



Assam Company Limited



Member
Duncan Macneill Group

ANNUAL REPORT AND ACCOUNTS 2007



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. Abhay Chawdhry, *Director Finance & CFO*

Mr. Santosh Bhagat

Mr. Umesh Barasia

Mr. Pintu Kr. Agarwalla

Company Secretary

Mr. Arup Kumar Roy

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

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 / 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

Thirty-First Annual General Meeting of the Company will be held at 11.00 A.M. on Tuesday
22nd July, 2008 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam



ASSAM COMPANY LIMITED



NOTICE

Notice is hereby given that the Thirty-First Annual General Meeting of the Members of Assam Company Limited will be held at 11.00 A.M. on Tuesday, 22nd July, 2008 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31st December, 2007 and the Balance Sheet as at that date and the Report of Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st December 2007.
3. To appoint a Director in place of Dr. Krishna Kumar Jajodia, who retires by rotation, and being eligible, offers himself for re-appointment.
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. Umesh Barasia 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** pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956 and other necessary sanctions, if any, approval of the members be and is hereby accorded to the re-appointment of Mr. Aditya Kumar Jajodia, as Managing Director and Chief Executive Officer of the Company for a further period of 5 (five) years with effect from 1st October 2007 till 30th September 2012.

"**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized and empowered to execute the necessary agreement with Mr. Aditya Kumar Jajodia 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."

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

"**RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any,

of the Companies Act, 1956 ("the Act"), the Members hereby approve the remuneration payable to Mr. Aditya Kumar Jajodia, Managing Director and Chief Executive Officer of the Company, with effect from 1st October 2007 till 30th September 2012 (including the remuneration payable in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) as set out in the Explanatory Statement annexed to the Notice convening this meeting, and to such revisions subject to the overall limit as applicable to the Company in terms of Part II of Section II of Schedule XIII."

8. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

"**RESOLVED THAT** subject to the approval of Central Government, the Company hereby grant its approval under Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), for an amount of Rs. 20,000 per month (Rupees twenty thousand only) in respect of reimbursement towards maintenance & repair cost of rental accommodation to Mr. Abhay Chawdhry, Director Finance and Chief Financial Officer of the Company, with effect from 9th November, 2006 up to 8th November 2009 as set out in the Explanatory Statement annexed to the Notice convening this meeting.

9. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 79A, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), listing agreements entered into by the Company, and in accordance with the provisions of the Articles of Association of the Company and subject to all necessary abidements and / or sanctions of the Government of India, Reserve Bank of India, Financial Institutions, FIPB / SIA, under FEMA 1999 and provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") 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 including ESOS Compensation Committee which the Board may constitute to exercise its powers, including powers conferred by this Resolution), consent of the members of the Company be and is hereby accorded to the Board to create, offer, issue and allot, at any time to or for the benefit of such person(s) who are in the permanent employment of the Company working in or out of India, a director of the Company, an employee as stated aforesaid of a subsidiary in India or out of India and



Holding Company, or to such other persons as may from time to time be allowed under prevailing laws on such terms and conditions as may be decided by the Board under the Scheme titled "Employee Stock Option Scheme(ESOS) /Employee Stock Appreciation Rights (SAR) - 2005" (hereinafter referred to as the "ESOS" or "Scheme" or "Plan"), such number of Equity Shares and/or equity linked instruments (including options), equity issued through American Depository Receipts ("ADRs") and/or Global Depository Receipts ("GDRs") and/or other instruments or securities (hereinafter collectively referred to as "Securities") of the Company which could give rise to issue of Equity Shares not exceeding in the aggregate 20% of the issued Equity Share Capital of the Company as on 31st January 2006, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of law as may be prevailing at that time."

"RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized on behalf of the Company to bring into effect the Scheme and make any alterations in the said Scheme as may be specified by any statutory authority and to do all such acts, as it may in its absolute discretion to settle any questions, difficulties, or doubts that may arise in this regard."

10. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 79A, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Articles of Association of the Company and provisions contained in the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such approvals, permissions and sanctions which may be prescribed or imposed 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 including ESOS Compensation Committee which the Board may constitute to exercise its powers, including powers conferred by this Resolution),

consent of the members of the company be and is hereby accorded to the Board to extend the benefits of Employee Stock Option Scheme proposed in the Resolution under Item No. 9 in this notice to the eligible employees/directors of the holding /subsidiary companies, as and when formed and /or to such other persons, as may from time to time be allowed under the laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board."

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized, on behalf of the Company, to evolve, decide upon and bring into effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, matters and things as it may be in the absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

11. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to :

- a) make investments by way of subscription, purchase or otherwise in the securities upto Rs.50 Crores in Assam Company Naftogaz Hydrocarbon Projects Limited.
- b) give any guarantee(s) or provide security(ies) upto Rs.100 Crores in connection with loan made by any other person to Assam Company Naftogaz Hydrocarbon Projects Limited.
- c) make loan(s) and / or give any guarantee(s) / provide any security(ies) to any person other than Assam Company Naftogaz Hydrocarbon Projects Limited in connection with loan(s) made to and / or acquire by way of subscription, purchase or otherwise the securities of any body corporate upto a limit not exceeding Rs.100 Crores; notwithstanding that the aggregate of the loans, guarantees or



securities so far given or to be given to and / or securities so far acquired in all bodies corporate may exceed the limits prescribed under the said Section."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also delegate all or any of the above powers to the Committee of Directors or Managing Director or the Principal Officer of the Company and

generally do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 17th July, 2008 till Tuesday 22nd July, 2008, both days inclusive.

Registered Office :
Greenwood Tea Estate
P.O. Dibrugarh, Assam
Place : Kolkata
Dated : 23rd June, 2008

By Order of the Board

Arup Kumar Roy
Company Secretary

NOTES:

1. **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.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. Pursuant to Section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and upto the Company's financial year ended 31st December, 1999 and as declared at the Annual General Meeting held on 29th September 2000, have been transferred to the Investor Education and Protection Fund.
4. Members are requested to quote their registered folio No. in all correspondence with the Company or its Registrars.
5. 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 a.m. to 12 noon upto the date of the forthcoming Annual General Meeting.

DETAILS OF DIRECTORS BEING RE-APPOINTED / APPOINTED (In pursuance of Clause 49 of the Listing Agreement):

Item No. 3

Dr. Krishna Kumar Jajodia, Chairman retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. Jajodia aged 75 years is an Honours Graduate in Economics and has wide business experience for nearly 54 years. A renowned Industrialist Dr. Jajodia is associated with several National and International level organizations.

Apart from being the Chairman of Assam Company Limited, Dr. Jajodia holds Directorship in North - East Hydrocarbon Limited, Assam Oil and Gas Limited and Gujarat Hydrocarbons and Power SEZ Limited.

Dr. Krishna Kumar Jajodia and Mr. Aditya Kumar Jajodia being related are deemed to be interested and / concerned in the said Resolution.

No other Director is interested in the Resolution.

The Board recommends the Resolution for approval by the Members.



EXPLANATORY STATEMENT

PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

SPECIAL BUSINESS

Item no. 5

Mr. Umesh Barasia was appointed as Director in the casual vacancy caused by the demise of Mr. B.P. Kanodia under Section 264 of the Companies Act, 1956, effective from 16th January, 2007.

Mr. Barasia is a member of the Institute of Chartered Accountants of India and has over 23 years of experience in the field of accounts, finance, taxation and capital market.

Apart from being the Director of Assam Company Limited, Mr. Barasia holds Directorship in Millennium Stock Brokers Private Limited, Lexus Shares and Stock Brokers Private Limited and Lexus Technographics Pvt. Ltd.

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. Umesh Barasia as a Director of the Company.

The resolutions set out in item No. 5 of the accompanying notice is intended to obtain the consent of the Members in respect of the appointment of Mr. Umesh Barasia as an Independent and Non-Executive Director of the Company.

Mr. Umesh Barasia may be deemed to be interested and/or concerned in the resolution. No other Director is interested in the resolution.

The Board recommends the Ordinary Resolution for approval by the Members.

Item no. 6 and 7

At the Annual General Meeting of the Company held on 5th December, 2003, Mr. Aditya Kumar Jajodia was re-appointed as Senior Managing Director (re-designated as Managing Director & Chief Executive Officer), for a period of 5 years w.e.f. 1st October, 2002 upto 30th September 2007.

The Board of Directors of the Company at its meeting held on 1st November, 2007 has approved the re-appointment of Mr. Aditya Kumar Jajodia as Managing Director & Chief Executive Officer for a further period of 5 years w.e.f. 1st October 2007 upto 30th September 2012.

On recommendation of the Remuneration Committee, the Board of Directors at its meeting held on 1st November, 2007 has also approved the remuneration payable to Mr. Aditya Kumar Jajodia to the extent mentioned herein below.

- Salary : Rs.2,80,000/- (Rupees Two Lakhs Eighty Thousand only) per month in the scale of 280000-80000-480000.
- Commission and Performance Bonus upto 50% of the Annual Salary
- Free fully furnished accommodation including furnishings, gas, electricity and water
- Medical re-imbursement for self and family - as per Company Rules
- Club Fees
- Telephone and Car with driver - as per actuals
- Leave Travel Assistance - six months' basic salary for self and family
- Personal Accident Insurance, Medical Insurance and encashment of unavailed leave - as per Company Rules
- Contribution to Provident Fund, Gratuity Fund and Pension Fund.

In view of the eventuality of inadequacy of profits for any Financial Year and in compliance of Schedule XIII and to provide for any revision in the remuneration, it is proposed to make an application to the Central Government for payment of remuneration to Mr. A K Jajodia, subject to the overall limit as applicable to the Company in terms of Part II of Section II of Schedule XIII.

The relevant disclosures pursuant to Schedule XIII are provided below:

I. GENERAL INFORMATION :

1. Nature of Industry :

The Company is involved in the cultivation, manufacture and sale of Tea, Oil and Gas exploration.

2. Date of commencement of commercial production :

Tea – Since 1845 and as Assam Company Limited since 1977;

Oil and Gas – April, 2006

3. In case of new Companies, the expected date of commencement of activities as per project approved by the Financial Institutions appearing in the prospectus

– Not Applicable.



4. Financial performance given on indicators. (Rs. Cr.)

Year	Sales Turnover	PAT
2007	151.91	8.55
2006	149.50	7.45
2005	131.59	6.98

5. Export performance and net Foreign Exchange earnings (Rs. Cr.)

2007	-	54.94
2006	-	48.25
2005	-	26.30

6. Foreign investments or collaborators, if any (31.12.2007) :

Foreign Investors hold 69.11 % in the Equity Share Capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE :

1. Background details :

Mr. A K Jajodia has over 23 years of experience in the area of Finance and Business Management. Mr. Jajodia serves as a Member on a number of business forums like the Indian Tea Association and the FICCI. He is presently the Vice Chairman of Indian Tea Association as well as the Chairman of Indian Tea Association Sub-Committees on Finance, Taxation and Insurance, Flood Control and Infrastructure. He has been actively involved in the development of Oil and Gas Division and has played an important role in the structuring of Oil and Gas Division to its present level of operation.

2. Past Remuneration (Rs. Lacs)

2007	-	58.83
2006	-	43.10
2005	-	28.25

3. Job Profile and suitability :

Mr. Jajodia is the Managing Director and CEO of the Company and has been on the Board of Directors of the Company for the last sixteen years. He is also the Vice-Chairman of The Indian Tea Association.

4. Comparative Remuneration profile :

Goodricke Group Ltd. – Rs 70.51 lacs p.a

5. Pecuniary Relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any.

Mr. A K Jajodia is the son of Dr. K K Jajodia, who is the Non-Executive Chairman.

III. Other Information :

- 1. Reasons for loss of inadequate profits**
- 2. Steps taken or proposed to be taken**
- 3. Expected increase in productivity and profits in measurable term**

These have been dealt with in the Directors' Report and Report on Management Discussion and Analysis.

This may be treated as an abstract under Section 302 of the Companies Act, 1956.

Dr. K. K. Jajodia and Mr. A. K. Jajodia are interested in the Resolution. No other Director is interested in the Resolution.

The Board recommends the Special Resolution for approval by the Members.

Item No. 8

Mr. Abhay Chawdhry was appointed as Director Finance and Chief Financial Officer of the Company for a period of 3 (three) years with effect from 9th November, 2006 by the Board of Directors at its Meeting held on 9th November, 2006 with subsequent approval of the Shareholders in its Annual General Meeting held on 30th June 2007 as well as by the Central Government.

At the Board Meeting held on 9th November 2006 and on the recommendation of the Remuneration Committee, an amount of Rs. 20,000 per month (Rupees twenty thousand only) for reimbursement towards maintenance & repair cost of rental accommodation was included in the remuneration package of Mr. Chawdhry. This was however inadvertently omitted in the shareholders resolution passed at the Annual General Meeting held on 30th June 2007 which is now being placed for ratification.

The resolutions set out in item No. 8 of the accompanying notice is intended to obtain the consent of the Members in this regard.

Mr. Abhay Chawdhry may be deemed to be interested and/or concerned in the resolution.

No other Director is interested in the resolution.

The Board recommends the Special Resolution for approval by the Members.



Item no. 9

The Company is desirous of finding means to allow its personnel in the Group to participate in its growth, through appropriate mechanism.

Stock Options have long been recognized internationally, as an effective instrument, to align the interest of employees with those of the Company and its shareholders, provide an opportunity to employees to share in the growth of the Company and create long term wealth in the hands of the employees in the Group.

Stock Options create a common sense of ownership between the Company and its employees in the Group paving way for a unified approach to the common objective of enhancing overall shareholder value.

Stock Options provide for tax-efficient, performance linked rewards to employees and serve as an important means to attract, retain and motivate the best available talent for the Companies in the Group.

From the Company's perspective, Stock Options also provide an opportunity to optimize personnel costs by allowing for an additional market-driven mechanism to attract, retain, compensate and reward employees.

The Securities and Exchange Board of India (SEBI), has introduced a comprehensive and internationally comparable set of regulations known as the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

The Company proposes to introduce the following two Stock Option Schemes for the benefit of permanent employees of the Company, its Directors and such other persons/entities as may be prescribed by SEBI from time to time and in accordance with the provisions of prevailing regulations. The Stock Option Schemes will also cover any issuance of ADRs/ GDRs/ other securities by the Company, as may be allowed from time to time under prevailing regulations.

SCHEME A

Stock Options: Under this Scheme, employees of the Group will be given an option to acquire a certain number of shares of the face value of Re.1/- each, at the price as mentioned hereinafter.

SCHEME B

Stock Appreciation Rights (SAR) is a means for cashless exercise of options. SAR entitles the employees to receive the difference between the price computed for the purpose of grant and the price computed for the purpose of exercise, in the form of shares of the Company. The number of shares received by the employee is arrived at by dividing the total appreciation in

value, as calculated above, by the market price of the shares on the date of exercise.

APPLICABLE TO BOTH THE SCHEMES

The Company shall constitute an ESOS Compensation Committee, which will be a Committee of the Board of Directors, and will consist of a majority of independent Directors, for administration and superintendence of ESOS.

The Committee will formulate the detailed terms and conditions of the ESOS.

The Committee will specify, inter alia, the following:

- quantum of options to be granted to any employee and in aggregate.
- conditions under which options vested in employees may lapse.
- time period within which an employee may exercise vested options in the event of termination or resignation.
- rights of an employee to exercise all the vested options at one time or at various points of time within the exercise period.
- procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions or otherwise.
- lock-in period for the shares issued pursuant to exercise of the options.
- any other related or incidental matters.

The following is the Explanatory Statement which sets out the various disclosures as required by Clause 6 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "ESOS Guidelines").

The salient features of the ESOS are as under:-

(a) Total number of options to be granted

The total number of Options/SARS that may, in the aggregate, be issued, under both the Schemes:

Upto 20% of the issued Equity Share Capital of the Company as at January 31, 2006 and the Equity Shares that may be issued in the discharge of subsisting obligations.

(b) Identification of classes of employees in the Group entitled to participate in the ESOS

Permanent employee of the Company working in or out of India, director of the Company or an employee as defined



aforsaid of a subsidiary Company in India or out of India and includes a Holding Company, as defined in the ESOS Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the ESOS Compensation Committee, from time to time.

Under the prevailing Regulations, an employee who is a Promoter or belongs to the Promoter group will not be eligible to participate in the ESOS.

Employees will be granted Stock Option/Stock Appreciation Rights based on performance appraisal system of the Company and such other parameters as may be decided by the ESOS Compensation Committee, in its discretion, from time to time.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner, except by will or laws of inheritance.

(c) Requirements of vesting and period of vesting

The continuation of employee in the service of the Group Company shall be primary requirement of the vesting. The ESOS Compensation Committee shall formulate the other requirements of vesting which may inter-alia include efficiency or performance of the employee. The grant of options shall be made as per the ESOS to be framed by the ESOS Compensation Committee.

Vesting of options commences after a period of 1 year from the date of grant, and may extend upto 5 years or such period as may be determined by the ESOS Compensation Committee. The option may vest in tranches subject to the terms and conditions as may be stipulated by the ESOS Compensation Committee.

(d) Exercise Price or Pricing Formula

The exercise price will be Rs.15/- (Rupees Fifteen only) or Market Price as on the date of grant of option, whichever is lower.

(e) Exercise Period and the process of Exercise

The exercise period may commence from the date of vesting, and will expire not later than 7 years from the date of grant of options, or such other period as may be decided by the ESOS Compensation Committee, from time to time.

The Options will be exercisable by the employees by a written application to the Company to exercise the Options/SARs, in such manner and on execution of such documents and conditions as may be prescribed by the

ESOS Compensation Committee from time to time.

The Options will lapse, if not exercised, within the specified exercise period.

(f) Appraisal Process for determining the eligibility of employees to ESOS

The appraisal process for determining the eligibility of the employee will be specified by the ESOS Compensation Committee, and will be based on criteria such as the designation, period of service, past and present performance, technical knowledge, professionalism, responsibility, other qualities and traits or such other basis as the ESOS Compensation Committee may deem fit.

(g) Maximum number of Options/ SARs to be issued per employee and in aggregate

The Maximum number of Options/ SARs granted per employee will not exceed 1% of the outstanding issued share capital as on date of grant. The aggregate of all such grants shall not exceed 20% of the Issued and outstanding equity shares of the Company as on January 31, 2006 and the equity shares that may be issued in the discharge of subsisting obligations.

(h) Accounting Policies

The Company will conform to the accounting policies specified in Clause 13.1 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and/or such other Guidelines as may be applicable, from time to time.

(i) Method of Valuation of the Options

The Company shall use the 'Intrinsic Value Method' to value the Options. In case the Company calculates the Employee Compensation Cost, using the intrinsic value of the Stock Options, the difference between the Employee Compensation Cost that shall have been recognized, if it had used the fair value of the Options, shall be disclosed in the Director's Report, along with the impact of this difference on profits and on EPS of the Company.

(j) The Company reserves the right to re-issue any Options surrendered on cessation of employment due to retirement or resignation, to other Eligible Employees in the Group.

(k) The equity shares resulting from Exercise shall not be subject to any lock-in condition.

(l) In the event of any bonus / rights issue of equity shares, the entitlement of equity shares will be suitably revised.

(m) If a change in control of the Company, as defined under Securities and Exchange Board of India (Substantial



Acquisition of Shares and Takeovers) Regulations, 1997, shall occur, then the ESOS Compensation Committee may make such adjustments as it, in its sole discretion, determines are necessary or appropriate in light of the change in control, provided that the ESOS Compensation Committee determines that such adjustments are not prejudicial to the interests of the Option holders.

- (n) In the event there is dilution of equity pursuant to any corporate restructuring/ merger/ acquisitions, the ESOS Compensation Committee of the Directors of the Company shall be empowered to make pro-rata reduction in the entitlement of the Options.
- (o) The Options and the rights of the holder are not transferable.
- (p) The Equity Shares issued to the Option holders upon conversion of the Options shall be subject to the Memorandum and Articles of Association of the Company. As the Scheme will entail further shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act, and as per requirement of Clause 6 of the Guidelines.

Your Directors recommend the Resolution for your approval.

None of the Directors of the Company or in the Group is, in any way, concerned or interested in the Resolution, except to the extent of the securities that may be offered to them under the Schemes.

Item no. 10

As per Clause 6.3 of the ESOS Guidelines of SEBI, a separate Resolution is required to be passed if the benefits of ESOS are to be extended to the employees of the Subsidiary or Holding Company, whether now or hereafter existing. This separate Resolution is being proposed accordingly, to cover those employees, and/or such other persons as may be permitted from time to time, under the prevailing laws, rules and regulations and/or amendments thereto from time to time. This may be read with the Explanatory Statement for Item No. 9.

Your Directors recommend the Resolution for your approval.

None of the Directors of the Company or in the Group is, in any way, concerned or interested in the Resolution, except to the extent of the securities that may be offered to them under the Schemes.

Item No. 11

Assam Company Limited has set up a Joint Venture Company with Naftogaz India Private Limited under the name of Assam

Company Naftogaz Hydrocarbon Projects Limited for undertaking Engineering Procurement contracts in the Oil & Gas business.

In order to meet the initial cost of setting up of the said project, the Board of Directors of your Company has agreed to invest in equity upto Rs.50 Crores in a phased manner in Assam Company Naftogaz Hydrocarbon Projects Limited and provide securities, guarantees to the extent of Rs.100 Crores towards loan availed by Assam Company Naftogaz Hydrocarbon Projects Limited in order to meet part of the cost of the project.

The Company is also proposing to make substantial investments in the areas of business of the Company. As a measure of achieving greater financial flexibility and to enable optimal financial structuring to facilitate speedy implementation of various projects, it is proposed that the Board of Directors be authorized to invest upto Rs.100 Crores in any body corporate by way of subscription and / or purchase of equity / equity related securities and / or debentures, grant of loan, guarantee and / or providing of security from time to time.

As per Section 372A of the Companies Act, 1956, a company cannot make investment, give loan or guarantee or provide any security in excess of the limits set out therein unless it is previously authorized by a special resolution. Hence, it is necessary to obtain approval for the same from the members by passing a special resolution. The funds required for the investment will be sourced through internal accruals, equity proceeds and / or borrowings.

The Board recommends the Special Resolution for approval by the Members.

None of the Directors of the Company or in the Group is, in any way, concerned or interested in the Resolution, except to the extent of the securities that may be offered / held to / by them.

Inspection of documents:

The following are available for inspection by the members:-

- i. A copy of the agreement between Mr. Aditya Kumar Jajodia, Managing Director & CEO and the company in respect of his fresh tenure and ;
- ii. The annual accounts of the subsidiary companies by the members of its subsidiaries as well; at the Head office of the company between 10 am to 12 noon on any working day of the company.

Registered Office :
Greenwood Tea Estate
P.O. Dibrugarh, Assam
Place : Kolkata
Dated : 23rd June, 2008

By Order of the Board

Arup Kumar Roy
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirty First Annual Report and Accounts for the year ended 31st December, 2007 .

Financial Results

	Year ended 31.12.2007 Rs.	Year ended 31.12.2006 Rs.
Profit before Taxation & Depreciation	15,30,28,531	11,40,56,521
Less: Depreciation	5,05,09,445	3,62,62,163
	<u>10,25,19,086</u>	<u>7,77,94,358</u>
Add/(Less): Provision for Taxation: Current	<u>(1,70,00,000)</u>	<u>(33,00,000)</u>
Net Profit for the year	8,55,19,086	7,44,94,358
Add/Less: Balance brought forward from previous Year	37,01,64,713	32,18,32,222
Available for appropriation	<u>45,56,83,799</u>	<u>39,63,26,580</u>
Your Directors propose the following Appropriation:		
Proposed Dividend	3,09,76,096	2,23,61,526
Dividend Tax thereon	52,64,388	38,00,341
Balance Carried Forward	<u>41,94,43,315</u>	<u>37,01,64,713</u>
	<u>45,56,83,799</u>	<u>39,63,26,580</u>

1. Dividend

Your Directors are pleased to recommend for the approval of the shareholders a dividend of 10 % on the paid up equity share capital of the Company.

2. Performance

The crop harvested during the year under review was 158.55 lac kg as compared to 161.43 lac kg during the previous year. The crop decrease was mainly due to erratic distribution of rainfall during first half of the year. A thrust was given to the production of Orthodox teas during the year and about 4% more orthodox was made over the previous year.

The sales realization at Rs.88.32 per kg was better than the previous year's Rs. 86.50 per kg - this happened after a period of 5 years almost, when the tea market trends have been very unfavorable.

There has been improvement in the productivity and yields at the Estates, resulting in checking the impact of the spiraling costs of inputs like fuel and power, fertilizers,

increased wage rate etc. thereby containing the cost of production.

The focus of the Management continues on the manufacture of quality tea and efforts thereon to capitalize on its strength, as the tea has always been renowned for its quality in the domestic and overseas market.

The other area of thrust has been on the implementation of the best agricultural practices and standards whereby the qualitative and quantitative aspects of the raw material have improved.

The net sales from oil & gas production increased from Rs. 4.96 cr. in 2006 to Rs. 9.68 cr. during the year under review. Gross Income increased from Rs.153.77 cr. in 2006 to Rs. 173.99 cr. in 2007.

Exports

The year under review saw a thrust in exports when 53.04 lac kg were exported at gross value of Rs.54.94 cr.



Prospects

As expected, the success achieved in enhancing export has thrown a bigger challenge as well an opportunity to gain larger space in the coveted export market. For further increase in orthodox production large capital expenditure has been allocated to augment the capacities in factories. The companies speciality teas continue to attract better response and emphasis has been laid for increased production of organic teas.

The bought leaf production carried out on a smaller scale has been successful and with the expertise available within the group the segment will further grow.

The scheme under the SPTF have been put in place and long term benefits in enhancing the yield and quality potential have been ensured which augurs well for your company's future growth by way of reducing cost of production and better price realization.

Research and Development

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

OIL & GAS DIVISION

Your company is pursuing its E&P activities in Oil & Gas Sector in two blocks namely Amguri and AA-ON/7 in Assam and Assam-Arakan Basin in association with Canoro Resources Limited, Canada (CRL), being the Operator. In addition, your company has three marginal discovered blocks - Laxmijan, Barsilla and Bihubar under service contracts with ONGC, where the company undertakes all activities to pursue E&P operations.

Amguri Field has been producing oil & gas since April 2006 from two wells, i.e. well No.5 and No.6. Subsequently, the consortium of CRL and your company has drilled two more wells - 10B & 11. The result from drilling of these two wells has shown significant success with a potential of combined production of 4000 Boe per day. Amguri well No.11 has discovered three zones, which has shown significant deposit of oil and gas. Sproule has submitted its Reserve Assessment Report dated 31st December, 2007 which has indicated 2P reserve of oil condensate and gas at 9.706 million Boe which indicates significant upside in reserve potential.

The production from Amguri Field during the year 2007 was nearly 1.50 lacs Barrels oil equivalent (boe). With the increasing trend of international crude oil price and increasing production level, your company projects healthy revenue earnings in 2008.

The quality of the crude oil being produced from this Block is superior to "Bonny Light" crude which fetches a premium sale price.

Amguri 10B and Amguri 11 wells have been put on commercial production from end January 2008. The production has to be restricted due to facilities constraint. With the removal of constraints, the production is expected to increase further and match with the total potential.

The consortium of CRL and your company is in the process of drawing up a full scale Development Plan for submission to Director General of Hydrocarbons so that the consortium can enhance the production level.

AA-ON/7 - Exploratory Block

This block covers 770 Sq.Km. and 319 Sq.Km. covering the States of Assam and Nagaland respectively. The consortium plans to undertake an exploratory drilling activity in this zone in 2008 after the processing and interpretation of seismic data is completed. The consortium has also planned additional seismic study over the Bandersulia anticline.

The Government of Nagaland had issued PEL in 2006 for E&P activities which will allow pursuing E&P activities during the next seven years.

MARGINAL FIELDS - Discovered Blocks

Your company was awarded service contracts by ONGC for Discovered Blocks - Laxmijan, Barsilla and Bihubar. Your company had already drilled one workover well each in Laxmijan and Barsilla. Based on the drilling test reports, both the wells had shown hydrocarbon presence and had potential to produce good quality of Oil & Gas. Currently, various technical activities are under process following drilling operation to put the wells into production.

Overseas Assets:

Austin Exploration Limited: - Assam Company Ltd. is in Joint Venture with a Texas based company having assets in the US and South Australia. Austin Exploration Limited has interests in six prospects; two in Australia and Four in the USA.

PEL - 105 (Cooper Basin, Australia):- An agreement was finalized for the acquisition of 100% interest in the license and a farm in agreement of 50% with Adelaide Energy Ltd. (ADE). The later being the operator.

PEL - 73 (Stansbury Basin, Australia):- An 8 metre (26ft) thick Petro-physical hydrocarbon show was identified 2000+ mtrs. below the surface. The company decided to participate in the renewal of the PEL 73 license for an additional 5 years and to formalize a work program to identify the next well site for drilling operation.

St. Gabriel -1 (Iberville and Ascension Parishes, Louisiana, USA):- A farm out agreement was completed to re-enter and deepen the well to target depth.

Jeter Branch (Caddo County, Louisiana, USA):- A potential pay zone was identified between 5512 ft. to 5529 ft. based on the log results and the company has increased its Working Interest to 50% and its Revenue interest to 37%.



Polecat Greek Prospect (Falls and Limestone Counties, Texas, USA):- ultimate recovery from the well Ezell-4-H is estimated to be about 320 MMCFG and 8,420 BO with Austin Texas 26.25% revenue interest.

Park City Gas Field (Kentucky USA):-The Company is in the process to acquire interest in the Park City Gas Field. This asset would give the company an opportunity to focus the bulk of its resources on development of the hydrocarbons there.

SEZ Project

As reported earlier, pursuant to the MOU with Gujarat State Petroleum Corporation Ltd, a joint venture company under the name of Gujarat Hydrocarbon & Energy SEZ Ltd (GHESL), has been incorporated during the year under review. GHESL has acquired and taken possession of 276 hectares of land at Vilayat Industrial Estate, district Bharuch, Gujarat, at a cost of Rs.66.57crores from Gujarat Industrial Development Corporation (GIDC).

The lease deed in respect of the said land with GIDC has been executed and the Central Government has accorded in- principle approval to the said project.

The draft Joint Venture Agreement between Gujarat Hydrocarbon & Energy SEZ Ltd (name changed to Gujarat Hydrocarbons and Power SEZ Ltd) and Gujarat State Petroleum Corporation is in an advance stage of finalization.

3. Financial

The Convertible Share warrants have been fully paid up and accordingly 81000000 Equity shares of Re.1/- each fully paid up have been allotted on 24th December 2007. These have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Ltd.

The Company has also issued and allotted Zero Percent Foreign Currency Convertible Bonds aggregating to USD 48 Million in November 2006, with due date of maturity on 30th November 2011. The Bonds are listed with the Singapore Stock Exchange.

The company has received conversion notices for bonds aggregating to USD 3.3 million and on January 18 2008, 5145703 Equity shares of Re. 1/- each fully paid up have been allotted. These have also been listed with BSE and NSE. The Company's paid up Equity Share Capital now stands at 309760963 equity shares of Re. 1/- each.

4. Subsidiary Companies

The Statement pursuant to Section 212 of the Companies Act, 1956, containing details of the subsidiary companies form part of the Accounts. The Company has been granted exemption by the Central Government in terms of Section 212(8) of the Companies Act, 1956 from attaching the Balance Sheet, Profit and loss Account, report of the Board of Directors and report of the auditors of the

subsidiary companies.

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.

Namburnadi Tea Company Limited

The operations of the Company could have been better had it not been for unfavorable weather conditions. During the year under review, the company produced 510977 Kgs. of tea as against 448363 Kgs. of tea during the previous year. Sales increased from Rs. 2.58 cr. in 2006 to Rs. 3.84 cr. in 2007. Efforts continue to improve the working of the Company.

5. Environment and Social Concern

The Company emphasizes on energy conservation, waste minimization and conservation of resources through afforestation, control on emissions and effluents. Utmost priority is given to these factors in all the tea Estates and production units.

The facilities at each of the gardens, relating to hospitals, primary schools, crèches and rations are the core areas through which social responsibilities are executed. All these measures have ensured smooth commercial operations without adversely affecting the environment.

6. Directors

Dr. K. K. Jajodia retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Mr. Umesh Barasia has been appointed as a Director of the Company in the casual vacancy caused upon the demise of Mr. B. P. Kanodia.

7. Corporate Governance

A detailed report on Corporate Governance is separately attached together with a report on Management Discussion and Analysis.

8. 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, 2007, 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 31st December, 2007 on a going concern basis.

9. Cost Audit

The Central Government has made it mandatory for the Company to conduct a cost audit and accordingly the Company has appointed BCD & Associates as Cost Auditor.

10. Auditors

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

11. Auditors' Observations

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

12. 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.

13. Listing

The shares of the company have been delisted from the Calcutta Stock Exchange with effect from 15th April 2008.

14. Acknowledgement

Your Directors 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 also 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

Abhay Chawdhry – Director Finance and CFO

Place : Kolkata

Date : 23rd June, 2008

Santosh Bhagat

Director



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 2007

FORM "A"	Current Year ended 31.12.2007	Previous Year ended 31.12.2006
CONSERVATION OF ENERGY		
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased Units (KWH)	10310466	8534841
Total Amount (Rs.)	65491508	57093730
Rate per Unit (Rs.)	6.35	6.69
b. Through diesel generator Units (KWH)	3498337	5066566
Units per Ltr. of diesel	2.76	2.94
Cost / Unit (Rs.)	11.47	11.18
2. Coal		
Quantity (Tonnes)	3652.03	3245.64
Total Cost (Rs.)	9152645	7837557
Average Rate (Rs. / Tonne)	2506	2415
3. Furnace Oil		
Quantity in K. Ltrs.	150.693	122.934
Total Cost (Rs.)	6301554	3140698
Average Rate (Rs. / KL)	41817	25548
4. Gas		
Quantity (Scum)	7438349	8321384
Total Cost (Rs.)	38380063	40086057
Rate (Rs. / Scum)	5.16	4.82
B. Consumption Per Unit of Production		
Production of Tea (Kgs.)	15710158	15982053
Electricity (KWH)	0.88	0.85
Furnace Oil (Ltrs.)	0.02	0.01
Coal (Kgs.)	1.15	1.05
Gas (Scum)	0.47	0.65



ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

FORM "B"

RESEARCH AND 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. Future plan of action	Development of suitable biocompost, biofertilisers 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, improvement, adaptation and innovation.	Efforts are made to improve indigenous cost effective technology for productive and quality improvement. Keeping co-ordination with Tea Research Association Laboratories and Company's in-house R & D Units.
2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, Product development, import substitution etc.	
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 :	Product improvement and Tea Quality improvement.
a. Technology imported	NOT APPLICABLE
b. Years of import	
c. Has technology been fully absorbed	
d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange outgo was to the extent of Rs. 5.99 cr. The foreign exchange earnings during the period was Rs.59.54 cr. Details of the foreign exchange earnings and outgo have been given in Schedule 11 to the Accounts.


ANNEXURE TO THE 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, 2007

Name (1)	Designation (2)	Remuneration (Rs.) (3)	Qualifications (4)	Experience (Years) (5)	Date of commencement of Employment (6)	Age (Years) (7)	Particulars of last Employment (8)	Designation on (9)
Mr. Aditya Kumar Jajodia	Managing Director & CEO	58,83,870/-	B. Com	23	01.10.1992	45	Worldlink Finance Limited	Wholetime Director
Mr. Abhay Chawdhry	Director Finance & CFO	50,19,298/-	B. Sc; PGDBM; FCA;	21	01.09.2000	43	Ispat Industries Limited	CFO – Nagpur Unit

- Notes :
1. Remuneration shown above includes Salary and Allowances, Commission, Bonus, Contribution to the 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, 2007.
 2. Nature of appointment - contractual.
 3. Except Mr. A. K. Jajodia, no other employee is a relative of any Director of the Company.

On behalf of the Board of Directors
A. K. Jajodia – Managing Director & CEO
Abhay Chawdhry – Director Finance and CFO

Place : Kolkata
Date : 23rd June, 2008

Santosh Bhagat
Director



REPORT ON CORPORATE GOVERNANCE 2007

1. Company's Philosophy on Code of Governance:

Corporate Governance is about managing business in an ethical and responsible manner. The Company places strong emphasis on transparency, empowerment, accountability and integrity with the objective of continuously enhancing value for all its stakeholders.

The Company has adopted a Code of Professional Conduct and Ethics for its Board of Directors and Senior Management.

2. Board of Directors:

The Board of the Company as at 31st December, 2007, comprised of six Directors (Managing Director & CEO, Director Finance & CFO and four Non-Executive Directors of whom three are independent, non-executive Directors). The Board is headed by the non-Executive Chairman, Dr. K. K. Jajodia.

During the year under review, nine(9) Board Meetings were held, the dates being , 26th January, 27th February, 29th April, 6th June, 27th June, 31st July, 20th August, 1st November, and 30th November 2007. The last Annual General Meeting was held on 30th June, 2007.

The requisite details of Directors, their Directorships in other public companies, Chairmanships/ Memberships in Board Committees of other public companies as on 31st December, 2007, and their attendance at the Board and last Annual General Meeting (AGM) are as under:-

Directors	Directorship and Chairmanship/ Membership of Board and Board Committees in other Companies			No. of Board Meetings attended	Attendance at 30th AGM held on 30th June, 2007
	Director	Member	Chairman		
Dr. K. K. Jajodia, Chairman	3	-	-	-	No
Mr. A. K. Jajodia, Managing Director & CEO	8	1	-	8	No
Mr. Abhay Chawdhry, Director Finance & CFO	1	-	-	8	Yes
Mr. Umesh Barasia Non-Executive Director (appointed w.e.f. 26.01.2007)	-	-	-	7	No
Mr. Santosh Bhagat, Non-Executive Director	2	-	-	8	Yes
Mr. P. K. Agarwalla, Non-Executive Director	-	-	-	2	No
Mr. B. P. Kanodia Non-Executive Director (Ceased w.e.f. 13.01.2007)	-	-	-	-	No

Dr. K.K.Jajodia retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. A brief resume of the director and nature of his expertise in specific functional areas has been provided in the Explanatory Statement to the Notice convening the forthcoming Annual General Meeting.

3. Code of Conduct

ANNUAL DECLARATION BY CEO PURSUANT TO CLAUSE 49(1) (D) (ii) OF STOCK EXCHANGE LISTING AGREEMENT

As the Managing Director and Chief Executive Officer of Assam Company Limited and as required by Clause 49(1) (D) (ii) of the Stock Exchange Listing Agreement, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial year ending December 31, 2007.

Aditya Kumar Jajodia

Kolkata, 23rd June, 2008

Managing Director & CEO

4. Audit Committee:

The terms of reference of the Audit Committee, complies with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

As on 31st December, 2007, the Audit Committee constituted of the following Non-Executive, Independent Directors namely, Mr. Santosh Bhagat, Mr. Umesh Barasia and Mr. P.K. Agarwalla. Mr. Umesh Barasia and Mr. Pintu Kumar Agarwalla are both Chartered Accountants. The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors and Internal Auditors are permanent invitees. The Managing Director & CEO and Senior Executives including Director Finance & CFO are also invited to join the proceedings.

During the year under review, six (6) Audit Committee meetings were held on 26th January, 29th April, 6th June, 27th June, 31st July and 1st November, 2007. The attendance at the aforesaid meetings was as follows:

Composition	Mr. Umesh Barasia	Mr. Santosh Bhagat (Chairman)	Mr. P. K. Agarwalla
Committee meetings attended	6	6	1

5. Remuneration Committee:

The terms of reference of the Remuneration Committee is to comply with the requirements of the amended provisions of Schedule XIII to the Companies Act, 1956 and Clause 49 of the listing agreements with the Stock Exchanges.

As on 31st December, 2007, the Remuneration Committee



constituted of the following Non-Executive, Independent Directors namely, Mr. Santosh Bhagat , Mr. Umesh Barasia and Mr. P.K. Agarwalla. Mr. Santosh Bhagat is the Chairman.

During the year ended 31st December, 2007, two Remuneration Committee meetings were held on 29th April, 2007 and on 1st November 2007. The attendance at the aforesaid meetings was as follows :

Composition	Mr. Santosh Bhagat (Chairman)	Mr. Umesh Barasia	Mr. P. K. Agarwalla
Committee meetings attended	2	2	Nil

Non-Executive Directors draw sitting fees of Rs.1,500/- for attending the meeting of the Board or Committee thereof and do not draw any other remuneration from the Company.

The details of Directors' remuneration for the year ended 31st December, 2007 are as follows:-

Name of Director	Sitting Fees (Rs)	Salary & Perquisites (Rs)	Contribution to funds (Rs)	Total (Rs)	Notice period in month(s)
Dr. K. K. Jajodia, Chairman	-	-	-	-	-
Mr. A. K. Jajodia, M.D. & C.E.O.	-	5606969	276901	5883870	3
Mr. Abhay Chawdhry, Director Finance & CFO	-	4525328	493970	5019298	3
Mr. Umesh Barasia*	39000	-	-	39000	-
Mr. S. Bhagat	24000	-	-	24000	-
Mr. P. K. Agarwalla	4500	-	-	4500	-
Mr. B. P. Kanodia**	-	-	-	-	-
TOTAL	67500	10132297	770871	10970668	6

* appointed with effect from 26th January, 2007

** ceased with effect from 13th January, 2007

Approval from Central Government for remuneration paid in the year 2005 to two whole time directors of the Company (including one who retired) amounting to Rs.620,557/- has been received during the year. This amount was included under Loans and Advance as advance recoverable from directors in the financial statements of 2006. Charge for managerial remuneration for the current year includes the aforesaid amount pertaining to remuneration of earlier years.

Remuneration paid to the Managing Director for the period 1st October 2007 to 31st December 2007 amounting to

Rs. 1,732,416/- is subject to the approval of Central Government and shareholders of the Company. Pending such approval this amount has been considered as amount recoverable from him and included under Loans and Advance. Approval for appointment of the Managing Director for the aforesaid period from the shareholders is also pending.

Remuneration to whole time directors in excess of what already has been approved by Central Government amounts to Rs.807,018/-. Pending further approval from the Central Government for this incremental amount, the same has been considered as amount recoverable from them and included under Loans and Advance.

During the year ended 31st December, 2007, the Company did not have any stock option plans for its Directors. No severance fee is payable to the Directors.

6. Share Transfer and Shareholders'/ Investors' Grievance Committee:

The Share Transfer and Shareholders'/ Investors' Grievance Committee has been reconstituted to consist of Mr. A. K. Jajodia, Managing Director & CEO, Mr. Abhay Chawdhry, Director Finance & CFO, Mr. Sanjay Sharma, General Manager- Finance and Mr. Arup Kumar Roy, Company Secretary as its members. Mr. Sanjay Sharma is the Chairman of the Committee. Any two members will form the quorum of the meeting.

The Committee meets every fortnight and its objective is to attend to Shareholders'/ Investors' grievances, approving transfers, transmissions, sub-division, consolidation, issue of duplicate share certificates and reviewing the performance of the Share Transfer Agent.

During the year 17(Seventeen) meetings were held.

Mr. Arup Kumar Roy, the Company Secretary is the Compliance Officer.

During the year ended 31st December, 2007 the Company received 1 complaint from shareholders and investors, all of which have been redressed to the satisfaction of the complainants. All valid requests for transfer of shares (141380 shares), transmission of shares (58560 shares) of the company received during the year, have been given effect to and as on 31st December, 2007 there was no request pending for share transfer. All requests for dematerialization (391720 shares) and re-materialization of shares (10010 shares) received in the aforesaid period were confirmed / rejected into the NSDL / CDSL system.

There are no complaints from shareholders pending unresolved as at 31st December, 2007. All complaints / requests for transfers etc. from shareholders during the period were redressed / resolved within a period of 30 days.

Given below is the position of complaints and other correspondence received and attended to during the



aforesaid period:

- a) No. of complaints received from the Shareholders ... 1
- b) No. of complaints not resolved/no action taken ... Nil
- c) No. of pending Share Transfer as on 31st December, 2007 ... Nil

7. General Body Meetings:

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

No. of AGM	Year	Location	Date	Time
28th	2005	Dibrugarh & District Planters' Club, Lahoal P.O. Dibrugarh, Assam	30.09.2005	11.00 A.M.
29th	2006	Dibrugarh & District Planters' Club, Lahoal P.O. Dibrugarh, Assam	27.09.2006	11.00 A.M.
30th	2007	Dibrugarh & District Planters' Club, Lahoal P.O. Dibrugarh, Assam	30.06.2007	11.00 A.M.

Special Resolutions were passed in the 28th, 29th and 30th Annual General Meeting held on 30.09.2005, 27.09.2006 and 30.06.2007 respectively. No special resolution was passed through postal ballot at the previous AGM. No Special Resolution requiring Postal Ballot is also proposed at the forthcoming Annual General Meeting.

8. Disclosures:

- (a) Materially significant related party transactions
There have been no materially significant related party transactions, pecuniary transaction or relationships between Assam Company Limited and its Directors for the year ended 31st December 2007 that may have a potential conflict with the interests of the Company at large.
- (b) There were no instances of non compliance on any matter related to the Capital Markets during the last three years.

9. Means of Communication:

- a) Quarterly, half-yearly and annual results in the forms prescribed in the Listing Agreement are published in the Financial Express and Azir Assam (Assamese).
- b) Half-yearly results are not sent to the shareholders individually.
- c) Management Discussion and Analysis Report forms a part of the Directors' Report.

- d) No formal presentation has been made to the institutional investors/analysts during the period.
- e) The Company is complying with EDIFAR requirements as directed by SEBI. The shareholders can view these entries by logging into the Website: www.sebiedifar.nic.in
- f) The Company's website is www.assamco.com, which also displays official news releases.

10. General Shareholder Information:

➤ **Annual General Meeting**

Date & Time : Tuesday, 22nd July, 2008 at 11.00 a.m.
Venue : Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam.

➤ **Financial Year:** Financial year of the Company is January to December.

Period	Approved by the Board of Directors
1st Quarter ending March 31, 2008	30th April 2008
2nd Quarter & 1st Half ending June 30, 2008	Last week of July 2008
3rd Quarter ending September 30, 2008	Last week of October 2008
4th Quarter ending December 31, 2008	Last week of January 2009
AGM for the year ending December 31, 2008	Last week of June 2009

- **Date of Book Closure :** 17th July to 22nd July 2008
- **Dividend Payment date :** On or after 22nd July 2008
- **Listing on Stock Exchange :** National Stock Exchange of India Ltd. (NSE)
"Exchange Plaza"
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
- Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 023.
- The Calcutta Stock Exchange Association Ltd (CSE)
7, Lyons Range,
Kolkata -700 001.
(Delisted w.e.f. 15.4.2008)



The Company has paid the Listing Fees for the Year 2007-2008.

Stock Code – NSE - ASSAMCO
– BSE - 500024

➤ **ISIN No. for NSDL & CDSL :** ISIN-INE 442A01024

➤ **Stock Market Data**

MONTH	NSE		BSE		SENSEX (Close)	BSE 100 Index (Close)
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)		
January,2007	23.40	20.70	23.00	20.80	14090.92	7145.91
February, 2007	23.10	17.90	23.00	17.90	12938.09	6527.12
March, 2007	19.10	14.50	19.00	14.30	13072.10	6587.21
April, 2007	17.20	14.80	17.25	14.75	13872.37	7032.93
May, 2007	19.65	13.30	19.40	13.25	14544.46	7468.70
June, 2007	18.25	14.75	18.50	14.80	14650.51	7605.37
July, 2007	20.40	15.00	20.20	15.05	15550.99	8004.05
August, 2007	28.80	16.90	28.90	16.90	15318.60	7857.61
September, 2007	29.10	22.55	28.60	22.70	17291.10	8967.41
October, 2007	31.85	22.25	31.85	22.25	19837.99	10391.19
November, 2007	41.65	23.70	41.75	23.85	19363.19	10384.40
December, 2007	54.25	36.00	54.40	35.20	20286.99	11154.28

There are no regular transactions at the Calcutta Stock Exchange.

➤ **Registrar & Share Transfer Agent:** C. B. Management Services Pvt. Ltd.,
P-22, Bondel Road,
Kolkata - 700 019.
Tel: 2280-6692-94/2486/2937
Fax: 2287-0263
Email: cbmsl1@cal2.vsnl.net.in

➤ **Share Transfer System:**

The Company's shares are compulsorily traded in the dematerialized form under depository systems of both the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL).

Securities in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time. The Company adopts the transfer-cum-demmat system to facilitate Demat of Shares.

➤ **(a) Distribution of shareholding as on 31.12.2007 :**

Group of shares		No. of Share Holders	% of Total Share- holders	No. of Shares	% Shares
From	To				
1	500	18688	61.49	4396266	1.44
501	1000	4697	15.46	4228249	1.39
1001	2000	3302	10.87	5259375	1.73
2001	3000	1255	4.13	3401935	1.12
3001	4000	411	1.35	1521144	0.50
4001	5000	600	1.97	2847147	0.93
5001	10000	851	2.80	6351041	2.08
10001	99999999	587	1.93	276610103	90.81
TOTAL		30391	100.00	304615260	100.00

(b) **Shareholding pattern as on 31.12.2007 :**

Category	No. of Shares held	Percentage
Promoter		
Indian	18828880	6.18
Foreign	108754548	35.70
Public		
Foreign Institutional Investors	101035957	33.17
Non Resident Individuals	716765	0.24
Financial Institutions	8800604	2.89
Mutual Fund	1060089	0.35
Banks	125551	0.04
Others	65292866	21.43
TOTAL	304615260	100.00

➤ **Physical/ Dematerialisation of Shares as on 31.12.2007 :**

	No. of Shares	%
Physical	207784221	68.21
Demat	96831039	31.79
	304615260	100.00

**> Insider Trading Regulations**

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

> Outstanding GDRs /ADRs /Warrants/ Convertible bonds, conversion dates and likely impact on Equity :

(i) The Company had allotted on 24th June 2006, 81000000 Convertible share Warrants of Re. 1 /- each at a premium of Rs. 22.25 per warrant. The warrants have been fully paid up on 24th December 2007 and equivalent no. of shares have been allotted on the same date.

(ii) The Company had issued on 23rd November 2006, Foreign Currency Convertible Bonds aggregating USD 48 Million with maturity on 30th November 2011.

Considering conversion of Foreign Currency Convertible Bonds, the non promoter holding would be around 66.38%.

Address for investors' correspondence for transfer/dematerialisation of shares, payment of dividend and any other query relating to the shares of the Company

C. B. Management Services P. Ltd.,
P-22, Bondel Road,
Kolkata - 700 019.
Tel: 2280-6692-94/2486/2937
Fax: 2287-0263
Email: cbmsl1@cal2.vsnl.net.in

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants.

OFFICES OF THE COMPANY

Registered Office Greenwood Tea Estate
P.O. Dibrugarh, Assam 786001.

Head Office 52, Chowringhee Road,
Kolkata - 700 071.

Branch Office (i) Girish Chandra Bardalai Path,
Bamunimaidam, Guwahati.
(ii) 2nd Floor, 22, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057.
(iii) Flat No.301
VIPPS Centre
Greater Kailash Part-III
New Delhi - 110 048

PLANT LOCATIONS:**A. TEA ESTATES:**

The Company owns eighteen Tea Estates in the State of Assam.

Dibrugarh	:	Greenwood Maijan Nudwa Hazelbank Thanai Borborooah
Moran	:	Mohokutie Khoomtaie Hajua Doomur Dullung
Tinsukia	:	Dinjan Rungagora Oakland
Nagaon	:	Salonah Kondoli Rembeng
Doom Dooma Jorhat	:	Digulturrung Kotalgoorie

B. OIL & NATURAL GAS DIVISION:

The Company has so far acquired one Exploration Block and four Fields for development of Hydrocarbon. In one Exploration Block namely AA-ON/7 in the States of Assam and Nagaland and one Field namely Amguri in the State of Assam, the Company along with a Canadian Company, Canoro Resources Limited, has entered into a Production Sharing Contract with Government of India for Exploration and Production of Oil & Natural Gas.

States	–	Assam and Nagaland. Exploration Block AA – ON/7
State	–	Assam Discovered Field – Amguri

The Company has also undertaken a task of developing three fields on Joint Production Sharing basis with Oil & Natural Gas Corporation Limited in Barsilla, Bihar and Laxmijan, all in the state of Assam.



**CHIEF EXECUTIVE OFFICER (CEO) AND
CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

To,
The Board of Directors
Assam Company Limited

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Assam Company Limited to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on December 31, 2007 and based on our knowledge and belief, we state that :
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee :
- (i) significant changes, if any, in the internal control over financial reporting during the year ;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements ; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Aditya Kumar Jajodia
Managing Director & CEO

Kolkata
23rd June, 2008

Abhay Chawdhry
Director Finance & CFO



AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of Assam Company Limited

We have examined the compliance of the conditions of Corporate Governance by Assam Company Limited, for the year ended 31st December, 2007, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Kolkata, 23rd June, 2008

Prabal Kr. Sarkar
Partner
Membership Number 52340
For on behalf of
Lovelock & Lewes
Chartered Accountants



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Market Synopsis

Tea

Indian tea industry has entered 2008 on an optimistic mode despite a disappointing 2007 when exports and earnings all fell. Exports totaled 157 million kgs in 2007 as compared to 219 million kgs in 2006, a shortfall by 28.40%. Tea demand is expected to grow at CAGR of 3.1% during 2006-2010.

With business steadily improving in the past three years, 2008 will be crucial for the industry since good price realization for just one more year is what Assam tea industry needs to get back on the rails.

Domestic consumption is growing almost two percent a year, thereby making India the largest consumer of black tea. However with the domestic demand growing at a steady rate, Orthodox production & exports will be the key factors driving tea prices. During the year under review, the Central Government announced funds for rejuvenation of the tea industry. The objective of the proposed package would be to lift the production of orthodox tea from the present 30 million kg to 80 million kg over the next five years.

The major driving force behind the country's tea sector growth is the prospect of eastern India's tea particularly of Assam which not only produces around 53 percent of the country's total production, but also employs around 12 lakh people. There are around 2500 small tea gardens in Assam today adding to the State's total production by more than 50 million kg.

There are, however, a number of problems of tea industry like price risk due to imbalance in demand and supply, competition from large private players and the unorganized segment and cheaper imports. Tea production is subject to vagaries of nature, age and quality of tea bushes, regulations, labour and productivity.

Oil and Natural Gas:

With demand for 100 million tonne, India is the fourth largest oil consumption zone in Asia, even though on a per capita basis the consumption is a mere 0.1 tonne, the lowest in the region. Oil comprises 36% of India's primary energy consumption and is expected to grow both in absolute and percentage terms

driven by overall economic growth. The fastest growth will be in developing countries such as India, China, Malaysia and Indonesia.

Growth in demand is expected to catapult the overall demand to 196 Million Metric Tons in 2011-2012 and 250 Million Metric Tons in 2024-25. The oil and gas industry in recent years has been characterized by rising consumption of oil products, declining crude production and low reserve accretion. India remains one of the least-explored countries in the world, with a density among the lowest in the world.

Oil and gas combined will represent 60% of overall energy by 2030. The Indian oil and gas sector constitutes 38% of the total conventional primary energy consumption, which is lower than the world average of 62%. Fossil fuels will continue to supply 60% of the world's energy needs through to 2030 and Oil and gas combined will represent 60% of overall energy by 2030.

Demand for natural gas is also likely to increase at an annual growth rate of 7.3%. The sector therefore has huge growth and career potential. During the same period domestic production from existing developed reserves is expected to grow at approximately 2.5%. Natural gas comprises 9% of India's primary energy consumption at present and it will be 14% of energy mix by 2010.

The year 2007 witnessed a number of significant initiatives by the Government across the entire value chain of hydrocarbon sector to accelerate domestic production of oil and gas, putting in place an investor friendly policy regime for the rapid growth of investment and oil sector infrastructure, promoting biggest FDI in refinery sector, protecting consumers of sensitive petroleum products against global price rise, encouraging technological capacity building by setting up an institute of national importance, etc.

Temporary shortages of experienced personnel, equipment, and construction materials in the oil industry, political instability in some major producing regions, and recent strong economic growth in major consuming nations have combined to push oil prices well above sustainable levels.

The oil and gas industry is however subject to risks relating to exploration, development and implementation of project. Other factors that have a bearing relate to government policies and



regulations, volatility in forex markets and the lack in expertise and attrition in skilled manpower.

Segment-wise or Product-wise Performance

The Company, for the financial year 2007, had operations in two geographical segments – Domestic market and Export market wherein around 67 per cent of the Company's turnover is from the Domestic market segment and the balance from Export market segment. The Company is now fully entrenched 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 oil & gas production in joint participation with CRL and the results have been encouraging. The consortium of the Company & CRL is also engaged in intensive exploration in one of the block, AA-ON/7 and is planning to drill at least three wells and expects to find oil & gas. The Company has a 35% working interest in the said field. The work on the three discovered fields, Bihubar, Barsilla and Laxmijan for which service contracts have been awarded by Oil & Natural Gas Corporation Limited ("ONGC") is also in progress.

Internal Control Systems and their Adequacy

Internal audit and review of internal controls is carried out on a regular basis by a firm of Chartered Accountants and the Audit Committee examines the same periodically. The Company has a management information system, which is an integral part of the control mechanism.

Financial & Operational performances

In the financial year 2007, total income grew by nearly 13 per cent and profit after taxation, exceptional and prior period items grew by about 15 per cent as compared with the financial year 2006. This was largely due to better price realisation in 2007 and the additional revenue from gas and oil production.

Material developments in Human Resources/Industrial Front

Relationship with employees at all levels in the Tea Estates, Head Office and other locales generally remained cordial during the Financial Year 2007.

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, 2007 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We 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 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, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and 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, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Prabal Kr. Sarkar
Partner

Membership Number 52340
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Kolkata, 23rd June , 2008



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, 2007

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the Company have been physically verified by the management according to a phased programme designed to cover all the assets once in three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventories have been physically verified by the management during the year. Stocks 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 inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, 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 system.
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 and exceeding Rupees five lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
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. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) Other than in respect of provident fund, income tax, sales-tax, wealth tax, service tax, cess, deposit linked insurance, family pension fund, labour welfare fund, land revenue and professional 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 and other material statutory dues as applicable with the appropriate authorities.
Further, since the Central Government has till date not prescribed the amount of cess under section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of undisputed amounts payable in respect of statutory dues which were in arrears, as at 31st December, 2007 for a period of more than six months from the date they became payable, are as follows -



Name of the statute	Amount (Rs.)
Central Sales Tax	159,748
Labour Welfare Fund	39,192
Income Tax (Tax deducted at source)	9,471

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute. The particulars of dues of income-tax and sales-tax as at 31st December, 2007 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
West Bengal Sales Tax Act	10,260,530	Dy. Commissioner of Commercial Taxes
	19,370,205	Asst. Commissioner of Commercial Taxes
Central Sales Tax Act	12,331,285	Dy. Commissioner of Commercial Taxes
	22,130,126	Asst. Commissioner of Commercial Taxes
Income Tax Act	31,970,535	Income Tax Appellate Tribunal

10. The Company has no accumulated losses as at 31st December, 2007 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 not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date other than dues to financial institution and banks for the period January to December 2007 amounting to Rs.154,216,349/-, which has been fully paid subsequent to the year-end.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company 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, where applicable, 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. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained other than Foreign Currency Convertible Bonds (FCCBs) amounting to Rs.1,891,680,000/- as at the year-end, a part of which has not been applied prima facie for the purpose for which it has been obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
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.

Prabal Kr. Sarkar
Partner
 Membership Number 52340
 For and on behalf of
 Lovelock & Lewes
 Chartered Accountants

Kolkata, 23rd June , 2008



BALANCE SHEET AS AT 31ST DECEMBER, 2007

	Schedule	31st December 2007 (Rupees)	31st December 2006 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
(a) Share Capital	1	304,615,260	223,615,260
(b) Application Money for Share Warrant		–	190,350,000
(c) Reserves & Surplus	2	3,644,305,388	1,832,340,942
		3,948,920,648	2,246,306,202
Loan Funds			
(a) Secured	3	2,080,708,793	2,175,310,426
(b) Unsecured		1,946,680,000	2,134,120,000
TOTAL		7,976,309,441	6,555,736,628
APPLICATION OF FUNDS			
Fixed Assets			
(a) Gross Block	4	4,654,823,262	4,660,545,981
(b) Less: Depreciation		1,417,672,202	1,414,002,725
(c) Net Block		3,237,151,060	3,246,543,256
(d) Capital Work in Progress	4A	1,410,999,235	616,869,288
		4,648,150,295	3,863,412,544
Investments			
	5	177,423,621	76,833,495
Current Assets, Loans & Advances			
(a) Inventories	6	179,734,612	189,483,031
(b) Sundry Debtors		632,658,303	650,276,615
(c) Cash & Bank Balances		1,266,813,998	1,986,432,543
(d) Other Current Assets		1,580,487	1,393,500
(e) Loans & Advances		1,834,112,949	404,889,478
		3,914,900,349	3,232,475,167
Less: Current Liabilities & Provisions			
(a) Current Liabilities	7	713,147,590	584,116,479
(b) Provisions		51,017,234	32,868,099
		764,164,824	616,984,578
Net Current Assets		3,150,735,525	2,615,490,589
TOTAL		7,976,309,441	6,555,736,628
NOTES ON ACCOUNTS			
	11		

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.

Prabal Kr. Sarkar

Partner

Membership No. 52340

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 23rd June, 2008

Arup Kumar Roy
Company Secretary

On behalf of the Board
A. K. Jajodia – Managing Director & CEO
Abhay Chawdhry – Director Finance & CFO
Santosh Bhagat
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

	Schedule	31st December 2007 (Rupees)	31st December 2006 (Rupees)
INCOME			
Sales		1,519,147,932	1,495,130,574
Less: Excise Duty		–	150,541
		1,519,147,932	1,494,980,033
Other Income	8	220,704,770	42,736,248
		1,739,852,702	1,537,716,281
EXPENDITURE			
Expenses	9	1,426,547,376	1,267,655,075
(Increase) / Decrease in Stock	10	13,688,089	(3,850,654)
Depreciation/Amortisation		69,581,775	
Less: Transfer from			
Revaluation Reserve		19,072,330	36,262,163
Interest [Refer Note 6 of Sch 11]		146,588,706	159,855,339
		1,637,333,616	1,459,921,923
PROFIT BEFORE TAXATION		102,519,086	77,794,358
Provision for Taxation :			
Current Tax		17,000,000	3,300,000
PROFIT AFTER TAXATION		85,519,086	74,494,358
Balance brought forward from previous year		370,164,713	321,832,222
AVAILABLE FOR APPROPRIATION		455,683,799	396,326,580
APPROPRIATIONS			
Proposed Dividend		30,976,096	22,361,526
Dividend Tax thereon		5,264,388	3,800,341
Balance carried forward		419,443,315	370,164,713
		455,683,799	396,326,580
Earnings per share (Face value Re. 1 per share)			
-Basic		0.38	0.33
-Diluted		0.36	0.33
(Refer Note 30 of Sch 11)			

NOTES ON ACCOUNTS

11

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.

Prabal Kr. Sarkar

Partner
Membership No. 52340
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants
Kolkata, 23rd June, 2008

Arup Kumar Roy
Company Secretary

On behalf of the Board
A. K. Jajodia – Managing Director & CEO
Abhay Chawdhry – Director Finance & CFO
Santosh Bhagat
Director

**SCHEDULES FORMING PART OF THE ACCOUNTS****SCHEDULE : 1 - SHARE CAPITAL**

	31st December, 2007 (Rupees)	31st December, 2006 (Rupees)
Authorised		
(a) 500,000,000 Equity Shares of Re.1/-each (Previous year 400,000,000 Equity Shares of Re .1/- each)	500,000,000	400,000,000
(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 Convertible Preference Shares of Rs.100/- each	—	—
(d) 5,000,000 Un-classified Shares of Rs.10/- each	—	—
	600,000,000	500,000,000
Issued and Subscribed		
304,615,260 (Previous Year 223,615,260) Equity Shares of Re.1/- each fully paid up	304,615,260	223,615,260
	304,615,260	223,615,260

Notes:

1. Out of the Subscribed Capital, 25,950,240 Equity Shares of Re.1/- each have been allotted as fully paid up pursuant to schemes of amalgamation without payment being received in cash.
2. Of the above Subscribed Capital, 105,000,000 Equity Shares of Re.1/- each have been allotted as fully paid up Bonus Shares by capitalisation of general reserve.
3. Refer Note 20 of Schedule 11.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 2 - RESERVE AND SURPLUS

	As at 31.12.2006 [Rupees]	Additions [Rupees]	Deductions [Rupees]	As at 31.12.2007 [Rupees]
Capital Reserve (Reserve on Amalgamation)	15,037,398	–	–	15,037,398
Capital Redemption Reserve	874,600	–	–	874,600
Revaluation Reserve	998,593,451	–	27,370,937*	971,222,514
Securities Premium	156,436,380	1,802,250,000**	12,193,219***	1,946,493,161
General Reserve	291,234,400	–	–	291,234,400
	<u>1,462,176,229</u>	<u>1,802,250,000</u>	<u>39,564,156</u>	<u>3,224,862,073</u>
Profit & Loss Account Balance	370,164,713			419,443,315
	<u>1,832,340,942</u>			<u>3,644,305,388</u>

Note : Capital Reserve includes Rs. 4,753,152/- 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.8,298,607/- on account of disposal/discard of assets.

** Refer Note 20 of Schedule 11.

*** Refer Note 19 of Schedule 11.

SCHEDULE : 3 - LOAN FUNDS

PARTICULARS	31st December, 2007 [Rupees]	31st December, 2006 [Rupees]
SECURED LOANS		
A. Loans for Tea Division		
Term Loan from IDBI Bank	276,920,840	352,136,000
Interest accrued and due on above	–	11,663,886
	<u>276,920,840</u>	<u>363,799,886</u>

(Secured by first charge by equitable mortgage created of immovable properties including plant & machinery both present and future relating to all tea estates of the Company situated in Assam ranking pari passu inter se with all term loans including NABARD term loan and working capital loan including cash credit from the Consortium Banks 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, book debts, other current assets and other movables as may be permitted for securing borrowings for working capital requirement and charges created on specified movables acquired / to be acquired out of NABARD term loan)



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 3 - LOAN FUNDS (Continued)

PARTICULARS	31st December, 2007 [Rupees]	31st December, 2006 [Rupees]
Term Loans from Other Banks	439,324,338	490,094,780
<p>(The above loans are secured by equitable mortgage created of immovable properties including plant & machinery etc. both present and future relating to all tea estates of the Company situated in Assam ranking pari passu inter se with the IDBI loan and NABARD term loan & working capital loan including cash credit from Consortium Banks and also a first charge over the movable properties, both present and future subject to prior charges created / to be created on stock, book debts and other current assets and other movables for working capital requirement, other than specified movables, acquired / to be acquired out of NABARD term loan [including interest accrued and due Rs.32,456,442/- (31.12.2006 - Rs.30,614,464/-)])</p>		
Term Loans from Other Banks under NABARD Refinance Scheme	5,891,299	10,599,794
<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 all tea estates of the Company situated in Assam ranking pari passu inter se with all other term loans and working capital loan including cash credit from Consortium Banks and IDBI term loans [including interest accrued and due Rs.474,362/- (31.12.2006-Rs.587,357/-)])</p>		
Working Capital Loan including Cash Credit from Banks*	737,960,936	786,758,288
<p>(The above loans are secured by hypothecation created / to be created on stock, book debts, all moveable assets and other current assets both present and future and equitable mortgage created of immovable properties including plant & machinery etc. both present & future relating to all tea estates of the Company situated in Assam ranking pari passu inter se with all other term loans including NABARD term loan from Consortium Banks and IDBI term loans [including interest accrued and due Rs.16,609,397/- (31.12.2006-Rs.20,513,036/-)])</p>		
<p>* Includes FCNR Loans Rs.296,929,929/- (31.12.2006 – Rs.243,052,400/-) and interest accrued and due thereon Rs.1,145,942/- (31.12.2006 – Rs.1,074,294/-)</p>		
B. Loan for Oil and Gas division		
Term Loan from Allahabad Bank	620,611,380	524,057,678
<p>(The above loan is secured by exclusive hypothecation charge created over specified immovable properties (fixed assets) including plant & machinery both present and future, installed/to be installed at Company's oil & gas field at Amguri (restricted to Company's share) and marginal fields at Barsilla, Bihubar & Laxmijan. Further secured by an exclusive hypothecation charge created over entire stocks and assignment of book debts pertaining to Company's oil & gas field at Amguri (restricted to Company's share) and marginal fields at Barsilla,Bihubar & Laxmijan. Additionally, secured by personal guarantee of Managing Director and CEO of the Company [including interest accrued and due Rs.12,288,424/- (31.12.2006-Rs.13,035,478/-)])</p>		
	2,080,708,793	2,175,310,426
UNSECURED LOANS		
Short term loan from Corporate Bodies	55,000,000	25,000,000
Foreign Currency Convertible Bonds	1,891,680,000	2,109,120,000
(Refer Note 19 of Sch 11)	1,946,680,000	2,134,120,000

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 4 - FIXED ASSETS

[Figures in Rupees]

Classification of Assets	COST / VALUATION			DEPRECIATION/AMORTISATION					NET BLOCK		
	As at 1st January 2007	Additions during the period	Sale / discard adjustments during the period	Total as at 31st December 2007	As at 1st January 2007	Additions during the period	On Revaluation during the period	Sale/ Discard during the period	Total as at 31st December 2007	Net Book Value as on 31st December 2007	Net Book Value as on 31st December 2006
Tangible Assets :											
Land & Development	2,606,122,671	31,748,743	** 20,360,533	2,617,510,881	-	-	-	-	-2,617,510,881	2,606,122,671	
Building	1,011,182,927	2,382,374	821,121	1,012,744,180	550,235,298	10,487,921	15,250,690	439,158	575,534,751	437,209,429	460,947,629
Plant & Machinery	838,419,712	27,048,027	54,563,845	810,903,894	719,409,908	18,841,877	3,616,387	52,061,888	689,806,284	121,097,610	119,009,804
Oil & Gas Producing Properties	31,944,439	-	-	31,944,439	651,852	11,206,205	-	-	11,858,057	20,086,382	31,292,587
Vehicles	156,522,474	19,507,810	14,015,459	162,014,825	130,244,967	9,019,159	209,366	13,411,252	126,062,240	35,952,585	26,277,507
Furniture	16,353,758	2,904,941	-	19,258,699	13,460,700	890,136	(4,113)	-	14,346,723	4,911,976	2,893,058
Intangible Assets :											
Computer Software	-	446,344	-	446,344	-	64,147	-	-	64,147	382,197	-
TOTAL	4,660,545,981	84,038,239	89,760,956	4,654,823,262	1,414,002,725	50,509,445	19,072,330	65,912,298	1,417,672,202	3,237,151,060	3,246,543,256
Previous Year	4,582,811,650	81,282,573	3,548,242	4,660,545,981	1,358,083,296	36,262,163	21,336,201	1,678,935	1,414,002,725	3,246,543,256	-

NOTES: 1. Land & Development include Plantations and some leasehold lands the amount of which is not ascertainable.

2. The Government of Assam had taken possession of some undeveloped land under the Assam Fixation of Ceiling of Land Holdings Act, 1956 measuring approximately 3659.18 hectares, the compensation for which is accounted for as and when received. The company is hopeful of getting back some ceiling surplus land for which Review Petitions have been filed under section 7(6) of the Act, for correction of the statements prepared by the Revenue department which are pending disposal.

3. Buildings include building on Leasehold Land, Original Cost -Rs.53,189,591/- (31.12.2006:Rs.53,189,591/-) Depreciation Rs.26,420,610 /- (31.12.2006:Rs.25,011,716/-).

4. Vehicles include assets acquired on hire purchase - Rs.29,075,425/- (31.12.2006: Rs.23,502,977/-)

** Represents subsidy received from Tea Board for replanting/ rejuvenation activities amounting to Rs. 1,093,746/- and adjustment arising out of acquisition of land by the government amounting to Rs. 19,266,787 /-.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 4A - CAPITAL WORK IN PROGRESS

Particulars	Balance as at 01-Jan-07 [Rupees]	Additions during the year [Rupees]	Balance as at 31-Dec-07 [Rupees]
A. Oil & Gas project (Refer Note 18 of Sch. 11)			
Establishment charges (including Bonus)	51,241,914	40,470,609	91,712,523
Consultant Fees & Expenses	29,965,754	27,824,326	57,790,080
Advertisement	4,208,695	199,664	4,408,359
Legal & Professional Charges	17,405,840	5,694,669	23,100,509
Repairs to Plant & Machinery	9,164,968	2,891,755	12,056,723
Workmen & Staff Welfare Expenses	1,009,988	685,659	1,695,647
Office Maintenance	3,625,025	1,665,877	5,290,902
Insurance	330,321	669,285	999,606
Rates & Taxes	5,742,520	758,923	6,501,443
Bank Charges	1,250,099	919,746	2,169,845
General Charges	43,742,651	15,557,939	59,300,590
Borrowing Cost (on Fixed Loans)	48,414,247	71,024,318	119,438,565
Geological Consulting	1,300,181	1,838,374	3,138,555
Geophysical Consulting	1,571,589	87,008	1,658,597
Seismic -Data Acquisition	59,062,710	64,086,295	123,149,005
Exploratory / Appraisal Well Drilling	118,353,328	424,923,610	543,276,938
Seismic- Geological Consultancy	12,348,047	–	12,348,047
Seismic Reprocessing	21,019,357	–	21,019,357
Environmental Impact Study	453,781	–	453,781
Well Workovers	147,078,381	93,661,967	240,740,348
Signature Bonus	332,239	–	332,239
Cost of Flowlines	5,885,221	–	5,885,221
Separation & Measurement Cost	11,923	–	11,923
Oil Treatment Facility	2,360,098	–	2,360,098
Oil Storage Facility	3,056,091	–	3,056,091
Group Gathering Renovation	16,520,414	–	16,520,414
Extended Production System	9,656,519	–	9,656,519
Warehouse & Yard	1,951,279	7,238,362	9,189,641
Office Equipments	2,358,904	–	2,358,904
Group Gathering & Well Testing	3,219,583	–	3,219,583
General Administration	34,906,847	29,963,258	64,870,105
Test production sales of Oil & Gas	(13,362,217)	(502,726)	(13,864,943)
Sub-total	644,186,297	789,658,918	1,433,845,215
Less:- Capitalised producing properties	31,944,439	–	31,944,439
Balance carried forward	612,241,858	–	1,401,900,776
B. Other CWIP			
Opening Balance	5,379,828	–	4,627,430
Less:- Capitalised during the year	752,398	–	2,840,248
Add:- Addition during the year	–	–	7,311,277
Balance carried forward	4,627,430	–	9,098,459
Total	616,869,288	–	1,410,999,235



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 5 - INVESTMENTS

	31st December, 2007 [Rupees]	31st December, 2006 [Rupees]
Long Term – At Cost		
A. In Subsidiary Companies* (Fully paid unless otherwise stated)	121,492,091	70,985,091
B. Other than Trade - Unquoted (Fully paid) 20,000 Equity Shares of Rs.10/- each in Assam Bengal Cereals Ltd. 5% Non Redeemable Debentures of East India Clinic Ltd. Others **	200,000 24,500 20,000,000	200,000 24,500 –
	20,224,500	224,500
C. Other than Trade-Quoted (Fully paid unless otherwise stated) 12,428 US 64 Bonds of Rs.100/- each in Unit Trust of India Others ***	1,242,800 187,559	1,242,800 4,947,090
	1,430,359	6,189,890
	143,146,950	77,399,481
Less: Provision for diminution in value of certain investments	565,986	565,986
	142,580,964	76,833,495
Short Term - At cost price or fair value whichever is lower		
Current Investments (Fully Paid) Quoted		
10000 Structured Notes of 100 USD each in BNP 18-mnth (BOA/JPM/ML) Range Note	28,327,908	–
207800 Equity Shares of Canoro Resources Ltd	6,514,749	–
	34,842,657	–
	177,423,621	76,833,495

* Particulars	Description	Number as on 31.12.07	Number as on 31.12.06	Face value Rs.	Cost as on 31.12.07 Rs.	Cost as on 31.12.06 Rs.
Quoted						
Namburnadi Tea Co. Ltd.	Equity	123,076	123,076	10	123,076	123,076
Unquoted						
Assam Estates Ltd.	Equity	50,570	–	10	505,700	–
Assam Oil and Gas Ltd. (formerly Assam Oil & Natural Gas 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 Hydrocarbon Ltd.	Equity	50,070	50,010	10	500,700	500,000
Camellia Cha Bar Ltd.	Equity	50,060	50,000	10	500,605	500,005
Gujarat Hydrocarbons and Power SEZ Ltd	Equity	5,000,000	–	10	50,000,000	–
Duncan Macneill Natural Resources Ltd	Equity	811,000	811,000	1GBP	68,862,010	68,862,010
Total					121,492,091	70,985,091



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 5 - INVESTMENTS

Long Term – At Cost (Contd)

** Particulars	Description	Number as on 31.12.07	Number as on 31.12.06	Face value Rs.	Cost as on 31.12.07 Rs.	Cost as on 31.12.06 Rs.
Padmshree Suppliers Pvt Ltd	Equity	10000	–	10	1,900,000	–
Octol Tracon Pvt Ltd	Equity	35000	–	10	5,950,000	–
Rimjhim Vinjmay Pvt Ltd	Equity	2000	–	10	350,000	–
Pushpshree Tower Pvt Ltd	Equity	10000	–	10	1,800,000	–
Prakash Cresec Pvt Ltd	Equity	25000	–	10	3,750,000	–
Nahar Viniyog Pvt Ltd	Equity	10000	–	10	1,500,000	–
Rohini Commodities Pvt Ltd	Equity	14000	–	10	2,100,000	–
Midpoint Marketing Pvt Ltd	Equity	14500	–	10	1,450,000	–
Darkin Dealcom Pvt Ltd	Equity	12000	–	10	1,200,000	–
					20,000,000	–
*** Particulars						
Allahabad Bank	Equity	23	23	10	1,886	1,886
Apeejay Tea Ltd	Equity	5	–	10	442	–
Bank of Baroda	Equity	9	9	10	2,070	2,070
Bombay Burmah Trading Corp. Ltd	Equity	5	–	10	2,346	–
Bongaigaon Refineries Ltd	Equity	5	–	10	246	–
BSEL Infrastructure Ltd	Equity	5	–	10	342	–
Dhunseri Tea & Industries Ltd	Equity	5	–	10	359	–
DS Kulkarni Developers Ltd	Equity	1	–	10	245	–
Gammon India Ltd	Equity	5	–	2	2,246	–
GESCO Corporation Ltd.	Equity	12	12	10	–	–
Gillanders Arbuthnot & Company Ltd	Equity	5	–	10	518	–
Gujarat Narmada Valley Fertilizers Co Ltd.	Equity	50	50	10	1,415	1,415
Goodricke Tea Ltd	Equity	5	–	10	333	–
Grasim Industries Ltd.	Equity	50	50	10	16,550	16,550
Great Eastern Shipping Ltd.	Equity	72	72	10	812	812
Great Offshore Ltd	Equity	18	18	10	208	208
Gulf Oil Corporation Ltd	Equity	–	500	10	–	519,036
Hindalco Industries Ltd	Equity	5	–	1	807	–
Hinduja TMT Ltd	Equity	–	6,346	10	–	4,276,566
Indian Oil Corporation Ltd	Equity	5	–	10	2,201	–
Jaiprakash Associates Ltd	Equity	90	18	2	153	153
Jayshree Tea & Industries Ltd	Equity	5	–	10	547	–
Lok Housing & Constructions Ltd	Equity	5	–	10	874	–
Mcleod Russel India Ltd (Formerly George Williamson (Assam) Ltd.)	Equity	300	300	5	6,095	6,095
National Thermal Corp. Ltd	Equity	5	–	10	765	–
Oil & Natural Gas Corporation Ltd	Equity	5	–	10	4,541	–
Oriental Bank Of Commerce	Equity	5	5	10	1,250	1,250
Patel Engineering Ltd	Equity	10	–	1	4,356	–
PBA Infrastructure Ltd	Equity	5	–	10	459	–
Reliance Communications Ltd	Equity	18	18	10	980	980
Reliance Energy Ltd	Equity	1	1	10	185	185
Reliance Industries Ltd.	Equity	18	18	10	1,350	1,350
Reliance Natural Resources Ltd	Equity	18	18	5	18	18
Selan Exploration Ltd	Equity	5	–	10	540	–
Shipping Corporation of India Ltd.	Equity	100	100	10	5,220	5,220
Shiv Vani Oil & Exploration Services Ltd	Equity	5	–	10	1,753	–
State Bank of Bikaner & Jaipur	Equity	185	185	100	97,495	97,495
Suzlon Energy Ltd	Equity	5	–	10	7,534	–
Tata Chemicals Ltd.	Equity	4	4	10	247	247
Tata Coffee Ltd	Equity	5	–	10	1,441	–
Tata Iron & Steel Company Ltd.	Equity	3	3	10	224	224
Tata Iron & Steel Company Ltd.(SPN)	Equity	18	18	300	–	–



SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE : 5 - INVESTMENTS

Long Term – At Cost (Contd)

*** Particulars	Description	Number as on 31.12.07	Number as on 31.12.06	Face value Rs.	Cost as on 31.12.07 Rs.	Cost as on 31.12.06 Rs.
Tata Tea Ltd.	Equity	12	12	10	2,280	2,280
Tezapore India Ltd.	Equity	100	100	10	10,000	10,000
Unitech Ltd	Equity	10	–	2	2,803	–
UTI Master Share	Equity	116	116	10	3,050	3,050
Warren Tea Ltd	Equity	5	–	10	373	–
					187,559	4,947,090

Aggregate amount of quoted investments Rs 36,396,092 /- (31.12.2006 - Rs.6,312,966/-)

Aggregate market value of quoted investments Rs.46,118,957 /- (31.12.2006 - Rs.7,629,355/-)

Aggregate amount of unquoted investments Rs.141,593,515/- (31.12.2006 - Rs.71,086,515/-)

Market value of Namburnadi Tea Co Ltd is not available.

During the year, the following investments were purchased and sold -

Particulars	Nos	Cost (USD)	Cost (Rs.)
Hinduja TMT Limited	7,654		5,557,400
Gulf Oil Corporation Limited	1,500		1,895,640
Bnpp-Bnp Gs Comm Crude Oil 300708	3,000,000	2,943,000	130,286,610
Pgn100 10Ycms Fortress Note 300117	3,000,000	3,000,000	132,810,000
Pgn95 Cal-Msci Taiwan Idx 300108	1,500,000	1,500,000	66,405,000
Pgn95 Cal-Hs China Ent Idx 300108	1,500,000	1,500,000	66,405,000
Pgn100 Digi 1.31/1.42 190707-56048	2,000,000	2,000,000	88,340,000
Pgn100 Double Digitals190707-56051	2,000,000	2,000,000	88,340,000
Pgn100 Hydrarange-Usd 180707-56052	2,000,000	2,000,000	88,340,000
Pgn100 Usd/Jpy 112.5 190707-56050	2,000,000	2,000,000	88,340,000
Dac Kbc-N225 10% 310108 Jpy15870	1,000,000	1,000,000	44,170,000
Dac Bs-Cop/Cvx/Xom 13.75% 280108	500,000	500,000	22,085,000
Dac Rbs-Ubs/Commerz 15% 060208	1,000,000	1,000,000	44,130,000
Dac Ubs-Bskt 3 Sg Stks 30% 170209	500,000	500,000	22,045,000
Dac MI-Apple/Axa 20.4% 161007	500,000	500,000	21,150,000
Dac Hsbc-Rigd/Ttm 22.5% 191007	600,000	600,000	25,290,000
Pgn100 Usd/Chf Fortress Note210408	2,000,000	2,000,000	83,980,000
Dac Sga-Ubs/Commerzbk 15% 240408	500,000	500,000	20,820,000
Dac Sga-Catl/Klan/Sgxl 21% 280408	500,000	500,000	20,390,000
Dac MI-Ing Grp/Oracle 17% 301007	500,000	500,000	20,535,000
Dac MI-Abn/Hallib 16.5% 161107	300,000	300,000	12,252,000
Pgn100 Xausd Hydra Range 231107	300,000	300,000	12,192,000
Pgn100 Cms10Y Fortress Note 230517	3,000,000	3,000,000	121,650,000
Dac Hsbc-Infy/lbn/Rigd 17% 060709	300,000	300,000	12,174,000
ABN Amro Global Emerging Markets Bond Fund	1,983	500,000	22,155,000
HSBC 3-mth Silver DNT Note	10,000	1,000,000	44,250,000
HSBC 24-mth (HDFC/ICICI/Reliance) Range Note	10,000	1,000,000	40,660,000
ING 6-mth Note Leveraged Note Linked to Silver	10,000	1,000,000	44,270,000
CBA 12-mth DNT W/Cake Note	10,000	1,003,000	44,192,180
UBS 18-mth (BOA/PNG) Range Note	10,000	1,000,000	40,810,000
UBS 18-mth (DBS/UOB/OCBC) Range Note	5,000	500,000	20,500,000
ING 12mth USD (Nikkei 225) Note	10,000	1,000,000	44,220,000
HSBC 6-mth Silver DNT Note	5,000	500,000	20,455,000
UBS 12-mth (City Dev/Capitaland) Range Note	5,000	500,000	20,500,000
UBS 12-mth (SGX/SMRT Corp) Range Note	5,000	500,000	20,300,000
			1,601,894,830

**SCHEDULES FORMING PART OF THE ACCOUNTS****SCHEDULE : 6 - CURRENT ASSETS, LOANS & ADVANCES**

	31st December, 2007 [Rupees]	31st December, 2006 [Rupees]
(a) Inventories		
Stores & Spare Parts	39,078,855	35,139,185
Stock of Tea	140,655,757	151,699,534
Stock of Oil	–	2,644,312
	179,734,612	189,483,031
(b) Sundry Debtors		
Unsecured - Considered Good		
Debts Outstanding for a period exceeding six months	111,547,623	95,942,516
Other Debts	521,110,680	554,334,099
	632,658,303	650,276,615
(c) Cash & Bank Balances		
Cash and cheques in hand	7,182,409	12,371,092
With Scheduled Banks:		
On Current Accounts	850,065,858	41,306,522
On Deposit Accounts	54,867,501	1,932,754,929
[held as margin Rs.54,867,501/- (31.12.2006-Rs.21,405,590/-)]		
With Others:		
On Current Accounts	354,698,230	–
(Refer Note 7 of Sch 11)		
	1,266,813,998	1,986,432,543
(d) Other Current Assets		
Income accrued on investments and deposits	1,580,487	1,393,500
	1,580,487	1,393,500
(e) Loans & Advances		
[Unsecured]		
Considered good		
Advances and loans to subsidiaries	1,478,777,234	69,027,049
Advances recoverable in cash or in kind or for value to be received *	355,335,715	335,846,609
Deposit with Customs, Port Trust etc.	–	15,820
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	1,186,834	–
	1,835,299,783	404,889,478
Less: Provision for doubtful advance	1,186,834	–
	1,834,112,949	404,889,478

* Includes amount receivable from Directors of the Company Rs.2,536,791/- (31.12.2006-Rs.620,557/-), maximum amount outstanding at any point of time during the year Rs.2,536,791/- (31.12.2006-Rs.620,557/-).



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 7 - CURRENT LIABILITIES & PROVISIONS

	31st December, 2007 [Rupees]	31st December, 2006 [Rupees]
(a) Current Liabilities		
Acceptances	7,788,038	32,584,475
Sundry Creditors		
-Micro, Small and Medium Enterprises (Refer Note No.27 of Sch 11)	2,816,727	28,400
-Others	288,391,365	172,833,454
Other Liabilities	401,496,770	366,676,734
Amount due to subsidiaries	1,550,794	1,700,793
Unclaimed Dividend	1,661,289	2,741,505
Bank Balance Overdrawn	2,523,847	7,026,685
Interest accrued but not due on loans	6,918,760	524,433
	713,147,590	584,116,479

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

(b) Provisions		
Taxation less Advance Payments	13,336,750	5,946,232
Provision for Site Restoration (Refer Note 13 of Sch 11)	1,440,000	760,000
Proposed Dividend (Refer Note 32 of Sch. 11)	30,976,096	22,361,526
Dividend Tax thereon	5,264,388	3,800,341
	51,017,234	32,868,099

SCHEDULE : 8 - OTHER INCOME

	Year ended 31st December, 2007 [Rupees]	Year ended 31st December, 2006 [Rupees]
Sale of Tea Waste	1,926,360	2,204,392
Miscellaneous Receipts	6,321,726	11,942,263
Income from Investments other than trade	19,531,443	99,746
Gain on Exchange (net)	90,697,143	19,435,925
Profit on sale of investments (net)	-	840,000
Liabilities no longer required written back (net)	1,948,816	5,988,691
Profit on sale of Assets	181,914	-
Profit on acquisition of Land by the Government (Refer Note 23 of Sch 11)	95,721,800	-
Premium on sale of DEPB Licence	4,375,568	2,225,231
	220,704,770	42,736,248



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 9 - EXPENSES

	Year ended 31st December, 2007 [Rupees]	Year ended 31st December, 2006 [Rupees]
Garden Cultivation Costs	119,040,037	109,764,275
Plucking and Manufacturing Expenses of Tea	228,700,581	200,902,605
Purchases of Tea	12,982,187	9,664,226
Power & Fuel	162,727,762	168,442,096
Establishment Charges (including Bonus)	226,876,265	213,811,582
Directors' Fees	67,500	94,500
Contribution to Provident, Superannuation & Gratuity Funds	100,793,981	69,815,468
Workmen & Staff Welfare Expenses	101,816,558	96,840,709
Concession on Foodgrains	59,159,482	50,487,741
Repairs to Buildings	19,529,970	18,493,899
Repairs to Plant & Machinery	25,269,135	22,058,855
Upkeep of Roads & Bridges	1,210,541	1,569,648
Garden Transport	31,748,873	31,891,717
Insurance	2,813,131	3,504,746
Rent	310,448	480,975
Rates & Taxes	9,049,811	8,541,944
Office Maintenance	2,830,172	4,369,201
Bank Charges	26,451,313	15,810,201
General Charges	66,963,025	62,391,452
Freight, Warehouse & Sale Charges	102,769,142	83,390,212
Agency Commission	54,166,186	37,847,351
Brokerage	8,485,082	7,522,942
Cess on Tea and Green Leaf	27,272,746	28,374,572
Oil Production Expenses	7,725,798	2,313,030
Oil Treatment Charges	9,179,973	4,279,665
Equipment Rental & Transportation Charges	1,859,569	5,939,968
Royalty on Oil	1,276,020	954,246
Cess on Oil	2,352,526	2,070,082
Bad Debts Written off	-	199,221
Provision for Sundry Advances	1,186,834	-
Assets Written off	945,429	-
Loss on Investments (Net)	9,055,884	-
Sundry Balances Written off	1,931,415	5,794,115
Loss on sale of Fixed Assets	-	33,831
	1,426,547,376	1,267,655,075

SCHEDULE : 10 - (INCREASE) / DECREASE IN STOCK

	Unit	31st December 2007		31st December, 2006	
		[Quantity]	[Rupees]	[Quantity]	[Rupees]
Stock as at 31st December, 2006					
Tea	KGs.	2,425,052	151,699,534	2,608,402	150,493,192
Oil	BLS	1,205	2,644,312	-	-
Stock as at 31st December, 2007					
Tea	KGs.	1,963,202	140,655,757	2,425,052	151,699,534
Oil	BLS	*834	-	1,205	2,644,312
(Increase) / Decrease			13,688,089		(3,850,654)

* Represents oil lying in stock out of trial / test production.



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 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.

Cash generating units/ assets are assessed for possible impairment at Balance Sheet dates based on external and internal sources of information. Impairment losses, if any, are recognised as expense in the Profit & Loss Account.

Intangible Assets

Intangible Assets are recognised only when future economic benefits attributable to the assets will flow to the enterprise and cost can be measured reliably and are being amortised over its useful life of five years on a straight line basis.

Expenditure incurred in connection with Oil & Gas project

Expenses incurred for acquiring rights for exploring, developing and producing oil along with other expenses incurred for developing and constructing wells have been capitalised and included under the head Capital Work in Progress (CWIP) in line with the suggested treatment prescribed by the Institute of Chartered Accountants of India in the 'Guidance Note on Accounting for Oil and Gas Producing Activities' under the 'Full Cost Method'.

Producing properties are created in respect of an oil field having developed oil reserves when the well in the field is ready to commence commercial production.

[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.

[iii] Cost of wells capitalized as producing properties are depreciated according to the "unit of production" method as prescribed by The Institute of Chartered Accountants in the "Guidance Note on Accounting for Oil & Gas Producing Activities".

[e] Investments

Investments are classified into current and long term investments. Current Investments are stated at the lower of cost and fair value. Long Term investments are stated at cost. Provision for loss on permanent fall in value of investments is made, wherever necessary.



SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

[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.

Stock of Oil is stated at cost or net realisable value, whichever is lower.

Stores & Spare parts are also stated at cost (weighted average cost) or estimated net realisable value, whichever is lower. 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.

Monetary assets and monetary liabilities 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.

Non monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Transactions in foreign currencies with a Joint Venturer for Oil and Gas project have been recorded in rupees by applying the average rate of exchange prevailing at the time of such transactions.

[h] Sales

Sales represent invoiced value of goods sold less sales tax.

[i] Income from investments

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

[j] Retirement Benefits

The Company operates defined contribution schemes for Provident and a Pension Fund. Contributions to these funds are made regularly to the appropriate authority/trust and a private insurance company respectively. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

The company also provides for retirement benefits with defined benefits in the form of Gratuity and Pension. Annual contributions for Gratuity and Pension are made by the company, based on actuarial valuation carried out every year at the year end to a trust and Life Insurance Corporation of India (LICI) respectively. Actuarial gains and losses are recognised immediately in the profit and loss account.

The obligation for long term employee benefits such as leave encashment and long term compensated absence is recognised in the same manner as in the case of defined benefit plans as mentioned above.

Short term employee benefits are recognised as an expense in the profit and loss account of the year in which the related service is rendered.

[k] Borrowing Cost

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


SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)
[l] Oil Production Cost

Production costs include pre well head and post well head expenses including depreciation and applicable operating costs of support equipments and facilities.

[m] Provision

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

[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 and in case of brought forward loss and unabsorbed depreciation there is virtual 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. 427,664,732/-. 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.113,567,000/-.
- [b] 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.3,095,396/- (net of advance Rs. 15,337,804/-), [31.12.2006-Rs.2,633,696/- (net of advance Rs.14,471,804/-)]
4. **Contingent Liabilities not provided for:**
 - [a] [i] Income Tax assessments disputed in appeals Rs. 31,970,535/- (31.12.2006-Rs.60,273,945/-). 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.
 - [a] [ii] Agricultural Income Tax matter Rs. 62,415,249 /- (31.12.2006 - Rs.Nil)
 - [b] Sales tax assessments disputed in appeals Rs. 64,092,146/- (31.12.2006-Rs.55,771,701/-)
 - [c] In view of the stay on payment of Fringe Benefit Tax (FBT), liability which may arise is yet to be determined. Refer Note 31 of Schedule 11.
 - [d] Premium on redemption of Foreign Currency Convertible Bonds (FCCBs) not ascertainable at this stage - Refer Note 19 of Schedule 11.
 - [e] Guarantees given on behalf of third parties Rs.151,100,000/- (31.12.2006 - Rs.151,100,000/-)
 - [f] Uncalled Liability on partly paid shares - Rs. 6,999,510/- (31.12.2006-Rs. 6,999,510/-)

The future cash flows on account of [a] to [c] above cannot be determined unless the judgement / decisions / demand are received from the appropriate forums.
5. Provision for taxation for the Company's financial year ended 31st December, 2007 has been determined based on results for the three months ended 31st March 2007 (Assessment Year 2007-08) and for nine months ended 31st December, 2007 (Assessment Year 2008-09). The ultimate liability for the Assessment Year 2008-09, however, will be determined on the total income for the company for the period from 1st April, 2007 to 31st March, 2008.



SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

6. Breakup of Interest Charge:-	31.12.2007	31.12.2006
	[Rupees]	[Rupees]
On Fixed Loan	162,912,180	132,353,979
Others	65,765,528	62,003,874
	A	194,357,853
Less: Interest Subsidy Received/Receivable	20,652,307	22,859,792
Interest Income (Tax deducted at source Rs.7,865,710/-) (31.12.2006-Rs.277,577/-)	61,436,695	11,642,722
	B	34,502,514
Total Interest Charge (net)	A-B	146,588,706

7. Balances with Non-scheduled banks represent the balances with Indian banks classified as non-scheduled banks by the Reserve Bank of India and with all overseas branches of foreign banks. The balances with non-scheduled banks are held in :

**Maximum amount outstanding
at any time during**

Particulars	31.12.2007	31.12.2006	2007	2006
	[Rupees]	[Rupees]	[Rupees]	[Rupees]
ING Vysya Bank, Singapore	354,698,230	—	381,777,104	—
UBS, Singapore	—	—	223,214,699	—
BNP PARIBAS Private Bank ,Singapore	—	—	889,400,000	—

8. Employee Benefit Obligation

During the year the company implemented Accounting Standard (AS) 15 (Revised 2005) dealing with Employee Benefits, issued by The Institute of Chartered Accountants of India.

The company has two post retirement pension plans, one of them being a defined contribution plan and the other a defined benefit. Apart from them the company also has a defined contribution provident fund and a defined benefit gratuity scheme.

Gratuity

The company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on retirement or termination of service, whichever is earlier. Annual contributions based on actuarial valuation carried out at the year end are made to a private insurance company under group gratuity scheme.

Pension

The company operates two pension schemes for eligible employees, one of them being a defined benefit scheme and the other a defined contribution. These are funded with Life Insurance Corporation of India (LIC) and a private insurance company respectively. Annual contributions to the defined benefit scheme are made by the company based on actuarial valuation carried out by them at year end. Contributions for the defined contribution plan are funded by the company and such contributions along with interest accumulate during the service period of such employee and are utilized to buy pension annuity from the insurance company.

Provident fund

Provident Fund is a defined contribution scheme whereby the company deposits an amount determined as a fixed percentage of basic salary to the trust/government authorities every month.

Leave Benefit

Leave benefit comprises of leave balances accumulated by the employees. These balances can be accumulated upto a maximum of 120 days and can be encashed at any time during the service period once such balance is in excess of 30 days. Liability for long term compensated absence and leave encashment are provided for based on actuarial valuation carried out annually at the year end.



SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

A. Defined Contribution Plans

Contributions for Defined Contribution Plans amounting to Rs.53,286,761 /- has been recognised in the Profit & Loss Account.

B. Defined Benefit Plans

(1) Retirement Benefits

	<u>Gratuity</u>	<u>Pension</u>
	[Rupees]	[Rupees]
a) Expense recognised in the statement of Profit & Loss Account for the year ended December 31, 2007		
Current Service Cost	14,617,377	2,323,270
Interest Cost	18,379,607	3,611,484
Expected return on plan assets	(15,168,419)	(2,973,396)
Curtailment cost	-	-
Settlement cost	-	-
Past Service cost	-	-
Net actuarial (gain) / loss recognised during the year	27,541,436	(10,076,957)
Total Expense recognised in the statement of Profit & Loss Account	45,370,001	-*
b) Net (Asset) / Liability recognised in the Balance Sheet as at December 31, 2007		
Present Value of the Defined Benefit Obligation as at December 31, 2007	251,285,244	51,910,477
Fair value of Plan assets as at December 31, 2007	232,847,013	53,705,481
Net (Asset) / Liability recognised in the Balance Sheet	18,438,231	-*
*The excess of assets over liabilities and income in respect of a pension fund have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.		
c) Actual return on plan assets		
Expected return on Plan Assets	15,168,419	2,973,396
Actuarial gain / (loss) on plan assets	(18,384,179)	13,564,633
Actual Return on Plan Assets	(3,215,760)	16,538,029
d) Change in Defined Benefit Obligation during the year ended December 31, 2007		
Present value of Defined Benefit Obligation as at January 1, 2007	223,373,485	42,488,047
Current Service cost	14,617,377	2,323,270
Interest cost	18,379,607	3,611,484
Settlement cost	-	-
Past Service cost	-	-
Benefits paid	(14,242,482)	-
Actuarial (gain) / loss on Obligation	9,157,257	3,487,676
Present value of Defined Benefit Obligation as at December 31, 2007	251,285,244	51,910,477
e) Change in Assets during the year December 31, 2007		
Fair value of Plan Assets as at January 1, 2007	189,605,255	37,167,452
Expected Return on Plan Assets	15,168,419	2,973,396
Contributions Made	60,700,000	-
Benefits Paid	(14,242,482)	-
Actuarial gain / (loss) on Plan Assets	(18,384,179)	13,564,633
Fair value of Plan Assets as at December 31, 2007	232,847,013	53,705,481



SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

(2) Long Term Employee Benefits

**Leave Encashment/
Compensated Absence
(unfunded)**

[Rupees]

Expense recognised in the statement of Profit & Loss

Account for the year ended December 31, 2007

Current Service Cost	848,462
Interest Cost	72,279
Expected Return on Plan Assets	—
Curtailement Cost	—
Settlement Cost	—
Past Service Cost	—
Net actuarial (gain) / loss recognised during the year	2,596,480

Total Expense recognised in the statement of Profit & Loss Account

3,517,221

In calculating the leave encashment/compensated absence liability, 25% of the accrued leave has been assumed to be encashed during the year and balance to be availed in future.

**Major categories of Plan Assets as a percentage
of total plan as at December 31, 2007**

	Gratuity	Pension
Administered by Private Insurance Company	45.48%	
Administered by Life Insurance Corporation of India		20.00%
Special Deposit with SBI		0.16%
Others	54.52%	79.84%

Actuarial Assumptions

	Gratuity	Pension	Leave Encashment / Compensated Absence
Mortality Table	LICI-1994-1996	LICI-1994-1996	LICI-1994-1996
Discount rate	8.50	8.50	8.50
Inflation rate	7.50	7.50	7.50
Expected Return on Plan Assets	8.00	8.00	—

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, future salary increases, seniority , promotion, supply and demand in the employment market etc. The expected return on plan assets is based on the actuarial expectation of the average long term rate of return on investments of the fund during the estimated time of the obligations.

Note:

- The present value obligation for gratuity and pension plans have been determined based on actuarial valuation using the Projected Unit Credit Method.
- This being the first year of implementation of AS-15 (Revised 2005) , previous years' figures have not been given.



SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

9. (i) Amount paid / payable to the auditors included under general charges:	31.12.2007	31.12.2006
	[Rupees]	[Rupees]
[a] Statutory audit fees	1,500,000	1,500,000
[b] Fees for other services	1,425,430	1,805,000
[c] Reimbursement of out of pocket expenses	125,426	120,962
The above amount does not includes fees paid for services rendered for FCCB issue amounting to Rs. NIL (31.12.2006 – Rs. 2,000,000/-) which has been adjusted with Securities Premium Account.		
(ii) Expenditure includes in aggregate :		
Salaries, Wages and Bonus	520,210,217	498,574,756
Stores & Spare Parts consumed	244,594,276	235,586,682
10. Directors' remuneration in aggregate		
[A] Remuneration paid/payable during the year to the Wholetime Directors included in Establishment Charges in Schedule-9 includes:	31.12.2007	31.12.2006
	[Rupees]	[Rupees]
Debited to the Profit & Loss Account		
i) Salary	4,248,000	2,432,833
ii) Allowances and estimated benefits in kind	6,201,363	2,504,990
iii) Contribution to Provident, Superannuation and Gratuity Funds	791,751	750,366
iv) Directors Fees	67,500	94,500
	11,308,614	5,782,689
Less: Transferred to Capital Work in Progress (Oil & Gas Project)	3,539,832	3,421,429
Less: Transferred to Advance (Gujarat Hydrocarbons & Power SEZ Ltd & Infrastructure Project)	3,539,832	–
Net balance	4,228,950	2,361,260
[B] Approval from Central Government for remuneration paid in the year 2005 to two wholetime directors of the Company (including one who has retired) amounting to Rs. 620,557/- has been received during the year. This amount was included under Loans and Advance as advance recoverable from directors in the financial statements of 2006. Charge for managerial remuneration for the current year includes the aforesaid amount pertaining to remuneration of earlier years.		
[C] Remuneration paid to the managing director for the period 1st Oct 07 to 31st Dec 07 amounting to Rs.1,732,416 /- is subject to the approval of Central Government and shareholders of the Company. Pending such approval this amount has been considered as amount recoverable from him and included under Loans and Advance. Approval for appointment of the managing director for the aforesaid period from the shareholders is also pending.		
[D] Remuneration to whole time directors in excess of what already has been approved by Central Government amounts to Rs. 807,018/-. Pending further approval from the Central Government for this incremental amount, the same has been considered as amount recoverable from them and included under Loans and Advance.		



SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

	<u>31.12.2007</u>		<u>31.12.2006</u>	
11. [1] Licensed Capacity	Not Applicable		Not Applicable	
[2] Installed Capacity	Not Ascertainable		Not Ascertainable	
[3] Total Tea Produced (Kgs)	15,854,915		16,142,583	
[4] Total Saleable Production Tea (Kgs)	15,487,737		15,778,419	
[5] Green Leaf Consumed * (Kgs)	70,236,239		71,128,284	
[6] Production Oil (BLS)	20,829		13,960	
[7] Production Gas (MCM)	7,183		4,175	
	31.12.2007		31.12.2006	
	<u>[Quantity]</u>	<u>[Rupees]</u>	<u>[Quantity]</u>	<u>[Rupees]</u>
[8] Details of Purchase				
Tea (Kgs)	154,078	12,982,187	96,664	9,664,226
Green Leaf (Kgs)	1,653,506	17,720,128	-	-
		30,702,315		9,664,226
[9] Details of Sale				
[a] Tea (Kgs)	16,103,665	1,422,353,516	16,036,954	1,387,208,048
[b] Oil (BLS)	21,200	73,814,125	12,755	38,124,196
[c] Gas (MCM)	7,183	22,980,291	4,175	11,518,682
[d] Others	-	-	-	58,279,648
		1,519,147,932		1,495,130,574
[10] Stores and Spare parts consumed	%	<u>[Rupees]</u>	%	<u>[Rupees]</u>
Indigenous	100	244,594,276	100	235,586,682
	100	244,594,276	100	235,586,682

* As the production of green leaf (raw materials consumed by the company for the manufacture of Tea) from the company's own tea estates involves integrated process having various stages such as nursery, planting, cultivation etc., their values at intermediate stage could not be ascertained.

12. [a] Assets acquired under Hire Purchase (HP) comprise of vehicles. These agreements are of a period of 36 months and more and in certain cases provide for revision of hire charges for variation in prime lending rates of the bank. There are no restrictive covenants in the H P agreements.

The minimum rentals as at 31st December, 2007 and the present value as at 31st December, 2007 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
	[Rupees]	[Rupees]	[Rupees]
Payable not later than 1 year	6,585,337	883,323	5,702,014
Payable later than 1 year but not later than 5 year	6,536,617	498,768	6,037,849
Total	13,121,954	1,382,091	11,739,863

- [b] The Company has taken various premises under operating lease having tenures upto 36 months which are not non-cancellable. These are usually renewed periodically by mutual consent. The rental payable against these lease amounting to Rs.7,81,918/- (31.12.2006 Rs.6,30,300/-) have been debited to the Profit & Loss Account.



SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

13. Movement in Provision

[Figures in Rupees]

	<u>01.01.2007</u>	<u>Provision made during the year</u>	<u>Amounts utilized/reversed during the year</u>	<u>31.12.2007</u>
Provision for Site Restoration	760,000	680,000	–	1,440,000
Provision for site restoration represents the liability that is expected to materialize once production of oil and gas from the wells cease and/or they are capped. Future cash outflow in respect of the above is determinable only on occurrence of uncertain future events.				

14. Expenditure in foreign currency

	<u>31.12.2007 [Rupees]</u>	<u>31.12.2006 [Rupees]</u>
Commission	54,166,186	37,847,351
Travelling Expenses	677,658	1,064,411
Travelling Expenses included in CWIP (Oil & Gas project)	3,169,138	10,083,789
Travelling Expenses included in Loans & Advance (SEZ & Infrastructure Project)	1,977,939	–

15. Earnings in Foreign Exchange

	<u>31.12.2007 [Rupees]</u>	<u>31.12.2006 [Rupees]</u>
Export Sale on F.O.B. Basis	549,415,756	482,461,027
Interest Income	23,706,265	–
Income from Investments	19,501,872	–
Profit on sale of Investments	2,731,900	–

16. 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 and Gas Ltd. (formerly Assam Oil & Natural Gas Ltd.)
- Duncan Macneill Natural Resources Ltd.
- Assam Estates Ltd.
- Gujarat Hydrocarbons and Power SEZ Ltd.

b. Key Management Personnel

- Mr A.K.Jajodia, Managing Director & CEO
- Mr Abhay Chawdhry, Director Finance & CFO
- Mr. Amir Ahsan, Whole Time Director (upto 9th November 2006)

c. Relatives of Key Management Personnel

- Ms. Ruchika Jajodia
- Ms. Rashmi Chawdhry

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

- Karta of H.U.F. - Abhay Chawdhry HUF

SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

II Transactions with related parties

SL No.	Related Party	Relationship	Outstanding as on 31.12.2007 (Rupees)	Outstanding as on 31.12.2006 (Rupees)		Nature of transaction	Year ended 31st December 2007 (Rupees)	Year ended 31st December 2006 (Rupees)
A)	NAMBURNADI TEA COMPANY LTD.	Subsidiary Company	46,031,841 Receivable	37,614,713 Receivable	1 2 3 4 5 6 7	Purchase of Tea Remuneration of manager on deputation recoverable Advance given Receipt towards refund of advance Transfer of stores (Net) Expenses recoverable Guarantees given	9,828,123 1,441,499 21,496,000 5,115,720 282,447 141,025 122,500,000	4,154,284 802,426 12,784,000 38,237 671,099 520,169 122,500,000
B)	NORTH EAST HYDRO CARBON LTD.	Wholly owned Subsidiary Company	696,087 Receivable	996,087 Receivable	1 2	Advance given Receipt towards refund of advance	- 300,000	276,000 237,504
C)	ASSAM OIL AND GAS LTD. (formerly Assam Oil & Natural Gas Ltd.)	Wholly owned Subsidiary Company	1,237,808 Payable	1,387,808 Payable	1 2 3	Payment towards refund of advance Advances received Expenses recoverable	150,000 - -	200,000 320,000 30,000
D)	CAMELLIA CHA BAR LTD.	Subsidiary Company	312,985 Payable	312,985 Payable				
E)	DUNCAN MACNEILL NATURAL RESOURCES LTD.	Wholly owned Subsidiary Company	731,445,800 Receivable	30,416,250 Receivable	1 2 3	Loan given Receipt towards refund of loan Expenses recoverable	1,055,719,550 354,690,000 -	30,000,000 - 416,250
F)	GUJARAT HYDROCARBONS AND POWER SEZ LTD.	Wholly owned Subsidiary Company	700,283,515 Receivable	-	1 2 3 4	Investment in shares Loan given Interest Receivable Expenses recoverable	50,000,000 618,916,762 32,690,548 48,676,205	- - - -
G)	ASSAM ESTATES LTD.	Wholly owned Subsidiary Company	319,991 Receivable	-		Expenses recoverable	319,991	-
H)	MR. A. K. JAJODIA	Key Management Personnel	2,042,993 Receivable	282,610 Receivable		Remuneration Paid	5,883,870	4,310,399
I)	MR. ABHAY CHAUDHRY	Key Management Personnel	351,300 Receivable	-		Remuneration Paid	5,019,298	471,575
J)	MR. AMIR AHSAN	Key Management Personnel	-	337,947 Receivable		Remuneration paid in respect of earlier year	337,947	906,216
K)	MS. RUCHIKA JAJODIA	Relative of Key Management Personnel	105,400 Payable			Salary paid	152,400	-
L)	MS. RASHMI CHAUDHRY	Relative of Key Management Personnel	40,000 Payable	50,267 Payable		Rent paid	447,000	50,267
M)	ABHAY CHAUDHRY HUF	Enterprise over which the key management personnel are able to exercise a significant influence	56,600 Payable	69,333 Payable		Rent paid	629,400	69,333

Note : The management certifies that there have been no payments, other than those disclosed above, to key management personnel and / or their relatives and/or to any other related party.





SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

17. 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, however it has written to IDBI to allow waiver of the conditions and expects a favourable response in all these matters.
18. The Company has Joint Operating Agreement (JOA) with M/s Canoro Resources Ltd, a Canadian Company, the operator, for Exploration and Production (E&P) operations in Amguri developed block and AA-ON7 exploration block with participation interest of 40% and 35% respectively. The Company also has three marginal discovered fields at Laxmijan, Barsilla and Bihubar. All the blocks/fields are located in north east sector of the country.

Amguri developed block is on production from 1st April 2006 and its production has since increased through further drilling operations during the current year. In respect of AA-ON/7 exploration block, the Company has completed minimum work program committed during exploration phase as per production sharing contract. Further exploration activities are continuing as ongoing exploration operations, the Company has also carried out workover operations in one well each in Laxmijan and Barsilla.

19. The Company has issued Zero Per Cent Foreign Currency Convertible Bonds ("FCCB") in 2006 aggregating to USD 48 Million (INR 2,109,120,000 as at the year end) to finance capital expenditure for modernization, expansion and acquisitions. The bond holders have an option of converting these bonds into equity shares at a conversion price of Rs. 28.75 per share, at any time on or after 28th November 2006, subject to compliance with certain conditions stated in the offer circular dated 23 November, 2006. The bonds are redeemable on 30th November 2011 at 150.019 per cent of their principal amount, unless previously converted or redeemed.

Expenses incurred in the current year in connection with the issue of FCCB amounting to Rs. 12,193,219/- have been adjusted against Securities Premium Account.

The bond holders have not exercised their option of converting into equity shares as on 31st December 2007.

The proceeds of above issue has been utilised on an overall basis as set out below :

	[Rupees]
Expenditure in respect of oil & gas exploration and development	673,157,286
FCCB issue expenses/other incidental expenses	286,446,988
Loan to overseas subsidiary	701,031,991
Modernization/expansion of existing production units	34,145,257
Others	88,870,007

Unutilised FCCB proceeds amounting to Rs.34,842,657/- have been invested in securities and the balance Rs. 387,178,141/- is lying with banks at the year end.

20. During the year the Company received the balance amount outstanding against 81,000,000 share warrants of Re.1/- each issued in 2006 at a premium of Rs. 22.25/- per warrant. Equivalent number of Equity Shares of Re. 1/- each has been issued on conversion of these warrants resulting in increase of issued and paid up share capital of the Company by Rs.81,000,000/- and the securities premium by Rs.1,802,250,000/-.

The proceeds of above issue has been utilised on an overall basis as set out below :

	[Rupees]
Reduction of debts	832,078,118
Investment in overseas subsidiary	60,000,000
General corporate purpose	162,640,001

The balance unutilised money amounting to Rs. 828,531,881/- is lying with banks at the year end.

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

21. During the year the Company has remitted a sum of Rs. 701,029,550/- to its wholly owned subsidiary Duncan Macneill Natural Resources Limited (DMNRL) located in U.K. as loan. DMNRL has agreed to repay rupee equivalent of the total amount outstanding to the Company in the Company's books.

22. During the year, the Company signed a Memorandum of Understanding (MOU) with Gujarat State Petroleum Corporation (GSPC) to form a joint venture Company for developing a Special Economic Zone (SEZ) for Hydrocarbon Park for energy, oil and gas in Gujarat.

Consequent to the above a new wholly owned subsidiary Company, Gujarat Hydrocarbons and Power SEZ Ltd, has been formed which would in future be the joint venture Company referred to in the aforesaid MOU.

The Company has during the year invested a sum of Rs. 50,000,000/- in the equity of the aforesaid subsidiary Company and provided a loan of Rs. 618,916,762/-. The Company has by way of an agreement agreed to incur expenses on behalf of the subsidiary Company and treated amounts recoverable from it amounting to Rs. 81,366,753/- as Loans and Advance.

23. The Government of Assam has acquired about 400 bighas of land located at the Borborooah Tea Estate of the Company at Assam under the Land Acquisition Act, 1894, for public purpose.

The Company has accounted for such acquisition in the current year based on the order passed by the competent authority dated 28th December, 2007 vide which the land has been acquired and the award for the said land determined at Rs.1,08,845,810/-.

Being aggrieved by the said award, the management has filed a review petition for claim of additional amount and the aforesaid sum has been received by the Company, subsequent to the year end, under protest.

24. The eviction suit filed by the landlord of the Kolkata office premises of the Company before the Hon'ble High Court of Calcutta is still pending. Although the management has obtained a legal opinion and expects a favourable verdict on the matter, it has also initiated steps for out of court settlement.

25. Loans & Advance includes Rs.13,391,804/- recoverable from M/s iSmart Business Solutions Pvt. Ltd., a Company engaged for development and implementation of an ERP software. The contract with this party was terminated by the Company on the ground of non-performance and continued breach of contract. The Company in addition to the above amount has made a claim of Rs.36,608,196/- for damages on account of delay in providing the services by the said party. The Company had filed a suit before the Hon'ble High Court of Calcutta for recovery of such amount. Necessary adjustments, if any, would be made in the financial statements once the suit is disposed off.

26. 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.

	31.12.2007	31.12.2006
	[Rupees]	[Rupees]
Deferred Tax Liability		
Depreciation	56,431,986	50,811,138
Deferred Tax Assets		
Disallowance u/s 43B	56,431,986	31,544,223
Brought forward Income Tax Loss	-	19,266,915
	56,431,986	50,811,138
Net Balance	-	-


SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

27. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st December 2007. The disclosure pursuant to the said Act is as under:

- a) The principal amount remaining unpaid to any supplier as at the year end is Rs. 2,276,359/-
- b) The interest amount outstanding at the year end is Rs. 540,368/-
- c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act is Rs. Nil.
- d) The amount of interest paid by the buyer other than in terms of section 16 of the MSMED Act is Rs. Nil.
- e) The amount of interest accrued and remaining unpaid at the year end is Rs. 540,368/-
- f) The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act is Rs. 540,368/-

Note: The information has been given in respect of such vendors to the extent they could be identified as " Micro, Small & Medium " enterprises on the basis of information available with the Company.

28. Net dividend remitted in foreign exchange

Year to which it relates	2006	2005
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	103,600,000	103,600,000
Amount remitted in GBP	126,080	121,397



ASSAM COMPANY LIMITED

SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

29. Primary Segment Report -Business Segments

[Figures in Rupees]

Particulars	Plantations	Oil & Gas	Total Segments	Total Enterprise
Segment Revenue External Customers	1,422,353,516	96,794,416	1,519,147,932	1,519,147,932
Other Income	1,445,487,696	49,642,878	1,495,130,574	1,495,130,574
	92,842,866	10,304,391	103,147,257	103,147,257
	33,771,282	2,067,025	35,838,307	35,838,307
Add:Inter Segment Revenue	—	—	—	—
	—	—	—	—
Total Segment Revenue	1,515,196,382	107,098,807	1,622,295,189	1,622,295,189
	1,479,258,978	51,709,903	1,530,968,881	1,530,968,881
Segment Result	93,683,000	69,428,887	163,111,887	163,111,887
	228,793,005	24,807,254	253,600,259	253,600,259
Add:Unallocable Income	—	—	—	117,557,513
	—	—	—	1,103,827
Less:Unallocable expenses	—	—	—	31,561,608
	—	—	—	17,054,389
Less: Interest (net)	—	—	—	146,588,706
	—	—	—	159,855,339
Profit before Taxation	—	—	—	102,519,086
	—	—	—	77,794,358
Provision for Taxation : Current Tax	—	—	—	17,000,000
	—	—	—	3,300,000
Profit after Taxation	—	—	—	85,519,086
	—	—	—	74,494,358
Other Information				
Segment Assets	3,897,632,743	1,486,662,745	5,384,295,488	5,384,295,488
	3,956,287,717	673,858,104	4,630,145,821	4,630,145,821
Unallocated Assets	—	—	—	3,356,178,777
	—	—	—	2,542,575,385
Total Assets	—	—	—	8,740,474,265
	—	—	—	7,172,721,206
Segment Liabilities	564,360,800	137,572,100	701,932,900	701,932,900
	430,942,542	79,318,334	510,260,876	510,260,876
Unallocated Liabilities	—	—	—	4,089,620,717
	—	—	—	4,416,154,128
Total Liabilities	—	—	—	4,791,553,617
	—	—	—	4,926,415,004
Capital Expenditure	67,227,614	790,116,028	857,343,642	857,343,642
	33,747,816	429,635,632	463,383,448	463,383,448
Unallocated Capital Expenditure	—	—	—	20,824,544
	—	—	—	19,301,018
Total Capital Expenditure	—	—	—	878,168,186
	—	—	—	482,684,466
Segment Depreciation / Amortisation	28,947,772	11,206,205	40,153,977	40,153,977
	27,210,853	651,852	27,862,705	27,862,705
Unallocated Depreciation / Amortisation	—	—	—	10,355,468
	—	—	—	8,399,458
Total Depreciation / Amortisation	—	—	—	50,509,445
	—	—	—	36,262,163



SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)

Secondary Segment Report - Geographical Segment

[Figures in Rupees]

	Within India	Outside India	Total
1. Segment Revenue	1,072,879,433	549,415,756	1,622,295,189
	1,021,417,599	509,551,282	1,530,968,881
2. Segment Assets	7,291,542,856	1,448,931,409	8,740,474,265
	4,717,031,230	2,455,689,976	7,172,721,206
3. Capital Expenditure	878,168,186	–	878,168,186
	482,684,466	–	482,684,466

Notes :-

- The Company has considered business segment as the primary segment for disclosure. The components of these business segments are plantation products and oil & gas.
- The segment wise revenue, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments.
- The geographical segments considered are as follows:
Sales within India includes sales to customers located within India
Sales outside India include sales to customers located outside India
- Figures in bold represent previous year's figures.

30. Basic and Diluted Earnings Per Share

31.12.2007 31.12.2006
[Rupees] [Rupees]

Profit after Taxation	(A)	85,519,086	74,494,358
Weighted average number of Equity Shares outstanding	(B)	225,390,602	223,615,260
Add: Effect of dilutive issue of share warrants		11,187,571	–
Weighted average number of Equity Shares in computing Dilutive Earning per Share	(C)	236,578,173	223,615,260
Basic Earnings Per Share	(A) / (B)	0.38	0.33
Diluted Earnings Per Share	(A) / (C)	0.36	0.33

- The Company has obtained a stay from the Hon'ble Guwahati High Court restraining the taxation authorities from imposing and collecting Fringe Benefit Tax (FBT) under section 115WA of the Income Tax Act, 1961. In view of this, the Company has not ascertained and provided the liability for FBT till the year-end.
- The Company has issued and allotted 51,45,703 Equity Shares of Re.1 each on 18th January, 2008 on conversion of certain Foreign Currency Convertible Bonds (FCCBs) outstanding at the year end in terms of the offer circular. Such Equity Shares are entitled to dividend for the year in keeping with the terms of the issue.
- Previous year's figures have been regrouped / rearranged wherever necessary.

On behalf of the Board

A. K. Jajodia – Managing Director & CEO

Abhay Chawdhry – Director Finance & CFO

Santosh Bhagat

Director

Arup Kumar Roy
Company Secretary

Kolkata, 23rd June, 2008



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

	Year Ended 31st December 2007 Rs.	Year Ended 31st December 2006 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	102,519,086	77,794,358
Adjustments for:		
Interest received	(61,436,695)	(11,642,722)
(Profit)/Loss on sale of assets	(181,914)	33,831
Profit on acquisition of land by the Government	(95,721,800)	–
Dividend income	(29,571)	(99,746)
Income from investments other than trade	(19,501,872)	–
Profit/(Loss) on investments (net)	9,055,884	(840,000)
Interest expense	208,025,401	171,498,061
Depreciation / amortisation	50,509,445	36,262,163
Assets written off	945,429	–
Bad debts written off	–	199,221
Provision for sundry advances	1,186,834	–
Sundry balances written off	1,931,415	5,794,115
Liabilities no longer required written back	(1,948,816)	(5,988,691)
Provision for site restoration	680,000	760,000
Unrealised foreign exchange difference-net (gain)/loss	(218,616,603)	(459,165)
Operating Profit before Working Capital Changes	<u>(22,583,777)</u>	<u>273,311,425</u>
Adjustments for:		
Trade and other receivables	101,010,153	(19,774,215)
Inventories	9,748,419	(1,270,803)
Trade payables and other liabilities	68,455,385	(37,121,006)
Cash generated from operations	<u>156,630,180</u>	<u>215,145,401</u>
Direct Taxes (Paid) / Received	(9,609,482)	2,666,551
Net Cash used in Operating Activities	<u>147,020,698</u>	<u>217,811,952</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (incl. movement for capital work-in-progress)	(748,840,807)	(443,015,653)
Sale of fixed assets	1,662,528	1,861,934
Purchase of investments	(1,668,912,040)	(22,917,104)
Investment in equity of subsidiary companies	(50,507,000)	(68,862,010)
Sale of investments	1,608,716,640	19,857,980
Loans/deposits made with subsidiaries / third parties	(1,784,834,027)	(56,802,343)
Refund of loans/deposits made with subsidiaries / third parties	371,433,843	16,352,425
Dividend received	29,571	99,746
Interest received	61,249,708	7,892,225
Income received from investments	19,501,872	–
Net Cash from Investing Activities	<u>(2,190,499,712)</u>	<u>(545,532,800)</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

	Year Ended 31st December 2007 Rs.	Year Ended 31st December 2006 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share warrants	1,692,900,000	190,350,000
Proceeds from borrowings	104,688,336	2,511,648,701
Repayment of borrowings	(161,592,683)	(109,572,647)
Payment of FCCB Issue expenses	(12,193,219)	(98,921,877)
Dividend paid	(23,441,742)	(19,977,738)
Dividend tax on distributable profits	(3,800,341)	(3,136,204)
Interest paid	(272,699,882)	(183,096,805)
Net Cash from Financing Activities	<u>1,323,860,469</u>	<u>2,287,293,430</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<u>(719,618,545)</u>	<u>1,959,572,582</u>
Cash and Cash Equivalents (opening Balance as at 1st January, 2007)	1,986,432,543	26,859,961
Cash and Cash Equivalents (closing Balance as at 31st December, 2007)	<u>1,226,813,998</u>	<u>1,986,432,543</u>
	<u>(719,618,545)</u>	<u>1,959,572,582</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. Previous year's figures have been regrouped / rearranged wherever necessary.

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

Prabal Kr. Sarkar
Partner
Membership No. 52340
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants
Kolkata, 23rd June, 2008

Arup Kumar Roy
Company Secretary

On behalf of the Board
A. K. Jajodia – Managing Director & CEO
Abhay Chawdhry – Director Finance & CFO
Santosh Bhagat
Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. L01132AS1977PLC001685 State Code 02
 Balance Sheet Date 31.12.2007

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

Public Issue Nil Right Issue Nil
 Bonus Issue Nil Private Placement 1692900

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

Total Liabilities							Total Assets										
		8	7	4	0	4	7	4			8	7	4	0	4	7	4

Sources of Funds

Paid up Capital							Reserves & Surplus										
			3	0	4	6	1	5			3	6	4	4	3	0	5
Secured Loans							Unsecured Loans										
		2	0	8	0	7	0	9			1	9	4	6	6	8	0

Application of Funds

Net Fixed Assets							Investment											
		4	6	4	8	1	5	0				1	7	7	4	2	4	
Net Current Assets							Miscellaneous Expenditure											
		3	1	5	0	7	3	6								N	I	L
Accumulated Losses																		

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

Turnover							Total Expenditure											
		1	7	3	9	8	5	3			1	6	3	7	3	3	4	
Profit/(Loss) Before Tax							Profit/(Loss) After Tax											
			1	0	2	5	1	9					8	5	5	1	9	
Earning per Share (in Rs.)							Dividend%											
					0	.	3	8									1	0

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

Item Code No. (ITC Code)	090240.02-03	Product Description	BULK TEA
Item Code No. (ITC Code)	090230.02	Product Description	PACKET TEA
Item Code No. (ITC Code)	090240.04	Product Description	TEA BAGS

On behalf of the Board
A. K. Jajodia – Managing Director & CEO
Abhay Chawdhry – Director Finance & CFO
Santosh Bhagat
 Director

Kolkata, 23rd June, 2008

Arup Kumar Roy
 Company Secretary

Financial Information of Subsidiary Companies

(Figures in Rupees)

Sl. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Namburnadi Tea Co. Ltd	INR	1,323,750	131,351,315	239,149,708	239,149,708	-	39,051,085	2,103,455	55,210	2,048,245	-	India
2	Camellia Cha Bar Ltd	INR	500,700	-	528,967	528,967	-	39,478	16,017	1,900	14,117	-	India
3	North-East Hydrocarbon Ltd	INR	500,700	-	1,386,592	1,386,592	1,650	13,430	(40,971)	-	(40,971)	-	India
4	Assam Oil and Gas Limited	INR	3,000,490	-	3,196,895	3,196,895	155,000	53,925	(17,021)	-	(17,021)	-	India
5	Duncan Macneill Natural Resources Limited - UK	INR	63,858,140	-	795,697,621	795,697,621	10,233,602	2,981,411	(46,090,302)	-	(46,090,302)	-	UK
		GBP	811,000	-	10,105,380	10,105,380	129,967	37,864	(585,348)	-	(585,348)	-	
6	Assam Estates Ltd	INR	505,700	-	21,582,012	21,582,012	3,00,000	41,978	17,998	2,000	15,998	-	India
7	Gujarat Hydrocarbons and Power SEZ Limited	INR	50,000,000	-	758,068,259	758,068,259	-	-	-	-	-	-	India

As on 31.12.2007 : 1 GBP= Rs.78.74



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