



## **The Tagore Family, Tea and The Assam Company**

The origin of the Assam Company is closely linked with the evolution and development of the Tea Industry in the Indian sub-continent. The name of the Company was chosen as 'the Assam Company' rather than 'the Assam Tea Company', though Tea cultivation was the primary objective of this new organisation.

Dwarkanath Tagore (1794 - 1846), grandfather of Nobel Laureate Rabindranath Tagore, was considered a civic leader of the Calcutta society in the 1830s - 1840s. He was a brilliant entrepreneur and used his talent to further his social and political objectives. His business empire comprised many industries, including tea.

Charles Alexander Bruce, a British explorer, confirmed in 1823, that tea was growing naturally in the hills of Assam. Lord Bentinck formed a Committee in June, 1834, known as the Tea Committee, to study the feasibility of commercial tea cultivation in India. After a favourable Report was submitted by the Tea Committee in 1837, the British Government permitted establishment of the first experimental tea garden. This Committee sent George James Gordon to China, to gather information about tea seeds, the tea plant and tea makers. In February 1839, the Government gave permission for tea cultivation.

Four groups, three in London and one in Calcutta, expressed interest in forming a Company to manage the newly commenced tea garden.

A few merchants from London, incorporated the Assam Company in 1839, with a capital of GBP 500,000 be divided into 10,000 shares of GBP 50 each. Of this, 8,000 shares were reserved for the UK and the balance for India. A Calcutta based group of businessmen, invested Rs. 10 Lacs into the Company, and set up the Bengal Tea Association. This Association had four Indians as members, namely Dwarkanath Tagore, his cousin Prossono Comar Tagore, Rustomjee Cowarjie and Moteeloll Seil. The Bengal Tea Association was eventually turned into a joint stock company managed by Carr, Tagore and Co., which became the umbrella company for Dwarkanath Tagore's ventures.



On 30<sup>th</sup> May, 1839, the first Board Meeting of Assam Company was held in which 100 shares were allotted to Dwarkanath Tagore and Carr, Tagore & Co. held another 500 shares, which aggregated a quarter of the total shares of the Company.

The Company took over two thirds of the Government's experimental tea gardens, with the permission to also settle on these lands.

The Company grew steadily with emphasis on quality tea and the first shipment of Indian tea was despatched to Britain in 1838. The Calcutta Board, on receiving instructions from London, started to recruit Indian labourers, tea planters from China, built boats, appointed agents along the course of the river to Assam and did all that was required to ensure smooth working of a large scale commercial project. The Assam Company also dealt with river navigation.

In 1841, William Prinsep became the first Director of the Company to tour Eastern Assam. Dwarkanath Tagore became one of the only two Indian Directors (the other being Maniram Dewan of Assam) of the Assam Company, prior to Indian Independence.

Despite inexperience, ill management and shortages of capital, the Assam Company still managed to struggle out of its turbulent infancy. To meet its monetary requirements, it could successfully obtain funds from the London Board. In 1859, with the development of new tea gardens in the Brahmaputra Valley region, the tea industry expanded rapidly.

In March 1845, Dwarkanath Tagore, set sail upon the giant P & O steamer, Bentinck, (in which he held a stake) and reached London. Queen Victoria openly welcomed her dear Indian friend, Prince Dwarkanath, back to her Court.

Out of the known joint ventures which were managed by Dwarkanath Tagore's parent company Carr, Tagore & Co., three had a long life and still survive under different names. The Calcutta Steam Tug Association survived for over 20 years. The Bengal Coal Company, The Indian General Steam Navigation Company and The Assam Company, as we all know, survives till date.

The papers relating to The Assam Company has been preserved in the archives of the Guildhall Library, London.



# ASSAM COMPANY INDIA LIMITED

Member : Duncan Macneill Group, U.K.

## BOARD OF DIRECTORS

Dr. K. K. Jajodia, *Chairman*  
Mr. A. K. Jajodia, *Managing Director*  
Mr. Pradip Tusnial  
Mr. Bharat Anand

## COMPANY SECRETARY

Mr. Romit Mitra

## Auditors

Lovelock & Lewes  
Chartered Accountants  
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

## Registrars & Share Transfer Agents

C. B. Management Services Pvt. Ltd.  
P-22, Bondel Road  
Kolkata - 700 019  
Phone : 91-33-4011 6700/11/18/23  
E-mail : rta@cbmsl.com  
Website : www.cbmsl.com

## Registered Office

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

## Head Office

Assam Tea House  
52, Chowringhee Road  
Kolkata - 700 071  
Phone : 91-33-2283-8306/09/12  
E-mail : assamco@vsnl.com

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Thirty-Fourth Annual General Meeting of the Company will be held at 11.00 A.M., on Thursday, 29th September, 2011, at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam





## ASSAM COMPANY INDIA LIMITED

### NOTICE

Notice is hereby given that the Thirty-Fourth Annual General Meeting of the Members of Assam Company India Limited will be held at 11.00 A.M. on Thursday, 29th September, 2011, at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam to transact the following business:

#### Ordinary Business :

1. To adopt the Audited Accounts of the Company for the year ended 31st December, 2010, together with Directors' and Auditors' Reports thereon.
2. To declare dividend for the year ended 31st December, 2010.
3. To appoint a director in place of Dr. K.K. Jajodia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

#### Special Business:

**To consider and if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions :**

5. **"RESOLVED THAT** subject to the approval of the Members and pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, ("the Act") and subject to the limits specified in Schedule XIII to the Act, the consent of the Company be

and is hereby accorded to the payment of enhanced remuneration of Rs. 4,00,000 per month and other allowable perquisites and allowances to Mr. Aditya Kumar Jajodia, as Managing Director of the Company from 1st October, 2010 to 30th September, 2012, with the liberty to the Board of Directors to alter and vary the terms and conditions including the remuneration so as not to exceed the limits specified in Schedule XIII of the Act, including any statutory modification(s) or re-enactment(s) thereof for the time being in force or any amendments and modifications that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Mr. Aditya Kumar Jajodia."

6. **"RESOLVED THAT** Mr. Bharat Anand, who was appointed as an Additional Director by the Board to hold office upto the date of this Annual General Meeting and in respect of whom a Notice under section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr. Bharat Anand as a candidate for the office of a Director, be and is hereby elected as a Director of the Company, whose period of office will be liable to be determined for retirement by rotation."

By Order of the Board

Kolkata  
5th September, 2011

Romit Mitra  
Vice-President & Company Secretary

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. NO PHOTOCOPY/SCANNED COPY OF A COMPLETED PROXY FORM WILL BE ACCEPTED.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto.
3. Pursuant to Section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and upto the Company's financial year ended 31st December, 2000 and as declared at the Annual General Meeting held on 28th September, 2001, have been transferred to the Investor Education and Protection Fund.
4. Members are requested to quote their registered Folio Number in all correspondence with the Company or its Registrars.
5. As required under the provisions of Clause 49(IV)(G)(i) of the Listing Agreement, particulars relating to Dr. K.K.Jajodia, Mr. A.K.Jajodia and Mr. Bharat Anand, Directors retiring and whose appointments / re-appointments are being proposed at the forthcoming Annual General Meeting, are enclosed in the Annexure to this Notice.
6. As per the provisions of Section 109A of the Companies Act, 1956, Members are requested to file Nomination Forms in respect of their shareholding. Any Member wishing to avail of this facility should submit to the Company the prescribed Statutory Form 2B. For any assistance, Members should get in touch with the Company's Registrar and Share Transfer Agent.
7. Members are requested to notify immediately any change in their addresses to the Company's Registrar and Share Transfer Agent.
8. A Member or his Proxy will be required to produce at the entrance to the Meeting Hall, the Attendance Slip cum Entry Pass sent herewith duly completed and signed. Neither photocopies nor torn/mutilated Attendance Slips cum Entry Passes will be accepted. However, Members



## ASSAM COMPANY INDIA LIMITED

- who have received the Annual Report on E-mail can download and print the Attendance Slip cum Entry Pass themselves. These should be completed, signed and handed over at the entrance to the Meeting Hall. The validity of the Attendance Slip cum Entry Pass will, however, be subject to the Members continuing to hold Equity Shares as on the date of the Meeting.
9. Equity Shares of the Company fall under the category of compulsory demat trading by all investors. Members are requested to consider dematerialisation of their shareholding so as to avoid inconvenience.
  10. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company provides the facility of payment of dividend through ECS. Members, desirous of availing this facility, are requested to contact the Company's Registrar and Transfer Agents.
  11. Securities and Exchange Board of India (SEBI) vide Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009 has issued a circular on PAN requirement for transfer of shares in physical form. For securities market transactions and off-market / private transactions

involving transfer of shares in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTA for registration of such transfer of shares.

12. 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.
13. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
14. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
15. In case of joint holders attending the Meeting, only such joint holder, who is higher in the order of names, will be entitled to vote.
16. The Register of Members and Share Transfer Books of the Company shall remain closed from 16th September, 2011, to 29th September, 2011, both days inclusive.

### EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956, IN RESPECT TO THE SPECIAL BUSINESS

#### Item No. 5

Mr. Aditya Kumar Jajodia, was appointed as the Managing Director of the Company as per the Resolution passed by the Members of the Company at the General Meeting held on 28th July, 2008, for a period of 5 years and the same was subsequently approved by the Central Government. However, the Central Government sanctioned a remuneration of Rs.9,52,373 per month payable to Mr. Jajodia for a period of 3 years commencing from 1st October, 2007. The said period of 3 years expired on 30th September, 2010. The Company now proposes to pay remuneration of Rs.4,00,000 per month and other allowable perquisites and allowances as applicable to the Managing Director of a Company, to Mr. Jajodia for the remaining period of 2 years commencing 1st October, 2010, to 30th September, 2012, within the limits prescribed under Section 198 read with Schedule XIII to the Companies Act, 1956.

The relevant disclosures pursuant to Schedule XIII are provided below:

#### I. GENERAL INFORMATION :

##### 1. Nature of Industry :

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

#### 2. Date of commencement of commercial production :

Tea – Since 1845 and as Assam Company India 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 based on given indicators:

In the financial year 2010, total income marginally decreased by 1% as compared with the income of financial year 2009.

#### 5. Export performance and net Foreign Exchange earnings (Rs. crores):

|      |   |       |
|------|---|-------|
| 2010 | - | 50.64 |
| 2009 | - | 63.71 |
| 2008 | - | 66.70 |

#### 6. Foreign investments or collaborators, if any (31.12.2010):

Foreign Investors hold 61.9% in the Equity Share Capital of the Company.



## ASSAM COMPANY INDIA LIMITED

### II. INFORMATION ABOUT THE APPOINTEE :

#### 1. Background details :

Mr. A. K. Jajodia has over 26 years of experience in the area of Finance and Business Management. Mr. Jajodia is the Chief Driver of the enterprise and also serves as a Member on a number of business forums like the Indian Tea Association. He has been actively involved in the development of Oil and Gas Division and has played an important role in the structuring of Oil and Gas Division to its present level of operation.

#### 2. Past Remuneration :

|                                   | <b>Rupees</b> |
|-----------------------------------|---------------|
| 2010                              |               |
| Upto 30th September               | – 44,96,847   |
| From 1st October to 31st December | – 17,75,817   |
| 2009                              | – 65,99,606   |
| 2008                              | – 96,21,785   |

The remuneration paid to Mr. Jajodia for the period 1st October, 2010 to 31st December, 2010 on pro-rata basis is subject to the approval of the Shareholders at the ensuing Annual General Meeting.

#### 3. Job Profile and his suitability :

Mr. Aditya K Jajodia, aged about 48 years, is the Managing Director of the Company. He is a graduate in Commerce. Mr Jajodia has over two decades of experience in the areas of finance and business management. He has played an important role in the structuring and positioning of the Company's oil and gas division to its present level of operations with his active involvement. He holds many executive positions including being on the Committee of Indian Tea Association and is also its Chairman of Finance & Infrastructure Sub-Committee.

#### 4. Remuneration proposed:

Rs. 4,00,000 per month and other allowable perquisites and allowances as applicable to the Managing Director of a Company in consonance with Schedule XIII to the Companies Act, 1956.

#### 5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).

As the Company is engaged in Tea and Oil & Gas business, there is no known Company with similar

activity and hence comparison is not possible.

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

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

### III. OTHER INFORMATION:

1. Reasons for loss or inadequate profits.
2. Steps taken or proposed to be taken for improvement.
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 of the terms of the contract or variation together with the Memorandum of Interest 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 Ordinary Resolution for approval by the Members.

#### Item No. 6

On 12th August, 2011, Mr. Bharat Anand, was appointed by the Board as Additional Director to hold office till the date of the ensuing Annual General Meeting.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a Member signifying the candidature of Mr. Bharat Anand for the office of Director of the Company.

The Board recommends the appointment of Mr. Bharat Anand.

Other than Mr. Bharat Anand, no other Director is interested or concerned in this resolution.

#### Inspection of documents:

The following are available for inspection by the Members:-

The annual accounts of the subsidiary companies at the Registered Office of the Company between 10 am to 12 noon on any working day of the Company.

By Order of the Board

Kolkata  
5th September, 2011

Romit Mitra  
Vice-President & Company Secretary

**Annexure to Annual General Meeting Notice**  
**Information on Directors seeking appointment / re-appointment at the ensuing Annual General Meeting (Pursuant to Clause 49(IV)(G)(i) of the Listing Agreement.)**



**ASSAM COMPANY INDIA LIMITED**

| Name of Director | Date of Birth | Date of Appointment   | Expertise in specific Functional areas | Qualifications                     | Directorship in other Public Companies   | Membership / of Committees of other Public Limited Companies (include only Audit Committee and Shareholders'/Investors' Grievance Committee) | Other information  | Remarks   |
|------------------|---------------|-----------------------|--|------------------------------------|--|--|--|---|
| K.K.Jajodia      | 02.10.1933    | 01.10.1992            | Business Management                    | Doctor of Philosophy, B.Com (Hons) | Assam Oil and Gas Limited<br>North-East Hydrocarbon Limited.<br>Gujarat Hydrocarbons and Power SEZ Limited | Nil  | Promoter Director<br>No. of Shares held : NIL                  | Retires by rotation at the forthcoming Annual General Meeting |
| A.K.Jajodia      | 01.02.1963    | 01.10.1992<br>(0.37%) | Business Management                    | B. Com                             | North-East Hydrocarbon Ltd.<br>Gujarat Hydrocarbons and Power SEZ Limited<br>Jacks Home Products Limited   | Nil  | Promoter Director<br>No. of Shares held : 11,52,170            | Re-appointment as the Managing Director                       |
| Bharat Anand     | 13.07.1976    | 12.08.2011            | Legal                                  | Economics Graduate, Lawyer         | Dalmia Bharat Enterprises Limited  | Nil  | Non-Executive Independent Director<br>No. of Shares held : Nil | Additional Director appointed as regular Director             |



**DIRECTORS' REPORT**

The Board presents the Thirty Fourth Annual Report and Accounts for the year ended 31st December, 2010.

**The Financial Results are set out below :**

|  | Year ended<br>31.12.2010<br>Rs. | Year ended<br>31.12.2009<br>Rs. |
|--|---------------------------------|---------------------------------|
| <b>Profit before Interest, Depreciation, Amortisation, Taxes and Exceptional Items</b> | <b>51,10,07,495</b>             | 62,10,63,079                    |
| Interest and Finance Charges   | 4,71,43,754                     | 6,04,75,234                     |
| Depreciation / Amortisation  | <b>11,19,20,540</b>             | 12,04,57,775                    |
| <b>Profit before Exceptional Items and Taxes</b>                                       | <b>35,19,43,201</b>             | 44,01,30,070                    |
| Exceptional Items  | <b>21,41,59,165</b>             | 19,68,87,328                    |
| <b>Profit before Tax</b>   | <b>13,77,84,036</b>             | 24,32,42,742                    |
| Provision for Tax  | <b>3,88,46,262</b>              | 4,15,51,000                     |
| <b>Profit after Tax</b>  | <b>9,89,37,774</b>              | 20,16,91,727                    |
| Balance brought forward from previous year   | <b>57,58,29,791</b>             | 46,15,29,727                    |
| <b>Available for Appropriation</b>   | <b>67,47,67,565</b>             | 66,32,21,469                    |
| The Board propose the following Appropriation:   |                                 |                                 |
| Proposed Dividend  | <b>6,19,52,193</b>              | 6,19,52,193                     |
| Dividend Tax   | <b>1,00,50,194</b>              | 1,02,89,485                     |
| Transferred to General Reserve   | <b>74,25,000</b>                | 1,51,50,000                     |
| Balance Carried Forward  | <b>59,53,40,178</b>             | 57,58,29,791                    |
|  | <b>67,47,67,565</b>             | 66,32,21,469                    |

**Directors' Responsibility Statement**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 ("the Act") and, based upon the representations from the Management, the Board states that:

- a) in preparing the Annual Accounts, applicable Accounting Standards have been followed and there are no material departures;
- b) the Directors have selected such accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent 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 of the Company for the year;
- c) the Directors have taken proper and sufficient care in maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

**Dividend**

The Board is pleased to recommend for the approval of the Members a Dividend of Re. 0.20 per equity share of Re. 1 each in respect of the Financial year 2010.

**Management Discussion and Analysis Report**

The annexed Management Discussion and Analysis Report forms a part of this Report and covers, amongst other matters, the performance of the Company during the Financial Year 2010 as well as the future outlook.

**Subsidiary Companies**

Approval has been received from the Central Government under Section 212(8) of the Act, exempting the Company from attaching copies of the Reports and Accounts of its Subsidiary Companies. Accordingly, the Reports and Accounts of the Subsidiary Companies have not been attached to this Report. In granting the exemption, the Central Government has directed that specified information on the Subsidiary Companies be separately disclosed. This information has been incorporated in this Annual Report.

Subject to prior arrangement, the Audited Annual Accounts of



## ASSAM COMPANY INDIA LIMITED

the Subsidiary Companies will be available for inspection by any Member at the Company's Registered Office.

Any Member interested in obtaining a copy of the Audited Annual Accounts of the Subsidiary Companies can write to the Company Secretary at the Registered Office.

During the year under review :

- a) Duncan Macneill Power & Utilities Limited became a wholly owned subsidiary of the Company. The name of this company has subsequently changed to Duncan Macneill Power India Limited.
- b) the name of a subsidiary company, Assam Estates Limited, has changed to Dahej Offshore Infrastructure SEZ Limited.

### Directors

The Remuneration Committee, at its Meeting held on 6th February, 2011, had recommended to the Board of Directors that Mr. Aditya Kumar Jajodia be paid an enhanced remuneration of Rs. 4,00,000 per month and other allowable perquisites and allowances as the Managing Director of the Company for a further period of 2 (two) years with effect from 1st October, 2010 till 30th September, 2012, which was subsequently approved by the Board of Directors of the Company at its Meeting held on 5th September, 2011, subject to the approval of the Shareholders at the ensuing Annual General Meeting.

Mr. Umesh Barasia resigned from the Board with effect from 7th February, 2011. The Board wishes to place on record its appreciation of the valuable guidance and support given by him during his tenure as a Director of the Company.

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

At the Meeting of the Board of Directors of the Company held on 12th August, 2011, Mr. Bharat Anand was appointed as a Non-Executive Independent Director. Mr. Anand retires at the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Mr. Anand as a candidate for Directorship of the Company. Mr. Anand's period of office will be liable to retirement by rotation.

### 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 its Cost Auditors.

### Auditors

Messrs. Lovelock & Lewes, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. They have expressed their wish not to offer themselves for re-appointment.

### Auditors' Observations

The remarks in the Auditors' Report are already explained in the Notes to the Accounts and as such, does not call for any further explanation or elucidation.

The Board, however, deliberated at length with the Statutory Auditors suggestion to provide for export realisation amount which is overdue. Taking into account the 18 years long association with the Debtors, their track record of making full payment of export dues in the past and considering their request to grant them further time to pay overdue amount the Board thought it prudent not to provide in these Accounts.

### Report on Corporate Governance

In accordance with the Listing Agreement with the Stock Exchanges the Report on Corporate Governance in accordance with Clause 49 of the Listing Agreement along with the Auditor's Certificate is attached.

The remarks in the Auditor's Certificate are explained hereunder:

1. Clause 3(a), 3(b):

In terms of Clause 49(I)(c)(iv) of the Listing Agreement, the Board may appoint a new independent director within a period of not more than 180 days from the day of such removal or resignation of a Director as the case may be. This requirement has been complied with.

2. Clause 3(c):

This remark has already been explained in the Report of Corporate Governance, 2010.

3. Clause 3 (d):

The Limited Review Report shall be forwarded to the concerned Authorities on receipt from the Statutory Auditors.

### 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.

### Acknowledgement

The Board sincerely thanks 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 Stakeholders for their continued assistance and co-operation.

The Board also takes this opportunity to acknowledge the industrial harmony at all the tea gardens and other locales and also thanks the employees and other workmen for their commitment and dedication.

**On behalf of the Board of Directors**

Kolkata  
5th September, 2011

**A. K. Jajodia – Managing Director**  
**P. Tusnial – 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, 2010.**

| <b>FORM "A"</b>                              | <b>Year ended<br/>31.12.2010</b> | <b>Year ended<br/>31.12.2009</b> |
|--|----------------------------------|----------------------------------|
| <b>CONSERVATION OF ENERGY</b>                |                                  |                                  |
| <b>A. Power &amp; Fuel Consumption</b>       |                                  |                                  |
| <b>1. Electricity</b>                        |                                  |                                  |
| a. Purchased Units (KWH)                     | <b>10332784</b>                  | 9429806                          |
| Total Amount (Rs.)                           | <b>69808338</b>                  | 63728684                         |
| Rate per Unit (Rs.)                          | <b>6.76</b>                      | 6.76                             |
| b. Through diesel generator Units (KWH)      | <b>2700452</b>                   | 3557386                          |
| Units per Litre of diesel                    | 2.96                             | 2.84                             |
| Cost / Unit (Rs.)                            | <b>12.55</b>                     | 11.62                            |
| <b>2. Coal</b>                               |                                  |                                  |
| Quantity (Tonnes)                            | <b>4349.74</b>                   | 3176.23                          |
| Total Cost (Rs.)                             | <b>22896406</b>                  | 15696376                         |
| Average Rate (Rs. / Tonne)                   | <b>5264</b>                      | 4942                             |
| <b>3. Furnace Oil</b>                        |                                  |                                  |
| Quantity in Kilo Litre (KL)                  | <b>159.505</b>                   | 100.766                          |
| Total Cost (Rs.)                             | <b>5871823</b>                   | 3504684                          |
| Average Rate (Rs. / KL)                      | <b>36813</b>                     | 34780                            |
| <b>4. Gas</b>                                |                                  |                                  |
| Quantity (Scum)                              | <b>7132254.4</b>                 | 8367005                          |
| Total Cost (Rs.)                             | <b>56940697</b>                  | 43247575                         |
| Rate (Rs. / Scum)                            | <b>7.98</b>                      | 5.17                             |
| <b>B. Consumption Per Unit of Production</b> |                                  |                                  |
| Production of Tea (Kgs.)                     | <b>14556757</b>                  | 14826107                         |
| Electricity (KWH)                            | <b>0.90</b>                      | 0.88                             |
| Furnace Oil (Litres)                         | <b>0.04</b>                      | 0.01                             |
| Coal (Kgs.)                                  | <b>1.44</b>                      | 1.29                             |
| Gas (Scum)                                   | <b>0.49</b>                      | 0.56                             |



**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 :<br>a. Technology imported<br>b. Years of import<br>c. Has technology been fully absorbed<br>d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. | NOT APPLICABLE  |

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, foreign exchange outgo was to the extent of Rs. 5.41 Crores. The foreign exchange earnings during the period was Rs. 50.64 Crores. Details of the foreign exchange earnings and outgo have been given in Schedule 13 (14) and 13 (15) 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, 2010.**

| 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 | 62,72,664          | B. Com         | 26                 | 1st October, 1992                  | 48          | Worldlink Finance Limited      | Wholetime Director |

- 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, 2010.
  2. The Remuneration paid to Mr. A. K. Jajodia during the period 1st October, 2010 to 31st December, 2010 is subject to the approval of the Shareholders at the ensuing Annual General Meeting.
  3. Nature of appointment – contractual.
  4. 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*

**P. Tusnial** – *Director*

Kolkata  
5th September, 2011



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**MANAGEMENT DISCUSSION & ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT****Tea**

The Indian Tea Industry ended 2010 with a lower crop and lower exports but higher price average vis-à-vis 2009.

Since the beginning of 2010, the Assam Valley witnessed unfavourable weather conditions resulting in lower crop. The situation worsened further due to Helopeltis pest attack during the quality period. This affected tea companies resulting in lower crop and lower exports from the region.

At the end of 2010, while the Assam Valley witnessed 16 Million Kgs down in crop, total of North India witnessed 12 Million Kgs down vis-a-vis 2009. The all India crop during 2010, was lower by 12.6 Million Kgs (966 Million Kgs) vis-à-vis 2009 level (979 Million Kgs).

While India witnessed a lower crop during 2010, world crop increased by 314 Million Kgs, of which China alone witnessed an increase of 187 Million Kgs. All African countries and Sri Lanka witnessed their record crop during 2010.

Quality tea production experienced higher trends in price during 2010 which in fact commenced since 2009. Medium and low quality tea however faced a set-back. The Assam Valley tea price witnessed an increase of Rs.7 per kg while North India witnessed an increase of Rs.3.33 per kg. The India price level was thus Rs.103.55 per kg during 2010 vis-à-vis Rs.105.61 per kg during 2009 i.e. a decline of Rs.2 per kg. South India faced a Rs. 13.34 per kg decline in price. In keeping with the Indian trend, the Auction prices in all major World Centres witnessed higher trends during 2010.

Indian Tea exports, during 2010, declined by 4.6 Million Kgs vis-à-vis 2009. While South India increased exports by over 3 Million Kgs, North India witnessed a decline of 8 Million Kgs during 2010. The price realizations, however, were reversed, while North India fetched higher price by Rs.4 per Kg, South India suffered Rs.16 per kg.

Although the Tea Board has not released destination-wise exports for 2010, market sources reveal that tea exports from India increased to Pakistan (20 Million Kgs - a record level), Egypt, USA and Russia.

Keeping with the lower export trends tea imports into India,

basically for e-exports, during 2010 declined by 5.5 Million Kgs in 2010 vis-à-vis 2009. While total imports during the year was 17.5 Million Kgs in 2010, it was 23 Million Kgs in 2009. Average import price during 2010, however, slightly increased to 89 per kg from 84 per kg.

**Oil and Natural Gas:**

The oil and gas industry has been instrumental in fuelling the rapid growth of the Indian economy. India has total reserves of 1201 million metric tonnes (MT) of crude oil and 1437 billion cubic meters (BCM) of natural gas as on April 1, 2010, according to the Ministry of Petroleum.

**Oil**

- Crude oil production during 2010-11 was 37.712 MT, compared to 33.68 in 2009-10.
- Refinery production in terms of crude throughput was 164.85 MT in 2010-11.
- The production of natural gas went up to 52.2222 billion cubic meters tonnes (BCM) in 2010-11 from 47.57 BCM in 2009-10.

India is currently dependent on imports for 70 percent of its oil consumption but at the same time petroleum product exports constitute the country's single largest item of foreign exchange earner. The EIA expects India to become the fourth largest net importer of oil in the world by 2025, behind the United States, China and Japan.

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

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

**Gas**

India's natural gas demand is expected to nearly double to 320 million standard cubic meters per day by 2015,



according to a Report released by global consultancy firm McKinsey at the Sixth Asia Gas Partnership Summit.

According to the Report, the current demand of 166 million standard cubic metres per day (mscmd) made up of nearly 132 mscmd supplies from domestic fields and the rest from imported LNG is likely to rise to at least a minimum of 230 mscmd and a maximum of 320 mscmd by 2015.

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

### **Litigation with Canoro**

Pursuant to Government of India (GOI) Order - Ref No.O-19025 / 5 / 2010 ONG - D V Part-I (C.No.9203) dated 27th August, 2010, 60% Participation Interest (PI) and Operatorship of Canoro Resources Limited (Canoro) in Amguri Field was terminated with effect from 29th August, 2010. The legal case and Arbitration proceedings initiated by Canoro against termination by GOI before the Hon'ble Delhi High Court and Arbitral Tribunal respectively have also been dismissed and terminated.

Similarly, the Company has also filed an Application under Section 9 of the Arbitration Act before the Hon'ble Delhi High Court against Canoro claiming its right of first refusal as per Joint Operating Agreement (JOA) against transfer of controlling stake of Canoro in favour of Mass Financial Corporation (Mass). The case was dismissed by Delhi High Court with a directive to Canoro to extend all co-operation to the Company in the Arbitration proceedings before Arbitral Tribunal, which was initiated by the Company claiming damage from Canoro for negligence in operation as the Operator. While the Arbitration proceedings initiated by Canoro against GOI have been terminated on 30th and 31st August, 2011, the Arbitration proceedings initiated by the Company against Canoro is continuing.

The Company has already submitted to GOI its rightful claim of 60% PI and Operatorship terminated by them under the provisions of Production Sharing Contract (PSC). As per PSC, the Company, being the lone non-defaulting contractor, is entitled to take the possession of 60% PI and also become the Operator of Amguri Field, which is awaiting formal consent from GOI.

### **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

The Company, for the financial year 2010, had operations in two geographical segments - Domestic market and Export market wherein around 77.33 per cent of the Company's turnover is from the Domestic market segment and the balance from Export market segment.

The Company has 18 Tea Estates and 3 Oil Blocks all in the State of Assam.

The Company's revenue from the sale of oil and gas is around Rs. 23.06 Crores, constituting 10.33% of total sales. 42687 BBLs of Oil and 18833 MCM of gas were sold during 2010.

In respect of the Tea business, total sales is aggregated to Rs. 200.22 Crores which is 89.67% of the total sales, out of this, domestic sales was 106.45 Lacs Kg amounting to Rs. 149.60 Crores and export sales was 26.47 Lacs Kg amounting to Rs. 50.62 Crores.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The internal control systems of the Company is adequate and commensurates its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. The Independent firms of Chartered Accountants carries out internal audit at the Tea Estates on a regular basis.

The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews Audit Reports submitted by the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up the implementation of corrective actions.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL FRONT**

Relationship with employees at all levels in the Tea Estates, Oil / Gas Blocks and other locales remained cordial.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company is conscious of its social responsibilities and the environment in which it operates. It has continued with its



welfare activities for development in the fields of education, culture and other welfare measures and to improve the general standard of living in and around the tea estates. The emphasis is on improvement of health, development of education, culture and sports. All the Estates are participating with the Ethical Tea Partnership.

The Company views itself as a role model that manages its business for the benefit of all its stakeholders. Through its various development and environmental projects, it has forged strong bonds and makes a difference in the lives of its local communities.

#### **Health care**

Medical assistance is provided to the nearby villages through medical camps. A high standard of medical care is provided to the work force through well equipped individual estate hospitals.

Medical facilities are provided for in excess of legal obligations in every tea garden. The Company has invested considerably to meet this obligation and can now boast of some of the premier medical facilities in the entire region.

The hospitals contain state-of-the-art facilities and employ committed staff. They are of highest standards in providing the needs of the employees, the staff and the management.

#### **Welfare and Recreational Facilities**

The Company has promoted a health care programme called "Mothers' Club", which is a unique institution comprising of about 15 senior women workers on each estate, who provide the guidance on health care, family planning and sexual health, including prevention of AIDS, good practices in hygiene at home and for babies. As a result of this infant mortality rates are lower than the national average.

They also extend support to ongoing ILO and UNICEF programmes.

By law, the Company provides for adequate welfare and recreational facilities for the employees. Crèches, clubs and sporting sites are maintained for all the Company's employees to use.

The legal requirement is complied with by providing blankets and protective clothing (like shoes and umbrellas).

#### **Environment**

The Company constantly strives to reduce the environmental impact from the use of pesticides and herbicides by only using environmentally friendly chemicals that excludes Ethion, Tetradifon, Quinalphos and Monocrotophos and so eliminate even small traces of harmful residues.

Through strict management supervision, tight controls are achieved for both the methods of application and the frequency of use of universally approved chemicals, so the effect on tea gardens' indigenous flora and fauna are minimised.

The Pest Management systems comply with numerous minimal residue levels (MRL's) in accordance with the European Legislation and is a source of pride for our Code of Practice.

#### **Conservation**

Each of the 18 tea gardens has, within its Nursery, a programme designed to grow indigenous flora for planting throughout the estate.

This allows us in maintaining the beauty of the region, whilst ensuring as bio-diverse a plant population as possible, within the confines of our tea gardens.

#### **Rainforest Alliance**

The Company is implementing the 'Rainforest Alliance' Certification programme on 9 of its Estates thereby showing commitment towards sustainability and workers health; hygiene and safety. The 'Rainforest Alliance' certification involves a holistic approach - treating environment, ethics and economics equally. To meet the standards, companies must commit to continuous improvements in worker welfare, farm management and environmental protection by reducing pesticide use, eliminating waste and introducing better farming techniques. Workers earn decent wages and have access to good housing, education and healthcare.

#### **Residential Accommodation, Piped Water and Sanitation**

By law we provide free accommodation and sanitation to our employees, we meet all our legal obligations.

#### **Education**

By law we provide free Primary education of our employees' children, we have achieved this through the construction of schools on every one of our 16 tea gardens.





### **Sustainable Agricultural Practice**

Our tea gardens are mostly located in remote rural areas that do not have many alternative local employment opportunities. The social welfare laws for tea plantation workers in India are the most stringent in the world. Though this has resulted in Indian tea being more costly to produce, it has also contributed to a system which is seen to be fair and in line with good employment practices.

The Company seeks out and promotes methods of growing tea using sound environmental practices that encourage bio-diversity and healthy soil.

We practise soil and water conservation through Best Practice field management systems which include composting, soil rehabilitation and reforestation.

To comply with the legal requirement of supplying every household with a 'Fire Wood' ration, Assam Company provides employees with uprooted tea bushes, rather than allowing further destruction of the region's forests with the consequential impact on the environment.

### **Vermicomposting Scheme**

The Company follows an environmentally friendly scheme of composting organic matter by use of earthworms.

Vermicomposting is essentially the consumption of organic material by earthworms.

For centuries, earthworms have been used as a means of decomposing wastes and improving soil structure. The breeding and propagation of earthworms and the use of its casting has become an important method of waste recycling throughout world.

Increasing numbers of businesses worldwide are successfully employing vermiculture technology as an excellent soil conditioner and the Company has taken this sustainable practice to benefit our tea gardens, our environment and to reduce our chemical footprint.

### **Advantages of Vermicomposting:**

- Vermicompost is an ecofriendly fertilizer prepared from biodegradable waste.
- It is free from chemicals.
- It does not have any adverse effect on soil, plant and environment.
- It improves soil aeration, texture and tilth thereby reducing soil compaction.
- It improves water retention capacity of soil because of its high organic content.
- It improves better root growth and nutrient absorption.
- It improves nutrient status of soil - both macro-nutrients and micro-nutrients.



**REPORT ON CORPORATE GOVERNANCE 2010**

**1. Company's Philosophy on Code of Governance:**

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

**Code of Conduct**

The Company has adopted a Code of Conduct for all Board Members and the Senior Management Team of the Company. All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect, duly signed by the Managing Director is annexed hereunder. The Code of Conduct has been posted on the website of the Company.

**ANNUAL DECLARATION BY THE MANAGING DIRECTOR PURSUANT TO CLAUSE 49(1) (D) (ii) OF THE STOCK EXCHANGE LISTING AGREEMENT**

As the Managing Director of the Assam Company India 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 ended 31st December, 2010.

Kolkata  
5th September 2011

**Aditya Kumar Jajodia**  
Managing Director

**2. Board of Directors :**

The Board of the Company as at 31st December, 2010, comprised of four Directors (Managing Director and three Non-Executive Directors). The Board is headed by the Non-Executive Chairman, Dr. K. K. Jajodia.

The Non-Executive Chairman and the Managing Director are related to each other.

During the year under review, Five(5) Board Meetings were held, the dates being, 29th January, 7th May, 15th May, 14th August and 13th November, 2010. The last Annual General Meeting was held on 25th June, 2010.

The requisite details of Directors, their Directorships in other public companies, Chairmanships/ Memberships in Board Committees of other public companies as on 31st December, 2010, and their attendance at the Board and last Annual General Meeting (AGM) are as under:-

| Directors  | Directorship and Chairmanship / Membership of Board and Board Committees in other Companies |            |              | No. of Board Meetings attended | Attendance at 33rd AGM held on 25th June, 2010 |
|--|---|------------|--------------|--------------------------------|--|
|  | Director (1)  | Member (2) | Chairman (3) |                                |  |
| Dr. K. K. Jajodia, Chairman, Promoter, Non-Executive Non-Independent | 3   | Nil        | Nil          | -                              | No   |
| Mr. A. K. Jajodia, Managing Director Promoter, Executive             | 3   | Nil        | Nil          | 5                              | No   |
| Mr. Umesh Barasia* Director, Non-Executive, Independent              | Nil   | Nil        | Nil          | 5                              | Yes  |
| Mr. Pradip Tusnial,** Director, Non - Executive, Independent         | 5   | Nil        | Nil          | 4                              | No   |

\* Mr. Umesh Barasia resigned as a Director on 7th February, 2011.

\*\* Mr. Pradip Tusnial was appointed as Additional Director on 7th May, 2010. Mr. Tusnial held office till the last Annual General Meeting held on 25th June, 2010, in which he was elected as a Director.

- (1) Excluding directorship in private limited companies, foreign companies and Companies incorporated under section 25 of the Companies Act, 1956.
- (2) No Director of the Company was a Board Committee Member of any other Company.
- (3) Dr. K.K. Jajodia retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. A brief resume of the Director and nature of his expertise in specific functional areas has been provided in the Explanatory Statement to the Notice convening the forthcoming Annual General Meeting.
- (4) During the year, the Non Executive Directors did not hold any shares of the Company.

**3. Audit Committee:**

During the year under review, the Audit Committee comprised of the following: Mr. A.K. Jajodia, Mr. Umesh Barasia and Mr. Pradip Tusnial. Mr. Umesh Barasia and Mr. Pradip Tusnial are Non-Executive, Independent Directors. Mr. Barasia is a Chartered Accountant. The Company Secretary acts as the Secretary to the Committee. All the members of Audit Committee are financially literate.

During the year under review, five (5) Audit Committee meetings were held on 29th January, 7th May, 15th May, 14th August and 4th November, 2010. The attendance at the aforesaid meetings was as follows:

| Composition                 | Mr. Pradip Tusnial (Chairman) | Mr. Umesh Barasia | Mr. A. K. Jajodia |
|-----------------------------|-------------------------------|-------------------|-------------------|
| Committee meetings attended | 4                             | 5                 | 4                 |

Mr. Umesh Barasia was the Chairman of the meeting held on 29th January 2010 and thereafter Mr. Pradip Tusnial was appointed Chairman for all the subsequent meetings held during the year.



## ASSAM COMPANY INDIA LIMITED

Mr. Pradip Tusnial, the Chairman of the Audit Committee, was not present at the last Annual General Meeting. However, Mr. Umesh Barasia who is a member of the Committee was present at the Meeting to address Members query.

Consequent to Mr. Umesh Barasia's resignation as a Director of the Company, he ceased to be a member of the Audit Committee, with effect from 7th February, 2011.

### Terms of Reference

The Terms of Reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

### 4. Remuneration Committee:

The Remuneration Committee comprises of the following Directors :

- Mr. Umesh Barasia (Chairman)
- Mr. Pradip Tusnial
- Mr. A. K. Jajodia

Dr. K.K. Jajodia became the member of the Committee on 7th February, 2011 and Mr. Umesh Barasia resigned on 7th February, 2011.

The Remuneration Committee determines and recommends to the Board the remuneration including commission, perquisites and allowances payable to the Managing Director as and when the necessity arises.

During the year, there was no revision in the remuneration of the Directors. Hence, the Remuneration Committee was not required to meet.

The Non-Executive Directors draw a sitting fee of Rs.1,500 for attending each meeting of the Board or Audit Committee and do not draw any other remuneration from the Company.

The details of Directors' remuneration for the year ended 31st December, 2010 are as follows:-

| Name of Director                    | Sitting Fees<br>(Rs.) | Salary<br>(Rs.) | Benefits<br>(Rs.) | Provident Fund<br>(Rs.) | Total<br>(Rs.) | Notice period in month(s) |
|-------------------------------------|-----------------------|-----------------|-------------------|-------------------------|----------------|---------------------------|
| Dr. K. K. Jajodia, Chairman         | Nil                   | Nil             | Nil               | Nil                     | Nil            | N.A.                      |
| Mr. A. K. Jajodia Managing Director | Nil                   | 24,00,000       | 32,41,464         | 6,31,200                | 62,72,664      | 3                         |
| Mr. Umesh Barasia                   | 15,000                | Nil             | Nil               | Nil                     | 15,000         | N.A.                      |
| Mr. Pradip Tusnial                  | 9,000                 | Nil             | Nil               | Nil                     | 9,000          | N.A.                      |
| Total                               | 24,000                | 24,00,000       | 32,41,464         | 6,31,200                | 62,96,664      |                           |

During the year ended 31st December, 2010, the Company did not have any stock option plans for its Directors. No severance fee is payable to the Directors.

There were no pecuniary relationships or transactions between the Non-Executive Directors and the Company, other than those disclosed above.

### 5. Shareholders' / Investors' Grievance Committee:

The Board of Directors at its Meeting held on 15th May, 2010, renamed 'Share Transfer and Shareholders/ Investors Grievance Committee' as 'Shareholders/ Investors Grievance Committee' (the Committee). The Committee has been reconstituted to consist of Mr. A. K. Jajodia, Managing Director, Mr. Umesh Barasia and Mr. Pradip Tusnial, Non-Executive Directors and Mr. Romit Mitra, Company Secretary, as its Members. Mr. Umesh Barasia is the Chairman of the Committee. Any two members will form the quorum of the meeting.

### Terms of Reference

The Committee monitors the response of the Company to investor complaints. It is also authorized to approve the issue of duplicate share certificates in lieu of those lost or destroyed.

During the year 20 (Twenty) meetings were held.

Mr. Romit Mitra, the Company Secretary was the Compliance Officer of the Committee.

During the year under review, the following valid requests were complied with:

|                         | <u>Number of Shares</u> |
|-------------------------|-------------------------|
| Physical Transfer :     | 72,180                  |
| Physical Transmission : | 28,110                  |
| Dematerialization :     | 3,28,720                |
| Rematerialisation :     | 700                     |

Note : One request for physical transfer of shares was pending as on 31st December, 2010.

There are no complaints from Members pending unresolved as at 31st December, 2010. All complaints / requests for transfers etc. from Members 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 Members             | ... | 9            |
| b) No. of complaints not resolved / no action taken        | ... | NIL          |
| c) No. of pending Share Transfer as on 31st December, 2010 | ... | 1,400 Shares |



## ASSAM COMPANY INDIA LIMITED

### 6. General Body Meetings:

All the last three Annual General Meetings of the Company were held at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam, at 11 A.M., as follows on the following dates:

| No. of AGM | Date       | Year | Details of Special Resolution passed  |
|------------|------------|------|---|
| 31st       | 22.07.2008 | 2008 | 1. Remuneration payable to the Managing Director of the Company.<br>2. Amendment in Remuneration payable to Director Finance and CFO of the Company.<br>3. Employee Stock Option Scheme.<br>4. Extension of Employees Stock Option Scheme to the eligible employees and Directors.<br>5. Sanction of Inter Corporate Loans, Investments and Guarantees. |
| 32nd       | 30.09.2009 | 2009 | Change of name of the Company.  |
| 33rd       | 25.06.2010 | 2010 | Nil   |

### 7. Disclosures:

- (a) Materially significant related party transactions
- There have been no materially significant related party transactions, pecuniary transaction or relationships between Assam Company India Limited and its Directors for the year ended 31st December 2010 that may have a potential conflict with the interests of the Company at large.
- (b) There were no instances of non compliance by the Company related to penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years.
- (c) The Company has not adopted a Whistle Blower Policy. However, it is affirmed that no personnel has been denied access to the Audit Committee.

### 8. Risk Management:

The various determined aspects of risk management and minimization are reviewed and the Board is kept informed on important issues.

### 9. Means of Communication:

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

### 10. General Shareholder Information:

#### Annual General Meeting

**Date & Time** : 29th September, 2011, Thursday, at 11 A.M.

**Venue** : Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam.

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

**Date of Book Closure** : 16th September to 29th September, 2011, both days inclusive.

**Dividend Payment date** : On or after 29th September, 2011.

#### 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 - 400 001

The Company has paid the Annual Listing Fees for the year 2010-2011.

**Stock Code** – NSE - ASSAMCO  
– BSE - 500024

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



**Stock Market Data**

| Month           | NSE        |           | BSE        |           | SENSEX     |           | NIFTY      |           |
|-----------------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|
|                 | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| January, 2010   | 24.45      | 19.40     | 24.50      | 19.60     | 17,790     | 15,982    | 5310       | 4766      |
| February, 2010  | 25.05      | 20.30     | 23.45      | 20.25     | 16,669     | 15,651    | 4992       | 4675      |
| March, 2010     | 22.50      | 20.50     | 22.30      | 20.55     | 17,793     | 16,438    | 5329       | 5049      |
| April, 2010     | 25.70      | 19.95     | 28.00      | 19.95     | 18,047     | 17,276    | 5399       | 5160      |
| May, 2010       | 24.25      | 18.10     | 24.30      | 17.90     | 17,536     | 15,960    | 5250       | 4786      |
| June, 2010      | 23.15      | 16.65     | 23.10      | 16.90     | 17,919     | 16,318    | 5366       | 4967      |
| July, 2010      | 20.80      | 17.65     | 20.90      | 17.60     | 18,237     | 17,395    | 5477       | 5231      |
| August, 2010    | 23.25      | 17.25     | 23.15      | 17.20     | 18,475     | 17,819    | 5549       | 5348      |
| September, 2010 | 25.35      | 20.60     | 25.40      | 20.70     | 20,267     | 18,027    | 6073       | 5473      |
| October, 2010   | 24.15      | 20.50     | 24.10      | 20.60     | 20,854     | 19,768    | 6284       | 5937      |
| November, 2010  | 29.20      | 18.50     | 29.20      | 18.20     | 21,108     | 18,954    | 6338       | 5690      |
| December, 2010  | 23.15      | 16.75     | 23.10      | 16.80     | 20,664     | 19,074    | 6147       | 5721      |

**Registrar & Share Transfer Agent:**

C. B. Management Services Pvt. Ltd.  
P-22, Bondel Road, Kolkata - 700 019  
Tel: 4011 6700 / 11 / 18 / 23, 2280 6692 / 93 / 94  
Fax: 2287 0263, Email: rta@cbmsl.com  
Website : www.cbmsl.com

**Liquidity :**

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).

**Share Transfer System :**

Securities in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time, subject to the documents being valid and complete in all respects. The Company adopts the transfer-cum-demat system to facilitate Demat of Shares. The power to approve transfers, transmissions, sub-division, consolidation etc of the shares has been delegated to the Registrar and Share Transfer Agent (RTA). The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the Certificate with the Stock Exchanges.

**(a) Distribution of shareholding as on 31.12.2010 :**

| Group of shares |           | No. of Share Holders | % of Total Share-holders | No. of Shares    | % Shares      |
|-----------------|-----------|----------------------|--------------------------|------------------|---------------|
| From            | To        |                      |                          |                  |               |
| 1               | 500       | 39902                | 65.41                    | 9160732          | 2.96          |
| 501             | 1000      | 9460                 | 15.51                    | 8462944          | 2.73          |
| 1001            | 2000      | 5436                 | 8.91                     | 8822601          | 2.85          |
| 2001            | 3000      | 1960                 | 3.21                     | 5264111          | 1.70          |
| 3001            | 4000      | 753                  | 1.24                     | 2787662          | 0.90          |
| 4001            | 5000      | 1161                 | 1.90                     | 5572036          | 1.80          |
| 5001            | 10000     | 1371                 | 2.25                     | 10515680         | 3.39          |
| 10001           | and above | 959                  | 1.57                     | 259175197        | 83.67         |
| <b>TOTAL</b>    |           | <b>61002</b>         | <b>100.00</b>            | <b>309760963</b> | <b>100.00</b> |

**(b) Shareholding Pattern as on 31.12.2010 :**

| Category                        | No. of Shares held | Percentage    |
|---------------------------------|--------------------|---------------|
| <b>Promoter</b>                 |                    |               |
| Indian                          | 18885429           | 6.10          |
| Foreign                         | 124242596          | 40.11         |
| <b>Public</b>                   |                    |               |
| Foreign Institutional Investors | 11761952           | 3.79          |
| Non Resident Individuals        | 1748773            | 0.57          |
| Financial Institutions & Banks  | 175000             | 0.06          |
| Mutual Fund                     | 20160              | 0.01          |
| Others                          | 98921553           | 31.93         |
| Overseas Body Corporate         | 54000000           | 17.43         |
| Foreign National                | 3000               | -             |
| Trust                           | 2500               | -             |
| <b>TOTAL</b>                    | <b>309760963</b>   | <b>100.00</b> |



## ASSAM COMPANY INDIA LIMITED

### Physical / Dematerialisation of Shares as on 31.12.2010 :

|              | No. of Shares    | %             |
|--------------|------------------|---------------|
| Physical     | 22307641         | 7.20          |
| Demat        | 287453322        | 92.80         |
| <b>Total</b> | <b>309760963</b> | <b>100.00</b> |

### Insider Trading Regulations

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

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

As on 31st December 2010, outstanding Foreign Currency Convertible Bonds aggregate to INR 142.50 Crores with maturity on 30th November 2011.

Considering conversion of outstanding Foreign Currency Convertible Bonds, the non-promoter holding would be 60.17%.

### Address for investors' correspondence for Queries, if any

C. B. Management Services Pvt. Ltd.

P-22, Bondel Road, Kolkata - 700 019

Tel: 4011 6700 / 11 / 18 / 23, 2280-6692 / 93 / 94

Fax: 2287-0263

Email: [rt@cbmsl.com](mailto:rt@cbmsl.com), Website: [www.cbmsl.com](http://www.cbmsl.com)

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

### OFFICES OF THE COMPANY

|                          |   |
|--------------------------|---|
| <b>Registered Office</b> | Greenwood Tea Estate<br>P.O. Dibrugarh, Assam - 786 001                                 |
| <b>Head Office</b>       | 52, Chowringhee Road<br>Kolkata - 700 071   |
| <b>Branch Office</b>     | (i) Girish Chandra Bardalai Path<br>Bamunimaidam, Guwahati - 781 021                    |
|                          | (ii) 2nd Floor, 22, Community Centre<br>Basant Lok, Vasant Vihar<br>New Delhi - 110 057 |
|                          | (iii) Flat No. 301<br>VIPPS Centre<br>Greater Kailash Part-II<br>New Delhi - 110 048    |

### PLANT LOCATIONS:

#### A. TEA ESTATES:

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

#### District

|            |   |   |
|------------|---|---|
| Dibrugarh  | : | Borborooah<br>Greenwood<br>Hazelbank<br>Maijan<br>Nudwa<br>Thanai |
| Moran      | : | Doomur Dullung<br>Hajua<br>Khoombaie<br>Mohokutie                 |
| Tinsukia   | : | Dinjan<br>Oakland<br>Rungagora                                    |
| Nagaon     | : | Kondoli<br>Rembeng<br>Salonah                                     |
| Doom Dooma | : | Digulturrung  |
| Jorhat     | : | Kotalgoorie   |

#### B. OIL & NATURAL GAS DIVISION:

The Company has three Oil and Gas Blocks located as follows :

| State            | Block        |
|------------------|--------------|
| Assam            | Amguri       |
| Assam            | AAONN-2005/1 |
| Assam & Nagaland | AA-ON/7      |

### 11. Compliance with Clause 47(f) of the Listing Agreement:

In compliance with the provisions of Clause 47(f) of the Listing Agreement, a separate e-mail ID **redressal@assamco.com** operates as a dedicated ID solely for the purpose of registering complaints.

### 12. Compliance Certificate of the Auditors

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The Certificate is annexed.



**COMPLIANCE WITH NON-MANDATORY REQUIREMENTS**

The Company has adopted all mandatory requirements of Clause 49 of the Listing Agreement and the status of compliance in respect of non-mandatory requirements stipulated by the said clause is as under:

- The tenure of Independent Directors is not being restricted to the period of 9 years in aggregate since the Board of Directors is unanimously of the opinion that the length of the tenure on the Board would not have any material negative impact on the performance of Independent Directors and discharge of their duties towards the Company.
- The Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee was present at the last Annual General Meeting.
- The Quarterly / half yearly financial results are published in leading English newspapers and also in Assamese Newspapers circulating in the District where the Registered Office of Company is situated and are also accessible on the Company's website. The results are therefore not being separately circulated to the Members.
- The Directors are kept informed of the latest developments in laws, rules and regulations. The need for formal training on these issues therefore is not felt necessary at present.
- The Company has not adopted a Whistle Blower Policy. The Company however recognizes the importance of reporting to the Management by an employee at any level about the unethical behaviour or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

**On behalf of the Board of Directors**

**Kolkata  
5th September, 2011**

**Aditya Kumar Jajodia  
Managing Director**

**MANAGING DIRECTOR, VICE PRESIDENT – FINANCE AND  
VICE PRESIDENT – ACCOUNTS CERTIFICATION**

To,  
The Board of Directors  
Assam Company India Limited

We, the undersigned, in our respective capacities as Managing Director, Vice President – Finance and Vice President – Accounts of Assam Company India 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, 2010, 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**

**Sanjay Sharma  
Vice President – Finance**

**Abhijit Sen**

Kolkata, 5th September, 2011 **Vice President – Accounts**



**ASSAM COMPANY INDIA LIMITED**

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

**To**

**The Members of Assam Company India Limited**

1. We have examined the compliance of conditions of Corporate Governance by Assam Company India Limited, for the year ended 31st December, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except in respect of the following items :-
  - a. *During the period 25th November, 2009 to 6th May, 2010 the Audit committee of the Board of Directors had only two directors instead of three directors*
  - b. *The quorum for the meeting of the Audit Committee of the Board of Directors held on 29th January, 2010 had only one independent member instead of two independent directors.*
  - c. *As stated in paragraph 4 of the Report on Corporate Governance, the Chairman of the Audit Committee has not attended the last Annual General Meeting.*
  - d. *The Report on Corporate Governance has not disclosed the non compliance by the Company in respect of delayed and / or non submission of the Limited Review Report of the Statutory Auditors on the unaudited results to the stock exchanges during the last three years.*
  - e. *The company has not submitted the certificate from auditors or practicing company secretaries regarding compliance of conditions of corporate governance along with the annual report filed by the company for the year ended 31st December, 2009 to the stock exchanges.*
4. 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.

**Partha Mitra**  
**Partner**

Membership Number 50553  
For Lovelock & Lewes  
Firm Registration Number – 301056E  
Chartered Accountants

Kolkata, 5th September, 2011





## AUDITORS' REPORT

### To The Members of Assam Company India Limited

1. We have audited the attached Balance Sheet of Assam Company India Limited as at 31 December, 2010 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. *We draw your attention to Note no. 30 on Schedule no. 13, regarding overdue amounts, aggregating to Rs 2,777.64 lacs at the year end, due from certain customers which, according to the Management, are recoverable. However, the Management could not provide sufficient and appropriate evidence as to the realisability of the aforesaid overdue amounts for our examination and we are unable to concur with the Management's assertion in this respect that adequate consideration has been given to the concept of prudence set out in Accounting Standard 1 - Disclosure of Accounting Policies. The amount of overdue debts that may be required to be provided for, and impact thereof on the reported profit before tax for the year, debtors' balance and Reserves and Surplus balance at the year-end, could not be determined.*
5. Without qualifying our opinion, we draw your attention to Note no. 31 (b) on Schedule no. 13, in relation to certain Oil and Gas producing properties of the Company, whose net book value at the year-end aggregated Rs. 5,193.06 lacs, that are being depreciated on consistent basis in accordance with the 'Unit of Production' method recommended in the Guidance Note on "Accounting for Oil and Gas Producing Activities" issued by the Institute of Chartered Accountants of India in February, 2003 because no rates have been prescribed for the aforesaid fixed assets in Schedule XIV to the Act. The Company is awaiting response to its application to the Central Government pursuant to Section 205 of the Act seeking approval to depreciate the aforesaid assets in accordance with the Unit of Production method. These financial statements do not include any adjustments, should the Central Government direct the Company to adopt a method/ rate of depreciation for the aforesaid assets other than the Unit of Production method.
6. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) *Except for the matter referred to in paragraph 4 above, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;*
  - (b) *In our opinion, except for the indeterminate effects of the matter referred to in paragraph 4 above, 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, except for the matter referred to in paragraph 4 above, 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 31 December, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December, 2010 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 financial statements, together with the notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act, and, except for the indeterminate effects of the matter referred to in*



## ASSAM COMPANY INDIA LIMITED

paragraph 4 above, 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 31 December, 2010;
- (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.

**Partha Mitra**  
Partner

Membership Number 50553

For Lovelock & Lewes

Firm Registration Number – 301056E

Kolkata, 5th September, 2011

Chartered Accountants

### ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of our report of even date to the members of Assam Company India Limited on the financial statements for the year ended 31 December, 2010]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets other than *Oil and Gas Division*. However, a list of fixed asset acquired for *Oil & Gas operation is maintained*.
- (b) The fixed assets of the Company, *except assets pertaining to Oil and Gas operations*, have been physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In respect of assets physically verified, the details have been compared with the book records and discrepancies noticed thereof were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventories have been physically verified by the management during the year except in respect of stocks lying with third parties for which certificates have been obtained. Stock in transit at the year end has been verified by the management with reference to subsequent receipt and /or relevant documents. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, 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. On the basis of our examination of the books of account, the Company has not entered into any contracts or arrangements with any party during the financial year that need to be entered in the register pursuant to the Section 301 of the Act except remuneration paid to a relative of a director which has been approved by the Central Government.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of tea products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. *No cost record has been maintained with respect to its oil and gas products.*
9. (a) 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 provident fund, made tea cess and other material statutory dues as applicable with the appropriate authorities except that *Company is not regular in depositing income tax, value added tax, central sales tax, land revenue, corporate dividend tax and family pension fund contribution*. However, according to the information and explanations given to us and the records of the Company examined by us, there are no undisputed amounts payable in respect of statutory dues which were in arrears, as at 31 December, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute. The particulars of dues of income-tax and sales-tax as at 31 December, 2010 which have not been deposited on account of a dispute, are as follows:



**ANNEXURE TO AUDITORS' REPORT (Contd..)**

| Name of the Statute               | Nature of the Dues    | Amount (in Rs.) | Period to which the amount relates                  | Forum where the dispute is pending                 |
|-----------------------------------|-----------------------|-----------------|---|--|
| West Bengal Sales Tax Act, 1994   | West Bengal Sales Tax | 29,333,466      | 2003-04<br>2004-05<br>2006-07                       | Appellate and Revisional Board of Commercial Taxes |
|                                   |                       | 19,370,205      | 2002-03   | Joint Commissioner of Commercial Taxes             |
|                                   |                       | 8,608,490       | 2005-06<br>2007-08                                  | Senior Joint Commissioner of Commercial Taxes      |
| Assam General Sales Tax Act, 1993 | Assam Sales Tax       | 4,902,623       | 1996-97<br>2000-01<br>2001-02<br>2005-06            | Commissioner of Taxes                              |
| Central Sales Tax Act, 1956       | Central Sales Tax     | 20,235,373      | 1996-97<br>2003-04<br>2004-05<br>2006-07            | Appellate and Revisional Board of Commercial Taxes |
|                                   |                       | 639,644         | 2005-06<br>2007-08                                  | Sr Joint Commissioner of Commercial Taxes          |
|                                   |                       | 34,760,848      | 1997-98<br>1999-00<br>2000-01<br>2001-02<br>2005-06 | Commissioner of Taxes                              |
|                                   |                       | 168,552         | 2002-03   | Joint Commissioner of Commercial Taxes             |
| Income Tax Act, 1961              | Income Tax            | 20,824,240      | 2008-09   | Commissioner of Income Tax (Appeals)               |

10. The Company has no accumulated losses as at 31 December, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank at the Balance Sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
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.

**Partha Mitra**  
**Partner**

Membership Number 50553

For Lovelock & Lewes

Firm Registration Number – 301056E

Chartered Accountants

Kolkata, 5th September, 2011



## ASSAM COMPANY INDIA LIMITED

### BALANCE SHEET AS AT 31ST DECEMBER, 2010

|  | Schedule | As at<br>31st December,<br>2010<br>(Rupees) | As at<br>31st December,<br>2009<br>(Rupees) |
|--|----------|---|---|
| <b>SOURCES OF FUNDS</b>  |          |   |   |
| <b>Shareholders' Funds</b>   |          |   |   |
| (a) Share Capital  | 1        | 309,760,963                                 | 309,760,963                                 |
| (b) Reserves and Surplus   | 2        | 3,753,977,485                               | 3,742,505,621                               |
|  |          | <b>4,063,738,488</b>                        | <b>4,052,266,584</b>                        |
| <b>Loan Funds</b>  |          |   |   |
| (a) Secured Loans  | 3        | 4,996,762,021                               | 3,540,728,856                               |
| (b) Unsecured Loans  |          | 1,624,958,000                               | 1,764,424,000                               |
|  |          | <b>6,621,720,021</b>                        | <b>5,305,152,856</b>                        |
| <b>Deferred Tax - (Refer Note 22 of Sch 13)</b>  |          | —   | —   |
| <b>TOTAL</b>   |          | <b>10,685,458,469</b>                       | <b>9,357,419,440</b>                        |
| <b>APPLICATION OF FUNDS</b>  |          |   |   |
| <b>Fixed Assets</b>  |          |   |   |
| (a) Gross Block  | 4        | 5,574,883,654                               | 5,494,299,767                               |
| (b) Less: Depreciation   |          | 1,711,873,393                               | 1,594,020,398                               |
| (c) Net Block  |          | 3,863,010,261                               | 3,900,279,369                               |
| (d) Capital Work in Progress   | 4A       | 2,774,847,944                               | 2,176,140,368                               |
|  |          | <b>6,637,858,205</b>                        | <b>6,076,419,737</b>                        |
| <b>Investments</b>   | 5        | 63,442,060                                  | 92,786,970                                  |
| <b>Foreign Currency Monetary Item Translation Difference Account</b><br>(Refer Note 26 of Schedule 13) |          | 7,227,867                                   | 36,865,695                                  |
| <b>Current Assets, Loans And Advances</b>  |          |   |   |
| (a) Inventories  | 6        | 357,852,362                                 | 217,463,722                                 |
| (b) Sundry Debtors   |          | 835,155,467                                 | 806,749,538                                 |
| (c) Cash and Bank Balances   |          | 1,002,602,409                               | 299,788,860                                 |
| (d) Other Current Assets   |          | 59,872,292                                  | 135,719,213                                 |
| (e) Loans and Advances   |          | 2,977,154,097                               | 2,564,487,667                               |
|  |          | <b>5,232,636,627</b>                        | <b>4,024,209,000</b>                        |
| <b>Less: Current Liabilities and Provisions</b>  |          |   |   |
| (a) Current Liabilities  | 7        | 784,120,820                                 | 499,447,508                                 |
| (b) Provisions   |          | 471,585,470                                 | 373,414,454                                 |
|  |          | <b>1,255,706,290</b>                        | <b>872,861,962</b>                          |
| <b>Net Current Assets</b>  |          | <b>3,976,930,337</b>                        | <b>3,151,347,038</b>                        |
| <b>TOTAL</b>   |          | <b>10,685,458,469</b>                       | <b>9,357,419,440</b>                        |
| <b>NOTES ON ACCOUNTS</b>   | 13       |   |   |

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.

#### Partha Mitra

Partner

Membership No. 50553

For **LOVELOCK & LEWES**

Firm Registration Number – 301056E

Chartered Accountants

Kolkata, 5th September, 2011

**Romit Mitra**  
Company Secretary

On behalf of the Board

**A. K. Jajodia** – Managing Director  
**P. Tushial** – Director



## ASSAM COMPANY INDIA LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

|   | Schedule    | Year ended<br>31st December,<br>2010<br>(Rupees) | Year ended<br>31st December,<br>2009<br>(Rupees) |
|---|-------------|--|--|
| <b>INCOME</b>   |             |  |  |
| Sales   |             | 2,232,811,822                                    | 2,261,708,843                                    |
| Other Income  | 8           | 82,643,259                                       | 71,027,380                                       |
|   |             | <b>2,315,455,081</b>                             | <b>2,332,736,223</b>                             |
| <b>EXPENDITURE</b>  |             |  |  |
| Raw Material Consumed   | 9           | 69,939,622                                       | 73,375,064                                       |
| Expenses  | 10          | 1,859,497,364                                    | 1,582,461,396                                    |
| (Increase) / Decrease in Stock  | 11          | (124,989,400)                                    | 55,836,684                                       |
| Depreciation / Amortisation   | 125,788,042 |  |  |
| Less: Transfer from   |             |  |  |
| Revaluation Reserve   | 13,867,502  | 111,920,540                                      | 120,457,775                                      |
| Interest and Finance Charges (Refer Note 6 of Schedule 13)                    |             | 47,143,754                                       | 60,475,234                                       |
|   |             | <b>1,963,511,880</b>                             | <b>1,892,606,153</b>                             |
| <b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION</b>                           |             | <b>351,943,201</b>                               | <b>440,130,070</b>                               |
| Exceptional Items   | 12          | 214,159,165                                      | 196,887,328                                      |
| <b>PROFIT BEFORE TAXATION</b>   |             | <b>137,784,036</b>                               | <b>243,242,742</b>                               |
| Provision for Taxation :  |             |  |  |
| Income Tax  |             | 38,671,262                                       | 41,400,000                                       |
| [including Rs. 1,346,262 (31.12.2009 - Rs. Nil) with respect to earlier year] |             |  |  |
| Wealth Tax  |             | 175,000  | 151,000  |
| <b>PROFIT AFTER TAXATION</b>  |             | <b>98,937,774</b>                                | <b>201,691,742</b>                               |
| Balance brought forward from previous year                                    |             | 575,829,791                                      | 461,529,727                                      |
| <b>AVAILABLE FOR APPROPRIATION</b>  |             | <b>674,767,565</b>                               | <b>663,221,469</b>                               |
| <b>APPROPRIATIONS</b>   |             |  |  |
| Proposed Dividend   |             | 61,952,193                                       | 61,952,193                                       |
| Dividend Tax thereon  |             | 10,050,194                                       | 10,289,485                                       |
| Transfer to General Reserves  |             | 7,425,000  | 15,150,000                                       |
| Balance carried forward   |             | 595,340,178                                      | 575,829,791                                      |
|   |             | <b>674,767,565</b>                               | <b>663,221,469</b>                               |
| Earnings per share (Face value Re. 1 per share)                               |             |  |  |
| Basic and Diluted on profit after Taxation before exceptional Items (Re.)     |             | 1.01   | 1.29   |
| Basic and Diluted on profit after Taxation and exceptional Items (Re.)        |             | 0.32   | 0.65   |
| (Refer Note 28 of Schedule 13)  |             |  |  |

#### NOTES ON ACCOUNTS

13

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.

#### Partha Mitra

Partner

Membership No. 50553

For **LOVELOCK & LEWES**

Firm Registration Number – 301056E

Chartered Accountants

Kolkata, 5th September, 2011

**Romit Mitra**  
Company Secretary

**A. K. Jajodia** – Managing Director  
**P. Tusnial** – Director

On behalf of the Board



## ASSAM COMPANY INDIA LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 1 - SHARE CAPITAL

|  | <b>As at<br/>31st December,<br/>2010<br/>(Rupees)</b> | <b>As at<br/>31st December,<br/>2009<br/>(Rupees)</b> |
|--|---|---|
| <b>Authorised</b>  |   |   |
| (a) 500,000,000 Equity Shares of Re.1 each                               | <b>500,000,000</b>                                    | 500,000,000   |
| (b) 1,000,000 Non Cumulative Redeemable Preference Shares of Rs.100 each | <b>100,000,000</b>                                    | 100,000,000   |
|  | <b>600,000,000</b>                                    | 600,000,000   |
| <b>Issued and Subscribed</b>   |   |   |
| 309,760,963 Equity Shares of Re.1 each fully paid up                     | <b>309,760,963</b>                                    | 309,760,963   |
|  | <b>309,760,963</b>                                    | 309,760,963   |

#### 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<br>31st December, 2009<br>[Rupees] | Additions<br>[Rupees] | Deductions<br>[Rupees] | As at<br>31st December, 2010<br>[Rupees] |
|---|--|-----------------------|------------------------|--|
| Capital Reserve (Reserve on Amalgamation) | 15,037,398                               | -                     | -                      | 15,037,398                               |
| Capital Redemption Reserve                | 874,600                                  | -                     | -                      | 874,600                                  |
| Revaluation Reserve                       | 927,610,678                              | -                     | * 15,463,523           | 912,147,155                              |
| Securities Premium                        | 2,056,244,419                            | -                     | -                      | 2,056,244,419                            |
| General Reserve                           | 166,908,735                              | 7,425,000             | -                      | 174,333,735                              |
|   | 3,166,675,830                            | 7,425,000             | 15,463,523             | 3,158,637,307                            |
| Profit and Loss Account                   | 575,829,791                              |                       |                        | 595,340,178                              |
|   | <b>3,742,505,621</b>                     |                       |                        | <b>3,753,977,485</b>                     |

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

\* Includes Rs. 666,063 (31.12.09 Rs. 377,366) and Rs. 929,958 (31.12.09 Rs. Nil) on account of disposal and write off of assets respectively.

**SCHEDULE : 3 - LOAN FUNDS**

| PARTICULARS                      | As at<br>31st December,<br>2010<br>[Rupees] | As at<br>31st December,<br>2009<br>[Rupees] |
|----------------------------------|---|---|
| <b>SECURED LOANS</b>             |   |   |
| <b>A. Loans for Tea Division</b> |   |   |
| <b>Term Loan from IDBI Bank</b>  | <b>42,386,924</b>                           | 80,282,924                                  |

(Secured by equitable mortgage created of immovable properties both present and future relating to all tea estates of the Company situated in Assam ranking pari passu inter se with all term loans 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 on specified movable / immovable assets created in favour of the Company's bankers by way of security for borrowings from them).



## ASSAM COMPANY INDIA LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 3 - LOAN FUNDS (Continued)

|   | As at<br>31st December,<br>2010<br>[Rupees] | As at<br>31st December,<br>2009<br>[Rupees] |
|---|---|---|
| <b>Term Loans from Other Banks</b>  | <b>1,029,038,346</b>                        | 465,140,298                                 |
| <p>(Secured by equitable mortgage created of immovable properties both present and future relating to all tea estates of the Company situated in Assam ranking pari passu inter se with the IDBI Bank loan and Term Loans and working capital loan including cash credit from Consortium Banks and also a first charge over all the movable properties, both present and future subject to the prior charges created / to be created in favour of the Company's bankers by way of security for borrowings from them except for a loan amounting to Rs. 60 crores from Central Bank of India which is secured by way of a second or subservient charge over all the assets of the Company).</p>  |   |   |
| <b>Working Capital Loan, etc. including Cash Credit from Banks*</b>   | <b>1,284,601,751</b>                        | 1,175,085,634                               |
| <p>(Secured by hypothecation created on stock, book debts, all moveable assets and other current assets both present and future and equitable mortgage created of all immovable properties both present and future relating to all tea estates of the Company situated in Assam ranking pari passu inter se with all other term loans from Consortium Banks and IDBI Bank term loan.) [ including interest accrued and due Rs. 845,340 (31.12.2009 - Rs. Nil ) ]</p>  |   |   |
| <p>* Includes FCNR Loans Rs. 86,381,120 (31.12.2009- Rs. 244,750,914)</p>   |   |   |
| <b>B. Loan for Oil and Gas Division</b>   |   |   |
| <b>Term Loan from Banks</b>   | <b>2,640,735,000</b>                        | 1,820,220,000                               |
| <p>Secured by primary charges of all the present and future receivables of Oil and Gas Division of the Company on pari passu basis with the existing lenders of Oil and Gas Division, assignment of participating interest in the Production Sharing Contract to the extent permitted, Hypothecation over all the stocks, bookdebts, plant and machinery and equipments both present and future, installed/to be installed at the Company's Oil and Gas field at Amguri and AA ON 7 to the extent of Company's share on pari passu basis. Further, secured by exclusive hypothecation charge in favour of Allahabad Bank created over specified immovable properties (fixed assets) including plant and machinery, entire stocks and assignment of book debts both present and future, installed/to be installed at marginal fields at Barsilla, Bihubar and Laxmijan. Additionally, the entire loans of Oil and Gas Division is secured by personal guarantee of Managing Director of the Company.</p> |   |   |
|   | <b>4,996,762,021</b>                        | 3,540,728,856                               |
| <b>UNSECURED LOANS</b>  |   |   |
| Short term loan from Corporate Bodies<br>Other than Short Term  | <b>50,000,000</b>                           | 30,000,000                                  |
| Term loan from Bank<br>(Personal guarantee of Managing Director of the Company offered for the above Loan)  | <b>150,000,000</b>                          | 250,000,000                                 |
| Foreign Currency Convertible Bonds<br>(Refer Note 18 of Schedule 13)  | <b>1,424,958,000</b>                        | 1,484,424,000                               |
|   | <b>1,624,958,000</b>                        | 1,764,424,000                               |





**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE : 4 - FIXED ASSETS**

[ Figures in Rupees ]

| Class of Assets                                 | COST / VALUATION        |                           |  | DEPRECIATION / AMORTISATION     |                         |                           |                                |                                | NET BLOCK                       |  |  |
|---|-------------------------|---------------------------|--|---------------------------------|-------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------------|--|--|
|   | As at 1st January, 2010 | Additions during the year | Sale / discard / adjustments during the year | Total as at 31st December, 2010 | As at 1st January, 2010 | Additions during the year | On Revaluation during the year | Sale / Discard during the year | Total as at 31st December, 2010 | Net Book Value as on 31st December, 2010 | Net Book Value as on 31st December, 2009 |
| <b>Tangible Assets</b>                          |                         |                           |  |                                 |                         |                           |                                |                                |                                 |  |  |
| Land and Development (including leasehold land) | 2,652,924,910           | 20,775,543                | 1,770,976                                    | 2,671,929,477                   | -                       | -                         | -                              | -                              | -                               | 2,671,929,477                            | 2,652,924,910                            |
| Buildings                                       | 1,031,213,372           | 24,056,496                | 120,407                                      | 1,055,149,461                   | 660,394,225             | 10,727,591                | 12,121,206                     | 72,779                         | 683,170,243                     | 371,979,218                              | 370,819,147                              |
| Plant and Machinery                             | 908,468,786             | 31,369,163                | 40,065,029                                   | 899,772,920                     | 705,040,262             | 33,054,764                | 1,564,959                      | 36,018,406                     | 708,641,579                     | 196,131,341                              | 203,428,524                              |
| Oil and Gas Producing Properties                | 695,270,714             | 48,699,256                | -  | 743,969,970                     | 83,970,855              | 101,656,821               | -                              | -                              | 185,627,676                     | 558,342,294                              | 611,299,859                              |
| Vehicles  | 186,090,189             | 19,597,552                | 25,481,700                                   | 180,206,041                     | 132,808,723             | 16,670,128                | 179,714                        | 24,360,765                     | 125,297,800                     | 54,908,241                               | 53,281,466                               |
| Furniture                                       | 19,849,052              | 3,543,512                 | 19,523                                       | 23,373,041                      | 11,551,594              | 2,250,939                 | 1,623                          | 19,349                         | 13,784,807                      | 9,588,234                                | 8,297,458                                |
| <b>Intangible Assets</b>                        |                         |                           |  |                                 |                         |                           |                                |                                |                                 |  |  |
| Computer Software                               | 482,744                 | -                         | -  | 482,744                         | 254,739                 | 96,549                    | -                              | -                              | 351,288                         | 131,456                                  | 228,005                                  |
| <b>TOTAL</b>                                    | <b>5,494,299,767</b>    | <b>148,041,522</b>        | <b>67,457,635</b>                            | <b>5,574,883,654</b>            | <b>1,594,020,398</b>    | <b>164,456,792</b>        | <b>13,867,502</b>              | <b>60,471,299</b>              | <b>1,711,873,393</b>            | <b>3,863,010,261</b>                     | <b>3,900,279,369</b>                     |
| Previous Year                                   | 5,467,109,604           | 239,470,456               | 212,280,293                                  | 5,494,299,767                   | 1,500,448,112           | 120,457,775               | 20,794,349                     | 47,679,838                     | 1,594,020,398                   | 3,900,279,369                            |  |

**NOTES:** 1. Land and Development (including leasehold land) include certain freehold lands the amount of which is not readily ascertainable.

2. The Government of Assam had taken possession of some undeveloped land under the Assam Fixation of Ceiling of Land Holdings Act, 1956, (the Act) measuring approximately 3,659.18 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 at estates - Rs. 969,200,966 (31.12.2009 - Rs. 944,902,242). Accumulated Depreciation Rs. 601,189,297 (31.12.2009 - Rs. 578,874,771).

4. Vehicles include assets acquired on hire purchase - Rs. 39,995,559 (31.12.2009 - Rs. 30,811,591).

5. Addition to Plant and Machinery is net off of subsidy received from Tea Board for quality upgradation and product development scheme activities amounting to Rs. 8,992,7272 (31.12.2009 - Rs. 7,637,780).

6. Addition to Land and Development (including leasehold land) is net off of subsidy received from Tea Board for replanting activities amounting to Rs. 2,037,790 (31.12.2009 - Rs. 6,520,544).

7. The Cost of Oil & Gas producing properties represents Company's Share (40%) in jointly held properties.

8. Depreciation on Oil and Gas producing properties include Rs. 52,536,252 on account of additional charge arising from change in method of providing depreciation, which has been treated as exceptional item.



## ASSAM COMPANY INDIA LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 4A - CAPITAL WORK IN PROGRESS

|   | As at<br>31st December,<br>2010<br>[Rupees] | As at<br>31st December,<br>2009<br>[Rupees] |
|---|---|---|
| <b>A. Oil and Gas Project</b><br>(Refer Note 17 of Schedule 13) |   |   |
| Opening Balance   | 2,169,112,122                               | 1,851,232,729                               |
| Add: Addition during the year                                   | 613,750,140                                 | 447,914,067                                 |
|   | <b>2,782,862,262</b>                        | 2,299,146,796                               |
| Less : Capitalised during the year                              | 48,699,256                                  | 130,034,674                                 |
| Closing Balance   | <b>2,734,163,006</b>                        | 2,169,112,122                               |
| <b>B. Others</b>  |   |   |
| Opening Balance   | 7,028,246                                   | 12,441,766                                  |
| Add : Addition during the year                                  | 39,456,990                                  | 4,815,181                                   |
|   | <b>46,485,236</b>                           | 17,256,947                                  |
| Less : Capitalised during the year                              | 5,800,298                                   | 10,228,701                                  |
| Closing Balance   | <b>40,684,938</b>                           | 7,028,246                                   |
| <b>Total (A + B)</b>  | <b>2,774,847,944</b>                        | 2,176,140,368                               |

#### SCHEDULE : 5 - INVESTMENTS

##### Long Term – At Cost, fully paid unless otherwise stated

|  |                   |             |
|--|-------------------|-------------|
| <b>A. Quoted</b>   |                   |             |
| (i) Trade  |                   |             |
| In Subsidiary Company<br>Namburnadi Tea Co. Ltd.<br>123,076 Equity Shares of Rs. 10 each                 | 123,076           | 123,076     |
| (ii) Other than Trade  |                   |             |
| 1,841 US 64 Bonds of Rs.100 each in Unit Trust of India (under lien)                                     | 184,100           | 184,100     |
| 12,240 Equity Shares of Bank of America Corporation  | 7,192,005         | 7,492,140   |
| 237,800 Equity Shares of Canoro Resources Ltd. of CAD 1 each   | 692,467           | 1,213,885   |
| Others *   | 3,601,068         | 3,601,068   |
|  | 11,669,640        | 12,491,193  |
| <b>B. Unquoted</b>   |                   |             |
| (i) Trade  |                   |             |
| In Subsidiary Companies**  | 129,043,040       | 128,543,040 |
| (ii) Other than Trade  |                   |             |
| 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      |
| 27 Equity Shares of Rs. 10 each in Dhunseri Investments Ltd.*****  | -                 | -           |
| Others ***   | 20,000,000        | 20,000,000  |
|  | 20,224,500        | 20,224,500  |
|  | 161,060,256       | 161,381,809 |
| Less: Provision for diminution in value of certain investments   | 98,418,196        | 68,594,839  |
|  | <b>62,642,060</b> | 92,786,970  |
| <b>Current Investment - At cost or fair value whichever is lower, fully paid unless otherwise stated</b> |                   |             |
| Quoted   |                   |             |
| SBI Magnum Multiplier Plus Scheme - 93 - Dividend  | 800,000           | -           |
|  | <b>63,442,060</b> | 92,786,970  |

\* Others – Quoted



## ASSAM COMPANY INDIA LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 5 - INVESTMENTS Long Term – At Cost (Contd)

| * Particulars  | Description | Number<br>as on<br>31.12.10 | Number<br>as on<br>31.12.09 | Face<br>value<br>Rs. | Cost as on<br>31.12.10<br>Rs. | Cost as on<br>31.12.09<br>Rs. |
|--|-------------|-----------------------------|-----------------------------|----------------------|-------------------------------|-------------------------------|
| Allahabad Bank   | Equity      | 23                          | 23                          | 10                   | 1,886                         | 1,886                         |
| Bank of Baroda   | Equity      | 9                           | 9                           | 10                   | 2,070                         | 2,070                         |
| Bombay Burmah Trading Corp. Ltd.   | Equity      | 5                           | 5                           | 10                   | 2,346                         | 2,346                         |
| Dhunseri Petrochem & Tea Ltd.<br>(Formerly Dhunseri Tea & Industries Ltd.) | Equity      | 55                          | 55                          | 10                   | 10,359                        | 10,359                        |
| Gammon India Ltd.  | Equity      | 5                           | 5                           | 2                    | 2,246                         | 2,246                         |
| Gillanders Arbuthnot & Company Ltd.****                                    | Equity      | 7                           | 5                           | 10                   | 518                           | 518                           |
| GMR Infrastructure Ltd.  | Equity      | 30,000                      | 30,000                      | 1                    | 2,393,532                     | 2,393,532                     |
| Goodricke Group Ltd.   | Equity      | 5                           | 5                           | 10                   | 333                           | 333                           |
| Grasim Industries Ltd.   | Equity      | 50                          | 50                          | 10                   | 16,550                        | 16,550                        |
| Hindalco Industries Ltd.   | Equity      | 5                           | 5                           | 1                    | 807                           | 807                           |
| Indian Oil Corporation Ltd.  | Equity      | 10                          | 10                          | 10                   | 2,201                         | 2,201                         |
| Jayshree Tea & Industries Ltd.*****  | Equity      | 10                          | 5                           | 5                    | 547                           | 547                           |
| Mcleod Russel India Ltd.   | Equity      | 300                         | 300                         | 5                    | 6,095                         | 6,095                         |
| Oil & Natural Gas Corporation Ltd.   | Equity      | 5                           | 5                           | 10                   | 4,541                         | 4,541                         |
| Oriental Bank of Commerce  | Equity      | 5                           | 5                           | 10                   | 1,250                         | 1,250                         |
| Reliance Industries Ltd.   | Equity      | 36                          | 36                          | 10                   | 1,350                         | 1,350                         |
| Reliance Power Ltd.  | Equity      | 7,000                       | 7,000                       | 10                   | 1,039,500                     | 1,039,500                     |
| Selan Exploration Ltd.   | Equity      | 5                           | 5                           | 10                   | 540                           | 540                           |
| Shiv -Vani Oil & Gas Exploration Services Ltd.                             | Equity      | 5                           | 5                           | 10                   | 1,753                         | 1,753                         |
| State Bank of Bikaner & Jaipur*****  | Equity      | 1,850                       | 185                         | 10                   | 97,495                        | 97,495                        |
| Suzlon Energy Ltd.   | Equity      | 25                          | 25                          | 2                    | 7,534                         | 7,534                         |
| Tata Chemicals Ltd.  | Equity      | 4                           | 4                           | 10                   | 247                           | 247                           |
| Tata Coffee Ltd.   | Equity      | 5                           | 5                           | 10                   | 1,441                         | 1,441                         |
| Tata Iron & Steel Company Ltd.   | Equity      | 3                           | 3                           | 10                   | 224                           | 224                           |
| Tata Global Beverages Ltd.<br>(Formerly Tata Tea Ltd.)*****                | Equity      | 120                         | 12                          | 1                    | 2,280                         | 2,280                         |
| Ultratech Cements Ltd. *****   | Equity      | 28                          | –                           | 10                   | –                             | –                             |
| UTI Master Share   | Equity      | 116                         | 116                         | 10                   | 3,050                         | 3,050                         |
| Warren Tea Ltd.  | Equity      | 5                           | 5                           | 10                   | 373                           | 373                           |
|  |             |                             |                             |                      | <b>3,601,068</b>              | <b>3,601,068</b>              |



**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE : 5 - INVESTMENTS**

**Long Term – At Cost (Contd)**

**\*\* Subsidiaries Companies**

| Particulars  | Description | Number as on 31.12.10 | Number as on 31.12.09 | Face value Rs. | Cost as on 31.12.10 Rs. | Cost as on 31.12.09 Rs. |
|--|-------------|-----------------------|-----------------------|----------------|-------------------------|-------------------------|
| Dahej Offshore Infrastructure SEZ Ltd. ( Formerly Assam Estates Limited)                     | Equity      | 50,570                | 50,570                | 10             | 505,700                 | 505,700                 |
| Assam Oil and Gas Ltd. (70 Equity Shares fully paid 999,930 Equity Shares @Rs.3 partly paid) | Equity      | 1,000,000             | 1,000,000             | 10             | 1,000,000               | 1,000,000               |
| North East Hydrocarbon Ltd.  | Equity      | 50,070                | 50,070                | 10             | 500,700                 | 500,700                 |
| Camellia Cha Bar Ltd.  | Equity      | 50,060                | 50,060                | 10             | 500,605                 | 500,605                 |
| Gujarat Hydrocarbons and Power SEZ Ltd. #  | Equity      | 5,000,000             | 5,000,000             | 10             | 50,000,000              | 50,000,000              |
| Duncan Macneill Power and Utilities Ltd.   | Equity      | 50,000                | –                     | 10             | 500,000                 | –                       |
| Duncan Macneill Natural Resources Ltd.   | Equity      | 911,000               | 911,000               | 1GBP           | 76,036,035              | 76,036,035              |
| <b>Total</b>   |             |                       |                       |                | <b>129,043,040</b>      | <b>128,543,040</b>      |

**\*\*\* Others – Unquoted**

| Particulars   | Description | Number | Number | Face value | Cost as on        | Cost as on        |
|---|-------------|--------|--------|------------|-------------------|-------------------|
| Padmshree Suppliers Pvt. Ltd.                                   | Equity      | 10,000 | 10,000 | 10         | 1,900,000         | 1,900,000         |
| Octol Tracon Pvt. Ltd.  | Equity      | 35,000 | 35,000 | 10         | 5,950,000         | 5,950,000         |
| Rimjhim Vinjmay Pvt. Ltd.                                       | Equity      | 2,000  | 2,000  | 10         | 350,000           | 350,000           |
| J R Roadlines Pvt. Ltd. ( Formerly Pushpshree Tower Pvt. Ltd. ) | Equity      | 10,000 | 10,000 | 10         | 1,800,000         | 1,800,000         |
| Prakash Cresec Pvt. Ltd.  | Equity      | 25,000 | 25,000 | 10         | 3,750,000         | 3,750,000         |
| Nahar Viniyog Pvt. Ltd.   | Equity      | 10,000 | 10,000 | 10         | 1,500,000         | 1,500,000         |
| Rohini Commodities Pvt. Ltd.                                    | Equity      | 14,000 | 14,000 | 10         | 2,100,000         | 2,100,000         |
| Midpoint Marketing Pvt. Ltd.                                    | Equity      | 14,500 | 14,500 | 10         | 1,450,000         | 1,450,000         |
| Darkin Dealcom Pvt. Ltd.  | Equity      | 12,000 | 12,000 | 10         | 1,200,000         | 1,200,000         |
|   |             |        |        |            | <b>20,000,000</b> | <b>20,000,000</b> |

There has been no sale of current Investments purchased during the year.

**Notes:**

Aggregate market value of quoted investments Rs. 12,779,351 (31.12.2009 - Rs. 12,173,995)

Aggregate book value of quoted investments Rs. 12,592,716 (31.12.2009 - Rs. 12,614,269)

Aggregate book value of unquoted investments Rs. 149,267,540 (31.12.2009 - Rs. 148,767,540)

Market value of Namburnadi Tea Co Ltd and US 64 Bonds are not available.

\*\*\*\* Include 2 Bonus Shares received during the year.

\*\*\*\*\* Include 5 Shares received during the year on split of shares of Rs. 10 each to Rs. 5 each.

\*\*\*\*\* Include 1665 Shares received on split of shares of Rs. 100 each to Rs. 10 each.

\*\*\*\*\* Include 108 shares received during the year on split of shares of Rs. 10 each to Re. 1 each.

\*\*\*\*\* Represent receipt of 27 shares during the year of Dhunseri Investments Ltd (Formerly D I Marketing Ltd) due to demerger of Tea Packet Factory and Investment Division of Dhunseri Tea and Industries Ltd to D I Marketing Ltd.

\*\*\*\*\* Represent receipt of 28 shares during the year of Ultratech Cements Ltd due to merger with Sumruddhi Cement Ltd which was previously formed through demerger of the Cement business of Grasim Industries Ltd.

# Pledged in favour of Srei Infrastructure Finance Limited against loan taken by Gujarat Hydrocarbons and Power SEZ Limited.



## ASSAM COMPANY INDIA LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 6 - CURRENT ASSETS, LOANS AND ADVANCES

|   | As at<br>31st December,<br>2010<br>[Rupees] | As at<br>31st December,<br>2009<br>[Rupees] |
|---|---|---|
| <b>(a) Inventories</b>  |   |   |
| Stores and Spare Parts<br>[including in transit Rs. Nil, (31.12.2009 - Rs. 262,672)]                      | 60,881,292                                  | 45,482,052                                  |
| Finished Goods  |   |   |
| Stock of Tea<br>[ including in transit Rs. 48,052,888 ( 31.12.2009- Rs. 10,202,266 )]                     | 296,765,070                                 | 170,900,295                                 |
| Stock of Oil  | 206,000                                     | 1,081,375                                   |
|   | <b>357,852,362</b>                          | <b>217,463,722</b>                          |
| <b>(b) Sundry Debtors - Unsecured</b>   |   |   |
| Debts outstanding for a period exceeding<br>six months  |   |   |
| – Considered good   | 381,923,240                                 | 121,871,027                                 |
| – Considered doubtful   | 4,793,840                                   | 7,165,156                                   |
| – Other Debts Considered good   | 453,232,227                                 | 684,878,511                                 |
|   | <b>839,949,307</b>                          | <b>813,914,694</b>                          |
| Less: Provisions for doubtful debts   | 4,793,840                                   | 7,165,156                                   |
|   | <b>835,155,467</b>                          | <b>806,749,538</b>                          |
| <b>(c) Cash and Bank Balances</b>   |   |   |
| Cash in hand  | 1,325,235                                   | 9,612,189                                   |
| Remittance in Transit   | –   | 200,000                                     |
| With Scheduled Banks:   |   |   |
| On Current Accounts<br>[Includes Rs.157,894,959 in Escrow Account<br>(31.12.2009 - Rs. 7,754,214)]        | 288,086,032                                 | 204,429,949                                 |
| On Deposit Accounts<br>[( include Rs. 125,183,263 (31.12.2009 - Rs 48,727,704 )<br>held margin and lien)] | 713,183,263                                 | 48,272,704                                  |
| With Others Banks:  |   |   |
| On Current Accounts   | 7,879                                       | 4,291                                       |
| On Deposit Accounts<br>(Refer Note 7 of Schedule 13)  | –   | 37,269,727                                  |
|   | <b>1,002,602,409</b>                        | <b>299,788,860</b>                          |
| <b>(d) Other Current Assets - Unsecured</b>   |   |   |
| Considered good   |   |   |
| Interest accrued on deposits  | 21,587,871                                  | 8,266,049                                   |
| Other Receivables   | 38,284,421                                  | 127,453,164                                 |
| Considered doubtful   |   |   |
| Interest accrued on deposits  | 13,159,522                                  | 10,541,619                                  |
|   | <b>73,031,814</b>                           | <b>146,260,832</b>                          |
| Less: Provision for doubtful interest accrued on deposits   | 13,159,522                                  | 10,541,619                                  |
|   | <b>59,872,292</b>                           | <b>135,719,213</b>                          |



## ASSAM COMPANY INDIA LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 6 - CURRENT ASSETS, LOANS & ADVANCES (Contd)

|   | As at<br>31st December,<br>2010<br>[Rupees] | As at<br>31st December,<br>2009<br>[Rupees] |
|---|---|---|
| <b>(e) Loans and Advances - Unsecured</b>                                 |   |   |
| Considered good   |   |   |
| Advances and loans to subsidiaries *                                      | 2,652,757,019                               | 2,285,337,935                               |
| Advances recoverable in cash or in kind or for value to be received **    | 270,670,509                                 | 204,375,161                                 |
| Intercorporate Deposits   | 18,000,000                                  | 43,205,000                                  |
| Balances with Port Trust and Excise Authorities                           | 71,998                                      | 91,101                                      |
| Other Deposits  | 35,654,571                                  | 31,478,470                                  |
| Considered doubtful   |   |   |
| Advances and loans to subsidiaries *                                      | 151,481,028                                 | 24,337,795                                  |
| Advances recoverable in cash or in kind or for value to be received       | 41,352,717                                  | 37,457,379                                  |
| Intercorporate Deposits   | 40,255,000                                  | 44,800,000                                  |
|   | <u>3,210,242,842</u>                        | <u>2,671,082,841</u>                        |
| Less: Provision for doubtful advances and deposits                        | 233,088,745                                 | 106,595,174                                 |
|   | <b><u>2,977,154,097</u></b>                 | <b><u>2,564,487,667</u></b>                 |
| <br><b>Amounts due from Subsidiaries *</b>                                |   |   |
|   | <b>Balance as at<br/>31.12.2010</b>         | <b>Balance as at<br/>31.12.2009</b>         |
| Namburnadi Tea Company Limited  | 83,166,804                                  | 82,498,430                                  |
| Dahej Offshore Infrastructure SEZ Ltd<br>(Formerly Assam Estates Limited) | 5,429,048                                   | 5,429,048                                   |
| Assam Oil & Gas Limited   | 4,040,000                                   | 5,292,692                                   |
| North East Hydrocarbon Limited  | 9,197,924                                   | 9,197,924                                   |
| Camellia Cha Bar Limited  | 4,692,836                                   | 4,691,302                                   |
| Gujarat Hydrocarbons & Power SEZ Limited                                  | 1,883,979,211                               | 1,388,834,110                               |
| Duncan Macneill Natural Resources Limited                                 | 813,732,224                                 | 813,732,224                                 |
|   | <b><u>2,804,238,047</u></b>                 | <b><u>2,309,675,730</u></b>                 |
| <br>Maximum amount due at any time during the year                        |   |   |
| Namburnadi Tea Co. Limited  | 101,550,725                                 | 89,782,367                                  |
| Dahej Offshore Infrastructure SEZ Ltd<br>(Formerly Assam Estates Limited) | 5,429,148                                   | 5,429,148                                   |
| Assam Oil & Gas Limited   | 5,292,692                                   | 5,292,692                                   |
| North East Hydrocarbon Limited  | 9,197,924                                   | 10,237,424                                  |
| Camellia Cha Bar Limited  | 4,692,836                                   | 4,691,302                                   |
| Gujarat Hydrocarbons & Power SEZ Limited                                  | 1,884,744,024                               | 1,388,834,109                               |
| Duncan Macneill Natural Resources Limited                                 | 813,732,224                                 | 813,732,224                                 |

\*\* Includes amount receivable from Director of the Company Rs. 674,751 (31.12.2009-Rs. 558,002), maximum amount outstanding at any point of time during the year Rs 659,714 (31.12.2009-Rs. 965,072)



## ASSAM COMPANY INDIA LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 7 - CURRENT LIABILITIES AND PROVISIONS

|   | As at<br>31st December,<br>2010<br>[Rupees] | As at<br>31st December,<br>2009<br>[Rupees] |
|---|---|---|
| <b>(a) Current Liabilities</b>  |   |   |
| Acceptances   | 3,967,805                                   | —   |
| Sundry Creditors  |   |   |
| – Total outstanding dues of micro enterprises and small enterprises<br>(Refer Note 23 of Schedule 13) | 3,669,458                                   | 2,488,069                                   |
| – Total outstanding dues of creditors<br>other than micro enterprises and small enterprises           | 454,932,684                                 | 233,444,474                                 |
| Other Liabilities   | 234,648,140                                 | 203,862,001                                 |
| Unclaimed Dividend  | 2,944,153                                   | 2,401,580                                   |
| Bank Balance Overdrawn  | —   | 3,457,528                                   |
| Interest accrued but not due on Loans   | 83,958,580                                  | 53,793,856                                  |
|   | <b>784,120,820</b>                          | <b>499,447,508</b>                          |
| There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.    |   |   |
| <b>(b) Provisions</b>   |   |   |
| Provision for Employee Benefits   | 332,401,842                                 | 259,029,159                                 |
| Taxation less Advance Payments of Rs.64,693,849<br>(31.12.2009 - Rs.53,031,473)                       | 64,416,241                                  | 39,378,617                                  |
| Provision for Site Restoration<br>(Refer Note 13 of Schedule 13)                                      | 2,765,000                                   | 2,765,000                                   |
| Proposed Dividend   | 61,952,193                                  | 61,952,193                                  |
| Dividend Tax thereon  | 10,050,194                                  | 10,289,485                                  |
|   | <b>471,585,470</b>                          | <b>373,414,454</b>                          |

#### SCHEDULE : 8 - OTHER INCOME

|  | Year ended<br>31st December, 2010<br>(Rupees) | Year ended<br>31st December, 2009<br>(Rupees) |
|--|---|---|
| Transport and Handling subsidy   | 3,300,247                                     | 4,206,258                                     |
| Sale of Tea Waste  | 3,528,643                                     | 3,702,572                                     |
| Subsidy on Plantation  | 151,671                                       | 264,796                                       |
| Income from Investments other than trade<br>[Tax deducted at source Rs Nil (31.12.2009 - Rs 5930)] | 150,247                                       | 65,499  |
| Gain on Exchange Fluctuations ( Net )  | 44,476,232                                    | 38,658,883                                    |
| Liabilities no longer required written back  | 761,105                                       | 77,880  |
| Provision no longer required, written back   | 2,371,316                                     | —   |
| Profit on sale of Fixed Assets ( Net )   | 1,869,885                                     | 4,068,659                                     |
| Profit on acquisition of Land by the Government  | 6,525,269                                     | —   |
| Premium on sale of DEPB License  | 13,941,065                                    | 15,004,824                                    |
| Profit on Sale of Current Investments  | —   | 1,214,358                                     |
| Miscellaneous Income   | 5,567,579                                     | 3,763,651                                     |
|  | <b>82,643,259</b>                             | <b>71,027,380</b>                             |

#### SCHEDULE : 9 - RAW MATERIALS CONSUMED

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Opening Balance       | —                 | —                 |
| Add : Purchases       |                   |                   |
| Green Leaf            | 69,307,364        | 73,059,547        |
| Tea                   | 632,258           | 315,517           |
|                       | <b>69,939,622</b> | <b>73,375,064</b> |
| Less: Closing Balance | —                 | —                 |
|                       | <b>69,939,622</b> | <b>73,375,064</b> |



## ASSAM COMPANY INDIA LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 10 - EXPENSES

|  | Year ended<br>31st December,<br>2010<br>[Rupees] | Year ended<br>31st December,<br>2009<br>[Rupees] |
|--|--|--|
| Garden Cultivation Costs   | 199,103,613                                      | 179,508,929                                      |
| Plucking and Manufacturing Expenses of Tea                         | 252,648,766                                      | 207,818,394                                      |
| Power and Fuel   | 196,358,223                                      | 168,983,512                                      |
| Establishment Charges  | 339,878,180                                      | 296,136,219                                      |
| Contribution to Provident and other funds                          | 182,518,547                                      | 117,258,624                                      |
| Workmen and Staff Welfare Expenses                                 | 118,543,043                                      | 107,581,453                                      |
| Concession on Foodgrains   | 49,394,219                                       | 50,818,153                                       |
| Repairs to Buildings   | 40,133,459                                       | 27,647,545                                       |
| Repairs to Plant and Machinery                                     | 40,312,323                                       | 32,102,078                                       |
| Upkeep of Roads and Bridges  | 2,073,304  | 2,097,491  |
| Garden Transport   | 37,493,282                                       | 33,406,549                                       |
| Insurance  | 5,333,169  | 3,177,983  |
| Ren  | 1,837,480  | 524,700  |
| Rates and Taxes  | 24,912,111                                       | 25,943,933                                       |
| Office Maintenance   | 9,948,841  | 4,841,718  |
| Freight, Warehouse and Sale Charges                                | 78,213,183                                       | 79,239,884                                       |
| Agency Commission  | 40,492,127                                       | 42,257,107                                       |
| Brokerage  | 11,515,989                                       | 14,789,798                                       |
| Cess on Tea and Green Leaf   | 28,594,549                                       | 25,621,436                                       |
| Oil Production Expenses  | 15,675,026                                       | 9,280,308  |
| Oil Treatment Charges  | 3,385,081  | 9,158,436  |
| Equipment Rental and Transportation Charges                        | 6,974,635  | 10,560,532                                       |
| Royalty on Oil   | 1,324,386  | 2,981,429  |
| Cess on Oil  | 4,796,268  | 5,267,554  |
| Directors' Fees  | 24,000   | 49,500   |
| Provision for Doubtful Debts                                       | -  | 7,165,156  |
| Loss on Sale of Current Investments                                | 472,790  | 607,765  |
| Advances, deposits, debts, accrued interest and stores written off | 23,311,443                                       | 7,141,727  |
| Miscellaneous Expenses   | 144,229,327                                      | 110,493,483                                      |
|  | <b>1,859,497,364</b>                             | <b>1,582,461,396</b>                             |

#### SCHEDULE : 11 - (INCREASE) / DECREASE IN STOCK

|  |      | 31st December, 2010 |                      | 31st December, 2009 |                    |
|--|------|---------------------|----------------------|---------------------|--------------------|
|  | Unit | [Quantity]          | [Rupees]             | [Quantity]          | [Rupees]           |
| <b>Stock as at 1st January, 2010</b>   |      |                     |                      |                     |                    |
| Tea                                    | KGS  | 1,925,454           | 170,900,295          | 2,793,261           | 226,580,322        |
| Oil                                    | BCLS | 1,705               | 1,081,375            | 2,360               | 1,238,032          |
|  |      |                     | <b>171,981,670</b>   |                     | <b>227,818,354</b> |
| <b>Stock as at 31st December, 2010</b> |      |                     |                      |                     |                    |
| Tea                                    | KGS  | 2,792,518           | 296,765,070          | 1,925,454           | 170,900,295        |
| Oil                                    | BCLS | 291                 | 206,000              | 1,705               | 1,081,375          |
|  |      |                     | <b>296,971,070</b>   |                     | <b>171,981,670</b> |
| <b>(Increase) / Decrease</b>           |      |                     | <b>(124,989,400)</b> |                     | <b>55,836,684</b>  |

#### SCHEDULE : 12 - EXCEPTIONAL ITEMS

|   | Year ended<br>31st December, 2010<br>[Rupees] | Year ended<br>31st December, 2009<br>[Rupees] |
|---|---|---|
| Loss on Fixed Assets discarded  | 2,688,082                                     | 162,883,053                                   |
| Diminution in value of investments  | 29,823,357                                    | 67,360,028                                    |
| Additional Charge in Depreciation due to change in depreciation Policy                                | 52,536,252                                    | -   |
| Provision for doubtful advances, deposits and interest accrued  | 155,674,657                                   | 84,751,347                                    |
|   | <b>240,722,348</b>                            | <b>314,994,428</b>                            |
| Less : Reduction of liability on buy back of Foreign Currency Convertible Bonds                       | -   | 118,107,100                                   |
| Less : Provision for doubtful advances, deposits and interest accrued no longer required written back | 26,563,183                                    | -   |
|   | <b>214,159,165</b>                            | <b>196,887,328</b>                            |





**SCHEDULE : 13- NOTES ON ACCOUNTS**

**Notes forming part of the Accounts**

**1. Significant Accounting Policies**

**[a] Convention**

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards, notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions 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**

Fixed assets are stated at cost of acquisition including appropriate incidental / installation expenses. Cost of young tea plantation is capitalised. In respect of revalued assets, the appreciation in value of assets over its book value are credited to the Revaluation Reserve.

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

Subsidies received from Government in respect of fixed assets are deducted from cost of respective assets.

Impairment loss, if any, ascertained as per the Accounting Standard of the Companies (Accounting Standards) Rules, 2006 is recognised.

Software cost is capitalised where it is expected to provide future enduring economic benefits. Software capitalisation costs include license fees, cost of packages and implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

Profit or loss on disposal of fixed assets is recognised in the Profit and Loss Account.

**Expenditure incurred in connection with Oil and 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 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 other than on Oil and Gas producing properties is provided on the Written Down Value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Cost of certain fixed assets located in leasehold properties under the head Building and Furniture as mentioned below have been depreciated over their respective lease periods which is higher than the Schedule XIV rates.

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

Cost of certain fixed assets at estates under the head Buildings and Vehicles are depreciated at rates based on the estimated life of each asset and the aggregate depreciation so calculated is higher than the Schedule XIV rates.

The following depreciation rates are considered and applied:

Building 25% and 33.33%

Vehicles 30%

[ii] Capitalised software costs are amortised over its useful life of five years on a straight line basis.

In respect of revalued assets the incremental depreciation on account of revaluation is recouped from Revaluation Reserve. Land and Development including leasehold land are not depreciated.

[iii] Assets like Building, Plant and Machinery etc. included in Oil and Gas producing properties for which depreciation rates have been prescribed in Schedule XIV of the Companies Act, 1956 are depreciated on Written Down Value method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Other assets are depreciated according to the 'unit of production' method as prescribed by The Institute of Chartered Accountants of India in the 'Guidance Note on Accounting for Oil and Gas Producing Activities'. Until previous year all Oil and Gas producing properties were depreciated on "Unit of production method".



**SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)**

**[e] Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised. Other borrowing costs are charged to revenue.

**[f] Investments**

Investments of a long-term nature are stated at cost, less adjustment for any diminution, other than temporary, in the value thereof. Current investments are stated at lower of cost and market value.

**[g] Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average basis. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their location and condition and includes appropriate production overheads, where applicable.

Provision is made for obsolete, slow moving and defective stocks, where necessary.

**[h] Foreign Currency Transactions**

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

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

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

**[i] Sales**

Sales represent invoiced value of goods sold less Sales Tax / Value Added Tax.

**[j] Other Income**

Export incentives, interest income and income from investments are accounted on accrual basis.

**[k] Replanting and Other Subsidies**

Replanting and other subsidies of revenue nature are recognised as income in the Profit and Loss Account.

**[l] Compensation of Land**

Compensation, if any, in respect of land surrendered / vested in Government under various State Land legislations is accounted for as and when received.

**[m] Leases**

Rentals in respect of operating leases are charged off to Profit and Loss Account.

**[n] Retirement Benefits**

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

The Company also provides for retirement benefits with defined benefits in the form of Gratuity and Pension. Annual contributions for Gratuity and Pension are made by the Company, based on actuarial valuation carried out every year end, to Trust and Life Insurance Corporation of India (LIC) respectively.

Leave encashment on retirement and post retirement medical benefits are determined on the basis of independent actuarial valuation at the year end and such liabilities are provided for in these accounts.

Actuarial gains and losses, where applicable, are determined and recognised in the Profit and Loss Account.

The Company recognises gains and losses on curtailment or settlement of a defined benefit plan in the Profit and Loss Account as and when the curtailment or settlement occurs.

**SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)**

Short term employee benefits are recognised as an expense in the Profit and Loss Account for the year in which the related service is rendered.

**[o] Oil Production Cost**

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

**[p] Provision**

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

**[q] Taxes on Income**

Current tax represents the amount of tax payable in respect of taxable income for the period based on computation of tax as per prevailing taxation laws under the Income Tax Act, 1961.

Provision for deferred taxation is made using the liability method, at current rates of taxation, on timing differences to the extent it is probable that a liability or asset will crystallise.

Deferred tax assets are not recognised unless there is reasonable certainty and in case of brought forward loss and unabsorbed depreciation there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are only recognised to the extent there are deferred tax liabilities of offsetting them.

**[r] Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimates of income taxes, future obligations under employment retirement benefit plans, provision for doubtful debts and advances and estimated useful life of tangible and intangible assets. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2. **[a]** All assets except Furniture as at 31st December, 1994 were revalued by an approved valuer at the then net replacement cost resulting in increase in value of these assets by Rs.427,664,732. All assets except Furniture as at 31st December, 1996 were revalued again by an approved valuer at the then net replacement cost resulting in a further increase in value of these assets by Rs.113,567,000.
- [b]** Taking into account the total intrinsic value of the Company's land in Assam, no adjustment in the opinion of the management is required for the loss on land lost due to flood and consequent erosion in past years. Claim for compensation in this regard has been made to the Government of Assam.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.10,162,148 (net of advance - Rs.1,823,897), [31.12.2009 - Rs.6,228,955 (net of advance - Rs.1,978,734)]
4. Contingent Liabilities not provided for in respect of :
  - [a]** Income Tax assessments disputed in appeals Rs. 20,824,240 (31.12.2009 - Rs.1,084,258)
  - [b]** Sales Tax assessments disputed in appeals Rs.118,019,201 (31.12.2009 - Rs.195,551,033)
  - [c]** Liability towards fringe benefit tax under adjudication - Rs. 70,929,211 (31.12.2009 - Rs. 70,929,211) (Refer Note 29 of Schedule 13).
  - [d]** Premium on redemption of Foreign Currency Convertible Bonds Rs.559,923,846 (31.12.2009 - Rs.422,707,146). (Refer Note 18 of Schedule 13.)
  - [e]** Guarantees given on behalf of third parties Rs. 48,214,400 (31.12.2009 - Rs.76,814,400) of which Rs.26,178,697 (31.12.2009 - Rs.30,863,255) was outstanding as at 31st December, 2010.
  - [f]** Uncalled liability on partly paid shares - Rs.6,999,510 (31.12.2009 - Rs.6,999,510).
  - [g]** Interest and penalty for non-deduction and non-deposit of tax deducted at source from green leaf suppliers in respect of an earlier year, not ascertainable at this stage.
  - [h]** Commercial claims not acknowledged as debts Rs. Nil (31.12.2009 - 242,899,702)
  - [i]** Financial undertaking issued to a subsidiary - amount not ascertainable.

The future cash flows on account of above cannot be determined unless the judgement / decisions / demand are received from the appropriate authorities/parties.
5. Provision for taxation has been made as per the Income Tax Act, 1961 and the rules framed thereunder with reference to the profit for the year ended 31st December, 2010 which extends over two assessment years, Assessment Year 2010-2011 and Assessment Year 2011 - 2012. The ultimate tax liability for the Assessment Year 2011-2012 will be determined on the total income for the period from 1st April, 2010 to 31st March, 2011.



## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

| 6. Breakup of Interest and Finance Charges:-   | 31.12.2010<br>[Rupees] | 31.12.2009<br>[Rupees] |
|--|------------------------|------------------------|
| On Fixed Loan  | 180,068,618            | 167,776,210            |
| Hire Purchase Finance Charges on Vehicles  | 1,479,204              | 1,401,005              |
| Others   | 122,549,255            | 112,558,990            |
| <b>A</b>   | <b>304,097,077</b>     | <b>281,736,205</b>     |
| Less: Interest Subsidy Received/Receivable   | -                      | 21,989,093             |
| Interest Income (Tax deducted at source Rs.24,088,275)<br>(31.12.2009 - Rs.17,658,003) | 256,953,323            | 199,271,878            |
| <b>B</b>   | <b>256,953,323</b>     | <b>221,260,971</b>     |
| <b>A - B</b>   | <b>47,143,754</b>      | <b>60,475,234</b>      |
| Total Interest and Finance Charge (net)  |                        |                        |

### 7. The balances with non-scheduled banks are held in :

| Particulars                | Balance Outstanding as at |                        | Maximum amount outstanding at any time during the year |                        |
|----------------------------|---------------------------|------------------------|--|------------------------|
|                            | 31.12.2010<br>[Rupees]    | 31.12.2009<br>[Rupees] | 31.12.2010<br>[Rupees]                                 | 31.12.2009<br>[Rupees] |
| <b>On Current Account:</b> |                           |                        |  |                        |
| ING Bank, Singapore        | 7,879                     | 4,291                  | 17,340,536   | 28,420,509             |
| <b>On Deposit Account:</b> |                           |                        |  |                        |
| ING Bank, Singapore        | -                         | 37,269,727             | 37,269,727   | 39,096,261             |

### 8.(i) Amount paid / payable to the auditors included under general charges in Schedule 10 (Net of Service Tax)

|   | 31.12.2010<br>[Rupees] | 31.12.2009<br>[Rupees] |
|---|------------------------|------------------------|
| [a] Statutory audit fees                    | 1,750,000              | 1,750,000              |
| [b] Fees for other services                 | 2,498,295              | 3,890,000              |
| [c] Reimbursement of out of pocket expenses | 130,000                | 274,223                |

### (ii) Expenditure includes in aggregate :

|                                 | 31.12.2010  | 31.12.2009  |
|---------------------------------|-------------|-------------|
| Salaries, Wages and Bonus       | 737,537,643 | 586,686,224 |
| Stores and Spare Parts consumed | 310,005,252 | 293,634,600 |

### 9. Employee Benefit Obligation

#### Provident Fund

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

#### Gratuity

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

#### Pension

The Company operates two pension schemes for eligible employees, one of them being a defined benefit scheme and the other a defined contribution scheme. The defined benefit scheme is funded with Life Insurance Corporation of India (LIC). Annual contributions to the defined benefit scheme are made by the Company based on actuarial valuation carried out by LIC at year end. Contributions for the defined contribution scheme are deposited with a Trust and such funds are utilised to buy pension annuity from the insurance company.

#### Leave Benefit

Leave benefit comprises of leave balances accumulated by the employees. These balances can be accumulated upto a maximum of 120 days and can be encashed only at any time of retirement/separation.

#### Post Retirement Medical Benefit

The Company has a Scheme of re-imbursment of Post-retirement medical expenses to certain categories of employees and their surviving spouses, upon retirement, subject to a monetary limit.

#### A. Defined Contribution Plans

Contributions for Defined Contribution Plans amounting to Rs.78,296,118 (31.12.2009 - Rs.58,906,944) has been recognised in the Profit & Loss Account.



## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

#### B. Defined Benefit Plans

|   | Gratuity<br>(Funded) |                    |                    |                     | Pension<br>(Funded) |                   |                   |                             | Leave Encashment<br>(Unfunded) |                  |                  | Medical<br>Benefit<br>(Un-funded) |
|---|----------------------|--------------------|--------------------|---------------------|---------------------|-------------------|-------------------|-----------------------------|--------------------------------|------------------|------------------|-----------------------------------|
|   | 2010                 | 2009               | 2008               | 2007                | 2010                | 2009              | 2008              | 2007                        | 2010                           | 2009             | 2008             | 2010                              |
|   | [Rupees]             | [Rupees]           | [Rupees]           | [Rupees]            | [Rupees]            | [Rupees]          | [Rupees]          | [Rupees]                    | [Rupees]                       | [Rupees]         | [Rupees]         | [Rupees]                          |
| <b>a) Component of employees expenses</b>   |                      |                    |                    |                     |                     |                   |                   |                             |                                |                  |                  |                                   |
| Current Service Cost  | 19,060,454           | 13,770,454         | 12,733,800         | 14,617,377          | 9,707,864           | 8,440,325         | 5,692,568         | 2,323,270                   | 1,276,236                      | 2,351,923        | 1,331,435        | -                                 |
| Interest Cost   | 19,073,669           | 16,307,273         | 17,756,263         | 18,379,607          | 7,431,776           | 4,942,863         | 3,893,285         | 3,611,484                   | 361,955                        | 243,400          | 243,042          | -                                 |
| Expected Return on Plan Assets  | (4,417,386)          | (5,556,090)        | (6,801,793)        | (15,168,419)        | (2,907,905)         | (2,575,406)       | (2,386,264)       | (2,973,396)                 | -                              | -                | -                | -                                 |
| Curtailment Cost  | -                    | -                  | -                  | -                   | -                   | -                 | -                 | -                           | -                              | -                | -                | -                                 |
| Settlement Cost   | -                    | -                  | -                  | -                   | -                   | -                 | -                 | -                           | -                              | -                | -                | -                                 |
| Past Service Cost   | -                    | -                  | -                  | -                   | -                   | -                 | -                 | -                           | -                              | -                | -                | -                                 |
| Net actuarial (gain) / loss recognised during the year                            | 53,793,594           | 10,881,225         | (21,530,142)       | 27,541,436          | (12,536,756)        | 12,028,326        | 4,430,513         | (10,076,957)                | 377,720                        | (524,299)        | (569,927)        | 15,837,008                        |
| <b>Total component of employees expenses</b>                                      | <b>87,510,331</b>    | <b>35,402,862</b>  | <b>2,158,128</b>   | <b>45,370,001</b>   | <b>1,694,979</b>    | <b>22,836,108</b> | <b>11,630,102</b> | <b>(7,115,599)</b>          | <b>2,015,911</b>               | <b>2,071,024</b> | <b>1,004,550</b> | <b>15,837,008</b>                 |
| <b>b) Net (Asset) / Liability</b>   |                      |                    |                    |                     |                     |                   |                   |                             |                                |                  |                  |                                   |
| Present Value of the Defined Benefit Obligation                                   | 319,279,843          | 252,041,130        | 230,872,090        | 251,285,244         | 97,717,055          | 92,897,202        | 65,904,847        | 51,910,477                  | 5,987,259                      | 5,077,537        | 3,484,173        | 15,837,008                        |
| Fair value of Plan Assets   | 66,945,709           | 55,217,327         | 69,451,148         | 232,847,013         | 39,473,694          | 36,348,822        | 32,192,575        | 53,705,481                  | -                              | -                | -                | -                                 |
| <b>Net (Asset) / Liability</b>  | <b>252,334,134</b>   | <b>196,823,803</b> | <b>161,420,942</b> | <b>18,438,231</b>   | <b>58,243,361</b>   | <b>56,548,380</b> | <b>33,712,272</b> | <b>(1,795,004)</b>          | <b>5,987,259</b>               | <b>5,077,537</b> | <b>3,484,173</b> | <b>15,837,008</b>                 |
| <b>c) Actual Return on Plan Assets</b>  |                      |                    |                    |                     |                     |                   |                   |                             |                                |                  |                  |                                   |
| Expected Return on Plan Assets  | 4,417,386            | 5,556,090          | 6,801,793          | 15,168,419          | 2,907,905           | 2,575,406         | 2,386,264         | 2,973,396                   | -                              | -                | -                | -                                 |
| Actuarial gain / (loss) on Plan Assets  | 2,551,543            | 7,093,627          | (302,975)          | (18,384,179)        | 216,967             | 1,580,841         | (21,996)          | 13,564,633                  | -                              | -                | -                | -                                 |
| <b>Actual Return on Plan Assets</b>   | <b>6,968,929</b>     | <b>12,649,717</b>  | <b>6,498,818</b>   | <b>(3,215,760)</b>  | <b>3,124,872</b>    | <b>4,156,247</b>  | <b>2,364,268</b>  | <b>16,538,029</b>           | <b>-</b>                       | <b>-</b>         | <b>-</b>         | <b>-</b>                          |
| <b>d) Change in Defined Benefit Obligation during the year</b>                    |                      |                    |                    |                     |                     |                   |                   |                             |                                |                  |                  |                                   |
| Present value of Defined Benefit Obligation as at beginning of the year           | 252,041,130          | 230,872,090        | 251,285,245        | 223,373,485         | 92,897,202          | 65,904,847        | 51,910,477        | 42,488,047                  | 5,077,537                      | 3,484,173        | 4,001,505        | -                                 |
| Current Service cost  | 19,060,454           | 13,770,454         | 12,733,800         | 14,617,377          | 9,707,864           | 8,440,325         | 5,692,568         | 2,323,270                   | 1,276,236                      | 2,351,923        | 1,331,435        | -                                 |
| Interest Cost   | 19,073,669           | 16,307,273         | 17,756,263         | 18,379,607          | 7,431,776           | 4,942,863         | 3,893,285         | 3,611,484                   | 361,955                        | 243,400          | 243,042          | -                                 |
| Settlement Cost   | -                    | -                  | -                  | -                   | -                   | -                 | -                 | -                           | -                              | -                | -                | -                                 |
| Past Service Cost   | -                    | -                  | -                  | -                   | -                   | -                 | -                 | -                           | -                              | -                | -                | -                                 |
| Benefits Paid   | (27,240,547)         | (26,883,539)       | (29,070,101)       | (14,242,482)        | -                   | -                 | -                 | (1,106,189)                 | (477,660)                      | (1,521,882)      | -                | -                                 |
| Actuarial (gain) / loss on Obligation   | 56,345,137           | 17,974,852         | (21,833,117)       | 9,157,257           | (12,319,787)        | 13,609,167        | 4,408,517         | 3,487,676                   | 377,720                        | (524,299)        | (569,927)        | -                                 |
| Present value of Defined Benefit Obligation as at end of the year                 | <b>319,279,843</b>   | <b>252,041,130</b> | <b>230,872,090</b> | <b>251,285,244</b>  | <b>97,717,055</b>   | <b>92,897,202</b> | <b>65,904,847</b> | <b>51,910,477</b>           | <b>5,987,259</b>               | <b>5,077,537</b> | <b>3,484,173</b> | <b>-</b>                          |
| <b>e) Change in Fair Value of Assets during the year</b>                          |                      |                    |                    |                     |                     |                   |                   |                             |                                |                  |                  |                                   |
| Fair value of Plan Assets as at beginning of the year                             | 55,217,327           | 69,451,149         | 85,022,431         | 189,605,255         | 36,348,822          | 32,192,575        | 29,828,307        | 37,167,452                  | -                              | -                | -                | -                                 |
| Expected Return on Plan Assets  | 4,417,386            | 5,556,090          | 6,801,793          | 15,168,419          | 2,907,905           | 2,575,406         | 2,386,264         | 2,973,396                   | -                              | -                | -                | -                                 |
| Contributions Made  | 32,000,000           | -                  | 7,000,000          | 60,700,000          | -                   | -                 | -                 | -                           | -                              | -                | -                | -                                 |
| Benefits Paid   | (27,240,547)         | (26,883,539)       | (29,070,101)       | (14,242,482)        | -                   | -                 | -                 | -                           | -                              | -                | -                | -                                 |
| Actuarial gain / (loss) on Plan Assets  | 2,551,543            | 7,093,627          | (302,975)          | (18,384,179)        | 216,967             | 1,580,841         | (21,996)          | 13,564,633                  | -                              | -                | -                | -                                 |
| Fair value of Plan Assets as at end of the year                                   | <b>66,945,709</b>    | <b>55,217,327</b>  | <b>69,451,148</b>  | <b>232,847,013</b>  | <b>39,473,694</b>   | <b>36,348,822</b> | <b>32,192,575</b> | <b>53,705,481</b>           | <b>-</b>                       | <b>-</b>         | <b>-</b>         | <b>-</b>                          |
| <b>f) Experience Adjustment</b>   |                      |                    |                    |                     |                     |                   |                   |                             |                                |                  |                  |                                   |
|   |                      | Gratuity (Funded)  |                    |                     | Pension (Funded)    |                   |                   | Leave Encashment (Unfunded) |                                |                  |                  |                                   |
|   | 2010                 | 2009               |                    | 2010                | 2009                |                   | 2010              | 2009                        |                                |                  |                  |                                   |
| Experience (Gain)/Loss adjustment on plan liabilities                             | 22,724,685           | 16,798,521         |                    | 14,315,261          | 13,609,167          |                   | (618,236)         | -                           |                                |                  |                  |                                   |
| Experience (Gain)/Loss adjustment on plan assets                                  | 8,556,424            | 4,881,353          |                    | 1,716,744           | 1,580,841           |                   | -                 | -                           |                                |                  |                  |                                   |
| Experience (Gain)/Loss adjustment on plan liabilities due to change in assumption | 33,620,448           | -                  |                    | (26,635,050)        | -                   |                   | 995,956           | -                           |                                |                  |                  |                                   |
|   | <b>64,901,557</b>    | <b>21,679,874</b>  |                    | <b>(10,603,045)</b> | <b>15,190,008</b>   |                   | <b>377,720</b>    | <b>-</b>                    |                                |                  |                  |                                   |



## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

#### g) Categories of Plan Assets as a percentage of total planned Assets

|   | Gratuity (Funded) |        |        |        | Pension (Funded) |        |        |        |
|---|-------------------|--------|--------|--------|------------------|--------|--------|--------|
|   | 2010              | 2009   | 2008   | 2007   | 2010             | 2009   | 2008   | 2007   |
| Administered by Private Insurance Company           | 94.03%            | 97.68% | 78.94% | 45.48% | –                | –      | –      | –      |
| Administered by Life Insurance Corporation of India | –                 | –      | –      | –      | 99.19%           | 80.71% | 78.62% | 80.71% |
| Special Deposit with Scheduled Bank                 | 0.56%             | 0.68%  | 0.54%  | –      | –                | –      | –      | –      |
| Others  | 5.41%             | 1.64%  | 20.52% | 54.52% | 0.81%            | 19.29% | 21.38% | 19.29% |

#### g) Actuarial Assumptions

|                                    | Gratuity |         |         |         | Pension |         |         |         | Leave Encashment (Unfunded) |         | Medical Benefit (Unfunded) |         |
|------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|-----------------------------|---------|----------------------------|---------|
|                                    | 2010     | 2009    | 2008    | 2007    | 2010    | 2009    | 2008    | 2007    | 2010                        | 2009    | 2008                       | 2010    |
| Mortality Table                    | LICI     | LICI    | LICI    | LICI    | LICI    | LICI    | LICI    | LICI    | LICI                        | LICI    | LICI                       | LICI    |
|                                    | 1994-96  | 1994-96 | 1994-96 | 1994-96 | 1994-96 | 1994-96 | 1994-96 | 1994-96 | 1994-96                     | 1994-96 | 1994-96                    | 1994-96 |
| Discount Rate (%)                  | 8.00     | 7.50    | 7.50    | 8.50    | 8.00    | 7.50    | 7.50    | 8.50    | 8.00                        | 7.50    | 7.50                       | 8.00    |
| Inflation Rate (%)                 | 7.00     | 5.00    | 5.00    | 7.50    | 7.00    | 5.00    | 5.00    | 7.50    | 7.00                        | 5.00    | 5.00                       | –       |
| Expected Return on Plan Assets (%) | 8.00     | 8.00    | 8.00    | 8.00    | 8.00    | 8.00    | 8.00    | 8.00    | –                           | –       | –                          | –       |

#### i) Effect of increase / decrease of one percentage point in the assumed Medical inflation rates: 2010

|   | Increase | Decrease |
|---|----------|----------|
| Effect on the aggregate of the service cost and interest cost | 14087783 | 17983323 |
| Effect on defined benefit obligation                          | 15995379 | 15678639 |

#### Notes :

- The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, future salary increases, seniority, promotion, supply and demand in the employment market etc. The expected return on plan assets is based on the actuarial expectation of the average long term rate of return on investments of the fund during the estimated time of the obligations.
- Since the Company has adopted Accounting Standard 15 (Revised 2005) on Employee Benefits during the year 2007, figures for four financial years are available and have been disclosed except for post retirement medical benefits which have been actuarially valued in the current year.
- The contribution expected to be made by the company for the year ending 31st December 2011 cannot be ascertained at this stage.

#### 10. Directors' remuneration in aggregate

|   | 31.12.2010       | 31.12.2009       |
|---|------------------|------------------|
| <b>[a] Managing Director:</b>                                       | <b>[Rupees]</b>  | <b>[Rupees]</b>  |
| i) Salary   | 2,400,000        | 2,919,888        |
| ii) Allowances  | 3,241,464        | 2,966,918        |
| iii) Expenditure on Provident Fund and Superannuation Fund          | 631,200          | 712,800          |
|   | <b>6,272,664</b> | 6,599,606        |
| Less: Transferred to Capital Work in Progress (Oil and Gas Project) | 4,113,588        | 2,145,021        |
| Less: Recoverable from subsidiary company                           | –                | 2,199,868        |
| <b>Net balance</b>  | <b>2,159,076</b> | <b>2,254,717</b> |

#### Note:

- Commission payable to the Managing Director has been waived.
- The above excludes contribution to gratuity fund, which is actuarially determined on an overall company basis.

|                              | 31.12.2010      | 31.12.2009      |
|------------------------------|-----------------|-----------------|
| <b>[b] Other Directors :</b> | <b>[Rupees]</b> | <b>[Rupees]</b> |
| Sitting Fees                 | 24,000          | 49,500          |



## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

|  |        | 31.12.2010 |                      | 31.12.2009        |                      |
|--|--------|------------|----------------------|-------------------|----------------------|
|  |        | [Quantity] | [Rupees]             | [Quantity]        | [Rupees]             |
| 11. [1] Licensed Capacity  |        |            |                      | Not Applicable    | Not Applicable       |
| [2] Installed Capacity   |        |            |                      | Not Ascertainable | Not Ascertainable    |
| [3] Tea Produced   | (Kgs)  |            |                      | 14,556,757        | 14,984,392           |
| [4] Saleable Production of Tea *                                   | (Kgs)  |            |                      | 14,158,331        | 14,593,137           |
| [5] Green Leaf Consumed  | (Kgs)  |            |                      | 65,408,495        | 67,347,359           |
| [6] Production of Oil **   | (BBLs) |            |                      | 42,331            | 39,162               |
| [7] Production of Gas ***  | (MCM)  |            |                      | 20,328            | 19,148               |
|  |        |            |                      |                   |                      |
| [8] Details of Purchase  |        |            |                      |                   |                      |
| Tea  | (Kgs)  | 947        | 632,258              | 841               | 315,517              |
| Green Leaf   | (Kgs)  | 4,092,417  | 69,307,364           | 4,502,457         | 73,059,547           |
|  |        |            | <b>69,939,622</b>    |                   | <b>73,375,064</b>    |
| [9] Details of Sale  |        |            |                      |                   |                      |
| [a] Tea  | (Kgs)  | 13,291,649 | 2,002,174,731        | 15,461,785        | 2,078,139,788        |
| [b] Oil  | (BBLs) | 42,687     | 164,170,194          | 39,817            | 124,033,157          |
| [c] Gas  | (MCM)  | 18,833     | 66,466,897           | 17,367            | 59,535,898           |
|  |        |            | <b>2,232,811,822</b> |                   | <b>2,261,708,843</b> |
| [10] Value of Raw Materials and Stores<br>and Spare parts consumed |        |            |                      |                   |                      |
|  |        | %          | [Rupees]             | %                 | [Rupees]             |
| Indigenous – Cost of Own Green Leaf****                            |        | 100        | 430,791,554          | 100               | 372,539,083          |
| – Purchased Green Leaf and Tea                                     |        | 100        | 69,939,622           | 100               | 73,375,064           |
| – Stores and Spare Parts   |        | 100        | 310,005,252          | 100               | 293,634,600          |
|  |        |            | <b>810,736,428</b>   |                   | <b>739,548,747</b>   |

\* Net off tea waste, handling loss, free issue to labour, samples and other promotionals etc. aggregating to 398,991 Kgs (31.12.2009 - 391,255 Kgs).

\*\* Gross of loss/ in house use aggregating to 1,058 BBLs (31.12.2009 - 2,880 BBLs)

\*\*\* Gross of in-house consumption and technical flaring aggregating to 1,495 MCM (31.12.2009 - 1,781 MCM)

\*\*\*\* Cost of own green leaf is included in different heads of estate expenditures.

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

The minimum rentals as at 31st December, 2010 and the present value as at 31st December, 2010 of minimum rentals in respect of assets acquired under HP are as follows:

|  | 31.12.2010        | 31.12.2009        |
|--|-------------------|-------------------|
|  | [Rupees]          | [Rupees]          |
| <b>Minimum Hire Purchase Payments</b>                    |                   |                   |
| – Payable not later than one year                        | 8,108,664         | 5,993,425         |
| – Payable later than one year but not later than 5 years | 6,970,902         | 6,580,298         |
| <b>Total of Minimum Hire Purchase Payments</b>           | <b>15,079,566</b> | <b>12,573,723</b> |
| <b>Finance Charges</b>                                   |                   |                   |
| – Payable not later than one year                        | 1,041,527         | 293,233           |
| – Payable later than one year but not later than 5 years | 411,465           | 221,804           |
| <b>Total of Finance Charges</b>                          | <b>1,452,992</b>  | <b>515,037</b>    |
| <b>Present Value of Minimum HP Payments</b>              |                   |                   |
| – Payable not later than one year                        | 7,067,137         | 5,700,192         |
| – Payable later than one year but not later than 5 years | 6,559,437         | 6,358,494         |
| <b>Total of Present Value of Minimum HP Payments</b>     | <b>13,626,574</b> | <b>12,058,686</b> |

- [b] The Company has taken various premises under operating lease having tenures upto 36 months which are not non-cancellable. These are usually renewed periodically by mutual consent. The rental payable against these lease amounting to Rs 335,400 (31.12.2009 - Rs. 676,200) have been debited to the Profit and Loss Account.



## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

#### 13. Provision for Site Restoration:

[Figures in Rupees]

| Year | Opening<br>Balance | Provision made<br>during the<br>year | Amounts<br>utilised / reversed<br>during the year | Closing<br>Balance<br>31.12.2010 |
|------|--------------------|--------------------------------------|---|----------------------------------|
| 2010 | 2,765,000          | –                                    | –   | 2,765,000                        |
| 2009 | 1,440,000          | 1,325,000                            | –   | 2,765,000                        |

Provision for site restoration represents the liability that is expected to materialise once production of oil and gas from the wells cease and/or they are capped. Future cash outflow in respect of the above is determinable only on occurrence of uncertain future events.

|  | 31.12.2010<br>[Rupees]               | 31.12.2009<br>[Rupees]               |
|--|--------------------------------------|--------------------------------------|
| <b>14. Expenditure in foreign currency (on accrual basis):</b> |                                      |                                      |
| Commission   | 40,492,127                           | 42,257,107                           |
| Travelling Expenses  | 7,867,231                            | 7,084,411                            |
| Bank Charges   | 4,553,318                            | 12,447,110                           |
| Interest   | 927,331                              | 276,861                              |
| Consultancy Fees   | 283,982                              | –                                    |
| Establishment Charges  | 54,113                               | –                                    |
|  | <b>31.12.2010</b><br><b>[Rupees]</b> | <b>31.12.2009</b><br><b>[Rupees]</b> |
| <b>15. Earnings in Foreign Exchange (on accrual basis):</b>    |                                      |                                      |
| Export Sale on F.O.B. Basis                                    | 506,151,596                          | 636,863,934                          |
| Interest Income  | 251,209                              | 209,222                              |
| Income from Investments  | 16,732                               | 31,907                               |

#### 16. Related Party Disclosure:

##### I. Names of related parties and description of relationship

##### a. Subsidiaries of the Company

- Namburnadi Tea Company Limited
- Camellia Cha Bar Limited
- North East Hydrocarbon Limited
- Assam Oil & Gas Limited
- Duncan Macneill Natural Resources Limited
- Dahej Offshore Infrastructure SEZ Limited (Formerly known as Assam Estates Limited)
- Gujarat Hydrocarbons & Power SEZ Limited
- Duncan Macneill Power and Utilities Limited (with effect from 17.12.2010)
- Lord Inschcape Financial Services Limited (Control Exercised through two Subsidiaries)

##### b. Key Managerial Personnel

- Mr. A.K.Jajodia, Managing Director

##### c. Relatives of Key Managerial Personnel

- Ms. Ruchika Jajodia

##### d. Joint Venture through jointly controlled operations

- Canoro Resources Limited – (Refer Note No. 17(a))





## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

#### II Transactions with related parties

| SL No. | Related Party   | Outstanding as on 31.12.2010 (Rupees)                        | Outstanding as on 31.12.2009 (Rupees)                        | Nature of transaction  | Year ended 31st December 2010 (Rupees)                                  | Year ended 31st December 2009 (Rupees)                                 |
|--------|---|--|--|--|---|--|
| [A]    | Namburadi Tea Company Limited   | 83,166,804<br>Receivable<br>48,214,400<br>Gurantees<br>given | 82,498,430<br>Receivable<br>48,214,400<br>Gurantees<br>given | Purchase of tea and green leaf<br>Receipt towards refund of advance<br>Expenses recoverable<br>Transfer of stores (net debit)<br>Remuneration of manager on deputation<br>recoverable<br>Advance given | 1,159,578<br>20,000,000<br>87,210<br>693,242<br>2,218,500<br>18,829,000 | 43,200<br>10,465,835<br>55,820<br>1,002,863<br>1,917,285<br>23,465,085 |
| [B]    | North East Hydrocarbon Limited  | 9,197,924<br>Receivable                                      | 9,197,924<br>Receivable                                      | Advance given  | -   | 4,132,395  |
| [C]    | Assam Oil & Gas Limited   | 4,040,000<br>Receivable                                      | 5,292,692<br>Receivable                                      | Payment towards refund of advance<br>Advance given   | 1,252,692<br>-  | -<br>30,000  |
| [D]    | Camellia Cha Bar Limited  | 4,692,836<br>Receivable                                      | 4,691,302<br>Receivable                                      | Advance given<br>Expenses Recoverable  | -<br>1,534  | 1,714,781<br>-   |
| [E]    | Duncan Macneill Natural Resources Limited                                   | 813,732,224<br>Receivable                                    | 813,732,224<br>Receivable                                    | Loan given   | -   | 129,313,750  |
| [F]    | Gujarat Hydrocarbons & Power SEZ Limited                                    | 1,883,979,211<br>Receivable                                  | 1,388,834,110<br>Receivable                                  | Loan given<br>Interest receivable<br>Expenses recoverable<br>Managing Director's remuneration recoverable  | 250,981,938<br>233,387,922<br>10,775,241<br>-                           | 62,457,000<br>183,081,878<br>33,246,248<br>2,199,868                   |
| [G]    | Dahej Offshore Infrastructure Limited<br>( Formerly Assam Estates Limited ) | 5,429,048<br>Receivable                                      | 5,429,048<br>Receivable                                      | Advance given  | -   | 30,000   |
| [H]    | Lord Inchcape Financial Services Limited                                    | 5,000<br>Receivable  | 5,000<br>Receivable  |  |   |  |
| [I]    | Mr. A K Jajodia   | 593,234<br>Receivable  | 558,002<br>Receivable  | Remuneration paid<br>Advance given   | 6,272,664<br>35,232   | 6,599,606<br>558,002   |
| [J]    | Ms. Ruchika Jajodia   | -  | 95,250<br>Payable  | Remuneration paid  | 1,143,000   | 1,143,000  |

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



**SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)**

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

[Rupees]

| Sl. No. | Related Party   | Year ended<br>31st December 2010 | Year ended<br>31st December 2009 |
|---------|---|----------------------------------|----------------------------------|
| [A]     | North East Hydrocarbon Limited  | 9,698,319                        | 9,688,624                        |
| [B]     | Assam Oil & Gas Limited   | 5,040,000                        | 4,970,114                        |
| [C]     | Camellia Cha Bar Limited  | 5,193,441                        | 5,191,907                        |
| [D]     | Dahej Offshore Infrastructure Limited<br>(Formerly Assam Estates Limited) | 5,534,601                        | 5,487,102                        |
| [E]     | Duncan Macneill Power and Utilities Limited                               | 41,108                           | -                                |
| [F]     | Duncan Macneill Natural Resources Limited                                 | 204,157,255                      | 67,327,311                       |

- 17. [a]** In 2009, the Company was pursuing E&P activities in Amguri Development Block and AA-ON/7 Exploration Block located in North East under a Joint Operating Agreement (JOA) with Canoro Resources Ltd (Canoro), a Canadian E&P Company based in Calgary, Canada, having participation interest of 40% and 35% respectively.

The company continued its E&P operations in upstream oil and gas sector in Amguri Development Block during the year under Production Sharing Contract (PSC) with Government of India (GOI). Consequent to Canoro Resources Limited (CRL) committing breach to the PSC, GOI had terminated their Participation Interest (PI) and operatorship with effect from 29th August, 2010. Hon'ble Delhi High Court has decided against Canoro in the case filed by them against such termination by the GOI. Subsequently, case filed by the Company against Canoro was dismissed by the Hon'ble Delhi High Court. However, the Arbitration proceedings against Canoro is in progress.

As per interim arrangement, GOI had advised Oil and Natural Gas Corporation (ONGC) to take over the physical possession of the Amguri field from CRL along with all assets as a custodian of GOI, pending formalization of transfer of PI to ACIL and appointment of ACIL as an operator.

In addition, the Company has one more E&P asset – AA-ONN-2005/1 in Assam and Assam-Arakan Basin under consortium with ONGC and OIL, having participation interest of 10% through bidding process under NELP-VII.

- [b]** New PSC of AA-ON/7 Exploration Block covering Nagaland area is awaiting execution after completion of exploratory activities in Assam area. The new PSC will be an extension of the existing PSC under same terms and conditions allowing another 7 years Exploratory Phase in Nagaland.
- [c]** Initial exploratory activities such as seismic studies in AA-ONN-2005/1, awarded under NELP-VII, The Company has 10% PI along with ONGC and Oil India Ltd holding 60% and 30% respectively, has already commenced.
- [d]** Disclosure of Company's participating interest (PI) in the Oil and Gas project:

| Sl. No. | Name of the Field | Percentage of PI |
|---------|-------------------|------------------|
| 1.      | Amguri            | 40 (40)          |
| 2.      | AA-ON/7           | 35 (35)          |
| 3.      | AA-ONN-2005/1     | 10 (10)          |

[ Note : Figures in brackets represent previous year's percentage of P I ]

- [e]** Net quantities of Company's interest in proved reserves and proved developed reserve within India:

|                              | Proved Reserves (MT)              |               | Proved Developed Reserves (MT)              |               |
|------------------------------|-----------------------------------|---------------|---|---------------|
|                              | 31.12.2010                        | 31.12.2009    | 31.12.2010                                  | 31.12.2009    |
| <b>Oil :</b>                 |                                   |               |   |               |
| Beginning of the year        | 67,571                            | 98,527        | 31,790                                      | 44,812        |
| Additions                    | -                                 | -             | 10,946                                      | -             |
| Deletion                     | 21,985                            | 25,197        | -   | 7,263         |
| Production                   | 5,799                             | 5,759         | 5,799                                       | 5,759         |
| Closing Balance for the year | <u>39,787</u>                     | <u>67,571</u> | <u>36,937</u>                               | <u>31,790</u> |
|                              | Proved Reserves (M <sup>3</sup> ) |               | Proved Developed Reserves (M <sup>3</sup> ) |               |
|                              | 31.12.2010                        | 31.12.2009    | 31.12.2010                                  | 31.12.2009    |
| <b>Gas :</b>                 |                                   |               |   |               |
| Beginning of the year        | 881                               | 946           | 544   | 361           |
| Additions                    | -                                 | -             | 243   | 202           |
| Deletion                     | 46                                | 46            | -   | -             |
| Production                   | 20                                | 19            | 20  | 19            |
| Closing Balance for the year | <u>815</u>                        | <u>881</u>    | <u>767</u>                                  | <u>544</u>    |



## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

#### 17 [f] CAPITAL WORK IN PROGRESS OF OIL AND GAS PROJECT

| Particulars                            | Balance as at<br>1st January,<br>2010<br>[Rupees] | Additions<br>during the year<br>[Rupees] | Balance as at<br>31st December,<br>2010<br>[Rupees] |
|--|---|--|---|
| Establishment charges                  | 163,282,960                                       | 31,573,223                               | 194,856,183   |
| Consultant Fees and Expenses           | 93,519,493  | 47,169,556                               | 140,689,049   |
| Advertisement                          | 4,455,161   | 8,761                                    | 4,463,922   |
| Legal and Professional Charges         | 36,018,900  | 11,284,428                               | 47,303,328  |
| Repairs to Buildings                   | 2,977,468   | 660,252                                  | 3,637,720   |
| Repairs to Plant and Machinery         | 12,142,953  | –  | 12,142,953  |
| Repairs to Others                      | 758,802   | –  | 758,802   |
| Workmen and Staff Welfare Expenses     | 2,675,834   | 159,868                                  | 2,835,702   |
| Office Maintenance                     | 8,751,120   | 113,291                                  | 8,864,411   |
| Insurance                              | 1,614,527   | 184,427                                  | 1,798,954   |
| Rent                                   | 3,867,449   | 993,965                                  | 4,861,414   |
| Rates and Taxes                        | 6,501,443   | –  | 6,501,443   |
| Bank Charges                           | 45,776,387  | 14,497,836                               | 60,274,223  |
| General Charges                        | 127,339,635                                       | 7,522,544                                | 134,862,179   |
| Interest on Fixed Loans                | 279,782,185                                       | 175,218,589                              | 455,000,774   |
| Geological Consulting                  | 5,845,559   | 9,596,727                                | 15,442,286  |
| Geophysical Consulting                 | 1,658,597   | –  | 1,658,597   |
| Seismic -Data Acquisition              | 147,609,945                                       | 679,195                                  | 148,289,140   |
| Exploratory / Appraisal Well Drilling  | 1,313,734,527                                     | 187,775,326                              | 1,501,509,853                                       |
| Seismic- Geological Consultancy        | 12,348,047  | –  | 12,348,047  |
| Seismic Reprocessing                   | 21,019,357  | –  | 21,019,357  |
| Environmental Impact Study             | 1,452,815   | 106,990                                  | 1,559,805   |
| Well Workovers                         | 240,740,348                                       | –  | 240,740,348   |
| Signature Bonus                        | 332,239   | –  | 332,239   |
| Cost of Flowlines                      | 12,825,156  | 40,381                                   | 12,865,537  |
| Separation and Measurement Cost        | 11,923  | –  | 11,923  |
| Oil Treatment Facility                 | 150,603,699                                       | 60,083,991                               | 210,687,690   |
| Oil Storage Facility                   | 15,065,354  | 1,412,553                                | 16,477,907  |
| Group Gathering Renovation             | 16,520,414  | –  | 16,520,414  |
| Extended Production System             | 13,766,325  | –  | 13,766,325  |
| Warehouse and Yard                     | 12,295,276  | –  | 12,295,276  |
| Office Equipments                      | 2,358,904   | 371,498                                  | 2,730,402   |
| Group Gathering and Well Testing       | 10,603,813  | –  | 10,603,813  |
| General Administration                 | 174,607,102                                       | 14,398,368                               | 189,005,470   |
| Loss on Exchange Fluctuation           | 122,987,148                                       | 49,898,370                               | 172,885,518   |
| Test production sales of Oil and Gas   | (17,182,605)                                      | –  | (17,182,605)  |
| <b>Sub-total</b>                       | <b>3,048,668,260</b>                              | <b>613,750,140</b>                       | <b>3,662,418,400</b>                                |
| Less: Capitalised producing properties | 879,556,138                                       | 48,699,256                               | 928,255,394   |
| <b>Balance carried forward</b>         | <b>2,169,112,122</b>                              | <b>565,050,884</b>                       | <b>2,734,163,006</b>                                |



**SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)**

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

During the year 2008, bond holders have exercised their option of converting their Bond amounting Rs.5,145,703 into Equity Shares. Accordingly, 5,145,703 shares were issued in 2008 with resultant increase in issued share capital and securities premium account.

During the year 2009, the Company re-purchased and cancelled FCCB of Rs.605,152,000 at a discount which has resulted in a saving of Rs.118,107,100/. Consequent upon such re-purchase and cancellation the Company's obligation to convert said FCCBs into shares or to redeem the same in foreign currency has come to an end. As of date FCCBs outstanding aggregate to Rs.1,424,958,000.

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

|   | <b>31.12.2010</b><br>[Rupees] | <b>31.12.2009</b><br>[Rupees] |
|---|-------------------------------|-------------------------------|
| Expenditure in respect of oil and gas exploration and development | 1,341,163,817                 | 1,332,671,822                 |
| Loan to overseas subsidiary (net)                                 | 453,849,047                   | 453,849,047                   |
| Modernisation/expansion of existing production units              | 53,106,572                    | 42,728,462                    |
| FCCB issue expenses/other incidental expenses                     | 286,562,035                   | 286,562,035                   |
| Others (net)  | 87,180,616                    | 77,540,691                    |

Unutilised FCCB proceeds amounting to Rs.7,884,472 (31.12.2009 - Rs. 8,706,025) have been invested in securities and the balance Rs.10,039,631 (31.12.2009 - Rs. 37,275,008) is lying with banks at the year end.

19. During the year 2007, the Company received the balance amount outstanding against 81,000,000 share warrants of Re.1 each issued in 2006 at a premium of Rs.22.25 per warrant. Equivalent number of Equity Shares of Re. 1 each has been issued on conversion of these warrants resulting in increase of issued and paid up share capital of the Company by Rs.81,000,000 and the securities premium by Rs.1,802,250,000 .

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

|   | <b>Expenses incurred till</b><br><b>31.12.2010</b><br>[Rupees] | <b>Expenses incurred till</b><br><b>31.12.2009</b><br>[Rupees] |
|---|--|--|
| Reduction of debts  | 1,109,598,676  | 1,109,598,676  |
| Investment in overseas subsidiary                                 | 60,000,000   | 60,000,000   |
| Loans to overseas and other subsidiaries                          | 298,939,593  | 298,939,593  |
| Expenditure in respect of oil and gas exploration and development | 22,543,920   | 22,543,920   |
| Share warrant issue expenses                                      | 9,372,419  | 9,372,419  |
| General corporate purpose   | 389,859,280  | 389,859,280  |

20. Loans and Advances to subsidiaries include an amount of Rs.1,883,979,211 (including interest Rs.524,377,105 Net of TDS) (31.12.09 Rs.1,388,834,110 including interest Rs.314,327,976 Net of TDS) due from Gujarat Hydrocarbons and Power SEZ Limited (GHPSL), a wholly owned subsidiary of the company. GHPSL was incorporated for developing a Hydrocarbon and Power Special Economic Zone (SEZ) in the state of Gujarat. GHPSL has acquired 315 hectares of land for its SEZ project from Gujarat Industrial Development Corporation (GIDC) out of which 296 hectares of land has been taken possession of and the balance 19 Hectares is in the process of acquisition.

21. The Single bench of the Hon'ble Calcutta High Court has allowed the eviction proceedings filed by the owners in respect of the Company's Corporate Office at Kolkata. The Company has preferred an appeal before the Division Bench of the Hon'ble Calcutta High Court.



## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

22. The major components of deferred tax assets and liabilities are as follows :

|  | 31.12.2010<br>[Rupees] | 31.12.2009<br>[Rupees] |
|--|------------------------|------------------------|
| <b>Deferred Tax Liability</b>  |                        |                        |
| Excess of tax depreciation over book depreciation  | 59,085,012             | 66,359,286             |
| Others   | 2,261,382              | 11,648,085             |
|  | <b>61,346,394</b>      | <b>78,007,371</b>      |
| <b>Deferred Tax Assets</b>   |                        |                        |
| Expenditure under Section 43B of the Income Tax Act, 1961<br>( recognised to the extent of deferred tax liability) | 61,346,394             | 78,007,371             |
|  | <b>61,346,394</b>      | <b>78,007,371</b>      |
| <b>Net Balance</b>   | <b>Nil</b>             | <b>Nil</b>             |

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

|   | 31.12.2010<br>[Rupees] | 31.12.2009<br>[Rupees] |
|---|------------------------|------------------------|
| Sundry Creditors  |                        |                        |
| – Due to Small and Micro Enterprise:  | 3,669,458              | 2,488,069              |
| [a] Principal amount remaining unpaid to any supplier as at the end of the year   | 1,728,190              | 658,463                |
| The interest remaining unpaid to any supplier as at the end of the year   | 1,941,268              | 1,829,606              |
| [b] Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.  |                        |                        |
| Delayed payment of principal amount paid beyond the appointed day during the year   | 12,351,250             | 24,543,401             |
| [c] Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. |                        |                        |
| [d] Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.               | 111,662                | 385,666                |
| [e] Amount of interest accrued and remaining unpaid at the end of the year  | 1,941,268              | 1,443,939              |

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

|  | 31.12.2010  | 31.12.2009  |
|--|-------------|-------------|
| <b>24. Net dividend remitted in foreign exchange:</b>  |             |             |
| Year to which it relates                               | 2009        | 2008        |
| Number of non-resident shareholders                    | 3           | 3           |
| Number of Equity Shares held on which dividend was due | 157,600,000 | 157,600,000 |
| Amount remitted (Rs.)                                  | 31,520,000  | 23,640,000  |



## ASSAM COMPANY INDIA LIMITED

### SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)

#### 25. Primary Segment Report - Business Segments

[Figures in Rupees]

| Particulars   | Plantations          | Oil and Gas          | Total                 |
|---|----------------------|----------------------|-----------------------|
| <b>Segment Revenue: External Customers</b>                    | 2,002,174,731        | 230,637,091          | 2,232,811,822         |
|   | <b>2,078,139,788</b> | <b>183,569,055</b>   | <b>2,261,708,843</b>  |
| Other Segment Revenue   | 37,740,058           | 49,143,000           | 86,883,058            |
|   | <b>24,703,581</b>    | <b>3,029,641</b>     | <b>27,733,222</b>     |
| Total Segment Revenue   | 2,039,914,789        | 279,780,091          | 2,319,694,880         |
|   | <b>2,102,843,369</b> | <b>195,210,515</b>   | <b>2,298,053,884</b>  |
| <b>Segment Result</b>   | 104,873,221          | 154,131,569          | 259,004,790           |
|   | <b>340,617,644</b>   | <b>77,680,778</b>    | <b>418,298,422</b>    |
| Add:Unallocable Income  |                      |                      | 28,806,129            |
|   |                      |                      | <b>34,074,574</b>     |
| Less:Unallocable expenses                                     |                      |                      | 26,742,764            |
|   |                      |                      | <b>46,972,066</b>     |
| Unallocated Interest income net of Interest expense           |                      |                      | 90,875,046            |
|   |                      |                      | <b>34,729,140</b>     |
| <b>Profit before Taxation and Exceptional Items</b>           |                      |                      | 351,943,201           |
|   |                      |                      | <b>440,130,070</b>    |
| Exceptional Items   | 2,056,737            | 52,536,252           | 54,592,989            |
|   | <b>3,231,139</b>     | <b>162,883,053</b>   | <b>166,114,192</b>    |
| Unallocated Exceptional Items                                 |                      |                      | 159,566,176           |
|   |                      |                      | <b>30,773,136</b>     |
| <b>Profit before taxation</b>                                 |                      |                      | 137,784,036           |
|   |                      |                      | <b>243,242,742</b>    |
| Provision for Taxation :                                      |                      |                      |                       |
| Current Tax including Earlier year adjustment                 |                      |                      | 38,846,262            |
|   |                      |                      | <b>41,551,000</b>     |
| <b>Profit after Taxation</b>                                  |                      |                      | 98,937,774            |
|   |                      |                      | <b>201,691,742</b>    |
| <b>Other Information</b>                                      |                      |                      |                       |
| Segment Assets  | 4,764,939,549        | 3,392,991,347        | 8,157,930,896         |
|   | <b>4,569,788,387</b> | <b>2,857,298,582</b> | <b>7,427,086,969</b>  |
| Unallocated Assets  |                      |                      | 3,783,233,863         |
|   |                      |                      | <b>2,803,194,433</b>  |
| <b>Total Assets</b>   |                      |                      | 11,941,164,759        |
|   |                      |                      | <b>10,230,281,402</b> |
| Segment Liabilities   | 1,787,973,107        | 2,954,215,067        | 4,742,188,174         |
|   | <b>2,356,201,741</b> | <b>1,928,617,309</b> | <b>4,284,819,050</b>  |
| Unallocated Liabilities                                       |                      |                      | 3,135,238,137         |
|   |                      |                      | <b>1,893,195,768</b>  |
| <b>Total Liabilities</b>                                      |                      |                      | 7,877,426,311         |
|   |                      |                      | <b>6,178,014,818</b>  |
| Capital Expenditure   | 124,843,983          | 613,750,140          | 738,594,123           |
|   | <b>96,108,717</b>    | <b>447,914,067</b>   | <b>544,022,784</b>    |
| Depreciation / Amortisation                                   | 527,690              | 101,656,821          | 102,184,511           |
|   | <b>47,215,935</b>    | <b>49,705,838</b>    | <b>96,921,773</b>     |
| Non Cash Expenditure other than depreciation and amortisation | 118,024,072          | 4,200,000            | 122,224,072           |
|   | <b>15,898,102</b>    | <b>4,793,840</b>     | <b>20,691,942</b>     |



**SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)**

**Secondary Segment Report - Geographical Segment**

[Figures in Rupees]

|  | Within India         | Outside India      | Total                |
|--|----------------------|--------------------|----------------------|
| 1. Segment Revenue: External Customers | 1,726,660,226        | 506,151,596        | 2,232,811,822        |
|  | <b>1,624,844,909</b> | <b>636,863,934</b> | <b>2,261,708,843</b> |
| 2. Segment Assets                      | 7,573,352,373        | 584,578,523        | 8,157,930,896        |
|  | <b>6,860,439,729</b> | <b>597,370,366</b> | <b>7,457,810,095</b> |
| 3. Capital Expenditure                 | 738,594,123          | –                  | 738,594,123          |
|  | <b>544,022,784</b>   | –                  | <b>544,022,784</b>   |

**Notes :-**

- [i] The Company has considered business segment as the primary segment for disclosure. The components of these business segments are plantation products and oil & gas activities.
  - [ii] The segment wise revenue, results, assets and liabilities relate to the respective amounts directly identifiable to each of the segments. Unallocable income/expenditure refers to income/expenses incurred on common services at corporate level.
  - [iii] Geographical segments is on the basis of the geographical location of the customer namely :  
Sales within India  
Sales outside India  
Segregation of asset and capital expenditure is on the basis of geographical location of assets i.e.
  - [iv] Figures in bold represent previous year's figures.
- 26.** In line with the notification dated 31st March, 2009 issued by the Ministry of Corporate Affairs, amending Accounting Standard (AS) 11 - "Effects of Changes in Foreign Exchange Rate", the Company in the current year has:
- (i) charged to the Profit and Loss Account Rs.29,637,828, being the amortisation charge of 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) for the year.
  - (ii) carried forward Rs.7,227,867 (31.12.09- Rs.36,865,695) in the FCMITDA, amortisable by 31st March, 2011.

**27. Derivative instruments**

The Company uses Foreign Exchange Contracts to hedge its certain exposures in foreign currency related to firm commitments and highly probable transactions.

**[a] Derivative instruments (Forward Exchange Contracts) outstanding as at Balance Sheet date :**

| Currency Pair | Buy/Sell | 31.12.2010  | 31.12.2009  |
|---------------|----------|-------------|-------------|
| USD/INR       | Buy      | \$1,000,000 | \$4,085,837 |
| GBP/INR       | Buy      | £600,000    | £720,000    |



**SCHEDULE : 13 - NOTES ON ACCOUNTS (Contd.)**

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

| Currency Pair | Buy/Sell | 31.12.2010   | 31.12.2009   |
|---------------|----------|--------------|--------------|
| USD/INR       | Buy      | \$71,753,428 | \$48,449,698 |
| GBP/INR       | Buy      | £26,202      | £44,941      |
| EUR/INR       | Buy      | € 49,289     | € 127,274    |
| USD/INR       | Sell     | \$8,478,622  | \$9,845,869  |
| GBP/INR       | Sell     | £3,563,051   | £3,116,910   |
| EUR/INR       | Sell     | € 1,502,956  | € 1,508,539  |

| 28. Basic and Diluted Earnings Per Share :   |                 | 31.12.2010  | 31.12.2009  |
|--|-----------------|-------------|-------------|
|  |                 | Rupees      | Rupees      |
| Profit after Taxation before Exceptional Items   | (A)             | 313,096,939 | 398,579,070 |
| Profit after Taxation and Exceptional Items  | (B)             | 98,937,774  | 201,691,742 |
| Weighted average number of Equity Shares outstanding                                   | (C)             | 309,760,963 | 309,760,963 |
| Basic and Diluted Earnings Per Share on Profit after Taxation before exceptional items | (A) / (C) (Re.) | 1.01        | 1.29        |
| Basic and Diluted Earnings Per Share on Profit after Taxation and exceptional items    | (B) / (C) (Re.) | 0.32        | 0.65        |

29. The Company has obtained a stay from the Hon'ble Guwahati High Court restraining the taxation authorities from imposing and collecting Fringe Benefit Tax (FBT) under section 115WA of the Income Tax Act, 1961. In view of this, the Company has not provided the liability for FBT till the year-end.

30. Sundry Debtors include an overdue above one year of Rs. 2,777.64 lacs, which in the opinion of the management is good and recoverable.

31[a] Until previous year depreciation for Oil and Gas producing properties used as fixed assets, was provided based on Unit of Production method as recommended in the Guidance Note on "Accounting for Oil and Gas Producing Activities" issued by Institute of Chartered Accountants of India in February, 2003. In the current year the Company has changed the method of providing depreciation in respect of certain assets for which depreciation rates have been prescribed in Schedule XIV of the Companies Act, 1956. For those assets depreciation has been provided for on Written Down Value method at the rates prescribed in Schedule XIV of the Companies Act, 1956. In respect of other oil and gas producing assets, depreciation has been provided on unit of production method as per past practice. In view of the above change in method of providing depreciation, an additional depreciation charge of Rs. 52,536,252 has been provided in these accounts.

31[b] In respect of oil and gas producing assets for which depreciation rates has not been prescribed in Schedule XIV of the Companies Act, 1956, the Company has applied to the Central Government for its approval to adopt the unit of production method of computing depreciation for the purpose of provision of Section 205 of the Companies Act, 1956, which is awaited.

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

**Partha Mitra**  
Partner  
Membership No. 50553  
For **LOVELOCK & LEWES**  
Firm Registration Number – 301056E  
Chartered Accountants  
Kolkata, 5th September, 2011

**Romit Mitra**  
Company Secretary

**On behalf of the Board**  
**A. K. Jajodia** – Managing Director  
**P. Tusnial** – Director





## ASSAM COMPANY INDIA LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

|  | Year Ended<br>31st December 2010<br>[Rupees] | Year Ended<br>31st December 2009<br>[Rupees] |
|--|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                    |  |  |
| Profit before taxation   | 137,784,036                                  | 243,242,742                                  |
| Adjustments for:   |  |  |
| Interest income  | (256,953,323)                                | (199,271,878)                                |
| (Profit) on sale of Fixed Assets   | (1,869,885)                                  | (4,068,659)                                  |
| Profit on acquisition of land by the Government                                  | (6,525,269)                                  | –  |
| (Income) from Investments other than trade                                       | (150,247)                                    | (65,499)                                     |
| Provision for Retirement Benefits  | 73,372,683                                   | 59,945,044                                   |
| (Profit)/Loss on investments (net)   | 472,790                                      | (606,593)                                    |
| Interest and Finance Charges (net of subsidy)                                    | 304,097,077                                  | 259,747,112                                  |
| Depreciation/Amortisation  | 111,920,540                                  | 120,457,775                                  |
| Loss on Fixed Assets discarded   | 2,688,082                                    | 162,883,053                                  |
| Diminution in value of investments   | 29,823,357                                   | 67,360,028                                   |
| Provision for doubtful advances, deposits and interest accrued                   | 155,674,657                                  | 84,751,347                                   |
| Additional Charge in Depreciation due to change in depreciation Policy           | 52,536,252                                   | –  |
| Advances, deposits, debts, accrued interest and stores written off               | 23,311,443                                   | 7,141,727                                    |
| Provision for doubtful debts   | –  | 7,165,156                                    |
| Reduction of liability on buy back of Foreign Currency Convertible Bonds         | –  | (118,107,100)                                |
| Unrealised foreign exchange difference-net (gain)/loss                           | (56,439,286)                                 | (20,136,223)                                 |
| Provision for doubtful advances, deposits and interest accrued no longer req w/b | (28,934,499)                                 | –  |
| Liabilities no longer required written back                                      | (761,105)                                    | (77,880)                                     |
| Operating Profit before Working Capital Changes                                  | <b>540,047,303</b>                           | 670,360,152                                  |
| Adjustments for:   |  |  |
| Trade and other receivables  | (214,076,079)                                | (276,662,959)                                |
| Inventories  | (142,088,427)                                | 56,544,881                                   |
| Trade payables and other liabilities   | 51,226,466                                   | 38,452,126                                   |
| Cash generated from Operations   | <b>235,109,263</b>                           | 488,694,200                                  |
| Direct Taxes Paid (Net)  | (13,808,638)                                 | (24,319,934)                                 |
| Net Cash from Operating Activities   | <b>221,300,625</b>                           | 464,374,266                                  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                    |  |  |
| Purchase of fixed assets   | (352,742,742)                                | (710,600,513)                                |
| Sale of fixed assets   | 11,097,387                                   | 5,408,695                                    |
| Purchase of investments  | (800,000)                                    | (28,381,115)                                 |
| Investment in Subsidiaries   | (375,000)                                    | –  |
| Sale of investments  | –  | 28,597,659                                   |
| Loans / deposits made with subsidiaries / third parties                          | (283,766,994)                                | (274,450,560)                                |
| Refund of loans / deposits made with subsidiaries / third parties                | 52,342,600                                   | 52,019,500                                   |
| Income from Investments other than trade   | 150,247                                      | 65,499                                       |
| Interest received  | 80,080,583                                   | 8,152,091                                    |
| Net Cash (used in) Investing Activities  | <b>(494,013,919)</b>                         | (919,188,744)                                |



## ASSAM COMPANY INDIA LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

|   | Year Ended<br>31st December, 2010<br>[Rupees] | Year Ended<br>31st December, 2009<br>[Rupees] |
|---|---|---|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                         |   |   |
| Net increase/(decrease) in Cash/Export                                |   |   |
| Credit Facilities and other Short Term Loans                          | 124,714,836                                   | 151,733,343                                   |
| Proceeds from long term borrowings                                    | 1,748,784,000                                 | 1,425,220,000                                 |
| Repayment of long term borrowings                                     | (462,640,591)                                 | (613,703,947)                                 |
| Dividend paid   | (61,409,620)                                  | (48,701,844)                                  |
| Dividend tax on distributable profits                                 | (10,289,485)                                  | (7,896,581)                                   |
| Interest paid   | (362,385,820)                                 | (364,751,044)                                 |
|   | —   | —   |
| Net Cash from / (used in) Financing Activities                        | <b>976,773,320</b>                            | <b>541,899,927</b>                            |
|   | —   | —   |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>   | <b>704,060,026</b>                            | <b>87,085,449</b>                             |
|   | —   | —   |
| Cash and Cash Equivalents (opening Balance as at 1st January, 2010)   | 299,788,860                                   | 215,723,281                                   |
| Cash and Cash Equivalents (closing Balance as at 31st December, 2010) | 1,002,602,409                                 | 299,788,860                                   |
| Effect of exchange rate changes                                       | (1,246,477)                                   | (3,019,870)                                   |
|   | —   | —   |
|   | <b>704,060,026</b>                            | <b>87,085,449</b>                             |

- Notes:**
1. Cash and Cash Equivalents comprise Cash & Bank balances as per Schedule-6(c) of the audited accounts.
  2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by Companies (Accounting Standard) Rules, 2006.
  3. Cash and Cash Equivalent include Rs 125,183,263 (31.12.09 Rs.48,727,704) held as margin money with the banks and Rs.2,944,153 (31.12.09 Rs.2,401,580) in unpaid dividend accounts not available for use by the Company.
  4. Previous year's figures have been regrouped / rearranged wherever necessary.

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

**Partha Mitra**

Partner  
Membership No. 50553  
For **LOVELOCK & LEWES**  
Firm Registration Number – 301056E  
Chartered Accountants  
Kolkata, 5th September, 2011

**Romit Mitra**  
Company Secretary

**On behalf of the Board**

**A. K. Jajodia** – Managing Director  
**P. Tushial** – Director

**ASSAM COMPANY INDIA LIMITED**

**DISCLOSURE PURSUANT TO APPROVAL NO. 47/142/2010 - CL - III**

**UNDER SECTION 212(8) OF THE COMPANIES ACT 1956, FOR THE YEAR ENDED 31ST DECEMBER, 2010**

|   | Danej Offshore Infrastructure SEZ Ltd.* as on 31.12.2010 | Assam Oil & Gas Ltd. as on 31.12.2010 | North East Hydrocarbon as on 31.12.2010 | Camelia Cha Bar Ltd. as on 31.12.2010 | Gujrat Hydrocarbon & Powder SEZ Ltd. as on 31.12.2010 | Duncan Macneil Natural Resources Ltd. as on 31.12.2010 | Namburnadi Tea Company Ltd. as on 31.12.2010 | Duncan Macneil Power India Ltd.** as on 31.12.2010 |
|---|--|---------------------------------------|---|---------------------------------------|---|--|--|--|
| 1. Paid up Capital  | 505,700  | 3,000,490                             | 500,700                                 | 500,700                               | 50,000,000  | 63,118,817   | 1,313,750                                    | 500,000  |
| 2. Reserves & Surplus (Excluding Revaluation Reserve)                       | (105,553)  | (6,826,912)                           | (14,707,310)                            | (3,732,825)                           | (1,762,817)   | (177,569,099)  | 61,039,897                                   | (41,108)   |
| 3. Total Assets (Fixed Assets+Current Assets)                               | 21,291,174   | 126,638                               | 40,418,611                              | 1,683,123                             | 1,955,702,430   | 670,737,550  | 272,079,040                                  | 475,437  |
| 4. Total Liabilities (Debits+Current Liabilities & Provision)               | 21,191,027   | 4,108,060                             | 54,634,593                              | 4,915,248                             | 1,907,465,247   | 800,304,962  | 135,561,148                                  | 16,545   |
| 5. Details of Investment (Except in case of investment in the subsidiaries) | 300,000  | 155,000                               | 9,372                                   | Nil                                   | Nil   | 15,117,130   | -  | Nil  |
| 6. Turnover   | Nil  | Nil                                   | 21,393,977                              | 2,237,103                             | Nil   | -  | 66,732,932                                   | Nil  |
| 7. Profit before Taxation   | (47,139)   | (5,145,568)                           | (3,181,158)                             | (303,106)                             | (1,762,817)   | (119,013,059)  | 335,950                                      | (37,977)   |
| 8. Provision for Taxation   | Nil  | 740                                   | 5,946                                   | 560                                   | Nil   | 46,352   | (13,750)                                     | 752  |
| 9. Profit after Taxation  | (47,139)   | (5,146,308)                           | (3,187,104)                             | (303,666)                             | (1,762,817)   | (119,059,411)  | 322,200                                      | (38,729)   |
| 10. Proposed Dividend   | Nil  | Nil                                   | Nil                                     | Nil                                   | Nil   | Nil  | Nil  | Nil  |

\*Formerly Assam Estates Ltd.

\*\*Formerly Duncan Macneil Power & Utilities Ltd. This company became a subsidiary on 17th December, 2010.



**ASSAM COMPANY INDIA LIMITED**

STATEMENT PURSUANT TO SECTION 212(1)(E) OF THE COMPANIES ACT, 1956 for the year ended 31st December, 2010.

| Name of the Subsidiary   | Namburnadi Tea Co. Ltd.              | Dahej Offshore Infrastructure SEZ Ltd.* | Assam Oil & Gas Ltd.   | North East Hydrocarbon Ltd,         | Camellia Cha Bar Ltd.               | Gujarat Hydrocarbon and Power SEZ Ltd. | Duncan Macneill Natural Resources Ltd. | Duncan Macneill Power India Ltd.**  |
|--|--------------------------------------|---|--|-------------------------------------|-------------------------------------|--|--|-------------------------------------|
| <b>Financial Year of the Subsidiary</b>  | 31.12.2010                           | 31.12.2010                              | 31.12.2010   | 31.12.2010                          | 31.12.2010                          | 31.12.2010                             | 31.12.2010                             | 31.12.2010                          |
| Shares held in the subsidiary Company or by Subsidiary Company in the Sub-Subsidiary Company at the end of the financial year of the subsidiary or Sub-Subsidiary Company as the case may be- Number (Extent of holding) | 123076 Equity Shares of Rs. 10 Each. | 50,570 Equity Shares of Rs. 10 each     | 70 Equity shares of Rs. 10 each fully paid up & 9,99,930 Equity Shares of Rs. 10 each, Rs. 3 partly paid | 50,070 Equity Shares of Rs. 10 each | 50,060 Equity Shares of Rs. 10 each | 50,00,000 Equity Shares of Rs. 10 each | 9,11,000 Equity Shares of GBP 1 each   | 50,000 Equity Shares of Rs. 10 each |
| The net aggregate profit/(Loss) of the Subsidiary Company not dealt with in the Holding Company accounts.  | 92.98%                               | 100%                                    | 100%   | 100%                                | 99.98%                              | 100%                                   | 100%                                   | 100%                                |
| a) For the subsidiary financial year   | Rs. 322,200                          | Rs. (-) 47,139                          | Rs.(-) 5,146308  | Rs. (-) 13,187,104                  | Rs. (-) 303,666                     | (-) 1,762,817                          | (-) 1,718,396                          | Rs. (-) 38,729                      |
| b) For the previous financial year   | Rs. 2,044,786                        | Rs. (-) 49,408                          | Rs. (-) 38,262   | Rs. 1,397,865                       | Rs. (-) 857,690                     | NA                                     | (-) 81,203                             | Rs. (-) 63,808                      |
| The net aggregate profit/(Loss) of the Subsidiary Company dealt with in the Holding Company accounts.  |                                      |   |  |                                     |                                     |  |  |                                     |
| a) For the subsidiary financial year   | NA                                   | NA                                      | NA   | NA                                  | NA                                  | NA                                     | NA                                     | NA                                  |
| b) For its previous financial year   | NA                                   | NA                                      | NA   | NA                                  | NA                                  | NA                                     | NA                                     | NA                                  |

\* Formerly Assam Estates Ltd.

\*\* Formerly Duncan Macneill Power & Utilities Ltd. This company became a subsidiary on 17th December, 2010.





## **IMPORTANT COMMUNICATION FOR MEMBERS**

Dear Sir(s) / Madam,

The Ministry of Corporate Affairs (MCA) has issued a Circular on 21st April, 2011 stating that the service of documents by a company may be made through electronic mode. The Circular has been issued in pursuance of "Green Initiative in the corporate Governance" taken by MCA.

Keeping in view the above Circular, it is proposed to send documents like Notice of the Annual General Meeting and Annual Reports and Postal Ballot papers etc., in the future, in electronic form. These documents will be sent to those Members, who have already provided their Email IDs, unless they exercise their option to receive them in physical form by visiting the following Website of our Registrar and Share Transfer Agent (RTA).

Those who are holding Share in the Dematerialised mode but have not provided their e-mail address, are requested to please provide the same to their respective Depository Participants immediately. Those who, however, intend to receive the above documents in physical form, are requested to please exercise their option immediately by visiting the following Web Page of our RTA : [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php)

Members, holding shares in physical mode are requested to visit the following Website and register their email IDs and also exercise their option if you intend to received the documents in physical form : [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php)

Thank you,

Yours faithfully,

For **ASSAM COMPANY INDIA LIMITED**

**ROMIT MITRA**

**VICE PRESIDENT & COMPANY SECRETARY**



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

**I. Registration Details**

Registration No. L01132AS1977PLC001685 State Code 02  
 Balance Sheet Date 31.12.2010

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

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

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

|                   |   |   |   |   |   |   |   |              |  |   |   |   |   |   |   |   |   |
|-------------------|---|---|---|---|---|---|---|--------------|--|---|---|---|---|---|---|---|---|
| Total Liabilities |   |   |   |   |   |   |   | Total Assets |  |   |   |   |   |   |   |   |   |
|                   | 1 | 0 | 6 | 8 | 5 | 4 | 5 | 8            |  | 1 | 0 | 6 | 8 | 5 | 4 | 5 | 8 |

**Sources of Funds**

|                 |  |  |   |   |   |   |   |   |
|-----------------|--|--|---|---|---|---|---|---|
| Paid up Capital |  |  |   |   |   |   |   |   |
|                 |  |  | 3 | 0 | 9 | 7 | 6 | 1 |

|                    |  |  |   |   |   |   |   |   |   |
|--------------------|--|--|---|---|---|---|---|---|---|
| Reserves & Surplus |  |  |   |   |   |   |   |   |   |
|                    |  |  | 3 | 7 | 5 | 3 | 9 | 7 | 7 |

|               |  |   |   |   |   |   |   |   |
|---------------|--|---|---|---|---|---|---|---|
| Secured Loans |  |   |   |   |   |   |   |   |
|               |  | 4 | 9 | 9 | 6 | 7 | 6 | 2 |

|                 |  |   |   |   |   |   |   |   |
|-----------------|--|---|---|---|---|---|---|---|
| Unsecured Loans |  |   |   |   |   |   |   |   |
|                 |  | 1 | 6 | 2 | 4 | 9 | 5 | 8 |

**Application of Funds**

|                  |  |   |   |   |   |   |   |   |
|------------------|--|---|---|---|---|---|---|---|
| Net Fixed Assets |  |   |   |   |   |   |   |   |
|                  |  | 6 | 6 | 3 | 7 | 8 | 5 | 8 |

|            |  |  |  |   |   |   |   |   |
|------------|--|--|--|---|---|---|---|---|
| Investment |  |  |  |   |   |   |   |   |
|            |  |  |  | 6 | 3 | 4 | 4 | 2 |

|                    |  |   |   |   |   |   |   |   |
|--------------------|--|---|---|---|---|---|---|---|
| Net Current Assets |  |   |   |   |   |   |   |   |
|                    |  | 3 | 9 | 7 | 6 | 9 | 3 | 0 |

|                           |  |  |  |  |   |   |   |   |
|---------------------------|--|--|--|--|---|---|---|---|
| Miscellaneous Expenditure |  |  |  |  |   |   |   |   |
|                           |  |  |  |  | 7 | 2 | 2 | 8 |

|                    |  |  |  |  |  |   |   |   |
|--------------------|--|--|--|--|--|---|---|---|
| Accumulated Losses |  |  |  |  |  |   |   |   |
|                    |  |  |  |  |  | N | I | L |

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

|          |  |   |   |   |   |   |   |   |
|----------|--|---|---|---|---|---|---|---|
| Turnover |  |   |   |   |   |   |   |   |
|          |  | 2 | 3 | 1 | 5 | 4 | 5 | 5 |

|                   |  |   |   |   |   |   |   |   |
|-------------------|--|---|---|---|---|---|---|---|
| Total Expenditure |  |   |   |   |   |   |   |   |
|                   |  | 1 | 9 | 6 | 3 | 5 | 1 | 2 |

|                          |  |   |   |   |   |   |   |  |
|--------------------------|--|---|---|---|---|---|---|--|
| Profit/(Loss) Before Tax |  |   |   |   |   |   |   |  |
|                          |  | 1 | 3 | 7 | 7 | 8 | 4 |  |

|                         |  |  |  |   |   |   |   |   |
|-------------------------|--|--|--|---|---|---|---|---|
| Profit/(Loss) After Tax |  |  |  |   |   |   |   |   |
|                         |  |  |  | 9 | 8 | 9 | 3 | 8 |

|                            |  |  |  |   |   |   |   |  |
|----------------------------|--|--|--|---|---|---|---|--|
| Earning per Share (in Rs.) |  |  |  |   |   |   |   |  |
|                            |  |  |  | 0 | . | 3 | 2 |  |

|           |  |  |  |  |  |  |   |   |
|-----------|--|--|--|--|--|--|---|---|
| Dividend% |  |  |  |  |  |  |   |   |
|           |  |  |  |  |  |  | 2 | 0 |

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

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

**On behalf of the Board**

**A. K. Jajodia – Managing Director**  
**P. Tusnial – Director**

Kolkata, 5th September, 2011



# Assam Company India Limited

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

## PROXY

DP. ID : \*

Client ID : \*

Folio No. : \*

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

I/We .....

of .....

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

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

.....

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

of .....

as my / our Proxy to attend and vote for me / us and on my / our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held on Thursday, the 29th September, 2011, at 11 A.M. and at any adjournment thereof.

As witness my/our hand(s) this ..... day of September, 2011.

Signed by the said.....

Affix  
30 paise  
Revenue  
Stamp

Signature

----- 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 INDIA LIMITED**

**Registered Office :**

Greenwood Tea Estate

Dibrugarh

Assam

DP. ID : \*

Client ID : \*

Folio No. : \*

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

I hereby record my presence at the Thirty-Fourth Annual General Meeting of the Company at the Auditorium of Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam, on Thursday, the 29th September, 2011, at 11 A.M.

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

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

