



NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of Assam Company Limited will be held at 11.00 A.M. on Saturday, 30th June, 2007 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam to transact the following business :

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st December, 2006 and the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st December 2006.
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 the Members and subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the Board hereby approves the revision in the remuneration payable to Mr. Aditya Kumar Jajodia, Managing Director and Chief Executive Officer of the Company, with effect from 1st August, 2006, and the subsequent revision from 1st April 2007 (including the remuneration payable in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) i.e. upto 30th September, 2007 as set out in the Explanatory Statement annexed to the Notice convening this meeting, and to such revisions subject to the overall limit as applicable to the Company in terms of Part II of Section II of Schedule XIII.”

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

“RESOLVED THAT Mr. Abhay Chawdhry be and is hereby appointed as Director of the Company.”

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

“RESOLVED THAT, subject to the approval of the Members and subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the Board hereby

approves the remuneration payable to Mr. Abhay Chawdhry, Director Finance and Chief Financial Officer of the Company, with effect from 9th November, 2006, and the subsequent revision from 1st April 2007 (including the remuneration payable in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) i.e. upto 8th November 2009 as set out in the Explanatory Statement annexed to the Notice convening this meeting, and to such revisions subject to the overall limit as applicable to the Company in terms of Part II of Section II of Schedule XIII.”

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

“RESOLVED THAT the Company hereby grants its approval and consent under section 314 of the Companies Act, 1956, to the appointment of Mrs. Ruchika Jajodia, wife of Mr. Aditya Kumar Jajodia, Managing Director and CEO of the Company as an employee in the management cadre of the Company at a consolidated salary of Rs. 2,00,000 per month plus superannuation benefits as applicable with effect from such date as may be determined by the Board and that the Directors be and are hereby authorized to grant from time to time to Mrs. Ruchika Jajodia such increment or increments as the Directors may, in their discretion think fit and subject to such other applicable legislations.

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

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 as also provisions of any other applicable laws, rules and regulations (including any amendments thereto) and the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company and subject to such other approvals, consents, permissions and sanctions of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Financial Institutions, Foreign Investment Promotion Board, Secretariat for Industrial Approvals and / or such other approvals, permissions and sanctions and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (“Board”) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this Resolution), the consent of the



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Company be and is hereby accorded to the Board of Directors to issue, offer and allot in international offerings any securities including Foreign Currency Convertible Bonds (FCCBs), Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) convertible into Equity Shares, Warrants, convertible into depository receipts underlying Equity Shares / Equity Shares (hereinafter referred to as "Securities") for an aggregate sum upto US \$ 200 million (US Dollars two hundred million) or equivalent in Indian and/or any other currency(ies) with or without premium directly to Foreign/Non-resident Investors (whether Institutions, Bodies corporate, Mutual Funds, Trusts, Foreign Institutional Investors, Banks and/or individuals, or otherwise and whether or not such investors are members, promoters, directors or their relatives/ associates, of the Company) through Public Issue(s), Private Placement(s), or a combination thereof at such time or times in such tranche or tranches, at such price or prices at a discount or premium at market price or prices in such manner and on such terms and conditions as may be decided and deemed appropriate by the Board, wherever necessary in consultation with the Lead Managers, Underwriters, Advisors or through the subsidiaries, including by way of Initial Public Offer in US or other countries, so as to enable the Company to get listed at any Stock Exchanges in India and/or Luxembourg / London / NASDAQ / New York Stock Exchanges / Hong Kong Stock Exchange / Singapore Stock Exchange and/ or any other Overseas Stock Exchanges."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds and things in compliance with any Indian or foreign law/ practice as it may in its absolute discretion deem necessary or desirable and settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of securities."

"RESOLVED FURTHER THAT the Board is also entitled to enter into and execute all such arrangements / agreements with any Lead Managers / Underwriters / Guarantors / Depository (ies) / Custodians / Advisors / Registrars and all such agencies as may be involved including by way of payment of commission, brokerage, fees, expenses incurred in cash or otherwise in relation to the issue of securities and other expenses, if any, or the like.

"RESOLVED FURTHER THAT the Company and/or any agency or body authorised by the Company may issue Foreign Currency Convertible Bonds / Global Depository Receipts / American Depository Receipts and/or other form of securities mentioned hereinabove representing the underlying Equity Shares issued by the

Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital markets."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the mode and the terms of issue and allot such number of Equity Shares/ Securities as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph(s) above as may be necessary in accordance with the terms of offering and all such shares will rank *pari passu* with the existing Equity Shares of the Company in all respects."

"RESOLVED FURTHER THAT the Board do open one or more bank accounts in the name of Company in Indian currency or Foreign currency(ies) with such bank or banks in India and/or such foreign countries as may be required in connection with the aforesaid issue/offer, subject to requisite approvals from the Reserve Bank of India and other overseas regulatory authorities, if any."

"RESOLVED FURTHER THAT such of these securities as are not subscribed, may be disposed of by the Board in its absolute discretion in such manner as the Board may deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred in such manner as they may deem fit."

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

"RESOLVED THAT pursuant to the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto), listing agreements entered into by the Company with the Stock Exchanges and in accordance with the provisions of the Articles of Association of the Company and subject to all necessary approvals, consents, permissions and / or sanctions of the Government of India, Reserve Bank of India, Securities & Exchange Board of India (SEBI), Financial Institutions, Foreign Investment Promotion Board (FIPB) / Secretariat for Industrial Assistance (SIA), under the Foreign Exchange Management Act, 1999 (FEMA) and/or such other approvals, permissions, and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them, while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board of Directors of the Company (hereinafter referred to as "the Board", an expression which shall also include any Committee thereof formed for exercising



the powers conferred on the Board by this Resolution), consent, approval and authority of the Company be and is hereby accorded to the Board to offer/issue/allot:-

- i) 1,80,00,000 Share Warrants of the face value of Re.1/- each at such premium for cash in accordance with SEBI DIP Guidelines for subscription on preferential basis to resident investors (whether institutions, bodies corporate, mutual funds, trusts, banks and / or individuals);
- ii) 14,00,00,000 Share Warrants of the face value of Re.1/- each at such premium for cash in accordance with SEBI DIP Guidelines for subscription on preferential basis to non-resident investors (whether institutions, bodies corporate, mutual funds, trusts, banks and / or individuals);

(whether or not such investors are members, promoters, directors or their relatives/associates, of the Company) through Public Issue(s), Private Placement(s), or a combination thereof at such time or times in such tranche or tranches on the following principal terms and such other terms and conditions and in such manner as the Board may deem fit:

- a) 1 (One) Equity Share Warrant of the Company of the Face Value of Re.1/- each at such premium per Warrant in accordance with SEBI DIP Guidelines, and duly certified by the Statutory Auditors of the Company.
- b) The holders of one (1) Share Warrant shall be entitled to be issued and allotted 1 (One) Equity Share of Re.1/- each in the Capital of the Company credited as fully paid, which shall be allotted within such time, not exceeding 18 months from the date of issue, as may be determined by the Board.
- c) An amount being not less than 10% of the Issue Price per Share Warrant including the Premium, shall be payable with the application.
- d) The entire Pre-preferential shareholding of the proposed allottees, if any, and the Share Warrants, as well as, the Equity Shares to be issued pursuant to the Resolution shall be subject to a lock-in pursuant to the applicable SEBI DIP Guidelines.
- e) In the event of the Company making a Bonus Issue by way of capitalization of its profits and/or reserves, prior to the Allotment of the Equity Share resulting from the exercise of the option in the Warrants, the number of Shares to be allotted against such Warrants shall stand augmented in the same proportion in which the Equity Share Capital increases, as a consequence of such bonus issue,

and the premium shall stand reduced *pro tanto*.

- f) In the event of the Company making a Rights Offer by issue of new Equity Shares prior to the allotment of Equity Shares resulting from the exercise of the option in the Warrants, the entitlement to the Equity Shares shall stand increased in the same proportion as that of Rights Offer and such additional Equity Shares will be offered to the Warrant holders at the same price at which the existing shareholders are offered the Equity Shares.
- g) The Equity Shares to be issued and allotted by the Company, as a consequence of the conversion / exchange, of the Securities in the manner aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing Equity Shares of the Company.
- h) The issue of Warrants and / or Shares, arising out of conversion of warrants shall be governed by guidelines issued by the SEBI, or any other authority as the case may be, or any modifications thereof."

"RESOLVED FURTHER THAT the "Relevant Date", in relation to the Shares for the purpose of determining the issue price under SEBI DIP Guidelines for Preferential Issues, shall be thirty days prior to the date of Annual General Meeting, scheduled to be held on 30th June 2007, i.e., 30th May 2007."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to seek listing of the Equity Shares to be issued/ allotted on conversion of the Share Warrants at all such Stock Exchanges where the existing Equity Shares of the Company are already listed."

"RESOLVED FURTHER THAT for the purposes of giving effect to the above Resolution, the Board be and is hereby authorised to do and perform all such acts, deeds and things as it may, in its absolute discretion deem necessary, desirable or appropriate to settle any question, difficulty or doubt that may arise in regard to the issue of Share Warrants, as it may think fit, and to accept on behalf of the Company such conditions and modifications, if any, relating to the issue of Share Warrants which may be imposed, required or suggested by any regulatory authority and which the Board, in its discretion, thinks fit and proper."

Registered Office :
Greenwood Tea Estate
P.O. Dibrugarh, Assam
Place : Kolkata
Dated : 6th June, 2007.

By Order of the Board

Arup Kumar Roy
Company Secretary



ASSAM COMPANY LIMITED

NOTES :

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 26th June, 2007 to 30th June, 2007, both days inclusive.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. Pursuant to Section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and up to the Company's financial year ended 31st December, 1998 have been transferred to the Investor Education and Protection Fund.

Members are hereby informed that in respect of the Company Dividends, which remain unclaimed over a period of 7 years for the financial year ended 31st December 1999 and declared at the AGM held on 29th September 2000 have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim shall lie for such Dividends from IEPF by the Shareholders.

5. All correspondence relating to transfer of shares, transmission, sub-division, issue of duplicate Share Certificate, dividend and any change in the address along with PIN code, Bank mandate and residential status should be addressed to the Company's Registrars and Share Transfer Agents, M/s. CB Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata – 700 019.

6. Members who have multiple accounts in identical names or joint accounts in the same order, are requested to intimate the Company, the ledger folios of such accounts, in order to consolidate all such shareholdings into one account.
7. Trading in Equity Shares of the Company is permitted only in Dematerialised form w.e.f. 24th July, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).
8. Members are requested to send their PAN & GIR numbers to the Company for any future purposes.
9. All documents referred in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 12 noon upto the date of the forthcoming Annual General Meeting.

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

Item No. 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 30 years of experience in the field of Steel and Telecommunication.

Mr. Bhagat hold directorship in UCIC Ltd and Rathi Ispat 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

Item no. 5 – Special Business

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

On recommendation of the Remuneration Committee the Board of Directors of the Company at its meeting held on 31st July, 2006 has modified the original agreement to the extent mentioned hereinbelow with effect from 1st August 2006 and subject to the requirements of Schedule XIII of the Companies Act, 1956.

The principal terms and conditions of his revised remuneration are as follows :

- Salary : Rs.2,00,000/- (Rupees Two Lakhs only) per month
- Commission and Performance Bonus upto 50% of the Annual Salary
- Free fully furnished accommodation including furnishings, gas, electricity, water
- Medical re-imbursment for self and family – as per Company Rules
- Club Fees
- Telephone and Car with driver – as per actuals
- Leave Travel Assistance – six months' basic salary for self and family
- Personal Accident Insurance, Medical Insurance and encashment of unavailed leave – as per Company Rules
- Contribution to Provident Fund, Gratuity Fund and Pension Fund.

At the Board Meeting held on 29th April 2007 and on the recommendation of the Remuneration Committee, the remuneration of Mr. Aditya Kumar Jajodia was revised to Rs. 2,80,000 /- per month w.e.f. 1st April 2007 with corresponding enhancement of entitlements as linked to basic salary, with all other terms remaining unchanged.

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

The relevant disclosures pursuant to Schedule XIII is provided below :

I. GENERAL INFORMATION :

1. Nature of Industry :

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

2. Date of commencement of commercial production :

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

Oil and Gas – April, 2006

3. In case of new Companies, the expected date of commencement of activities as per project approved by the Financial Institutions appearing in the prospectus – Not Applicable.

4. Financial performance given on indicators.

Rs. Lacs

Year	Sales Turnover	PAT
2006	14,949.80	744.94
2005	13,158.61	698.20
2004	11,185.52	1,148.60

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

2006 - Rs. 4,824.61 Lacs

2005 - Rs. 2,629.71 Lacs

2004 - Rs. 3,000.00 Lacs

Foreign investments or collaborators, if any :

Foreign Companies hold 48.64% in the Equity Share Capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE :

1. Background details :

Mr. A. K. Jajodia has over 22 years of experience in the area of Finance and Business Management. Mr. Jajodia serves as a Member on a number of business forums like the Indian Tea Association and the FICCI. He is presently the Additional Vice Chairman of Indian Tea Association as well as the Chairman of Indian Tea Association Sub-Committees on Finance, Taxation and Insurance, Flood Control and Infrastructure. He has been



ASSAM COMPANY LIMITED

actively involved in the development of Oil and Gas Division and has played an important role in the structuring of Oil and Gas Division to its present level of operation.

2. Past Remuneration :

2006	-	Rs. 43.10 Lacs
2005	-	Rs. 28.25 Lacs
2004	-	Rs. 34.08 Lacs

3. Job Profile and suitability :

Mr. Jajodia is the Managing Director and CEO of the Company and has been on the Board of Directors for the last fifteen years.

4. Comparative Remuneration profile :

Tata Tea Limited - Basic Salary : Rs. 1 Lac to Rs. 5 Lacs p.m.

Mcleod Russel Limited - Basic Salary : Rs. 2.5 Lacs to Rs. 5 Lacs p.m.

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

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

III. 1. Reasons for loss of inadequate profits :

2. Steps taken or proposed to be taken :

3. Expected increase in productivity and profits in measurable term :

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

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

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

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

Item no. 6 and 7 – Special Business

Mr. Abhay Chawdhry was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, effective from 9th November 2006 and he holds office upto the ensuing Annual General Meeting.

Mr. Abhay Chawdhry was also appointed as a Director Finance and Chief Financial Officer of the Company for a period of 3

(three) years with effect from 9th November 2006 by the Board of Directors at its Meeting held on 9th November 2006, subject to the approval of the Shareholders, on the remuneration recommended by the Remuneration Committee at its Meeting held on 9th November 2006.

The principal terms and conditions of his appointment are given below :

- Basic Salary of Rs. 1,15,000/-, in the scale of Rs. 1,15,000/- Rs. 23,000 - Rs. 2,30,000.
- Free rental accommodation, towards which the Company will bear monthly rent up to a maximum of 60% of the monthly Basic Salary.
- Composite Allowance of Rs. 4,000/- per month
- Leave Travel Allowance for self and family, once a year, payable as per Income Tax Rules and restricted to three months Basic Salary.
- Bonus / Ex-Gratia, as may be declared by the Company from time to time.
- Medical, for self and family (including dependent children), subject to overall limit of one month's Basic Salary per annum
- Reimbursement of expenses towards children education subject to an overall limit of Rs. 18,00,000/- per annum, per child.
- Gas, Electricity and Telephone expenses shall be on actual basis. Club subscription limited to Rs. 4,500/- per month and Membership fee for two Clubs.
- Leave, leave encashment, provident fund, pension and gratuity contribution shall be as per the rules of the Company.

At the Board Meeting held on 29th April 2007 and on the recommendation of the Remuneration Committee, the remuneration of Mr. Abhay Chawdhry was revised to Rs. 1,61,000/- per month w.e.f. 1st April 2007 with corresponding enhancement of entitlements as linked to basic salary, with all other terms remaining unchanged.

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



The relevant disclosures pursuant to Schedule XIII are provided below :

I. GENERAL INFORMATION :

Information under clauses 1 to 5 of this part being common has been stated in Item no. 5 above.

II. Information about the appointee

1. Background details / Recognition / Awards :

Mr. Abhay Chawdhry is a member of Institute of Chartered Accountants of India and holds a Post Graduate Diploma in Business Management. He is also a member of Finance Committee of Indian Tea Association. He has more than 20 years experience and has been with the Company for nearly seven years. His previous assignment was as the Chief Financial Officer of Nagpur unit of Ispat Industries Limited.

2. Past Remuneration :

2006 - Rs. 4.71 Lacs*
*9.11.2006 - 31.12.2006

3. Job Profile and suitability :

Mr. Abhay Chawdhry is overall in charge of finance, accounts and Corporate affairs.

4. Comparative Remuneration profile :

As stated earlier.

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

Mr. Abhay Chawdhry does not have any relationship with any managerial personnel of the Company.

III. 1. Reasons for loss of inadequate profits :

2. Steps taken or proposed to be taken :

3. Expected increase in productivity and profits in measurable term :

This has been dealt with in the Directors' Report and Report on Management Discussion and Analysis.

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

The resolutions set out in item No. 6 and 7 of the accompanying notice is intended to obtain the consent of the Members in

respect of the appointment of and remuneration payable to Mr. Abhay Chawdhry as Whole-time Director of the Company.

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

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

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

Item no. 8 – Special Business

Mrs. Ruchika Jajodia is the wife of Mr. A. K. Jajodia, Managing Director & CEO. She hails from a renowned Industrialist family of Kolkata in the Tea Industry and is a graduate in Commerce and has over a decade experience as a consultant / adviser in her family business as well as Companies of the group. Her main areas of function would be to oversee special projects like herbal / agar plantation, lemon grass cultivation, tea tourism prospects etc. In view of this, it is essential that Mrs. Jajodia be inducted into the Company which would reap rich benefit from her expertise.

Item no. 9, 10 – Special Business

The Company is presently engaged in the business of cultivation, manufacture and sale of Tea. The Company has also entered into the field of exploration and exploitation of Oil and Natural Gas as well as setting up of a Hydrocarbon SEZ unit and venture into allied areas of business including infrastructure.

In order to augment resources for financing its ongoing Capital expenditure and working capital requirements of existing operations, the Company thinks it appropriate to raise further funds by way of issue of Share Warrants, FCCBs, GDRs, ADRs convertible into depository receipts underlying equity shares through Public Issue(s), Private Placement(s) or a Combination thereof.

Inspection of documents :

A copy of the Memorandum and Articles of Association of the Company, together with proposed alterations, is available for inspection by the Members of the Company, at its Registered Office, between 10 a.m. to 12 noon on any working day of the Company.

Registered Office :
Greenwood Tea Estate
P.O. Dibrugarh, Assam
Place : Kolkata
Dated: 6th June, 2007

By Order of the Board

Arup Kumar Roy
Company Secretary



ASSAM COMPANY LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Thirtieth Report for the year ended 31st December, 2006, together with the Audited Accounts for the said year.

Financial Results	Year ended 31.12.2006 Rs.	Year ended 31.12.2005 Rs.
Profit before Taxation & Depreciation	11,40,56,521	9,97,65,323
Less: Depreciation	3,62,62,163	3,81,63,033
	7,77,94,358	6,16,02,290
Add/Less: Provision for Taxation :		
Current	33,00,000	(82,17,965)
Deferred	-	-
Net Profit for the year	7,44,94,358	6,98,20,255
Less: Extra-ordinary Items	-	3,61,40,432
Profit after Taxation and Extra- Ordinary Items	7,44,94,358	3,36,79,823
Add/Less: Balance brought forward from previous Year	32,18,32,222	27,70,24,729
Available for appropriation	39,63,26,580	31,07,04,552
Your Directors propose the following appropriation:		
Proposed Dividend	2,23,61,526	2,23,61,526
Dividend Tax thereon	38,00,341	31,36,204
Transfer to Debenture Redemption Reserve	-	(37,500,000)
Transfer to Capital Redemption Reserve	-	8,74,600
Balance Carried Forward	37,01,64,713	32,18,32,222
	39,63,26,580	31,07,04,552

1. Dividend

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

2. Performance

The crop harvested during the year under review was 161.43 lac kg as compared to 158.73 lac kg during the previous year. The crop increase was mainly due to better distribution of rainfall and fairly conducive growing conditions during the year. A thrust was given to the production of Orthodox teas during the year and about 2% more orthodox was made over the previous year.

It would be worthwhile to mention that the crop achieved during the year under review is the second highest since 1998, being only marginally lower than that year.

The sales realization at Rs. 86.50 per kg was better than the previous year's Rs. 76.28 per kg - this happened after a period of 4 years almost, when the tea market trends have been very unfavorable.

There has been considerable improvement in the productivity and yields at the Eastates, resulting in checking the adverse impact of the spiraling costs of inputs like fuel and power, fertilizers, increased wages rate etc. - thereby containing the cost of production to reasonable levels.



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

Exports

The year under review saw a thrust in exports when 43.13 lac kg were exported which was an increase of 83% at gross value of Rs. 48.25 cr.

Prospects

With a vision of increasing exports further, the Company would be able to improve upon its price realization and a target of higher Orthodox teas production would also help towards it.

The Company has produced some specialty teas which have been well received overseas.

There is a proposal to Vac packs our prime teas for some of our overseas buyers and will be started next year.

Amongst various schemes offered by the Tea Board, which the Company is availing to its advantages, from the coming year onwards, the Company will avail of the Replantation scheme and embark on a higher rate of uprooting and replanting to update the old tea fields and thereby ensure a better future both in terms of quality and quantity.

Needless to mention, the Company will strive to combat the escalation in input prices by way of improving the quality and the crop, the latter being quite dependent upon weather conditions.

Impetus is also being given to the plantation of medicinal and aromatic crops on lands that are available but not suitable for tea planting.

Research and Development

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

Oil & Natural Gas Division

Exploration Block – AA-ON/7

Assam Company Ltd (ACL) in Joint Venture with Canoro Resources Ltd has acquired 341 LKM of 2D Seismic Data of the Western Part of the Exploration Block – AA-ON/7 in the early part of the year.

Subsequent to the acquisition, processing and interpretation of the 2D Seismic Data carried out, the well locations at the three prospects were released in the Exploration Block – AA-ON/7 i.e. Sonakhet, Dholakharia and Borkathani.

Anguri Discovered Field

The Joint Venture has acquired 3D Seismic Data of the Anguri Field covering a 70 sq.km. fold in early part of year and proposes to drill Two Appraisal Wells.

In view of the activity in the Exploration & Production, the Joint Venture has been able to Charter hired a State of Art Onshore Drilling Rig alongwith top drive for drilling of wells in their Exploratory and Development Blocks.

The above Rig was mobilised from Indonesia and was brought to the Anguri Well # 10 Location where the Drilling of the Well commenced in end November, 2006 to drill an inclination / direction well.

Subsequent upto drilling Vertical Seismic Profile (VSP) was conducted for further re-interpretation for a relocation of the Well.

Anguri Field produced nearly thirteen thousand barrels of Oil and over four thousand cubic meters of Gas during the year and revenue corresponding to Rs.500 lacs was obtained as ACL share of 40%.

Small Discovered Fields

During the year, review of Old Seismic Data obtained by ONGC were carried out and some of the lines earlier sought were reprocessed by ACL for understanding the Laxmijan and Bihubar Area. A Workover Rig was Chartered for conducting the workover job in Laxmijan Well # 1A and Barsilla Well # 3, proposed to be taken in early 2007.

Austin Exploration Ltd

Assam Company Ltd is in Joint Venture with Austin Exploration Ltd., a Texas based Company.

Polecat Creek

The re-entry of the Ezell # 4-H Well at the Polecat Creek was conducted and tested on a Standard 4 Point.

This well has been commercially producing 1.5 Million Cubic feet of gas and 20 Barrels of Oil per day since 21st October 2006.

St. Gabriel

The re-entry of the Well at the St. Gabriel-1 Prospect is in a development location within the existing field found by the interpretation of newly acquired 30 sq.km. of 3D Seismic Survey. The re-entry of the well at this prospect is under progress.



ASSAM COMPANY LIMITED

SEZ Project

The Company has signed on January 13, 2007 a Memorandum of Understanding with Gujarat State Petroleum Corporation Ltd. (GSPC) for development of a Special Economic Zone relating to setting up of Hydro Carbon and Energy Park. The estimated project cost would be about Rs. 2000 Crores and to be made operational by January 2010. The said joint venture would be through a Special Purpose Vehicle promoted by the Company and GSPC.

3. Financial

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

4. Subsidiary Companies

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

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

Namburnadi Tea Company Limited

The operations of the Company could have been better had it not been for unfavourable weather conditions. During the year under review, the Company produced 448363 Kgs. of tea as against 470703 Kgs. of tea during the previous year. All efforts are being made to further improve the working of this Company.

5. Environment and Social Concern

The Company continues its efforts for the betterment of the environment through energy conservation, waste minimization and conservation of resources. In all the Tea Estates and production units, proper pollution control measures are being given top priority.

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

6. Public Deposit

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

7. Directors

The Board express its regret at the sad demise of Mr. B. P. Kanodia on 13th January 2007. Mr. B. P. Kanodia had been associated with the Company for nearly 5 years and the Board places on record its valuable service rendered by Mr. Kanodia during his tenure.

Mr. Amir Ahsan retired from the Board with effect from 9th November 2006 and at the same meeting Mr. Abhay Chawdhry was appointed as Director Finance and CFO.

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

8. Corporate Governance

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

9. 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 2006, 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 2006 on a going concern basis.

10. 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.



11. Auditors

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

12. Auditors' Observations

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

13. 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.

14. Listing

The shares of the Company have been listed with the National Stock Exchange of India Limited with effect from 29th September 2006 while the delisting application is still pending with The Calcutta Stock Exchange Association Limited.

15. Acknowledgement

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

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

On behalf of the Board of Directors

A.K. Jajodia - Managing Director & CEO

Abhay Chawdhry - Director Finance and CFO

Place: Kolkata

Date : 6th June 2007

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 2006.

FORM "A"	Current Year ended 31.12.2006	Previous Year ended 31.12.2005
CONSERVATION OF ENERGY		
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased Units (KWH)	8534841	8992318
Total Amount (Rs.)	57093730	61768019
Rate per Unit (Rs.)	6.69	6.87
b. Through diesel generator Units (KWH)	5066566	4823402
Units per Ltr. of diesel	2.94	2.86
Cost/Unit (Rs.)	11.18	10.05
2. Coal		
Quantity (Tonnes)	3245.64	3655.88
Total Cost (Rs.)	7837557	9518502
Average Rate (Rs. / Tonne)	2415	2604
3. Furnace Oil		
Quantity in K. Ltrs.	122.934	219.289
Total Cost (Rs.)	3140697.52	426910
Average Rate (Rs. / KL)	25548	19468
4. Gas		
Quantity (Scum)	8321384	7579481
Total Cost (Rs.)	40086057	29943568
Rate (Rs. / Scum)	4.82	3.95
B. Consumption Per Unit of Production		
Production of Tea Kgs.	15982053	15719439
Electricity (KWH)	0.85	0.88
Furnace Oil (Ltrs.)	0.01	0.01
Coal (Kgs.)	1.05	0.91
Gas (Scum)	0.65	0.65



ANNEXURE TO THE DIRECTORS’ REPORT (CONTD.)

FORM “B”

RESEARCH AND DEVELOPMENT (R&D)

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology Absorption, improvement, adaptation and innovation.	Efforts are made to improve indigenous cost effective technology for productive and quality improvement. Keeping co-ordination with Tea Research Association Laboratories and Company’s in-house R&D Units.
2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, Product development, import substitution etc.	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. 4,89,95,551/-. The foreign exchange earnings during the period was Rs. 482,461,027/-. 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, 2006

Name	Designation	Remuneration (Rs.)	Qualifications	Experience (Years)	Date of commencement of Employment	Age (Years)	Particulars of last Employment	Designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Mr. Aditya Kumar Jajodia	Managing Director & CEO	4,310,399/-	B. Com	22	01.10.1992	44	Worldlink Finance Limited	Wholetime Director
Mr. Abhay Chawdhry	Director Finance & CFO	4,71,575/-*	B.Sc; FCA; PGDBM	20	01.09.2000	42	Ispat Industries Limited	CFO - Nagpur Unit

* For the period 9.11.2006 - 31.12.2006

- 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, 2006.
 2. Nature of appointment - contractual.
 3. Except Mr. A.K. Jajodia, no other employee is a relative of any Director of the Company

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

Place : Kolkata
Date : 6th June, 2007



REPORT ON CORPORATE GOVERNANCE

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, 2006, comprised of six Directors (Managing Director & CEO, Director Finance & CFO and four Non-Executive Directors of whom three are independent, non-executive Directors). The Board is headed by the non-Executive Chairman, Dr. K. K. Jajodia.

During the year under review, ten (10) Board Meetings were held, the dates being, 31st January, 10th April, 28th April, 24th June, 31st July, 28th August, 2nd September, 31st October, 9th November, and 23rd November 2006. The last Annual General Meeting was held on 27th September, 2006.

The requisite details of Directors, their Directorships in other public companies, Chairmanships/ Memberships in Board Committees of other public companies as on 31st December, 2006, 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 of in other Companies			No. of Board Meetings attended	Attendance at 29 th AGM held on 27 th September, 2006
	Director	Member	Chairman		
Dr. K. K. Jajodia, Chairman	2	Nil	Nil	1	No
Mr. A. K. Jajodia, Managing Director & CEO	9	1	Nil	8	No
Mr. Abhay Chawdhry, Director Finance & CFO (Appointed w.e.f. 9 th November, 06)	Nil	Nil	Nil	2	No
Mr. Amir Ahsan, Wholetime Director (Ceased w.e.f. 9 th November, 06)	Nil	Nil	Nil	9	Yes
Mr. B P Kanodia Non-Executive Director (Ceased w.e.f. 13 th January, 07)	1	Nil	1	10	No
Mr. Santosh Bhagat, Non-Executive Director	2	Nil	Nil	10	Yes
Mr. P K Agarwalla, Non-Executive Director	Nil	Nil	Nil	1	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 CEO PURSUANT TO CLAUSE 49(1)(D)(ii) OF STOCK EXCHANGE LISTING AGREEMENT

As the Managing Director and Chief Executive Officer of Assam Company Limited and as required by Clause 49(1) (D) (ii) of the Stock Exchange Listing Agreement, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial year ending December 31, 2006.

Aditya Kumar Jajodia

Kolkata, June 6, 2007

Managing Director & CEO

4. Audit Committee :

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

As on 31st December, 2006, the Audit Committee constituted of the following Non-Executive, Independent Directors namely, Mr. B. P. Kanodia, Chartered Accountant, Mr. S. Bhagat and Mr. P.K. Agarwalla, Chartered Accountant. The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors and Internal Auditors are permanent invitees. The Managing Director & CEO and Senior Executives including Director Finance & CFO are also invited to join the proceedings.

During the year under review, seven (7) Audit Committee meetings were held on 31st January, 28th April, 31st July, 28th August, 2nd September, 31st October and 23rd November, 2006. The attendance at the aforesaid meetings was as follows :

Composition	Mr. B. P. Kanodia	Mr. Santosh Bhagat (Chairman)*	Mr. P K Agarwalla
Committee meetings attended	7	7	1

* Chairman w.e.f. 31st July, 2006

5. Remuneration Committee:

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

As on 31st December, 2006, the Remuneration Committee constituted of the following Non-Executive,



ASSAM COMPANY LIMITED

Independent Directors namely, Mr. B. P. Kanodia, Mr. S. Bhagat and Mr. P.K. Agarwalla. Mr. B P Kanodia is the Chairman.

During the year ended 31st December, 2006, three Remuneration Committee meetings were held on 31st July, 9th November and 23rd November, 2006. The attendance at the aforesaid meetings was as follows :

Composition	Mr. B. P. Kanodia	Mr. Santosh Bhagat (Chairman)*	Mr. P.K. Agarwalla
Committee meetings attended	3	3	Nil

* Chairman w.e.f. 9th November, 2006

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, 2006 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	1,500/-	Nil	Nil	1,500/-	-
Mr. A. K. Jajodia, M.D. & C.E.O.	-	36,87,084/-	6,23,315/-	43,10,399/-	3
Mr. Abhay Chawdhry, Director Finance & CFO *	-	4,00,143/-	71,431/-	4,71,579/-	1
Mr. Amir Ahsan, Wholetime Director**	-	8,50,596/-	55,620/-	9,06,216/-	-
Mr. B. P. Kanodia***	54,000/-	-	-	54,000/-	-
Mr. S. Bhagat	25,500/-	-	-	25,500/-	-
Mr. P. K. Agarwalla	13,500/-	-	-	13,500/-	-
TOTAL	94,500/-	49,37,823/-	7,50,366/-	57,82,689/-	-

* appointed with effect from 9th November, 2006

** ceased with effect from 9th November, 2006

*** ceased with effect from 13th January, 2007

Note: Approval from Central Government for payment of excess remuneration to Mr. A K Jajodia and Mr. A Ahsan for the year ended 31st December 2005 respectively is awaited. During the year ended 31st December, 2006, 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 comprises of Mr. A. K. Jajodia, Mr. Amir Ahsan, Mr. B P Kanodia, Mr. S. Bhagat and Mr. P.K.

Agarwalla. Mr. B P Kanodia is the Chairman of the Committee.

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

During the year ended 31st December, 2006 the Company received 4 complaints from shareholders and investors, all of which have been redressed to the satisfaction of the complainants. All valid requests for transfer of shares (4,31,170 shares), transmission of shares (82,050 shares) of the company received during the year, have been given effect to and as on 31st December, 2006 there was no request pending for share transfer. All requests for dematerialization (10,27,980 shares) and re-materialization of shares (1,501 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, 2006. 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 | .. | 4 |
| b) No. of complaints not resolved/no action taken | .. | Nil |
| c) No. of pending Share Transfer as on 31 st December, 2006 | .. | 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
27 th	2004	Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam.	30.09.2004	11.00 A.M.
28 th	2005	Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam.	30.09.2005	11.00 A.M.
29 th	2006	Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam.	27.09.2006	11.00 A.M.



Special Resolutions were passed in the 27th, 28th and 29th Annual General Meeting held on 30.09.2004, 30.09.2005 and 27.09.2006 respectively. In none of the cases, were the Special Resolutions passed through postal ballot. 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 2006 that may have a potential conflict with the interests of the Company at large.

(b) There were no instances of non compliance on any matter related to the Capital Markets during the last three years.

9. Means of Communication:

- a) Quarterly, half-yearly and annual results in the forms prescribed in the Listing Agreement are published in the Financial Express and Azir Asom (Assamese).
- b) Half-yearly results are not sent to the shareholders individually.
- c) Management Discussion and Analysis Report forms a part of the Directors' Report.
- d) No formal presentation has been made to the institutional investors/analysts during the period.
- e) The Company is complying with EDIFAR requirements as directed by SEBI. The shareholders can view these entries by logging into the Website: www.sebiedifar.nic.in
- f) The Company's website is www.assamco.com, which also displays official news releases.

10. General Shareholder Information:

- > Annual General Meeting
Date & Time : Saturday, 30th June, 2007 at 11.00 a.m.
Venue : Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam.
- > Financial Calendar : Financial year of the Company is January to December.

- > Date of Book Closure : 26th June to 30th June 2007
- > Dividend Payment date : on or after 30th June 2007
- > Listing on Stock Exchange : National Stock Exchange of India Ltd. (NSE) *
Exchange Plaza
Bandra Kurla Complex,
Bandra (E)
Mumbai 400 051
Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 023.
The Calcutta Stock Exchange Association Ltd (CSE) **
7, Lyons Range,
Kolkata -700 001.

The Company has paid the Listing Fees for the Year 2006-2007.

* The Company has been granted listing on the NSE with effect from 29th September, 2006.

** The Company has applied to CSE for delisting of its Shares and the said application is still pending. The Company's Shares stand delisted from the GSE with effect from 29th July, 2006.

- Stock Code – NSE – ASSAMCO
BSE – 500024
CSE – 11405
- 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,2006	-	-	25.05	19.00	9919.89	5224.97
February, 2006	-	-	30.05	19.70	10370.24	5422.67
March, 2006	-	-	27.70	21.50	11279.96	5904.17
April, 2006	-	-	26.15	21.95	12042.56	6251.39
May, 2006	-	-	32.60	22.40	10398.61	5385.21
June, 2006	-	-	29.70	18.10	10609.25	5382.11
July, 2006	-	-	23.00	17.55	10743.88	5422.39
August,2006	-	-	24.10	18.25	11699.05	5933.77
September,2006	21.80	20.35	23.85	19.10	12454.42	6328.33
October,2006	27.20	21.00	26.90	20.70	12961.90	6603.60
November,2006	27.35	22.50	27.40	22.75	13696.31	6931.05
December,2006	24.75	19.00	24.95	19.60	13786.91	6982.56

Period	Approved by the Board of Directors
1 st Quarter ending March 31, 2007	29 th April 2007
2 nd Quarter & 1 st Half ending June 30, 2007	Last week of July 2007
3 rd Quarter ending September 30, 2007	Last week of October 2007
Final Audited results of December 31, 2007 including 4 th quarter	Last week of January 2008
AGM for the year ending December 31,2007	Last week of June 2008



ASSAM COMPANY LIMITED

There are no regular transactions at the Calcutta Stock Exchange.

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

> 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-demat system to facilitate Demat of Shares.

(a) Distribution of shareholding as on 31.12.2006 :

Group of shares		No. of Share Holders	% of Total Shareholders	No. of Shares	% Shares
From	To				
1	500	11875	54.04	3106327	1.39
501	1000	4018	18.29	3616447	1.62
1001	2000	2958	13.46	4688346	2.09
2001	3000	1138	5.18	3080625	1.38
3001	4000	345	1.57	1289302	0.58
4001	5000	513	2.33	2409170	1.08
5001	10000	724	3.30	5330941	2.38
10001	99999999	403	1.83	200094102	89.48
TOTAL		21974	100.00	223615260	100.00

(b) Shareholding pattern as on 31.12.2006 :

Category	No. of Shares held	%
Foreign Bodies Corporate	130146659	58.20
Non Resident Individuals	417954	0.19
Indian Financial Institutions	8996100	4.02
Mutual Funds	5016900	2.24
Nationalised Banks	421219	0.19
Group Companies	15956060	7.14
Directors & Relatives	2872820	1.28
Other Bodies Corporate	29177256	13.05
Others	30610292	13.69
TOTAL	223615260	100.00

● Physical/ Dematerialisation of Shares as on 31.12.2006 :

	No. of Shares	%
Physical	127168121	56.87
Demat	96447139	43.13
	223615260	100.00

● Insider Trading Regulations

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

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

(i) The Company has allotted on 24th June 2006, 81000000 share Warrants of Re. 1/- each at a premium of Rs. 22.25 per warrant of which Rs. 2.35 per warrant, aggregating to Rs. 1900.35 Lacs has since been received. These warrants are convertible into Equity Shares of Re. 1/- each within 18 months from date of allotment. Considering conversion of Warrants and Foreign Currency Convertible Bonds, the non promoter holding would be around 66.31 %.

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

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

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

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

**OFFICES OF THE COMPANY**

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

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

Branch Office (i) Girish Chandra Bardalai Path,
Bamunimaidam, Guwahati.
(ii) 2nd Floor, 22, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi – 110 057.

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

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

Dibrugarh : Greenwood
Majjan
Nudwa
Hazelbank
Thanai
Borborooah
Moran : Mohokutie
Khoomtaie
Hajua
Doomur Dullung

Tinsukia : Dinjan
Rungagora
Oakland

Nagaon : Salonah
Kondoli
Rembeng

Doom Dooma : Digulturrung

Jorhat : Kotalgoorie

B. OIL & NATURAL GAS DIVISION:

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

States - Assam and Nagaland.
Exploration Block AA – ON/7

State - Assam

Discovered Field - Amguri

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

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

To,
The Board of Directors
Assam Company Limited

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

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on December 31, 2006 and based on our knowledge and belief, we state that :
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

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

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

Aditya Kumar Jajodia
Managing Director & CEO

Abhay Chawdhry
Director Finance & CFO

Kolkata
June 6, 2007



AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of Assam Company Limited

We have examined the compliance of the conditions of Corporate Governance by Assam Company Limited, for the year ended 31st December, 2006, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, 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, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Kolkata, 6th June, 2007

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



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Market Scenario

India is the largest producer of tea in the world with annual production of over 900 million kgs, representing over 28% of the world production of 3.2 billion kgs. The Indian Tea Industry was in recession for the last few years due to high level of taxes, very high social cost, low labour productivity, no commensurate change in wages to changes in productivity or realizations and unavailability of adequate funds for replanting and rejuvenation of old tea bushes.

During the last few years, exports from India have been languishing owing to low international process particularly for tea imported from Africa and Vietnam. This also resulted in cheap imports into India for re-exports thus impacting domestic prices.

However, after seven years of recession, it is expected to regain the growth momentum, which it enjoyed in the mid-nineties. It is expected that the year 2007 will be on a finer note with lower crop in the pipeline.

The Tea Board is taking various health awareness programmes to push the demand and it is expected that the robust demand from the rural market will continue.

Furthermore, promotional campaigns launched for communicating tea as a healthy and lifestyle beverage and making it more appealing and contemporary. Such campaigns have been targeting customers from various age groups.

The Cabinet Committee on Economic Affairs (CCEA) has given the go-ahead to set up a Special Purpose Tea Fund (SPTF) under the Tea Board to fund replantation and rejuvenation activities aimed at improving the age profile of tea plantations. This will benefit the companies having financial constraints but potential to improve.

The Tea Industry both in Assam and West Bengal has discussed with the Trade Unions for the implementation of productivity linked wage rates for the tea workers with a view to partially regain the Industry's competitiveness in the global market. With the implementation of the above policy the

operating margins for the companies in the industry is expected to improve.

The recent developments in the industry give an early signal for the revival of Industry, but the effects of all will be gradual.

Oil and Natural Gas

India ranks sixth in the world in terms of petroleum demand and by 2010 India is projected to replace South Korea and emerge as the fourth largest consumer of energy, after the United States, China and Japan.

Since India is dependant on imports for nearly 70 per cent of its petroleum requirements, energy security has become a prime Government concern. In recent years this has taken the form of trying to get a stake in oil and gas fields from Myanmar to Central Asia and Africa. However, the major thrust still lies in searching for hydrocarbons in onshore and offshore blocks in India.

Crude oil production in 2006-07 up to December 2006 was 25.40 million tones, while Natural gas production was at 23.53 billion cubic metres.

Oil comprises of 36% of India's primary energy consumption and is expected to grow both in absolute and percentage terms driven by overall economic growth. Growth is expected to catapult the overall demand to 196 Million Metric Tons in 2011-2012 and 250 Million Metric Tons in 2024-25.

Demand for oil is expected to grow from 119 Million Tonnes Oil Equivalent (MTOE), from 2004 to 250 MTOE, during 2025, at an annual growth rate of 3.6%. During the same period domestic production from existing reserves is expected to grow at approximately 2.5%.

Natural gas comprises 9% of India's primary energy consumption at present and it will be 14% of energy mix by 2010. Demand for natural gas is also likely to increase at an annual growth rate of 7.3%.

Considering the above it is envisaged that a lot of scope lies in the oil and gas business.

Segment-wise or Product-wise Performance

The Company, for the financial year 2006, had operations in two geographical segments - Domestic market and Export market wherein around 67 per cent of the Company's turnover is from the Domestic market segment and the



ASSAM COMPANY LIMITED

balance from Export market segment. The Company is now fully entrenched into the field of Oil & Natural Gas and the work on extraction at the discovered field - Amguri in the State of Assam has already commenced oil & gas production in joint participation with CRL and the results have been encouraging. The consortium of the Company & CRL is also engaged in intensive exploration in one of the block, AA-ON/7 and is planning to drill at least three wells and expects to find oil & gas. The Company has a 35% working interest in the said field. The work on the three discovered fields, Bihubar, Barsilla and Laxmijan for which service contracts have been awarded by Oil & Natural Gas Corporation Limited ("ONGC") is also in progress.

Internal Control Systems and their Adequacy

The Company has appointed independent firms of Chartered Accountants, who conduct regular audit on the various implemented internal control measures. The Audit Committee of the Board of Directors examines the adequacy of internal control systems. The Company has a management information system, which is an integral part of the control mechanism. The internal audit system in the Company is commensurate with the size and nature of its business.

Financial & Operational performances

In the financial year 2006, sales grew by nearly 14 per cent

and profit after taxation, exceptional and prior period items grew by about 121 per cent as compared with the financial year 2005. This was largely due to the increase in production of tea from 15.87 million Kgs in the year 2005 to 16.14 million Kgs in the calendar year 2006 and the additional revenue from gas & oil production.

Material developments in Human Resources/Industrial Front

Relationship with employees at all levels in the Tea Estates, Head Office and other locales generally remained cordial during the Financial Year 2006.

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, 2006 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on 31st December, 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2006;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Prabal Kr. Sarkar
Partner

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

Kolkata, 6th June, 2007

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, 2006

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 during the

year 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. Pending reconciliation of book records with the physical verification findings, discrepancies if any, could not be ascertained or adjusted in the financial statements.



ASSAM COMPANY LIMITED

- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventories 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 inventories. 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 inventories, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control 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 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, 58AA or any other relevant provisions of the Act and the rules framed there under, where applicable. According to the information and explanations given to us, no Order under the aforesaid Sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products, where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to examine and have not carried out any detailed examination of such records.
9. (a) Other than in respect of provident fund, income tax, sales-tax, wealth tax, excise duty, cess, deposit linked insurance, professional tax and service tax where the Company is not regular in depositing dues, according to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues in respect of investor education and protection fund and other material statutory dues as applicable with the appropriate authorities.
- Further, since the Central Government has till date not prescribed the amount of cess under section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, the particulars of undisputed amounts payable in respect of the statutory dues which were in arrears, as at 31st December, 2006 for a period of more than six months from the date they became payable, are as follows -

Name of the statute	Amount (Rs.)
Provident Fund	199,242
Labour Welfare Fund	41,581
Central Sales Tax	124,314

Out of these an amount of Rs.200,976 have been paid subsequent to the year-end.



- (c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, service tax, customs duty, and excise duty as at 31st December, 2006 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	2,031,692 19,370,205	Dy. Commissioner of Commercial Taxes Asst. Commissioner of Commercial Taxes
Central Sales Tax Act	12,239,678 22,130,126	Dy. Commissioner of Commercial Taxes Asst. Commissioner of Commercial Taxes
Income Tax Act	60,273,945	Income Tax Appellate Tribunal

10. The Company has no accumulated losses as at 31st December, 2006 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions as at the balance sheet date aggregating to Rs. 116,969,750/-, remaining outstanding between November 2003 to December 2006. Out of this, an amount of Rs. 96,589,440/- has been paid subsequent to the year-end.
12. In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, and other investments during the year and timely entries have been made therein. Further, 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. The term loans taken by the Company during the year had been used for purposes for which they had been raised.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which has been used for long-term purpose.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company did not have any outstanding 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.

Mr. Prabal Kr. Sarkar
Partner

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

Kolkata, 6th June, 2007

BALANCE SHEET AS AT 31ST DECEMBER, 2006

	Schedule	31st December 2006 (Rupees)	31st December 2005 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
(a) Share Capital	1	223,615,260	223,615,260
(b) Application Money for Share Warrant (Refer Note 17 of Sch. 11)		190,350,000	-
(c) Reserves & Surplus	2	1,832,340,942	1,910,776,874
		2,246,306,202	2,134,392,134
Loan Funds			
(a) Secured	3	2,175,310,426	1,876,517,940
(b) Unsecured		2,134,120,000	2,500,000
TOTAL		6,555,736,628	4,013,410,074
APPLICATION OF FUNDS			
Fixed Assets			
(a) Gross Block	4	4,660,545,981	4,582,811,650
(b) Less: Depreciation		1,414,002,725	1,358,083,296
(c) Net Block		3,246,543,256	3,224,728,354
(d) Capital Work in Progress	4A	616,869,288	215,467,395
		3,863,412,544	3,440,195,749
Investments			
	5	76,833,495	4,072,363
Current Assets, Loans & Advances			
(a) Inventories	6	189,483,031	188,212,228
(b) Sundry Debtors		650,276,615	614,895,141
(c) Cash & Bank Balances		1,986,432,543	26,859,961
(d) Loans & Advances		406,282,978	375,867,212
		3,232,475,167	1,205,834,542
Less: Current Liabilities & Provisions			
(a) Current Liabilities	7	584,116,479	611,215,169
(b) Provisions		32,868,099	25,477,411
		616,984,578	636,692,580
Net Current Assets		2,615,490,589	569,141,962
TOTAL		6,555,736,628	4,013,410,074

NOTES ON ACCOUNTS

11

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

For LOVELOCK & LEWES

Chartered Accountants

Place: Kolkata

Date : 6th June, 2007

Prabal Kr. Sarkar

Partner

Arup Kumar Roy

Company Secretary

On behalf of the Board

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

Abhay Chawdhry - *Director Finance & CFO*

Santosh Bhagat

Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2006**

	Schedule	Year ended 31st December, 2006 (Rupees)	Year ended 31st December, 2005 (Rupees)
INCOME			
Sales		1,495,130,574	1,315,985,256
Less: Excise Duty		150,541	124,304
		1,494,980,033	1,315,860,952
Other Income	8	36,942,133	72,427,468
		1,531,922,166	1,388,288,420
EXPENDITURE			
Expenses	9	1,261,860,960	1,174,849,405
(Increase) / Decrease in Stock	10	(3,850,654)	15,515,138
Depreciation		57,598,364	
Less: Transfer from Revaluation Reserve		21,336,201	36,262,163
Interest [Refer Note 6 of Sch 11]		159,855,339	98,158,554
		1,454,127,808	1,326,686,130
PROFIT BEFORE TAXATION, EXCEPTIONAL AND PRIOR PERIOD ITEMS			
		77,794,358	61,602,290
Provision for Taxation : Current Tax		3,300,000	(8,217,965)
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL AND PRIOR PERIOD ITEMS			
		74,494,358	69,820,255
Prior period items		-	36,140,432
PROFIT AFTER TAXATION, EXCEPTIONAL AND PRIOR PERIOD ITEMS			
		74,494,358	33,679,823
Balance brought forward from previous year		321,832,222	277,024,729
AVAILABLE FOR APPROPRIATION			
		396,326,580	310,704,552
APPROPRIATIONS			
Proposed Dividend		22,361,526	22,361,526
Dividend Tax thereon		3,800,341	3,136,204
Transfer to/(from) Debenture Redemption Reserve		-	(37,500,000)
Transfer to Capital Redemption Reserve		-	874,600
Balance carried forward		370,164,713	321,832,222
		396,326,580	310,704,552
Basic and Diluted Earnings per share (Refer note no. 25 of Sch 11)		0.33	0.15

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.

For LOVELOCK & LEWES

Chartered Accountants

Place: Kolkata

Date : 6th June, 2007**Prabal Kr. Sarkar**

Partner

Arup Kumar Roy

Company Secretary

On behalf of the BoardA.K. Jajodia - *Managing Director & CEO*Abhay Chawdhry - *Director Finance & CFO*

Santosh Bhagat

Director

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 1 - SHARE CAPITAL	31st December, 2006 (Rupees)	31st December, 2005 (Rupees)
Authorised		
(a) 400,000,000 Equity Shares of Re.1/-each	400,000,00	400,000,000
(b) 1,000,000 Non Cumulative Redeemable Preference Shares of Rs.100/- each	100,000,000	100,000,000
(c) 1,000,000 Cumulative Redeemable Convertible Preference Shares of Rs.100/- each	-	-
(d) 5,000,000 Un-classified Shares of Rs.10/- each	-	-
	500,000,000	500,000,000
(a) Issued and Subscribed		
223,615,260 Equity Shares of Re.1/- each fully paid up	223,615,260	223,615,260
	223,615,260	223,615,260

Notes:

1. Out of the Subscribed Capital 25,950,240 Equity Shares of Re.1/- each have been allotted as fully paid up pursuant to schemes of Amalgamation without payment being received in cash.
2. Of the above Subscribed Capital 105,000,000 Equity Shares of Re.1/- each have been allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 2 - RESERVES AND SURPLUS

	As at 31.12.2005 (Rupees)	Additions (Rupees)	Deductions (Rupees)	As at 31.12.2006 (Rupees)
Capital Reserve (Reserve on Amalgamation)	15,037,398	-	-	15,037,398
Capital Redemption Reserve	874,600	-	-	874,600
Revaluation Reserve	1,019,903,194	-	21,309,743	998,593,451
Share Premium	261,895,060	-	105,458,680**	156,436,380
General Reserve	291,234,400	-	-	291,234,400
	<u>1,588,944,652</u>	<u>-</u>	<u>126,768,423</u>	<u>1,462,176,229</u>
Profit & Loss Account Balance	321,832,222			370,164,713
	<u>1,910,776,874</u>			<u>1,832,340,942</u>

Note : Capital Reserve includes Rs. 4,753,152 being 26% of the profit for the year ended 31st December, 1977 of the Sterling Companies, the Indian undertakings of which were amalgamated with this Company.

* net of Addition of Rs 26,458/- on account of sale of assets

**Refer Note 16 of Sch 11

Schedule: 3- LOAN FUNDS

PARTICULARS	31st December 2006 [Rupees]	31st December 2005 [Rupees]
SECURED LOANS		
A. Loans for Tea Division		
Term Loan from IDBI Bank	352,136,000	395,477,719
Interest accrued and due on above	<u>11,663,886</u>	<u>11,471,079</u>
	<u>363,799,886</u>	<u>406,948,798</u>

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

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule: 3- LOAN FUNDS (Continued)

PARTICULARS	31st December 2006 [Rupees]	31st December 2005 [Rupees]
Term Loans from Other Banks	490,094,780	489,237,782
(The above loans are secured by equitable mortgage created of immovable properties including plant & machinery etc. both present and future relating to all tea estates of the Company situated in Assam ranking pari passu inter se with the IDBI loan and NABARD term loan & working capital loan including cash credit from Consortium Banks and also a first charge over the movable properties, both present and future subject to prior charges created / to be created on stock, book debts and other current assets and other movables for working capital requirement, other than specified movables, acquired / to be acquired out of NABARD term loan [including interest accrued and due Rs.30,614,464/- (31.12.2005-Rs.14,167,112/-).		
Term Loans from Other Banks under NABARD Refinance Scheme	10,599,794	15,698,572
(Secured by exclusive first charge created over specified movables, a second charge created over the movable assets hypothecated to the Consortium Bankers and Equitable Mortgage created of immovable properties both present and future relating to Company's all tea estates situated in Assam ranking 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.587357/- (31.12.2005-Rs.955635/-)]		
Working Capital Loan including Cash Credit from Banks*	786,758,288	777,132,788
(The above loans are secured by hypothecation created / to be created on stock, book debts, all moveable assets and other current assets both present and future and equitable mortgage created of immovable properties including plant & machinery etc. both present & future relating to all tea estates of the Company situated in Assam ranking pari passu inter se with all other term loans including NABARD term loan from Consortium Banks and IDBI term loans [including interest accrued and due Rs.20,513,036/- (31.12.2005-Rs.13,624,726/-)]		
* Includes FCNR Loans Rs.243,052,400/- (31.12.2005 Rs.221,112,000/-) and interest accrued and due thereon Rs.1,074,294/- (31.12.2005 Rs.618,382/-)		
B. Loan for Oil and Gas division		
Term Loan from Allahabad Bank	524,057,678	187,500,000
(The above loan is secured by exclusive hypothecation charge created over specified immovable properties (fixed assets) including plant & machinery both present and future, installed/to be installed at Company's oil & gas field at Amguri (restricted to Company's share) and marginal fields at Barsilla, Bihubar & Laxmijan. Further secured by an exclusive hypothecation charge created over entire stocks and assignment of book debts pertaining to Company's oil & gas field at Amguri (restricted to Company's share) and marginal fields at Barsilla, Bihubar & Laxmijan. Additionally, secured by personal guarantee of Managing Director and CEO of the Company. [including interest accrued and due Rs.13,035,478/-(31.12.2005-Rs.7,859,676/-)]		
	2,175,310,426	1,876,517,940
UNSECURED		
Short term loan from Corporate Bodies	25,000,000	2,500,000
Foreign Currency Convertible Bond	2,109,120,000	-
	2,134,120,000	2,500,000



SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE 4 FIXED ASSETS

Classification of Assets	COST / VALUATION			DEPRECIATION				NET BLOCK			
	As At 1st January, 2006 Rs.	Additions during the period Rs.	Sale /discard adjustments during the period Rs.	Total as at 31st December 2006 Rs.	As At 1st January, 2006 Rs.	Additions during the period Rs.	On Revaluation during the period Rs.	Sale / Discard during the period Rs.	Total as at 31st December, 2006 Rs.	Net Book Value as on 31st December, 2005 Rs.	Net Book Value as on 31st December, 2006 Rs.
Land & Development	2,582,386,828	25,316,062	**1,580,219	2,606,122,671	-	-	-	-	-	2,606,122,671	2,582,386,828
Building	1,007,459,610	3,723,317	-	1,011,182,927	523,666,270	10,341,537	16,227,491	-	550,235,298	460,947,629	483,793,340
Plant & Machinery	829,904,399	9,305,288	769,975	838,419,712	696,430,408	18,784,201	4,878,243	682,944	719,409,908	119,009,804	133,473,991
Oil & Gas Producing Properties	-	31,944,439	-	31,944,439	-	651,852	-	-	651,852	31,292,587	-
Vehicles	147,816,426	9,884,096	1,178,048	156,522,474	125,054,994	5,956,350	229,614	995,991	130,244,967	26,277,507	22,761,432
Furniture	15,244,387	1,109,371	-	16,353,758	12,931,624	528,223	853	-	13,460,700	2,893,058	2,312,763
TOTAL	4,582,811,650	81,282,573	3,548,242	4,660,545,981	1,358,083,296	36,262,163	21,336,201	1,678,935	1,414,002,725	3,246,543,256	3,224,728,354
Previous Year	4,577,527,160	40,326,809	35,042,319	4,582,811,650	1,313,317,331	38,163,033	23,314,543	16,711,611	1,358,083,296	3,224,728,354	-

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, Cost -Rs.53,189,591/- (31.12.2005:Rs.53,189,591/-) Depreciation Rs.25,011,716 /- (31.12.2005:Rs.23,528,669/-).

4. Vehicles include assets acquired on hire purchase - Rs.23,502,977/- (31.12.2005: Rs.13,618,882/-) (Refer note no. 10 of Sch 11)

5. Assets acquired on amalgamation are yet to be transferred in the name of the company.

**Represents subsidy received from Tea Board for replanting/ rejuvenation activities

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 4A. CAPITAL WORK IN PROGRESS

Particulars	Balance as at 01-Jan-06 (Rs.)	Additions during the year (Rs.)	Balance as at 31-Dec-06 (Rs.)
A. Oil & Gas project			
(Pre-Operative expenditure)			
(Refer Note no. 15 of Sch 11)			
Establishment charges			
Salary	4,099,788	8,968,792	13,068,580
Others	9,419,497	28,753,837	38,173,334
Bank Charges	685,269	564,830	1,250,099
Consultant fees & expenses	16,789,026	13,176,728	29,965,754
Advertisement	4,208,695	-	4,208,695
Tender Fees	1,576,800	281	1,577,081
Legal and professional charges	8,028,662	9,377,178	17,405,840
General Charges	26,496,550	15,669,020	42,165,570
Staff welfare	180,072	829,916	1,009,988
Office maintenance	2,893,190	731,835	3,625,025
Insurance	103,783	226,538	330,321
Rent, rates & taxes	4,519,906	1,222,614	5,742,520
Repairs & Maintenance	-	9,164,968	9,164,968
Borrowing cost	8,745,435	39,668,812	48,414,247
Geological consulting	1,047,727	252,454	1,300,181
Geophysical consulting	1,477,183	94,406	1,571,589
Seismic -Data Acquisition	6,437,277	52,625,433	59,062,710
Exploratory/Appraisal Well Drilling	-	118,353,328	118,353,328
Seismic- Geological Consultancy	11,734,190	613,857	12,348,047
Seismic Reprocessing	316,014	20,703,343	21,019,357
Environmental Impact study	453,781	-	453,781
Well workovers	88,685,587	58,392,794	147,078,381
Signature Bonus	332,239	-	332,239
Cost of Flowlines	4,029,165	1,856,056	5,885,221
Separation and Measurement cost	11,923	-	11,923
Oil Treatment Facility	148,941	2,211,157	2,360,098
Oil Storage Facility	162,612	2,893,479	3,056,091
Group Gathering Renovation	1,400,785	15,119,629	16,520,414
Extended Production System	1,435,507	8,221,012	9,656,519
Warehouse and Yard	182,224	1,769,055	1,951,279
Office Equipments		2,358,904	2,358,904
Group Gathering & Well Testing	3,219,583	-	3,219,583
General Administration	8,866,451	26,040,396	34,906,847
Accrued Revenue from Gas Sales	(3,137,197)	(10,225,020)	(13,362,217)
Sub-total	214,550,665	429,635,632	644,186,297
Less:- Capitalised during the year			31,944,439
Balance carried forward			612,241,858
B. Other Assets	916,730	4,463,098	5,379,828
Less:- Capitalised during the year			752,398
Balance carried forward			4,627,430
Total	215,467,395		616,869,288



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December 2006 [Rupees]	31st December 2005 [Rupees]
SCHEDULE : 5 - INVESTMENTS - AT COST (LONG TERM)		
A. In Subsidiary Companies *		
(Fully paid unless otherwise stated)	70,985,091	2,123,081
B. Other than Trade - Unquoted (Fully paid)		
20,000 Equity Shares of Rs.10/- each in Assam Bengal Cereals Ltd.	200,000	200,000
5% Non Redeemable Debentures of East India Clinic Ltd.	24,500	24,500
	<u>71,209,591</u>	<u>2,347,581</u>
C. Other than Trade-Quoted**		
(Fully paid unless otherwise stated)		
12,428 US 64 Bonds of Rs.100/- each in Unit Trust of India	1,242,800	1,242,800
	<u>77,399,481</u>	<u>4,638,349</u>
Less: Provision for diminution in value of certain investments	565,986	565,986
	<u>76,833,495</u>	<u>4,072,363</u>

* Particulars	Description	Number as on 31.12.06	Number as on 31.12.05	Face value Rs.	Cost as on 31.12.06 Rs.	Cost as on 31.12.05 Rs.
Quoted						
Namburnadi Tea Co. Ltd.	Equity	123,076	123,076	10	123,076	123,076
Unquoted						
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	50,010	50,010	10	500,000	500,000
Camellia Cha Bar Ltd.	Equity	50,000	50,000	10	500,005	500,005
Duncan Macneill Natural Resources Ltd	Equity	811000	-	1GBP	68,862,010	-
Total					<u>70,985,091</u>	<u>2,123,081</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 5 - INVESTMENTS - AT COST (LONG TERM)(Contd)

** Particulars	Description	Number as on 31.12.06	Number as on 31.12.05	Face value Rs.	Cost as on 31.12.06 Rs.	Cost as on 31.12.05 Rs.
Great Eastern Shipping Ltd.	Equity	72	91	10	812	1,020
Great Offshore Ltd	Equity	18	-	10	208	-
GESCO Corporation Ltd.	Equity	12	12	10	-	-
GNFC Ltd.	Equity	50	50	10	1,415	1,415
Grasim Industries Ltd.	Equity	50	50	10	16,550	16,550
UTI Master Share	Equity	116	116	10	3,050	3,050
Tata Chemicals Ltd.	Equity	4	4	10	247	247
Tata Iron & Steel Company Ltd.	Equity	3	3	10	224	224
Tata Iron & Steel Company Ltd.(SPN)	Equity	18	18	150	-	-
Shipping Corporation of India Ltd.	Equity	100	100	10	5,220	5,220
Tezapore India Ltd.	Equity	100	100	10	10,000	10,000
Mcleod Russel India Ltd (Formerly George Williamson Tea (Assam) Ltd.)	Equity	300	100	5	6,095	6,095
Reliance Industries Ltd.	Equity	18	18	10	1,350	2,533
Reliance Communications Ltd	Equity	18	-	10	980	-
Reliance Energy Ltd.	Equity	1	-	10	185	-
Reliance Natural Resources Ltd.	Equity	18	-	5	18	-
Tata Tea Ltd.	Equity	12	12	10	2,280	2,280
Jaiprakash Associates Ltd.	Equity	18	18	10	153	153
State Bank of Bikaner & Jaipur	Equity	185	185	100	97,495	97,495
Allahabad Bank	Equity	23	6,423	10	1,886	526,686
Oriental Bank of Commerce	Equity	5	1,500	10	1,250	375,000
Bank of Baroda	Equity	9	-	10	2,070	-
Hinduja TMT Ltd	Equity	6,346	-	10	4,276,566	-
Gulf Corporation Ltd	Equity	500	-	10	519,036	-
					4,947,090	1,047,968

Aggregate amount of quoted investments Rs 6,312,966/- (31.12.2005 - Rs.2,413,844/-)

Aggregate market value of quoted investments Rs.7,629,355/- (31.12.2005 - Rs.3,467,305/-)

Aggregate amount of unquoted investments Rs. 71,086,515/- (31.12.2005 - Rs.2,224,505/-)

During the year, shares of the following companies were purchased and sold -

Name of Companies	No. of Shares	Cost (Rs.)
Hinduja TMT Limited	24,938	14,173,395
Gulf Oil Corporation Limited	500	519,037
Bank of Baroda	14,900	3,427,000
		18,119,432



SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December 2006 [Rupees]	31st December 2005 [Rupees]
SCHEDULE : 6 - CURRENT ASSETS, LOANS & ADVANCES		
(a) Inventories		
Stores & Spare Parts	35,139,185	37,719,036
Stock of Tea	151,699,534	150,493,192
Stock of Oil	2,644,312	-
	<u>189,483,031</u>	<u>188,212,228</u>
(b) Sundry Debtors *		
Unsecured - Considered Good		
Debts Outstanding for a period exceeding six months	95,942,516	342,173,778
Other Debt:	554,334,099	272,721,363
	<u>650,276,615</u>	<u>614,895,141</u>
*The above Debtors include Rs 13,795,001/- (31.12.2005 - Rs. NIL) on account of sale of Oil, for which bills are yet to be raised. Out of this, an amount of Rs. 4,391,524/- (31.12.2005 - Rs. NIL) pertains to debts which are outstanding for more than six months.		
(c) Cash & Bank Balances		
Cash and cheques in hand	12,371,092	1,520,358
Remittance in Transit	-	375,000
With Scheduled Banks:		
On Current Accounts	41,306,522	8,405,588
On Deposit Accounts (held as margin Rs. 21,405,590/-) (31.12.2005 - Rs. 16,559,015/-)	1,932,754,929	16,559,015
	<u>1,986,432,543</u>	<u>26,859,961</u>
(d) Loans & Advances		
[Unsecured and considered good unless otherwise stated]		
Advances to subsidiaries	69,027,049	27,987,131
Advances recoverable in cash or in kind or for value to be received *	337,240,109	347,864,261
Deposit with Customs, Port Trust etc.	15,820	15,820
	<u>406,282,978</u>	<u>375,867,212</u>

* includes amount receivable from Directors of the Company Rs. 620,557/- (31.12.2005-Rs.620,557/-), maximum amount outstanding at any point of time during the year Rs.620,557/- (31.12.2005-Rs.620,557/-). Refer Note 8[B] of Sch 11.

SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December 2006 [Rupees]	31st December 2005 [Rupees]
SCHEDULE : 7 - CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Acceptances	32,584,475	38,485,329
Sundry Creditors		
Small Scale Industrial Undertakings (Refer Note No.23 of Sch 11)	1,436,767	16,959
Others	538,101,821	559,708,420
Amounts due to subsidiaries	1,700,793	1,610,794
Unclaimed Dividend	2,741,505	357,717
Unclaimed Matured Deposits	-	5,000
Bank Balance Overdrawn	7,026,685	10,363,827
Interest accrued but not due on loans	524,433	667,123
	584,116,479	611,215,169
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
(b) Provisions		
Taxation less Advance Payments	5,946,232	(20,319)
Provision for Site Restoration	760,000	-
Proposed Dividend	22,361,526	22,361,526
Dividend Tax thereon	3,800,341	3,136,204
	32,868,099	25,477,411
SCHEDULE : 8 - OTHER INCOME		
	Year ended 31st December, 2006 (Rupees)	Year ended 31st December, 2005 (Rupees)
Sale of Tea Waste	2,204,392	2,072,474
Miscellaneous Receipts	11,942,263	2,510,802
Income from Investments other than trade	99,746	19,712
Gain/(Loss) on Exchange (net)	19,435,925	-
Profit on Sale of investments (net)	840,000	51,268,536
Liabilities no longer required written back (net)	194,576	16,446,757
Premium on Sale of DEP B Licence	2,225,231	109,187
	36,942,133	72,427,468



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE : 9 - EXPENSES

	Year ended 31st December, 2006 (Rupees)	Year ended 31st December, 2005 (Rupees)
Garden Cultivation Costs	109,764,275	106,537,833
Plucking and Manufacturing Expenses of Tea	200,902,605	189,975,706
Oil Production Expenses	2,313,030	-
Oil Treatment Charges	4,279,665	-
Purchases of Tea	9,664,226	985,882
Power and Fuel	168,442,096	157,218,551
Establishment Charges (including Bonus)	213,811,582	192,745,823
Directors' Fees	94,500	69,000
Contribution to Provident, Superannuation and Gratuity Funds	69,815,468	86,133,910
Workmen and Staff Welfare Expenses	96,840,709	87,444,547
Concession on Foodgrains	50,487,741	47,783,637
Repairs to Buildings	18,493,899	17,360,007
Repairs to Plant & Machinery	22,058,855	21,540,188
Upkeep of Roads & Bridges	1,569,648	1,013,752
Garden Transport	31,891,717	30,654,832
Insurance	3,504,746	3,281,076
Rent	480,975	572,450
Rates & Taxes	8,541,944	6,854,954
Office Maintenance	4,369,201	3,927,449
Bank Charges	15,810,201	19,406,305
General Charges	62,391,452	57,501,597
Equipment rental charges	5,939,968	-
Freight, Warehouse & Sale Charges	83,390,212	68,917,074
Agency Commission	37,847,351	23,542,444
Brokerage	7,522,942	5,575,241
Cess on Green Leaf	22,761,052	22,562,824
Cess on Tea	5,613,520	5,090,281
Royalty on Gas	954,246	-
Cess on Oil	2,070,082	-
Loss on Exchange (net)	-	16,514,157
Bad Debts Written off	199,221	1,610,359
Loss on sale of Fixed Assets	33,831	29,526
	1,261,860,960	1,174,849,405

SCHEDULE : 10 - (INCREASE) / DECREASE IN STOCK

	Unit	31st December, 2006		31st December, 2005	
		Quantity	Rupees	Quantity	Rupees
Stock as at 31st December, 2005					
Tea	KGs.	2,608,402	150,493,192	3,056,769	166,008,330
Stock as at 31st December, 2006					
Tea	KGs.	2,425,052	151,699,534	2,608,402	150,493,192
Oil	BLS	1,205	2,644,312	-	-
(Increase) / Decrease			(3,850,654)		15,515,138

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS

Notes forming part of the Accounts

1. [a] Convention

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

[b] Basis of Accounting

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

[c] Fixed Assets

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

Expenditure incurred in connection with Oil & Gas project

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

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

[d] Depreciation

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

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

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

[e] Investments

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



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS (Contd.)

[f] Inventories

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

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

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

[g] Foreign Currency Transaction

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

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

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

Exchange differences arising on fixed assets acquired outside India are adjusted to the carrying amount of such fixed assets.

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

[h] Sales

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

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 (LICI) and a private insurance company respectively. Annual contributions to the defined benefit scheme are made by the Company based on actuarial valuation carried out at the end of the year.

[k] Borrowing Costs

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

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS (Contd.)

Oil Production Cost

- [l] Production costs include pre well head and post well head expenses including depreciation and applicable operating costs of support equipments and facilities.
- [m] A provision is recognised when there is a present obligation as a result of a past event, it is probable than an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made.

[n] Taxes on Income

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

Deferred tax is recognised subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is reasonable certainty 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. 4,276,64,732/- . All assets except Furniture as at 31st December, 1996 have been revalued again by an approved valuer at net replacement cost resulting in a further increase in value of these assets by Rs.1,135,67,000/-.
- [b] The Government of Assam had taken possession of some undeveloped land under Assam Fixation of Ceiling of Land Holdings Act, 1956 and the Company has made representation to the Government for reclaiming the said land or equivalent for extension of planting activities.
- [c] 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 2,633,696/- (net of advance Rs. 14,471,804/-), [31.12.2005-Rs.1,608,196 (net of advance Rs. 13,391,804/-)]
4. (i) **Contingent Liabilities not provided for:**
- [a] Income Tax assessments disputed in appeals Rs. 60,273,945/- (31.12.2005-Rs.67,173,003/-). If the appeals for disputed amounts are upheld in favour of tax authorities, there will be a concomitant liability in respect of Agricultural Income Tax and Sur Tax.
- [b] Sales tax assessments disputed in appeals Rs. 55,771,701/- (31.12.2005-Rs.100,937,631/-)
- [c] Guarantees given on behalf of third parties Rs.151,100,000 (31.12.2005 - Rs.151,100,000)
- The future cash flows on account of [a] and [b] above cannot be determined unless the judgement/ decisions are received from the ultimate judicial forums.
- (ii) Uncalled Liability on partly paid shares - Rs 6,999,510/- (31.12.2005-Rs 6,999,510/-)
5. Provision for taxation for the Company's financial year ended 31st December, 2006 has been determined based on results for the three months ended 31st March 2006(Assessment Year 2006-07) and for nine months ended 31st December, 2006 (assessment Year 2007-08). The ultimate liability for the Assessment Year 2007-08, however, will be determined on the total income for the company for the period from 1st April, 2006 to 31st March, 2007.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS (Contd.)

6. (i) Breakup of Interest Charge:-	31.12.2006	31.12.2005
	Rupees	Rupees
On Fixed Loan *	132,353,979	147,472,696
Others	62,003,874	55,917,856
A	194,357,853	203,390,552
Less : Interest Subsidy Received	22,859,792	67,457,956
Interest waived by UTI on Debentures (Includes Rs 26,959,553 for previous years)	-	36,326,875
Interest Income (Tax deducted at source Rs.277,577/- (31.12.2005-Rs.595,410/-)	11,642,722	1,447,167
B	34,502,514	105,231,998
Total Interest Charge (net) A-B	159,855,339	98,158,554
* includes interest on debentures Rs. Nil (31.12.2005-Rs.15,612,203/-)		
7. (i) Amount paid / payable to the Auditors included under general charges:	31.12.2006	31.12.2005
	Rupees	Rupees
[a] Statutory Audit Fees	1,500,000	1,500,000
[b] Fees for other services	1,805,000	712,500
[c] Reimbursement of out of pocket expenses	120,962	106,483
(The above amount does not include fees paid for services rendered for FCCB issue amounting to Rs. 2,000,000/- (31.12.2005 - Rs. NIL) which has been adjusted with Share Premium Account.)		
(ii) Expenditure includes in aggregate :		
Salaries, Wages and Bonus	498,574,756	444,917,516
Stores & Spare Parts consumed	235,586,682	229,975,664
8. <u>Director's Remuneration in aggregate</u>		
[A] Remuneration paid/payable during the year to the Wholetime Directors included in Establishment Charges in Schedule - 9 includes :	31.12.2006	31.12.2005
	Rupees	Rupees
a) Debited to the Profit & Loss Account		
i) Salary	2,432,833	1,725,000
ii) Allowances and estimated benefits in kind	2,504,990	1,512,941
iii) Contribution to Provident, Superannuation and Gratuity Funds	750,366	473,640
	5,688,189	3,711,581
Less : transferred to Capital Work in Progress (Oil & Gas project)	3,421,429	1,730,968
Net Balance	2,266,760	1,980,613

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS (Contd.)

[b] Commission payable to one of the Wholetime Directors have been waived.

[B] Approval from Central Government for remuneration paid to two whole time Directors of the Company amounting to Rs.620,557/- in the year 2005 included under Loans & Advances [Sch 6(d) of the financial statements] is yet to be obtained. Pending such approval this amount has been considered as amount recoverable from them.

[C] Remuneration paid to a Whole-time Director from 09.11.2006 to 31.12.2006 amounting to Rs. 471,575/- is subject to the approval of the shareholders of the Company.

9.		31.12.2006	31.12.2005
[1]	Licensed Capacity	Not Applicable	Not Applicable
[2]	Installed Capacity	Not Ascertainable	Not Ascertainable
[3]	Total Tea Produced (Kgs.)	16,142,583	15,873,281
[4]	Total Saleable Production Tea (Kgs.)	15,778,419	15,481,453
[5]	Green Leaf Consumed * (Kgs.)	71,128,284	70,406,226
[6]	Production Oil (BLS)	13,960	-
[7]	Production Gas (MCM)	4,175	-
		31.12.2006	31.12.2005
		[Quantity] [Rupees]	[Quantity] [Rupees]
[8]	Details of Purchase		
	Tea (Kgs.)	96,664 9,664,226	11,159 985,882
		9,664,226	985,882
[9]	Details of Sale		
[a]	Tea (net of sales return) (Kgs.)	16,036,954 1,387,208,048	15,940,979 1,215,985,246
[b]	Oil (BLS)	12,755 38,124,196	
[c]	Gas (MCM)	4,175 11,518,682	
[b]	Others	- 58,279,648	- 100,000,010
		1,495,130,574	1,315,985,256
[10]	Stores and Spare parts consumed	% [Rupees]	% [Rupees]
	Indigenous	100.00 235,586,682	98.74 227,084,652
	Imported #	- -	1.26 2,891,012
		100 235,586,682	100 229,975,664

*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.

represents CIF value of imports

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

10. (a) Assets acquired under Hire Purchase (HP) comprise of vehicles. These agreements are of a period of 16 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 Hire Purchase agreements.

The minimum rentals as at 31st December, 2006 and the present value as at 31st December, 2006 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	6,019,884	865,930	5,153,954
Payable later than 1 year but not later than 5 year	8,446,838	631,202	7,815,636
Total	14,466,722	1,497,132	12,969,590

- (b) The Company has taken a property under operating lease having tenure of 22 months which is not non-cancellable. This is renewable periodically by mutual consent. The rental payable against this lease amounting to Rs. 258,000/- (31.12.2005 - Rs. NIL) have been debited to the Profit & Loss Account.

	31.12.2006	31.12.2005
11. Expenditure in foreign currency	[Rupees]	[Rupees]
Commission	37,847,351	23,542,444
Travelling Expenses etc	1,064,411	220,499
Travelling Expenses etc. included in CWIP (Oil & Gas project)	10,083,789	1,558,500
12. Earnings in Foreign Exchange		
Export Sale on F.O.B. Basis	482,461,027	262,970,791

13. Related Party Disclosure**I. Names of related parties and description of relationship****a. Subsidiaries of the company**

Namburnadi Tea Company Ltd
Camellia Cha Bar Ltd
North East Hydrocarbon Ltd
Assam Oil & Gas Ltd.
(formerly Assam Oil & Natural Gas Ltd.)
Duncan Macneill Natural Resources Ltd - UK

b. Key management Personnel

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

c. Relatives of key management personnel

Mrs. Shalini Jalan
Mrs. Rashmi Chawdhry

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS (Contd.)

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

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

II. Transactions with related parties

SL No.	Related Party	Relationship	Outstanding as on (Rupees)	Outstanding as on (Rupees)		Nature of transaction	Year ended 31st December (Rupees)	Year ended 31st December (Rupees)
(A)	NAMBURNADI TEA COMPANY LTD.	Subsidiary Company	37,614,713 Receivable	27,029,540 Receivable	1	Purchase of Tea	4,154,284	985,882
					2	Remuneration of manager on deputation recovered	802,426	369,861
					3	Advance given	12,784,000	12,190,000
					4	Receipt towards refund of advance	38,237	6,470,760
					5	Transfer of stores (Net)	671,099	133,454
					6	Expenses recovered	525,514	17,355
					7	Expenses reimbursed	5,345	-
					8	Guarantees given	122,500,000	122,500,000
(B)	NORTH EAST HYDRO CARBON LTD.	Subsidiary Company	996,087 Receivable	957,591 Receivable	1	Advance given	276,000	5,915,203
					2	Receipt towards refund of advance	-	20,000
					3	Expenses reimbursed/Adjusted with advance given	237,504	4,112,036
(C)	ASSAM OIL & GAS LTD. (formerly ASSAM OIL & NATURAL GAS LTD.)	Wholly owned Subsidiary Company	1,387,808 Payable	1,297,808 Payable	1	Advance Given	200,000	-
					2	Advances received	320,000	-
					3	Expenses recovered	30,000	40,500
(D)	CAMELLIA CHA BAR LTD.	Subsidiary Company	312,985 Payable	312,985 Payable		Expenses recovered	-	11,500
(E)	DUNCAN MACNEILL NATURAL RESOURCES LTD.	Wholly owned Subsidiary Company	30,416,250 Receivable	-	1	Advance given	30,000,000	-
					2	Expenses recovered	416,250	-
(F)	MR A. K. JAJODIA	Key Management Personnel	282,610 Receivable	282,610 Receivable		Remuneration Paid	4,310,399	2,825,040
(H)	MR ABHAY CHAWDHRY	Key Management Personnel	-	-		Remuneration Paid	471,575	-
(I)	MR AMIR AHSAN	Key Management Personnel	337,947 Receivable	337,947 Receivable		Remuneration Paid	906,216	-
(J)	MR K N NOWROJEE		-	-		Remuneration Paid	-	886,541
(K)	MS SHALINI JALAN	Relative of Key Management Personnel	-	-		Advance refunded against sale of property	-	3,500,000
(L)	MS RASHMI CHAWDHRY	Relative of Key Management Personnel	50,267 Payable	-		Rent paid	50,267	-
(M)	ABHAY CHAWDHRY HUF	Enterprise over which the key management personnel are able to exercise a Significant influence	69,333	-		Rent paid	69,333	-

Note :

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

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

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

15. The Company had entered into a joint venture agreement with M/s Canoro Resources Ltd, a Canadian company for two of its five oil blocks, where the Company has participating interest of 40% and 35%. The five blocks awarded to the Company are Amguri, AA-ON7, Laxmijan, Barsilla and Bihubar, all located in the state of Assam.

The Company has commenced commercial production with effect from 1st April 2006 from two wells located in Amguri block.

Drilling activities are presently underway in two out of the five blocks and work over activity in one of them.

16. During the year the Company has issued Zero Per Cent Foreign Currency Convertible Bonds ("FCCB") aggregating to USD 48 Million (INR 2,109,120,000 as at the year end) to finance capital expenditure for modernization, expansion and acquisitions. The bond holders have an option of converting these bonds into equity shares at a conversion price of Rs. 28.75 per share, at any time on or after 28th November 2006, subject to compliance with certain conditions stated in the offer circular dated 23 November, 2006. The bonds are redeemable on 30th November 2011 at 150.019 percent of their principal amount, unless previously converted or Expenses incurred in connection with the issue of FCCB amounting to Rs. 105,458,680/- have been adjusted against Share Premium Account.

The bond holders have not exercised their option of converting into equity shares as on 31st December, 2006.

17. During the year the company has issued 81,000,000 share warrants of Re 1 each at a premium of Rs 22.25 of which Rs 2.35 per warrant aggregating to Rs 190,350,000/- has been received.

Each warrant is convertible into one equity share of Re 1/- each within 18 months from the date of issue

18. The landlord has filed an eviction suit against the Company in respect of one of its office premises before the Hon'ble High Court of Calcutta. The management expects a favourable verdict on the matter.

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

20. The Company's contribution of Rs. 39,525,000/- (GBP600,000) towards a Joint Venture in U.K. which subsequently had failed was expected to be received back in 4 equal annual installments commencing from 5th February, 2004. Necessary approval from Reserve Bank of India in this regard have been obtained. Out of the total dues, Rs 36,952,726/- (GBP449,940) has already been received and Rs.13,091,288/- (GBP150,060) subsequent to the year end.

21. Prior period items comprise of :-	31.12.2006 [Rupees]	31.12.2005 [Rupees]
Leave with Wages including Provident Fund	-	14,719,086
Bonus	-	21,421,346
Total	-	36,140,432

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS (Contd.)

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

	31-Dec-06 Rs.	31-Dec-05 Rs.
Deferred Tax Liability		
Depreciation	50,811,138	77,207,338
Deferred Tax Assets		
Disallowance u/s 43B	31,544,223	63,980,395
Brought forward Income Tax Loss	19,266,915	13,226,943
	<u>50,811,138</u>	<u>77,207,338</u>
Net Balance	-	-

23. a. The names of Small Scale Industrial Undertakings to whom the Company owes dues outstanding for more than 30 days as on 31.12.06 are as follows -

- 1) Ankar Industries
- 2) Bicco Agro Products Pvt.Ltd.
- 3) Hanu Polymers Pvt.Ltd
- 4) Poly Packaging
- 5) Suvochem Industries Pvt.Ltd
- 6) S.K.Forge Pvt. Ltd
- 7) Alluminium Industries
- 8) C & D Enterprises
- 9) Dynamic Optima Services
- 10) Holzman System Pvt.Ltd
- 11) Bulbul Printing Works

- b. Necessary disclosures required under The Micro,Small and Medium Enterprise Development Act,2006 can only be considered once relevant information to identify the suppliers who are covered under the said Act are received from such parties.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS (Contd.)

24. Primary Segment Report -Business Segments

[Figure in Rupees]

Particulars	Plantations	Oil & Gas	Total Segments	Total Enterprise
Segment Revenue External Customers	1,445,487,696	49,642,878	1,495,130,574	1,495,130,574
Other income	33,771,282	2,067,025	35,838,307	35,838,307
Add:Inter Segment Revenue	-	-	-	-
Total Segment Revenue	1,479,258,978	51,709,903	1,530,968,881	1,530,968,881
Segment Result	228,793,005	24,807,254	253,600,259	253,600,259
Add:Unallocable Income	-	-	-	1,103,827
Less:Unallocable expenses	-	-	-	17,054,389
Less: Interest (net)	-	-	-	159,855,339
Profit before Taxation, Exceptional and Prior Period Items	-	-	-	77,794,358
Provision for Taxation :				
Current Tax	-	-	-	3,300,000
Profit after Taxation and before Exceptional and Prior Period Items	-	-	-	74,494,358
Exceptional and Prior Period Items	-	-	-	-
Profit after Taxation, Exceptional and Prior Period Items	-	-	-	74,494,358
Other Information				
Segment Assets	3,956,287,717	673,858,104	4,630,145,821	4,630,145,821
Unallocated Assets	-	-	-	2,542,575,385
Total Assets	-	-	-	7,172,721,206
Segment Liabilities	430,942,542	79,318,334	510,260,876	510,260,876
Unallocated Liabilities	-	-	-	6,662,460,331
Total Liabilities	-	-	-	7,172,721,206
	-	-	-	-
Capital Expenditure	33,747,816	429,635,632	463,383,448	463,383,448
Unallocated capital expenditure	-	-	-	19,301,018
Total Capital Expenditure	-	-	-	482,684,466
Segment Depreciation	27,210,853	651,852	27,862,705	27,862,705
Unallocated depreciation	-	-	-	8,399,458
Total depreciation	-	-	-	36,262,163

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE :11 -NOTES ON ACCOUNTS (Contd.)

Secondary Segment - Geographical Segment	Domestic	Export	Total
1. Segment Revenue	1,021,417,599	509,551,282	1,530,968,881
	(1,055,086,939)	(263,122,788)	(1,318,209,727)
2. Segment Assets	236,053,060	414,223,555	650,276,615
	(59,161,520)	(535,777,652)	(594,939,172)
3. Segment Liabilities	7,172,451,206	-	7,172,451,206
4. Capital Expenditure	482,684,466	-	482,684,466

Notes :-

- The Company has considered business segment as the primary segment for disclosure. The components of these business segments are plantation products and Oil & Gas.
- The segment wise revenue, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments.
- The geographical segments considered are as follows:
Domestic Sale includes sales to customers located within India
Export Sale include sales to customers located outside India
- Fixed assets used in the Company's business have not been identified to any of the reportable geographical segments as the fixed assets are common for production of both domestic and exported tea. Accordingly depreciation and capital expenditure also could not be allocated between the reported geographical segments.
- Previous year's figures (given in brackets) relate only to the secondary segment, as corresponding previous year's figures for the primary segment were not available since the oil & gas segment has commenced production from the current year.

25. Basic and Diluted Earnings Per Share

		31.12.2006 (Rs.)	31.12.2005 (Rs.)
Profit after Taxation, Exceptional and Prior Period Items	(A)	74,494,358	33,679,823
Number of Equity Shares	(B)	223,615,260	223,615,260
Basic and Diluted Earnings Per Share	(A) / (B)	0.33	0.15

26. The Company has obtained a stay from the Honb'le 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 til the year end.

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

For LOVELOCK & LEWES
Chartered Accountants

Place: Kolkata

Date : 6th June, 2007

Prabal Kr. Sarkar
Partner

Arup Kumar Roy
Company Secretary

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2006**

	Year Ended 31st December 2006 Rs.	Year Ended 31st December 2005 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation, exceptional and prior period items	77,794,358	61,602,290
Adjustments for:		
Depreciation	36,262,163	38,163,033
Interest received	(11,642,722)	(1,447,167)
(Profit) / Loss on disposal of Fixed Assets	33,831	29,526
Income from Investments	(99,746)	(19,712)
(Profit) / Loss on sale of Investments	(840,000)	(51,268,536)
Interest Expenses	171,498,061	99,605,721
Bad debts written off	199,221	1,610,359
Liabilities no longer required written back (net)	(194,576)	(16,446,757)
Provision for Site Restoration Fund	760,000	-
Operating Profit before Working Capital Changes	273,770,590	131,828,757
Adjustments for:		
Trade and Other Receivables	(60,773,298)	(126,762,226)
Inventories	(1,270,803)	- 7,845,642
Trade and Other Payables	(37,031,006)	140,977,289
Cash generated from Operations	174,695,483	153,889,462
Direct Taxes (Paid) / Received	2,666,551	(755,551)
Net Cash Flow from Operating Activities	177,362,034	153,133,911
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (incl. Capital work-in-progress)	(443,015,653)	(214,133,506)
Sale of Fixed Assets	1,861,934	11,731,933
Purchase of Investments	(91,779,114)	(20,327,358)
Sale of Investments	19,857,980	70,694,208
Interest received	7,892,225	9,297,958
Dividend received	99,746	19,712
Net Cash used in Investing Activities	(505,082,882)	(142,717,053)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2006

	Year Ended 31st December 2006 Rs.	Year Ended 31st December 2005 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Warrants	190,350,000	
Proceeds from Borrowings	2,511,648,701	373,980,162
Repayment of Borrowings	(109,572,647)	(206,760,497)
Repayment of Preference Shares	-	(874,600)
Payment of FCCB Issue expenses	(98,921,877)	
Dividend Paid	(23,113,942)	113,846
Interest Paid	(183,096,805)	(187,663,748)
Net Cash Flow from Financing Activities	2,287,293,430	(21,204,837)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	1,959,572,582	(10,787,979)
Cash and Cash Equivalents - Opening Balance	26,859,961	37,647,940
Cash and Cash Equivalents - Closing Balance	1,986,432,543	26,859,961
	1,959,572,582	(10,787,979)

Notes:

- Cash and Cash Equivalents comprise Cash & Bank balances as per Schedule-6(c) of the audited accounts.
- 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.
- Previous year's figures have been regrouped / rearranged wherever necessary.

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

For LOVELOCK & LEWES
Chartered Accountants

Place: Kolkata
Date : 6th June, 2007

Prabal Kr. Sarkar
Partner

Arup Kumar Roy
Company Secretary

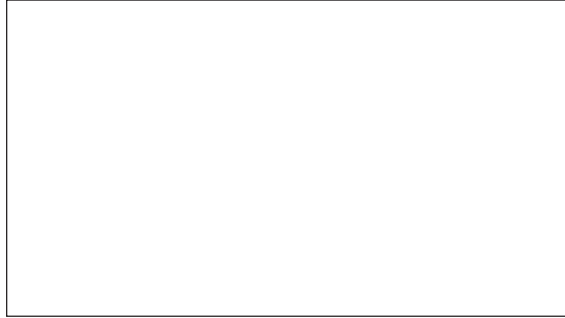
On behalf of the Board
A.K. Jajodia - *Managing Director & CEO*
Abhay Chawdhry - *Director Finance & CFO*
Santosh Bhagat
Director

**ASSAM COMPANY LIMITED
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATED TO SUBSIDIARY**

Name of the Subsidiary	Namburnadi Tea Co. Ltd.	North-East Hydrocarbon Ltd.	Camellia Cha Bar Ltd.	Assam Oil and Gas Ltd. (Formerly Assam Oil & Natural Gas Ltd.)
a) Financial Year of the Subsidiary	31.12.2006	31.12.2006	31.12.2006	31.12.2006
b) Holding Company's Interest				
i) No. of shares	123076 Equity Shares of	50,010 Equity Shares of	50,010 Equity Shares of	70 Equity Shares of
Rs. 10/- each	Rs. 10/- each	Rs. 10/- each		Rs. 10/- each and 999930 Equity Shares of Rs 10/- each Rs. 3 paid up
ii) Extent of Holding	92.98%	99.88%	99.88%	100%
c) Date on which it became subsidiary	20.07.2001	26.11.2002	26.11.2002	01.04.2002
d) Net aggregate amount of Subsidiary's Profit/Loss not dealt with in the Holding Company's Accounts :				
i) for the Subsidiary's financial year	Rs. 17,55,419.00	Rs. (-) 80,436.00	Rs. (-) 5,055.00	Rs. (-) 57,324.00
ii) for its previous financial year	Rs. 23,35,221.00	Rs. (-) 41,895.00	Rs. (-) 19,857.00	Rs. 292,417.00
e) Net aggregate amount of Subsidiary's Profit/Loss dealt with in the Holding Company's Accounts :				
i) for the Subsidiary's financial year	N.A.	N.A.	N.A.	N.A.
ii) for its previous financial year	N.A.	N.A.	N.A.	N.A.
Place : Kolkata	Atup Kumar Roy			
Dated : 6th June, 2007	Company Secretary			
				On behalf of the Board of Directors A.K. Jajodia - Managing Director & CEO Abhay Chawdhry - Director Finance & CFO Santosh Bhagat Director

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UNDER CERTIFICATE OF POSTING



If undelivered please return to :

Assam Company Limited

Assam Tea House
52, Chowringhee Road
Kolkata - 700 071



Assam Company Limited



Member
Duncan Macneill Group

ANNUAL REPORT AND ACCOUNTS 2006



ASSAM COMPANY LIMITED

Member : Duncan Macneill Group, U.K.

BOARD OF DIRECTORS

Dr. K. K. Jajodia, *Chairman*

Mr. A. K. Jajodia, *Managing Director & CEO*

Mr. Abhay Chawdhry, *Director Finance & CFO*

Mr. Santosh Bhagat

Mr. Umesh Barasia (*w.e.f. 13th January 2007*)

Mr. Pintu Kr. Agarwalla

Company Secretary

Mr. Arup Kumar Roy

Auditors

Lovelock & Lewes, Kolkata

Bankers

Allahabad Bank, Kolkata

Bank of Baroda, Kolkata

State Bank of Bikaner & Jaipur, Kolkata

State Bank of Hyderabad, Kolkata

Oriental Bank of Commerce, Kolkata

Solicitors

M/s. Khaitan & Co., Kolkata

Sharma Kajaria and Company

M/s. K. L. Yadav & Co., Kolkata

Registrars & Share Transfer Agents

M/s. C.B. Management Services Pvt. Ltd.

P-22, Bondel Road

Kolkata - 700 019

Phone : 2280-6692-93-94/2486

Registered Office

Greenwood Tea Estate

P.O. Dibrugarh

Assam.

Head Office

Assam Tea House

52, Chowringhee Road

Kolkata - 700 071

Phone : (033) 2283-8306/09/12

Thirtieth Annual General Meeting of the Company will be held at 11.00 A.M. on Saturday
30th June, 2007 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam



ASSAM COMPANY LIMITED

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

PROXY

DP. ID :*

Client ID :*

Folio No. :*

*(Applicable if shares are held in electronic form)

I/We
of
being a member of the above named Company hereby appoint
of or failing him
.....
of or failing him
as my/our Proxy to attend and vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on Saturday, the 30th June, 2007 and at any adjournment thereof.

As witness my/our hand(s) this.....day of.....2007.

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 Thirtieth Annual General Meeting of the Company at the Auditorium of Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam on Saturday, the 30th June, 2007.

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

Member's/Proxy's Signature :