.e.f., 24th July, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

It is also observed that the listing fee paid to the other Stock Exchanges is disproportionately higher and as stated herein, the trading volumes and liquidity are negligible compared to BSE.

As a part of cost reduction measures, the Company has proposed this resolution, which will enable it to delist its equity shares from all or any of the following Stock Exchanges:

- i) The Calcutta Stock Exchange Association Ltd.
- ii) The Gauhati Stock Exchange Ltd.

at an appropriate time in the future.

In line with the SEBI (Delisting of Securities) Guidelines, 2003 members' approval is being sought by a Special Resolution for enabling voluntary delisting of its Securities from the said other Stock Exchanges.

The proposed delisting of the Company's Securities from The Calcutta Stock Exchange Association Limited and The Gauhati Stock Exchange Ltd. as and when takes place will not adversely affect the investors. The Company's securities will continue to be listed on BSE. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors recommend the Special Resolution for approval of members.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

Registered Office :
Greenwood Tea Estate
P. O. Dibrugarh, Assam
5th September, 2005

By Order of the Board

S. K. Sarma
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in submitting their Twenty-Eighth Report for the year ended December 31, 2004 together with the Audited Accounts for the said year.

Financial Results

	Year ended 31.12.2004 Rs.	9 Months Period ended 31.12.2003 Rs.
Profit before Taxation & Depreciation	7,86,28,549	6,63,57,231
Less : Depreciation	4,01,83,293	3,36,26,738
	3,84,45,256	3,27,30,493
Add/Less : Provision for Taxation :		
Current	(4,19,10,215)	15,50,000
Deferred	(3,45,04,285)	(11,76,619)
Net Profit for the year	11,48,59,756	3,23,57,112
Less : Extra-ordinary Items	6,29,97,721	—
Profit after Taxation and Extra-Ordinary Items	5,18,62,035	3,23,57,112
Add/Less : Balance brought forward from previous year	23,32,87,696	21,07,22,250
Available for appropriation	28,51,49,731	24,30,79,362
Your Directors propose the following appropriation :		
Transfer to Debenture Redemption Reserve	81,25,002	97,91,666
Balance Carried Forward	27,70,24,729	23,32,87,696
	28,51,49,731	24,30,79,362

Tea Division

Performance

Production during the period under review was 143.89 lakhs kgs as against 143.45 lakhs kgs of the last financial year (09 months). The market started on a buoyant note and carried on till the month of September, 2004 due to fear of shortfall in the industrial production. As the projected shortfall, post September, 2004, was far less, the market started going down. Although, sales up to the month of September, 2004 showed a greater increase over the corresponding period of the year before, the end year scenario was similar for the Company and the industry.

The quality of teas produced by the Company has been much appreciated by the industry and the Company still enjoys the unique position as manufacturer of quality teas.

In view of the present state of affairs and in order to conserve resources, your Directors have not recommended payment of any dividend.

Exports

The Company continues to lay emphasis on quality production. However, due to cheaper teas available from existing exporters as well as new entrants in the market, the Company's volume of export declined marginally over



the corresponding period of the year before. However, there was appreciation in the price. The thrust will be on export of high quality teas to the existing market and to enter new markets which are yet to see the quality produce.

Future Strategy

The thrust on exports will be much greater than that of the previous years. However, the domestic market will not be excluded from quality produce. The year 2005 has opened on an encouraging note with countries like Iran sending their enquiries. The Company also proposes to increase its share in the Russian market whilst at the same time exploring business from the Australian sub-continent. Traditional importers like Germany and U.K. will be wooed with greater force in the year 2005, but forays made into the Australian market will be increased in terms of volume of teas exported.

Prospects

In view of the various measures initiated by the Government of India, State Government and Tea Board with active participation of Banks and Financial Institutions, the Company is hopeful that the Tea Industry, which is passing through one of its worst phase, will come out of the present state of affairs. The Company continues with its efforts towards maintaining cost control and aggressive marketing both in the domestic and international markets.

Research and Development

The Company's R & D Unit dedicated to Scientific Research & Development programmes functioning in Assam and is recognized by the Ministry of Science and Technology, Govt. of India.

Oil & Natural Gas Division

The work on extraction at the Discovered Field – Amguri has already commenced in joint participation with M/s. Canoro Resources Ltd. (Canoro), of Canada and results have been encouraging. The Company has tied up its initial requirement of funds for its Oil & Natural Gas Division.

The Company also has 35% interest in the Exploratory Block viz., AA-ON/7.

The work on the three Fields viz. Bihubar, Barsilla and Laxmijan for which Service Contract had been awarded by Oil & Natural Gas Corporation Limited (ONGC) is expected to begin shortly.

As communicated in the last year's Directors Report, Company hopes to play a vital role in Oil & Natural Gas Exploration and Development in the North-East India in collaboration with Indian and International Companies. With this end in view, the Company is in discussions with Government of India and various State Governments for collaborative efforts in Hydrocarbon and Hydel Sectors.

In order to commercially exploit the great potential in the Oil and Natural Gas industry to its optimum levels, your Directors have decided to demerge the Oil & Natural Gas Division of the Company into its subsidiary Assam Oil & Natural Gas Limited and the entire process in this respect is on.

Diversification/Expansion:

The Company propose to foray into Biotech, Organic, Pharma, Herbal, Medicinal Plant and allied sectors in which great potentiality exist.

Financial:

In order to meet its requirement of finance for its various plans as also to expand its existing activities, the Company propose to raise resources by means of debt and equity.

Subsidiary Companies

The Statement pursuant to Section 212 of the Companies Act, 1956, containing details of the subsidiaries together with their Reports and Accounts have been annexed to the Accounts.

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, form part of the Annual Report and Accounts.

In order to take advantage of the emerging opportunities in the field of Oil & Natural Gas, the object clause of the Company's subsidiary Assam Agro-Hitech Limited has been expanded by inclusion of the business of Oil & Natural Gas in its main objects clause and the name of the Company has been also changed to Assam Oil & Natural Gas Limited pursuant to fresh certificate of incorporation issued by the Registrar of Companies, West Bengal at Kolkata on 9th December, 2004. The Oil & Natural Gas Division of the Company is proposed to be demerged into this Company, subject to necessary sanctions and approvals.

Namburnadi Tea Company Limited

There has been all round improvement in the working of this Company although crop was low due to unfavourable weather conditions. All efforts are being made to further improve the working of this Company.

In order to consolidate all tea business of the Company in one entity, your Directors have proposed to merge Namburnadi Tea Company Limited with the Company, subject to necessary approval/sanctions.

Environment and Social Concern

The Company continues its efforts for the betterment of the environment through energy conservation, waste



minimization and conservation of resources. In all the Tea Estates and production units, proper pollution control measures are being given top priority.

The Company on a continuing basis undertakes various social welfare projects for improving the quality of life of the people residing in and around the tea estates and it has been Company's endeavour to improve the living and working conditions of its large workforce and their dependents.

Public Deposit

The Company has not accepted any public deposit during the year.

Directorate

Since the last Annual General Meeting following changes have taken place on the Board of Directors of the Company:

- i). At the Board Meeting held on September 05, 2005, Mr. Amir Ahsan was appointed as Additional Director of the Company pursuant to Article 106 of the Company's Articles of Association read with Section 260 of the Companies Act, 1956 and holds office up to the ensuing Annual General Meeting. Subsequently, Mr. Amir Ahsan was appointed as a Whole-time Director for a period of 4(Four) years effective from September 05, 2005.

Mr. Amir Ahsan is a Science graduate and carries more than 30 years experience in various Tea Estates and has been overseeing the Lower Assam Tea Estates of the Company as its Chief Operating Officer. His services had been also loaned to Namburnadi Tea Estates Limited, a subsidiary of the Company as a Whole-time Director and no remuneration was paid to him but he continued to draw his remuneration from the Company. He is no more Director and Whole-time Director of the said Company. Mr. Amir Ahsan is being appointed as a Whole-time Director by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283 (1) of the Companies Act, 1956. The Board of Directors are confident that the Company will be benefitted from his valuable advice and rich experience. The Company has received a Notice in writing from a Member along with requisite fees under Section 257 of the Companies Act, 1956 signifying intention to propose the appointment of Mr. Amir Ahsan as a Director of the Company. The Board recommends the appointment of Mr. Amir Ahsan and also payment of remuneration to Mr. Amir Ahsan.

- ii). At the Board Meeting held on September 05, 2005, Mr. B. P. Kanodia was also appointed as Additional Director of the Company. Pursuant to Article 106 of the Company's Articles of Association read with Section 260 of the Companies Act, 1956, Mr. B. P. Kanodia holds office up to the date of the ensuing Annual General

Meeting. The Company has received a Notice in writing from a Member along with requisite fees under Section 257 of the Companies Act, 1956 signifying intention to propose the appointment of Mr. B. P. Kanodia as a Director of the Company. The Board recommends the appointment of Mr. B. P. Kanodia as a Director of the Company.

In accordance with the Articles of Association of the Company, Mr. Kurush N. Nowrojee and Mr. Vinod B. Tibrewala retire by rotation at the ensuing Annual General Meeting but do not seek re-election. The Board of Directors at its meeting held on 5th September, 2005 decided that the vacancy on the Board of Directors of the Company so created be not filled for the time being. Suitable resolutions to this effect are included in the notice of the Annual General Meeting for shareholder's approval.

The required information in respect of the above Directors as stipulated in clause 49 of the Listing Agreement have been given in the notice convening the Annual General Meeting.

Corporate Governance

Your Directors affirm their commitment to the Corporate Governance Standards prescribed by the Securities and Exchange Board of India (SEBI). It has complied with the applicable standards set out by SEBI and clause 49 of the Listing Agreements with the Stock Exchanges.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis and Corporate Governance Report together with the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance form a part of the Annual Report.

Audit Committee :

The Audit Committee of the Board of Directors of the Company is comprised of three independent Directors viz. Mr. Vinod Baijnath Tibrewala, Mr. Santosh Bhagat and Mr. Pintu Kumar Agarwalla. Mr. Vinod Baijnath Tibrewala is the Chairman of the Audit Committee.

Directors Responsibility Statement

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

- (i) that in preparation of the annual accounts for the year ended 31st December, 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements

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 or loss of the Company for the year under review;

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the year ended December 31, 2004 on a going concern basis.

Cost Audit

Maintenance of Cost Records has been made mandatory and accordingly the Company is maintaining the requisite records.

Auditors

Messrs. Lovelock & Lewes, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

Auditors' Observations

The report of the Auditors and the Notes on account are self-explanatory and as such, does not call for any further comments from Directors.

Particulars as per Section 217 of the Companies Act, 1956

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo, pursuant to Section 217 (1) (e) of the Companies Act, 1956 is set out in Annexure "A" forming part of this Report.

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in Annexure "B" forming part of this Report.

Voluntary Delisting of the Company's Equity Shares from certain Stock Exchanges

A Special Resolution seeking members' approval for voluntary delisting of the Company's Equity Shares from

The Calcutta Stock Exchange Association Limited and Gauhati Stock Exchange Ltd., at appropriate time, has been proposed in the Notice of the forthcoming Annual General Meeting. Your Directors recommend the adoption of the said Special Resolution for reasons given in the Explanatory Statement accompanying the Notice.

Sub-division of Shares:

An Extra-Ordinary General Meeting of the Company has been convened to be held on September 08, 2005 for obtaining Members' approval, pursuant to the decision of the Board of Directors, to sub-divide One Equity Share of Rs.10/- each (Face Value) to Ten Equity Shares of Re.1/- each (Face Value).

Acknowledgement

Your Directors wish to sincerely thank the Government of India, Ministry of Petroleum and Natural Gas, other Ministries, the Government of Assam, Banks and Financial Institutions, the Consortium Partners, customers, shareholders, vendors and other related organizations for their continued assistance and co-operation.

Your Directors would also like to place on record their appreciation for the dedicated efforts and services put in by the employees and workmen at all locales.

On behalf of the Board of Directors

A. K. Jajodia – *Managing Director & CEO*

K. N. Nowrojee, *Director – Estates*

Vinod B. Tibrewala

Santosh Bhagat

Pintu Kr. Agarwalla

Directors

Place : Kolkata

Date : 5th September, 2005

**ANNEXURE — 'A' FORMING PART OF THE DIRECTORS' REPORT**

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO IN TERMS OF SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST DECEMBER, 2004.

FORM "A"	Current year	Previous year
CONSERVATION OF ENERGY	year ended	period ended
	31.12.2004	31.12.2003
A. Power & Fuel Consumption		
1. Electricity		
a) Purchased Units (KWH)	8875680	8145001
Total Amount (Rs.)	58835357	49395550
Rate per Unit (Rs.)	6.63	6.06
b) Through diesel generator Units (KWH)	4354497	4456406
Units per Ltr. of diesel	2.94	3.01
Cost/Unit (Rs.)	8.10	6.64
2. Coal		
Quantity (Tonnes)	2773.61	3100
Total Cost (Rs.)	5663565	5272600
Average Rate (Rs./Tonne)	2042	1701
3. Furnace Oil		
Quantity in K. Ltrs.	164	316
Total Cost (Rs./KL)	2464322	4712435
Average Rate (Rs./KL)	14992	14935
4. Gas		
Quantity (Scum)	7483520	6982523
Total Cost (Rs.)	28558984	25945310
Rate (Rs./Scum)	3.82	3.72
B. Consumption Per Unit of Production		
Production of Tea (Kgs.)	14255729	14174087
Electricity (KWH)	0.93	0.89
Furnace Oil (Ltrs.)	0.01	0.02
Coal (Kgs.)	0.93	1.03
Gas (Scum)	0.69	0.67

SALIENT FEATURES :

- i) Electricity Unit for 2004 represents ratio for 12 months from January to December 2004, whereas, 2003 is for 9 months from April to December 2003
- ii) Coal vis-vis tea made ratio has improved due to efficient usage
- iii) Since 2004 figures are for 12 months, therefore, they are not comparable with 9 months in 2003.

ANNEXURE TO DIRECTORS' REPORT (Contd.)

FORM "B"

RESEARCH & DEVELOPMENT [R&D]

1. Specific areas in which R&D carried out by the Company	Tea productivity and quality improvement, implementation of low input sources like biofertilisers, biopesticides and other biocontrol agents for pesticide free organic tea production and environment protection. Regular soil status study, exploitation of natural products from tea.
2. Benefits derived as a result of the above R&D	Tea quality improvement, reduction of risk on pest & disease infestation. Adoption of technology from time to time in accordance with the work done by the Tea Research Association, Institute of Market Ecology and in-house R&D.
3. Further plan of action	Development of suitable biocompost, biofertilizers and extensive usage of biological agents to control disease manifestation. Exploitation of natural ingredients in tea.
4. Expenditure on R&D	
a) Capital	NIL
b) Recurring	NIL
c) Total	NIL
d) Total R&D Expenditure as a percentage of total turnover	NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation.	Efforts are made to improve indigenous cost effective technology for productivity and quality improvement. Keeping co-ordination with Tea Research Institute, Tea Research Association Laboratories and Company's in-house R&D Units.			
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Product improvement and Tea Quality Improvement.			
3. In case of imported technology [imported during the last five years reckoned from the beginning of the financial year], following information may be furnished :				
<table border="0"> <tr> <td style="vertical-align: top;"> a) Technology imported b) Years of import c) Has technology been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. </td> <td style="font-size: 4em; vertical-align: middle; padding: 0 10px;">}</td> <td style="vertical-align: middle;">NOT APPLICABLE</td> </tr> </table>	a) Technology imported b) Years of import c) Has technology been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	}	NOT APPLICABLE	
a) Technology imported b) Years of import c) Has technology been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	}	NOT APPLICABLE		

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period foreign exchange outgo was to the extent Rs. 2,64,38,178. The foreign exchange earnings during the period was Rs. 2,99,990,923. Details of foreign exchange outgo and earnings have been given in Schedule 11 of the Accounts.



ANNEXURE TO DIRECTORS' REPORT : 'B'

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST DECEMBER, 2004

Name	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Particulars of last Employment Name of Employer	Designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Jajodia A. K.	Managing Director & CEO	34,08,340	B.Com	20	01.10.1992	42	Worldlink Finance Ltd.	Wholetime Director

Notes :1. Remuneration shown above includes Salary and Allowances, Commission, Bonus, Contribution to Provident and Superannuation Funds, Leave Travel Assistance, Medical Expenses, actual House Rent and other perquisites valued in accordance with Income Tax Rules, 1962 for the year ended 31st December, 2004.

2. Nature of appointment - Contractual

3. Except Mr. A. K. Jajodia no other employee above named is a relative of any Directors of the Company.

On behalf of the Board of Directors

A. K. Jajodia – *Managing Director & CEO*

K. N. Nowrojee, *Director – Estates*

Vinod B. Tibrewala

Santosh Bhagat

Pintu Kr. Agarwalla

Directors

Place : Kolkata

Date : 5th September, 2005



MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Industry Structure and Developments

Tea :

Assam Company Limited is the first tea Company in the world, engaged in production and manufacture of tea from as early as 1845 and has established its position as one of the best quality producer in the Industry.

The Tea Industry in India has been passing through a difficult period. The market started on a buoyant note and carried on till the month of September, 2004 due to fear of shortfall in the industrial production. As the projected shortfall, post September 2004 was far less, the market started going down. Although, sales up to the month of September, 2004 showed a greater increase over the corresponding period of the year before, the end year scenario was similar for the Company and the industry.

In view of various measures initiated by the Government of India, State Government and Tea Board with active participation of Banks and Financial Institutions, the Tea Industry has started to show signs of improvement.

Oil & Natural Gas :

The petroleum industry in India is one of the oldest in the world and Assam Company Limited fortunately has deep roots in the past in this business. The exploration, production and refining were initially confined to the North-Eastern part of India, where the Company's Tea, Oil and Gas activities are well entrenched.

With the liberalization and reforms brought in the Oil & Natural Gas exploration and development business by the Government of India, great opportunities have been thrown open in this field. Your Company with its in built capabilities of having been in this business in the past would be able to play a vital role in this Sector specifically in the North-East part of India where it enjoys a goodwill and patronage particularly of State Government in view of its significant presence in this part of India for the last 150 years.

Opportunities, Threats, Risk and Concerns

Tea :

The Company is fully committed to produce high quality product and the tea produced by the Company has always been highly acclaimed for its quality in the Industry both in the domestic and overseas markets.

The Research and Development Unit of the Company is dedicated to Scientific Research & Development programme functioning in Assam. The Company continues with large scale cultivation of organic tea and production of high grade orthodox tea. White tea produced by the Company is highly sought after by overseas clients.

Emergence of more producers from new countries in the international market and cheaper import of tea are also adversely

affecting the competitiveness of the Indian Tea Industry. However, with the steps initiated by Commerce Ministry, Tea Board and the Industry by implementation of the various recommendations made by the experts study group is expected to improve the prospects of tea business.

The climatic conditions in the year under review as in the last few years have not been conducive to tea production. Many Estates of the Company were under water logging due to flash floods which resulted in huge loss of tea plantation and other valuable assets. Erosion of tea area continues unabated at six estates situated along the rivers Brahmaputra, Dangri and Dibru. The Company has also undertaken a river protection works and pump drainage at high cost as obligation to the Society.

Oil & Natural Gas :

The exploration business for developing and producing Oil and Natural Gas which involves highly competitive operations and risk exposures some of which are beyond the control of the Company, can be categorized but not limited to such areas as operational, political, regulatory, environmental and financial. The Company's operations for Oil business and related assistance are located in the North Eastern part of India that are suitable to insurgent activities which can hamper Company's operations but the Company's Management has considerable expertise in handling such activities in this area as it has been operating in this area for over 150 years.

Exploration and Production activities have a threat associated to Exploration risks, developing an unexploited domestic reserves and establishing an incremental recovery from producing assets and pilferage from the producing blocks. As there are good opportunities for joint venture with Indian & International Companies in this field, your Company has entered into joint participation with Canoro Resources Limited (Canoro) which will help in achieving productivity, profitability and recovery from producing assets. This will also bring in global expertise and experience in tapping the vast untapped resources in the North-Eastern part of India, which would be beneficial to the region's development.

The Exploration & Production activities are high capital intensive in nature. Such business also has certain inherent risks. However, the Company is trying to insulate against this risk by joint efforts and expertise of the Company's technical team and its international partner, M/s Canoro Resources Limited.

Segment-wise or Product-wise Performance

The Company, during the year under review, had operations in two geographical segments viz., Domestic market and Export market wherein 80% of the Company's turnover is contributed to, by Domestic market segment and the balance by Export market segment.

The Company has also entered into the field of Oil & Natural Gas and the work on extraction at the Discovered Field – Amguri in the State of Assam has already commenced in joint participation with Canoro and the results have been encouraging. Canoro is planning exploratory Well in AA-ON/7 field in which your Company enjoys 35% share. The work on the three Discovered Fields viz., Bihubar, Barsilla and Laxmijan for



which Service Contract had been awarded by Oil & Natural Gas Corporation Limited (ONGC) is expected to begin shortly. The Company hopes to play a vital role in the Oil & Natural Gas Exploration and Development in the North-East India in collaboration with Indian and International Companies.

Outlook**Tea:**

Tea Industry is highly dependent on the climatic condition which is beyond the control of the Company and its management.

The Year 2005 has begun on an optimistic note. But it is too premature to comment on the performance of the current year. The Company is hopeful that the support to the industry from both the State and Central Governments, the Banks and Financial Institutions will continue to be available so that the industry can come out of the present trying phase. We continue to be continuously optimistic about your Company's operations in near future.

In order to consolidate all tea business of the Company in one entity, your Directors have proposed to merge Namburnadi Tea Company Limited with the Company, subject to necessary approval/sanctions.

Oil & Natural Gas

The Oil and Gas business has been witnessing unprecedented boom in the international market with the oil price ruling at a high of above \$ 65 per barrel.

Considering the targets in hydrocarbon production in India, to feed the ever - increasing demand and consumption of petroleum products, the ever fluctuating international price of crude, there exist ample scope for growth in this field. The Company does not envisage any problem for sale of oil and natural gas in view of tie-up arrangements with Oil India Limited, Gas Authority of India Limited and Oil & Natural Gas Corporation Limited.

In order to commercially exploit the great potential in the Oil and Natural Gas industry to its optimum levels, your Directors have decided to demerge the Oil & Natural Gas Division of the Company into its subsidiary Assam Oil & Natural Gas Limited and the entire process in this respect is on.

Internal Control Systems and their Adequacy

The Company has appointed independent firms of Chartered Accountants, who conduct regular internal audit and keep

regular checks on the various internal control measures implemented. They also visit the various gardens and factories several times during the year and submit regular reports to that effect.

The Audit Committee of the Board of Directors examines the adequacy of internal control systems. The Company has Management Information System, which is an integral part of control mechanism.

The external auditors have evaluated the internal audit system in the company and have reported that the same commensurate with the size and nature of its business.

Financial & Operational performances

The Financial and Operational performance has been adequately dealt with in the Directors Report on Accounts.

Material developments in Human Resources/Industrial Front

As on 31st December, 2004 the company's Tea Division had 25440 employees, out of which 25347 were employed in the Plantation divisions.

Relationship with employees at all levels in the Tea Estates, Head Office and other locales generally remained cordial during the year under review. Your Directors wish to place on record their appreciation of the wholehearted support and co-operation received from the executives, staff and workers.

The Company endeavors to care for all its employees by providing welfare and medical facilities way beyond any statutory requirements.

Cautionary Statement

Certain statements made in the Management Discussion & Analysis Report which seek to describe the Company's objectives, projections, outlook, estimates, expectations, predictions etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc., whether expressed or implied. Several factors could make difference to the Company's operations. These include climatic conditions, economic conditions, auction and private sale regulations, Government regulations, tax laws, other statutes, natural calamity etc., over which the Company does not have any direct control.

AUDITORS' REPORT

TO THE MEMBERS OF ASSAM COMPANY LIMITED

1. We have audited the attached Balance Sheet of **ASSAM COMPANY LIMITED**, as at 31st December, 2004 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. **We 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 said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) *We are unable to comment on the extent of recoverability of debtors outstanding for more than six months, as indicated in Note No. 16 of Schedule 11 to the Accounts.*
 - (b) *In the absence of proven benefits of enduring nature, that the Company may enjoy, we are unable to comment whether capitalisation of certain expenses incurred in the Tea Estates during the year ended 31st December, 2004 as indicated in Note No. 22 of Schedule 11 to the Accounts is appropriate.*

The aggregate impact of our observations in paragraph 4 above on the profit for the year and on the net assets position as at the year end could not be ascertained.

5. (a) Subject to our comments in paragraph 4 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on 31st December, 2004 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2004 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, subjects to our comments 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 December, 2004;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For LOVELOCK & LEWES
Chartered Accountants

Prabal Kr. Sarkar
Partner

Kolkata
Dated : 5th September, 2005

Membership No. : 052340

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Assam Company Limited on the financial statements for the year ended 31st December, 2004

1. (a) The Company is maintaining proper records showing particulars of quantitative details and situation of fixed assets. However, details of rates of depreciation used for depreciating the assets and the dates on which the assets were revalued are not included in the Fixed Asset Register.
- (b) The fixed assets of the Company have been physically verified by the management during the year in three tea estates, as certified by the management. However, in the absence of relevant working papers for such verification and reconciliation of book records with the physical verification findings, we are unable to comment on the reasonableness of such verification.
- (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 inventories, including stocks with third parties, have been physically verified by the management during the year. Stock in transit at the year end have been verified by the management with reference to subsequent receipt and /or relevant documents. In our opinion, the frequency of such 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 is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has not taken or granted any loans, secured or unsecured, from or to companies, firms or other parties covered in the register maintained under Section 301 of the Act. As such, Clauses 4(iii) (b), (c), (d), (f) and (g) of the Order are not



applicable to the Company.

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 inventories, 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, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

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, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder, where applicable. According to the information and explanations given to us, no Order under the aforesaid Sections 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.

7. In our opinion, the Company has an internal audit system commensurate with its size and 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. However, we are not required to examine and have not carried out any detailed examination of such records.

9. (a) Other than in respect of provident fund, excise duty, cess and income tax where the Company is not regular in depositing dues, according to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues in respect of investor education and protection fund, sales-tax, wealth tax, customs duty and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us, the particulars of undisputed amounts payable in respect of the statutory dues which were in arrears, as at 31st December, 2004 for a period of more than six months from the date they became payable, are as follows -

Name of the statute	Amount (Rs.)
Provident Fund	3,990,014
P.F. Administrative charges	745,983
Income Tax (Tax deducted at source)	104,000
Bonus Act (Unpaid Bonus)	57,358
Sales Tax	1,145

(c) 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, service tax, customs duty, and excise duty as at 31st December, 2004 which have not been deposited on account of a dispute, are as follows -

Name of the statute	Amount (Rs.)	Forum where the dispute is pending
Income Tax Act	1,69,03,630	CIT (Appeals)
West Bengal Sales Tax Act	6,47,03,348	Asst. Commissioner of Commercial Taxes
- Do -	5,06,67,844	Commercial Tax Officer (C.T.O.)
Central Sales Tax Act	2,39,00,996	Asst. Commissioner of Commercial Taxes
- Do -	269,995	C.T.O.
10.	The Company has no accumulated losses as at 31st December, 2004 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.	
11.	According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions / debenture holders as at the balance sheet date aggregating to Rs. 11,94,90,731/-, and remaining outstanding between November 2003 to December 2004.	
12.	In our opinion, the Company has not granted 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 has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, and other investments during the year and timely entries have been made therein. Further, such shares and other securities have been held in its own name.	
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.	Subject to our inability to comment on the appropriateness of capitalisation of certain expenditure as mentioned in paragraph 4(b) of our audit report, in our opinion the term loans have been applied for the purpose for which they have been raised.	
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 has been used for long-term purpose.	
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 created appropriate securities in respect of debentures issued in earlier years.	
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 such case by the management.	

For LOVELOCK & LEWES
Chartered Accountants

Prabal Kr. Sarkar
Partner

Kolkata
Dated : 5th September, 2005

Membership No. : 052340

SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
SCHEDULE : 1 – SHARE CAPITAL		
Authorised		
(a) 25,000,000 Equity Shares of Rs. 10/- each	250,000,000	250,000,000
(b) 1,000,000 Non Cumulative Redeemable Preference Shares of Rs. 100/- each	100,000,000 *	100,000,000
(c) 1,000,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	— *	—
(d) 1,000,000 Cumulative Redeemable Convertible Preference Shares of Rs. 100/- each	100,000,000	100,000,000
(e) 5,000,000 Un-classified Shares of Rs. 10/- each	50,000,000	50,000,000
	<u>500,000,000</u>	<u>500,000,000</u>

*Altered as per order of Honourable High Court of Guwahati Dated 1st September, 2003

(a) Issued and Subscribed

22,361,526 (31.12.2003 – 22,356,502) Equity Shares of Rs. 10/- each fully paid up	223,615,260	223,565,020
8,746 (31.12.2003 – Nil) 15% Non Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up.	874,600	—
	<u>224,489,860</u>	<u>223,565,020</u>

Notes :

- 1 Out of the Subscribed Capital, 25,95,024 (31.12.2003 – 25,90,000) Equity Shares of Rs. 10/- and 8,746 (31.12.2003 – Nil) 15% Non Cumulative Redeemable Preference Shares each have been allotted as fully paid up pursuant to schemes of Amalgamation without payment being received in cash. The Preference Shares are redeemable on the respective dates on which such shares were originally redeemable by the transferor companies, which is 10 years from their respective dates of allotment. Earliest date of redemption of these preference shares is 12.09.2005.
- 2 Of the above Subscribed Capital, 1,05,00,000 Equity Shares of Rs. 10/- each have been allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 2 – RESERVES AND SURPLUS

	As at 31.12.2003 (Rupees)	Additions (Rupees)	Deductions (Rupees)	As at 31.12.2004 (Rupees)
Capital Reserve (Reserve on Amalgamation)	15,037,398	—	—	15,037,398
Revaluation Reserve	1,076,911,179	—	27,124,193*	1,049,786,986
Share Premium	261,895,060	—	—	261,895,060
General Reserve	291,234,400	—	—	291,234,400
Debenture Redemption Reserve	29,374,998	8,125,002	—	37,500,000
	<u>1,674,453,035</u>	<u>8,125,002</u>	<u>27,124,193</u>	<u>1,655,453,844</u>
Profit & Loss Account Balance	233,287,696			277,024,729
	<u>1,907,740,731</u>			<u>1,932,478,573</u>

Note : Capital Reserve includes Rs. 47,53,152 being 26% of the profit for the year ended 31st December, 1977 of the Sterling Companies, the Indian undertakings of which were amalgamated with this Company.

* Includes deduction of Rs. 738,778/- on account of sale of Assets.

SCHEDULE : 3 – LOAN FUNDS

PARTICULARS

SECURED LOANS

Debentures :

1,500,000 – 14.5% Secured Redeemable Non-Convertible

Debentures of Rs. 100/- each (Redeemable at par in three equal annual instalments commencing from 21st December, 2004)

194,932,589

173,123,000

[including interest accrued and due Rs. 44,932,589/- (31.12.2003 – Rs. 23,123,000/-)]

(The above Debentures have been privately placed with Unit Trust of India and are secured by first charge in favour of the Debenture Trustees by equitable mortgage of all the Company's immovable properties including plant and machinery both present and future relating to Company's all tea estates situated in Assam ranking *pari passu* interse the Consortium Banks, IDBI and NABARD Loan and also a first charge over all the movable properties both present and future [save and except book debts] subject to the prior charges created and / or to be created in favour of the Company's bankers, on stock of raw materials, finished and semi finished goods, consumable stores and other movables as may be permitted for securing borrowings for working capital requirement and charges created on specified movables required and / or required out of NABARD Term Loan).

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 3 – LOAN FUNDS (*Continued*)

	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
Loans from IDBI		
Term Loans	412,853,000	412,853,000
Interest Accrued and due on the above	<u>27,627,066</u>	<u>13,514,000</u>
	440,480,066	426,367,000
<p>(Secured by first charge by equitable mortgage created of immovable properties including plant & machinery both present and future relating to Company's all tea estates situated in Assam ranking <i>pari passu inter se</i> the Debenture Trustees / Debenture Holders, NABARD Loan and the Consortium Banks for all term loans and also a first charge over all the movable properties both present and future [save and except book debts] subject to the prior charges created and / to be created in favour of the Company's bankers, on stock of raw materials, finished and semi finished goods, consumable stores and other movables as may be permitted for securing borrowings for working capital requirement and charges created on specified movables required and / or required out of NABARD Term Loan.)</p>		
<u>From Banks</u>		
Working Capital Loan including Cash Credit*	743,333,952	626,927,926
[including interest accrued and due Rs. 8,594,547/- (31.12.2003 – Rs. 459,031/-)]		
Term Loans	341,706,840	262,944,151
<p>(The above loans are secured by equitable mortgage created of immovable properties including plant & machinery etc. both present and future relating to Company's all tea estates situated in Assam ranking <i>pari passu inter se</i> the Debenture Trustees / Debenture Holders, NABARD Loan and IDBI and also a first charge over the movable properties, both present and future subject to prior charges created / to be created on stock of raw materials, finished goods, consumable stores for working capital requirement, other than specified movables, required / to be required out of NABARD term loan [including interest accrued and due Rs. 17,207,341/-(31.12.2003 – Rs. 4,663,153/-)].</p>		
Term Loans under NABARD Refinance Scheme	22,785,099	34,526,744
<p>(Secured by exclusive first charge created over specified movables, a second charge created over the movable assets hypothecated to the Consortium Bankers and Equitable Mortgage created of immovable properties both present and future relating to Company's all tea estates situated in Assam ranking <i>pari passu inter se</i> with the Consortium Banks, Debenture Trustees/ Debenture Holders and IDBI) [including interest accrued and due Rs.1,156,518/- (31.12.2003 – Rs. 809,024/-).</p>		
Short Term Loan from Bank of Rajasthan	—	10,106,164
<p>(Secured by equitable mortgage of flat No. 5A and 5B at 28, New Road, Alipore, Kolkata)</p>		
<p>[including interest accrued and due Rs. Nil (31.12.2003 – Rs. 106,164/-)</p>		
*Includes FCNR Loans Rs. 314,571,000/- (31.12.2003 – Rs. 117,858,000) and interest accrued and due thereon Rs. Nil (31.12.2003 – Rs. 459,031/-)	<u>1,743,238,546</u>	<u>1,533,994,985</u>
<u>UNSECURED</u>		
Loan from Corporate Body	20,000,000	—
	<u>20,000,000</u>	—



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
SCHEDULE : 5 – INVESTMENTS - AT COST (LONG TERM)		
A. In Subsidiary Companies*		
(Fully paid unless otherwise stated)	2,123,081	2,123,081
B. Other than Trade – Unquoted (Fully Paid)		
20,000 Equity Shares of Rs. 10/- each in Assam Bengal Cereals Ltd.	200,000	200,000
5% Non Redeemable Debentures of East India Clinic Ltd.	24,500	24,500
12,428 US 64 Bonds of Rs. 100/- each in Unit Trust of India [Repurchase Price Rs. 1,295,992/- ; 31.12.2003 – Rs. 1,312,397/-]	1,242,800	1,242,800
	3,590,381	3,590,381
C. Other than Trade – Quoted**		
(Fully paid unless otherwise stated)	146,282	260,539
	3,736,663	3,850,920
Less : Provision for diminution in value of Certain Investments	565,986	1,895,920
	3,170,677	1,955,000

*Particulars	Description	Number as on 31.12.04	Number as on 31.12.03	Face Value Rs.	Cost as on 31.12.04 (Rs.)	Cost as on 31.12.03 (Rs.)
Quoted						
Namburnadi Tea Co. Ltd.	Equity	123,076	123,076	10	123,076	123,076
Unquoted						
Assam Oil & Natural Gas Ltd. (formerly Assam Agro Hi-tech Ltd.) (70 Equity Shares fully paid 999,930 Equity Shares @ Rs. 3/- partly paid)	Equity	1,000,000	1,000,000	10	1,000,000	1,000,000
North-East Hydro Carbon Ltd.	Equity	50,010	50,010	10	500,000	500,000
Camellia Cha Bar Ltd.	Equity	50,000	50,000	10	500,005	500,005
Total					2,123,081	2,123,081



SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE : 5 – INVESTMENTS - AT COST (LONG TERM) (Contd.)

**Particulars	Description	Number as on 31.12.04	Number as on 31.12.03	Face Value Rs.	Cost as on 31.12.04 (Rs.)	Cost as on 31.12.03 (Rs.)
Great Eastern Shipping Ltd.	Equity	91	91	10	1,020	1,020
GESCO Corporation Ltd.	Equity	12	12	10	—	—
GNFC Ltd.	Equity	50	50	10	1,415	1,415
Grasim Industries Ltd.	Equity	50	50	10	16,550	16,550
Hindustan Motors Ltd.	Equity	0	155	10	—	1,232
UTI Master Share	Equity	116	116	10	3,050	3,050
Tata Chemicals Ltd.	Equity	4	4	10	247	247
Tata Iron & Steel Company Limited	Equity	3	102	10	224	11,424
Tata Iron & Steel Co. Ltd. (SPN)	Equity	18	18	150	—	—
Shipping Corporation of India Ltd.	Equity	100	100	10	5,220	5,220
Tezapore India Ltd.	Equity	100	100	10	10,000	10,000
George Williamson (Assam) Limited	Equity	100	100	10	6,095	6,095
Reliance Industries Ltd.	Equity	18	268	10	2,533	37,708
Tata Tea Ltd.	Equity	12	112	10	2,280	21,280
Nicco UCO Alliance Credit Ltd.	Equity	0	36,000	10	0	46,800
Jaiprakash Industries Ltd.	Equity	18	118	10	153	1,003
State Bank of Bikaner & Jaipur	Equity	185	185	100	97,495	97,495
					146,282	260,539

Aggregate market value of quoted investments Rs. 609,922/- (31.12.2003 – Rs. 508,006/-).

Aggregate amount of unquoted investments Rs. 3,467,305/- (31.12.2003 – Rs. 3,467,305/-).

During the year, shares of the following Companies were purchased and sold.

Name of Companies	No. of Shares	Cost (Rs.)
Khoobsurat Ltd.	18,200	564,075
TISCO (bonus issue)	51	—
		564,075



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
SCHEDULE : 6 – CURRENT ASSETS, LOANS & ADVANCES		
(a) Inventories		
Stores & Spare Parts	30,049,540	30,614,137
Stock of Teas (including Rs. 2,038,739/- in transit)	166,008,330	122,043,197
	<u>196,057,870</u>	<u>152,657,334</u>
(b) Sundry Debtors		
Unsecured - Considered Good		
Debts Outstanding for a period exceeding six months	293,485,715	174,928,660
Other Debts :	332,859,126	316,791,521
	<u>626,344,841</u>	<u>491,720,181</u>
(c) Cash & Bank Balances		
Cash and cheques in hand	641,263	939,446
Remittance in Transit	5,620,000	—
With Scheduled Banks :		
On Escrow Account	158,859	158,859
On Current Account	4,890,368	6,149,617
Margin Money Deposit	16,211,569	11,023,287
On Unpaid Dividend Account	471,563	737,806
	<u>27,993,622</u>	<u>19,009,015</u>
(d) Loans & Advances		
[Unsecured and considered good unless otherwise stated]		
Advances and loans to subsidiaries	21,776,281	24,811,264
Advances recoverable in cash or in kind or for value to be received*	227,208,953	170,366,107
Deposit With National Bank for Agricultural and Rural Development	250,000	250,000
Deposit with Customs, Port Trust etc.	15,820	15,820
	<u>249,251,054</u>	<u>195,443,191</u>

* includes amount receivable from private companies in which a Director of the Company is a Director Rs.1,142,467/- (31.12.2003 – Rs.1,142,467/-).



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
SCHEDULE : 7 – CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Acceptances	44,049,950	24,894,075
Sundry Creditors		
Small Scale Industrial Undertakings	—	—
Others	393,742,658	298,396,796
Amounts due to subsidiaries	2,484,871	1,351,898
Unclaimed Dividend	471,563	737,806
Unclaimed Matured Deposits	27,000	116,000
	<u>440,776,042*</u>	<u>325,496,575</u>

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund

(b) Provisions

Taxation less Advance Payments	8,953,197	53,926,846
	<u>8,953,197</u>	<u>53,926,846</u>

	Year ended 31st December, 2004 (Rupees)	9 months ended 31st December, 2003 (Rupees)
SCHEDULE : 8 – OTHER INCOME		
Replanting Subsidy	—	218,244
Sale of Tea Waste	1,801,972	879,761
Profit/(Loss) on Share trading	40,086,038	—
Miscellaneous Receipts	14,984,799	3,912,046
Income from Investments other than trade	27,601	26,172
Gain/(Loss) on Exchange (net)	4,847,685	(2,614,727)
Profit on Sale of investments (net)	173,740	—
Profit on discard/ sale of Fixed Assets (net)	1,334,597	69,191
Liabilities no longer required written back	—	744,628
Premium on Sale of DEPB. Licence	—	10,484,048
Provision for diminution in value of investments written back	1,329,934	—
	<u>64,586,366</u>	<u>13,719,363</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

	Year ended 31st December, 2004 (Rupees)	9 months ended 31st December, 2003 (Rupees)
SCHEDULE : 9 – EXPENSES		
Garden Cultivation Costs	56,474,711	73,568,395
Plucking and Manufacturing Expenses	161,740,839	173,411,458
Purchases of Tea	967,414	985,204
Power and Fuel	131,531,984	115,736,183
Establishment Charges (including Bonus)	180,518,362	120,273,516
Directors' Remuneration (Salary)	1,860,000	1,395,000
Directors' Fees	48,000	36,000
Contribution to Provident, Superannuation and Gratuity Funds	66,413,212	60,314,505
Workmen and Staff Welfare Expenses	87,286,567	53,555,912
Concession on Foodgrains	47,545,161	37,019,982
Repairs to Buildings	12,102,549	13,370,024
Repairs to Plant & Machinery	18,255,299	13,207,857
Upkeep of Roads & Bridges	1,168,741	1,098,491
Garden Transport	27,224,761	21,659,671
Insurance	2,332,670	1,674,041
Rent, Rates & Taxes	5,624,247	3,753,983
Office Maintenance	2,796,300	2,719,322
Bank Charges	10,377,776	14,648,826
General Charges	37,900,727	23,529,651
Freight, Warehouse & Sale Charges	67,348,435	53,601,722
Agency Commission	26,361,349	27,428,999
Brokerage	4,847,272	3,670,223
Cess on Green Leaf	20,452,803	20,659,100
Cess on Tea	4,393,713	4,677,708
Sundry Balances written off (Net)	98,308,26	—
Loss on Sale of Investments	—	690,053
	985,403,718	842,685,826

SCHEDULE : 10 – (INCREASE)/DECREASE IN STOCK

	Unit	31st December, 2004		31st December, 2003	
		Quantity	Rupees	Quantity	Rupees
Stock as at 31st December, 2003					
Tea	KGs.	2,185,613	122,043,197	952,825	60,370,816
Stock as at 31st December, 2004					
Tea	KGs.	3,056,769	166,008,330	2,185,613	122,043,197
(Increase)/Decrease			(43,965,133)		(61,672,381)



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS

Notes forming part of the Accounts

1. [a] Convention

The financial statements are based on accrual system of accounting and in accordance with the accounting standards specified under subsection (3C) of section 211 of the Companies Act, 1956. A summary of important accounting policies is set out below which have been applied consistently. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 1956.

[b] Basis of Accounting

The Financial Statements are prepared under the historical cost convention, modified by revaluation of certain Fixed Assets as detailed below.

[c] Fixed Assets

In respect of revalued assets the appreciation in value of assets over its book value are credited to the Revaluation Reserve. Other assets are stated at their cost of acquisition including appropriate incidental Cost of Young Tea Plantation is capitalised.

The assets acquired on hire purchase for which ownership will vest at a future date are capitalised at the fair value of the Leased Assets. Equated monthly payments are apportioned between the finance charge and repayment of principal amount.

[d] Depreciation

[i] Depreciation is provided on the Written Down Value method at the rates prescribed and in accordance with Schedule XIV to the Companies Act, 1956. In respect of revalued assets the incremental depreciation on account of revaluation is recouped from Revaluation Reserve. Land & Development and Leasehold Land are not depreciated.

[ii] Profit or Loss on disposal of Fixed Assets is recognised in the Profit & Loss Account.

[e] Investments

Long Term investments are stated at cost. Provision for loss on permanent fall in value of investments is made, wherever necessary.

[f] Inventories

Stock of Tea is stated at cost or estimated net realisable value whichever is lower. Cost of tea comprises expenditure incurred in the normal course of business in bringing such stocks to their location and includes appropriate overheads.

Stores & Spare parts are also stated at cost (weighted average cost). Obsolete, slow moving and defective stores are identified at the time of physical verification of stores and where necessary, provision is made for such stores.

[g] Foreign Currency Transaction

Transactions in foreign currencies are recorded in rupees by applying the rate of exchange ruling at the dates of transactions. Variation on settlement are recognised as gain or loss on exchange in the Profit and Loss Account.

Current asset and liability balances in foreign currency at the balance sheet date are restated at the year end exchange rates and the resultant fluctuation is recognised as exchange gain or loss made during the year. Transactions covered by forward contracts are accounted for by recognising the difference between the forward rate and the spot rate as income or expenditure over the period of the contract. Profit or loss on cancellation of forward contracts are recognised as an income or expense of the period in which such cancellation has taken place.

Exchange differences arising on account of purchase of fixed assets are adjusted to the carrying amount of such fixed assets.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS (*Contd.*)

[h] Sales

Sales represent the invoiced value of goods sold less sales tax.

[i] Income from investments

Income from investments is included together with the related tax credit in the Profit & Loss Account.

[j] Research and Development

All revenue expenditure on Research and Development is generally recognised in Profit & Loss Account except where there is a reasonable indication that such research and development cost to be incurred are likely to be more than covered by related future revenues and benefits. In such cases, such research and development costs are deferred to future periods.

[k] Superannuation and Pension

The Company operates contributory Superannuation and Pension schemes for eligible employees which are funded with Life Insurance Corporation of India (LIC) and a private insurance company based on actuarial valuation carried out by them.

[l] Gratuities and Leave encashments

The Company operates Gratuity Fund Schemes for its employees which are funded with a private insurance company under Group Gratuity Schemes. Annual contributions are made to the company, based on actuarial valuation carried out by them. Leave encashments payable to employees on their retirement have been ascertained by actuarial valuation and provided for in the accounts.

[m] Borrowing Costs

Borrowing costs if relatable to qualifying assets (i.e., assets that necessarily take a substantial period of time for its intended 'use or sale) are capitalised otherwise are charged to Profit & Loss Account.

[n] Taxes on Income

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws under the Income-tax Act, 1961.

Deferred tax is recognised subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2[a] All assets except Furniture as at 31st December, 1994 were revalued by an approved valuer at the then net replacement cost resulting in increase in value of these assets by Rs. 42,76,64,732/-. All assets except Furniture as at 31st December, 1996 have been revalued again by an approved valuer at net replacement cost resulting in a further increase in value of these assets by Rs. 11,35,67,000/-.

[b] A building acquired on amalgamation from erstwhile Metropolitan Abasan Limited was revalued on 30th August, 1998 by an approved valuer resulting in an increase in value of the building by Rs 90,15,200.

[c] The Government of Assam had taken possession of some undeveloped land under Assam Fixation of Ceiling of Land Holdings Act, 1956 and the Company has made representation to the Government for reclaiming the said land or equivalent for extension of planting activities

[d] Taking into account the total intrinsic value of the Company's land in Assam, no adjustment in the opinion of the management is required for the loss on land lost due to flood and consequent erosion in past years. Claim for compensation in this regard has been made to Assam Government.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 16,08,196/- (net of advance Rs 1,33,91,804), [31.12.2003-Rs.16,08,196 (net of 'advance Rs 1,33,91,804)].



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS (Contd.)

4. Contingent Liabilities not provided for:

- [a] Income Tax assessments disputed in appeals Rs.93,91,163/- (31.12.2003 - Rs.82,38,438). If the appeals for disputed amounts are upheld in favour of tax authorities, there will be a concomitant liability in respect of Agricultural Income Tax and Sur Tax.
- [b] Sales tax assessments disputed in appeals Rs.13,95,42,183 (31.12.2003 - Rs.Nil)
- [c] Export Bills discounted with Banks Rs. Nil (31.12.2003 - Rs.24,771,258)
- [d] Guarantees given on behalf of third parties Rs.15,11,00,000 (31.12.2003 - Rs.15,11,00,000)

5. Provision for taxation for the Company's financial year ended 31st December, 2004 has been determined based on results for the three months ended 31st March 2004(Assessment Year 2004-05) and for nine months ended 31st December, 2004 (Assessment Year 2005-06). The ultimate liability for the Assessment Year 2005-06, however, will be determined on the total income for the company for the period from 1st April, 2004 to 31st March, 2005.

6. Breakup of Interest Charge:-	31.12.2004	31.12.2003
	Rupees	Rupees
On Fixed Loan*	148,133,835	106,590,439
Others	47,464,964	39,828,672
	A	146,419,111
Less Interest Subsidy Received	30,840,201	—
Interest Income (Tax deducted at source Rs.1,90,610 (31.12.2003 – Rs.Nil)	1,687,256	1,773,443
	B	1,773,443
Total Interest Charge (net)	A-B	144,645,668

* includes interest on debentures Rs. 2,18,09,589/- (31.12.2003 – Rs. 1,90,89,000)

7. Amount paid / payable to the Auditors included under general charges:	31.12.2004	31.12.2003
	Rupees	Rupees
[a] Fees as Auditors	1,300,000	1,300,000
[b] For other services	804,000	1,014,300
[c] Reimbursement of expenses	45,647	—
Expenditure includes in aggregate :		
Salaries, Wages and Bonus	526,824,418	402,110,656
Stores & Spare Parts consumed	176,569,007	138,479,331

8. Director's Remuneration

[a] Remuneration paid/payable during the year to the Wholetime Directors includes		
i) Salary	1,860,000	1,395,000
ii) Allowances and estimated benefits in kind	2,258,371	1,071,714
iii) Contribution to Provident, Superannuation and Gratuity Funds	484,560	355,995
	4,602,931	2,822,709

[b] The Directors have waived their commission, if any, for the year.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS *(Contd.)*

	31.12.2004		31.12.2003	
9. (1) Licensed Capacity	Not Applicable		Not Applicable	
(2) Installed Capacity	Not Ascertainable		Not Ascertainable	
	KGs.		KGs.	
(3) Total Tea Produced	14389119		14345157	
(4) Total saleable Tea	14050115		13918960	
(5) Green Leaf Consumed	63054909		63650776	
	31.12.2004		31.12.2003	
	Quantity	(Rupees)	Quantity	(Rupees)
	Kgs		Kgs	
(6) Details of Purchase				
a) Tea	10873	967413	18592	985204
b) Green Leaf	17300	237010	171296	1314830
		<u>1,204,423</u>		<u>2300034</u>
(7) Details of Sale				
a) Tea	13166999	1126302991	12704764	988331212
b) Green Leaf	447859	4501834	—	—
		<u>1130804825</u>		<u>988331212</u>
(8) Stores and Spare parts consumed	%	Rupees	%	Rupees
Indigenous	100	176569007	100	138,479,331
Imported	—	—	—	—
	<u>100</u>	<u>176,569,007</u>	<u>100</u>	<u>138,479,331</u>

* The value of green leaf produced in the Company's own tea estates is not ascertainable.

10. Assets acquired under Hire Purchase (HP) comprise of vehicles. These agreements are for a period of 36 months and provide for revision of hire charges for variation in prime lending rates of the Bank. There are no restrictive covenants in the Hire Purchase agreements.

The minimum rentals as at 31st December, 2004 and the present value as at 31st December, 2004 of minimum rentals in respect of assets acquired under Hire Purchase are as follows :

Particulars	Minimum Hire Purchase Payments	Finance Charges	Present value of Minimum Hire Purchase payments
Payable not later than 1 year	968,580	134,129	834,451
Payable later than 1 year but not later than 5 year	1,452,697	89,361	1,363,336
Total	2,421,277	223,490	2,197,787



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS *(Contd.)*

	31.12.2004 Rupees	31.12.2003 Rupees
11. Expenditure in foreign Currency		
Commission	26361349	27428999
Travelling Expenses etc.	76829	2337114
12. Earnings in Foreign Exchange		
Export Sale on F.O.B. Basis	299990923	285180764
13. Related Party Disclosure		

i) Names of related parties and description of relationship

a) Subsidiaries of the Company

Namburnadi Tea Company Ltd
 Camellia Cha Bar Ltd
 North-East Hydrocarbon Ltd
 Assam Oil & Natural Gas Ltd.
 (formerly Assam Agro Hi-tech Ltd.)

b) Key management Personnel

Mr A.K.Jajodia, Sr Managing Director
 Mr.K.N.Nowrojee, Director Estates

c) Relatives of key management personnel
 Shalini Jalan

d) Enterprises over which the key management personnel are able to exercise a significant influence

Promorale Management Services (P) Ltd.
 Karta of H.U.F. - A.K.Jajodia & Sons

ii) Transactions with related parties

Rupees

Nature of Transaction	Subsidiaries	Persons referred to in b & c above	Total
Purchase of Green Leaves	237010	—	237010
	(—)	(—)	—
Purchase of tea	722,753	—	722,753
	(953,704)	(—)	(953,704)
Purchase of fixed assets	990,773	—	990,773
	(—)	(—)	—
Sale of Investments	—	—	—
	(156,550)	(—)	(156,550)
Remuneration paid	—	4,602,931	4,602,931
	(—)	(2,822,709)	(2,822,709)
Advances received against sale of property	—	7,000,000	7,000,000
	(—)	(—)	—

SCHEDULES FORMING PART OF THE ACCOUNTS**SCHEDULE : 11 – NOTES ON ACCOUNTS (Contd.)**

Rupees

Nature of Transaction	Subsidiaries	Persons referred to in (b) above	Total
Guarantees given	122,500,000 (122,500,000)	— (—)	122,500,000 (122,500,000)
Outstandings on account of :			
Receivables	21,776,281 (24,811,264)	— (—)	21,776,281 (24,811,264)
Payables	2,484,871 (1,351,898)	3,500,000 (—)	5,984,871 (1,351,898)
Investments	2,123,081 (2,123,081)	— (-)	2,123,081 (2,123,081)
Provision for diminution in value of investments	1,895,920 (1,895,920)	— —	1,895,920 (1,895,920)

Notes :

- i) The management certifies that there have been no payments, other than those disclosed above, to key management personnel and/or their relatives.
- ii) Movement in loans and advances not disclosed in view of voluminous nature of transactions.
- iii) Figures in brackets relate to previous period.

14. The company has received summons under section 19(3) of Recovery of Debts Due to Banks and Financial Institutions Act, 1993 from the Debt Recovery Tribunal (DRT), Kolkata for recovery of debentures issued to Unit Trust of India (UTI) and interest thereon aggregating to Rs. 16,80,17,696 as on 26th June, 2003 . DRT vide its final order dated 14.10.2004 decided that it does not have jurisdictional power to decide on the matter.

UTI subsequently has moved to Debt Recovery Appellate Tribunal (DRAT) against the said order and the matter is currently sub-judice.

The Company is negotiating with UTI for a onetime settlement outside the Court for which necessary approval is expected shortly.

15. The term loans from IDBI have been restructured by the lender vide its letter dated 21st November, 2003 subject to certain conditions. Although the company has agreed to such restructuring of its debts, it however has written to IDBI to allow waiver of the conditions and expects a favourable response in all these matters.

16. Total debtors include Rs. 19,88,51605/- which are more than six months old, which in the opinion of the management are good and recoverable.

17. The Company's contribution of Rs. 3,95,25,000 (GBP 6,00,000) towards a Joint Venture in U. K. which subsequently had failed was expected to be received back in 4 equal annual instalments commencing from 5th February, 2004.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS *(Contd.)*

Necessary approval from Reserve Bank of India in this regard have been obtained. Out of the total dues, Rs. 1,68,27,091 (GBP 2,01,521) has been received during the current year and Rs. 80,69,602 (GBP 98,410) subsequent to the year end.

18. Extraordinary item pertains to provision made during the year for shortfall in gratuity funds as ascertained by an

20. ~~actuary~~ Segment Report By Geographical Segments

Rupees

31.12.2004

19. Based on the principle of prudence, deferred tax assets have been recognised only to the extent of deferred tax

liability resulting into a net deferred tax position of Rs. Nil.	Domestic	Exports	Total Segments	Total Enterprise
Segment Revenue External Customers	830,813,902 703,150,448	299,990,923 285,180,764	1,130,804,825 988,331,212	1,130,804,825 988,331,212
Other income	1,801,972 1,098,005	4,752,178 10,764,896	6,554,150 11,862,901	6,554,150 11,862,901
Add: Inter Segment Revenue	— —	— —	— —	— —
Total Segment Revenue	832,615,874 704,248,453	304,743,101 295,945,660	1,137,358,975 1,000,194,113	1,137,358,975 1,000,194,113
Segment Result	112,528,348 112,399,929	67,530,133 100,874,824	180,058,481 213,274,753	180,058,481 213,274,753
Add: Unallocable Income	— —	— —	— —	69,045,179 4,471,189
Less: Unallocable expenses	— —	— —	— —	47,587,062 40,369,781
Less: Interest (net)	— —	— —	— —	163,071,342 144,645,668
Profit before Taxation and Extra Ordinary Item	— —	— —	— —	38,445,256 32,730,493
Provision for Taxation : Current year	— —	— —	— —	(41,910,215) 1,550,000
Deferred Tax	— —	— —	— —	(34,504,285) (1,176,619)
Profit after Tax and before Extra Ordinary Item	— —	— —	— —	114,859,756 32,357,112
Extra Ordinary Item	—	—	—	62,997,721
Profit after Tax and Extra Ordinary Item	—	—	—	51,862,035 32,357,112
Other Informations				
Segment Assets	91,941,929 86,088,820	534,402,912 405,631,361	626,344,841 491,720,181	626,344,841 491,720,181
Unallocated assets	— —	— —	— —	3,743,591,377 3,588,433,101
Total Assets	—	—	—	4,369,936,218 4,080,153,282
Segment Liabilities	—	—	—	—

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

27. Segment Report By Geographical Segments

Rupees
31.12.2004

Particulars	Domestic	Exports	Total Segments	Total Enterprise
Segment Liabilities	—	—	—	—
Unallocated Liabilities	—	—	—	4,369,936,218
Total Liabilities	—	—	—	4,369,936,218
Capital Expenditure	—	—	—	4,080,153,282
Unallocated capital expenditure	—	—	—	123,601,533
Total Capital expenditure	—	—	—	123,601,533
Depreciation	—	—	—	30,202,047
Unallocated depreciation	—	—	—	40,183,293
Total depreciation	—	—	—	40,183,293
	—	—	—	33,626,738

Notes :

1. The Company is engaged in the cultivation & manufacture of black tea and accordingly there are no business segments. The primary segment is geographical based on location of customers i.e domestic sales and export sales.
2. The segment-wise revenue, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments. The segmentwise result include figures that are allocated to the respective segments in the ratio of domestic and export sales apart from figures that are directly attributable to each of the segments.
3. Fixed assets used in the Company's business or liabilities have not been identified to any of the reportable geographical segments as the fixed assets are common for production of both domestic and exported tea. Accordingly depreciation and capital expenditure also could not be allocated between the reported geographical segments.
4. Previous period's figures are in normal fonts as against current period figures which are given in bold fonts.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS *(Contd.)*

21. Excess provision for taxation in respect of earlier years written back is net off current tax provision computed as per the provisions of Section 115JB of the Income Tax Act amounting to Rs.33,65,451.
22. The Company during the year has incurred extensive expenditure for development of its tea estates. In the opinion of management the corresponding benefits of these developmental activities will accrue to the Company over a long period of time in the form of increased yield and improved quality of tea. Accordingly, these expenditure totalling to Rs. 7,13,14,906 have been capitalised under Land & Development in the Fixed Assets schedule.
23. Figures for the current year comprise of twelve months as against the previous financial year of nine months and as such are not comparable.

24. Previous year's figures have been regrouped/rearranged wherever necessary.

25. **Basic and Diluted Earnings Per Share**

		31.12.2004	31.12.2003
		Rupees	Rupees
Profit after tax and extra ordinary item	(A)	51,862,035	32,357,112
Number of Equity Shares	(B)	22,361,526	22,361,526
Basic and Diluted Earnings Per Share	(A) / (B)	On behalf of the Board of Directors	

A. K. Jajodia – Managing Director & CEO

K. N. Nowrojee, Director -Estates

Vinod B. Tibrewala

Santosh Bhagat

Pintu Kr. Agarwalla

Directors

Kolkata,
Date : 5th September, 2005

S. K. Sarma
Company Secretary

Disclosure of Loans and Advances as per requirements of clause 32 of the Listing Agreement with the Stock Exchanges in India.

(In Rupees)

	Amount outstanding at the year end	Maximum amount outstanding during the year	Amount outstanding at the year beginning	Maximum outstanding during last year	Investment by Parent Company
	31.12.2004	31.12.2004	31.12.2003	(9 months)	
Loans and advances in the nature of loans to Subsidiaries and Associates :					
Namburnadi Tea Company Ltd.	21776281	2995713	6513972	14834649	123076
Loans and advances in the nature of loans and loanee has invested in :					
a) Shares of Parent Company	Nil	Nil	Nil	Nil	
b) Shares of Subsidiary (including sub/fellow subsidiary)	Nil	Nil	Nil	Nil	



BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I Registration Details :

Registration No. :

0	0	1	6	8	5
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 State Code :

0	2
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 (Refer Code List 1)
 Balance Sheet Date :

3	1	1	2	2	0	0	4
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Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	Right Issue																		
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						N	I	L											
						N	I	L											
Bonus Issue	Private Placement																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L											
						N	I	L											

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

	Total Liabilities		Total Assets																		
	<table border="1" style="width: 100%;"><tr><td> </td><td>4</td><td>3</td><td>6</td><td>9</td><td>9</td><td>3</td><td>6</td></tr></table>		4	3	6	9	9	3	6		<table border="1" style="width: 100%;"><tr><td> </td><td>4</td><td>3</td><td>6</td><td>9</td><td>9</td><td>3</td><td>6</td></tr></table>		4	3	6	9	9	3	6		
	4	3	6	9	9	3	6														
	4	3	6	9	9	3	6														
Sources of Funds	Paid-up Capital		Reserves and Surplus																		
	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>2</td><td>2</td><td>4</td><td>4</td><td>8</td><td>9</td></tr></table>			2	2	4	4	8	9		<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>9</td><td>3</td><td>2</td><td>4</td><td>7</td><td>9</td></tr></table>			1	9	3	2	4	7	9	
		2	2	4	4	8	9														
		1	9	3	2	4	7	9													
	Secured Loans		Unsecured Loans																		
	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>7</td><td>4</td><td>3</td><td>2</td><td>3</td><td>9</td></tr></table>			1	7	4	3	2	3	9		<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>					2	0	0	0	0
		1	7	4	3	2	3	9													
				2	0	0	0	0													
Application of Funds	Net Fixed Assets		Investments																		
	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>3</td><td>2</td><td>6</td><td>7</td><td>1</td><td>1</td><td>8</td></tr></table>			3	2	6	7	1	1	8		<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td><td>1</td><td>7</td><td>1</td></tr></table>						3	1	7	1
		3	2	6	7	1	1	8													
					3	1	7	1													
	Net Current Assets		Miscellaneous Expenditure																		
	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>6</td><td>4</td><td>9</td><td>9</td><td>1</td><td>8</td></tr></table>				6	4	9	9	1	8		<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
			6	4	9	9	1	8													
						N	I	L													
	Accumulated Losses																				
	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L											
						N	I	L													

IV. Performance of Company (Amount in Rs. Thousand)

	Turnover		Total Expenditure																																							
	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>1</td><td>8</td><td>3</td><td>1</td><td>3</td><td>8</td></tr></table>			1	1	8	3	1	3	8		<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>1</td><td>4</td><td>4</td><td>6</td><td>9</td><td>3</td></tr></table>			1	1	4	4	6	9	3																					
		1	1	8	3	1	3	8																																		
		1	1	4	4	6	9	3																																		
+ -	Profit/(Loss) Before Tax	+ -	Profit/Loss After Tax																																							
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>8</td><td>4</td><td>5</td><td>5</td></tr></table>					3	8	4	5	5	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>1</td><td>4</td><td>8</td><td>6</td><td>0</td></tr></table>					1	1	4	8	6	0	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
				3	8	4	5	5																																		
				1	1	4	8	6	0																																	
	Earnings per Share (in Rs.)		Dividend																																							
	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>.</td><td>3</td><td>2</td></tr></table>					2	.	3	2		<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> %																															
				2	.	3	2																																			

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

Item Code No. (ITC Code)	<table border="1" style="width: 100%;"><tr><td>0</td><td>9</td><td>0</td><td>2</td><td>4</td><td>0</td><td>.</td><td>0</td><td>2</td><td>-</td><td>0</td><td>3</td></tr></table>	0	9	0	2	4	0	.	0	2	-	0	3
0	9	0	2	4	0	.	0	2	-	0	3		
Product Description	<table border="1" style="width: 100%;"><tr><td>B</td><td>U</td><td>L</td><td>K</td><td> </td><td> </td><td>T</td><td>E</td><td>A</td><td> </td><td> </td><td> </td></tr></table>	B	U	L	K			T	E	A			
B	U	L	K			T	E	A					
Item Code No. (ITC Code)	<table border="1" style="width: 100%;"><tr><td>0</td><td>9</td><td>0</td><td>2</td><td>3</td><td>0</td><td>.</td><td>0</td><td>2</td><td> </td><td> </td><td> </td></tr></table>	0	9	0	2	3	0	.	0	2			
0	9	0	2	3	0	.	0	2					
Product Description	<table border="1" style="width: 100%;"><tr><td>P</td><td>A</td><td>C</td><td>K</td><td>E</td><td>T</td><td> </td><td>T</td><td>E</td><td>A</td><td> </td><td> </td></tr></table>	P	A	C	K	E	T		T	E	A		
P	A	C	K	E	T		T	E	A				
Item Code No. (ITC Code)	<table border="1" style="width: 100%;"><tr><td>0</td><td>9</td><td>0</td><td>2</td><td>4</td><td>0</td><td>.</td><td>0</td><td>4</td><td> </td><td> </td><td> </td></tr></table>	0	9	0	2	4	0	.	0	4			
0	9	0	2	4	0	.	0	4					
Product Description	<table border="1" style="width: 100%;"><tr><td>T</td><td>E</td><td>A</td><td> </td><td>B</td><td>A</td><td>G</td><td>S</td><td> </td><td> </td><td> </td><td> </td></tr></table>	T	E	A		B	A	G	S				
T	E	A		B	A	G	S						

On behalf of the Board of Directors

A. K. Jajodia – *Managing Director & CEO*

K. N. Nowrojee, *Director -Estates*

Vinod B. Tibrewala

Santosh Bhagat

Pintu Kr. Agarwalla

Directors

Place : Kolkata,
Date : 5th September, 2005

S. K. Sarma
Company Secretary



NAMBURNADI TEA COMPANY LIMITED



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Twenty Eighth Annual Report together with the Profit & Loss Account for the year ended 31st December, 2004 and Balance Sheet as at that date and Schedules and Notes forming part thereof.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	For year ended 31.12.2004	For year ended 31.12.2003
Sales & Other Income	200.20	300.31
Profit before Interest, Depreciation and Taxation	65.83	73.08
Less : Interest	31.82	9.64
Depreciation (Net of Revaluation Reserves Credit)	8.68	7.41
Profit after Interest & Depreciation	25.33	56.03
Less : Prior period expenses	—	22.58
	25.33	33.45
Provision for Taxation for earlier year	0.67	0.72
Add : Income related to previous year	0.02	—
Provision for Taxation	—	0.32
Balance brought forward	119.17	86.76
Balance carried to Balance Sheet	143.85	119.17

DIVIDEND

In order to conserve resources for future plans, your Board has not recommended any dividend.

PERFORMANCE

During the year under review, the Company produced 417457 Kgs. of tea as against 477591 Kgs of tea during the previous year. Although there has been an all round improvement in the working of the Company, there has been a fall in production during the year under review due to unfavourable weather conditions.

PROSPECTS

The various measures initiated by the Company for cost reduction, rationalization in working of the tea estate and effective marketing both in the domestic as well as in the international market, have started bearing fruit and it is hoped, barring unforeseen circumstances, the results for the current year should be good.

During the year under review 21.5 hectares (approx.) of extension area of land was planted which together with extension planting already done makes the total area planted to 71.5. hectares (approx.) It is expected that the extended area will start contributing crops from current year onwards. With the additional capital expenditure incurred during the year under review, the Factory capacity for CTC and Orthodox tea has increased which is expected to contribute to the better working results of the Company.

SOCIAL OBLIGATION

In spite of difficult financial condition of the Tea Industry in general, the Company has been maintaining a high level of social welfare facilities at its Estate. The level of commitment to the well being of Estate workers and their families are and will remain a predominant factor in the operation of the Estate.

DIRECTORS

During the year under review, Mr. Santosh Bhagat resigned from the Board of Directors with effect from 24th July, 2004. Your Board wishes to place on record its appreciation of the valuable services rendered by Mr. Santosh Bhagat during his tenure as a Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Shakti Khaitan and Mr. Suresh Chandra Verma, Directors,

retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed :

- that in preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent 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 or loss of the Company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Accounts have been prepared on a going concern basis.

COMPLIANCE CERTIFICATE

A certificate issued by a practicing Company Secretary in terms of the provisions of Section 383A of the Companies Act, 1956 to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

AUDITORS' REPORT

The observations of the Auditors in the Auditors' Report have been adequately explained in the Notes on Accounts and hence, do not call for further comments.

AUDITORS

The Company's Auditors M/s. U. C. Majumdar & Co., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In accordance with the requirement of the above Rules, the particulars in respect of conservation of energy, research and development, technology absorption and foreign exchange earnings and outgo have been given in Annexure 'A' forming part of this Report.

PARTICULARS OF EMPLOYEES

None of the employees fall under the disclosure requirement stated in Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Your Directors would like to place on record its deep appreciation of the co-operation extended by the employees at all levels.

ACKNOWLEDGEMENT

Your Directors wish to acknowledge the support received from the Central Govt., the Govt. of Assam, Banks, holding Company, shareholders, creditors and suppliers and look forward to their continued support in the future.

Registered Office :
"Namburnadi Tea Estate"
P.O. : Barpathar - 785 602
Dist. Karbi Anglong,
Assam

Place : Kolkata
Date : May, 30, 2005

By Order of the Board

Shakti Khaitan
A. C. Laha
Directors



NAMBURNADI TEA COMPANY LIMITED

ANNEXURE 'A' TO DIRECTORS' REPORT

Information u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st December, 2004.

FORM "A"

CONSERVATION OF ENERGY :

Energy Conservation Measures have resulted in savings in energy costs of the Company.

	For year ended 31.12.2004	For year ended 31.12.2003
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchase units (KWH)	2,68,346	2,86,636
Total Amount (Rs.)	16,84,037	17,26,450
Rate/Unit (Rs.)	6.27	6.02
b) Own Generation :		
Through Diesel Generator Unit (KWH)	1,26,535	1,52,497
Total quantity of Diesel Oil consumed in litres	52,679	60,260
Total value of above Diesel Oil consumed cost/unit	12,52,111	12,07,119
	9.89	7.91
2. Coal		
Quantity (in M.T.)	35.69	55.936
Total Cost (Rs.)	7,79,638	1,07,491
Average Rate (Rs.)	2.18	1.92
3. Furnace Oil		
Quantity (in litres)	Nil	1,24,723
Total Amount (Rs.)	—	23,23,977
Average Rate (Rs./ltr.)	—	18.63
4. Consumption per unit of production		
Product - Tea (kg)	4,17,457	4,77,591
Electricity (Rs.)	0.64	6.14
Furnace Oil (Rs.)	0.30	4.86
Coal (Kg)	0.80	0.22

FORM "B"

A. RESEARCH & DEVELOPMENT (R&D)

- Specific Areas in which R & D carried out by the Company
- Benefits derived as a result of the above R & D
- Future plan of action
- Expenditure on R & D.

The Company has become a member of Tocklai Research Association which carries out research on behalf of the Tea Estates.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief made towards technology absorption, improvement, adaptation and innovation.
- Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
- In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished :
 - Technology imported
 - Years of import
 - Has technology been fully absorbed
 - If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

Efforts are made to improve indigenous cost effective technology for productivity and quality improvement. Keeping coordination with Tea Research Institute, Tea Research Association Laboratories.

Product improvement and Tea Quality Improvement.

NOT APPLICABLE

COMPLIANCE CERTIFICATE

Registration No. 02-1412

Nominal Capital Rs. 25,00,000/-

The Members

Namburnadi Tea Co. Ltd.
Namburnadi Tea Estate, P.O. Barpathar - 785 602
Dist. Karbi Anglong, Assam

We have examined the registers, records, books and papers of Namburnadi Tea Co. Ltd. (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on 31st December, 2004. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid year :

- The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder or with Additional fees in case of delay.
- The Company is a public limited company and hence comments are not required.
- The Board of Directors duly met 6 times on 09.01.2004, 30.01.2004, 30.04.2004, 03.06.2004, 30.07.2004, and 29.10.2004 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company closed its Register of Members from 24.06.2004 to 30.06.2004 (both days inclusive) after complying with the provisions of the Act.
- The Annual General Meeting for the financial year ended on 31.12.2003 was held on 30.06.2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No extra ordinary general meeting was held during the financial year under review.
- The Company has not advanced any loan to its Directors and/or persons or firms or companies referred in Section 295 of the Act.
- There were no transactions or contracts entered into by the Company to which the provisions of Section 297 of the Act are applicable.
- No entries relating to Section 297 were required to be made in the Register maintained u/s 301 of the Act. However, entries relating to Section 299 have been made in the register as per Section 301(3) of the Act.
- As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the members or the Central Government.
- No duplicate share certificates were issued during the year under review.
- The Company :
 - has delivered all the certificates on lodgment thereof for transfer/transmission or any other period in accordance with the provisions of the Act.
 - has not declared any dividend during the year and hence no separate Bank Account was opened.
 - was not required to post dividend warrants as no dividend was declared during the year.
 - In respect of very old balances in Rights Issue Account and Dividend Account for which no records are available, the Company is taking steps to transfer the said amounts to the Central Govt.
 - has duly complied with the requirements of Section 217 of the Act.
- The Board of Directors of the Company is duly constituted and the appointments and re-appointments of directors have been duly made.

NAMBURNADI TEA COMPANY LIMITED



15. The re-appointment of Whole-time Director has been made in accordance with the provisions of Section 269 read with Schedule XIII to the Act.
16. No appointment of sole-selling agents was made during the year under review.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the year ended 31.12.2004.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not redeemed any preference shares/debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance any rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the year under review.
23. The Company has not accepted/invited any deposits under Sections 58A & 58AA of the Act during the year under review.
24. The amounts borrowed by the Company during the financial year were within the borrowing limits of the Company.
25. The Company has not made any loans or investments or given guarantee or provided security in connection with a loan to any body corporate during the year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to the authorised share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the year under scrutiny.
31. No prosecution has been initiated against or show cause notices received by the Company for any offence under the Act during the year and no fines and penalties or any other punishment has been imposed on the Company.
32. The Company has not received any amount as security from its employees during the year under certification.
33. The Company has deposited its provident fund dues with the appropriate authorities.

ANNEXURE 'A'

List of Registers maintained by the Company

1. Register of Charges u/s 143
2. Register of Members u/s 150
3. Index of Members u/s 150
4. Minutes Book of Board Meetings u/s 193
5. Minutes Book of General Meetings u/s 193
6. Books of Accounts u/s 209
7. Register of Contracts u/s 301
8. Register of Directors, Managing Directors etc u/s Section 303
9. Register of Directors' Shareholding u/s Section 307
10. Register of Loans and Investments u/s 372A
11. Share Transfer Register u/s 108
12. Register of Shareholders' Attendance
13. Register of Directors' Attendance
14. Register of Proxies

ANNEXURE 'B'

List of forms/returns filed by the Company during the year

Particulars	Filing Date	Whether filed within prescribed time?	If delay in filing, whether requisite addl. Fee paid.
Form 25C dated 01.12.2003	20.01.2004	Yes	NA
Forms 8 & 13 dated 12.03.2004	07.04.2004	Yes	NA
Compliance Certificate dated 31.12.03	27.07.2004	Yes	NA
Annual Accounts dated 31.12.03	27.07.2004	Yes	NA
Annual Return made dated 30.06.04	20.08.2004	Yes	NA
Form 32 dated 24.07.2004	20.08.2004	Yes	NA

Place : Kolkata
Date : 30th May, 2005

Pradip M. Domadia
Company Secretaries
CPNo. 3867

Place : Kolkata
Date : 30th May, 2005

Pradip M. Domadia
Company Secretaries
CPNo. 3867



NAMBURNADI TEA COMPANY LIMITED

AUDITORS' REPORT

to the Members of the Company

We have audited the attached Balance Sheet of Namburnadi Tea Company Limited, as at 31st December, 2004 and also the Profit & Loss Account for the year on that date annexed thereto. 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.

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

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit & Loss Account, together with the Notes thereon, and attached thereof, give in the prescribed manner, the information required by the Companies Act, 1956 (The Act), *subject to non determination and provision of Gratuity as required by Accounting Standard (AS 15) (Schedule O Note g) issued by the Institute of Chartered Accountants of India*, a true and fair view of the state of the Company's affairs as at 31st December, 2004 and its profit for the year ended on that date.

In our opinion, these accounts read with our comments above, have been prepared in compliance with the applicable Accounting Standards referred to in Section 211 (3C) of the Act, except AS 15 indicated above.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books.

Based on the representation made by all the Directors of the Company as on 31st December, 2004 and taken on record by the Board of Directors of the Company, the Directors of the Company did not *prima facie*, have any disqualification as referred to in Section 274(1)(g) of the Act.

Dated : May 30, 2005
Guwahati - 781 001

S. Bhowmick
Partner
For and on behalf of
U C MAJUMDAR & CO.
Chartered Accountants

ANNEXURE TO THE REPORT OF THE AUDITORS

(Referred to in paragraph 3 of our Report of even date)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature its assets. As informed to us, no material discrepancies were noticed on such verification.
2. The stock of finished goods, raw materials, stores and spares have been physically verified during the year by the management. The discrepancies between the physical stock and the book records, which have been properly dealt with in the books of account, were not significant. In our opinion, the valuation of stock of finished goods, stores and spares has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in earlier years.
3. The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
4. The Company has not granted any loans secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
5. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores including components, plant and machinery, and other assets.
6. The Company has not purchased goods and materials and sold goods, materials and services aggregating to Rs. 5,00,000 in value from/to any of the parties so listed in the Register maintained under Section 301 of the Act.
7. The Company has not accepted any deposit from the public.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
9. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs, duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

NAMBURNADI TEA COMPANY LIMITED



13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In respect of dealing/trading in securities, in our opinion and according to the information and explanations given to us proper records have been maintained of the transactions and contracts and timely entries have been made therein. The securities have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for Loans taken by others from bank or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

BALANCE SHEET AS AT 31ST DECEMBER, 2004

	Schedule	31st December 2004 Rs.	31st December 2003 Rs.
I. SOURCES OF FUNDS			
Shareholders' Funds :			
a) Share Capital	A	1,323,750.00	1,323,750
b) Reserves & Surplus	B	132,219,710.76	129,847,603
Loan Funds			
a) Secured Loan	C	28,010,411.49	16,672,201
b) Unsecured Loan	D	21,775,511.73	13,798,574
		183,329,383.98	161,642,128
II. APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	E	193,945,011.29	172,753,543
b) Less : Depreciation		14,349,084.48	13,385,459
Add : Work in Progress		1,105,000.00	—
c) Net Block		180,700,926.81	159,368,084
Current Assets, Loans & Advances			
a) Inventories	F	9,307,166.41	3,415,320
b) Sundry Debtors	G	324,293.05	2,739,218
c) Cash & Bank Balances	H	160,227.35	507,578
d) Loans & Advances	I	2,282,059.73	3,433,113
		12,073,746.54	10,095,229
Less : Current Liabilities & Provisions			
a) Liabilities	J	9,281,289.37	7,657,185
b) Provisions	K	164,000.00	164,000
		9,445,289.37	7,821,185
Net Current Assets		2,628,457.17	2,274,044
Deferred Tax Assets		—	—
		183,329,383.98	161,642,128
Accounting Policies & Notes on Accounts O			

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

S. Bhowmick
Partner
For and on behalf of
U C MAJUMDAR & CO.
Chartered Accountants
Guwahati - 781 001
Dated : May 30, 2005

On behalf of the Board of Directors
Shakti Khaitan
A. C. Laha
Directors

S. Bhowmick
Partner
For and on behalf of
U C MAJUMDAR & CO.
Chartered Accountants

Dated : May 30, 2005
Guwahati - 781 001



NAMBURNADI TEA COMPANY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2004

Schedule	31st December 2004 Rs.	31st December 2003 Rs.
Income		
Sale of Tea	19,782,668.00	29,138,104
Sales of Greenleaf	237,010.00	90,551
Other Income	L —	802,831
	<u>20,019,678.00</u>	<u>30,031,486</u>
Outgoings		
Cultivation, Manufacturing and Other Expenses	M 19,121,116.91	19,319,921
(Increase)/Decrease in Stock of Tea	N -5,684,658.36	3,401,447
Interest	3,182,455.50	964,918
Depreciation	963,625.87	—
Less : Transfer from Revaluation Reserve	95,580.00	868,045.87
	<u>17,486,959.92</u>	<u>24,427,860</u>
Profit for the year	2,532,718.08	5,603,626
Prior period expenses—Gratuity	—	2,258,839
Add : Income related to previous year	1,880.00	—
	<u>2,534,598.08</u>	<u>3,344,787</u>
Provision for Taxation	—	32,000
Tax for earlier year	66,910.00	71,653
Balance per last account	11,917,107.36	8,675,973
Balance carried to Balance Sheet	14,384,795.44	11,917,107
Earning per share-Basic	18.64	24.48

The Schedules referred to above form an integral part of the Profit & Loss Account.
This is the Profit & Loss Account referred to in our Report of even date.

S. Bhowmick
Partner
For and on behalf of
U C MAJUMDAR & CO.
Chartered Accountants
Dated : May 30, 2005
Guwahati - 781 001

On behalf of the Board of Directors

Shakti Khaitan
A. C. Laha
Directors

SCHEDULES FORMING PART OF ACCOUNTS

	31st December 2004 Rs.	31st December 2003 Rs.
A. Share Capital		
Authorised		
250000 Equity Shares of Rs. 10/- each	2,500,000.00	2,500,000
Issued & Subscribed		
1,32,375 Equity Shares of Rs. 10/- each called and paid up in full (Of the above, 44,775 Shares were issued as fully paid Bonus Shares by capitalisation of General Reserve) [Out of the above shares, 123076 (123076 in previous year) are held by holding company Assam Company Limited.]	1,323,750.00	1,323,750
B. Reserves & Surplus		
Capital Reserve	43,370,034.31	43,370,034
Revaluation Reserve	74,560,461.01	—
Less : Transfer during the year	(95,580.00)	74,560,461
Profit & Loss A/c	14,384,795.44	11,917,108
	<u>132,219,710.76</u>	<u>129,847,603</u>
C. Secured Loan		
From a Bank against hypothecation of Tea crop, sale proceeds thereof and also by way of equitable mortgage by deposit of Title Deeds pertaining to the Company's Tea Estate Punjab National Bank – Cash Credit account Term Loan	18,288,125.49	14,447,892
	<u>9,722,286</u>	<u>2,224,309</u>
	<u>28,010,411.49</u>	<u>16,672,201</u>
D. Unsecured Loan		
From Corporate Bodies	21,775,511.73	13,798,574
	<u>21,775,511.73</u>	<u>13,798,574</u>

E. Fixed Assets

SCHEDULE TO ACCOUNTS

Particulars	Cost to 1st, Jan, 2004 Rs.	Additions/sale Discarded Rs.	Cost to 31st December, 2004 Rs.	Depreciation to 31.12.2004 Rs.	Net Block as on 31st December, 2004 Rs.
Estate	150,087,013.75	15,162,336.18	165,249,349.93	—	165,249,349.93
Building	5,308,607.42	1,695,190.55	7,003,797.97	2,316,926.84	4,686,871.13
Machinery	15,397,510.99	2,692,819.40	18,090,330.39	10,444,372.56	7,645,957.83
Motor Vehicles	1,703,195.00	1,486,622.00	3,189,817.00	1,419,816.53	1,770,000.47
Furniture	257,216.00	154,500.00	411,716.00	167,968.55	243,747.45
	<u>172,753,543.16</u>	<u>21,191,468.13</u>	<u>193,945,011.29</u>	<u>14,349,084.48</u>	<u>179,595,926.81</u>
Prev. Year Rs.	152,166,441	20,587,102	172,753,543	13,385,459	159,368,084

	31st December 2004 Rs.	31st December 2003 Rs.	31st December 2004 Rs.	31st December 2003 Rs.
F. Inventories				
Stock of Tea, at cost or market value, whichever is lower	7,567,771.66	1,883,113	52,263.68	34,217
Stock of Stores, at cost, as certified	1,739,394.75	1,532,207	103,773.67	469,171
	<u>9,307,166.41</u>	<u>3,415,320</u>	1,295.00	1,295
			2,895.00	2,895
			<u>160,227.35</u>	<u>507,578</u>
G. Sundry Debtors (Unsecured, considered good)				
Debts Outstanding for a period exceeding six months	55,000.00	55,000.00		
Other Debts	269,293.05	2,684,218		
	<u>324,293.05</u>	<u>2,739,218</u>		
H. Cash & Bank Balances				
Cash in hand			52,263.68	34,217
With scheduled Banks on current account			103,773.67	469,171
Rights Issue account			1,295.00	1,295
Dividend account			2,895.00	2,895
			<u>160,227.35</u>	<u>507,578</u>
I. Loans & Advances (Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received			2,282,059.73	3,433,113

NAMBURNADI TEA COMPANY LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December 2004 Rs.	31st December 2003 Rs.
J. Liabilities		
Sundry Creditors & Liabilities	9,281,289.37	7,657,185
K. Provision		
Taxation	164,000.00	164,000
L. Other Income		
Refund of Excise Duty	—	796,308
Sundry Receipts	—	6,523
	—	802,831
M. Cultivation, Manufacturing and Other Expenses		
Cultivation	528,602.84	597,080
Plucking and Manufacturing Expenses	6,655,641.15	6,837,524
Fuel & Power	2,051,627.29	2,688,299
Brokerage	116,639.39	194,482
Repairs to Machinery	271,673.18	63,964
Repairs to Buildings, Roads & Bridges	334,162.53	79,439
Excise Duty & Tea Cess	1,165,332.43	603,987
Freight, Warehouse and Sales Charges	1,319,111.89	1,356,839
Rent, Rates & Taxes	44,888.00	100,191
Cess on Green Leaf	—	682,784
Gratuity	9,648.00	55,458
Insurance	57,170.00	67,113
Labour & Staff Welfare	1,226,408.36	1,018,793
Contribution to Provident and other Fund	692,151.71	549,437
Staff & Labour Bonus	625,000.00	438,330
Loss on Food Stuff	750,306.54	667,040
Miscellaneous Expenses	3,272,753.60	3,319,161
	19,121,116.91	19,319,921
N. Increase/Decrease in Stock		
Opening Stock	1,883,113.30	5,284,560
Closing Stock	7,567,771.66	1,883,113
	-5,684,658.36	3,401,447

O. Significant Accounting Policies

A. Accounting Policies

a) Basis of Accounting :

The Accounts are prepared on historical cost basis, adjusted by revaluation of Plant and Machinery, and as a going concern. Accounting Policies otherwise are consistent with the generally accepted accounting principles.

b) Revenue Recognition :

Income & Expenditure are accounted for on mercantile basis.

c) Contingent Liabilities :

Contingent liabilities are generally not provided for in the accounts and are separately shown under 'Notes on Accounts'.

d) Fixed Assets :

Estate, Building and Plant & Machineries were revalued during 1985 and Estate was further revalued during 2001 and the resultant surplus over their book value transferred to Revaluation Reserve. Other assets are valued at their cost of acquisition including appropriate incidental expense.

e) Depreciation :

i) On all assets acquired upto 31.3.91 at written down value method at rates specified in Schedule XIV of The Act.

ii) From 1.4.1991 depreciation on Building, Plant & Machinery and Motor Vehicles are being provided on straight line method at rates specified in Schedule XIV, of the Act, and in respect of other assets, is provided on

written down value method at rates specified in the said Schedule. Depreciation on revalued cost is adjusted against Revaluation Reserve.

f) Inventories :

Stock of Tea is Valued at Cost or Market Price whichever is lower. Stores & Spare parts are also stated at cost (weighted average cost). Obsolete, slow moving and defective stores identified at the time of physical verification of stores where material, necessary, provision is made for such stores.

g) Retirement Benefits :

Contribution to provident fund are being deposited with the authorities, and charged off to revenue. The accrued liability in respect of Gratuity and leave encashment has not been actuarially evaluated. However the same are accounted for in the accounts as and when paid.

h) Tax on Income :

Income tax expenses comprise current tax and deferred tax charge. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed at each Balance Sheet date to reassess realisability thereof.

B. Notes on Accounts :

1. Contingent Liabilities not provided for :

Demand from Provident Fund authorities on Food concession is disputed by the Company the amount of which is not ascertained.

2. Miscellaneous Expenses include Rs. 33,332/- (Previous year Rs. 29150/-) which includes Tax audit and Certification fees.

3. The deferred tax assets Rs. 45.47 lakhs (net of deferred tax liability) arising mainly due to accumulated Central Income Tax and Assam Agricultural Income Tax unabsorbed losses as at 31st March, 2004 have not been recognised in the absence of virtual certainty of taxable income in future years.

4. The tax year for the Company being the year ending 31st March, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2004 to 31st March, 2005.

5. Details of Production	31.12.2004	31.12.2003
a. Licensed Capacity	Not Applicable	Not Applicable
b. Installed Capacity	Not Applicable	Not Applicable
c. Actual Production	417457 Kg	477591 Kg
d. Green Leaf Plucked	1853926 Kg	2133698 Kg
e. Green Leaf Consumed* (100% Indigenous)	1836626 Kg	2120283 Kg
f. Green Leaf Sold	17300 Kg	13415 Kg

6. Details of Sales & Stock	Kgs.	Rs.	Kgs.	Rs.
a) Sales				
Tea	302190	19,782,668	551442	29,138,104
Green Leaf	17300	237,010	13415	90,551
b) Opening Stock				
Tea	56446	1,883,113	130297	5,284,560
c) Closing Stock				
Tea	171713	7,567,772	56446	1,883,113
7. Stores & Spares Consumed (100% indigenous)	7505352		9036776	
8. Previous year's figures have been rearranged/regrouped wherever necessary.				

On behalf of the Board of Directors

Shakti Khaitan
A.C. Laha
Directors

Place : Kolkata
Dated : May 30, 2005



NAMBURNADI TEA COMPANY LIMITED

9. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	1412	State Code :	02
Balance Sheet Date	31.12.2004		

II. Capital Raised during the year

(Amount in Rs. Thousand)

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

III. Position of Mobilisation and Deployment of Funds.

(Amount in Rs. Thousand)

Total Liabilities	192775	Total Assets	192775
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Sources of Funds

Paid up Capital	1324	Reserves & Surplus	132220
Secured Loan	28010	Unsecured Loans	21776

Application of Funds

Net Fixed Assets	180701	Investments	Nil
Net Current Assets	2629	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of Company

(Amount in Rs. Thousand)

Turnover	20020	Total Expenditure	17487
Profit before Tax	2533	Profit after Tax	2468
Earning per Share	18.64	Dividend	Nil

V. Generic Names of three Principal Products/Services of the Company

Item Code No.	090240.02
Product Description	BLACK TEA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2004

Particulars	31st December, 2004		31st December, 2003	
	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before Tax and Extraordinary items		2,532,718.00		3,344,787
Add : Item considered under Investing Activities				
Loss on Sale of Assets	—		—	
Depreciation	868,046		741,574	
Interest Expenses	3,182,456	4,050,502.00	964,919	1,706,493
Operating Profit before Working Capital		6,583,220.00		5,051,280
Changes adjustments for				
Trade and other receivables	3,565,977.00		-1,450,336	
Inventories	-5,891,846.00		3,417,108	
Trade Payables	1,624,104.00		3,492,795	
Unsecured Loan	7,976,938.00	7,275,173.00	-5,771,063	-311,496
Cash Generated from Operation		13,858,393.00		4,739,784
Interest Paid		-3,182,456.00		-964,919
Cash Flow before extraordinary Items		10,675,937.00		3,774,865
Tax for earlier year		66,910.00		-71,653
Income related to earlier year		1,880.00		—
Net Cash Flow from Operating Activities		10,610,907.00		3,703,212
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-22,296,468.00		-20,587,102	
Sale of Fixed Assets	—	-22,296,468.00	—	-20,587,102
Net Cash Used in Investing activities		-22,296,468.00		-20,587,102
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term/Short Term Bank Borrowings	11,338,210.00	11,338,210.00	16,672,201	16,672,201
Net Cash Used in Financing Activities		11,338,210.00		16,672,201
Net Increase in Cash and Cash Equivalents		-347,351.00		-211,688
Cash and cash Equivalent as at 01.01.04	507,578.00		719,266	
Cash and cash Equivalent as at 31.12.04	160,227.00	-347,351.00	507,578	-211,688

To
The Board of Directors
Namburnadi Tea Co. Ltd.

We have examined the above Cash Flow Statement of Namburnadi Tea Co. Ltd. for the year ended 31st December, 2004. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of Listing Agreement with Calcutta Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of Company.

On behalf of the Board of
Directors

Shakti Khaitan
A.C. Laha
Directors

Place : Kolkata
Dated : May 30, 2005

Dated : May 30, 2005
Place : Guwahati

S. Bhowmick
Partner
For and on behalf of
U C MAJUMDAR & CO.
Chartered Accountants



NORTH EAST HYDROCARBON LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Tenth report for the year ended 31st December, 2004 together with the Audited Accounts for the said period.

THE COMPANY

During the period under review the Company incurred loss of Rs. 23916/- against a loss of Rs. 6984/- incurred during the previous year which together with last year's carried forward loss of Rs. 131352/- makes the total loss to Rs. 155268/- which has been carried forward to the balance sheet.

FUTURE PROSPECT

Since there has not been much headway towards transfer of Oil & Gas Division of the principal Company, Assam Company Limited (ACL) the matter has since been dropped. The Company now proposes to engage itself in other avenues in this direction.

DIRECTORS

Mr. A. K. Jajodia, Director, retires by rotation and being eligible offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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 for the year ended 31st December, 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 period and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the year ended 31st December, 2004 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

The Company did not have any employee during the year under review.

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTOR) RULES, 1988.

Details regarding the above will be disclosed as and when such activities are undertaken.

AUDITORS

M/s. S. S. Kothari & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

On behalf of the Board

A. K. Jajodia
K. R. Bhagat
Directors

Place : Kolkata
Date : 30th May, 2005

AUDITORS' REPORT

TO THE MEMBERS OF NORTH EAST HYDROCARBON LIMITED

We have audited the attached Balance Sheet of M/s NORTH EAST HYDROCARBON LIMITED as at 31st December, 2004 and the Profit & Loss Account for the year ended that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standard 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 disclosure in the financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and other Companies (Auditors' report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give our comments in the Annexure on the matters specified in the order to the extent applicable to the Company.
2. Further to our comments in the Annexure report to above, we report that :
 - a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of the books.
 - c) In our opinion, profit and loss account and the Balance Sheet of the Company have complied with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - d) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - e) On the basis of written representation obtained from the Directors and taken on record by the Board, none of the Directors of the Company as on 31st December, 2004 are disqualified from appointment as Directors in terms of Section 274(1G) of the Companies Act, 1956.
3. In our opinion, and to the best of information and according to the explanations given to us, the said accounts together with the notes thereon, give the informations required by the Companies Act, 1956 in the manner so required and also give, a true and fair view;
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 2004.
 - ii) In the case of the Profit and Loss of the loss of the Company for the period 31st December, 2004.

India Steamship House
21 Old Court House Street
Kolkata
Date : 30th May, 2005

For S. S. KOTHARI & CO.
Chartered Accountants
A. Datta
(Partner)



NORTH EAST HYDROCARBON LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2004

	Schedule	As at		As at	
		31.12.2004	31.12.2003	31.12.2004	31.12.2003
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds :					
Share Capital	1	500,700		500,700	
Loan Funds					
Unsecured Loans from bodies corporate		701,877		17,240,200	
Total		1,202,577		17,740,900	
APPLICATION OF FUNDS					
Project Expenditure Pending Capitalisation	2			17,614,041	
FIXED ASSETS					
a) Gross Block	3	115,489			
b) Less : Depreciation		8,387			
c) Net Block			107,102		
Investment	4	1,650		1,650	
Current Assets, Loans and Advances					
a) Cash and Bank Balances	5	85,192		800	
b) Loans & Advances		1,091,914		—	
		1,177,106		800	
Less : Current Liabilities & Provisions	6				
Current Liabilities		243,167		13,870	
Net Current Assets			933,939		(13,070)
Miscellaneous Expenditure	7	4,618		6,927	
(to the extent not written off or adjusted)					
Profit & Loss Account balance			155,268		131,352
Total		1,202,577		17,740,900	
Notes	8				

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

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

For S. S. KOTHARI & CO.
Chartered Accountants

A. Datta
Partner

Kolkata
Date : 30th May, 2005

On behalf of the Board

A. K. Jajodia
K. R. Bhagat
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED

	31.12.2004	31.12.2003
	Rs.	Rs.
INCOME	—	—
EXPENDITURE		
Filing Fees	4,500	—
Auditors' Remuneration (Including Tax Audit)	8,720	4,320
Bank Charges	—	355
Depreciation	8,387	—
Preliminary Expenses written off	2,309	2,309
	23,916	6,984
Profit/(Loss) for the year	(23,916)	(6,984)
Balance brought forward from previous year	(131,352)	(124,368)
Profit & Loss Account Balance Carried forward	(155,268)	(131,352)
Earning per Share (Basic & Diluted)		
(face value of Rs. 10 per share)	(0.48)	(0.14)

Notes : Schedule "7"

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

For S. S. KOTHARI & CO.
Chartered Accountants

A. Datta
Partner

Kolkata
Date : 30th May, 2005

On behalf of the Board

A. K. Jajodia
K. R. Bhagat
Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at	As at
	31.12.2004	31.12.2003
	Rs.	Rs.

SCHEDULE – 1 SHARE CAPITAL

Authorised		
10,00,000 Equity Shares of Rs. 10/- each	10,00,000	10,00,000
Issued, Subscribed and Paid-up		
50070 Equity Shares of Rs. 10/- each fully paid up in cash (Equity shares are fully held by the Assam Company Ltd.)	500,700	500,700

SCHEDULE – 2

Project Expenditure Pending Capitalisation	—	17,614,041
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SCHEDULE – 3 FIXED ASSETS

Items	ORIGINAL COST			DEPRECIATION			W.D.V. AS ON 31.12.2004	W.D.V. AS ON 1.1.2004
	As on 1.1.04	Addition	As on 31.12.04	As on 1.1.04	for the year	As on 31.12.04		
Computers & Printers		35800	35800	—	8055	8055	27745	—
Office Premises		79689	79689	—	332	332	79357	—
Total		115489	115489	—	8,387	8,387	107102	—
Previous Year		—	—	—	—	—	—	—



NORTH EAST HYDROCARBON LIMITED

SCHEDULE-4 INVESTMENT-LONGTERM

UNQUOTED

10 Equity Shares of Rs. 10 each in Camela Cha Bar Ltd. (Formerly Lord Inchcape Tea Ltd.)	100	100
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QUOTED

100 Equity shares of Hindustan Oil Exploration @ 15.5 per share Market value Rs. 8475/- Quoted 84.75 per share	1,550	1,550
	<u>1,650</u>	<u>1,650</u>

SCHEDULE-5 CURRENT ASSETS, LOANS AND ADVANCES

Cash & Bank Balances		
Cash in Hand	24,364	—
Balance with Scheduled Banks on Current Accounts	60,828	800
	<u>85,192</u>	<u>800</u>

Loans & Advances (Unsecured-Considered good)

Loans to Body corporates	75,000	—
Advance Recoverable cash or in kind for value to be received (Including with current holding company Rs. 825577/-)	925,577	—
Prepaid expenses	31,338	—
Deposit Flat	60,000	—
	<u>1,091,915</u>	<u>—</u>

SCHEDULE-6 CURRENT LIABILITIES

Sundry Creditors for expenses	126,902	9,550
Book Overdraft	107,545	—
Liability for Audit fees and other services	8,720	4,320
	<u>243,167</u>	<u>13,870</u>

SCHEDULE-7 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Preliminary Expenditure	4,168	6,927
	<u>4,618</u>	<u>6,927</u>

SCHEDULE - 8 NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- The Financial Statements are based on accrual system of accounting and in accordance with the applicable accounting standards specified under sub section (3C) of section 211 of the Companies Act, 1956. The Financial statements are prepared under the historical cost convention.
- Fixed Assets are valued at their cost of acquisition including appropriate incidental expense.
- Depreciation is provided on the Written Down Value method at the rates prescribed and in accordance with Schedule XIV to the Companies Act, 1956.
- INVESTMENT**
Investment stated at cost
- Preliminary Expenses have been written off proportionately in the accounts over a period of 10 years.

2. Unsecured loan include Rs. 1,50,000/- from a director.

3. Auditors Remuneration

Audit fees	Rs. 4400/-	Previous year	Rs. 4320/-
------------	------------	---------------	------------

4. Related party discloser under accounting standard As 18

Related party Dr. K. K. Jajodia			
Transaction	During the year	Closing Balance	
	Rs.	Rs.	
Loan Taken	1,50,000/-	1,50,000/-	
Interest Paid	—	—	

5. In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has not accounted for deferred tax. The Company has significant amount of carried forward losses under Income Tax Act. However as a matter of prudence, deferred tax assets has not been recognised in view of uncertainty in

estimating future profits.

6. The Accounts of the Company have been drawn for the period from January 01, 2004 to December 31, 2004, previous year figures are not strictly comparable, which is for the period of nine months.

7. Figures have been regrouped and rearranged wherever applicable and figures shown after rounding off to nearest rupees.

Signatures to schedules 1 to 8

On behalf of the Board

A. K. Jajodia

K. R. Bhagat

Directors

Place : Kolkata

Date : The 30th day of May, 2005

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. Registration Details

Registration No. State Code :

Balance Sheet Date
Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
Total Assets

Sources of Funds

Paid up Capital
Reserves & Surplus

Secured Loans
Unsecured Loans

Application of Funds

Net Fixed Assets (Project exp.)
Investments

+ - Net Current Assets
Misc. Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover
Total Expenditure

+ - Profit/(Loss) Before Tax
+ - Profit/(Loss) After Tax

+ - Earning Per Share in Rs.
Divid'end (%)

V. Generic Names of three Principal Products/Services of the Company

(as per monetary terms)

Item Code No (ITC Code)N	<input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/>
Product Description	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
	<input type="text" value="N"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/>

On behalf of the Board

A. K. Jajodia

K. R. Bhagat

Directors

Place : Kolkata

Date : The 30th day of May, 2005



CAMELLIA CHA BAR LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Tenth Report for the year ended 31st December, 2004 together with the Audited Accounts for the said year.

THE COMPANY

During the period under review the Company incurred loss of Rs. 54216/- as against the loss of the previous year amounting to Rs. 89826/- which together with last year's carried forward loss of Rs. 135060/- makes the total loss to Rs. 189276/- which has been carried forward to the balance sheet. Recession in the industry is still on. Your Directors are very much keen to start new venture once the situation improves for which efforts are on.

DIRECTORS :

Since the last Annual General Meeting following changes have taken place on the Board of Directors of the Company :

- Mr. P. Ghosh and Mr. P. S. Goshal resigned from the Board of Directors of the Company effective from 16th December, 2004. Your Directors wish to place on record their appreciation of the valuable counsel etc., received from them during their respective tenure as Directors on the Board of the Company.
- At the Board Meeting held on December 16, 2004 Mr. Samir Bandyopadhyay and Mr. Nemani Phanindra Kumar (Mr. N. P. Kumar) were appointed as Additional Directors of the Company. In terms of Section 260 of the Companies Act, 1956 they will hold office only till the date of the forthcoming Annual General Meeting. Notices in writing have been received from Member(s) along with requisite fees under Section 257 of the Companies Act, 1956 signifying their intention to propose the appointment of Mr. Samir Bandyopadhyay and Mr. N. P. Kumar as Director(s) of the Company.

In accordance with the Articles of Association of the Company, Mr. S. K. Khaitan, Director retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts for the year ended 31st December, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Accounts have been prepared on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

The Company does not have any employee during the year under review.

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

The particulars of conservation of energy, technology absorption etc., are not applicable to the Company.

AUDITORS

M/s. Dhandhanian & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

On Behalf of the Board
S. K. Khaitan
S. Bandyopadhyay
Directors

Place : Kolkata
Date : 30 May, 2005

AUDITORS' REPORT

TO THE MEMBERS OF

CAMELIA CHA BAR LIMITED

- We have audited the attached Balance Sheet of Camelia Cha Bar Limited as at 31st December, 2004 and the Profit & Loss Account for the year ended on that date annexed thereto. 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.

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

- We report as under :

- 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.
- The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
- On the basis of written representations received from the Directors as on 31st December, 2004 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st December, 2004 from being appointed as a director in term of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- In our opinion, proper books of accounts, as required by the law have been kept by the Company so far as appears from our examination of these books.
- In our opinion, the Profit & Loss Account and the Balance Sheet of the Company have complied with the specified accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - In the case of Balance Sheet of the state of affairs of the Company as at 31st December 2004; and Prabhat Kumar Dhandhanian, FCA,
 - in the case of Profit & Loss Account of the Loss of the Company for the Year ended on that date.

Place : Kolkata
Date : The 30th day of May, 2005

For and on behalf of
Dhandhanian & Associates
Chartered Accountants

BALANCE SHEET AS AT 31ST DECEMBER, 2004

Schedules	As at		As at	
	Rs.	31.12.2004 Rs.	Rs.	31.12.2003 Rs.
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	1	500,700		500,700
Loan Funds				
Unsecured Loans from Bodies corporate		6,240		1,096,467
Total		506,940		1,597,167
APPLICATION OF FUNDS				
Fixed Assets	2	—		1,020,786
Current Assets, Loans and Advances				
Loans & Advances		324,485		438,274
Cash and Bank Balances	3	948		1,448
		325,433		439,722
Less : Current Liabilities & Provisions				
Sundry Creditors for expenses		12,590		7,080
Net Current Assets		312,843		432,642
Miscellaneous Expenditure (To the extent not written off or adjusted)				
Preliminary Expenses		4,821		8,680
Profit & Loss Account Balance		189,276		135,060
Total		506,940		1,597,167
Significant accounting policies & Notes on Accounts	4			

The Schedule referred to above form integral part of Balance Sheet.
As per our Report of even date attached

Prabhat Kumar Dhandhanian, FCA,
Partner
Membership No. 052613
For and on behalf of
Dhandhanian & Associates
Chartered Accountants
Place : Kolkata
Date : 30th day of May, 2005

On behalf of the Board
S. K. Khaitan
S. Bandyopadhyay
Directors

CAMELLIA CHA BAR LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2004

	Year ended 31.12.2004 Rs.	Period ended 31.12.2003 Rs.
INCOME		
Loss Carried down	54,216	89,826
	<u>54,216</u>	<u>89,826</u>
EXPENDITURE		
Audit Fees (including service tax)	5,510	3,240
Other Services	3,240	—
Fees Rates & Taxes	2,000	11,010
Preliminary Expenses written off	3,859	2,894
Depreciation	39,607	72,682
	<u>54,216</u>	<u>89,826</u>
Balance brought forward	1,35,060	45,234
Loss brought down	54,216	89,826
Balance Carried to Balance Sheet	<u>189,276</u>	<u>135,060</u>

Earning per Share (Basic & Diluted) (Face value Rs. 10/- each) (Refer Note 6 to Schedule 4) **(1.08)** (Rs. 1.79)

Significant accounting policies & Notes on Accounts : Schedule '4'

The Schedule referred to above form integral part of Profit & Loss Account As per our Report of even date attached

Prabhat Kumar Dhandhanian, FCA,
Partner

Membership No. 052613

For and on behalf of

Dhandhanian & Associates

Chartered Accountants

Place : Kolkata

Date : 30th day of May,

2005

On behalf of the Board

S. K. Khaitan

S. Bandyopadhyay

Directors

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31.12.2004 Rs.	As at 31.12.2003 Rs.
--	----------------------------	----------------------------

SCHEDULE – 1 SHARE CAPITAL

Authorised		
10,00,000 Equity Shares of Rs. 10/- each	10,00,000	10,00,000
Issued, Subscribed and Paid-up		
50070 Equity Shares of Rs. 10/- each fully Paid-up in cash	500,700	500,700

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

	As at 31.12.2004 Rs.	As at 31.12.2003 Rs.
--	----------------------------	----------------------------

SCHEDULE – 3 CASH & BANK BALANCES

Balance with Scheduled Bank on Current Account	948	1,448
	<u>948</u>	<u>1,448</u>

SCHEDULE – 4 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

- Significant Accounting Policies
 - The Financial Statements are based on accrual system of accounting and in accordance with the applicable accounting standards specified under sub section (3C) of Section 211 of the Companies Act, 1956. The Financial statements are prepared under the historical cost convention.
 - Depreciation is provided on the Written Down Value method at the rates prescribed and in accordance with Schedule XIV to the Companies Act, 1956.
 - Preliminary Expenses have been written off proportionately in the accounts over a period of 10 years.
- The Company has not charged any rent for Plant and Machinery given on hire to its holding company in consideration of finances arranged by the holding company for acquisition of Plant and Machinery.
- In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has not accounted for deferred tax. The Company has significant amount of carried forward losses under Income Tax Act. However, as a matter of prudence, deferred tax assets has not been recognised in view of uncertainty in estimating future profits.
- Out of the total paid up equity share capital of 50,070, 50,010 equity shares are held by Assam Company Limited and its fellow subsidiary.
- The Accounts of the Company have been drawn for the period from January 01, 2004 to December 31, 2004, and hence previous year figures are not strictly comparable, which is for the period of nine months.
- Computation of Earning per share

Particulars	Amount (Rs.) 2004	Amount (Rs.) 2003
Profit/(Loss)	(54216)	(89826)
No. of Shares	50070	50070
Earning per share	(1.08)	(1.79)

7. Figures have been rounded off to nearest rupees.

SCHEDULE – 2 FIXED ASSETS

Items	ORIGINAL COST				DEPRECIATION				W.D.V.	
	Opening Balance	Addition	Deletion	Closing Balance	Opening Balance	Current year Depreciation	Deletion	Closing	W.D.V. AS ON 1.1.2004	W.D.V. AS ON 31.12.2004
Plant and Machinery	1,093,467	80,434	1,173,901	—	72,682	39,607	112,289	—	1,020,786	NIL
Total	1,093,467	80,434	1,173,901	—	72,682	39,607	112,289	—	1,020,786	NIL
Previous year	—	1,093,467	—	1,093,467	—	72,682	—	72,682	1,020,785	



CAMELLIA CHA BAR LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. Registration Details

Registration No. State Code:

Balance Sheet Date
Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds., (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/>
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Sources of Funds

Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/>

Application of Funds

Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="3"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/>		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/>
+ - Profit/(Loss) Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/>	+ - Profit/(Loss) After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/>
+ - Earning Per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/>	Divid'end (%)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> (%)

V. Generic Names of Three Principal Products/Services of the Company

(as per monetary terms)

Item Code No (ITC Code)	<input type="text" value="N"/> <input type="text" value="0"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/>
Production Description	<input type="text" value="N"/> <input type="text" value="0"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/>

SIGNATORIES TO SCHEDULES 1 TO 4

Prabhat Kumar Dhandhanian, FCA,
Partner
Membership No. 052613
For and on behalf of
Dhandhanian & Associates
Chartered Accountants

On behalf of the Board

S. K. Khaitan
S. Bandyopadhyay
Directors

Place : Kolkata
Date : 30th day of May, 2005



ASSAM OIL & NATURAL GAS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Twelfth Report for the year ended 31st December, 2004 together with the Audited Accounts for the said year.

THE COMPANY

In order to diversify the business of the Company in the field of Oil, Gas, Hydrocarbon etc., for which ample opportunity exists with the opening of the said sector for private participation, the main object clause of the Company was altered and the name of the Company has been changed from Assam Agro Hitech Limited to Assam Oil & Natural Gas Limited vide Fresh Certificate of Incorporation consequent on Change of name issued by the Registrar of Companies, West Bengal, Kolkata on 9th December, 2004

REGISTERED OFFICE :

The Company is a subsidiary of Assam Company Limited, which has its Registered Office in the State of Assam. The entire capital of the Company, is held by Assam Company Limited and its nominees. The Board of Directors being of the opinion that it shall be advantageous and economical for the company to shift its registered office to the State of Assam has convened an Extra-Ordinary General Meeting of the Members of the Company for seeking approval for shifting the Registered Office of the Company to the State of Assam. Necessary steps will be taken thereafter for shifting the Registered Office of the Company from the State of West Bengal to State of Assam.

FINANCIAL RESULTS :

During the year under review the Company earned a profit of Rs. 1,52,411/- as against last years' profit of Rs. 2,70,435/-.

FUTURE PROSPECTS :

The Company is considering various options for entering into Hydro Carbon business and in view of the opening of this sector for private participation, the future seems very promising. The Company propose to induct eminent personalities both Indian and international on the Board to draw their vast experience and expertise in this field.

DIRECTORS

Since the last Annual General Meeting following changes have taken place on the Board of Directors of the Company :

- Mr. P. Ghosh and Mr. P. S. Goshal resigned from the Board of Directors of the Company effective from 16th December, 2004. Your Directors wish to place on record their appreciation of the valuable counsel etc., received from them during their respective tenure as Directors on the Board of the Company.
- At the Board Meeting held on December 16, 2004 Mr. Samir Bandyopadhyay and Mr. N. P. Kumar were appointed as Additional Directors of the Company. In terms of Section 260 of the Companies Act, 1956 they will hold office only till the date of the forthcoming Annual General Meeting. Notice(s) in writing have been received from Member(s) along with requisite fees under Section 257 of the Companies Act, 1956 signifying their intention to propose the appointment of Mr. Samir Bandyopadhyay and Mr. N. P. Kumar as Director(s) of the Company. In accordance with the Articles of Association of the Company, Mr. S. K. Khaitan, Director retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT :

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

- that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that the Accounts have been prepared on a going concern basis.

COMPLIANCE CERTIFICATE:

Compliance certificate issued by Mr. Pradip M. Domadia, Company Secretaries in terms of the provisions of Section 383A of the Companies Act, 1956 is attached and forms part of this report.

PARTICULARS OF EMPLOYEES:

The Company does not have any employee during the year under review.

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:

The particulars of conservation of energy, technology absorption etc., are not applicable to the Company. For and on behalf of the Board

AUDITORS :

M/s. Dharmendra & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. S. Khaitan
2005 Directors

COMPLIANCE CERTIFICATE

Registration No. 021-55988

Nominal Capital : Rs. 5,00,00,000/-

The Members

Assam Oil & Natural Gas Ltd.
52, Chowringhee Road
Kolkata- 700 071

We have examined the registers, records, books and papers of **Assam Oil & Natural Gas Ltd.** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December, 2004. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

- The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under or with additional fees in case of delay.
- The Company is a public limited company and hence comments are not required.
- The Board of Directors duly met 6 times on 26.02.2004, 22.04.2004, 30.08.2004, 07.12.2004, 07.12.2004 and 16.12.2004 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company has not closed its Register of Members during the year.
- The annual general meeting for the financial year ended on 31.12.2003 was held on 30.06.2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- Two extra ordinary general meetings were held during the financial year under review after giving due notice to the members of the Company and the Resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
- The Company has granted loans to bodies corporate and the balance outstanding thereof amounted to Rs. 13,58,568/- as on 31.12.2004.
- There were no transactions or contracts entered into by the Company to which the provisions of Section 297 of the Act are applicable.
- No entries relating to Section 297 were required to be made in the Register maintained u/s 301 of the Act. However, entries relating to Section 299 have been made in the Register as per Section 301(3) of the Act.
- As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the members or the Central Government.
- No duplicate share certificates were issued during the year under review.
- The Company :
 - has delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - has not declared any dividend during the year and hence no separate Bank Account was opened.
 - was not required to post dividend warrants as no dividend was declared during the year.
 - has no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years;
 - has duly complied with the requirements of Section 217 of the Act.
- The Board of Directors of the Company is duly constituted and the appointments and re-appointments of directors have been duly made.
- The Company has not appointed any Managing Director/Whole-time Director/ Manager during the financial year.
- No appointment of sole-selling agents was made during the year under review.
- The Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as detailed below :-
Letter No. NCA/CN/55988/2004 dated 09.12.2004 from Registrar of Companies, West Bengal regarding change of name of Company.



ASSAM OIL & NATURAL GAS LIMITED

18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/debentures/other securities during the financial year ending 31.12.2004.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not redeemed any preference shares/debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance any rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the year under review.
23. The Company has accepted deposit from bodies corporate, the year-end balance thereof amounted to Rs. 4,58,010/-.
24. The amounts borrowed by the Company during the financial year were within the borrowing limits of the Company.
25. The Company has not made any investments or given guarantee or provided security in connection with a loan to any body corporate during the financial year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has altered the provisions of the memorandum with respect to the name of the Company during the year under scrutiny and complied with the provisions of the Act.
29. The Company has not altered the provisions of the memorandum with respect to the authorised share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the year under scrutiny, except for incorporation of new name of Company.
31. No prosecution has been initiated against the Company or any of its officers for any offence committed by the Company or any of its officers under the Act during the year and no fines and penalties or any other punishments have been imposed on the Company.
32. The Company has not received any amount as security from its employees during the year under certification.
33. The Company has no provident fund.

Annexure 'A' List of Registers maintained by the Company :

1. Register of Charges u/s 143
2. Register of Members u/s 150
3. Index of Members u/s 150
4. Minutes Book of Board Meetings u/s 193
5. Minutes Book of General Meetings u/s 193
6. Books of Accounts u/s 209
7. Register of Contracts u/s 301
8. Register of Directors, Managing Directors etc. u/s Section 303
9. Register of Directors' Shareholding u/s Section 307
10. Register of Loans and Investments u/s 372A
11. Share Transfer Register u/s 108
12. Register of Shareholders' Attendance
13. Register of Directors' Attendance
14. Register of Proxies

Annexure 'B'

Forms and Returns filed by the Company with the Registrar of Companies, Regional Director, Central Govt or other authorities during the financial year ended 31.12.2004 :-

1. Annual Accounts filed u/s. 210 on 09.07.2004 for Financial year 31.12.2003.
2. Annual Report filed u/s. 159 on 09.07.2004 for Annual General Meeting held on 30.06.2004.
3. Compliance Certificate filed u/s 383A on 09.07.2004 for Financial Year 31.12.2003.
4. Form No. 1A for change of name filed on 02.12.2004.
5. Form No. 23 filed u/s. 192 on 08.12.2004 for change of name of Company on 08.12.2004.
6. Form No. 23 filed u/s. 192 on 09.12.2004 for change of object Clause of Memorandum of Association on 08.12.2004.
7. Form No. 32 filed u/s. 303 on 27.12.2004 for Appointment/Resignation of Directors on 16.12.2004.
8. Form No. 29 filed u/s. 264 on 27.12.2004 for Appointment of Directors on 16.12.2004.
9. Form No. 29 filed u/s 264 on 27.12.2004 for Appointment of Directors on 16.12.2004.

Place : Kolkata
Date : 30.05.2005

Signature
Name of the Company Secretary : Pradip M.
Domadia
Certificate of Practice No. 3867

AUDITORS' REPORT

TO THE MEMBERS OF ASSAM OIL & NATURAL GAS LIMITED (FORMERLY ASSAM AGRO HI TECH LIMITED)

1. We have audited the attached Balance Sheet of **Assam Oil & Natural Gas Limited** (Formerly Assam Agro Hi Tech Limited) as at 31st December, 2004 and the Profit & Loss Account for the year ended on that date annexed thereto. 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 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 report as under :
 - 3.1 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.
 - 3.2 The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - 3.3 On the basis of written representations received from the Directors as on 31st December, 2004 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st December, 2004 from being appointed as a director in term of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - 3.4 In our opinion, proper books of account, as required by the law have been kept by the Company so far as appears from our examination of these books.
 - 3.5 In our opinion, the Profit & Loss Account and the Balance Sheet of the Company have complied with the specified accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - 3.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of Balance Sheet of the state of affairs of the Company as at 31st December, 2004; and
 - b) in the case of Profit & Loss Account of the profit of the Company for the Year ended on that date.
4. As required by the Companies (Auditors' Report) Order, (Amendment), 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such examination of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give below the matters specified in paragraphs 4 and 5 of the Order.
 - i) The Company does not have any fixed assets so comment under this clause is not required.
 - ii) a) The inventories have been physically verified at reasonable interval by the management.
b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
c) The Company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification.
 - iii) a) The Company has taken unsecured loans from one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 7,91,350/- and the year-end balance of loan taken from such party was Rs. 4,58,110/- The Company has granted unsecured loan to eight Companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 13,75,658/- and the year-end balance of loan given to such party was Rs. 13,58,568/-
b) In respect of interest free unsecured loan granted to Assam Company Limited, the holding Company, there is no stipulation as to repayment.
 - iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. 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 we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedure.
 - v) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have so been entered.
 - vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
 - vii) In view of the adequacy of internal control procedures commensurate with the size of the Company and nature of its business the Company has no separate Internal Audit System.
 - viii) Maintenance of the cost records prescribed by Central Government of India under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the Company.

ASSAM OIL & NATURAL GAS LIMITED



- ix) There is no amount in respect of Income-Tax/Wealth-Tax/Service Tax/Cess and other statutory dues, which has not been deposited with the appropriate authorities.
- x) The accumulated losses of the Company as at December 31, 2004 are more than fifty percent of its net worth. The Company has not incurred any cash losses during the year and also in the immediately preceding year.
- xi) The Company has no dues payable to any financial institutions or banks or debenture holders as at the balance sheet date.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv) The Company has maintained proper records of the transactions and contracts and timely entries have been made therein. All the shares, debentures and other securities except those pending for transfer have held by the Company in its own name.
- xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) The Company has not taken any term loan during the year and there is no term loan outstanding as at the Balance Sheet date.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, none of the fund raised on long term basis have been used for short term investment.
- xviii) The Company has not made any preferential allotment of shares to the parties and Companies covered in the Register maintained under Section 301 of the Act during the year.
- xix) There is no debenture outstanding at the year-end.
- xx) The Company has not raised any money by public issues during the year.
- xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management. For and on behalf of DHANDHANIA & ASSOCIATES

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2004

	Year ended 31.12.2004 Rs.	Year ended 31.12.2003 Rs.
INCOME		
Consultancy Fees (Gross) (Tax deducted Rs. 4,238/-; Previous year Rs. 14,410/-)	153,766	281,175
Commission Received	19,135	—
Stock - in - Trade	49,900	—
	<u>222,801</u>	<u>281,175</u>
EXPENDITURE		
Purchase	49,900	—
— Audit Fees (including service tax)	5,510	3,240
— Other services	3,240	—
Filing Fees	3,500	3,000
Bank Charges	1,740	—
Directors' Fees	500	—
Preliminary Expenses written off	6,000	4,500
	<u>70,390</u>	<u>10,740</u>
Profit/(Loss) Before Tax	152,411	270,435
Less : Provision for Tax	10,500	22,000
Profit/(Loss) After Tax	141,911	248,435
Balance brought forward from last year	(2,013,206)	(2,261,641)
Balance carried forward to balance sheet	<u>(1,871,295)</u>	<u>(2,013,206)</u>
Earning per share (Basic/Diluted) (Face value Rs. 10/- per Share)	0.47	0.83
Refer Note - 6 to Schedule 7		
Significant Accounting policies & Notes on Accounts : Schedule 7		

The Schedule referred to above form an integral part of Profit & Loss Account.

As per our report of even date attached.
PRABHAT KUMAR DHANDHANIA, FCA, PARTNER
Membership No. 052613

For & on behalf of
DHANDHANIA & ASSOCIATES
Chartered Accountants

Place : Kolkata
Date : 30th day of May, 2005

On behalf of the Board

S. Khaitan
S. Bandyopadhyay
Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.12.2004 Rs.	As at 31.12.2003 Rs.
SCHEDULE – 1 SHARE CAPITAL		
Authorised 5,000,000 Equity Shares of Rs. 10/- each	50,000,000	50,000,000
Issued 1,000,000 Equity Shares of Rs. 10/- each fully paid up	10,000,000	10,000,000
Subscribed and Paid-Up 70 Equity Shares of Rs. 10/- each fully paid-up in cash	700	700
9,99,930 Equity Shares of Rs. 10/- each Rs. 3/- Per Share called and paid up in cash	2,999,790	2,999,790
	<u>3,000,490</u>	<u>3,000,490</u>
SCHEDULE – 2 INVESTMENTS – (LONG TERM) (Other than Trade -unquoted)		
Smartnet Communication Private Limited (50 Equity Shares of Rs. 10/- each fully paid up)	500	500
Assam Estates Limited (120 Equity Shares of Rs. 10/- each fully paid up)	1,200	1,200
Lord Inchcape Financial Services Ltd. (12,00,000 Equity Shares of Rs. 10/- each fully paid up and	120,000	120,000
3,50,000 18% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up)	35,000	35,000
	<u>156,700</u>	<u>156,700</u>
SCHEDULE – 3 STOCK-IN-TRADE		
East West Properties Private Limited (4990 Shares of Rs. 10/- each)	49,900	—
	<u>49,900</u>	<u>—</u>
SCHEDULE – 4 CASH & BANK BALANCES		
Cash in Hand	—	—
Balance with Scheduled Banks on Current Accounts	27,314	271,131
	<u>27,314</u>	<u>271,131</u>

Place : Kolkata
Date : 30th May, 2005

BALANCE SHEET AS AT 31ST DECEMBER, 2004

	Schedule	As at 31.12.2004 Rs.	As at 31.12.2003 Rs.
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	3,000,490	3,000,490
Loan Funds			
Unsecured Loans from Bodies corporate		458,010	791,350
Total		<u>3,458,500</u>	<u>3,791,840</u>
APPLICATION OF FUNDS			
Investments	2	156,700	156,700
Current Assets, Loans and Advances			
Stock - in - Trade	3	49,900	—
Cash and Bank Balances	4	27,314	271,131
Loans & Advances	5	1,390,806	1,366,308
		<u>1,468,020</u>	<u>1,637,439</u>
Less : Current Liabilities & Provisions	6	45,015	29,005
Net Current Assets		<u>1,423,005</u>	<u>1,608,434</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses		7,500	13,500
Profit & Loss Account Balance		<u>1,871,295</u>	<u>2,013,206</u>
Total		<u>3,458,500</u>	<u>3,791,840</u>
Significant Accounting policies & Notes on Accounts	7		

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

As per our report of even date attached.

PRABHAT KUMAR DHANDHANIA, FCA, PARTNER
Membership No. 052613

For & on behalf of
DHANDHANIA & ASSOCIATES
Chartered Accountants

Place : Kolkata
Date : 30th day of May, 2005

On behalf of the Board

S. Khaitan
S. Bandyopadhyay
Directors



ASSAM OIL & NATURAL GAS LIMITED

SCHEDULE – 5 LOANS & ADVANCES

Loans to a Body Corporate (Unsecured considered good)	1,334,808	1,351,898
Advances to Body Corporates	23,760	—
Income Tax recoverable	18,648	14,410
Advance Tax	13,590	—
	1,390,806	1,366,308

SCHEDULE – 6 CURRENT LIABILITIES & PROVISIONS

Liability for Expense	12,515	7,005
Provision for Taxation	32,500	22,000
	45,015	29,005

SCHEDULE – 7 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. Significant Accounting Policies

- The Financial Statements are based on accrual system of accounting and in accordance with the applicable Accounting Standards specified under sub-section (3C) of Section 211 of the Companies Act, 1956. The Financial statements are prepared under the historical cost convention.
 - Investments being Long Term are carried at cost.
 - Preliminary Expenses have been written off proportionately in the accounts over a period of 10 years.
 - Stock has been valued at cost or net realisable value whichever is lower.
- In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has not accounted for deferred tax. The Company has significant amount of carried forward losses under Income Tax Act. However, as a matter of prudence, deferred tax assets has not been recognised in view of uncertainty in estimating future profits.
 - Paid up equity share capital of 10,00,000 equity shares are held by Assam Company Limited and its nominees.
 - The provision for Taxation for the Accounting year 31st December, 2004 has been proportionately made on the basis of likely book profit under Section 115 JB of the Income Tax Act, 1961 for the Assessment year 2005-06.
 - The Accounts of the Company have been drawn for the period from January 01, 2004 to December 31, 2004, previous year figures are not strictly comparable, which is for the period of nine months.

6. Earning per share has been calculated as under :		
	2004	2003
Numerator Used - Profit after tax (Rs.)	141,911	248,435
Denominator Used –		
Weighted Average No. Shares	300,049	300,049
Earning per Share (Rs.)	0.47	0.83

7. Quantitative Details of Stock-in-Trade (Shares) :				
	2004		2003	
	Quantity	Value	Quantity	Value
	(Nos.)	(Rs.)	(Nos.)	(Rs.)
Opening Stock	—	—	—	—
Add : Purchase during the year	4,990	49,900	—	—
	4,990	49,900	—	—
Less : Sale during the year	—	—	—	—
Closing Stock	4,990	49,900	—	—

- Figures have been rounded off to nearest rupees.
- Previous year's figures have been rearranged/regrouped wherever considered necessary.

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. Registration Details

Registration No. 0 5 5 9 8 8 State Code : 2 1

Balance Sheet Date 3 1 1 2 0 4
Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	—	Rights Issue	—
Bonus Issue	—	Private Placement	—

III. Position of Mobilisation and Deployment of Funds., (Amount in Rs. Thousands)

Total Liabilities	3 5 0 4	Total Assets	3 5 0 4
-------------------	---------	--------------	---------

Sources of Funds

Paid up Capital	3 0 0 1	Reserves & Surplus	—
Secured Loans	—	Unsecured Loans	4 5 8

Application of Funds

Net Fixed Assets	—	Investments	1 5 7
Net Current Assets	1 4 2 3	Misc. Expenditure	8
Accumulated Losses	1 8 7 1		

IV. Performance of Company (Amount in Rs. Thousands)

*Turnover	2 2 2	Total Expenditure	7 0
*Including Other Income			
+ - Profit/(Loss) Before Tax	1 5 2	+ - Profit/(Loss) After Tax	1 4 2
+ - Earning per Share in Rs.	0 . 4 7	Divid'end (%)	—

V. Generic Names of three Principal Products/Services of Company

Item Code No (ITC Code)	N O T A P P L I C A B L E
Production Description	N O T A P P L I C A B L E

Place : Kolkata
Date : 30th day of May, 2005

On behalf of the Board
S. Khaitan
S. Bandyopadhyay
Directors

Statement of Cash Flow for the year ended 31st December, 2004

Particulars	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(-) Loss before Tax		152,411	
Adjustments for :			
Preliminary expenses written off		6,000	
Operating Profit Before Working Capital Changes		158,411	
Adjustments for :			
Decrease/(Increase) in Stock	(49,900)		
Trade & Other receivable	(24,498)		
Trade Payable	5,510	(68,888)	
Net Cash from Operating Activities			89,523
B. CASH FLOW FROM INVESTING ACTIVITIES			
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Unsecured Loan	(333,340)		
Net Cash from Financing Activities			(333,340)
Net Increase/(-) Decrease in Cash & Cash Equivalents (A+B+C)			(243,817)
Opening Balance of Cash & Cash Equivalents			271,131
Closing Balance of Cash & Cash Equivalents			27,314

On behalf of the Board
S. Khaitan
S. Bandyopadhyay
Directors

Place : Kolkata
Date : 30th day of May, 2005



AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ASSAM COMPANY LIMITED

1. We have audited the attached consolidated Balance Sheet of ASSAM COMPANY LIMITED and its Subsidiaries as at 31st December, 2004 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. 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 generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles 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 subsidiaries whose financial statements reflect total assets of Rs.196,009,391 as at 31st December, 2004, total revenues of Rs. 19,754,052 and net cash outflow of Rs. 507,277 for the year ended on that date as considered in the consolidated financial statements. These financial statements of the subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of ASSAM COMPANY LIMITED and its subsidiaries included in the consolidated financial statements.

5. We further report that :

- a) We are unable to comment on the extent of recoverability of debtors, to the extent indicated in Note No. 12 of Schedule 11 to the accounts.
- b) In the absence of proven benefits of enduring nature, that the Company may enjoy, we are unable to comment whether capitalisation of certain expenses incurred in the tea estates during the year ended 31st December, 2004 as indicated in Note No 14 of Schedule 11 to the accounts is appropriate.
- c) Gratuity and leave encashment liability in respect of a subsidiary has neither been determined nor provided for in the accounts.

The aggregate impact of our observations in paragraphs 5 above on the consolidated profit for the year ended 31st December, 2004 and on the consolidated net asset position as at that date has not been ascertained.

6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of ASSAM COMPANY LIMITED and its subsidiaries, we are of the opinion that subject to our remarks in paragraph 5 above, the 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 consolidated state of affairs of Assam Company Limited and its subsidiaries as at 31st December, 2004;
- b) In the case of the consolidated Profit and Loss Account, of the consolidated profit of Assam Company Limited and its subsidiaries for the year ended on that date and
- c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of Assam Company Limited and its subsidiaries for the year ended on that date.

Chartered Accountants

Prabal Kr. Sarkar
Partner

Kolkata
Dated : 5th September, 2005

Membership No.52340



CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2004

	Schedule	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
(a) Share Capital	1	224,489,860	223,565,020
(b) Share Capital Suspense		—	924,840
(c) Reserves & Surplus	2	2,060,578,429	2,034,894,500
		2,285,068,289	2,259,384,360
Loan Funds			
(a) Secured	3	1,771,248,958	1,550,667,186
(b) Unsecured		21,166,127	8,115,330
Deferred tax Liability			
		—	34,504,285
TOTAL		4,077,483,374	3,852,671,161
APPLICATION OF FUNDS			
Fixed Assets			
(a) Gross Block	4	4,771,587,660	4,647,283,356
(b) Less : Depreciation		1,327,674,803	1,272,296,560
(c) Net Block		3,443,912,857	3,374,986,796
(d) Capital Work-in-Progress		4,013,325	22,384,675
		3,447,926,182	3,397,371,471
Investments			
	5	1,771,832	1,886,089
Current Assets, Loans & Advances			
(a) Inventories	6	205,414,937	156,072,654
(b) Sundry Debtors		626,669,134	494,459,399
(c) Cash & Bank Balances		28,266,009	19,788,677
(d) Loans & Advances		230,765,533	142,542,717
		1,091,115,613	812,863,447
Less : Current Liabilities & Provisions			
(a) Current Liabilities	7	447,873,232	299,183,628
(b) Provisions		9,117,197	54,098,436
		456,990,429	353,282,064
Net Current Assets			
		634,125,184	459,581,383
Minority Interest			
Opening Balance		(6,167,782)	
Add : Current year's profit		(172,042)	(6,167,782)
TOTAL		4,077,483,374	3,852,671,161

NOTES ON ACCOUNTS

11

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

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

On behalf of the Board

A. K. Jajodia *Managing Director & CEO*

K. N. Nowrojee, *Director - Estates*

Vinod B. Tibrewala

Santosh Bhagat

Pintu Kr. Agarwalla

Directors

For LOVELOCK & LEWES
Chartered Accountants

Prabal Kr. Sarkar
Partner

S. K. Sarma
Company Secretary

Place : Kolkata,
Date : 5th September, 2005



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2004

	Schedule	31st December, 2004 (Rupees)	9 months ended 31st December, 2003 (Rupees)
INCOME			
Sales		1,149,864,740	1,016,117,428
Less : Excise Duty		12,691,242	10,511,822
		<u>1,137,173,498</u>	<u>1,005,605,606</u>
Other Income	8	63,431,213	15,292,104
		<u>1,200,604,711</u>	<u>1,020,897,710</u>
EXPENDITURE			
Expenses	9	1,003,214,897	860,638,426
(Increase)/Decrease in Stock	10	(49,699,692)	(58,270,934)
Depreciation		67,580,328	
Less : Transfer from Revaluation Reserve		26,480,995	41,099,333
Interest (Net) [Refer Note 8 of Schedule 11]		166,253,798	145,610,587
		<u>1,160,868,336</u>	<u>982,419,074</u>
PROFIT BEFORE TAXATION, EXTRA ORDINARY ITEM, DIMINUTION IN VALUE OF CERTAIN INVESTMENTS & PRIOR PERIOD EXPENSES		39,736,375	38,478,636
PROVISION FOR TAXATION			
Current Year (Refer note no. 16 of Sch. 11)		(41,832,805)	1,675,653
Deferred Tax (Refer note no. 3 of Sch. 11)		(34,504,285)	(1,176,619)
PROFIT AFTER TAXATION AND BEFORE EXTRA ORDINARY ITEM, DIMINUTION IN VALUE OF CERTAIN INVESTMENTS & PRIOR PERIOD EXPENSES		116,073,465	37,979,602
Provision for diminution in value of certain Investments		—	(1,895,920)
Prior Period Expenses		—	2,258,839
Extra Ordinary Item (Refer note no. 15 of Sch. 11)		62,997,721	—
PROFIT AFTER TAXATION, EXTRA ORDINARY ITEM, DIMINUTION IN VALUE OF CERTAIN INVESTMENTS & PRIOR PERIOD EXPENSES		53,075,744	37,616,683
Balance brought forward from previous year		246,170,570	218,571,761
AVAILABLE FOR APPROPRIATION		299,246,314	256,188,444
APPROPRIATIONS			
Transfer to Debenture Redemption Reserve		8,125,002	9,791,666
Minority Interest		172,042	226,208
Balance carried forward		290,949,269	246,170,570
		<u>299,246,314</u>	<u>256,188,444</u>
Basic and Diluted Earnings per share (Equity shares nominal value of Rs. 10/- each) (Refer note no. 20 on Schedule 11)		2.37	1.68

NOTES ON ACCOUNTS

11

The Schedules referred to above form an integral part of the Profit & Loss Account.
This is the Consolidated Profit & Loss Account referred to in our Report of even date.

On behalf of the Board

A. K. Jajodia, *Managing Director & CEO*
K. N. Nowrojee, *Director - Estates*
Vinod B. Tibrewala
Santosh Bhagat
Pintu Kr. Agarwalla
Directors

For **LOVELOCK & LEWES**
Chartered Accountants

Place : Kolkata,
Date : 5th September, 2005

Prabal Kr. Sarkar
Partner

S. K. Sarma
Company Secretary



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
SCHEDULE : 1 – SHARE CAPITAL		
Authorised		
(a) 25,000,000 Equity Shares of Rs. 10/- each	250,000,000	250,000,000
(b) 1,000,000 Non Cumulative Redeemable Preference Shares of Rs. 100/- each	100,000,000*	100,000,000
(c) 1,000,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	—	—
(d) 1,000,000 Cumulative Redeemable Convertible Preference Shares of Rs. 100/- each	100,000,000	100,000,000
(e) 5,000,000 Un-classified Shares of Rs. 10/- each	50,000,000	50,000,000
	<u>500,000,000</u>	<u>500,000,000</u>

*Altered as per order of Honourable High Court of Guwahati Dated 1st September, 2003

(a) Issued and Subscribed

22,361,526 (31.12.2003 – 22,356,502) Equity Shares of Rs. 10/- each fully paid up	223,615,260	223,565,020
8,746 (31.12.2003 – Nil) 15% Non Cumulative Redeemable Preference Shares Rs. 100/- each fully paid up	874,600	—
	<u>224,489,860</u>	<u>223,565,020</u>

Notes :

- 1 Out of the Subscribed Capital, 25,95,024 (31.12.2003 – 25,90,000) Equity Shares of Rs. 10/- and 8,746 (31.12.2003 – Nil) 15% Non Cumulative Redeemable Preference Shares each have been allotted as fully paid up pursuant to schemes of Amalgamation without payment being received in cash. The Preference Shares are redeemable on the respective dates on which such shares were originally redeemable by the transferor companies, which is 10 years from their respective dates of allotment. Earliest date of redemption of these preference shares is 12.09.2005.
- 2 Of the above Subscribed Capital, 1,05,00,000 Equity Shares of Rs. 10/- each have been allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 2 – RESERVES AND SURPLUS

	As at 31.12.2003 (Rupees)	Addition (Rupees)	Deduction (Rupees)	As at 31.12.2004 (Rupees)
Capital Reserve (Reserve on Amalgamation)	15,037,398	—	—	15,037,398
Capital Reserve	113,681,979	—	—	113,681,979
Revaluation Reserve	1,076,815,599	—	27,219,773*	1,049,595,826
Share Premium	261,895,060	—	—	261,895,060
General Reserve	291,918,896	—	—	291,918,896
Debenture Redemption Reserve	29,374,998	8,125,002	—	37,500,000
	<u>1,788,723,930</u>	<u>8,125,002</u>	<u>27,219,773</u>	<u>1,769,629,159</u>
Profit & Loss Account Balance	246,170,570			290,949,269
	<u><u>2,034,894,500</u></u>			<u><u>2,060,578,428</u></u>

Notes : Capital Reserve includes Rs. 47,53,152 being 26% of the profit for the year ended 31st December, 1977 of the Sterling Companies, the Indian undertakings of which were amalgamated with this Company.

* Includes deduction of Rs. 738,778/- on account of sale of assets.

SCHEDULE : 3 – LOAN FUNDS

PARTICULARS

SECURED LOANS

Debentures :

1,500,000 – 14.5% Secured Redeemable Non-Convertible

Debentures of Rs. 100/- each (Redeemable at par in three equal annual instalments commencing from 21st December, 2004)

194,932,589

173,123,000

[including interest accrued and due Rs. 44,932,589/- (31.12.2003 – Rs. 23,123,000/-)]

(The above Debentures have been privately placed with Unit Trust of India and are secured by first charge in favour of the Debenture Trustees by equitable mortgage of all the Company's immovable properties including plant and machinery both present and future relating to Company's all tea estates situated in Assam ranking *pari passu* interse the Consortium Banks, IDBI and NABARD Loan and also a first charge over all the movable properties both present and future [save and except book debts] subject to the prior charges created and / or to be created in favour of the Company's bankers, on stock of raw materials, finished and semi finished goods, consumable stores and other movables as may be permitted for securing borrowings for working capital requirement and charges created on specified movables required and / or required out of NABARD Term Loan).



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 3 – LOAN FUNDS <i>(Continued)</i>	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
Loans from IDBI		
Term Loans	412,853,000	412,853,000
Interest Accrued and due on the above	27,627,066	13,514,000
	<u>440,480,066</u>	<u>426,367,000</u>
<p>(Secured by first charge by equitable mortgage created of immovable properties including plant & machinery both present and future relating to Company's all tea estates situated in Assam ranking <i>pari passu inter se</i> the Debenture Trustees / Debenture Holders, NABARD Loan and the Consortium Banks for all term loans and also a first charge over all the movable properties both present and future [save and except book debts] subject to the prior charges created and / to be created in favour of the Company's bankers, on stock of raw materials, finished and semi finished goods, consumable stores and other movables as may be permitted for securing borrowings for working capital requirement and charges created on specified movables required and / or required out of NABARD Term Loan.)</p>		
From Banks		
Working Capital Loan including Cash Credit* [including interest accrued and due Rs. 8,594,547/- (31.12.2003 – Rs. 459,031/-)]	761,622,078	641,375,818
Term Loans	351,429,126	265,168,460
<p>(The above loans are secured by equitable mortgage created of immovable properties including plant & machinery etc. both present and future relating to Company's all tea estates situated in Assam ranking <i>pari passu inter se</i> the Debenture Trustees / Debenture Holders, NABARD Loan and IDBI and also a first charge over the movable properties, both present and future subject to prior charges created / to be created on stock of raw materials, finished goods, consumable stores for working capital requirement, other than specified movables, required / to be required out of NABARD term loan [including interest accrued and due Rs. 17,207,341/-(31.12.2003 – Rs. 4,663,153/-)].</p>		
Term Loans under NABARD Refinance Scheme	22,785,099	34,526,744
<p>(Secured by exclusive first charge created over specified movables, a second charge created over the movable assets hypothecated to the Consortium Bankers and Equitable Mortgage created of immovable properties both present and future relating to Company's all tea estates situated in Assam ranking <i>pari passu inter se</i> with the Consortium Banks, Debenture Trustees / Debenture Holders and IDBI) [including interest accrued and due Rs. 1,156,518/- (31.12.2003 – Rs. 809,024/-).</p>		
Short Term Loan from Bank of Rajasthan	—	10,106,164
<p>(Secured by equitable mortgage of flat No. 5A and 5B at 28, New Road, Alipore, Kolkata) [including interest accrued and due Rs. Nil (31.12.2003 – Rs. 106,164/-) *Includes FCNR Loans Rs. 314,571,000/- (31.12.2003 – Rs. 117,858,000) and interest accrued and due thereon Rs. Nil (31.12.2003 – Rs. 459,031/-)</p>		
	<u>1,771,248,958</u>	<u>1,550,667,186</u>
UNSECURED		
Loan from Corporate Bodies	21,166,127	8,115,330
	<u>21,166,127</u>	<u>8,115,330</u>





SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 5 – INVESTMENTS - AT COST (LONG TERM)	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
A. Other than Trade – Unquoted (Fully Paid)		
20,000 Equity Shares of Rs. 10/- each in Assam Bengal Cereals Ltd.	200,000	200,000
5% Non Redeemable Debentures of East India Clinic Ltd.	24,500	24,500
12,428 US 64 Bonds of Rs. 100/- each in Unit Trust of India [Repurchase Price Rs. 1,295,992/- ; 31.12.2003 – Rs. 1,312,397/-]	1,242,800	1,242,800
	1,467,300	1,467,300
B. Other than Trade – Quoted** (Fully paid unless otherwise stated)	147,832	262,089
C. Trade – Unquoted *** Fully Paid	156,700	156,700
	1,771,832	1,886,089

**Particulars	Description	Number as on 31.12.04	Number as on 31.12.03	Face Value Rs.	Cost as on 31.12.04 (Rs.)	Cost as on 31.12.03 (Rs.)
Great Eastern Shipping Ltd.	Equity	91	91	10	1,020	1,020
GESCO Corporation Ltd.	Equity	12	12	10	—	—
GNFC Ltd.	Equity	50	50	10	1,415	1,415
Grasim Industries Ltd.	Equity	50	50	10	16,550	16,550
Hindustan Motors Ltd.	Equity	0	155	10	—	1,232
UTI Master Share	Equity	116	116	10	3,050	3,050
Tata Chemicals Ltd.	Equity	4	4	10	247	247
Tata Iron & Steel Company Limited	Equity	3	102	10	224	11,424
Tata Iron & Steel Co. Ltd. (SPN)	Equity	18	18	150	—	—
Shipping Corporation of India Ltd.	Equity	100	100	10	5,220	5,220
Tezapore Tea Ltd.	Equity	100	100	10	10,000	10,000
George Williamson (Assam) Limited	Equity	100	100	10	6,095	6,095
Reliance Industries Ltd.	Equity	18	268	10	2,533	37,708
Tata Tea Ltd.	Equity	12	112	10	2,280	21,280
Nicco UCO Alliance Credit Ltd.	Equity	0	36,000	10	0	46,800
Hindustan Oil Exploration	Equity	100	100	10	1,550	1,550
Jaiprakash Industries Ltd.	Equity	18	118	10	153	1,003
State Bank of Bikaner & Jaipur	Equity	185	185	100	97,495	97,495
					147,832	262,089
Trade – Unquoted***						
Smart Net Communication Pvt. Ltd.	Equity	50	50	10	500	500
Assam Estates Ltd.	Equity	120	120	10	1,200	1,200
Lord Inchape Financial Services Ltd.	Equity	1200000	1200000	10	120,000	120,000
Lord Inchape Financial Services Ltd.	Preference	350000	350000	100	35,000	35,000
					156,700	156,700

Aggregate market value of quoted investments Rs. 609,922/- (31.12.2003 – Rs. 508,006/-).

Aggregate amount of unquoted investments Rs. 1,624,000/- (31.12.2003 – Rs. 1,624,000/-).



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
	<hr/>	<hr/>
SCHEDULE : 6 – CURRENT ASSETS, LOANS & ADVANCES		
(a) Inventories		
Stores & Spare Parts	31,838,835	32,146,344
Stock of Teas (including Rs. 2,038,739/- in transit)	173,576,102	123,926,310
	<hr/>	<hr/>
	205,414,937	156,072,654
(b) Sundry Debtors		
Unsecured - Considered Good		
Debts Outstanding for a period exceeding six months	293,540,715	174,983,660
Other Debts :	333,128,419	319,475,739
	<hr/>	<hr/>
	626,669,134	494,459,399
(c) Cash & Bank Balances		
Cash and cheques in hand	745,205	973,664
Remittance in Transit	5,620,000	—
With Scheduled Banks :		
On Escrow Account	158,859	158,859
On Current Account	5,055,918	6,892,166
Margin Money Deposit	16,211,569	11,023,287
On Unpaid Dividend Account	474,458	740,701
	<hr/>	<hr/>
	28,266,009	19,788,677
(d) Loans & Advances		
[Unsecured and considered good unless otherwise stated]		
Advances recoverable in cash or in kind or for value to be received *	230,499,713	142,276,897
Deposit With National Bank for Agricultural and Rural Development	250,000	250,000
Deposit with Customs, Port Trust etc.	15,820	15,820
	<hr/>	<hr/>
	230,765,533	142,542,717

* includes amount receivable from private companies in which a Director of the Company is a Director Rs. 1,142,467/- (31.12.2003–Rs.1,142,467/-).



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December, 2004 (Rupees)	31st December, 2003 (Rupees)
	<hr/>	<hr/>
SCHEDULE : 7 – CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Acceptances	44,049,950	24,894,075
Sundry Creditors		
Small Scale Industrial Undertakings	—	—
Others	403,324,719	273,435,747
Unclaimed Dividend	471,563	737,806
Unclaimed Matured Deposits	27,000	116,000
	<u>447,873,232</u>	<u>299,183,628</u>
(b) Provisions		
Taxation less Advance Payments	9,117,197	54,098,436
	<u>9,117,197</u>	<u>54,098,436</u>
	Year ended 31st December, 2004 (Rupees)	9 months ended 31st December, 2003 (Rupees)
	<hr/>	<hr/>
SCHEDULE : 8 – OTHER INCOME		
Replanting Subsidy	—	218,244
Sale of Tea Waste	1,801,972	879,761
Profit/(Loss) on Share trading	40,086,038	—
Miscellaneous Receipts	15,159,580	5,484,787
Income from Investments other than trade	27,601	26,172
Gain/(Loss) on Exchange (net)	4,847,685	(2,614,727)
Profit on Sale of investments (net)	173,740	—
Profit on discard/ sale of Fixed Assets (net)	1,334,597	69,191
Liabilities no longer required written back	—	744,628
Premium on Sale of DEPB. Licence	—	10,484,048
	<u>63,431,213</u>	<u>15,292,104</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

	Year ended 31st December, 2004 (Rupees)	9 months ended 31st December, 2003 (Rupees)
SCHEDULE : 9 – EXPENSES		
Garden Cultivation Costs	57,003,307	74,165,475
Plucking and Manufacturing Expenses	168,159,470	180,248,982
Purchases of Tea	244,661	31,500
Purchases of Shares	49,900	—
Power and Fuel	133,583,611	118,424,482
Establishment Charges (including Bonus)	181,143,362	120,567,846
Directors' Remuneration (Salary)	1,860,000	1,539,000
Directors' Fees	48,500	36,000
Contribution to Provident, Superannuation and Gratuity Funds	67,115,012	60,919,400
Workmen and Staff Welfare Expenses	88,512,975	54,574,705
Concession on Foodgrains	48,295,468	37,687,022
Repairs to Buildings	12,102,549	13,370,024
Repairs to Plant & Machinery	18,526,972	13,271,821
Upkeep of Roads & Bridges	1,502,903	1,177,930
Garden Transport	27,224,761	21,659,671
Insurance	2,389,840	1,741,154
Rent, Rates & Taxes	5,671,135	3,854,174
Office Maintenance	2,796,300	2,719,322
Bank Charges	10,377,776	14,648,826
General Charges	41,209,441	26,912,786
Freight, Warehouse & Sale Charges	68,667,547	54,958,561
Agency Commission	26,361,349	27,428,999
Brokerage	4,963,911	3,864,705
Cess on Green Leaf	21,046,059	21,341,884
Cess on Tea	4,527,262	4,804,104
Sundry Balances written off	9,830,826	—
Loss on sale of Investments	—	690,053
	<u>1,003,214,897</u>	<u>860,638,426</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 10 – (INCREASE)/DECREASE IN STOCK

	Unit	31st December, 2004		9 months ended 31st December, 2003	
		Quantity	Rupees	Quantity	Rupees
Stock as at 31st December, 2003					
Tea	KGs.	2,242,059	123,926,310	983,122	65,655,376
Stock as at 31st December, 2004					
Tea	KGs.	3,228,482	173,626,002	2,242,059	123,926,310
(Increase)/Decrease			(49,699,692)		(58,270,934)

SCHEDULE : 11

Notes to Consolidated Financial Statements for the year ended 31st December, 2004

1. List of Subsidiaries

The Consolidated financial statement represents consolidation of Accounts of Assam Company Limited (the company) and its following subsidiaries (together with "the group")

Name of the Company	Country of Incorporation	Proportion of Ownership Interest	Reporting Period and Dates
Namburnadi Tea Company Limited (NTCL)	India	92.98%	Year ended 31.12.2004
Assam Agro Hi-Tech Limited	India	100%	Year ended 31.12.2004
North East Hydro Carbon Ltd	India	98.62%	Year ended 31.12.2004
Camelia Cha Bar Limited	India	98.66%	Year ended 31.12.2004

2. Capital Reserve as at 31st December, 2004 comprise the following :

- Capital reserve amounting to Rs 7,06,78,393 has arisen on consolidation of accounts between Assam Company Limited (ACL) and its subsidiary Namburnadi Tea Company Limited (NTCL) being the excess of share of equity in the subsidiary by ACL as on the date of acquisition over its carrying value of investments in such subsidiary.
- Capital reserve of Rs 4,33,70,034 shown as in the books of NTCL incorporated on consolidation.
- Goodwill of Rs 3,66,448 has arisen on consolidation of accounts between ACL and its other subsidiaries indicated in Note No. 1 above, which has been netted of with the above capital reserves.

3. Based on the principle of prudence, deferred tax assets have been recognised only to the extent of deferred tax liability resulting into a net deferred tax position of Rs. Nil.

4. a) All assets except Furniture as at 31st December, 1994 were revalued by an approved valuer at the then net replacement cost resulting in increase in value of these assets by Rs. 42,76,64,732/-. All assets except Furniture as at 31st December, 1996 have been revalued again by an approved valuer at net replacement cost resulting in a further increase in value of these assets by Rs. 11,35,67,000/-.

b) A building acquired on amalgamation from erstwhile Metropolitan Abasan Limited was revalued on 30th August, 1998 by an approved valuer resulting in an increase in value of the building by Rs. 90,15,200/-.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS (Contd.)

- c) The Government of Assam had taken possession of some undeveloped land under Assam Fixation of Ceiling of Land Holdings Act, 1956 and the Company has made representation to the Government for reclaiming the said land or equivalent for extension of planting activities.
 - d) Taking into account the total intrinsic value of the Company's land in Assam, no adjustment in the opinion of the management is required for the loss on land lost due to flood and consequent erosion in past years. Claim for compensation in this regard has been made to Assam Government.
5. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 16,08,196/- (net of advance Rs 1,33,91,804/-) [31.12.2003 – Rs. 16,08,196/- (net of advance Rs.1,33,91,804)]
6. Contingent Liabilities not provided for :
- a) Income Tax assessments disputed in appeals Rs. 1,69,03,630 (31.12.2003 – Rs. 82,38,438/-). If the appeals for disputed amounts are upheld in favour of tax authorities, there will be a concomitant liability in respect of Agricultural Income Tax and Sur Tax.
 - b) Sales Tax assessments disputed in appeals Rs.13,95,42,183 (31.12.2003 – Rs. Nil).
 - c) Export Bills discounted with Banks Rs. Nil 31.12.2003 – Rs. 2,47,71,258/- .
 - d) Gurantees given on behalf of third parties Rs. 15,11,00,000 (31.12.2003 – Rs. 15,11,00,000).
 - c) Demand from Provident Fund Authorities in respect of NTCL is disputed, amount of which is not ascertainable.
7. Provision for taxation for the Company's financial period of nine months ended 31st December, 2004 has been determined based on results for the three months ended 31st March, 2004 (Assessment Year 2004-05) and for nine months ended 31st December, 2004 (Assessment Year 2005-06). The ultimate liability for the Assessment Year 2005-06, however, will be determined on the total income for the Company for the period from 1st April, 2004 to 31st March, 2005.

8. Breakup of Interest Charge :

	31.12.2004	31.12.2003
	Rupees	Rupees
On Fixed Loan*	148,133,835	106,590,439
Others	50,647,420	40,793,591
A	198,781,255	147,384,030
Less : Interest Subsidy Received	30,840,201	—
Interest Income [Tax deducted at source Rs. 1,90,610, (31.12.2003 – Rs. Nil)]	1,687,256	1,773,443
B	32,527,457	1,773,443
Total Interest Charge (net)	A – B 166,253,798	145,610,587

* Includes interest on debentures Rs. 2,18,09,589 (31.12.2003 – Rs. 1,90,89,000)

**SCHEDULES FORMING PART OF THE ACCOUNTS**

SCHEDULE : 11 – NOTES ON ACCOUNTS (Contd.)

9. Related Party Disclosure

I. Names of related parties and description of relationship

a) **Key management Personnel and their relatives**

Mr. A. K. Jajodia, Sr Managing Director

Mr. K. N. Nowrojee, Director Estates

II. **Transactions with related parties**

Rupees

Nature of transaction	Persons referred to in (a) above	Total
Remuneration paid	4,602,931	4,602,931
	(2,822,709)	(2,822,709)

Notes :

i) **The management certifies that there have been no payments, other than those disclosed above, to key management personnel and/or their relatives.**

ii) **Figures in brackets relate to previous period.**

10. The Company has received summons under Section 19 (3) of Recovery of Debts Due to Banks and Financial Institutions Act, 1993 from the Debt Recovery Tribunal (DRT), Kolkata for recovery of debentures issued to Unit Trust of India (UTI) and interest thereon aggregating to Rs. 16,80,17,696 as on 26th June, 2003. DRT vide its final order dated 14.10.2004 decided that it does not have jurisdictional power to decide on the matter.

UTI subsequently has moved to Debt Recovery Appellate Tribunal (DRAT) against the said order and the matter is currently sub-judice. The Company is negotiating with UTI for a onetime settlement outside the Court for which necessary approval is expected shortly.

11. The term loans from IDBI have been restructured by the lender vide its letter dated 21st November, 2003 subject to certain conditions. Although the company has agreed to such restructuring of its debts, it however has written to IDBI to allow waiver of the conditions and expects a favourable response in all these matters.

12. Total debtors include Rs. 19,88,51,605/- which are more than six months old, which in the opinion of the management are good and recoverable.

13. The Company's contribution of Rs. 3,95,25,000 (GBP 6,00,000) towards a Joint Venture in U. K. which subsequently had failed was expected to be received back in 4 equal annual instalments commencing from 5th February, 2004 Necessary approval from Reserve Bank of India in this regard have been obtained. Out of the total dues, Rs. 1,68,27,091 (GBP 2,01,521) has been received during the current year and Rs. 80,69,602 (GBP 98,410) subsequent to the year end.

14. The Company during the year has incurred extensive expenditure for development of its tea estates. In the opinion of management the corresponding benefits of these development activities will accrue to the company over a long period of time in the form of increased yield and improved quality of tea. Accordingly, these expenditure totalling to Rs. 7,13,14,906 have been capitalised under Land & Development in the Fixed Assets schedule.

15. Extraordinary item pertains to provision made during the year for shortfall in gratuity funds as ascertained by an actuary.

16. Excess provision for taxation in respect of earlier years written back is net off current tax provision computed as per the provisions of Section 115JB of the Income Tax Act amounting to Rs. 34,42,861.

17. Figures for the current year comprise of twelve months as against the previous financial year of nine months and as such are not comparable.

18. Previous year's figures have been regrouped/rearranged wherever necessary.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS (Contd.)

Rupees
31.12.2004

19. Segment Report
By Geographical Segments

Particulars	Domestic	Export	Total Segments	Total Enterprise
Segment Revenue External Customers	848,914,055	299,990,923	1,148,904,977	1,148,904,977
	730,936,664	285,180,764	1,016,117,428	1,016,117,428
Other income	1,801,972	4,752,178	6,554,150	6,554,150
	6,301,616	7,869,321	14,170,937	14,170,937
Add : Inter Segment Revenue	959,763	—	959,763	959,763
	—	—	—	—
Total Segment Revenue	<u>851,675,790</u>	<u>304,743,101</u>	<u>1,156,418,890</u>	<u>1,156,418,890</u>
	737,238,280	293,050,085	1,030,288,365	1,030,288,365
Segment Result	115,005,350	71,581,331	186,586,681	186,586,681
	116,161,657	106,389,091	222,550,748	222,550,748
Add : Unallocable Income	—	—	—	67,890,026
	—	—	—	2,739,308
Less : Unallocable expenses	—	—	—	48,486,534
	—	—	—	41,200,833
Less : Interest (net)	—	—	—	166,253,798
	—	—	—	145,610,587
Profit before Taxation and Extra Ordinary Item	—	—	—	39,736,375
	—	—	—	38,478,636
Provision for Taxation :				
Current year	—	—	—	(41,832,805)
	—	—	—	1,675,653
Deferred Tax	—	—	—	(34,504,285)
	—	—	—	(1,176,619)
Profit after Taxation and before Extra Ordinary Item	—	—	—	116,073,465
	—	—	—	37,979,602
Provision for diminution in value of certain Investments	—	—	—	—
	—	—	—	(1,895,920)
Prior Period Expenses	—	—	—	—
	—	—	—	2,258,839
Extra Ordinary Item	—	—	—	62,997,721
	—	—	—	—
Profit after Tax and Extra Ordinary Item	—	—	—	53,075,744
	—	—	—	37,616,683
Other Informations				
Segment Assets	284,716,603	534,402,912	819,119,515	819,119,515
	255,552,133	405,631,361	661,183,494	661,183,494
Unallocated Assets	—	—	—	3,721,694,113
	—	—	—	3,550,937,513
Total Assets	—	—	—	4,540,813,628
	—	—	—	4,212,121,007
Segment Liabilities	9,445,289	—	9,445,289	9,445,289
	7,821,185	—	7,821,185	7,821,185
Unallocated Liabilities	—	—	—	4,531,368,339
	4,296,391	—	4,296,391	4,204,299,822
Total Liabilities	—	—	—	4,540,813,628
	—	—	—	4,212,121,007



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS (Contd.)

19. Segment Report
By Geographical Segments (Contd.)

Rupees
31.12.2004

Particulars	Domestic	Export	Total Segments	Total Enterprise
Capital Expenditure	21,191,468	—	21,191,468	21,191,468
Unallocated capital expenditure	20,587,102	—	20,587,102	20,587,102
	—	—	—	107,288,415
	—	—	—	36,702,070
Total capital expenditure	—	—	—	128,479,883
	—	—	—	57,289,172
Depreciation	868,046	—	868,046	868,046
Unallocated depreciation	741,574	—	741,574	741,574
	—	—	—	40,231,287
	—	—	—	33,699,421
Total depreciation	—	—	—	41,099,333
	—	—	—	34,440,995

Notes :

- The Company is engaged in the cultivation & manufacture of black tea and accordingly there are no business segments. The primary segment is geographical based on location of customers i.e. domestic sales and export sales.
- The segment-wise revenue, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments. The segmentwise result include figures that are allocated to the respective segments in the ratio domestic and export sales apart from figures that are directly attributable to each of the segments.
- Fixed assets used in the Company's business or liabilities other than for a subsidiary, NTCL have not been identified to any of the reportable geographical segments as the fixed assets are common for production of both domestic and exported tea. Accordingly depreciation and capital expenditure incurred by the Group for other than NTCL could not be allocated between the reported geographical segments.

20. Basic and Diluted Earnings Per Share

		31.12.2004	31.12.2003
Profit after Taxation, Extra Ordinary Item, Diminution in Value of certain Investments & Prior Period Expenses	(A)	53,075,744	37,616,683
Weighted average number of Equity Shares	(B)	22,361,526	22,361,526
Basic and Diluted Earnings Per Share	(A) / (B)	2.37	1.68

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS (Contd.)

21. SIGNIFICANT ACCOUNTING POLICIES

1. [a] Convention

The financial statements are based on accrual system of accounting and in accordance with the accounting standards specified under subsection (3c) of Section 211 of the Companies Act, 1956. A summary of important accounting policies is set out below which have been applied consistently. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 1956.

[b] Basis of Accounting

The Financial Statements are prepared under the historical cost convention, modified by revaluation of certain Fixed Assets as detailed below.

[c] Fixed Assets

In respect of revalued assets the appreciation in value of assets over its book value are credited to the Revaluation Reserve. Other assets are stated at their cost of acquisition including appropriate incidental expenses.

Cost of Young Tea Plantation is capitalised.

The assets acquired on hire purchase for which ownership will vest at a future date are capitalised at the fair value of the Leased Assets. Equated monthly payments are apportioned between the finance charge and repayment of principal amount.

[d] Depreciation

[i] Depreciation is provided on the Written Down Value method at the rates prescribed and in accordance with Schedule XIV to the Companies Act, 1956. In respect of revalued assets the incremental depreciation on account of revaluation is recouped from Revaluation Reserve. Land & Development and Leasehold Land are not depreciated.

[ii] Profit or Loss on disposal of Fixed Assets is recognised in the Profit & Loss Account.

[e] Investments

Long Term investments are stated at cost. Provision for loss on permanent fall in value of investments is made, wherever necessary.

[f] Inventories

Stock of Tea is stated at cost or estimated net realisable value whichever is lower. Cost of tea comprises expenditure incurred in the normal course of business in bringing such stocks to their location and includes appropriate overheads.

Stores & Spare parts are also stated at cost (weighted average cost). Obsolete, slow moving and defective stores are identified at the time of physical verification of stores and where necessary, provision is made for such stores.

[g] Foreign Currency Transaction

Transactions in foreign currencies are recorded in rupees by applying the rate of exchange ruling at the dates of transactions. Variation on settlement are recognised as gain or loss on exchange in the profit and loss account.

Current asset and liability balances in foreign currency at the balance sheet date are restated at the year end exchange rates and the resultant fluctuation is recognised as exchange gain or loss made during the year. Transactions covered by forward contracts are accounted for by recognising the difference between the forward rate and the spot rate as income or expenditure over the period of the contract. Profit or loss on cancellation of forward contracts are recognised as an income or expense of the period in which such cancellation has taken place.

Exchange differences arising on account of purchase of fixed assets are adjusted to the carrying amount of such



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 11 – NOTES ON ACCOUNTS (Contd.)

fixed assets.

[h] Sales

Sales represent the invoiced value of goods sold less sales tax.

[i] Income from investments

Income from investments is included together with the related tax credit in the Profit & Loss Account.

[j] Research and Development

All revenue expenditure on Research and Development is generally recognised in Profit & Loss Account except where there is a reasonable indication that such research and development cost to be incurred are likely to be more than covered by related future revenues and benefits. In such cases, such research and development costs are deferred to future periods.

[k] Superannuation and Pension

The Company operates contributory Superannuation and Pension schemes for eligible employees which are funded with Life Insurance Corporation of India (LIC) and a private insurance company based on actuarial valuation carried out by them.

[l] Gratuities and Leave encashments

The Company operates Gratuity Fund Schemes for its employees which funded with a private insurance company under Group Gratuity Schemes. Annual contributions are made to the company, based on actuarial valuation carried out by them. Leave encashments payable to employees on their retirement have been ascertained by actuarial valuation and provided for in the accounts.

[m] Borrowing Costs

Borrowing costs if relatable to qualifying assets (i.e., assets that necessarily take a substantial period of time for its intended use or sale) are capitalised otherwise are charged to Profit & Loss Account.

[n] Taxes on Income

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws under the Income-tax Act, 1961.

Deferred tax is recognised subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

On behalf of the Board

A. K. Jajodia – *Managing Director & CEO*

K. N. Nowrojee, *Director - Estates*

Vinod B. Tibrewala

Santosh Bhagat

Pintu Kr. Agarwalla

Directors

Place : Kolkata,
Date : 5th September, 2005

S. K. Sarma
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2004

	Year ended, 31st December, 2004 (Rupees)	9 months ended, 31st December, 2003 (Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation and extraordinary items and after prior period expenses	39,736,375	36,219,797
Adjustments for :		
Depreciation	41,099,333	34,440,995
Interest received	(1,687,256)	(1,773,443)
(Profit) / Loss on disposal of Fixed Assets	(1,334,597)	(69,191)
Income from Investments	(27,601)	(26,172)
(Profit) / Loss on sale of Investments	(173,740)	690,053
Interest Expenses	167,941,054	147,384,030
Sundry Balances written off (net)	9,830,826	—
Operating Profit before Working Capital Changes	255,384,394	216,866,069
Adjustments for :		
Trade and Other Receivables	(177,907,945)	(71,416,135)
Inventories	(53,232,672)	(38,042,621)
Trade and Other Payables	72,031,435	16,526,439
Cash generated from Operations	96,275,212	123,933,752
Direct Taxes (Paid) / Received	(3,130,344)	(1,458,146)
Net Cash Flow from Operating Activities	93,144,868	122,475,606
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (incl. Capital work-in-progress)	(146,602,932)	(57,289,172)
Sale of Fixed Assets	27,563,931	79,265
Purchase of Investments	—	—
Sale of Investments	287,997	962,358
Interest received	1,974,060	4,882,538
Dividend received	27,601	26,172
Inter Corporate Deposits	—	500,000
Net Cash used in Investing Activities	(116,749,343)	(50,838,839)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2004 (Contd.)**

	Year ended, 31st December, 2004 (Rupees)	9 months ended, 31st December, 2003 (Rupees)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	233,454,159	95,474,084
Repayment of Borrowings	(59,701,029)	(17,400,835)
Unclaimed Dividend Paid	266,243	(81,224)
Interest Paid	(141,937,566)	(149,954,375)
Net Cash Flow from Financing Activities	<u>32,081,807</u>	<u>(71,962,350)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<u>8,477,332</u>	<u>(325,583)</u>
Cash and Cash Equivalents - Opening Balance	19,788,677	20,114,260
Cash and Cash Equivalents - Closing Balance	<u>28,266,009</u>	<u>19,788,677</u>
	<u>8,477,332</u>	<u>(325,583)</u>

Notes:

1. Cash and Cash Equivalents comprise Cash & Bank balances as per Schedule-6 (c) of the audited accounts.
2. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
3. Figures for the current financial year comprise of twelve months as against the previous financial year of nine months and as such are not comparable.
4. Previous year's figures have been regrouped/rearranged wherever necessary.

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

On behalf of the Board

A. K. Jajodia, *Managing Director & CEO*
K. N. Nowrojee, *Director - Estates*
Vinod B. Tibrewala
Santosh Bhagat
Pintu Kr. Agarwalla
Directors

For LOVELOCK & LEWES
Chartered Accountants

Prabal Kr. Sarkar
Partner

S. K. Sarma
Company Secretary

Place : Kolkata,
Date : 5th September, 2005



ASSAM COMPANY LIMITED

Regd. Office : Greenwood Tea Estate, P.O. Dibrugarh, Assam

PROXY

DP. Id :*

Client Id :*

Folio No. :

*(Applicable if shares are held in electronic form)

I/We

of

being a member of the above named Company hereby appoint

.....

of or failing him

.....

of or failing him

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held on Friday, the 30th September, 2005 and at any adjournment thereof.

As witness my/our hand(s) this day of 2005

Signature

Affix
Revenue
Stamp

----- - Please cut along this line -----

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the meeting hall.

ASSAM COMPANY LIMITED

Registered Office

Greenwood Tea Estate

Dibrugarh

Assam

DP. Id :*

Client Id :*

Folio No. :

*(Applicable if shares are held in electronic form)

I hereby record my presence at the Twenty-Eighth Annual General Meeting of the Company at the Auditorium of Dibrugarh & District Planters' Club, Lahoal, P. O. Dibrugarh, Assam on Friday, the 30th September, 2005

Member's Name (in block letters) :

Member's/Proxy's Signature :

BOOK POST

UNDER CERTIFICATE OF POSTING

If undelivered please return to :

Assam Company Limited

Assam Tea House

52, Chowringhee Road

Kolkata-700 071