



# ASSAM COMPANY LIMITED

Member : Duncan Macneill Group, U.K.

## BOARD OF DIRECTORS

Dr. K. K. Jajodia, *Chairman*  
Mr. A. K. Jajodia, *Managing Director & CEO*  
Mr. Amir Ahsan, *Whole-time Director*  
Mr. B. P. Kanodia  
Mr. Santosh Bhagat  
Mr. Pintu Kr. Agarwalla

## Chief Financial Officer

Mr. Abhay Chawdhry

## Company Secretary

Mr. Arup Kumar Roy

## Auditors

Lovelock & Lewes, Kolkata

## Bankers

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

## Solicitors

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

## Registrars & Share Transfer Agents

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

## Registered Office

Greenwood Tea Estate  
P.O. Dibrugarh  
Assam.

## Head Office

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

Twenty-ninth Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday  
27th September, 2006 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam



## ASSAM COMPANY LIMITED

### NOTICE

Notice is hereby given that the Twenty-Ninth Annual General Meeting of Assam Company Limited will be held at 11.00 A.M. on Wednesday, 27<sup>th</sup> September, 2006 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam to transact the following business :

#### Ordinary Business :

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31<sup>st</sup> December, 2005 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend of 10%.
3. To appoint a Director in place of Mr. Pintu Kumar Agarwalla, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

#### Special Business:

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

“**RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the Company hereby approves the revision in the remuneration payable to Mr. Aditya Kumar Jajodia, Managing Director and Chief Executive Officer of the Company, with effect from 1<sup>st</sup> August, 2006, (including the remuneration payable in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) for the remainder of the tenure of his contract (i.e. upto 30<sup>th</sup> September, 2007) as set out in the Explanatory Statement annexed to the Notice convening this meeting, and to such revisions in remuneration subject to the overall limit as applicable to the Company in terms of Part 1(B) of Section II of Part II of Schedule XIII.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, proper and expedient to give effect to this Resolution”.

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

“**RESOLVED THAT** subject to the provisions of Section 198,

269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the Company hereby approves the remuneration payable to Mr. Amir Ahsan, Wholtime Director of the Company, with effect from 5<sup>th</sup> September 2005, for a period of 4 years, (including the remuneration payable in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) for the remainder of the tenure of his contract (i.e. upto 4<sup>th</sup> September, 2009) as set out in the Explanatory Statement annexed to the Notice convening this meeting, and to such revisions in remuneration, subject to the overall limit as applicable to the Company in terms of Part 1(B) of Section II of Part II of Schedule XIII.”

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

“**RESOLVED THAT** the Authorised Capital of the Company be and is hereby increased from Rs.50,00,00,000 (Rupees Fifty Crores) divided into 40,00,00,000 Equity Shares of Re.1/- each and 10,00,000 Non-Cumulative Redeemable Preference Shares of Rs.100/- each, to Rs. 60,00,00,000/- (Rupees Sixty Crores) divided into 50,00,00,000 Equity Shares of Re.1/- each, ranking *pari passu*, with the existing Equity Shares of the Company and 10,00,000 Non-Cumulative Redeemable Preference Shares of Rs. 100/- each.”

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

“**RESOLVED THAT** the existing Clause V of the Memorandum of Association of the Company be deleted and the following Clause V be substituted in its stead :

“**V.** The Authorised Share Capital of the Company is Rs. 60,00,00,000/- (Rupees Sixty Crores) divided into 50,00,00,000 (Fifty Crores) Equity Shares of Re. 1/- each and 10,00,000 Non – Cumulative Redeemable Preference Shares of Rs. 100/- each with such preferential deferred qualified or special rights, privileges and conditions attached thereto as may be determined by the Company in General Meeting at the time of issue or in accordance with the Articles of Association of the Company. The Company has and shall always have power to divide the shares in the capital for the time being into several classes and to increase or reduce its capital from time to time and to vary, modify, amalgamate or abrogate any such rights,



privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.”

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

“**RESOLVED THAT** Article 4(a) of the Articles of Association of the Company be deleted and the following new article be substituted in its stead :

**4(a)** The Share Capital of the Company is Rs. 60,00,00,000/- (Rupees Sixty Crores) divided into 50,00,00,000 Equity Shares of Re.1/- each and

10,00,000 Non-Cumulative Redeemable Preference Shares of Rs.100/- each, with such preferential deferred qualified or special rights, privileges and conditions attached thereto as may be determined by the Company in General Meeting at the time of issue or in accordance with the Articles of Association of the Company.”

**Registered Office :**

**Greenwood Tea Estate**

**P.O. Dibrugarh, Assam**

**Place : Kolkata**

**Dated : 2<sup>nd</sup> September, 2006.**

By Order of the Board

Arup Kumar Roy

*Company Secretary*

**NOTES :**

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 25<sup>th</sup> September, 2006 to 27<sup>th</sup> September, 2006, both days inclusive.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. Pursuant to Section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and up to the Company's financial year ended 31<sup>st</sup> December, 1997 have been transferred to the General Revenue Account of the Central Government.

Members are hereby informed that Dividends / Share application money / Matured Deposits etc., which remain unclaimed / unpaid over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim shall lie for such Dividends / Share application money / Matured Deposits from IEPF by the Shareholders / Share Applicants / Fixed Deposit holders.

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

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

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

**Item No. 3**

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

Mr. Pintu Kr. Agarwalla is a member of the Institute of Chartered Accountants of India, and he possesses nearly 6 years of experience in the field of Finance, Accounts, Audit and Internal Audit etc.

Mr. Agarwalla does not hold directorship in any other Company and does not hold any shares in the Company.

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

The Board commends the Resolution for approval by the Members.



## ASSAM COMPANY LIMITED

### EXPLANATORY STATEMENT

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

##### Item no. 5 – Special Business

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

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

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

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

In view of the eventuality of inadequacy of profits for any Financial Year and in compliance of Schedule XIII and to provide for any revision in the remuneration, it is proposed to make an application to the Central Government for payment of remuneration to Mr. A K Jajodia, subject to the overall limit as applicable to the Company in terms of Part 1(B) of Section II of Part II of Schedule XIII.

The relevant disclosures pursuant to Schedule XIII is provided below :

#### I. GENERAL INFORMATION :

##### 1. Nature of Industry :

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

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

Tea – Since 1845 and as Assam Company Limited since 1977;  
Oil and Gas – April, 2006

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

##### 4. Financial performance given on indicators :

Year	Sales Turnover	PBIDT	PAT	Rs. Lacs
2005	13,158.61	1,979.24	698.20	
2004	11,185.52	2,417.00	1,148.60	
2003*	9,782.96	2,110.03	323.57	

\*Nine months ended

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

2005	-	Rs. 2,629.71 Lacs
2004	-	Rs. 3,000.00 Lacs
2003	-	Rs. 2,851.81 Lacs

##### Foreign investments or collaborators, if any :

Foreign Companies hold 56.46% in the Equity Share Capital of the Company.

#### II. INFORMATION ABOUT THE APPOINTEE :

##### (1) Background details / Recognition / Awards :

Mr. A K Jajodia has over 20 years of experience in the area of Finance and Business Management. Mr. Jajodia serves as a Member on a number of business forums like the Indian Tea Association and the FICCI. He is presently the Additional Vice Chairman of Indian Tea Association as well as the Chairman of Indian Tea Association Sub-Committees on Finance, Taxation and Insurance, Flood Control and Infrastructure. He has been 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 :

2005	-	Rs. 28.25 Lacs
2004	-	Rs. 34.08 Lacs
2003*	-	Rs. 21.73 Lacs

\*Nine months ended.

##### (3) Job Profile and suitability :

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



**(4) Comparative Remuneration profile :**

Tata Tea Limited	-	Rs. 91 Lakhs
Mcleod Russel Limited	-	Rs. 47 Lakhs

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

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

**III. 1. Reasons for loss of inadequate profits :**

**2. Steps taken or proposed to be taken :**

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

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

This may be treated as an abstract under Section 302 of the Act of the revision in the terms of remuneration of Mr. A. K. Jajodia.

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

The Board commends the Resolution for approval by the Members.

**Item no. 6 – Special Business**

At the Annual General Meeting held on 30<sup>th</sup> September, 2005, Mr. A Ahsan was appointed as a Wholetime Director of the Company, w.e.f. 5<sup>th</sup> September, 2005, for a period of four years upto 4<sup>th</sup> September, 2009, on the following remuneration :

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

**B. PERQUISITES:**

Following perquisites restricted to 100% of annual Salary :

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

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

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

**C. MINIMUM REMUNERATION:**

Mr. Amir Ahsan shall be entitled to remuneration by way of salary, perquisites and allowances specified above as Minimum Remuneration in the event of loss or inadequacy of profits in any financial year during the currency of his term of office, subject to the overall limit as applicable to the company in terms of Part 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

**D. OTHER TERMS:**

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

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

In view of the eventuality of inadequacy of profits for any Financial Year and in compliance of Schedule XIII, and to provide for any revision in the remuneration, it is proposed to make an application to the Central Government for payment of remuneration to Mr. Amir Ahasan, subject to the overall limit as applicable to the Company in terms of Part 1(B) of Section II of Part II of Schedule XIII.

On recommendation of the Remuneration Committee the Board of Directors of the Company at its meeting held on 31<sup>st</sup> July, 2006, decided that the Remuneration be modified to the extent as stated above.

The relevant disclosures pursuant to Schedule XIII are provided below :

**I. Information about the appointee**

**(1) Background details / Recognition / Awards**

Mr. Amir Ahasan is a Science Graduate and has more than 30 years experience in various Tea Estates. Prior to his elevation he was the Chief Operating Officer of the Company's Tea Estates in Lower Assam. Mr. Ahsan was Vice Chairman of Indian Tea Association, West Bengal and has been a Member of Area Scientific Committees in various Districts of West Bengal and Assam.



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### (2) Past Remuneration :

2005 - Rs. 3.38 Lacs  
(As Wholetime Director  
w.e.f. 5<sup>th</sup> September, 2005)

### (3) Job Profile and suitability :

Mr. Ahsan is overall incharge of the Management of the Tea Estates.

### (4) Comparative Remuneration profile :

As stated earlier.

### (5) Pecuniary Relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any :

Mr. Amir Ahsan does not have any relationship with any Managerial Personnel of the Company.

## II. 1. Reasons for loss of inadequate profits :

### 2. Steps taken or proposed to be taken :

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

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

This may be treated as an abstract under Section 302 of the Act of the revision in the terms of remuneration of Mr. Amir Ahsan.

Same and except Mr. Ahsan No other Director is interested in the Resolution.

The Board commends the Resolution for approval by the Members.

### Item no. 7, 8 and 9

The Authorised Capital of the Company at present is Rs. 50,00,00,000/- divided into 40,00,00,000 Equity Shares of Re. 1/- each and 10,00,000 Non – Cumulative Redeemable Preference Shares of Rs. 100/- each.

Presently the Paid-up Share Capital of the Company is Rs. 22.36 Crores. Arising out of the issue of Share Warrants and the exercise of conversion options by the holders of Foreign Currency Convertible Bonds, to be issued by the Company, as approved at the Extra-ordinary General Meeting of the Company held on 17<sup>th</sup> January 2006, the Paid-up Share Capital of the Company could increase to around Rs. 45 Crores.

In order to facilitate the above issue and conversion of Securities, as stated above, the Authorised Share Capital of the Company is proposed to be increased from Rs. 50 Crores to Rs. 60 Crores as set out in Item Nos. 7, 8, and 9 of the Notice. Consequently, it is also necessary to amend the Memorandum and Articles of Association of the Company.

The Resolutions at Item Nos. 7 and 8 are for alteration of Clause V of the Company's Memorandum of Association and the Resolution at Item No. 9 is for alteration to Article 4(a) of the Articles of Association for giving effect to the enhancement in the Authorised Share Capital of the Company.

The Resolution under Item No. 9 is proposed as a Special Resolution in view of the requirement under Section 31 of the Companies Act, 1956.

The Directors commend the Resolutions 7, 8 and 9 of the accompanying Notice for approval of the Members.

None of the Directors are interested or concerned in the Resolution.

### Inspection of documents :

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

### Registered Office :

**Greenwood Tea Estate**

**P.O. Dibrugarh, Assam**

**Place : Kolkata**

**Dated : 2<sup>nd</sup> September, 2006**

By Order of the Board

Arup Kumar Roy

Company Secretary

**DIRECTORS' REPORT**

Your Directors have pleasure in submitting their Twenty-Ninth Report for the year ended 31<sup>st</sup> December, 2005, together with the Audited Accounts for the said year.

<b>Financial Results</b>	<b>Year ended 31.12.2005 Rs.</b>	<b>Year ended 31.12.2004 Rs.</b>
Profit before Taxation & Depreciation	<b>9,97,65,323</b>	7,86,28,549
Less: Depreciation	<b>3,81,63,033</b>	4,01,83,293
	<b>6,16,02,290</b>	3,84,45,256
Add/Less: Provision for Taxation :		
Current	<b>(82,17,965)</b>	(4,19,10,215)
Deferred	-	(3,45,04,285)
Net Profit for the year	<b>6,98,20,255</b>	11,48,59,756
Less: Extra-ordinary Items	<b>3,61,40,432</b>	6,29,97,721
Profit after Taxation and Extra-Ordinary Items	<b>3,36,79,823</b>	5,18,62,035
Add/Less: Balance brought forward from Previous Year	<b>27,70,24,729</b>	23,32,87,696
Available for appropriations	<b>31,07,04,552</b>	28,51,49,731
Your Directors propose the following appropriations:		
Proposed Dividend	<b>2,23,61,526</b>	-
Dividend Tax thereon	<b>31,36,204</b>	-
Transfer to Debenture Redemption Reserve	<b>(37,500,000)</b>	81,25,002
Transfer to Capital Redemption Reserve	<b>8,74,600</b>	-
Balance Carried Forward	<b>32,18,32,222</b>	27,70,24,729
	<b>31,07,04,552</b>	28,51,49,731

**1. Dividend**

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

**2. Performance**

Production during the period under review was 158.73 Lac Kgs, as against 143.89 Lac Kgs, in the previous year, thereby recording an increase of over 10%. Better distribution of rainfall during the year and conducive growing condition, attributed to the increased crop.

The operation of the Company during the year under review resulted in a profit before Depreciation and Taxation of Rs. 9.97 Crores as compared to Rs. 7.86 Crores, in the previous year.

The high standards of cultivation practices continue to be implemented on the Estates and the Nurseries have been established well.

Serious steps have been taken to increase the production and further improve the quality of Tea as per the market requirements and it is expected that the Company would turn out a better performance this year.

The Company is fully committed to produce high quality produce and the Tea produced by the Company has always been highly acclaimed for its quality in the domestic and overseas market.

**Exports**

Total Exports during the year at FOB value was Rs. 263.00 Million, which accounted for 20% of the total revenue.



## ASSAM COMPANY LIMITED

The Company has gained customers in Indonesia, Saudi Arabia, Russia, Iran and Sri Lanka.

### Prospects

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

### Research and Development

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

### Oil & Natural Gas Division

As communicated in the last year's Directors Report, the commercial production at the Discovered Field – Amguri has already commenced in joint participation with M/s. Canoro Resources Ltd. (Canoro), of Canada with effect from 01.04.06 and results have been encouraging. The Company has tied up its initial requirement of funds for its Oil & Natural Gas Division.

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

The work on the three Fields viz. Bihubar, Barsilla and Laxmijan for which Service Contract had been awarded by Oil & Natural Gas Corporation Limited (ONGC) has also begun.

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

### 3. Financial

The Company has issued and allotted on 24<sup>th</sup> June, 2006 81,000,000 share warrants of Re.1/- each, at a premium of Rs.22.25 each, of which a sum of Rs.19.03 Crores has since been received. Furthermore, the Company proposes to issue Foreign Currency Convertible Bonds not exceeding USD 75 million for which necessary steps are under way.

The equity shares of the Company have been split from Rs. 10/- per share to Re. 1/- per share.

### 4. Subsidiary Companies

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

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

The Company's subsidiary Assam Oil & Natural Gas Limited is now named "Assam Oil and Gas Limited". During the year, the registered office of the Company was shifted from Kolkata, West Bengal to Greenwood Tea Estate, Dibrugarh, Assam.

### *Namburnadi Tea Company Limited*

There has been all round improvement in the working of this Company. During the year under review, the company produced 470703 Kgs. of tea as against 417457 Kgs. of tea during the previous year. All efforts are being made to further improve the working of this Company.

### 5. Environment and Social Concern

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

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

### 6. Public Deposit

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

### 7. Directors

Mr. K. N. Nowrojee and Mr. V. B. Tibrewala retired from the Board with effect from 30<sup>th</sup> September, 2005, while Mr. Sanjay Bhuwarka retired from the Board with effect from 15<sup>th</sup> December, 2005. Mr. P.K. Agarwalla retires by rotation and being eligible offer himself for re-appointment.

### 8. Corporate Governance

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

### 9. Directors' Responsibility Statement

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

- (i) that in preparation of the annual accounts for the year ended 31<sup>st</sup> December, 2005, the applicable



accounting standards had been followed along with proper explanation relating to material departures;

- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the year ended 31<sup>st</sup> December, 2005 on a going concern basis.

**10. Cost Audit**

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

**11. Auditors**

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

**12. Auditors' Observations**

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

**13. Particulars as per Section 217 of the Companies Act, 1956**

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo, pursuant

to Section 217(1)(e) of the Companies Act, 1956 is set out in Annexure "A" forming part of this Report.

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

**14. Voluntary Delisting**

The shares of the Company have been delisted from the Gauhati Stock Exchange Limited with effect from 27<sup>th</sup> July, 2006 while the delisting application is still pending with The Calcutta Stock Exchange Association Limited.

**15. Sub-division of Shares**

The Equity Shares of the Company have been sub-divided from One Equity Share of Rs.10/- each (Face Value) to Ten Equity Shares of Re.1/- each (Face Value), with effect from 9<sup>th</sup> November, 2005.

**16. Acknowledgement**

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

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

**On behalf of the Board of Directors**

A. K. Jajodia – Managing Director & CEO  
Amir Ahsan – Wholetime Director

Place: Kolkata

Date : 2<sup>nd</sup> September, 2006

Santosh Bhagat  
*Director*



## ASSAM COMPANY LIMITED

### 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 31<sup>ST</sup> DECEMBER, 2005.

FORM "A" CONSERVATION OF ENERGY	Current Year ended 31.12.2005	Previous Year ended 31.12.2004
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
a. Purchased Units (KWH)	8992318	8875680
Total Amount (Rs.)	61768019	58835357
Rate per Unit (Rs.)	6.87	6.63
b. Through diesel generator Units (KWH)	4823402	4354497
Units per Ltr. of diesel	2.86	2.94
Cost / Unit (Rs.)	10.05	8.10
<b>2. Coal</b>		
Quantity (Tonnes)	3655.88	2773.61
Total Cost (Rs.)	9518502	5663565
Average Rate (Rs./Tonne)	2604	2042
<b>3. Furnace Oil</b>		
Quantity in K. Ltrs.	219.289	164.376
Total Cost (Rs.)	4269100	2464322
Average Rate (Rs./KL)	19468	14992
<b>4. Gas</b>		
Quantity (Scum)	7579481	7483520
Total Cost (Rs.)	29943568	28558984
Rate (Rs./Scum)	3.95	3.82
<b>B. Consumption Per Unit of Production</b>		
<b>Production of Tea Kgs.</b>	15719439	14255729
Electricity (KWH)	0.88	0.93
Furnace Oil (Ltrs.)	0.01	0.01
Coal (Kgs.)	0.91	0.93
Gas (Scum)	0.65	0.69



## ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

### FORM "B"

### RESEARCH AND DEVELOPMENT (R&D)

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

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, improvement, adaptation and innovation.	Efforts are made to improve indigenous cost effective technology for productive and quality improvement. Keeping co-ordination with Tea Research Association Laboratories and Company's in-house R&D Units.
2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Product improvement and Tea Quality improvement.
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished :	
a. Technology imported	] NOT APPLICABLE
b. Years of import	
c. Has technology been fully absorbed	
d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	

### FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange outgo was to the extent of Rs. 2,53,21,443/-. The foreign exchange earnings during the period was Rs. 26,29,70,791/-. Details of the foreign exchange earnings and outgo have been given in Schedule 11 to the Accounts.



## ASSAM COMPANY LIMITED

### 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 31<sup>ST</sup> DECEMBER, 2005.

Name	Designation	Remuneration (Rs.)	Qualifications	Experience (Years)	Date of commencement of Employment	Age (Years)	Particulars of last Employment	Designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Mr. Aditya Kumar Jajodia	Managing Director & CEO	28,25,040/-	B.Com.	21	01.10.1992	43	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 31<sup>st</sup> December, 2005.
  2. Nature of appointment – contractual.
  3. Except Mr. A.K. Jajodia, no other employee is a relative of any Director of the Company.

**On behalf of the Board of Directors**  
A. K. Jajodia – Managing Director & CEO  
Amir Ahsan – Wholetime Director  
Santosh Bhagat  
Director

Place: Kolkata

Date: 2<sup>nd</sup> September, 2006



## AUDITORS' REPORT

### TO THE MEMBERS OF ASSAM COMPANY LIMITED

1. We have audited the attached Balance Sheet of ASSAM COMPANY LIMITED, as at 31<sup>st</sup> December, 2005 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were

## ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Assam Company Limited on the financial statements for the year ended 31<sup>st</sup> December, 2005.

1.
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the management during the year according to a phased programme designed to cover all the assets once in three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pending reconciliation of book records with the physical verification findings, discrepancies if any, could not be ascertained or adjusted in the financial statements.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2.
  - (a) The inventories, including stocks with third parties, have been physically verified by the management during the year. Stocks

necessary for the purposes of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> December, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> December, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December, 2005;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Prabal Kr. Sarkar**  
**Partner**

Membership Number 52340

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Kolkata, 2<sup>nd</sup> September, 2006

in transit at the year end have been verified by the management with reference to subsequent receipt and/or relevant documents. In our opinion, the frequency of such verification is reasonable.

- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
  4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the



## ASSAM COMPANY LIMITED

purchase of inventories, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

on account of a dispute, are as follows -

Name of the statute	Amount (Rs.)	Forum where the dispute is pending
West Bengal Sales Tax Act	78,406,101	Asst. Commissioner of Commercial Taxes
Central Sales Tax Act	22,531,530	Asst. Commissioner of Commercial Taxes

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding Rupees five lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, where applicable. According to the information and explanations given to us, no Order under the aforesaid Sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products, where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to examine and have not carried out any detailed examination of such records.
9. (a) Other than in respect of provident fund, sales-tax, cess, and income tax where the Company is not regular in depositing dues, according to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues in respect of investor education and protection fund, wealth tax and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us, the particulars of undisputed amounts payable in respect of the statutory dues which were in arrears, as at 31<sup>st</sup> December, 2005 for a period of more than six months from the date they became payable, are as follows -

Name of the statute	Amount (Rs.)
Provident Fund*	5,487,826
P.F. Administrative charges*	543,742
Income Tax (Tax deducted at source)*	11,715
Sales Tax	110,288

\* These dues have been fully paid subsequent to the year end.

- (c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, service tax, customs duty, and excise duty as at 31<sup>st</sup> December, 2005 which have not been deposited

10. The Company has no accumulated losses as at 31<sup>st</sup> December, 2005 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions as at the balance sheet date aggregating to Rs. 31,766,666/-, remaining outstanding between November 2003 to December 2005. Out of this an amount of Rs. 24,859,659/- has been paid subsequent to the year end.
12. In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, and other investments during the year and timely entries have been made therein. Further, where applicable, such shares and other securities have been held in its own name.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained other than a term loan amounting to Rs. 18,75,00,000/- obtained during the year, a part of which has not been applied for the purpose for which it has been obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which has been used for long-term purpose.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has created appropriate securities in respect of debentures issued in earlier years.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**Mr. Prabal Kr. Sarkar**  
Partner

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

Kolkata, 2<sup>nd</sup> September, 2006

**SCHEDULES FORMING PART OF THE ACCOUNTS**

<b>SCHEDULE: 1 - SHARE CAPITAL</b>	<b>31st December, 2005 (Rupees)</b>	<b>31st December, 2004 (Rupees)</b>
<b>Authorised</b>		
(a) 400,000,000 (31.12.2004 - 25,000,000 Equity Shares of Rs 10/- each) Equity Shares of Re 1/-each	<b>400,000,000</b>	250,000,000
(b) 1,000,000 Non Cumulative Redeemable Preference Shares of Rs. 100/- each	<b>100,000,000</b>	100,000,000
(c) 1,000,000 Cumulative Redeemable Convertible Preference Shares of Rs. 100/- each	-	100,000,000
(d) 5,000,000 Un-classified Shares of Rs. 10/- each	-	50,000,000
	<b>500,000,000</b>	<b>500,000,000</b>
<b>(a) Issued and Subscribed</b>		
223,615,260 (31.12.2004- 22,361,526) Equity Shares of Re 1/- each fully paid up.(Rs 10/-each fully paid)	<b>223,615,260</b>	223,615,260
Nil (31.12.2004-8,746) 15% Non Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up	-	874,600
	<b>223,615,260</b>	<b>224,489,860</b>

**Notes:**

1. Out of the Subscribed Capital 25,950,240 (31.12.2004-2,595,024) Equity Shares of Re.1/-(31.12.2004 Rs.10/-) and Nil (31.12.2004-8,746) 15% Non Cumulative Redeemable Preference Shares of Rs.100/- each have been allotted as fully paid up pursuant to schemes of Amalgamation without payment being received in cash. The Preference Shares are redeemable on the respective dates on which such shares were originally redeemable by the transferor companies, which is 10 years from their respective dates of allotment. Earliest date of redemption of these preference shares was 12.09.2005.
2. Of the above Subscribed Capital 105,000,000 (31.12.2004-10,500,000) Equity Shares of Re.1/- each (31.12.2004- Rs.10/-) have been allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.
3. During the year, equity shares of Rs.10/- each has been split into 10 shares of face value of Re.1/- per share.



## ASSAM COMPANY LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE : 2 - RESERVES AND SURPLUS

	As at 31.12.2004 (Rupees)	Additions (Rupees)	Deductions (Rupees)	As at 31.12.2005 (Rupees)
Capital Reserve (Reserve on Amalgamation)	15,037,398	-	-	15,037,398
Capital Redemption Reserve	-	874,600	-	874,600
Revaluation Reserve	1,049,786,986	-	29,883,792*	1,019,903,194
Share Premium	261,895,060	-	-	261,895,060
General Reserve	291,234,400	-	-	291,234,400
Debenture Redemption Reserve	37,500,000	-	37,500,000	-
	1,655,453,844	874,600	67,383,792	1,588,944,652
Profit & Loss Account Balance	277,024,729			321,832,222
	1,932,478,573			1,910,776,874

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

\* includes deduction of Rs 6,569,249/- on account of sale of assets

#### SCHEDULE : 3 - LOAN FUNDS PARTICULARS

##### SECURED LOANS

##### A. Loans for Tea Division

##### Debentures:

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

Debentures of Rs.100/- each [Refer Note no.16 of Sch. 11]

[including interest accrued and due Rs.Nil (31.12.2004-Rs.44,932,589/-)]

##### Term Loan from IDBI Bank

Interest Accrued and due on the above

	31st December, 2005 (Rupees)	31st December, 2004 (Rupees)
	-	194,932,589
	395,477,719	412,853,000
	11,471,079	27,627,066
	406,948,798	440,480,066

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



**SCHEDULES FORMING PART OF THE ACCOUNTS**

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

	<b>31st December, 2005 (Rupees)</b>	<b>31st December, 2004 (Rupees)</b>
<b>Term Loans from other Banks</b>	<b>489,237,782</b>	341,706,840
<p>(The above loans are secured by equitable mortgage created of immovable properties including plant &amp; machinery etc. both present and future relating to Company's all tea estates situated in Assam ranking pari passu inter se with the IDBI loan and NABARD term loan &amp; working capital loan including cash credit from Consortium Banks and also a first charge over the movable properties, both present and future subject to prior charges created / to be created on stock, book debts and other current assets and other movables for working capital requirement, other than specified movables, acquired / to be acquired out of NABARD term loan [including interest accrued and due Rs14,167,112/-(31.12.2004-Rs.17,207,341/-).</p>		
<b>Term Loans from other Banks under NABARD Refinance Scheme</b>	<b>15,698,572</b>	22,785,099
<p>(Secured by exclusive first charge created over specified movables, a second charge created over the movable assets hypothecated to the Consortium Bankers and Equitable Mortgage created of immovable properties both present and future relating to Company's all tea estates situated in Assam ranking pari passu inter se with all other term loans and working capital loan including cash credit from Consortium Banks, and IDBI term loans) [including interest accrued and due Rs.955,635/-(31.12.2004 Rs.1,156,518/-)].</p>		
<b>Working Capital Loan including Cash Credit from Banks*</b>	<b>777,132,788</b>	743,333,952
<p>(The above loans are secured by hypothecation created / to be created on stock, book debts, all movable assets and other current assets both present and future and equitable mortgage created of immovable properties including plant &amp; machinery etc. both present &amp; future relating to Company's all tea estates situated in Assam ranking pari passu inter se with all other term loans including NABARD term loan from Consortium Banks and IDBI term loans) [including interest accrued and due Rs.13,624,726/-(31-12-2004 Rs. 8,594,547/-)]</p>		
<p>*Includes FCNR Loans Rs. 221,112,000/- (31.12.2004 Rs 314,571,000/-) and interest accrued and due thereon Rs 618,382/- (31.12.2004 Rs. Nil )</p>		
<b>B. Loans for Oil and Gas Division</b>		
<b>Term Loans Allahabad Bank</b>	<b>187,500,000</b>	—
<p>(The above loan is secured by exclusive hypothecation charge created over specified immovable properties (fixed assets) including plant &amp; machinery both present and future, installed/to be installed at Company's oil &amp; gas field at Amguri (restricted to Company's share) and marginal fields at Barsilla, Bihubar &amp; Laxmijan. Further secured by an exclusive hypothecation charge created over entire stocks and assignment of book debts pertaining to Company's oil &amp; gas field at Amguri (restricted to Company's share) and marginal fields at Barsilla, Bihubar &amp; Laxmijan. Additionally, secured by personal guarantee of Managing Director and CEO of the Company. [including interest accrued and due Rs7,859,676/-(31.12.2004-Rs.Nil).])</p>		
<b>UNSECURED</b>	<b>1,876,517,940</b>	1,743,238,546
Short term loan from Corporate Bodies	<b>2,500,000</b>	20,000,000
	<b>2,500,000</b>	<b>20,000,000</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE: 4 - FIXED ASSETS**

Classification of Assets	COST/VALUATION				DEPRECIATION				NET BLOCK		
	As At 31 st December 2004	Additions during the period	Sale/discard adjustments during the period	Total as at 31 st December 2005	As At 31 st December, 2004	Additions during the period	On Revaluation during the period	Sale/ Discard during the period	Total as at 31 st December, 2005	Net/Book Value as on 31 st December, 2005	Net/Book Value as on 31 st December, 2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land & Development	2,561,212,838	23,104,400	**1,930,410	2,582,386,828	-	-	-	-	-	2,582,386,828	2,561,212,838
Building	1,031,009,436	3,050,204	26,600,030	1,007,459,610	505,161,988	10,941,466	17,361,377	9,798,561	523,666,270	483,783,340	525,847,448
Plant & Machinery	825,375,139	6,299,588	1,770,328	829,904,389	671,604,462	21,538,669	5,671,827	2,384,550	686,430,408	133,473,991	153,770,677
Vehicles	144,803,083	7,703,366	4,690,023	1,47,816,426	124,092,955	5,149,106	280,298	4,467,365	125,054,994	22,761,432	20,710,128
Furniture	15,126,664	169,251	51,528	15,244,387	12,457,926	533,792	1,041	61,135	12,931,624	2,312,763	2,668,738
TOTAL	4,577,527,160	40,326,809	35,042,319	4,582,811,660	1,313,317,331	38,163,033	23,314,543	16,711,611	1,358,083,296	3,224,728,354	3,264,209,829
Previous Year	4,473,436,346	125,463,842	2,173,028	4,577,527,160	1,258,638,419	40,183,293	26,385,415	12,089,796	1,313,317,331	3,264,209,829	-

NOTES: 1. Land & Development include Plantations and some leasehold lands the amount of which is not ascertainable.  
 2. The Government of Assam had taken possession of some undeveloped land under the Assam Fixation of Ceiling of Land Holdings Act, 1956 measuring approximately 3659.18 hectares, the compensation for which is accounted for as and when received. The company is hopeful of getting back some ceiling surplus land for which Review Petitions have been filed under section 7(6) of the Act, for correction of the statements prepared by the Revenue department which are pending disposal.  
 3. Buildings include building on Leasehold Land, Cost - Rs.53,189,591/- (31.12.2004:Rs.53,189,591/-), Depreciation - Rs.23,528,669/- (31.12.2004:Rs.21,967,839/-).  
 4. Vehicles include assets acquired on hire purchase - Rs.13,565,690/- (31.12.2004: Rs.19,145,110/-) (Refer note no. 10 of Sch.11)  
 5. Assets acquired on amalgamation are yet to be transferred in the name of the company.

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



**SCHEDULES FORMING PART OF THE ACCOUNTS**

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

Particulars	Balance as at 01-Jan-05 (Rs.)	Additions during the year (Rs.)	Capitalised during the year (Rs.)	Balance as at 31-Dec-05 (Rs.)
<b>A. Oil &amp; Gas project (Pre-Operative expenditure) (Refer Note no. 15 of Sch. 11)</b>				
Establishment charges				
Salary	167,711	3,932,077	-	4,099,788
Others	3,489,010	5,930,487	-	9,419,497
Bank Charges	-	685,269	-	685,269
Consultant Fees & Expenses	10,131,290	6,657,736	-	16,789,026
Advertisement	2,451,049	1,757,646	-	4,208,695
Tender Fees	-	1,576,800	-	1,576,800
Legal and Professional charges	2,926,539	5,102,123	-	8,028,662
General Charges	14,321,057	12,175,493	-	26,496,550
Staff Welfare	-	180,072	-	180,072
Office Maintenance	1,453,873	1,439,317	-	2,893,190
Insurance	44,583	59,200	-	103,783
Rent, Rates & Taxes	3,767,261	752,645	-	4,519,906
Borrowing Cost	-	8,745,435	-	8,745,435
Geological Consulting	-	1,047,727	-	1,047,727
Geophysical Consulting	-	1,477,183	-	1,477,183
Seismic-Data Acquisition	-	6,437,277	-	6,437,277
Seismic-Geological Consultancy	-	11,734,190	-	11,734,190
Seismic Reprocessing	-	316,014	-	316,014
Environmental Impact Study	-	453,781	-	453,781
Well Workovers	-	88,685,587	-	88,685,587
Signature Bonus	-	332,239	-	332,239
Cost of Flowlines	-	4,029,165	-	4,029,165
Separation and Measurement Cost	-	11,923	-	11,923
Oil Treatment Facility	-	148,941	-	148,941
Oil Storage Facility	-	162,612	-	162,612
Group Gathering Renovation	-	1,400,785	-	1,400,785
Extended Production System	-	1,435,507	-	1,435,507
Warehouse and Yard	-	182,224	-	182,224
Group Gathering & Well Testing	-	3,219,583	-	3,219,583
General Administration	-	8,866,451	-	8,866,451
Accrued Revenue from Gas Sales	-	(3,137,197)	-	(3,137,197)
<b>Sub-total</b>	<b>38,752,373</b>	<b>175,798,292</b>	-	<b>214,550,665</b>
<b>B. Other Assets</b>	<b>2,908,325</b>	<b>936,107</b>	<b>2,927,702</b>	<b>916,730</b>
<b>Total</b>	<b>41,660,698</b>	<b>176,734,399</b>	<b>2,927,702</b>	<b>215,467,395</b>



## ASSAM COMPANY LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

	31st December, 2005 (Rupees)	31st December, 2004 (Rupees)
<b>SCHEDULE : 5 - INVESTMENTS - AT COST (LONG TERM)</b>		
A. In Subsidiary Companies* (Fully paid unless otherwise stated)	<b>2,123,081</b>	2,123,081
B. Other than Trade - Unquoted (Fully paid) 20,000 Equity Shares of Rs.10/- each in Assam Bengal Cereals Ltd. 5% Non Redeemable Debentures of East India Clinic Ltd.	<b>200,000</b> <b>24,500</b> <b>2,347,581</b>	200,000 24,500 2,347,581
C. Other than Trade-Quoted (Fully paid unless otherwise stated) 12,428 US 64 Bonds of Rs.100/- each in Unit Trust of India Others**	<b>1,242,800</b> <b>1,047,968</b> <b>4,638,349</b>	1,242,800 146,282 3,736,663
Less: Provision for diminution in value of certain investments	<b>565,986</b> <b>4,072,363</b>	565,986 <b>3,170,677</b>

*Particulars	Description	Number as on 31.12.05	Number as on 31.12.04	Face Value (Rs.)	Cost as on 31.12.05 (Rs.)	Cost as on 31.12.04 (Rs.)
<b>Quoted</b>						
Namburnadi Tea Co. Ltd.	Equity	123,076	123,076	10	<b>123,076</b>	123,076
<b>Unquoted</b>						
Assam Oil and Gas Ltd. (formerly Assam Oil & Natural Gas Ltd.) (70 Equity Shares fully paid)	Equity	1,000,000	1,000,000	10	<b>1,000,000</b>	1,000,000
999,930 Equity Shares @Rs.3/- partly paid)						
North East Hydrocarbon Ltd.	Equity	50,010	50,010	10	<b>500,000</b>	500,000
Camellia Cha Bar Ltd.	Equity	50,000	50,000	10	<b>500,005</b>	500,005
<b>Total</b>					<b>2,123,081</b>	<b>2,123,081</b>



**SCHEDULES FORMING PART OF THE ACCOUNTS**

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

<b>**PARTICULARS</b>	<b>Description</b>	<b>Number as on 31.12.05</b>	<b>Number as on 31.12.04</b>	<b>Face Value (Rs.)</b>	<b>Cost as on 31.12.05 (Rs.)</b>	<b>Cost as on 31.12.04 (Rs.)</b>
Great Eastern Shipping Ltd.	Equity	91	91	10	1,020	1,020
GESCO Corporation Ltd.	Equity	12	12	10	-	-
GNFC Ltd.	Equity	50	50	10	1,415	1,415
Grasim Industries Ltd.	Equity	50	50	10	16,550	16,550
UTI Master Share	Equity	116	116	10	3,050	3,050
Tata Chemicals Ltd.	Equity	4	4	10	247	247
Tata Iron & Steel Company Ltd.	Equity	3	3	10	224	224
Tata Iron & Steel Company Ltd.(SPN)	Equity	18	18	150	-	-
Shipping Corporation of India Ltd.	Equity	100	100	10	5,220	5,220
Tezapore India Ltd.	Equity	100	100	10	10,000	10,000
George Williamson (Assam) Ltd.	Equity	100	100	10	6,095	6,095
Reliance Industries Ltd.	Equity	18	18	10	2,533	2,533
Tata Tea Ltd.	Equity	12	12	10	2,280	2,280
Jaiprakash Industries Ltd.	Equity	18	18	10	153	153
State Bank of Bikaner & Jaipur	Equity	185	185	100	97,495	97,495
Allahabad Bank	Equity	6,423	0	10	526,686	0
Oriental Bank of Commerce	Equity	1,500	0	10	375,000	0
					<b>1,047,968</b>	<b>146,282</b>

Aggregate amount of quoted investments Rs.2,413,844/- (31.12.2004 - Rs.1,512,158/-)

Aggregate market value of quoted investments Rs. 2,224,505/- (31.12.2004 - Rs.2,224,505/-)

Aggregate amount of unquoted investments Rs.3,467,305/- (31.12.2004 - Rs.3,467,305/-)

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

<b><u>Name of Companies</u></b>	<b><u>No. of Shares</u></b>	<b><u>Cost (Rs.)</u></b>
Minolta Finance Ltd.	132,000	11,237,929
Kwality Credit & Leasing Ltd.	300,000	8,187,743
		<b>19,425,672</b>



## ASSAM COMPANY LIMITED

### SCHEDULE FORMING PART OF THE ACCOUNTS

	31st December, 2005 (Rupees)	31st December, 2004 (Rupees)
<b>SCHEDULE : 6 - CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>(a) Inventories</b>		
Stores & Spare Parts	37,719,036	30,049,540
Stock of Teas	150,493,192	166,008,330
	<u>188,212,228</u>	<u>196,057,870</u>
<b>(b) Sundry Debtors</b>		
<b>Unsecured - Considered Good</b>		
Debts Outstanding for a period exceeding six months	342,173,778	293,485,715
Other Debt	272,721,363	332,859,126
	<u>614,895,141</u>	<u>626,344,841</u>
<b>(c) Cash &amp; Bank Balances</b>		
Cash and cheques in hand	1,520,358	641,263
Remittance in Transit	375,000	5,620,000
With Scheduled Banks:		
On Current Accounts	8,405,588	15,175,108
On Deposit Accounts (held as margin)	16,559,015	16,211,569
	<u>26,859,961</u>	<u>37,647,940</u>
<b>(d) Loans &amp; Advances</b>		
[Unsecured and considered good unless otherwise stated]		
Advances and loans to subsidiaries	27,987,131	21,776,281
Advances recoverable in cash or in kind or for value to be received*	347,864,261	188,706,580
Deposit with Customs, Port Trust etc.	15,820	15,820
	<u>375,867,212</u>	<u>210,498,681</u>

\* includes amount receivable from private companies in which a Director of the Company is a Director Rs.Nil (31.12.2004 Rs.1,142,467/-)

\* includes amount receivable from Directors of the Company Rs. 620,557/- (31.12.2004 Rs. Nil ), maximum amount outstanding at any point of time during the year Rs. 620,557/- ( 31.12.2004 Rs. Nil ). Refer Note 8[C] of Sch. 11.



**SCHEDULES FORMING PART OF THE ACCOUNTS**

	31st December, 2005 (Rupees)	31st December, 2004 (Rupees)
<b>SCHEDULE: 7 - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(a) Current Liabilities</b>		
Acceptances	38,485,329	44,049,950
Sundry Creditors		
Small Scale Industrial Undertakings (Refer Note No. 21 of Sch. 11)	16,959	—
Others	559,708,420	392,631,850
Amounts due to subsidiaries	1,610,794	2,484,871
Unclaimed Dividend	357,717	471,563
Unclaimed Matured Deposits	5,000	27,000
Bank Balance Overdrawn	10,363,827	9,654,318
Interest accrued but not due on loans	667,123	1,110,808
	<b>611,215,169 *</b>	<b>450,430,360</b>

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

<b>(b) Provisions</b>		
Taxation less Advance Payments	(20,319)	8,953,197
Proposed Dividend	22,361,526	—
Dividend Tax thereon	3,136,204	—
	<b>25,477,411</b>	<b>8,953,197</b>

	Year ended 31st December, 2005 (Rupees)	Year ended 31st December, 2004 (Rupees)
<b>SCHEDULE: 8 - OTHER INCOME</b>		
Sale of Tea Waste	2,072,474	1,801,972
Miscellaneous Receipts	2,510,802	14,984,799
Income from Investments other than trade	19,712	27,601
Gain/(Loss) on Exchange (net)	—	4,847,685
Profit /(Loss) on Sale of investments (net)	51,268,536	40,259,778
Profit on discard/ sale of Fixed Assets (net)	—	1,334,597
Liabilities no longer required written back (net)	16,446,757	—
Premium on Sale of DEPB Licence	109,187	—
Provision for diminution in value of investments written back	—	1,329,934
	<b>72,427,468</b>	<b>64,586,366</b>



## ASSAM COMPANY LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

	Year ended 31st December, 2005 (Rupees)	Year ended 31st December, 2004 (Rupees)
<b>SCHEDULE : 9- EXPENSES</b>		
Garden Cultivation Costs	106,537,833	56,474,711
Plucking and Manufacturing Expenses	189,975,706	161,740,839
Purchases of Tea	985,882	967,414
Power and Fuel	157,218,551	131,531,984
Establishment Charges (including Bonus)	192,010,823	180,518,362
Directors' Remuneration (Salary)	735,000	1,860,000
Directors' Fees	69,000	48,000
Contribution to Provident, Superannuation and Gratuity Fund	86,133,910	66,413,212
Workmen and Staff Welfare Expenses	87,444,547	87,286,567
Concession on Foodgrains	47,783,637	47,545,161
Repairs to Buildings	17,360,007	12,102,549
Repairs to Plant & Machinery	21,540,188	18,255,299
Upkeep of Roads & Bridges	1,013,752	1,168,741
Garden Transport	30,654,832	27,224,761
Insurance	3,281,076	2,332,670
Rent	572,450	431,616
Rates & Taxes	6,854,954	5,192,631
Office Maintenance	3,927,449	2,796,300
Bank Charges	19,406,305	10,377,776
General Charges	57,501,597	37,900,727
Freight, Warehouse & Sale Charges	68,917,074	67,348,435
Agency Commission	23,542,444	26,361,349
Brokerage	5,575,241	4,847,272
Cess on Green Leaf	22,562,824	20,452,803
Cess on Tea	5,090,281	4,393,713
Sundry Balances written off (Net)	—	9,830,826
Gain/(Loss) on Exchange (net)	16,514,157	—
Bad Debts Written off	1,610,359	—
Loss on sale of Fixed Assets	29,526	—
	<b>1,174,849,405</b>	<b>985,403,718</b>

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

	Unit	31st December, 2005		31st December, 2004	
		Quantity	Rupees	Quantity	Rupees
<b>Stock as at 31st December, 2004</b>					
Tea	KGs.	3,056,769	166,008,330	2,185,613	122,043,197
<b>Stock as at 31st December, 2005</b>					
Tea	KGs.	2,608,402	150,493,192	3,056,769	166,008,330
<b>(Increase) / Decrease</b>		<b>15,515,138</b>		<b>(43,965,133)</b>	



## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE : 11 - NOTES ON ACCOUNTS

#### Notes forming part of the Accounts

##### 1. [a] Convention

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

##### [b] Basis of Accounting

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

##### [c] Fixed Assets

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

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

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

##### Pre-operative expenses for Oil & Gas project

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

##### [d] Depreciation

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

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

##### [e] Investments

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

##### [f] Inventories

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

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

##### [g] Foreign Currency Transaction

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

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



## SCHEDULES FORMING PART OF THE ACCOUNTS

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

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

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

#### [h] Sales

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

#### [i] Income from investments

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

#### [j] Retirement Benefits

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

The Company operates two Pension schemes for eligible employees one of them being a defined benefit scheme and the other a defined contribution. These are funded with Life Insurance Corporation of India (LIC) and a private insurance company respectively. Annual contributions to the defined benefit scheme are made by the Company based on actuarial valuation carried out at the end of the year.

#### [k] Borrowing Costs

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

#### [l] Taxes on Income

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

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

2. [a] All assets except Furniture as at 31<sup>st</sup> December, 1994 were revalued by an approved valuer at the then net replacement cost resulting in increase in value of these assets by Rs. 4,276,64,732/-. All assets except Furniture as at 31<sup>st</sup> December, 1996 have been revalued again by an approved valuer at net replacement cost resulting in a further increase in value of these assets by Rs.1,135,67,000/-.
  - [b] The Government of Assam had taken possession of some undeveloped land under Assam Fixation of Ceiling of Land Holdings Act, 1956 and the Company has made representation to the Government for reclaiming the said land or equivalent for extension of planting activities.
  - [c] Taking into account the total intrinsic value of the Company's land in Assam, no adjustment in the opinion of the management is required for the loss on land lost due to flood and consequent erosion in past years. Claim for compensation in this regard has been made to Assam Government.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,608,196/- ( net of advance Rs. 13,391,804/- ), [31.12.2004-Rs.1,608,196/- ( net of advance Rs. 13,391,804/-)].



**SCHEDULES FORMING PART OF THE ACCOUNTS**

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

**4. (i) Contingent Liabilities not provided for:**

[a] Income Tax assessments disputed in appeals Rs. 67,173,003/- (31.12.2004 - Rs. 76,564,166/-). If the appeals for disputed amounts are upheld in favour of tax authorities, there will be a concomitant liability in respect of Agricultural Income Tax and Sur Tax.

[b] Sales tax assessments disputed in appeals Rs.1,00,937,631/- (31.12.2004-Rs.1,395,42,183/-).

[c] Guarantees given on behalf of third parties Rs.151,100,000/- (31.12.2004 - Rs.151,100,000/-).

The future cash flows on account of [a] and [b] above cannot be determined unless the judgement/ decisions are received from the ultimate judicial forums.

**(ii) Uncalled Liability on partly paid shares - Rs 6,999,510/- (31.12.2004-Rs 6,999,510/-).**

5. Provision for taxation for the Company's financial year ended 31<sup>st</sup> December, 2005 has been determined based on results for the three months ended 31<sup>st</sup> March, 2005( Assessment Year 2005-06) and for nine months ended 31<sup>st</sup> December, 2005 (Assessment Year 2006-07). The ultimate liability for the Assessment Year 2006-07, however, will be determined on the total income for the company for the period from 1<sup>st</sup> April, 2005 to 31<sup>st</sup> March, 2006.

6. (i) Breakup of Interest Charge:-	<b>31.12.2005</b>	31.12.2004
	<b>(Rupees)</b>	(Rupees)
On Fixed Loan*	147,472,696	133,630,099
Others	55,917,856	61,968,700
A	203,390,552	195,598,799
Less: Interest Subsidy Received	67,457,956	30,840,201
Interest waived by UTI on Debentures (Includes Rs 26,959,553/- for previous years)	36,326,875	-
Interest Income (Tax deducted at source Rs.595,410 /-(31.12.2004-Rs.190,610/-)	1,447,167	1,687,256
B	105,231,998	32,527,457
Total Interest Charge (net)	A-B 98,158,554	163,071,342

\* includes interest on debentures Rs.15,612,203/-(31.12.2004-Rs.21,809,589/-)

6. (ii) Based on clarification received from Deptt. of Industrial Policy & Promotion (DIPP) and past track record of sanctions on claims of interest subsidy as per terms of Central Interest Subsidy Scheme 1997, the entire of such subsidy accruing upto 31<sup>st</sup> December, 2005 on a period basis amounting to Rs. 53,843,353/- has been taken into account in these financial statements.

7. (i) Amount paid / payable to the Auditors included under general charges:	<b>31.12.2005</b>	31.12.2004
	<b>(Rupees)</b>	(Rupees)
[a] Fees as Auditors	1,500,000	1,300,000
[b] For other services	712,500	804,000
[c] Reimbursement of expenses	106,483	45,647

(ii) Expenditure includes in aggregate :		
Salaries, Wages and Bonus	444,917,516	431,310,599
Stores & Spare Parts consumed	229,975,664	176,569,007

**8. Director's Remuneration in aggregate**

[A] Remuneration paid/payable during the year to the Wholetime Directors includes		
a) Debited to the Profit & Loss Account		
i) Salary	1,725,000	1,860,000
ii) Allowances and estimated benefits in kind	1,512,941	2,258,371
iii) Contribution to Provident, Superannuation and Gratuity Funds	473,640	484,560
	<b>3,711,581</b>	4,602,931
[B] Less transferred to Capital Work in Progress (Oil & Gas project)	1,730,968	—
<b>Net balance</b>	<b>1,980,613</b>	4,602,931



## ASSAM COMPANY LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

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

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

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

	<b>31.12.2005</b>	31.12.2004
9. [1] Licensed Capacity	<b>Not Applicable</b>	Not Applicable
[2] Installed Capacity	<b>Not Ascertainable</b>	Not Ascertainable
	<b>KGs.</b>	<b>KGs.</b>
[3] Total Tea Produced	15,873,281	14,389,119
[4] Total Saleable Tea	15,481,453	14,038,155
[5] Green Leaf Consumed*	70,406,226	63,054,909

	<b>31.12.2005</b>		31.12.2004	
	<b>Quantity</b>	<b>(Rupees)</b>	Quantity	(Rupees)
	<b>Kgs.</b>		Kgs.	
[6] Details of Purchase				
[a] Tea	11,159	985,882	10,873	967,413
[b] Green Leaf	—	—	17,300	237,010
		<b>985,882</b>		<b>1,204,423</b>
[7] Details of Sale				
[a] Tea	15,940,979	1,215,985,246	13,177,872	1,126,302,991
[b] Green Leaf	—	—	447,859	4,501,834
[c] Others	—	100,000,010	—	—
		<b>1,315,985,256</b>		<b>1,130,804,825</b>
[8] Stores and Spare parts consumed	<b>%</b>	<b>Rupees</b>	<b>%</b>	<b>Rupees</b>
Indigenous	98.74	227,084,652	100	176,569,007
Imported #	1.26	2,891,012	—	—
	<b>100</b>	<b>229,975,664</b>	<b>100</b>	<b>176,569,007</b>

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

# represents CIF value of imports

10. Assets acquired under Hire Purchase (HP) comprise of vehicles. These agreements are of a period of 18 months and more and provide for revision of hire charges for variation in prime lending rates of the Bank. There are no restrictive covenants in the Hire Purchase agreements.

The minimum rentals as at 31<sup>st</sup> December, 2005 and the present value as at 31<sup>st</sup> December, 2005 of minimum rentals in respect of assets acquired under Hire Purchase are as follows:

Particulars	Minimum Hire Purchase Payments	Finance Charges	Present value of Minimum Hire Purchase Payments
Payable not later than 1 year	3,444,706	534,621	2,910,085
Payable later than 1 year but not later than 5 year	6,025,338	558,548	5,466,790
<b>Total</b>	<b>9,470,044</b>	<b>1,093,169</b>	<b>8,376,875</b>



**SCHEDULES FORMING PART OF THE ACCOUNTS**

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

	31.12.2005 (Rupees)	31.12.2004 (Rupees)
11. Expenditure in foreign currency		
Commission	23,542,444	26,361,349
Travelling Expenses etc.	220,499	76,829
Travelling Expenses etc. included in CWIP (Oil & Gas project)	1,558,500	—
12. Earnings in Foreign Exchange		
Export Sale on F.O.B. Basis	262,970,791	299,990,923
13. <b>Related Party Disclosure</b>		
<b>I. Names of related parties and description of relationship</b>		
<b>a. Subsidiaries of the Company</b>		
Namburnadi Tea Company Ltd.		
Camellia Cha Bar Ltd.		
North-East Hydrocarbon Ltd.		
Assam Oil and Gas Ltd. (formerly Assam Oil & Natural Gas Ltd.)		
<b>b. Key Management Personnel</b>		
Mr. A. K.Jajodia, Managing Director & CEO.		
Mr. K. N. Nowrojee, Director Estates (upto 30 <sup>th</sup> September 2005)		
Mr. Amir Ahsan, Whole time Director (w.e.f. 5 <sup>th</sup> September 2005)		
<b>c. Relatives of Key Management Personnel</b>		
Mrs. Shalini Jalan		
<b>d. Enterprises over which the key management personnel are able to exercise a significant influence</b>		
Promorale Management Services (P) Ltd.		
Karta of H.U.F. - A.K.Jajodia & Sons		
<b>II. Transactions with related parties</b>		

SLNo	RelatedParty	Relationship	Outstanding as on 31.12.2005 (Rs.)	Outstanding as on 31.12.2004 (Rs.)	Nature of transaction	For the Year ended 31st December 2005	For the Year ended 31st December 2004
						Value of transaction (Rs.)	Value of transaction (Rs.)
(A)	NAMBURNADI TEA COMPANY LTD.	Subsidiary Company	27,029,540 Receivable	21,775,512 Receivable	1 Purchase of Tea and Green leaf 2 Remuneration of manager on deputation recovered 3 Advance given 4 Receipt towards refund of advance 5 Transfer of stores (Net) 6 Expenses recovered 7 Expenses reimbursed	985,882 369,861 12,190,000 6,470,760 133,454 17,355 -	967,414 356,992 19,993,722 7,074,845 2,871,036 115,915 40,747
(B)	NORTHEAST HYDRO CARBON LTD.	Subsidiary Company	957,591 Receivable	825,577 Payable	1 Advance given 2 Receipt towards refund of advance 3 Expenses recovered 4 Expenses reimbursed/Adjusted with advance given	5,915,203 20,000 - 4,112,036	4,006,915 4,006,915 16,549,222 34,614,999
(C)	ASSAM OIL AND GAS LTD. (Formally Assam Oil & Natural Gas Ltd.)	Wholly owned Subsidiary Company	1,297,808 Payable	1,338,308 Payable	1 Expenses recovered 2 Expenses reimbursed	40,500 -	17,090 3,500
(D)	CAMELLIA CHA BAR LTD.	Subsidiary Company	312,985 Payable	324,485 Payable	1 Advance given 2 Receipt towards refund of advance 3 Expenses recovered 4 Purchase of Fixed Assets	- - 11,500 -	226,992 619,293 1,500 990,773
(E)	MR. A. K. JAJODIA	Key Management Personnel	282,610 Receivable	-	Remuneration Paid	2,825,040	3,408,340
(F)	MR. AMIR AHSAN	Key Management Personnel	337,947 Receivable	-			
(G)	MR. K.N. NOWROJEE	Key Management Personnel	-	-	Remuneration Paid	886,541	1,194,591
(H)	MRS. SHALINI JALAN	Relative of Key Management Personnel	-	3,500,000 Payable	1 Advance received against sale of property 2 Advance refunded against sale of property	- 3,500,000	7,000,000 3,500,000

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



## ASSAM COMPANY LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

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

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

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

Pending commencement of commercial production, no disclosure as required under the Accounting Standard 17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India for the Oil and Gas venture has been given.

16. During the year, the Company has fully settled its dues to Unit Trust of India (UTI) by way of one time out of court settlement. Necessary steps have been taken by both parties for withdrawal and/or dismissal of the appeal filed by UTI, pending with the Debt Recovery Appellate Tribunal, Kolkata.

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

18. The Company's contribution of Rs. 39,525,000/- (GBP 600,000) towards a Joint Venture in U.K. which subsequently had failed was expected to be received back in 4 equal annual installments commencing from 5<sup>th</sup> February, 2004. Necessary approval from Reserve Bank of India in this regard have been obtained. Out of the total dues, Rs. 24,896,693/- (GBP 299,931) has already been received and Rs.12,056,033/- (GBP150,009) subsequent to the year end.

19. Prior period items comprise of :

Leave with Wages including Provident Fund	Rs. 14,719,086
Bonus	Rs. 21,421,346
<b>Total</b>	<b>Rs. 36,140,432</b>

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

	31.12.2005		31.12.2004	
	Central Income Tax (Rs.)	Agricultural Income Tax (Rs.)	Central Income Tax (Rs.)	Agricultural Income Tax (Rs.)
Deferred Tax Liability				
Depreciation	25,689,986	51,517,352	20,587,787	37,979,656
Deferred Tax Assets				
Disallowance u/s 43B	21,288,850	42,691,545	18,600,547	34,313,662
Carry forward Income Tax loss	4,401,136	8,825,807	1,987,240	3,665,994
	<b>25,689,986</b>	<b>51,517,352</b>	<b>20,587,787</b>	<b>37,979,656</b>
Net Balance	—	—	—	—

21. The name of Small Scale Industrial Undertakings to whom the Company owes dues outstanding for more than 30 days as on 31.12.05 are as follows

	31.12.2005 (Rs.)	31.12.2004 (Rs.)
Bulbul Printing Works	16,959	-

22. Excess provision for taxation in respect of earlier years written back is net off current tax provision computed as per the provisions of the Income Tax Act amounting to Rs.2,735,000/-.



**SCHEDULES FORMING PART OF THE ACCOUNTS**

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

**23. Segment Report By Geographical Segments**

31.12.2005  
(Rs.)

Particulars	Domestic	Export	Total Segments	Total Enterprise
<b>Segment Revenue External Customers</b>	<b>1,053,014,465</b>	<b>262,970,791</b>	<b>1,315,985,256</b>	<b>1,315,985,256</b>
	830,813,902	299,990,923	1,130,804,825	1,130,804,825
<b>Other income</b>	<b>2,072,474</b>	<b>151,997</b>	<b>2,224,471</b>	<b>2,224,471</b>
	1,801,972	4,752,178	6,554,150	6,554,150
Add : Inter Segment Revenue	-	-	-	-
	-	-	-	-
<b>Total Segment Revenue</b>	<b>1,055,086,939</b>	<b>263,122,788</b>	<b>1,318,209,727</b>	<b>1,318,209,727</b>
	832,615,874	304,743,101	1,137,358,975	1,137,358,975
<b>Segment Result</b>	<b>92,163,216</b>	<b>54,606,512</b>	<b>146,769,728</b>	<b>146,769,728</b>
	112,528,348	67,530,133	180,058,481	180,058,481
Add:Unallocable Income	-	-	-	<b>70,202,997</b>
	-	-	-	69,045,179
Less: Unallocable expenses	-	-	-	<b>57,211,881</b>
	-	-	-	47,587,062
Less: Interest (net)	-	-	-	<b>98,158,554</b>
	-	-	-	163,071,342
<b>Profit before Taxation, Exceptional and Prior Period Items</b>	-	-	-	<b>61,602,290</b>
	-	-	-	38,445,256
Provision for Taxation :				
Current year	-	-	-	<b>(8,217,965)</b>
	-	-	-	(41,910,215)
Deferred Tax	-	-	-	-
	-	-	-	(34,504,285)
<b>Profit after Taxation and before Exceptional and Prior Period Items</b>	-	-	-	<b>69,820,255</b>
	-	-	-	114,859,756
<b>Exceptional and Prior Period Items</b>	-	-	-	<b>36,140,432</b>
	-	-	-	62,997,721
<b>Profit after Taxation, Exceptional and Prior Period Items</b>	-	-	-	<b>33,679,823</b>
	-	-	-	51,862,035



# ASSAM COMPANY LIMITED

## SCHEDULES FORMING PART OF THE ACCOUNTS

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

31.12.2005  
(Rs.)

Particulars	Domestic	Export	Total Segments	Total Enterprise
<b>Other Information</b>				
Segment Assets	<b>59,161,520</b> 91,941,929	<b>535,777,652</b> 534,402,912	<b>594,939,172</b> 626,344,841	<b>594,939,172</b> 626,344,841
Unallocated assets	-	-	-	<b>4,055,163,482</b> 3,743,591,377
<b>Total Assets</b>	-	-	-	<b>4,650,102,654</b> 4,369,936,218
Segment Liabilities	-	-	-	-
Unallocated Liabilities	-	-	-	<b>4,650,102,654</b> 4,369,936,218
<b>Total Liabilities</b>	-	-	-	<b>4,650,102,654</b> 4,369,936,218
<b>Capital Expenditure</b>				
Unallocated capital expenditure	-	-	-	<b>36,404,805</b> 123,601,533
<b>Total Capital expenditure</b>	-	-	-	<b>36,404,805</b> 123,601,533
<b>Depreciation</b>				
Unallocated depreciation	-	-	-	<b>38,163,033</b> 40,183,293
<b>Total depreciation</b>	-	-	-	<b>38,163,033</b> 40,183,293

Notes :

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

#### 24. Basic and Diluted Earnings Per Share

		<b>31.12.2005</b> <b>(Rupees)</b>	31.12.2004 (Rupees)
Profit after Taxation, Exceptional and Prior Period Items	(A)	<u>33,679,823</u>	<u>51,862,035</u>
Number of Equity Shares	(B)	223,615,260	223,615,260
Basic and Diluted Earnings Per Share	(A)/(B)	0.15	0.23

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

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

On behalf of the Board  
A. K. Jajodia – Managing Director & CEO  
Amir Ahsan – Wholetime Director  
Santosh Bhagat  
Director

Place: Kolkata  
Date : 2<sup>nd</sup> September, 2006

Arup Kumar Roy  
Company Secretary





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

Name of the Subsidiary	Namburnadi Tea Co. Ltd.	North-East Hydrocarbon Ltd.	Camellia Cha Bar Ltd.	Assam Oil and Gas Ltd. (Formerly Assam Oil & Natural Gas Ltd.)
a) Financial Year of the Subsidiary	31.12.2005	31.12.2005	31.12.2005	31.12.2005
b) Holding Company's Interest :				
i) No. of shares	123076 Equity Shares of Rs. 10/- each	50,010 Equity Shares of Rs. 10/- each	50,010 Equity Shares of Rs. 10/- each	70 Equity Shares of Rs. 10/- each and 999930 Equity Shares of Rs 10/- each
ii) Extent of Holding	92.98%	99.88%	99.88%	Rs. 3 paid up 100 %
c) Date on which it became subsidiary	20.07.2001	26.11.2002	26.11.2002	01.04.2002
d) Net aggregate amount of Subsidiary's Profit/Loss not dealt with in the Holding Company's Accounts :				
i) for the Subsidiary's financial year	Rs. 23,35,221.00	Rs. (-) 41,895.00	Rs. (-) 19,857.00	Rs. 2,92,417.00
ii) for its previous financial year	Rs. 22,94,456.00	Rs. (-) 23,887.00	Rs. (-) 54,150.00	Rs. 1,41,911.00
e) Net aggregate amount of Subsidiary's Profit/Loss dealt with in the Holding Company's Accounts :				
i) for the Subsidiary's financial year	N.A.	N.A.	N.A.	N.A.
ii) for its previous financial year	N.A.	N.A.	N.A.	N.A.
Place : Kolkata				
Dated : 2 <sup>nd</sup> September, 2006				
	Arup Kumar Roy Company Secretary			On behalf of the Board of Directors A.K. Jajodia - Managing Director & CEO Amir Ansan - Wholetime Director Santosh Bhagat Director