



# ASSAM COMPANY LIMITED

Member : Duncan Macneill Group, U.K.

## BOARD OF DIRECTORS

Dr. K. K. Jajodia, *Chairman*  
Mr. A. K. Jajodia, *Managing Director*  
Mr. Santosh Bhagat  
Mr. Umesh Barasia

## 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

## Registrars & Share Transfer Agents

M/s. C. B. Management Services Pvt. Ltd.  
P-22, Bondel Road  
Kolkata - 700 019  
Phone : 4011 6700/11/18/23  
E-mail : rta@cbmsl.com

## Registered Office

Greenwood Tea Estate  
P.O. Dibrugarh  
Assam-786 001

## Head Office

Assam Tea House  
52, Chowringhee Road  
Kolkata - 700 071  
Phone : (033) 2283-8306/09/12  
E-mail : assamco@vsnl.com

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Thirty-Second Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday, 30th September, 2009 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam

**NOTICE**

Notice is hereby given that the Thirty- Second Annual General Meeting of the Members of Assam Company Limited will be held at 11.00 A.M. on Wednesday, 30th September, 2009 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, 2008 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 2008.
3. To appoint a Director in place of Mr. Santosh Bhagat, 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 a **Special Resolution**:

**"RESOLVED THAT** subject to the approval of Central Government and in pursuance to Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from "Assam Company Limited" to "Assam Company India Limited".

**"RESOLVED FURTHER THAT** the name "Assam Company Limited" wherever it occurs and in the Memorandum and Articles of Association of the Company be substituted by the name "Assam Company India Limited".

**"RESOLVED FURTHER THAT** the Board of Directors/ Company Secretary be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect for compliance of this Resolution."

**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

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** that in supersession of the resolution passed at the Extraordinary General Meeting of the Members of the Company held on 24th March 1994, consent of the Company be and is hereby accorded pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage or charge all or any part of immovable or movable properties of the Company, wheresoever situated, both present and future, and whole or part of the undertakings of the Company of any nature and kind whatsoever and/or creating a floating charge in all or any immovable properties of the Company, to or in favour of bank(s), financial institution(s) or any other lender(s) to secure the money borrowed/ to be borrowed by the Company from time to time for the due payment of the principal monies together with the interest payable by the Company in respect of such borrowings for an aggregate amount not exceeding Rs. 1000 Crores at any point of time including the existing borrowings."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to negotiate and settle the terms and conditions with the concerned banks/ Financial Institutions etc., finalize the agreement/ contracts and documents for creating the aforesaid mortgages and/or charges and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

**The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 24th September, 2009 till Wednesday, 30th September, 2009, both days inclusive**

**Registered Office :**

**Greenwood Tea Estate  
P.O. Dibrugarh, Assam  
Place : Kolkata**

**Dated : 7th September, 2009**

By Order of the Board

Arup Kumar Roy  
Company Secretary

unpaid/unclaimed dividends declared for and upto the Company's financial year ended 31st December, 2000 and as declared at the Annual General Meeting held on 28th September 2001, 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. Equity Shares of the Company fall under the category of compulsory demat trading by all investors. Shareholders are requested to consider dematerialisation of their shareholding so as to avoid inconvenience.



6. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company provides the facility of payment of dividend through ECS. Members desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agents.
7. Securities and Exchange Board of India (SEBI) vide Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 has issued a circular on PAN requirement for transfer of shares in physical form. For securities market transactions and off-market / private transactions involving transfer of shares in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTA for registration of such transfer of shares.
8. 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**

Mr. Santosh Bhagat, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Santosh Bhagat is a graduate in Commerce, and possesses nearly 32 years of experience in the field of Steel and Telecommunication.

Mr. Bhagat hold directorship in UCIC Ltd and does not hold any shares in the Company.

Mr. Bhagat, is interested in the said Resolution. No other Director is interested in the Resolution.

The Board commends the Resolution for approval by the Members.

**EXPLANATORY STATEMENT**

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

**SPECIAL BUSINESS**

**Item no. 5**

The change of name of the Company is sought as the Company wants to revert to its earlier name i.e. "Assam Company India Limited".

The Company has applied to MCA for availability of the name, "Assam Company India Limited" by filing Form 1A. Subsequently MCA has made the aforesaid name available.

Your Directors, thus recommend your approval for the change of name of the Company, which would be subject to the approval of the Central Government u/s 21 of the Companies Act, 1956.

None of the Directors of the Company is interested and/or concerned in the aforesaid Resolution.

**Item no. 6**

The Company is in the business of tea and oil & gas exploration, both of which are capital intensive. Hiring of rigs, seismic studies, well workovers, oil treatment/storage facility, geological / geophysical studies and other exploratory activities require substantial funds. The tea business also requires capital expenditure towards planting, re-planting and for upgradation and modernisation of factory buildings, garden utilities, irrigation facilities, labour housing and labour welfare like education, medical etc. and other infrastructure supports.

The Company has drawn up plans for implementation of the above in respect of its tea and oil & gas business.

In order to execute such tasks, the Company may be required to mortgage/charge all or any of the movable/immovable

properties of the Company in favour of the lender(s) as security for the borrowings in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s). Hence the consent of the members of the Company is required pursuant to the provisions of section 293(1)(a) of the Companies Act, 1956 to enable the Board of Directors of the Company to create mortgages/charges in favour of the lender(s) upto a limit of Rs. 1000 Crores which includes the existing borrowings and proposed additional borrowings.

Accordingly, the consent of the shareholders is being sought to secure such borrowings by mortgage/charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of your Company as set out in the resolution in item no. 6 of the Notice.

The proposal outlined above is in the interest of the Company and the Board recommends the passing of the resolution as an ordinary resolution.

None of the Directors of the Company is interested and/or concerned in the aforesaid Resolution.

**Inspection of documents:**

The following are available for inspection by the members:-

- i. 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**

By Order of the Board

**Place : Kolkata**  
**Dated : 7th September, 2009**

Arup Kumar Roy  
Company Secretary



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirty Second Annual Report and Accounts for the year ended 31st December, 2008.

### Financial Results

	Year ended 31.12.2008 Rs.	Year ended 31.12.2007 Rs.
Profit before Taxation & Depreciation	26,95,69,297	15,30,28,531
Less: Depreciation	10,39,09,667	5,05,09,445
	<u>16,56,59,630</u>	<u>10,25,19,086</u>
Add/(Less): Provision for Taxation:		
Current Tax	(2,70,00,000)	(1,70,00,000)
Deffered Tax	(3,67,12,493)	—
Net Profit for the year	<u>10,19,47,137</u>	<u>8,55,19,086</u>
Add/Less: Balance brought forward from previous year	41,94,43,315	37,01,64,713
Available for appropriation	<u>52,13,90,452</u>	<u>45,56,83,799</u>
Your Directors propose the following appropriation:		
Proposed Dividend	4,64,64,144	3,09,76,096
Dividend Tax thereon	78,96,581	52,64,388
Transfer to General Reserves	55,00,000	—
Balance Carried Forward	<u>46,15,29,727</u>	<u>41,94,43,315</u>
	<u>52,13,90,452</u>	<u>45,56,83,799</u>

#### 1. Dividend

Your Directors are pleased to recommend for the approval of the shareholders a dividend of 15% on the paid up equity share capital of the Company.

#### 2. Performance

Gross Sales grew from Rs. 151.91 Cr. to Rs. 184.25 Cr. thus recording an overall increase by 21.29%

The total manufactured crop was 146.83 Lac Kgs in 2008 as compared to 158.55 Lac Kgs in 2007.

The decrease in crop is attributable mainly to erratic rainfall and other unfavourable weather conditions. The production of Orthodox Tea increased from 16.16 Lac Kgs in 2007 to 26.81 Lac Kgs in 2008, thereby recording an increase by 66%. Orthodox Tea constituted 18.26% of the total crop.

The production of Orthodox Tea has been emphasized upon as the market response is favourable to this variety. Stress has been laid upon capital expenditure to augment the capacities in factories for Orthodox Tea production.

Tea prices firmed up during the year due to higher domestic consumption and low carry over stock.

The average sales realization at Rs. 111.53 per Kg was better than the previous year of Rs. 88.32 per Kg which has off-set the decrease in production.

Quality teas continue to attract premium, although sales prices have increased generally across the wide spectrum of other tea varieties. Overhead costs of inputs like fuel and power, fertilizers, increased wage rate, were controlled to minimize the cost of production which resulted in improved productivity and yield at estate level.

The manufacture of quality teas which is renowned in the domestic and overseas market has been maintained through implementation of optimum agricultural practice and this continues to be the focus of the Management.

#### Exports

The year under review saw a thrust in exports when 49.67 lac kg were exported at gross value of Rs. 66.07 Cr. as compared to Rs. 54.94 Cr. in 2007.

#### 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**

The revenue from oil & gas saw a hike from Rs. 9.68 Cr. in 2007 to Rs. 32.73 Cr., an increase by 238% while the sale volume of oil & gas which was 21200 BLS and 7183 MCM in 2007 rose to 54914 BLS and 20122 MCM respectively in 2008, recording an increment by 159% and 180% respectively. Had it not been for the downward trend in international crude oil price towards the last quarter of 2008, your Company would have further improved its performance in this sector.

Amguri Field has been producing oil and gas since April, 2006. The well produces high quality crude oil which commands premium value over "Bonny Light" crude. Two Appraisal wells were drilled in 2007 with a potential combined production of over 4000 boe per day and the pool has proved significant deposit of oil and gas as per Sproule's Reserve Report dated 31st August, 2008.

The "pool" was found to be of retrograde gas reservoir and steps have been initiated for an integrated project to ensure adequate pressure and also a full scale gas plant for separating LPG to be sold at a premium. The first phase of the project is under execution at an investment of US\$ 10 million and is expected to be completed by December, 2009.

During the year 2008, four wells were drilled out of which one well was drilled at a Tipan formation having significant deposit of natural gas.

A Gas Compression Project has also been undertaken to augment the production of oil and condensate from the existing level.

The key project for 2009 will be the production and commissioning of the condensate recovery and gas re-injection facility at Amguri to change the mix of production between oil and gas besides increase in production.

In respect of AA-ON/7 Exploration Block comprising of 787 sq km (Assam-468 sq km and Nagaland-319 sq km), the Company has made further investments in drilling Exploratory wells during the current year and it has plans to drill more Exploratory wells in this Block during the Exploration phase. Since this Block is still in exploratory phase, exploratory activities will continue to be undertaken till a major discovery of oil and gas is made which is normal in any E&P operations.

With regard to operations in Marginal Discovered Fields, having made investments in work over operations in Laxmijan and Barsilla and having established oil and gas reserve, the Company has made strong representation before ONGC seeking amendment of commercial terms to make the operation economically viable due to increased cost of operation. Since currently the operation is not economically viable, the Management has decided to treat these Marginal fields as abandoned.

AA-ONN-2005/1 - Assam-Arakan Basin has been awarded against NELP-VII with ONGC and Oil India Ltd as partners. ONGC being the Operator has already

initiated various minimum work programs that will be completed during 2009.

### **Overseas Assets:**

**Austin Exploration Limited (AEL):** - The Company through its WOS Duncan Mcneill Natural Resources hold shares in AEL which has assets in the US and South Australia. AEL currently maintains working interest and net revenue interests in five key oil and gas assets: two in Australia and three in the U.S.A.

- (i) **PEL 105 (AUS) license** is owned 100% by AEL. It covers an area of 437 Sq. Km. and is surrounded by producing oil and gas fields. A noteworthy fault line was discovered in May 2008 and drilling is expected to commence during 2009. The estimated possible reserves is upto 6.2 billion cu. ft. of gas and 1.04 million barrels of oil condensate.
- (ii) **PEL 73 (AUS) license** covers an area of 625 Sq. Km. It underwent a proprietary hydrocarbon study in September 2008 and the results have been encouraging. AEL anticipates that drilling is possible during 2009. AEL maintains a 16.6667 working interest in this prospect.
- (iii) **Polecat Creek (U.S.A.)** was the first prospect drilled by the Company in 2007. Production rates have increased but are currently being maintained at lower levels. AEL maintains a 26.25% Net Revenue Interest in this well.
- (iv) **Park City project (U.S.A.)** encompasses approx. 8,000 acres in Park City, Kentucky, U.S.A., with plans of further acquiring 25,000 acres. AEL maintains an undivided 75% working interest and 65.625% Net Revenue Interest in every well it drills at Park City.
- (v) **The Moses Austin Project (U.S.A.)** covers an area of 731.88 acres and an additional 160 acres mineral lease was acquired in November 2008 within the same field. The Company is examining opportunities for the acquisition of additional mineral rights and well locations.

### **3. Financial**

The quarterly financial results as well as the Limited Review Report were published and submitted to the Stock Exchanges within the requisite time.

Capital Expenditure was incurred towards upgradation of factory buildings, tea machineries and equipments, utility services, irrigation and infrastructure facilities like housing, medical, education etc.

The Company has been sanctioned a sum of USD 25 Mn in November 2008 by Indian Overseas Bank, Singapore for partially financing capital expenditure for meeting exploration and production expenses in two oil fields located at Amguri and AA-ON/7 in the state of Assam.

### **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 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.

#### **Gujarat Hydrocarbons and Power SEZ Limited**

As reported earlier, Gujarat Hydrocarbons and Power SEZ Limited (GHAPSL), a wholly owned subsidiary of the company (formerly known as Gujarat Hydrocarbon & Energy SEZ Limited) had taken possession of 276-18-13 HA land in GIDC Vilayat-Vagra Industrial Estate in the Bharuch District in Gujarat for setting up of a sector specific SEZ Hydrocarbon and related activities. The Lease Deed for the land was executed between GIDC and GHAPSL on 21st February 2008 and steps for 'Topographic Survey' was completed on 14th July 2008. GHAPSL also undertook steps for 'Site Clearance' and 'Fencing' of the land acquired in the Lease Deed and almost 10.5 km of 'fencing' was completed during the year. The Company has awarded contract for Rapid Environment Impact Assessment (REIA) for obtaining Environmental Clearance (EC) from Ministry of Environment & Forests (MoEF) and the work is on going.

In view of the Panchayat Road which bisects the land, GHAPSL decided to set up two SEZs instead of earlier proposed one SEZ. In this regard, it was decided to earmark the plot north of the Panchayat Road for 'Energy including New and Renewable Energy' (108 HA) and the plot south of the Panchayat Road for 'Oil & Gas including its Derivatives (Petrochemicals)' (140 HA). GHAPSL submitted application to MoC&I on 10th October 2008 for conversion of the 'In principle' approval to 'Formal approval'.

GHAPSL is in discussion with GIDC and Gujarat Maritime Board for acquisition of land towards the proposed 'port' related and 'off shore rig fabrication / repair' related activities.

The Company has changed its name from 'Gujarat Hydrocarbon & Energy SEZ Limited' to 'Gujarat Hydrocarbons and Power SEZ Limited' w.e.f. 28th February 2008.

#### **Namburnadi Tea Company Limited**

The operations of the Company could have been better had it not been unfavorable weather conditions. During the year under review, the company sold 4.31 lac Kgs of tea as against 5.35 lac Kgs of tea during the previous year. Sales was Rs. 3.78 Cr in 2008 as compared to Rs. 3.84 Cr in 2007. Efforts continue to improvise working of the Company. Average realisation per kg increased from Rs. 72/- to Rs. 88/- in 2008.

#### **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**

Mr. Santosh Bhagat retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Mr. Abhay Chawdhry and Mr. Pintu Kumar Agarwalla resigned from the Board with effect from 18th August 2008 and 30th August 2008 respectively. Your Directors wish to place on record their appreciation of services rendered by them to the Company.

#### **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, 2008, 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, 2008 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. 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 appreciate the industrial harmony at all the tea gardens and other locales and commend the dedicated efforts and services put in by the employees and workmen.

**On behalf of the Board of Directors**

Place : Kolkata

Date : 7th September, 2009

**A. K. Jajodia – Managing Director**

**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 2008**

FORM "A"	Current Year ended 31.12.2008	Previous Year ended 31.12.2007
<b>CONSERVATION OF ENERGY</b>		
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
a. Purchased Units (KWH)	<b>10626954</b>	10310466
Total Amount (Rs.)	<b>66932510</b>	65491508
Rate per Unit (Rs.)	<b>6.30</b>	6.35
b. Through diesel generator Units (KWH)	<b>3002783</b>	3498337
Units per Ltr. of diesel	<b>2.83</b>	2.76
Cost / Unit (Rs.)	<b>11.75</b>	11.47
<b>2. Coal</b>		
Quantity (Tonnes)	<b>4370.53</b>	3652.03
Total Cost (Rs.)	<b>17608704</b>	9152645
Average Rate (Rs. / Tonne)	<b>4029</b>	2506
<b>3. Furnace Oil</b>		
Quantity in K. Ltrs.	<b>119.706</b>	234.116
Total Cost (Rs.)	<b>4472324</b>	6301554
Average Rate (Rs. / KL)	<b>37361</b>	26916
<b>4. Gas</b>		
Quantity (Scum)	<b>6590337</b>	7438349
Total Cost (Rs.)	<b>34871564</b>	38380063
Rate (Rs. / Scum)	<b>5.29</b>	5.16
<b>B. Consumption Per Unit of Production</b>		
Production of Tea (Kgs.)	<b>14536195</b>	15710158
Electricity (KWH)	<b>0.94</b>	0.88
Furnace Oil (Ltrs.)	<b>0.02</b>	0.03
Coal (Kgs.)	<b>1.44</b>	1.15
Gas (Scum)	<b>0.45</b>	0.47





**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.	Product improvement and Tea Quality improvement.
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished :	
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. 6.12 Cr. The foreign exchange earnings during the period was Rs. 66.70 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, 2008**

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	96,21,785	B. Com	24	01.10.1992	46	Worldlink Finance Limited	Wholetime Director
Mr. Abhay Chawdhry	Director Finance & CFO	40,78,767	B. Sc; PGDBM; FCA	22	01.09.2000*	44	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, 2008.
  2. Nature of appointment – contractual.
  3. Except Mr. A. K. Jajodia, no other employee is a relative of any Director of the Company.
- \* Ceased w.e.f. 18th August 2008

**On behalf of the Board of Directors**  
**A. K. Jajodia – Managing Director**  
**Santosh Bhagat**  
 Director

Place : Kolkata  
 Date : 7th September, 2009



**REPORT ON CORPORATE GOVERNANCE 2008**

**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, 2008, comprised of four Directors (Managing Director and three Non-Executive Directors of whom two are independent, non-executive Directors). The Board is headed by the Non-Executive Chairman, Dr. K. K. Jajodia.

During the year under review, eleven (11) Board Meetings were held, the dates being, 31st January, 29th February, 30th April, 31st May, 7th June, 23rd June, 31st July, 18th August, 30th August, 27th October, and 1st December 2008. The last Annual General Meeting was held on 22nd July, 2008.

The requisite details of Directors, their Directorships in other public companies, Chairmanships/ Memberships in Board Committees of other public companies as on 31st December, 2008, 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 31st AGM held on 22nd July, 2008
	Director	Member	Chairman		
Dr. K. K. Jajodia, Chairman	5	-	-	-	No
Mr. A. K. Jajodia, Managing Director	7	-	-	10	No
Mr. Abhay Chawdhry, Director Finance & CFO (ceased w.e.f.18.08.08)	1	-	-	8	No
Mr. Umesh Barasia Non-Executive Director	-	-	-	2	No
Mr. Santosh Bhagat, Non-Executive Director	2	-	-	11	Yes
Mr. P. K. Agarwalla, Non-Executive Director (Ceased w.e.f. 30.08.2008)	-	-	-	-	No

Mr. Santosh Bhagat 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 MANAGING DIRECTOR PURSUANT TO CLAUSE 49(1) (D) (ii) OF STOCK EXCHANGE LISTING AGREEMENT**

As the Managing Director 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, 2008.

**Aditya Kumar Jajodia**

Kolkata, 7th September, 2009

Managing Director

**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, 2008, the Audit Committee constituted of the following: Mr. A.K. Jajodia, Managing Director and two Non-Executive, Independent Directors namely, Mr. Santosh Bhagat and Mr. Umesh Barasia. Mr. Umesh Barasia is a Chartered Accountant. The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors and Internal Auditors are permanent invitees. Senior Executives including General Manager - Finance are also invited to join the proceedings.

During the year under review, ten (10) Audit Committee meetings were held on 31st January, 29th February, 30th April, 31st May, 7th June, 23rd June, 31st July, 18th August, 30th August and 27th October. The attendance at the aforesaid meetings was as follows:

Composition	Mr. A. K. Jajodia	Mr. Santosh Bhagat (Chairman)	Mr. Umesh Barasia
Committee meetings attended	9	10	10

**5. Remuneration Committee:**

There were no remuneration committee meetings during the year.

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, 2008 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, Managing Director	-	72,06,308	24,15,477	96,21,785	3
Mr. Abhay Chawdhry, Director Finance & CFO*	-	33,86,939	6,91,828	40,78,767	3
Mr. Umesh Barasia	18000	-	-	18000	-
Mr. Santosh Bhagat	31500	-	-	31500	-
Mr. P. K. Agarwalla**	-	-	-	-	-
<b>TOTAL</b>	<b>49500</b>	<b>1,05,93,247</b>	<b>31,07,305</b>	<b>1,37,50,052</b>	<b>-</b>

\* ceased with effect from 18th August, 2008

\*\* ceased with effect from 30th August, 2008

Approval from Central Government for remuneration paid in the year 2007 to the Managing Director of the Company amounting to Rs. 1,732,416/- has been received subsequent to the year. This amount was included under Loans and Advance as advance recoverable from directors in the financial statements of 2007. Charge for managerial remuneration for the current year includes the aforesaid amount.

Remuneration to the Managing Director in excess of what already has been approved by Central Government paid in earlier years amounting to Rs. 374,979/- and remaining outstanding as at the year-end have been subsequently recovered from him.

One of the wholtime directors has resigned from the Company with effect from 18 August, 2008. His remuneration along with other applicable perquisites and retirement benefits have been settled in full on the same date.

During the year ended 31st December, 2008, 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, 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 19 (Nineteen) meetings were held.

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

During the year ended 31st December, 2008 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 (90450 shares), transmission of shares (104420 shares) of the company received during the year, have been given effect to and as on 31st December, 2008 there was no request pending for share transfer. All requests for dematerialization (157945410 shares) and re-materialization of shares (Nil 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, 2008. 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, 2008	...	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
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.
31st	2008	Dibrugarh & District Planters' Club, Lahoal P.O. Dibrugarh, Assam	22.07.2008	11.00 A.M.

Special Resolutions were passed in the 29th, 30th and 31st Annual General Meetings held on 27.09.2006,



## ASSAM COMPANY LIMITED

30.06.2007 and 22.07.2008 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 2008 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:

- Quarterly, half-yearly and annual results in the forms prescribed in the Listing Agreement are published in the Financial Express and Azir Assam (Assamese).
- Half-yearly results are not sent to the shareholders individually.
- Management Discussion and Analysis Report forms a part of the Directors' Report.
- No formal presentation has been made to the institutional investors/analysts during the period.
- 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](http://www.sebiedifar.nic.in)
- The Company's website is [www.assamco.com](http://www.assamco.com), which also displays official news releases.

### 10. General Shareholder Information:

➤ **Annual General Meeting**

Date & Time: Wednesday, 30th September, 2009 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, 2009	30th April 2009
2nd Quarter & 1st Half ending June 30, 2009	Last week of July 2009
3rd Quarter ending September 30, 2009	Last week of October 2009
4th Quarter ending December 31, 2009	Last week of January 2010
AGM for the year ending December 31, 2009	Last week of June 2010

➤ **Date of Book Closure :** 24th September to 30th September 2009

➤ **Dividend Payment date :** On or after 30th September 2009

➤ **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 Company has paid the Listing Fees for the year 2008-2009.

**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, 2008	57.00	33.40	57.10	33.40	17648.71	9440.94
February, 2008	42.10	32.60	42.30	32.60	17578.72	9404.98
March, 2008	33.50	20.65	33.45	20.60	15644.44	8232.82
April, 2008	28.40	22.65	28.50	22.55	17287.31	9199.46
May, 2008	40.20	22.50	40.10	23.00	16415.57	8683.27
June, 2008	32.60	22.75	32.75	22.80	13461.60	7029.74
July, 2008	25.75	19.15	25.75	19.20	14355.75	7488.48
August, 2008	28.80	22.55	28.90	22.70	14564.53	7621.40
September, 2008	26.40	16.00	26.30	15.80	12860.43	6691.57
October, 2008	18.50	9.80	18.55	9.80	9788.06	4953.98
November, 2008	13.60	8.10	13.60	8.02	9092.72	4600.45
December, 2008	11.20	7.70	10.99	7.74	9647.31	4988.04



> **Registrar & Share Transfer Agent:** C. B. Management Services Pvt. Ltd.,  
P-22, Bondel Road,  
Kolkata - 700 019.  
Tel: 4011 6700 / 11 / 18/23  
Fax: 2287-0263  
Email: rta@cbmsl.com

> **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 31.12.2008 :**

Group of shares		No. of Share Holders	% of Total Share-holders	No. of Shares	% Shares
From	To				
1	500	33773	67.22	7661364	2.47
501	1000	7359	14.65	6538951	2.11
1001	2000	4423	8.80	7057419	2.28
2001	3000	1582	3.15	4259739	1.38
3001	4000	584	1.16	2159881	0.69
4001	5000	746	1.48	3548285	1.15
5001	10000	1064	2.12	7983864	2.58
10001	99999999	712	1.42	270551460	87.34
<b>TOTAL</b>		<b>50243</b>	<b>100.00</b>	<b>309760963</b>	<b>100.00</b>

> **(b) Shareholding pattern as on 31.12.2008 :**

Category	No. of Shares held	Percentage
<b>Promoter</b>		
Indian	18828880	6.08
Foreign	124242596	40.11
<b>Public</b>		
Foreign Institutional Investors	74781359	24.14
Non Resident Individuals	1516131	0.49
Financial Institutions	8750914	2.83
Mutual Fund	3056210	0.98
Banks	35040	0.01
Others	78549833	25.36
<b>TOTAL</b>	<b>309760963</b>	<b>100.00</b>

> **Physical/ Dematerialisation of Shares as on 31.12.2008 :**

	No. of Shares	%
Physical	49825931	16.09
Demat	259935032	83.91
	<b>309760963</b>	<b>100.00</b>

> **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 :

As on 31st December 2008, outstanding Foreign Currency Convertible Bonds aggregate to USD 44.7 Million with maturity on 30th November 2011.

Considering conversion of outstanding Foreign Currency Convertible Bonds, the non promoter holding would be 62.30%.

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 Pvt. Ltd.,  
P-22, Bondel Road,  
Kolkata - 700 019.  
Tel: 4011 6700 / 11 / 18 / 23  
Fax: 2287-0263  
Email: rta@cbmsl.com

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

**OFFICES OF THE COMPANY**

<b>Registered Office</b>	Greenwood Tea Estate P.O. Dibrugarh, Assam-786 001.
<b>Head Office</b>	52, Chowringhee Road, Kolkata - 700 071.
<b>Branch Office</b>	(i) Girish Chandra Bardalai Path, Bamunimaidam, Guwahati - 781 021 (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 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 added one more Block - AA-ONN-2005/1 under NELP-VII covering an area of 363 Sq. Km. The Company has signed Production Sharing Contract with Ministry of Petroleum and Natural Gas along with the other consortium members viz., Oil and Natural Gas Corporation Limited (the 'Operator') and Oil India Limited with 10% participation interest in this Block.



**MANAGING DIRECTOR AND  
GENERAL MANAGER – FINANCE CERTIFICATION**

To,  
The Board of Directors  
Assam Company Limited

We, the undersigned, in our respective capacities as Managing Director and General Manager – Finance 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, 2008 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.

**Sanjay Sharma**  
**General Manager – Finance**

**Aditya Kumar Jajodia**  
**Managing Director**

Kolkata, 7th September, 2009





**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

**To**

**The Members of Assam Company Limited**

We have examined the compliance of conditions of Corporate Governance by Assam Company Limited, for the year ended 31st December, 2008, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing 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, 7th September, 2009

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



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Market Synopsis

#### Tea

The Indian tea industry is on a comeback trail after nearly a decade-long recession with rising exports and prices firming up.

India is the world's largest tea producer after China and produced a record crop of 981 million Kgs in 2008 compared to 945 million Kgs the previous year whereas countries like Kenya and Indonesia made shortfall in production by 23.8 million Kgs and 5.5 million Kgs respectively. Assam contributes over 50 percent of India's total tea production and has over 800 tea plantations.

Indian Tea overcame the global economic slowdown to fetch export earnings of Rs. 2282 Crores during 2008 at 196 million Kgs, as against Rs. 1810 Crores at 178.8 million Kgs in the previous year; an increase in volume by 9.62%. While exports to countries like Germany, Poland and Russia dropped compared to 2007, exports to countries like Egypt and Iran improved significantly. The average price for Indian Tea has appreciated to Rs. 116.39 for 2008, significantly more than Rs. 101.26 in 2007.

The overall mood is vibrant and it is expected that the healthy trend would continue with exports expected to further rise in 2009 as there is a global shortfall in tea production supported by production of good quality teas within the country.

The Central Government has decided to lay stress on research and development in the tea sector and also earmarked funds for revamping tea bushes and improve the overall productivity. The 2008-09 budget has allocated Rs. 400 million (\$ 10 million) for Special Purpose Tea Fund and Rs. 200 million (\$ 5 million) for tea research.

Renewable energy is all set to be used in the tea industry to reduce manufacturing costs and maintain ecological balance in Assam as well as in Darjeeling and Dooars. The Tea Board of India and West Bengal Green Energy Development Corporation (WBGEDC) have jointly decided to prepare a package, to be submitted to the Centre. The use of solar energy in the Industry was planned earlier, too, but the usage cost was high. Now, there are subsidy schemes available for these energy sources. Solar, bio-fuel and micro-hydel energy could be effectively used.

#### Oil and Natural Gas:

India's oil consumption in 2007 was approximately 2.8 million bbl/d, making it the fifth largest consumer of oil in the world. Demand grew to nearly 3 million bbl/d in 2008.

India had 5.6 billion barrels of proven oil reserves as of January 2009, the second-largest amount in the Asia-Pacific region after China. India's crude oil reserves tend to be light and sweet, with specific gravity varying from 38 degree API in the offshore Mumbai High field to 32 degree API at other onshore basins.

India produced roughly 880 thousand bbl/d of total oil in 2008, of which approximately 650 thousand bbl/d was crude oil, with the balance from other liquids and refinery gain. India has over 3,600 operating oil wells, according to Oil & Gas Journal. Although oil production in India has slightly trended upwards in recent years, it has failed to keep pace with demand and is expected by the Energy Information Administration to decline slightly in 2009.

India is currently dependent on imports for 68 percent of its oil consumption but at the same time petroleum product exports constitute the country's single largest item of foreign exchange earner. The EIA expects India to become the fourth largest net importer of oil in the world by 2025, behind the United States, China, and Japan.

A net importer of oil, the Indian government as part of the country's 11th five year plan (2007-2012) has introduced policies aimed at increasing domestic exploration and production (E&P) activities. Economic reform and other efforts to open up the country have led to increased foreign investment in India and private companies have increased their participation and market share in recent years.

World oil consumption is projected to fall by 1.2 million barrels per day (bbl/d) in 2009 and it is expected to rebound in 2010, growing by more than 1.2 million bbl/d, due to an expected recovery in the global economy.

India's domestic demand for Oil & Gas is likely to increase from 176.40 million tonnes of oil equivalent (mtoe) in 2007 - 2008 to 233.58 mtoe in 2011 - 2012. The Government intends to develop a Strategic Petroleum Reserve of 5 million tonnes of crude oil in underground structures in Mangalore,



Vishakapatnam and Padur. The Project is expected to come online in 2012.

India is emerging as the global hub for oil refining with capital costs lower by as much as 25 to 50% over other Asian Countries.

An expanding economy with concomitant increase in energy, demand is likely to throw open huge opportunities in the Oil & Gas Industry. According to CII - KPMG Report, India's energy sector will provide investment avenues upto US \$ 120 billion - US \$ 150 billion over the next five years.

Major discoveries of oil & gas have been made in recent years. However with large areas of India's sedimentary basins remaining unexplored, the Indian oil scenario is ripe with possibilities.

#### **Segment-wise or Product-wise Performance**

The Company, for the financial year 2008, had operations in two geographical segments – Domestic market and Export market wherein around 64.14 per cent of the Company's turnover is from the Domestic market segment and the balance from Export market segment.

The Company has 18 Tea Estates and 5 Oil Blocks all in the state of Assam.

The Company's revenue from the sale of oil and gas is around Rs. 32.73 Crores, constituting 17.76% of total sales. Nearly 55,000 BLS of Oil and 20,000 MCM of gas were sold during 2008.

In respect of the Tea business, sales aggregated to Rs. 151.52 Crores being 82.24% of total sales, of which domestic sales was Rs. 85.46 Crores and export was Rs. 66.07 Crores, corresponding to 86.19 lacs Kg and 49.67 lacs Kg respectively being 46.38% and 35.86% of total sales in terms of value.

The Company has one more Block – AA-ONN-2005/1 under

NELP-VII. The Company has signed Production Sharing Contract with the Ministry of Petroleum and Natural Gas along with the other consortium Partners viz. ONGC Ltd. and Oil India Ltd. with 10% participation interest in this Block.

#### **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 2008, total income grew by 11.47 per cent and profit after taxation, grew by about 19.21 per cent as compared with the financial year 2007. This was largely due to better price realization in 2008 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, Oil / Gas Blocks and other locales remained cordial.

#### **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, 2008 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.
  - (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;
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (b) 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;
  - (c) On the basis of written representations received from the directors, as on 31st December, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (d) 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, 2008;
    - (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.

Kolkata, 7th September, 2009

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



## **ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Assam Company Limited on the financial statements for the year ended 31st December, 2008.]

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, cess, deposit linked insurance, family pension fund, labour welfare fund, land revenue, professional tax and undisputed statutory dues in respect of investor education and protection fund 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 service tax 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, 2008 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	2,17,367
Labour Welfare Fund	18,863

(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, 2008 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	95,011,631	Dy. Commissioner of Commercial Taxes
Central Sales Tax Act	11,066,223	Dy. Commissioner of Commercial Taxes
	33,659,292	Commissioner of Taxes
Income Tax Act	11,208,122	Commissioner of Income Taxes
Assam Sales Tax Act	3,745,636	Commissioner of Taxes

10. The Company has no accumulated losses as at 31st December, 2008 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.
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.2,165,715,000/- 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  
Lovellock & Lewes  
Chartered Accountants

Kolkata, 7th September, 2009



**BALANCE SHEET AS AT 31ST DECEMBER, 2008**

	Schedule	31st December 2008 (Rupees)	31st December 2007 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	309,760,963	304,615,260
(b) Reserves & Surplus	2	3,634,227,272	3,644,305,388
		<b>3,943,988,235</b>	<b>3,948,920,648</b>
<b>Loan Funds</b>			
(a) Secured	3	2,091,501,982	2,080,708,793
(b) Unsecured		2,435,715,000	1,946,680,000
<b>TOTAL</b>		<b>8,471,205,217</b>	<b>7,976,309,441</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
(a) Gross Block	4	5,467,109,604	4,654,823,262
(b) Less: Depreciation		1,500,448,112	1,417,672,202
(c) Net Block		3,966,661,492	3,237,151,060
(d) Capital Work in Progress	4A	1,863,674,495	1,410,999,235
		<b>5,830,335,987</b>	<b>4,648,150,295</b>
<b>Investments</b>	5	160,110,106	177,423,621
<b>Foreign Currency Monetary Item Translation Difference Account</b> (Refer Note 29 of Sch. 11)		66,358,250	—
<b>Current Assets, Loans &amp; Advances</b>			
(a) Inventories	6	275,779,050	179,734,612
(b) Sundry Debtors		579,805,371	632,658,303
(c) Cash & Bank Balances		215,723,281	1,266,813,998
(d) Other Current Assets		10,769,758	1,580,487
(e) Loans & Advances		2,316,822,079	1,834,166,604
		<b>3,398,899,539</b>	<b>3,914,954,004</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	7	905,225,389	713,201,245
(b) Provisions		79,273,276	51,017,234
		<b>984,498,665</b>	<b>764,218,479</b>
<b>Net Current Assets</b>		<b>2,414,400,874</b>	<b>3,150,735,525</b>
<b>TOTAL</b>		<b>8,471,205,217</b>	<b>7,976,309,441</b>
<b>NOTES ON ACCOUNTS</b>	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, 7th September, 2009

**Arup Kumar Roy**  
Company Secretary

**On behalf of the Board**

**A. K. Jajodia** – Managing Director  
**Santosh Bhagat**  
Director



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

	Schedule	31st December 2008 (Rupees)	31st December 2007 (Rupees)
<b>INCOME</b>			
Sales		1,842,541,030	1,519,147,932
Other Income	8	96,836,682	220,704,770
		<b>1,939,377,712</b>	<b>1,739,852,702</b>
<b>EXPENDITURE</b>			
Expenses	9	1,737,800,867	1,426,547,376
(Increase) / Decrease in Stock	10	(87,162,597)	13,688,089
Depreciation/Amortisation		126,409,150	
Less: Transfer from Revaluation Reserve		22,499,483	
Interest (Refer Note 6 of Sch 11)		19,170,145	146,588,706
		<b>1,773,718,082</b>	<b>1,637,333,616</b>
<b>PROFIT BEFORE TAXATION</b>		<b>165,659,630</b>	<b>102,519,086</b>
Provision for Taxation :			
Current Tax		27,000,000	17,000,000
Deferred Tax		36,712,493	–
<b>PROFIT AFTER TAXATION</b>		<b>101,947,137</b>	<b>85,519,086</b>
Balance brought forward from previous year		419,443,315	370,164,713
<b>AVAILABLE FOR APPROPRIATION</b>		<b>521,390,452</b>	<b>455,683,799</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		46,464,144	30,976,096
Dividend Tax thereon		7,896,581	5,264,388
Transfer to General Reserve		5,500,000	–
Balance carried forward		461,529,727	419,443,315
		<b>521,390,452</b>	<b>455,683,799</b>
Earnings per share ( Face value Re. 1 per share)			
– Basic		0.33	0.38
– Diluted		0.33	0.36
(Refer Note 31 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, 7th September, 2009

**Arup Kumar Roy**  
Company Secretary

On behalf of the Board

**A. K. Jajodia** – Managing Director  
**Santosh Bhagat**  
Director



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

	<b>31st December, 2008 (Rupees)</b>	31st December, 2007 (Rupees)
<b>Authorised</b>		
(a) 500,000,000 Equity Shares of Re.1/-each	<b>500,000,000</b>	500,000,000
(b) 1,000,000 Non Cumulative Redeemable Preference Shares of Rs.100/- each	<b>100,000,000</b>	100,000,000
	<b>600,000,000</b>	600,000,000
<b>Issued and Subscribed</b>		
309,760,963 (31.12.2007 - 304,615,260) Equity Shares of Re.1/- each fully paid up	309,760,963	304,615,260
	<b>309,760,963</b>	304,615,260

**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 19 of Schedule 11



**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE : 2 - RESERVE AND SURPLUS**

	As at 31.12.2007 [Rupees]	Additions [Rupees]	Deductions [Rupees]	As at 31.12.2008 [Rupees]
Capital Reserve (Reserve on Amalgamation)	15,037,398	-	-	15,037,398
Capital Redemption Reserve	874,600	-	-	874,600
Revaluation Reserve	971,222,514	-	* 22,440,121	948,782,393
Securities Premium	1,946,493,161	142,793,258	** 33,042,000	2,056,244,419
General Reserve	291,234,400	5,500,000	# 144,975,665	151,758,735
	3,224,862,073	148,293,258	200,457,786	3,172,697,545
Profit & Loss Account Balance	419,443,315		36,712,493 # 181,688,158	461,529,727
	<b>3,644,305,388</b>			<b>3,634,227,272</b>

**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 Rs.59,362/- on account of disposal/discard of assets.

\*\* represents expenses incurred for issue of share warrents.

# Adjustment on adoption of Companies (Accounting Standards) Amendment Rules, 2009 on Accounting Standard 11. Refer Note 29 of Schedule 11

**SCHEDULE : 3 - LOAN FUNDS**

PARTICULARS	31st December, 2008 [Rupees]	31st December, 2007 [Rupees]
<b><u>SECURED LOANS</u></b>		
<b>A. Loans for Tea Division</b>		
<b>Term Loan from IDBI Bank</b>	<b>205,757,840</b>	276,920,840

(Secured 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)**

<b>PARTICULARS</b>	<b>31st December, 2008 [Rupees]</b>	<b>31st December, 2007 [Rupees]</b>
<b>Term Loans from Other Banks</b>	<b>351,737,820</b>	439,324,338
(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.682,455/- (31.12.2007-Rs.32,456,442/-)])		
<b>Term Loans from Other Banks under NABARD Refinance Scheme</b>	–	5,891,299
(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.Nil (31.12.2007-Rs.474,362/-)])		
<b>Working Capital Loan including Cash Credit from Banks*</b>	<b>1,035,660,894</b>	737,960,936
( 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.Nil (31.12.2007-Rs.16,609,397/-)])		
* Includes FCNR Loans Rs.244,207,416/- (31.12.2007- Rs.296,929,929/-) and interest accrued and due thereon Rs.Nil (31.12.2007- Rs. 1,145,942/- )		
<b>B. Loan for Oil and Gas division</b>		
<b>Term Loan from Allahabad Bank</b>	<b>498,345,428</b>	620,611,380
( 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 of the Company [including interest accrued and due Rs.Nil (31.12.2007-Rs.12,288,424/-)])		
	<b>2,091,501,982</b>	2,080,708,793
<b>UNSECURED LOANS</b>		
Short term loan from Corporate Bodies	<b>20,000,000</b>	55,000,000
Other term loan from UCO Bank	<b>250,000,000</b>	–
( Personal guarantee of Managing Director of the Company offered for the above Loan)		
Foreign Currency Convertible Bonds	<b>2,165,715,000</b>	1,891,680,000
(Refer Note 19 of Sch 11)	<b>2,435,715,000</b>	1,946,680,000

**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 2008	Additions during the period	Sale / discard adjustments during the period	Total as at 31st December 2008	As at 1st January 2008	Additions during the period	On Revaluation during the period	Sale/ Discard during the period	Total as at 31st December 2008	Net Book Value as on 31st December 2008	Net Book Value as on 31st December 2007
<b>Tangible Assets</b>											
Land & Development	2,617,510,881	21,010,651	** 2,124,394	2,636,397,138	-	-	-	-	-	2,636,397,138	2,617,510,881
Building	1,012,744,180	4,314,623	-	1,017,058,803	575,534,751	23,550,603	20,034,968	-	619,120,322	397,938,481	437,209,429
Plant & Machinery	810,903,894	88,707,635	29,953,836	869,657,693	689,806,284	23,303,591	2,298,110	30,286,193	685,121,792	184,535,901	121,097,610
Oil & Gas Producing Properties	31,944,439	717,577,026	-	749,521,465	11,858,057	43,809,332	-	-	55,667,389	693,854,076	20,086,382
Vehicles	162,014,825	19,144,351	5,908,458	175,250,718	126,062,240	10,878,351	164,319	5,872,053	131,232,857	44,017,861	35,952,585
Furniture	19,258,699	7,724,691	8,242,347	18,741,043	14,346,723	2,273,747	2,086	7,474,994	9,147,562	9,593,481	4,911,976
<b>Intangible Assets</b>											
Computer Software	446,344	36,400	-	482,744	64,147	94,043	-	-	158,190	324,554	382,197
<b>TOTAL</b>	<b>4,654,823,262</b>	<b>858,515,377</b>	<b>46,229,035</b>	<b>5,467,109,604</b>	<b>1,417,672,202</b>	<b>103,909,667</b>	<b>22,499,483</b>	<b>43,633,240</b>	<b>1,500,448,112</b>	<b>3,966,661,492</b>	<b>3,237,151,060</b>
Previous Year	4,660,545,981	84,038,239	89,760,958	4,654,623,262	1,414,002,725	50,509,445	19,072,330	65,912,298	1,417,672,202	3,237,151,060	-

**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.55,132,502/- (31.12.2007 - Rs.53,189,591/-). Accumulated Depreciation Rs.4,155,491/- (31.12.2007 - Rs.26,420,610/-).

4. Vehicles include assets acquired on hire purchase - Rs.30,093,767/- (31.12.2007 - Rs.29,075,425/-).

5. Addition in Plant and Machinerics is net off of subsidy received from Tea Board for quality upgradation and product development scheme activities amounting to Rs. 3,188,649/- (31.12.2007 - Rs. Nil).

6. Based on change in estimated useful life of a building, the Company has depreciated the same over a period of two years, as a result of which depreciation charge for the year is higher by Rs.13,581,011/-.

\*\* Represents subsidy received from Tea Board for replanting activities amounting to Rs. 331,760/- (31.12.07: Rs 1,093,746) and adjustment arising out of acquisition of land by the government amounting to Rs. 1,792,634/- (31.12.07 - Rs. 19,266,787).


**SCHEDULES FORMING PART OF THE ACCOUNTS**
**SCHEDULE : 4A - CAPITAL WORK IN PROGRESS**

Particulars	Balance as at 1st January 2008 [Rupees]	Additions during the year [Rupees]	Balance as at 31st December 2008 [Rupees]
<b>A. Oil &amp; Gas project</b> (Refer Note 18 of Sch. 11)			
Establishment charges (including Bonus)	91,712,523	45,921,017	137,633,540
Consultant Fees & Expenses	57,790,080	19,823,489	77,613,569
Advertisement	4,408,359	-	4,408,359
Legal & Professional Charges	23,100,509	130,025	23,230,534
Repairs to Buildings	-	2,160,772	2,160,772
Repairs to Plant & Machinery	12,056,723	86,230	12,142,953
Repairs to Others	-	758,802	758,802
Workmen & Staff Welfare Expenses	1,695,647	598,234	2,293,881
Office Maintenance	5,290,902	2,549,207	7,840,109
Insurance	999,606	378,455	1,378,061
Rent	-	1,919,908	1,919,908
Rates & Taxes	6,501,443	-	6,501,443
Bank Charges	2,169,845	1,695,955	3,865,800
General Charges	59,300,590	16,001,321	75,301,911
Borrowing Cost (on Fixed Loans)	119,438,565	71,811,461	191,250,026
Geological Consulting	3,138,555	1,768,539	4,907,094
Geophysical Consulting	1,658,597	-	1,658,597
Seismic -Data Acquisition	123,149,005	22,065,044	145,214,049
Exploratory / Appraisal Well Drilling	543,276,938	770,457,589	1,313,734,527
Seismic- Geological Consultancy	12,348,047	-	12,348,047
Seismic Reprocessing	21,019,357	-	21,019,357
Environmental Impact Study	453,781	534,135	987,916
Well Workovers	240,740,348	-	240,740,348
Signature Bonus	332,239	-	332,239
Cost of Flowlines	5,885,221	1,876,683	7,761,904
Separation & Measurement Cost	11,923	-	11,923
Oil Treatment Facility	2,360,098	17,242,169	19,602,267
Oil Storage Facility	3,056,091	4,496,855	7,552,946
Group Gathering Renovation	16,520,414	-	16,520,414
Extended Production System	9,656,519	4,109,806	13,766,325
Warehouse & Yard	9,189,641	-	9,189,641
Office Equipments	2,358,904	-	2,358,904
Group Gathering & Well Testing	3,219,583	3,647,350	6,866,933
General Administration	64,870,105	57,206,446	122,076,551
Loss on Exchange Fluctuation	-	122,987,148	122,987,148
Test production sales of Oil & Gas	(13,864,943)	(3,317,662)	(17,182,605)
<b>Sub-total</b>	<b>1,433,845,215</b>	<b>1,166,908,978</b>	<b>2,600,754,193</b>
Less : Capitalised producing properties	31,944,439	717,577,025	749,521,464
<b>Balance carried forward</b>	<b>1,401,900,776</b>	<b>449,331,953</b>	<b>1,851,232,729</b>
<b>B. Other CWIP</b>			
<b>Opening Balance</b>	4,627,430		9,098,459
Less : Capitalised during the year	2,840,248		6,113,441
Add : Addition during the year	7,311,277		9,456,748
<b>Balance carried forward</b>	<b>9,098,459</b>		<b>12,441,766</b>
<b>Total</b>	<b>1,410,999,235</b>		<b>1,863,674,495</b>



**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE : 5 - INVESTMENTS**

	<b>31st December, 2008 [Rupees]</b>	31st December, 2007 [Rupees]
<b>Long Term – At Cost</b>		
A. In Subsidiary Companies* (Fully paid unless otherwise stated)	<b>128,666,116</b>	121,492,091
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 **	<b>200,000</b> <b>24,500</b> <b>20,000,000</b>	200,000 24,500 20,000,000
	<b>20,224,500</b>	20,224,500
C. Other than Trade-Quoted (Fully paid unless otherwise stated) 1,893 US 64 Bonds of Rs.100/- each in Unit Trust of India (under lien) Others ***	<b>189,300</b> <b>2,598,054</b>	1,242,800 187,559
	<b>2,787,354</b>	1,430,359
	<b>151,677,970</b>	143,146,950
Less: Provision for diminution in value of certain investments	<b>1,234,811</b>	565,986
	<b>150,443,159</b>	142,580,964
<b>Short Term - At cost price or fair value whichever is lower</b>		
Current Investments (Fully Paid ) Quoted		
10,000 Structured Notes of 100 USD each in BNP (BOA/JPMORGAN/ML)	<b>7,776,225</b>	28,327,908
237,800 (31.12.2007-207,800) Equity Shares of Canoro Resources Ltd of CAD 1/- each	<b>1,890,722</b>	6,514,749
	<b>160,110,106</b>	177,423,621

* Particulars	Description	Number as on 31.12.08	Number as on 31.12.07	Face value Rs.	Cost as on 31.12.08 Rs.	Cost as on 31.12.07 Rs.
<b>Quoted</b>						
Namburnadi Tea Co. Ltd.	Equity	123,076	123,076	10	123,076	123,076
<b>Unquoted</b>						
Assam Estates Ltd.	Equity	50,570	50,570	10	505,700	505,700
Assam Oil & 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	50,070	10	500,700	500,700
Camellia Cha Bar Ltd.	Equity	50,060	50,060	10	500,605	500,605
Gujarat Hydrocarbons & Power SEZ Ltd	Equity	5,000,000	5,000,000	10	50,000,000	50,000,000
Duncan Macneill Natural Resources Ltd	Equity	911,000	811,000	1GBP	76,036,035	68,862,010
<b>Total</b>					<b>128,666,116</b>	<b>121,492,091</b>



**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE : 5 - INVESTMENTS**

**Long Term – At Cost (Contd)**

<b>** Particulars</b>	<b>Description</b>	<b>Number as on 31.12.08</b>	<b>Number as on 31.12.07</b>	<b>Face value Rs.</b>	<b>Cost as on 31.12.08 Rs.</b>	<b>Cost as on 31.12.07 Rs.</b>
<b>Quoted</b>						
Padmshree Suppliers Pvt Ltd	Equity	10000	10000	10	<b>1,900,000</b>	1,900,000
Octol Tracon Pvt Ltd	Equity	35000	35000	10	<b>5,950,000</b>	5,950,000
Rimjhim Vinjmay Pvt Ltd	Equity	2000	2000	10	<b>350,000</b>	350,000
Pushpshree Tower Pvt Ltd	Equity	10000	10000	10	<b>1,800,000</b>	1,800,000
Prakash Cresec Pvt Ltd	Equity	25000	25000	10	<b>3,750,000</b>	3,750,000
Nahar Viniyog Pvt Ltd	Equity	10000	10000	10	<b>1,500,000</b>	1,500,000
Rohini Commodities Pvt Ltd	Equity	14000	14000	10	<b>2,100,000</b>	2,100,000
Midpoint Marketing Pvt Ltd	Equity	14500	14500	10	<b>1,450,000</b>	1,450,000
Darkin Dealcom Pvt Ltd	Equity	12000	12000	10	<b>1,200,000</b>	1,200,000
<b>Total</b>					<b><u>20,000,000</u></b>	<b><u>20,000,000</u></b>
<b>*** Particulars</b>						
Allahabad Bank	Equity	23	23	10	<b>1,886</b>	1,886
Apeejay Tea Ltd	Equity	5	5	10	<b>442</b>	442
Balaji Distillaries Ltd	Equity	30,000	0	10	<b>869,418</b>	–
Bank of Baroda	Equity	9	9	10	<b>2,070</b>	2,070
Bombay Burmah Trading Corp. Ltd	Equity	5	5	10	<b>2,346</b>	2,346
Bongaigaon Refineries Ltd	Equity	5	5	10	<b>246</b>	246
BSEL Infrastructure Ltd	Equity	5	5	10	<b>342</b>	342
Dhunseri Tea & Industries Ltd	Equity	55	5	10	<b>10,359</b>	359
(50 shares received on Merger of Tezpore Tea)						
DS Kulkarni Developers Ltd	Equity	1	1	10	<b>245</b>	245
Gammon India Ltd	Equity	5	5	2	<b>2,246</b>	2,246
Mahindra Lifespace Developers Ltd ( Formerly GESCO Corporation Ltd.)	Equity	12	12	10	–	–
Gillanders Arbuthnot & Company Ltd	Equity	5	5	10	<b>518</b>	518
GMR Infrastructure Ltd	Equity	15,000	0	10	<b>1,541,077</b>	–
Gujarat Narmada Valley Fertilizers Co Ltd.	Equity	50	50	10	<b>1,415</b>	1,415
Goodricke Tea Ltd	Equity	5	5	10	<b>333</b>	333
Grasim Industries Ltd.	Equity	50	50	10	<b>16,550</b>	16,550
Great Eastern Shipping Ltd.	Equity	72	72	10	<b>812</b>	812
Great Offshore Ltd	Equity	18	18	10	<b>208</b>	208
Hindalco Industries Ltd	Equity	5	5	1	<b>807</b>	807
Indian Oil Corporation Ltd	Equity	5	5	10	<b>2,201</b>	2,201
Jaiprakash Associates Ltd	Equity	90	90	2	<b>153</b>	153
Jayshree Tea & Industries Ltd	Equity	5	5	10	<b>547</b>	547
Lok Housing & Constructions Ltd	Equity	5	5	10	<b>874</b>	874
Mcleod Russel India Ltd	Equity	300	300	5	<b>6,095</b>	6,095
National Thermal Corp. Ltd	Equity	5	5	10	<b>765</b>	765
Oil & Natural Gas Corporation Ltd	Equity	5	5	10	<b>4,541</b>	4,541



## SCHEDULE FORMING PART OF THE ACCOUNTS

### SCHEDULE : 5 - INVESTMENTS

#### Long Term – At Cost (Contd)

*** Particulars	Description	Number as on 31.12.08	Number as on 31.12.07	Face value Rs.	Cost as on 31.12.08 Rs.	Cost as on 31.12.07 Rs.
Oriental Bank Of Commerce	Equity	5	5	10	1,250	1,250
Patel Engineering Ltd	Equity	10	10	1	4,356	4,356
PBA Infrastructure Ltd	Equity	5	5	10	459	459
Reliance Communications Ltd	Equity	18	18	10	980	980
Reliance Infrastructure Ltd (Formerly 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	5	10	540	540
Shipping Corporation of India Ltd.	Equity	****150	100	10	5,220	5,220
Shiv - Vani Oil & Exploration Services Ltd	Equity	5	5	10	1,753	1,753
State Bank of Bikaner & Jaipur	Equity	185	185	100	97,495	97,495
Suzlon Energy Ltd	Equity	*****25	5	2	7,534	7,534
Tata Chemicals Ltd.	Equity	4	4	10	247	247
Tata Coffee Ltd	Equity	5	5	10	1,441	1,441
Tata Iron & Steel Company Ltd.	Equity	3	3	10	224	224
Tata Iron & Steel Company Ltd.(SPN)	Equity	18	18	300	–	–
Tata Tea Ltd.	Equity	12	12	10	2,280	2,280
Tezapore India Ltd. ( Merged with Dhunseri Tea & Ind Ltd)	Equity	–	100	10	–	10,000
Unitech Ltd	Equity	10	10	2	2,803	2,803
UTI Master Share	Equity	116	116	10	3,050	3,050
Warren Tea Ltd	Equity	5	5	10	373	373
					<b>2,598,054</b>	<b>187,559</b>

#### Notes:

Aggregate amount of quoted investments Rs. 12,577,377/- (31.12.2007 - Rs. 36,396,092/-)

Aggregate market value of quoted investments Rs.11,909,717/- (31.12.2007- Rs. 46,118,957/-)

Aggregate amount of unquoted investments Rs.148,767,540/- (31.12.2007 - Rs.141,593,515/-)

Market value of Namburnadi Tea Co Ltd is not available.

\*\*\*\* Include 50 Bonus Shares received during the year.

\*\*\*\*\* No of shares increased due to split in shares from Rs. 10/- to Rs. 2/-



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

	31st December, 2008 [Rupees]	31st December, 2007 [Rupees]
<b>(a) Inventories</b>		
Stores & Spare Parts	47,960,696	39,078,855
Stock of Tea	226,580,322	140,655,757
Stock of Oil	1,238,032	—
	<b>275,779,050</b>	<b>179,734,612</b>
<b>(b) Sundry Debtors</b>		
Unsecured - Considered Good		
Debts outstanding for a period exceeding six months	32,187,653	111,547,623
Other Debts	547,617,718	521,110,680
	<b>579,805,371</b>	<b>632,658,303</b>
<b>(c) Cash &amp; Bank Balances</b>		
Cash and cheques in hand	1,170,227	7,182,409
With Scheduled Banks:		
On Current Accounts	84,482,345	850,065,858
On Deposit Accounts [held as margin and lien Rs.92,596,518/- (31.12.2007-Rs.54,867,501/-)]	92,596,517	54,867,501
With Others:		
On Current Accounts	322	354,698,230
On Deposit Accounts (Refer Note 7 of Sch 11)	37,473,870	—
	<b>215,723,281</b>	<b>1,266,813,998</b>
<b>(d) Other Current Assets</b>		
Interest accrued on investments & deposits	10,769,758	1,580,487
	<b>10,769,758</b>	<b>1,580,487</b>
<b>(e) Loans &amp; Advances</b>		
[Unsecured]		
Considered good		
Advances and loans to subsidiaries	1,859,189,457	1,478,777,234
Advances recoverable in cash or in kind or for value to be received *	457,632,622	355,389,370
Considered doubtful		
Advances and loans to subsidiaries	18,345,643	
Advances recoverable in cash or in kind or for value to be received	14,039,803	1,186,834
	<b>2,349,207,525</b>	<b>1,835,353,438</b>
Less: Provision for doubtful advance	32,385,446	1,186,834
	<b>2,316,822,079</b>	<b>1,834,166,604</b>

\* Includes amount receivable from Directors of the Company Rs.985,213/- (31.12.2007-Rs.2,536,791/-), maximum amount outstanding at any point of time during the year Rs.2,536,791/- (31.12.2007-Rs.2,536,791/-).



**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE : 7 - CURRENT LIABILITIES & PROVISIONS**

	<b>31st December, 2008 [Rupees]</b>	31st December, 2007 [Rupees]
<b>(a) Current Liabilities</b>		
Acceptances	4,719,910	7,788,038
Sundry Creditors		
-Micro, Small and Medium Enterprises (Refer Note No.26 of Sch 11)	3,678,789	2,816,727
-Others	236,950,640	288,391,365
Amount due to Subsidiaries	-	1,550,794
Other Liabilities	605,811,310	401,550,425
Unpaid Dividend ^	4,639,280	1,661,289
Bank Balance Overdrawn	1,148,925	2,523,847
Interest accrued but not due on Loans	48,276,535	6,918,760
	<b>905,225,389</b>	<b>713,201,245</b>

^ includes Rs.73,254 representing amount due and outstanding to be credited to Investor Education and Protection Fund as at the year-end

<b>(b) Provisions</b>		
Taxation less Advance Payments	22,147,551	13,336,750
Provision for Site Restoration (Refer Note 13 of Sch 11)	2,765,000	1,440,000
Proposed Dividend	46,464,144	30,976,096
Dividend Tax thereon	7,896,581	5,264,388
	<b>79,273,276</b>	<b>51,017,234</b>

**SCHEDULE : 8 - OTHER INCOME**

	<b>Year ended 31st December, 2008 [Rupees]</b>	Year ended 31st December, 2008 [Rupees]
Sale of Tea Waste	2,565,072	1,926,360
Transport & Handling subsidy	3,116,461	2,208,662
Subsidy on Plantation	7,879,173	1,729,839
Income from Investments other than trade	42,581	19,531,443
Gain on Exchange (net)	-	90,697,143
Liabilities no longer required written back	12,235,757	1,948,816
Profit on sale of Assets	680,241	181,914
Profit on acquisition of Land by the Government	5,837,494	95,721,800
Premium on sale of DEPB Licence	24,845,837	4,375,568
Refund of excess payment of Income Tax in earlier years	30,331,941	-
Miscellaneous Receipts	9,302,125	2,383,225
	<b>96,836,682</b>	<b>220,704,770</b>



**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE : 9 - EXPENSES**

	Year ended 31st December, 2008 [Rupees]	Year ended 31st December, 2007 [Rupees]
Garden Cultivation Costs	143,552,413	119,040,037
Plucking and Manufacturing Expenses of Tea	229,953,985	228,700,581
Purchases of Tea	9,868,570	12,982,187
Power & Fuel	169,807,814	162,727,762
Establishment Charges (including Bonus)	286,556,786	226,876,265
Directors' Fees	49,500	67,500
Contribution to Provident, Superannuation & Gratuity Funds (Refer Note 9 of Sch 11)	111,770,746	100,793,981
Workmen & Staff Welfare Expenses	98,104,090	101,816,558
Concession on Foodgrains	51,575,202	59,159,482
Repairs to Buildings	29,607,022	19,529,970
Repairs to Plant & Machinery	26,347,806	25,269,135
Upkeep of Roads & Bridges	1,413,578	1,210,541
Garden Transport	32,192,059	31,748,873
Insurance	2,909,802	2,813,131
Rent	1,482,613	310,448
Rates & Taxes	14,168,235	9,049,811
Office Maintenance	3,474,819	2,830,172
Bank Charges	23,634,939	26,451,313
General Charges	89,010,288	66,963,025
Freight, Warehouse & Sale Charges	86,201,045	102,769,142
Agency Commission	46,849,102	54,166,186
Brokerage	12,175,563	8,485,082
Cess on Tea and Green Leaf	25,033,781	27,272,746
Oil Production Expenses	17,514,956	7,725,798
Oil Treatment Charges	12,232,889	9,179,973
Equipment Rental & Transportation Charges	5,193,843	1,859,569
Royalty on Oil	3,705,147	1,276,020
Cess on Oil	6,176,771	2,352,526
Provisions for doubtful advances	31,887,446	1,186,834
Provisions for diminution in value of investments	668,825	-
Assets Written off	2,628,949	945,429
Loss on Investments (net)	31,617,609	9,055,884
Sundry Balances Written off	29,188,838	1,931,415
Loss on Exchange Fluctuation	101,245,836	-
	<b>1,737,800,867</b>	<b>1,426,547,376</b>

**SCHEDULE : 10 - (INCREASE) / DECREASE IN STOCK**

	Unit	31st December 2008		31st December, 2008	
		[Quantity]	[Rupees]	[Quantity]	[Rupees]
<b>Stock as at 31st December, 2007</b>					
Tea	KGs.	1,963,202	140,655,757	2,425,052	151,699,534
Oil	BBLS	*834	-	1.205	2,644,312
<b>Stock as at 31st December, 2008</b>					
Tea	KGs.	2,793,261	226,580,322	1,963,202	140,655,757
Oil	BBLS	2,360	1,238,032	*834	-
(Increase) / Decrease			<b>(87,162,597)</b>		<b>13,688,089</b>

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




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**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. Cost of certain fixed assets located in leasehold properties under the head Building and Furniture as mentioned below have been depreciated over their respective lease periods which is higher than the Schedule XIV rates.

Building & Furniture : Lease period - between 3 to 9 years.

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 of India 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.

**[f] Inventories**

Stock of Tea is stated at cost or estimated net realisable value, whichever is lower. Cost of tea comprises expenditure



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

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 currency are recorded at exchange rates prevailing on the date of the transaction. Transactions in foreign currency with a Joint Venturer for Oil and Gas project are recorded at monthly average exchange rate prevailing at the time of such transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of the transactions. Exchange differences arising on settlement of transactions and /or restatements are dealt in the Profit & Loss Account.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance is accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance life of the long term monetary item or 31st March, 2011 whichever is earlier.

Derivative financial instruments, i.e. forward exchange contracts are used to hedge its risk associated with foreign currency fluctuations relating to the underlying transactions, highly probable forecast transactions and firm commitments. In respect of forward exchange contracts with underlying transactions, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract.

Other Derivative contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements. Any profit or loss arising on cancellation of derivative instruments are recognised as income or expenses for the period.

**[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 (LIC) respectively. Actuarial gains and losses are recognised immediately in the profit and loss account. The obligation for other benefits such as leave encashment 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.

**[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.


**SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)**
**[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] Government Grants**

Subsidies from government in respect of fixed assets are deducted from the cost of respective assets. Subsidies of revenue nature are recognised as income in the Profit & Loss Account when there is reasonable certainty of its receipt.

**[o] 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.7,638,834/- (net of advance Rs.15,368,371/- ), [31.12.2007-Rs.3,095,396/- (net of advance Rs.15,337,804/-)]
4. Contingent Liabilities not provided for:
  - [a] [i] Income Tax assessments disputed in appeals Rs.11,208,122/- (31.12.2007-Rs.31,970,535/-). 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.64,209,208 /- (31.12.2007 - Rs. 62,415,249/-)
  - [b] Sales Tax assessments disputed in appeals Rs.143,482,782/- (31.12.2007-Rs.64,092,146/-)
  - [c] In view of the stay on payment of Fringe Benefit Tax (FBT), liability which may arise is yet to be determined. Refer Note 32 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/- (31.12.2007 - Rs.151,100,000/-)
  - [f] Uncalled liability on partly paid shares – Rs. 69,99,510/- (31.12.2007 – Rs.69,99,510/-).

The future cash flows on account of above cannot be determined unless the judgement / decisions / demand are received from the appropriate forums/parties.
5. Provision for taxation for the Company's financial year ended 31st December, 2008 has been determined based on results for the three months ended 31st March 2008 (Assessment Year 2008-09) and for nine months ended 31st December, 2008 (Assessment Year 2009-10). The ultimate liability for the Assessment Year 2009-10, however, will be determined on the total income for the company for the period from 1st April, 2008 to 31st March, 2009.


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

6. Breakup of Interest Charge:-	31.12.2008 [Rupees]	31.12.2007 [Rupees]
On Fixed Loan	150,001,437	162,912,180
Others	61,520,476	65,765,528
A	211,521,913	228,677,708
Less: Interest Subsidy Received/Receivable	22,160,500	20,652,307
Interest Income (Tax deducted at source Rs.15,199,344/- 31.12.2007 - Rs.7,865,710/-)	170,191,268	61,436,695
B	192,351,768	82,089,002
Total Interest Charge (net)	A - B 19,170,145	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 :

Particulars	Balance Outstanding at		Maximum amount outstanding at any time during the year	
	31.12.2008 [Rupees]	31.12.2007 [Rupees]	2008 [Rupees]	2007 [Rupees]
On Current Account:				
ING Vysya Bank, Singapore	322	354,698,230	354,788,232	381,777,104
UBS, Singapore	-	-	-	223,214,699
BNP PARIBAS Private Bank, Singapore	-	-	-	889,400,000
On Deposit Account:				
ING Vysya Bank, Singapore	37,473,870	-	371,029,978	-

8.(i) Amount paid / payable to the auditors included under general charges in Schedule 9

	31.12.2008 [Rupees]	31.12.2007 [Rupees]
[a] Statutory audit fees	1,500,000	1,500,000
[b] Fees for other services	2,525,000	1,425,340
[c] Reimbursement of out of pocket expenses	176,175	125,426

(ii) Expenditure includes in aggregate :

Salaries, Wages and Bonus	586,155,493	520,210,217
Stores & Spare Parts consumed	255,824,986	244,594,276

**9. Employee Benefit Obligation**

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 utilised 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 only at the time of retirement.

**A. Defined Contribution Plans**

Contributions for Defined Contribution Plans amounting to Rs.56,928,082 /- (31.12.2007 - Rs.53,286,761/-) has been recognised in the Profit & Loss Account under the head Contribution to Provident, Superannuation & Gratuity Funds in Schedule 9.

**B. Defined Benefit Plans**

	2008			2007		
	Gratuity	Pension	Leave Encashment (Unfunded)	Gratuity	Pension	Leave Encashment (Unfunded)
	[Rupees]	[Rupees]	[Rupees]	[Rupees]	[Rupees]	[Rupees]
<b>1) Retirement Benefits</b>						
<b>a) Expense recognised in the statement of Profit &amp; Loss Account for the year ended 31 December, 2008</b>						
Current Service Cost	12,733,800	5,692,568	1,331,435	14,617,377	2,323,270	848,462
Interest Cost	17,756,263	3,893,285	243,042	18,379,607	3,611,484	
Expected Return on Plan Assets	(6,801,793)	(2,386,264)	-	(15,168,419)	(2,973,396)	72,279
Curtailment Cost	-	-	-	-	-	-
Settlement Cost	-	-	-	-	-	-
Past Service Cost	-	-	-	-	-	-
Net actuarial (gain) / loss recognised during the year	(21,530,142)	4,430,513	(569,927)	27,541,436	(10,076,957)	2,596,480
<b>Total expense recognised in the statement of Profit &amp; Loss Account</b>	<b>2,158,128</b>	<b>11,630,102</b>	<b>1,004,550</b>	<b>45,370,001</b>	<b>-*</b>	<b>3,517,221</b>
<b>b) Net (Asset) / Liability recognised in the Balance Sheet as at 31 December, 2008</b>						
Present Value of the Defined Benefit Obligation as at 31 December, 2008	230,872,090	65,904,847	3,484,173	251,285,244	51,910,477	
Fair value of Plan assets as at 31 December, 2008	69,451,148	32,192,575	-	232,847,013	53,705,481	
<b>Net (Asset) / Liability recognised in the Balance Sheet as at 31 December, 2008</b>	<b>161,420,942</b>	<b>33,712,272</b>	<b>3,484,173</b>	<b>18,438,231</b>	<b>-*</b>	
*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.						
<b>c) Actual Return on Plan Assets</b>						
Expected Return on Plan Assets	6,801,793	2,386,264	-	15,168,419	2,973,396	
Actuarial gain / (loss) on Plan Assets	(302,975)	(21,996)	-	(18,384,179)	13,564,633	
<b>Actual Return on Plan Assets</b>	<b>6,498,818</b>	<b>2,364,268</b>	<b>-</b>	<b>(3,215,760)</b>	<b>16,538,029</b>	
<b>d) Change in Defined Benefit Obligation during the year ended 31 December, 2008</b>						
Present value of Defined Benefit Obligation as at beginning of the year	251,285,245	51,910,477	4,001,505	223,373,485	42,488,047	
Current Service cost	12,733,800	5,692,568	1,331,435	14,617,377	2,323,270	
Interest Cost	17,756,263	3,893,285	243,042	18,379,607	3,611,484	
Settlement Cost	-	-	-	-	-	
Past Service Cost	-	-	-	-	-	
Benefits Paid	(29,070,101)	-	(1,521,882)	(14,242,482)	-	
Actuarial (gain) / loss on Obligation	(21,833,117)	4,408,517	(569,927)	9,157,257	3,487,676	
<b>Present value of Defined Benefit Obligation as at end of the year</b>	<b>230,872,090</b>	<b>65,904,847</b>	<b>3,484,173</b>	<b>251,285,244</b>	<b>51,910,477</b>	





## ASSAM COMPANY LIMITED

### e) Change in Assets during the year 31 December, 2008

Fair value of Plan Assets as at beginning of the year	85,022,431	29,828,307	–	189,605,255	37,167,452
Expected Return on Plan Assets	6,801,793	2,386,264	–	15,168,419	2,973,396
Contributions Made	7,000,000	–	–	60,700,000	–
Benefits Paid	(29,070,101)	–	–	(14,242,482)	–
Actuarial gain / (loss) on Plan Assets	(302,975)	(21,996)	–	(18,384,179)	13,564,633
Fair value of Plan Assets as at end of the year	<b>69,451,148</b>	<b>32,192,575</b>	–	<b>232,847,013</b>	<b>53,705,481</b>

### f) Major categories of Plan Assets as a percentage of total plan as at 31 December, 2008

	2008		2007	
	Gratuity	Pension	Gratuity	Pension
Administered by Private Insurance Company	78.94%		45.48%	
Administered by Life Insurance Corporation of India		78.62%		20.00%
Special Deposit with SBI	0.54%			0.16%
Others	20.52%	21.38%	54.52%	79.84%

### g) Actuarial Assumptions

	2008			2007		
	Gratuity	Pension	Leave	Gratuity	Pension	Leave
			Encashment			Encashment
Mortality Table	LICI- 1994-1996	LICI- 1994-1996	LICI- 1994-1996	LICI- 1994-1996	LICI- 1994-1996	LICI- 1994-1996
Discount Rate	7.50	7.50	7.50	8.50	8.50	8.50
Inflation Rate	5.00	5.00	5.00	7.50	7.50	7.50
Expected Return on Plan Assets	8.00	8.00	–	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, pension and leave encashment plans have been determined based on actuarial valuation using the Projected Unit Credit Method.

Based on reconciliation of the amount payable by the Company to the various gratuity & pension funds with those as per the audited financial statements of the respective funds an amount of Rs.41,054,434/- representing net shortfall in corpus of the aforesaid funds has been provided for in the current year and included under the head 'Contribution to Provident, Superannuation & Gratuity Funds'.

Since the Company has adopted Accounting Standard 15 (Revised 2005) on Employee Benefits during the previous year 2007 only figures for two financial years is available and have been disclosed.

The contribution expected to be made by the Company for the year ended 31st December 2009 has not been ascertained.



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

**10. Directors' remuneration in aggregate**

[A] Remuneration paid/payable during the year to the Wholetime Directors included in Establishment Charges in Schedule-9 includes:	<b>31.12.2008</b>	31.12.2007
	<b>[Rupees]</b>	[Rupees]
Debited to the Profit & Loss Account		
i) Salary	<b>5,450,806</b>	4,248,000
ii) Allowances	<b>5,142,441</b>	6,201,363
iii) Contribution to Provident, Superannuation and Gratuity Funds	<b>3,107,305</b>	791,751
iv) Directors' Fees	<b>49,500</b>	67,500
	<b>13,750,052</b>	<b>11,308,614</b>
Less: Transferred to Capital Work in Progress (Oil & Gas Project)	<b>3,169,075</b>	3,539,832
Less: Transferred to Advance (Gujarat Hydrocarbons & Power SEZ Ltd)	<b>3,169,075</b>	3,539,832
Net balance	<b>7,411,902</b>	<b>4,228,950</b>

[B] Approval from Central Government for remuneration paid in the year 2007 to the managing director of the Company amounting to Rs.1,732,416/- has been received subsequent to the year. This amount was included under Loans and Advance as advance recoverable from directors in the financial statements of 2007. Charge for managerial remuneration for the current year includes the aforesaid amount.

[C] Remuneration to the managing director in excess of what already has been approved by Central Government paid in earlier years amounting to Rs.374,979/- and remaining outstanding as at the year-end have been subsequently recovered from him.

[D] One of the wholetime Directors has resigned from the Company with effect from 18 August, 2008. His remuneration alongwith other applicable perquisites and retirement benefits have been settled in full on the same date.

[E] Commission payable to one of the wholetime Directors have been waived.



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

	<b>31.12.2008</b>		<b>31.12.2007</b>	
11. [1] Licensed Capacity	<b>Not Applicable</b>		Not Applicable	
[2] Installed Capacity	<b>Not Ascertainable</b>		Not Ascertainable	
[3] Total Tea Produced (Kgs)	<b>14,683,485</b>		15,854,915	
[4] Total Saleable Production Tea (Kgs)	<b>14,316,465</b>		15,487,737	
[5] Green Leaf Consumed * (Kgs)	<b>64,907,357</b>		70,236,239	
[6] Production Oil (BBLs)	<b>61,121</b>		20,829	
[7] Production Gas (MCM)	<b>22,036</b>		7,183	
	<b>31.12.2008</b>		<b>31.12.2007</b>	
	<b>[Quantity]</b>	<b>[Rupees]</b>	<b>[Quantity]</b>	<b>[Rupees]</b>
[8] Details of Purchase				
Tea (Kgs)	<b>99,591</b>	<b>9,868,570</b>	154,078	12,982,187
Green Leaf (Kgs)	<b>1,299,735</b>	<b>18,482,011</b>	1,653,506	17,720,128
		<b>28,350,581</b>		<b>30,702,315</b>
[9] Details of Sale				
[a] Tea (Kgs)	<b>13,585,997</b>	<b>1,515,234,391</b>	16,103,665	1,422,353,516
[b] Oil (BBLs)	<b>54,914</b>	<b>256,640,065</b>	21,200	73,814,125
[c] Gas (MCM)	<b>20,122</b>	<b>70,666,574</b>	7,183	22,980,291
		<b>1,842,541,030</b>		<b>1,519,147,932</b>
[10] Stores and Spare parts consumed	<b>%</b>	<b>[Rupees]</b>	<b>%</b>	<b>[Rupees]</b>
Indigenous	<b>100</b>	<b>255,824,986</b>	100	244,594,276
	<b>100</b>	<b>255,824,986</b>	100	244,594,276

\* 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 HP agreements.

The minimum rentals as at 31st December, 2008 and the present value as at 31st December, 2008 of minimum rentals in respect of assets acquired under Hire Purchase are as follows:

Particulars	Minimum Hire Purchase Payments [Rupees]	Finance Charges [Rupees]	Present value of Minimum hire purchase payments [Rupees]
Payable not later than 1 year	7,813,882	1,228,959	6,584,923
Payable later than 1 year but not later than 5 year	8,947,594	936,510	8,011,084
<b>Total</b>	<b>16,761,476</b>	<b>2,165,469</b>	<b>14,596,007</b>

[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.424,495/- (31.12.2007 - Rs.7,81,918/-) have been debited to the Profit & Loss Account.



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

**13. Movement in Provision**

[Figures in Rupees]

	<u>01.01.2008</u>	<u>Provision made during the year</u>	<u>Amounts utilized/reversed during the year</u>	<u>31.12.2008</u>
Provision for Site Restoration	1,440,000	1,325,000	–	2,765,000
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>31.12.2008 [Rupees]</u>	<u>31.12.2008 [Rupees]</u>
Commission	46,849,102	54,166,186
Travelling Expenses	4,180,757	677,658
Travelling Expenses included in CWIP (Oil & Gas project)	10,145,775	3,169,138
Travelling Expenses included in Loans & Advance (SEZ & Infrastructure project)	–	1,977,939
	<u>31.12.2008 [Rupees]</u>	<u>31.12.2007 [Rupees]</u>

**15. Earnings in Foreign Exchange**

Export Sale on F.O.B. Basis	660,652,107	549,415,756
Interest Income	6,353,747	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.  
Duncan Macneill Natural Resources Ltd.  
Assam Estates Ltd.  
Gujarat Hydrocarbons and Power SEZ Ltd.

**b. Key Management Personnel**

Mr A. K. Jajodia, Managing Director  
Mr Abhay Chawdhry, Director Finance & CFO (upto 18.08.2008)

**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**

Abhay Chawdhry HUF



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

**II Transactions with related parties**

SL No.	Related Party	Outstanding as on 31.12.2008 (Rupees)	Outstanding as on 31.12.2007 (Rupees)	Nature of transaction	Year ended 31st December 2008 (Rupees)	Year ended 31st December 2007 (Rupees)
(A)	NAMBUARNADI TEA COMPANY LTD.	66,566,412 Receivable	46,031,841 Receivable	Purchase of tea and green leaf Remuneration of manager on deputation recoverable Advance given Receipt towards refund of advance Transfer of stores (net debit) Expenses recoverable Guarantees given	8,026,858 1,656,302 25,155,229 1,807,425 57,527 122,500,000	9,828,123 1,441,499 21,496,000 5,115,720 282,447 141,025 122,500,000
(B)	NORTH EAST HYDRO CARBON LTD.	5,065,529 Receivable	696,087 Receivable	Advance given Receipt towards refund of advance	41,669,443 37,300,000	— 300,000
(C)	ASSAM OIL AND GAS LTD.	5,262,692 Receivable	1,237,808 Payable	Payment towards refund of advance Loan given Advance given	1,237,808 5,262,692 2,692	150,000 — —
(D)	CAMELLIA CHA BAR LTD.	2,976,521 Receivable	312,985 Payable	Advance given Payment towards refund of advance	3,289,506 312,985	— —
(E)	DUNCAN MACNEILL NATURAL RESOURCES LTD.	684,418,474 Receivable	731,445,800 Receivable	Investment in shares Loan given Receipt towards refund of loan Expenses recoverable	7,174,025 200,150,000 247,182,944 5,618	— 1,055,719,550 354,690,000 —
(F)	GUJARAT HYDROCARBONS AND POWER SEZ LTD.	1,107,849,116 Receivable	700,283,515 Receivable	Investment in shares Loan given Interest receivable Expenses recoverable	— 12,595,489 133,991,914 260,978,198	50,000,000 618,916,762 32,690,548 48,676,205
(G)	ASSAM ESTATES LTD.	5,399,048 Receivable	319,991 Receivable	Expenses recoverable Advance given	74,057 5,005,000	319,991 —
(H)	MR A K JAJODIA	985,213 Receivable	2,042,993 Receivable	Remuneration paid Advance given	9,621,785 610,234	5,883,870 —
(I)	MR ABHAY CHAWDHRY	—	351,300	Remuneration paid	4,078,767	5,019,298
(J)	MR AMIR AHSAN	—	—	Remuneration paid in respect of earlier year	—	337,947
(K)	MS RUCHIKA JAJODIA	95,250 Payable	105,400 Payable	Salary paid	933,450	152,400
(L)	MS RASHMI CHAWDHRY	—	40,000 Payable	Rent paid	303,225	447,000
(M)	ABHAY CHAWDHRY HUJ	—	56,600 Payable	Rent paid	429,065	629,400

**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.)**

**III. Provision made against investment / recoverables from related parties :**

Sl. No.	Related party	Year ended 31st December 2008 [Rupees]
(A)	NORTH EAST HYDROCARBON LTD.	5,556,230
(B)	ASSAM OIL AND GAS LTD.	4,904,544
(C)	CAMELLIA CHA BAR LTD.	3,477,126
(D)	ASSAM ESTATES LTD.	5,408,054

17. The Term Loan from IDBI was restructured vide their letter dated 21st November, 2003 subject to certain conditions which have been waived by IDBI upon pre-payment of a part of Term Loan by the Company subsequent to the year-end.

18. The Company is pursuing E&P activities in Amguri Development Block and AA-ON/7 Exploration Block located in North East India under a Joint Operating Agreement (JOA) with M/s. Canoro Resources Ltd, a Canadian E&P Company based in Calgary, Canada, having participation interest of 40% and 35% respectively. In addition, the Company during the year has added one more E&P asset – AA-ONN-2005/1 in Assam and Assam-Arakan Basin under consortium with ONGC and OIL, having participation interest of 10% through bidding process under NELP-VII. The Company also operates three Marginal Discovered Fields at Laxmijan, Barsilla and Bihubar under Service Contracts from ONGC.

Amguri Development Block has been producing oil and gas from 1st of April, 2006. The oil and gas pool from where currently the production of oil and gas is generated has been found to be of retrograde gas reservoir. With installation of Gas Compression project, which is in progress, the production volume of oil and oil condensate will increase substantially. The drilling campaign in Amguri Development Block as part of Full scale Development plan will continue to make further discovery of oil and gas pools.

In respect of AA-ON/7 Exploration Block comprising of 787 sq km (Assam -468 sq km and Nagaland -319 sq km), the Company has made further investments in drilling Exploratory wells during the current year and it has plans to drill more Exploratory wells in this Block during the Exploration phase. Since this Block is still in exploratory phase, exploratory activities will continue to be undertaken till a major discovery of oil and gas is made which is normal in any E&P operations.

With regard to operations in Marginal Discovered Fields, having made investments in work over operations in Laxmijan and Barsilla and having established oil and gas reserve, the Company has made strong representation before ONGC seeking amendment of commercial terms to make the operation economically viable due to increased cost of operation. Since currently the operation is not economically viable, the Management has decided to treat these Marginal fields as abandoned and accordingly the investment cost capitalised earlier has been transferred to Fixed Assets.

19. The Company had 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 modernisation, 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 23rd November, 2006. The Bonds are redeemable on 30th November, 2011 at 150.019 per cent of their principal amount, unless previously converted or redeemed.

Bond holders have exercised their option of converting their Bond amounting USD3.3 Million into Equity Shares on 18th January, 2008. Accordingly, 5,145,703 shares have been issued during the year with resultant increase in issued share capital and security premium account.

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

	<b>Expenses incurred till 31.12.2008 [Rupees]</b>
Expenditure in respect of oil & gas exploration and development	1,319,671,822
Loan to overseas subsidiary (net)	453,849,047
Modernisation/expansion of existing production units	42,728,462
FCCB issue expenses/other incidental expenses	286,562,035
Others (net)	77,449,845



## ASSAM COMPANY LIMITED

Unutilised FCCB proceeds amounting to Rs.9,667,947/- have been invested in securities and the balance Rs.50,509,850/- 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 till date on an overall basis as set out below :

	<b>Expenses incurred till 31.12.2008 [Rupees]</b>
Reduction of debts	1,054,225,328
Investment in overseas subsidiary	60,000,000
Loans to overseas and other subsidiaries	298,939,593
Expenditure in respect of oil & gas exploration and development	22,543,920
Share warrant issue expenses	9,372,419
General corporate purpose	389,859,280

The balance unutilised money amounting to Rs.55,373,348 is lying with Banks at the year end.

21. Loans & Advances to Subsidiaries include an amount of Rs 684,418,474/- (31.12.2007 - Rs 731,445,800/-) paid to its wholly owned subsidiary, Duncan Macneill Natural Resources Limited, UK (DMNRL) as loan for investments in prospective oil and gas properties overseas. DMNRL has agreed to repay rupee equivalent of the total amount outstanding to the Company in the Company's books.
22. Loans and Advances to subsidiaries include an amount of Rs.1,107,849,116/- (including interest Rs.133,991,914/-) due from Gujarat Hydrocarbons and Power SEZ Limited (GHPSL), a wholly owned subsidiary of the company. GHPSL was incorporated for developing a Special Economic Zone (SEZ) for Hydrocarbon Park for Energy in the state of Gujarat. GHPSL has acquired 315 hectares of land for its SEZ project from Gujarat Industrial Development Corporation (GIDC) out of which 276 hectares of land has been taken possession of and the balance 39 Hectares is in the process of acquisition.
23. The Eviction Suit filed before the Hon'ble High Court at Kolkata by the Landlord of the Kolkata office premises of the Company has since been rejected on the ground of jurisdiction and against which the appeal filed by the Landlord before the Division Bench of the Hon'ble High Court at Kolkata has been admitted. The Company is preferring a Special Leave Petition before the Hon'ble Supreme Court. The Management expects a favourable verdict on the matter.
24. Loans & Advance include 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. However, as a matter of abundant precaution the aforesaid advance lying in the books has been provided for in the current year.
25. 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.

	<b>31.12.2008 [Rupees]</b>	31.12.2007 [Rupees]
<b>Deferred Tax Liability</b>		
Depreciation	57,947,398	56,431,986
Others	20,966,552	-
	<b>78,913,950</b>	<b>56,431,986</b>
<b>Deferred Tax Assets</b>		
Disallowance u/s 43B	78,913,950	56,431,986
	<b>78,913,950</b>	<b>56,431,986</b>
<b>Net Balance</b>	-	-



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

26. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st December 2008. The disclosure pursuant to the said Act is as under:

	<b>31.12.2008</b>	31.12.2007
	<b>[Rupees]</b>	[Rupees]
a) Principal amount remaining unpaid to any supplier as at the end of the year	2,234,850	2,276,359
The interest remaining unpaid to any supplier as at the end of the year	1,443,939	540,368
b) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Delayed payment of principal amount paid beyond the appointed day during the year	23,431,903	11,593,577
c) Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d) Amount of interest accrued and remaining unpaid at the end of the year	903,571	540,368
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	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.

<b>27. Net dividend remitted in foreign exchange</b>	<b>31.12.2008</b>	31.12.2007
Year to which it relates	2007	2006
Number of non-resident shareholders	3	1
Number of Equity Shares held on which dividend was due	157,600,000	103,600,000
Amount remitted in GBP	191,169	126,080




**SCHEDULE : 11 - NOTES ON ACCOUNTS (Contd.)**
**28. Primary Segment Report - Business Segments**

[Figures in Rupees]

Particulars	Plantations	Oil & Gas	Total Segments	Total Enterprise
<b>Segment Revenue: External Customers</b>	1,515,234,391	327,306,639	1,842,541,030	1,842,541,030
	<b>1,422,353,516</b>	<b>96,794,416</b>	<b>1,519,147,932</b>	<b>1,519,147,932</b>
<b>Other Income</b>	92,848,961	–	92,848,961	92,848,961
	<b>92,842,866</b>	<b>10,304,391</b>	<b>103,147,257</b>	<b>103,147,257</b>
Add: Inter Segment Revenue	–	–	–	–
	–	–	–	–
<b>Total Segment Revenue</b>	<u>1,608,083,352</u>	<u>327,306,639</u>	<u>1,935,389,991</u>	<u>1,935,389,991</u>
	<b>1,515,196,382</b>	<b>107,098,807</b>	<b>1,622,295,189</b>	<b>1,622,295,189</b>
<b>Segment Result</b>	55,188,992	224,573,496	279,762,488	279,762,488
	<b>93,683,000</b>	<b>69,428,887</b>	<b>163,111,887</b>	<b>163,111,887</b>
Add: Unallocable Income	–	–	–	3,987,722
	–	–	–	<b>117,557,513</b>
Less: Unallocable expenses	–	–	–	98,920,435
	–	–	–	<b>31,561,608</b>
Less: Interest (net)	–	–	–	19,170,145
	–	–	–	<b>146,588,706</b>
<b>Profit before Taxation</b>	–	–	–	165,659,630
	–	–	–	<b>102,519,086</b>
Provision for Taxation : Current Tax	–	–	–	27,000,000
	–	–	–	<b>17,000,000</b>
Deferred Tax	–	–	–	36,712,493
<b>Profit after Taxation</b>	–	–	–	101,947,137
	–	–	–	<b>85,519,086</b>
<b>Other Information</b>				
Segment Assets	4,030,213,639	2,594,959,967	6,625,173,606	6,625,173,606
	<b>3,897,632,743</b>	<b>1,486,662,745</b>	<b>5,384,295,488</b>	<b>5,384,295,488</b>
Unallocated Assets	–	–	–	2,830,530,276
	–	–	–	<b>3,356,178,777</b>
<b>Total Assets</b>	–	–	–	9,455,703,882
	–	–	–	<b>8,740,474,265</b>
Segment Liabilities	534,648,915	319,276,734	853,925,649	853,925,649
	<b>564,360,800</b>	<b>137,572,100</b>	<b>701,932,900</b>	<b>701,932,900</b>
Unallocated Liabilities	–	–	–	4,657,789,998
	–	–	–	<b>4,089,620,717</b>
<b>Total Liabilities</b>	–	–	–	5,511,715,647
	–	–	–	<b>4,791,553,617</b>
Capital Expenditure	127,335,766	1,166,908,979	1,294,244,745	1,294,244,745
	<b>67,227,614</b>	<b>790,116,028</b>	<b>857,343,642</b>	<b>857,343,642</b>
Unallocated Capital Expenditure	–	–	–	16,945,892
	–	–	–	<b>20,824,544</b>
<b>Total Capital Expenditure</b>	–	–	–	1,311,190,637
	–	–	–	<b>878,168,186</b>
Segment Depreciation / Amortisation	34,041,280	43,809,332	77,850,612	77,850,612
	<b>28,947,772</b>	<b>11,206,205</b>	<b>40,153,977</b>	<b>40,153,977</b>
Unallocated Depreciation / Amortisation	–	–	–	26,059,055
	–	–	–	<b>10,355,468</b>
<b>Total Depreciation / Amortisation</b>	–	–	–	103,909,667
	–	–	–	<b>50,509,445</b>



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

**Secondary Segment Report - Geographical Segment**

[Figures in Rupees]

	Within India	Outside India	Total
1. Segment Revenue: External Customers	1,274,737,884	660,652,107	1,935,389,991
	<b>1,072,879,433</b>	<b>549,415,756</b>	<b>1,622,295,189</b>
2. Segment Assets	8,171,748,722	1,217,596,910	9,389,345,632
	<b>7,291,542,856</b>	<b>1,448,931,409</b>	<b>8,740,474,265</b>
3. Capital Expenditure	1,311,190,637	–	1,311,190,637
	<b>878,168,186</b>	–	<b>878,168,186</b>

**Notes :-**

1. The Company has considered business segment as the primary segment for disclosure. The components of these business segments are plantation products and oil & gas.
  2. The segment wise revenue, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments.
  3. 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
  4. Figures in bold represent previous year's figures .
- 29.** In line with the notification dated 31st March, 2009 issued by the Ministry of Corporate Affairs, amending Accounting Standard (AS) 11 - "Effects of Changes in Foreign Exchange Rate", the Company with retrospective effect from 1st January, 2007 has :
- (i) charged to the opening General Reserve Rs.144,975,665/- ( Net of Tax of Rs.36,712,493/- ) which was recognised in the Profit & Loss Account in previous financial year ended 31st December 2007.
  - (ii) added to fixed assets Rs.3,323,409/- and to Capital Work-in-progress Rs. 123,225,627 being the exchange difference on long term monetary items relatable to the acquisition of depreciable assets.
  - (iii) charged to the Profit & Loss Account Rs.29,492,555/-, being the amortisation charge of 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) for the year.
  - (iv) carried forward Rs.66,358,250/- in the FCMITDA amortisable by 31st March, 2011.
- As a result of the above change in Accounting Policy the net profit before tax for the year is higher by Rs.373,815,015/-.



**30a. Derivative instruments (Forward Exchange Contracts) outstanding as at Balance Sheet date**

Currency Pair	Buy/Sell	31st December 2008	31st December 2007	Purpose
Amount in Foreign currency				
USD/INR	Buy	\$4,000,000	\$6,066,764	Hedge of future repayments of FCNR (B) Loans
GBP/INR	Buy	£720,000	£720,000	
USD/INR	Sell	\$5,181,715	–	Hedge of expected future export collections

**b) Foreign currency exposures not hedged by a derivative instrument or otherwise as at the Balance Sheet date**

Currency Pair	Buy/Sell	31st December 2008	31st December 2007	Purpose
USD/INR	Buy	\$46,798,374	\$51,094,850	Amount payable on account of purchases & loans
USD/INR	Buy	\$105,127	\$571,553	Commission payable on sale of goods
GBP/INR	Buy	£44,941	£10,881	
EUR/INR	Buy	€ 6,731	€ 280	
USD/INR	Sell	\$5,274,346	\$5,140,751	Amount receivable on sale of goods
GBP/INR	Sell	£543,706	£910,605	
EUR/INR	Sell	€ 1,940,698	€ 398,374	
USD/INR	Sell	\$565,154	\$9,000,209	Bank balance in current & deposit accounts
GBP/INR	Sell	£144,348	–	
USD/INR	Sell	\$199,524	\$1,090,625	Investments
GBP/INR	Sell	£911,000	£811,000	

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

		31.12.2008	31.12.2007
		Rupees	Rupees
Profit after Taxation	(A)	101,947,137	85,519,086
Weighted average number of Equity Shares outstanding	(B)	309,521,955	225,390,602
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
Basic Earnings Per Share	(A) / (B)	0.33	0.38
Diluted Earnings Per Share	(A) / (C)	0.33	0.36

**32.** 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.

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

**On behalf of the Board**  
**A. K. Jajodia – Managing Director**  
**Santosh Bhagat**  
*Director*

Kolkata, 7th September, 2009

**Arup Kumar Roy**  
*Company Secretary*



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008**

	Year Ended 31st December 2008 Rs.	Year Ended 31st December 2007 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	165,659,630	102,519,086
Adjustments for:		
Interest received	(170,191,268)	(61,436,695)
(Profit)/Loss on sale of assets	(680,241)	(181,914)
Profit on acquisition of land by the Government	(5,837,494)	(95,721,800)
Dividend income	(42,581)	(29,571)
Income from investments other than trade	–	(19,501,872)
(Profit)/Loss on investments (net)	31,617,609	9,055,884
Interest expense	189,361,413	208,025,401
Depreciation and amortisation	103,909,667	50,509,445
Assets written off	2,628,949	945,429
Provision for sundry advances	31,887,446	1,186,834
Provisions for diminution in value of investments	668,825	–
Sundry balances written off	29,188,838	1,931,415
Liabilities no longer required written back	(12,235,757)	(1,948,816)
Provision for site restoration	1,325,000	680,000
Unrealised foreign exchange difference-net (gain)/loss	36,789,371	(218,616,603)
Operating Profit before Working Capital Changes	<u>404,049,407</u>	<u>(22,583,777)</u>
Adjustments for:		
Trade and other receivables	(78,333,295)	101,010,153
Inventories	(96,044,438)	9,748,419
Trade payables and other liabilities	181,776,213	68,455,385
Cash generated from operations	<u>411,447,887</u>	<u>156,630,180</u>
Direct Taxes (Paid) / Received	(18,357,181)	(9,609,482)
Net Cash from / (used in) Operating Activities	<u>393,090,706</u>	<u>147,020,698</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (incl. movement for capital work-in-progress)	(1,133,131,965)	(748,840,807)
Sale of fixed assets	102,265,743	1,662,528
Purchase of investments	(4,557,672)	(1,668,912,040)
Investment in equity of subsidiary companies	(7,174,025)	(50,507,000)
Sale of investments	1,053,500	1,608,716,640
Loans/deposits made with subsidiaries / third parties	(925,569,686)	(1,784,834,027)
Refund of loans/deposits made with subsidiaries / third parties	416,131,027	371,433,843
Dividend received	42,581	29,571
Interest received	161,001,996	61,249,708
Income received from investments	–	19,501,872
Net Cash from / (used in) Investing Activities	<u>(1,389,938,501)</u>	<u>(2,190,499,712)</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008**

	Year Ended 31st December 2008 Rs.	Year Ended 31st December 2007 Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share warrants	—	1,692,900,000
Proceeds from borrowings	<b>748,341,258</b>	104,688,336
Repayment of borrowings	<b>(447,879,487)</b>	(161,592,683)
Payment of share warrant and FCCB issue expenses	<b>(33,042,000)</b>	(12,193,219)
Dividend paid	<b>(27,997,565)</b>	(23,441,742)
Dividend tax on distributable profits	<b>(5,264,388)</b>	(3,800,341)
Interest paid	<b>(288,400,740)</b>	(272,699,882)
Net Cash from / (used in) Financing Activities	<b>(54,242,922)</b>	1,323,860,469
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<b>(1,051,090,717)</b>	(719,618,545)
Cash and Cash Equivalents (opening Balance as at 1st January, 2008)	<b>1,266,813,998</b>	1,986,432,543
Cash and Cash Equivalents (closing Balance as at 31st December, 2008)	<b>215,723,281</b>	1,266,813,998
	<b>(1,051,090,717)</b>	(719,618,545)

- 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, 7th September, 2009

**Arup Kumar Roy**  
Company Secretary

**On behalf of the Board**

**A. K. Jajodia** – Managing Director  
**Santosh Bhagat**  
Director



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. L01132AS1977PLC001685 State Code 02  
Balance Sheet Date 31.12.2008

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

Public Issue Nil Right Issue Nil  
Bonus Issue Nil Private Placement 5146

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

Total Liabilities							Total Assets										
		9	4	5	5	7	0	4			9	4	5	5	7	0	4

**Sources of Funds**

Paid up Capital								
			3	0	9	7	6	1

Reserves & Surplus									
			3	6	3	4	2	2	7

Secured Loans								
		2	0	9	1	5	0	2

Unsecured Loans								
		2	4	3	5	7	1	5

**Application of Funds**

Net Fixed Assets								
		5	8	3	0	3	3	6

Investment									
				1	6	0	1	1	0

Net Current Assets								
		2	4	1	4	4	0	1

Miscellaneous Expenditure									
							N	I	L

Accumulated Losses									
							N	I	L

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

Turnover								
		1	9	3	9	3	7	8

Total Expenditure								
		1	7	7	3	7	1	8

Profit/(Loss) Before Tax								
			1	6	5	6	6	0

Profit/(Loss) After Tax								
			1	0	1	9	4	7

Earning per Share (in Rs.)							
				0	.	3	3

Dividend%								
							1	5

**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  
Santosh Bhagat  
Director

Kolkata, 7th September, 2009

Arup Kumar Roy  
Company Secretary



# Assam Company Limited

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

## PROXY

DP. ID : \*

Client ID : \*

Folio No. : \*

\*(Applicable if shares are held in electronic form)

I/We .....

of .....

being a member of the above named Company hereby appoint .....

of ..... or failing him .....

.....

of .....or failing him .....

as my / our Proxy to attend and vote for me / us and on my / our behalf at the Thirty-Second Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2009 at 11 A.M. and at any adjourment thereof.

As witness my/our hand(s) this ..... day of .....2009.

Signature .....

Affix  
Revenue  
Stamp

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

## ATTENDANCE SLIP

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

**ASSAM COMPANY LIMITED**

**Registered Office :**

Greenwood Tea Estate

Dibrugarh

Assam

DP. ID : \*

Client ID : \*

Folio No. : \*

\*(Applicable if shares are held in electronic form)

I hereby record my presence at the Thirty-Second Annual General Meeting of the Company at the Auditorium of Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam, on Wednesday, the 30th September, 2009 at 11 A.M.

Member's / Proxy's Name (in block letters) : .....

Member's /Proxy's Signature : .....