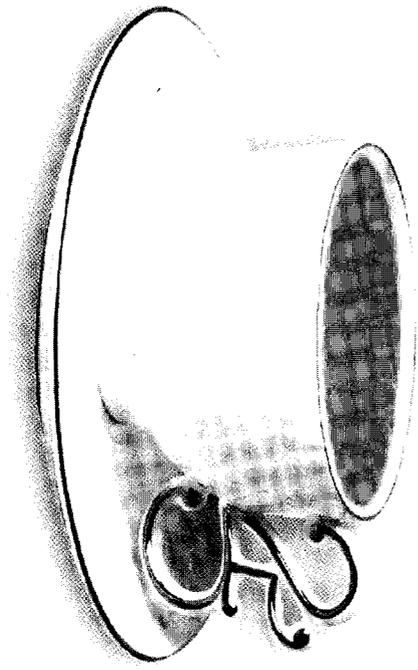


Dhunseri Tea & Industries Limited

ANNUAL REPORT 2004 - 2005



DHUNSERI TEA & INDUSTRIES LIMITED

BOARD OF DIRECTORS

C. K. Dhanuka *Chairman of the Board
Managing Director & CEO*

P. L. Agarwal
S. R. Daga
B. D. Beriwalla
R. N. Deogun
H. Khaitan
M. Dhanuka
S. Bagaria *(From 31st May, 2005)*

VICE PRESIDENT (F & C) & CFO

K. K. Tibrewalla

VICE PRESIDENT (P & S)

I. B. Saraf

COMPANY SECRETARY

R. Mahadevan

AUDITORS

Lovelock & Lewes
Chartered Accountants

BANKERS

State Bank of India
Punjab National Bank
United Bank of India
Bank of Baroda

REGISTERED OFFICE

'Dhunseri House'
4A, Woodburn Park
Kolkata-700 020
Phone : 2280-1950 (6 Lines)
Fax : 91-33-2240 8995
e-mail : dtil@vsnl.com

REGISTRARS & SHARE TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata-700 001
Phone : 2243-5029, 2243-5809
Fax : 91-33-2248-4787
e-mail : mdpl@cal.vsnl.net.in

TEA ESTATES

Dhunseri Tea Estate, P.O. Mazbat, Assam.
Dilli Tea Estate, P.O. Parbatpur, Assam.
Namsang Tea Estate, P.O. Jeypore, Assam.
Bahadur Tea Estate, P.O. Tinsukia, Assam.
Hatijan Tea Estate, P.O. Hoogrijan, Assam.
Khagorijan Tea Estate, P.O. Sapekhati, Assam.
Santi Tea Estate, P.O. Hoogrijan, Assam.
Khetojan Tea Estate, P.O. Tinsukia, Assam.

TEA PACKAGING DIVISIONS

SP-534-A, Sitapura Industrial Area,
Jaipur, Rajasthan.

Dhunseri Tea Estate
P.O. Mazbat, Assam.

BRANCH OFFICES

Lamb Road, Latasil, Ujjain Bazar,
Guwahati - 781 001, Assam.

110, Raheja Centre,
214, Nariman Point,
Mumbai - 400 021

STOCK EXCHANGES (Listing Fees paid)

The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata - 700 001

The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

The Guwahati Stock Exchange Ltd.
Saraf Building Annexe,
A. T. Road, Guwahati - 781 001

ANNUAL GENERAL MEETING

Friday, 29th July, 2005 at 3.00 p.m.
at 'Kalakunj', Sangit Kala Mandir,
48, Shakespeare Sarani, Kolkata - 700 017

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NOTICE

NOTICE is hereby given that the Eighty-ninth Annual General Meeting of the Members of DHUNSERI TEA & INDUSTRIES LIMITED will be held on Friday, the 29th day of July, 2005 at 'Kala Kunj', Sangit Kala Mandir Trust, 48, Shakespeare Sarani, Kolkata 700 017 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2005, the Balance Sheet as at that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend.
3. To elect a Director in place of Sri Haigreve Khaitan, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Sri Robindra Nath Deogun, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification the following resolutions :-

6. As an Ordinary Resolution :

"RESOLVED that subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other necessary approvals, consent of the Members of the Company be and is hereby accorded to the re-appointment of Sri C.K. Dhanuka as Managing Director of the Company with the concurrent designation of Chief Executive Officer (CEO) for a period of 5 (five) years with effect from 1st January, 2005 on the remuneration, terms & conditions as set out in the Draft Agreement placed before this meeting and initialled by the Chairman for the purpose of identification, with authority to the Board of Directors of the Company to alter, modify or vary the terms & conditions of the said re-appointment and/or agreement with the Managing Director & CEO within the maximum remuneration payable in accordance with Schedule XIII to the Companies Act, 1956 as amended/revised/altered/modified and any other statutory modifications or re-enactment thereto and/or any guidelines relating to managerial remuneration as may be notified by the Central Government from time to time and as may be agreed to by the Board of Directors and Sri C. K. Dhanuka, Managing Director & CEO."

7. As an Ordinary Resolution :

"RESOLVED that in terms of Article 87 of the Articles of Association of the company and as recommended by the Board of Directors at their meeting held on 24th May, 2004 and subject to such revision(s) thereof from time to time, as may be recommended by the Board of Directors; every Director other than the Managing Director of the company, shall be paid a fee of such amount as may be permissible under the Companies Act, 1956 or the Rules made thereunder or such lesser fee as may be determined by the Board of Directors for each meeting of the Board or its committee attended by him and shall also be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending to such Board and Committee meetings and/or otherwise incurred in the execution of their duties as Directors."

8. As an Ordinary Resolution :

"RESOLVED that Sri Subhash Bagaria be and is hereby appointed a Director of the Company."

Registered Office:
'DHUNSERI HOUSE',
4A, Woodburn Park,
Kolkata - 700 020
31st May, 2005

By Order of the Board

R. MAHADEVAN
Secretary

NOTICE (Contd.)

NOTES:

- i) *The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.*
- ii) *A MEMBER ENTITLED TO ATTEND AND VOTE MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A proxy may be sent in the form enclosed and in order to be effective must reach the registered office of the company atleast 48 hours before the meeting.*
- iii) *The Register of Members and the Share Transfer Books of the company will remain closed from Thursday, 14th July, 2005 to Friday, 29th July, 2005, both days inclusive.*
- iv) *The dividend as recommended by the Board, if approved by the shareholders will be payable to those shareholders whose names appear on the Register of Members of the Company as on 29th July, 2005.*
- v) *The dividend in respect of shares held in the electronic form will be payable to the beneficial owners of shares as on the closing hours of business on 13th July, 2005 as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.*

The said beneficial owners are requested to intimate to their Depository Participant (DP) all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc. These changes will be automatically reflected in company's records, which will help the company to provide efficient and better service to the members.

- vi) *The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities the company will print the bank account details, if available, on the payment instrument for distribution of dividend.*
- vii) *Shareholders seeking any information with regard to accounts are requested to write to the company atleast 10 days prior to the meeting so as to enable the management to keep the information ready.*
- viii) *Members are requested to bring their copies of Annual Report to the meeting.*
- ix) *Under Section 205A(5) of the Companies Act, 1956 the amount of dividend remaining unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund (IEPF). Accordingly, the unclaimed dividend for the year ended 31st December, 1997 on becoming due for transfer to IEPF will be duly transferred to the said fund.*

No claim shall lie against the company or the said Fund in respect of individual amounts which remain unclaimed and unpaid for a period of seven years from the date of payment and no payment shall be made in respect of any such claims.

Members are requested to send unclaimed/unpaid dividend warrants, if any, for the years 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003 and 2003-2004 to the Registered Office of the Company at their earliest, for payment in lieu thereof.

I) EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.6

Based on the recommendation of the Remuneration Committee, the Board of Directors of the company at their meeting held on October 29, 2004 have approved the terms and conditions of the re-appointment of Sri C.K. Dhanuka as Managing Director with the concurrent designation of Chief Executive Officer (CEO) of the company for a period of five years w.e.f. January 1, 2005 subject to the approval of the Shareholders, at the forthcoming Annual General Meeting and the applicable provisions of the Companies Act, 1956.

Sri C. K. Dhanuka (51) is a Commerce Graduate having over 30 years of experience in production of tea as well as its tasting, grading and blending.

He is the Chairman of The Indian Tea Association. He is also Chairman of FICCI, Eastern Regional Council and a Committee Member of FICCI, New Delhi.

He is also the Vice-Chairman of the Tea Board.

He is also on the Board of several companies as detailed below :-

- | | |
|--|------------------------------------|
| a) West Bengal Industrial Development Corporation Ltd. | g) Naga Dhunseri Group Ltd. |
| b) South Asian Petrochem Ltd. | h) Mint Securities Ltd. |
| c) Tezapore Tea Co. Ltd. | i) Triplex Investments (Pvt.) Ltd. |
| d) Plenty Valley Intra Ltd. | j) Madhuting Tea (Pvt.) Ltd. |
| e) Mint Investments Ltd. | k) Lehman Finance (Pvt.) Ltd. |
| f) Mayfair India Ltd. | l) Landmark Finance (Pvt.) Ltd. |

He is also member of various committees as given below :

- | | |
|----------------------------|------------------------------------|
| South Asian Petrochem Ltd. | - Audit Committee |
| | - Remuneration Committee |
| | - Shareholders Grievance Committee |
| Tezapore Tea Co. Ltd. | - Audit Committee |
| | - Shareholders Grievance Committee |
| | - Remuneration Committee. |

The material terms of the Draft Agreement to be entered into between the company and Sri C.K. Dhanuka, Managing Director & CEO are as follows :

1. Term :

The term of Managing Director & CEO is for a period of 5 (five) years with effect from 1st January, 2005.

2. Salary :

Rs. 50,000 (Rupees Fifty thousand only) per month in the grade of Rs. 50,000 - 2,500 - 60,000.

3. Perquisites :

In addition to salary, the Managing Director & CEO shall be entitled to the following perquisites :

- House Rent Allowance - At the rate of 50% of the salary.
- Medical Reimbursement - The reimbursement of medical expenses incurred by self and family of the Managing Director, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- Leave Travel Concession - For self and family once in a year.
- Club Fees - Fees of clubs subject to a maximum of two clubs.
- Personal Accident Insurance - Premium not to exceed Rs. 4,000/- per annum.
- Car - Facility of Car with driver.
- Telephone - Provision of telephone at residence.

4. Commission :

Such amount of commission based on the net profits of the company in a particular year, as laid down in Sections 198 and 309 of the Companies Act, 1956, subject to a maximum of 2.5% of the net profits of the company.

5. Other Benefits :

In addition to the perquisites, the Managing Director & CEO shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above :

- (a) **Provident Fund** : Company's contribution towards Provident Fund at the rate of 12% or such rate as per Rules as may be applicable to the employees of the company.
- (b) **Superannuation Fund** : Company's contribution subject to a maximum of 15% of the salary for every completed year of service.
- (c) **Gratuity** : As per the Payment of Gratuity Act, 1972

6. Minimum Remuneration :

The Managing Director & CEO shall be entitled to a minimum remuneration by way of salary and perquisites as specified above in the event of loss or inadequacy of profits in any year.

MEMORANDUM OF INTEREST :

Except Sri C. K. Dhanuka and his relatives Sri Mrigank Dhanuka and Sri Haigreve Khaitan who may be deemed to be concerned or interested in the appointment, no other Director of the Company is, in anyway, concerned or interested in the same.

This may be treated as an abstract of the terms of re-appointment of Sri C. K. Dhanuka as Managing Director & CEO under section 302 of the Companies Act, 1956.

Item No. 7

In accordance with the provisions of Article 87 of the Articles of Association, the Board of Directors of the company had revised the sitting fee for non-executive directors including independent directors for attending Board/ Committee meetings of the company consequent to Ministry of Finance (Department of Company Affairs) Notification No. 2/12/2003-CL-V published in Gazette of India on 24.7.2003 amending Rule 10B of Companies (Central Government) General Rules & Forms, 1956 whereby companies with a paid-up share capital and free reserves of Rs. 10 crore and above or turnover of Rs. 50 crore and above is authorised to pay sitting fee not exceeding the sum of Rs. 20,000/-.

The following revised sitting fee, etc. were approved by the Board w.e.f. 24th May, 2004 :-

- i) Board Meeting : Rs. 5000
 - ii) Committee Meeting : Rs. 2000
 - iii) Reimbursement of out : Rs. 2500
- Pocket/conveyance expenses

As required under the Revised Clause 49 of the Listing Agreement relating to Corporate Governance, all fees/ compensations, if any, payable (w.e.f. 1st January, 2006) to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders.

Accordingly, shareholder's approval is being sought for payment of the above sitting fee etc., or such revision(s) thereof from time to time as may be recommended by the Board of Directors upto the extent permissible as above.

Except Sri C. K. Dhanuka, all the other directors of the company are to be considered as interested to the extent of the sitting fee etc. payable to them for attending meetings of the Board and/or Committees thereof.

Item No. 8

The Board of Directors at their meeting held on 31st May, 2005 appointed Sri Subhash Bagaria as an Additional Director of the company. Sri Subhash Bagaria holds such office till the ensuing Annual General Meeting when he will be eligible for re-election.

Details of Sri Subhash Bagaria as required under Corporate Governance :

Sri Subhash Bagaria (53) is a graduate and is involved with business for several years. He is also in the Board of the following companies :-

- a) Kemwell Pvt. Ltd.
- b) Biokem International Pvt. Ltd.
- c) Northeast Gases Pvt. Ltd.
- d) Chemsworth Pvt. Ltd.
- e) Millipore India Pvt. Ltd.
- f) Bioworth India Pvt. Ltd.
- g) Bioworth Pvt. Ltd.
- h) Classic Floorings & Interiors Pvt. Ltd.
- i) Instructional Technologies Pvt. Ltd.
- j) Rubtech Exports Pvt. Ltd.
- k) Kemwell International Pvt. Ltd.
- l) Agro Extracts Ltd.
- m) Hemogenomics Pvt. Ltd.
- n) Reamatrix India Pvt. Ltd.
- o) Biosift, Inc.
- p) T & I Ltd.

DHUNSERI TEA & INDUSTRIES LIMITED

The Company has received a notice in writing from a member alongwith the requisite deposit proposing the candidature of Sri Subhash Bagaria as a Director of the Company pursuant to the provisions of section 257 of the Companies Act, 1956.

The approval of the members is being sought to the appointment of Sri Subhash Bagaria as a Director of the company whose office will be liable to determination by retirement of directors by rotation.

None of the directors, except Sri Subhash Bagaria, is interested or concerned in the resolution at item no. 8.

ii) DETAILS OF SRI HAIGREVE KHAITAN AND SRI ROBINDRA NATH DEOGUN AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT :

- i) Sri Haigreave Khaitan (34) is a Bachelor of Law having qualified with LL.B and practising as an Advocate since 1995. His areas of expertise includes commercial & corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, licensing.

He is a partner of M/s. Khaitan & Co., Kolkata, Mumbai, New Delhi and Bangalore.

He holds directorship in the following companies :

- a) BTS Investment Advisors Pvt. Ltd.
- b) Cheviot Company Ltd.
- c) Ceat Ltd.
- d) Dormenil Birla VXL Ltd. - Alternate Director
- e) Gujarat Borosil Ltd.
- f) Harrisons Malayalam Ltd.
- g) Hindustan Composites Ltd.
- h) Khaitan Consultants Ltd. - Alternate Director
- i) Kothari Plantations & Industries Ltd.
- j) National Engineering Industries Ltd.
- k) Neoworth Private Ltd.
- l) Rama Newsprint & Papers Ltd.
- m) Ritspin Synthetics Ltd.
- n) Ritssfibra Pte. Ltd. Singapore
- o) Sterlite Optical Technologies Ltd.
- p) Vinar Systems Private Ltd.
- q) Xpro India Ltd.

He also holds membership of committees in the following companies :

- a) Cheviot Company Ltd. - Shareholders/Investors Grievance Committee
- b) Harrisons Malayalam Ltd. - Remuneration Committee, / Audit Committee / Investors Grievance Committee
- c) Hindustan Composites Ltd. - Audit Committee
- d) National Engineering Industries Ltd. - Audit Committee / Shareholders Grievance Committee
- e) Ritspin Synthetics Ltd.. - Finance Committee
- f) Sterlite Optical Technologies Ltd. - Audit Committee
- g) Xpro India Ltd. - Share Transfer Committee

- ii) Sri Robindra Nath Deogun (73) did his M.A. from St. Stephans' College, New Delhi in 1953. Since 1954, he held various managerial positions with Tata Tea Ltd., and its predecessor companies before becoming Managing Director of Tata Tea Ltd. from 1985 to 1991. He was Executive Vice-Chairman of Assam Frontier Group of Tea Companies from 1991 to 1993 and Managing Director of Rossell Tea Ltd. from 1994-2003.

He is a director of Rossell Tea Ltd. and also holds membership of committees in the following companies/ organisations :-

- a) Rossell Tea Ltd. - Audit Committee
- b) Tea Research Association - Member, Council of Management
- c) Indian Tea Association - Member, National Committee.

By Order of the Board

Kolkata,
31st May, 2005

R. MAHADEVAN
Secretary

DIRECTORS' REPORT

We have pleasure in presenting our Eighty-Ninth Annual Report together with the Audited Accounts for the year ended 31st March, 2005 :

FINANCIAL RESULTS :

	<u>For the year ended 31.03.2005</u>	<u>For the year ended 31.03.2004</u>
	(Rs. in lacs)	(Rs. in lacs)
Gross Profit	726.58	287.79
Less : Depreciation (Net)	175.83	163.41
Provision for Taxation (Net)	98.50	17.34
Net Profit for the year	452.25	107.04
Add : Balance Brought Forward	265.34	336.73
The Directors recommend this amount to be appropriated as under :		
	717.59	443.77
Transfer to General Reserve	300.00	100.00
Proposed Dividend	104.76	69.84
Tax on Dividend	14.69	8.59
Balance Carried Forward	298.14	265.34

DIVIDEND :

The Directors recommend the payment of dividend @ 15% i.e. Rs.1.50 per share for the year ended 31st March,2005.

OPERATIONS :

The total tea manufacturing & sales has been 7.6 & 7.5 million kg. as against 7.2 & 6.8 million kg. respectively in the previous year. The production and sales were higher compared to previous year. The realisation is also more in comparison to previous year.

The company has also started producing Orthodox Tea during the year under review. The production of orthodox tea is expected to be increased in a phased manner during the coming years.

The company continues to focus on higher productivity, cost control as well as quality improvement and value addition to sustain its growth and profitability in the coming years.

The new brand continued to receive favourable response from the market.

MADHUTING TEA PVT. LTD.

The annual production of tea from the two tea estates of Madhuting Tea Pvt. Ltd., in which company holds 50% of the paid-up share capital was about 8.00 lac kg. almost entirely comprising of orthodox tea in comparison to 6.63 lac kg. (including 5.70 lac kg. of orthodox tea) in the previous year. The company has embarked on a programme for extension of its plantation area in a phased manner. The realisation also improved during the year under review in comparison to the previous year.

PROJECT :

The 100% Export Oriented Project promoted by the company viz. South Asian Petrochem Ltd., which is engaged in manufacture of Bottle and Film Grade PET Resin, had its first full year of production during 2004-05. The company achieved a turnover of Rs. 842.20 Crore and more than 100% capacity utilisation. The product has received wide acceptance in the export market. It is expected that in the coming years the performance of the company would further improve.

AUDITORS' REPORT :

The notes to the accounts referred to in the Auditors' Report are self-explanatory.

PARTICULARS OF EMPLOYEES :

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not attracted and hence no statement is being enclosed.

DIRECTORS' REPORT (Contd.)

PARTICULARS REGARDING ENERGY ETC. :

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are attached and form part of this report.

DIRECTORS :

Sri Haigreve Khaitan and Sri Robindra Nath Deogun retire by rotation and being eligible offer themselves for re-appointment.

Sri Subhash Bagaria was appointed as an Additional Director of the Company w.e.f. 31st May, 2005 and shall hold office till the ensuing Annual General Meeting and is eligible for re-election.

The information on the particulars of directors seeking re-appointment/ re-election are included in the explanatory statement.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm :

- (i) that in the preparation of the annual accounts the applicable accounting standards have been followed and no material departures have been made from the same ;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 profits for that period ;
- (iii) that they have 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 they have prepared the annual accounts on a 'going concern' basis.

REPORT ON CORPORATE GOVERNANCE :

A separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from a practising Company Secretary confirming compliance is set out in the Annexure forming part of this report.

AUDITORS :

M/s. Lovelock & Lewes, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and cooperation received from the consortium of commercial banks and other authorities. Your Directors also thank the employees of the company for their valuable service and support during the year.

C. K. DHANUKA *Chairman of the Board
& Managing Director*

S. R. DAGA
B. D. BERIWALA
R. N. DEOGUN
M. DHANUKA
S. BAGARIA

Directors

Kolkata,
31st May, 2005

(Note : Sri P. L. Agarwal and Sri H. Khaitan being away could not attend the meeting and hence have not signed the report and accompanying accounts).

Annexure to the Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO.

Pursuant to 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.

FORM A

CONSERVATION OF ENERGY

	Current year ended 31.03.2005	Previous year ended 31.03.2004
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units (lakhs KWH)	30.20	33.00
Total Amount (Rs. lakhs)	177.37	178.09
Rate / Unit (Rs. / KWH)	5.87	5.40
b) Own Generation		
i) Through Diesel Generator Units (lakhs KWH)	12.92	12.18
Units per Ltr. of Diesel Oil	2.38	2.70
Cost / Unit (Rs. / KWH)	10.58	7.61
ii) Through Gas Generator Units (lakhs KWH)	18.86	22.99
Units per cu.m of Gas	5.54	6.14
Cost / Unit (Rs. / KWH)	0.54	0.42
2. Coal		
Quantity (Tonne)	2,724.59	2,554.72
Total Cost (Rs. lakhs)	57.93	43.34
Average Rate (Rs. / Tonne)	2,126.13	1,696.28
3. Furnace Oil		
Quantity (lakhs Ltrs.)	1.06	0.47
Total Cost (Rs. lakhs)	17.15	7.39
Average Rate (Rs. / Ltr.)	16.25	15.63
4. Gas		
Quantity (lakhs Cu.m)	31.96	31.75
Total Cost (Rs. lakhs)	85.28	77.33
Average Rate (Rs. / Cu.m)	2.67	2.44
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product - Tea		
Tea Produced (lakh kgs.)	74.61	72.44
Electricity (KWH)	0.83	0.94
Furnace Oil (Ltr.)	0.01	0.01
Coal (Kg.)	0.37	0.35
Gas (Cu.m)	0.43	0.44

RESEARCH AND DEVELOPMENT (R & D)

The Company has no R & D unit. It subscribes regularly to Tea Research Association which does R & D work for Tea Industry.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation : Indigenously developed technologies for the improvement of production both in field and factory were adopted, required modifications and innovations were done.
2. Benefits derived as a result of the above efforts, e.g. product improvement, import substitution, etc. : Higher yield, reduction of cost of production and improvement in quality of product.
3. Imported Technology : Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings & Outgo of Foreign Exchange as detailed in Notes and in Schedule 17 to the Accounts were as under :

Foreign Exchange Earnings	: Rs. Nil (Previous year Rs. Nil)
Foreign Exchange Outgo	: Rs. 160.06 lacs (Previous year Rs. 93.79 lacs)

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY

The company believes in good corporate governance and will lay emphasis on transparency, accountability and integrity.

The company will endeavour to improve on these aspects on ongoing basis.

2. BOARD OF DIRECTORS (Board)

a) Composition of Board

The Board now comprises of four non-executive independent directors, two directors who are non-executive/promoter's relative and an executive/promoter director who is the Managing Director of the company and Chairman of the Board. The number of non-executive independent directors are more than one half the total strength of the Board.

During the year under review there has been no change in the Board of Directors of the company. Sri C. K. Dhanuka, Managing Director of the company has been concurrently designated as the Chief Executive Officer (CEO) and Sri K. K. Tibrewalla, Vice President (F&C) who is heading the finance function, has been concurrently designated as Chief Financial Officer (CFO) of the company.

b) Attendance of each Director at the Board Meetings and at the last AGM and other Directorships/Committee Memberships held

During the year the Board met five times on the following dates :-
24th May, 2004 ; 28th June, 2004 ; 29th July, 2004 ; 29th October, 2004 and 27th January, 2005.

The attendance and number of other directorship/committee membership of each director is given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Whether attended last AGM on 13.09.2004	* No. of Directorships in other Public Companies.	@ Other Committee Memberships	
					Member	Chairman
Sri P. L. Agarwal	Non-Executive Independent	5	No	6	5	—
Sri S. R. Daga	Non-Executive Independent	5	Yes	3	—	1
Sri B. D. Beriwal	Non-Executive Independent	3	Yes	2	—	—
Sri C. K. Dhanuka	Executive Director / Promoter	5	Yes	8	5	1
Sri R. N. Deogun	Non-Executive Independent	4	Yes	1	1	—
Sri Haigreva Khaitan	Non-Executive / Promoter Relative	3	Yes	12	9	—
Sri Mrigank Dhanuka	Non-Executive / Promoter Relative	4	Yes	5	—	—

* Excluding directorship in Indian Private Limited Companies, Foreign Companies and Alternate Directorships.

@ Only the Membership/Chairmanship of Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee have been considered.

c) Remuneration of Directors, sitting fees, salary, perquisites and commissions

Details of remuneration paid/payable to Directors :

(in Rupees)

Name of Director	Sitting fees paid		Salaries & Perquisites	Commission	Total
	Board Meetings	Committee Meetings			
Sri P. L. Agarwal #	25000	6000	Nil	Nil	31000
Sri B. D. Beriwal	15000	8000	Nil	Nil	23000
Sri S. R. Daga	25000	12000	Nil	Nil	37000
Sri R. N. Deogun	20000	6000	Nil	Nil	26000
Sri C. K. Dhanuka	Nil	Nil	730671	931453	1662124
Sri M. Dhanuka	20000	Nil	Nil	Nil	20000
Sri H. Khaitan #	15000	Nil	Nil	Nil	15000

Sri M. Dhanuka & Sri H. Khaitan are related to Sri C. K. Dhanuka.

Paid to M/s. Khaitan & Co. of which Sri P. L. Agarwal and Sri H. Khaitan are Partners.

Sri C. K. Dhanuka has been reappointed as Managing Director with the concurrent designation of Chief Executive Officer of the company for a period of five years with effect from 1st January, 2005 on revised terms subject to the approval of the members at the ensuing Annual General Meeting.

3. Audit Committee

The Audit Committee comprises of the following non-executive independent directors :

- Sri S. R. Daga : Chairman
- Sri B. D. Beriwal : Member
- Sri R. N. Deogun : Member

During the year under review there has been no change in the composition of the Audit Committee.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement.

The Audit Committee met thrice during the year on 28th June, 2004; 29th October, 2004 and 27th January, 2005. The attendance of the members at the Audit Committee meetings are summarised below :

Name	No. of Meetings held	No. of Meetings Attended
Sri S. R. Daga	3	3
Sri B. D. Beriwal	3	2
Sri R. N. Deogun	3	3

4. Remuneration Committee

The Remuneration Committee comprises of the following non-executive independent directors :-

- Sri P. L. Agarwal : Chairman
- Sri S. R. Daga : Member
- Sri B. D. Beriwal : Member

During the year the committee met once on 29th October, 2004. Except for Sri B. D. Beriwal, the other members were present at the said meeting.

The Remuneration Committee would determine the remuneration packages of the executive director(s).

The details of remuneration paid/payable to directors are detailed under para 2(c) above.

5. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee comprises of 4 (four) member directors, of which three are non-executive independent directors namely, Sri P. L. Agarwal, Sri S. R. Daga and Sri B. D. Beriwal and One Executive Director Sri C. K. Dhanuka.

Sri P. L. Agarwal is the Chairman of the Committee and Sri R. Mahadevan, Company Secretary acts as the Compliance Officer to the Committee.

The Committee deals with all matters relating to shareholders/ investors grievances viz., transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

The Committee met twice during the year on 28th June, 2004 and 27th January, 2005. All the members of the committee attended both these meetings.

During the year 232 complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants. All valid requests for share transfer received during the year have been acted upon by the company and no such transfer is pending.

6.1. General Body Meetings

a) The last three annual general meetings of the company were held as under :-

Year	Location	Date	Time
2003-2004	Kala Kunj Sangit Kalamandir Trust 48, Shakespeare Sarani, Kolkata-700 017	13.09.2004	11.00 a.m
2002-2003	same as above	23.09.2003	11.00 a.m.
2001-2002	same as above	20.09.2002	11.00 a.m.

There was no other General Body Meeting in the last three years. No resolution was put through postal ballot last year. No special resolutions were passed in the above Annual General Meetings.

6.2 Information about Directors seeking re-appointment, etc.

These have been included in the Explanatory Statement annexed to the Notice of the Annual General Meeting.

7. Disclosures

There are no materially significant related party transactions made by the company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

Transaction with related parties are disclosed in Note No.11 of Schedule 17 to the Accounts in the Annual Report.

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

8. Means of Communication

The unaudited financial results of the company for each quarter is placed before the Board of Directors in the last week of the succeeding month and is usually published in Business Standard (Kolkata & Mumbai) as well as in Sangbad Pratidin. These results are also posted in the company's website www.dhunseritea.com, as well as on EDIFAR website www.sebiedifar.nic.in.

9. Management Discussions and Analysis Report

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is given below :

(a) Industry Structure and Developments

Although the tea industry is still to overcome the difficult phase the trend now seems to be getting positive. In spite of the adverse weather conditions in the beginning of the season and consequently all India crop being substantially lower in 2004; the production at the company's estates were however more compared to previous season by about 6%. The company has also started manufacture of Orthodox tea and its production will be increased in a phased manner. There are also plans to enter the export market. The relief given to the Industry in the 2005-06 finance budget on withdrawal of the Additional Excise Duty will to some extent cushion the difficult phase. The impact of VAT introduced w.e.f. 1.4.05 will be known in course of time.

The packet tea market is subject to stiff competition. The company's brand could sustain the competition and achieved about 90% of its packet tea sales in Rajasthan. The company is constantly striving to further improve its market share in that State.

The company is also exploring marketing of its brands in other States.

(b) Opportunities and Threats

There is demand for Orthodox tea in the export market. The company has started manufacturing of Orthodox tea and is planning to enter the export market at the opportune time.

(c) Outlook

The outlook for the industry is expected to improve with demand for exports picking up in the coming years.

(d) Risks and concerns

The availability of newer land for cultivation continues to be a constraint. The steps taken for increasing the yield as well as replantation programme being pursued will enable the company to sustain its manufacturing capacities.

(e) Internal control systems and their adequacy

The system of internal control is commensurate with the size and nature of the business of the company. The systems are regularly reviewed to ensure effectiveness.

(f) Discussion on financial performance with respect to operational performance

These have been covered in the Directors' Report specifically under the section on Financial Results and Operations.

(g) Material developments in Human Resources / Industrial Relations front, including number of people employed

The company continues to lay emphasis on training and development of its human resources. The requirement of professionally qualified and trained personnel is regularly reviewed to obtain optimum results in all spheres of its activity.

The company continued to maintain a healthy industrial relations at all its production facilities. It also strived to maintain the best of relations with its employees and ensure providing all mandatory facilities to them.

The actual number of persons employed by the company as on 31st March,2005 was 3384.

10. Shareholders' Information

a) Annual General Meeting :

Friday, 29th July, 2005 at 3.00 p.m. at Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017.

b) Book Closure :

The Register of Members and Share Transfer Register will remain closed from Thursday, 14th July, 2005 to Friday, 29th July, 2005 (both days inclusive) on account of annual general meeting and dividend payment.

c) Dividend Payment :

On or after 29th July, 2005.

d) Registered Office : 'Dhunseri House', 4A, Woodburn Park,

Kolkata- 700 020

Ph.No. : 2280-1950 (six lines)

Fax No. : 91 33 2240-8995

e.mail : dtil@vsnl.com

e) Listing on Stock Exchanges : Kolkata, Mumbai and Guwahati Exchanges.

The Company has paid the listing fees for the year 2005-2006.

- f) i) Exchange Scrip Code :**
- : Kolkata - 14014
 - : Mumbai - 523736

ii) Demat ISIN Number for NSDL & CDSL : INE 477B01010

g) Stock Market price data for the year 2004-2005 :

Period 2004-2005	Stock Exchange				BSE Sensex	
	Kolkata		Mumbai		High Rs.	Low Rs.
	High Rs.	Low Rs.	High Rs.	Low Rs.		
April	—	—	34.20	21.05	5979.25	5599.12
May	—	—	41.05	23.55	5772.64	4227.50
June	29.00	28.95	31.30	25.80	5012.52	4613.94
July	—	—	31.80	24.60	5200.05	4723.04
August	47.00	43.95	49.70	28.20	5269.22	5022.29
September	54.00	48.00	61.40	44.20	5638.79	5178.57
October	—	—	56.00	49.50	5803.82	5558.14
November	—	—	75.00	55.00	6248.43	5649.03
December	—	—	78.50	62.10	6617.15	6176.09
January	—	—	87.00	64.15	6696.31	6069.33
February	—	—	73.80	60.10	6721.08	6508.33
March	—	—	67.00	50.45	6954.86	6321.31

- h) **Registrars and Share Transfer Agent :** Maheshwari Datamatics (P) Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata-700 001
Phone : 2243-5029, 2243-5809
Fax : 91 33 2248-4787

i) **Share Transfer System :**

The Company's Registrars and Share Transfer Agents M/s. Maheshwari Datamatics Pvt. Ltd. process the share transfers and after completion of registration, return the shares in the normal course within an average period of 15 to 20 days from the date of receipt, if the documents are valid and complete in all respects.

Further, M/s. Maheshwari Datamatics Pvt. Ltd., also being the Company's Demat Registrars, the requests for dematerialisation of shares are processed and confirmation given by them to the respective depositories i.e. National Securities Depository Limited(NSDL) and Central Depository Services India Limited(CDSL) within 15 days.

j) **Shareholding Pattern and Distribution of Shares as on 31.03.2005 :**

Shareholding Pattern			Distribution of shareholding				
Category	No. of shares held	Percentage (%)	Range	Shareholders		Shares	
				No.	%	No.	%
Promoters	5016137	71.83	1 - 500	8880	95.36	1061920	15.20
Financial Institutions, Mutual Fund & Banks	89390	1.28	501 - 1000	223	2.39	177548	2.54
			1001 - 2000	103	1.11	154921	2.22
			2001 - 3000	34	0.37	83757	1.20
			3001 - 4000	17	0.18	60349	0.86
Private Corporate Bodies	189898	2.72	4001 - 5000	16	0.17	71178	1.02
Indian Public	1674963	23.98	5001- 10000	16	0.17	119809	1.72
NRI/Foreign Nationals	13412	0.19	10001 and above	23	0.25	5254318	75.24
Total	6983800	100%		9312	100%	6983800	100%

k) **Dematerialisation of shares and Liquidity :**

As on 31st March,2005, 20.44 percent of the company's shares were held in dematerialised form and the rest in physical form. It needs to be said that the promoters own 71.83 percent of the company's share of which 1.09% shares are dematerialised and the remaining are held in physical form. If these physical shares were to be excluded from the total number of shares, then dematerialised shares account for about 69.87 percent of the remainder.

l) **Insider Trading Regulation :**

The Company has adopted a code of internal procedures for prevention of any unauthorised trading in the shares of the Company by insiders as required under SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company Secretary, is the Compliance Officer for this purpose.

- m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : NIL

n) **Plant Location :**

The company's plants are located at its various tea estates in Assam viz Dhunseri, Dilli, Namsang, Bahadur, Santi and Khagorijan and Tea Packaging Units are located in Assam and Jaipur.

o) Address for Investor correspondence :

Shareholders can correspond at the Registered Office of the Company and/or at the Company's Registrar and Share Transfer Agents.

Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

p) Financial Calendar 2005-06 (Tentative) :

Board Meetings

Un-audited results for quarter ending June 30, 2005	- Last week of July, 2005
Un-audited results for quarter ending September 30, 2005	- Last week of October, 2005
Un-audited results for quarter ending December 31, 2005	- Last week of January, 2006
Audited results for year ending March 31, 2006	- Last week of June, 2006
Annual General Meeting for the year ending 31st March, 2006	- September, 2006.

q) Auditors' Certificate on Corporate Governance :

As required by Clause 49 of the Listing Agreement, a certificate from a practising Company Secretary is given as an annexure to the Directors' Report.

For & on behalf of the Board of Directors

Kolkata
31st May, 2005

C. K. DHANUKA
Chairman & Managing Director

COMPANY SECRETARIES CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Dhunseri Tea & Industries Limited

We have reviewed the compliance of conditions of Corporate Governance by Dhunseri Tea & Industries Ltd. for the year ended 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

On the basis of the certificate issued by the Registrar's of the Company as well as the records maintained by the Company, we state that no investor grievance is pending for a period exceeding one month.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

K. C. DHANUKA & CO.
Company Secretaries

21, Hemanta Basu Sarani
Kolkata - 700 001
Dated : 31st May, 2005

K. C. DHANUKA
Proprietor
FCS 2204, C. P. No. 1247

**AUDITORS' REPORT
TO THE MEMBERS**

1. We have audited the attached Balance Sheet of Dhuneseri Tea & Industries Limited, as at 31st March, 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 have conducted our audit in accordance with 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 (Auditors' Report Amendment) Order, 2004 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 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. *Attention is invited to Note 4 of Schedule 17 regarding an unquoted investment in respect of which the eventual shortfall in the values thereof and the provision there against, if any, cannot be ascertained.*
5. Further to our comments in the Annexure referred to in paragraph 3 above and our remarks in paragraph 4 above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) *Subject to our remarks in paragraph 4 above*, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from the Directors, as on 31st March, 2005, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 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, *subject to paragraph 4 above the impact of which could not be ascertained on the reserves and surplus at the year end and the profit for the year*, give in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 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 No. : 52340
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place : Kolkata
Dated : 31st May, 2005

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Dhunseri Tea & Industries Limited on the financial statements for the year ended 31st March, 2005]

- i. (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 are physically verified according to a phased programme and the management is in the process of reconciling assets physically verified with book records in respect of locations covered under physical verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- ii. (a) Physical verification of inventories has been conducted by the management at reasonable intervals, except in respect of stocks lying with third parties for which certificates have been obtained.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The company has granted an unsecured loan to a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year aggregates to Rs. 100,00,000/- which has been fully repaid during the year.
- (b) In our opinion, the rate of interest and other terms and conditions of the above mentioned loan is prima facie not prejudicial to the interest of the company.
- (c) In respect of the aforesaid loan, principal amount is repaid as stipulated and is also regular in payment of interest.
- (d) There are no amounts overdue as at the financial year end.
- (e) The company has not taken any loans, secured or unsecured, from companies, firms, or other parties covered in the Register maintained under section 301 of the Act.
- (f) The provisions of this paragraph is not applicable due to the reasons referred to in paragraph (iii) (e) above.
- (g) The provisions of this paragraph is not applicable due to the reasons referred to in paragraph (iii) (e) above.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of 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.
- v. (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, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of each party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The company has accepted deposits from the public, and it has complied with directives issued by the Reserve Bank of India and provisions of sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the company in respect of the products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) sub-section (1) of section 209 of the 'Act' and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ANNEXURE TO AUDITOR'S REPORT (Contd.)

- ix. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, undisputed statutory dues including provident fund, investors' education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited with the appropriate authorities excepting delays in depositing provident fund dues of certain locations of the company's unit. There are no outstanding dues in respect of the above items which are more than six months old as at the Balance Sheet date.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2005 which have not been deposited on account of a dispute.
- x. The Company has no accumulated losses as at 31st March 2005 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, bank or debenture holders as at the Balance Sheet date.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- xiv. According to the records of the company examined by us and the information and explanations given to us, proper records of the transactions and contracts are maintained in respect of the company's dealing in shares, securities, debentures and other investments and are timely recorded therein. Also, the shares, securities, debentures and other investments are recorded in the name of the company to the extent of the exemption, if any, granted under section 49 of the 'Act'.
- xv. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. 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.
- xvii. 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-terms basis which have been used for long-term investment.
- xviii. 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.
- xix. In our opinion, the company has not issued any debentures during the year and hence no securities have been created.
- xx. The company has not raised any money by public issues during the year.
- xxi. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

(Prabal Kr. Sarkar)
Partner
Membership No. : 52340
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place : Kolkata
Dated : 31st May, 2005

DHUNSERI TEA & INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT

for the year ended 31st March, 2005

(Rs. in '000)

	Schedule		Year ended 31.03.2005	Year ended 31.03.2004
INCOME				
Sales		603,398.53	512,286.62	
Less : Excise Duty		9,231.96	8,998.59	503,288.03
(Decrease)/Increase in Stock	13		5,453.50	21,018.04
Other Income	14		30,611.94	6,314.68
			<u>630,232.01</u>	<u>530,620.75</u>
EXPENDITURE				
Expenses	15		535,574.32	480,159.88
Interest	16		21,999.48	21,682.00
Depreciation			17,583.72	16,341.08
			<u>575,157.52</u>	<u>518,182.96</u>
Profit before Tax			55,074.49	12,437.79
Provisions for Taxation				
For Current Year				
Current Tax		17,000.00		2,600.00
Deferred Tax (Refer Note 8 on Schedule 17)		(7,215.43)	9,784.57	3,073.14
For Earlier Years			65.41	(1339.58)
Profit after Tax			45,224.51	10,704.23
Balance brought forward from previous year			26,534.93	33,673.50
Amount available for appropriation			<u>71,759.44</u>	<u>44,377.73</u>
APPROPRIATIONS :				
Transfer to General Reserve			30,000.00	10,000.00
Proposed Dividend			10,475.70	6,983.80
Corporate Dividend Tax			1,469.22	859.00
Balance carried to Balance Sheet			29,814.52	26,534.93
			<u>71,759.44</u>	<u>44,377.73</u>
Basic and Diluted Earnings per share (Face Value Rs 10/- each)				
Basic & Diluted (Refer Note 12 on Schedule 17)			6.48	1.53

Notes on Accounts

17

The Schedules referred to above form an integral part of the Profit & Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

C. K. DHANUKA
Chairman & Mg. Director

Prabal Kr. Sarkar
Partner
Membership No : 52340
For and on behalf of
Lovelock & Lewes
Chartered Accountants

S. R. DAGA
R. N. DEOGUN
B. D. BERIWALA
S. BAGARIA
M. DHANUKA
Secretary

Directors

Place : Kolkata
Date : 31st May, 2005

DHUNSERI TEA & INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 1

		(Rs. in '000)	
		As at 31.03.2005	As at 31.03.2004
SHARE CAPITAL			
Authorised			
1,00,00,000	Equity Shares of Rs. 10/- each	<u>100,000.00</u>	<u>100,000.00</u>
Issued, Subscribed and Paid up			
69,83,800	Equity Shares of Rs. 10/- each	69,838.00	69,838.00
	Add : Shares Forfeited	81.00	81.00
		<u>69,919.00</u>	<u>69,919.00</u>

Notes : Of the above Shares

1. 18,28,000 Equity Shares of Rs. 10/- each allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.
2. 2,23,800 Equity Shares of Rs. 10/- each allotted as fully paid up for consideration other than cash.

SCHEDULE 2

RESERVES & SURPLUS

	<i>Balance as on 01.04.2004</i>	Addition	Deduction	Balance as on 31.03.2005
Capital Reserve	1,803.51	—	—	1,803.51
Share Premium	105,633.00	—	—	105,633.00
General Reserve	390,000.00	30,000.00	—	420,000.00
Balance in Profit and Loss Account	<u>26,534.93</u>	<u>45,224.51</u>	<u>41,944.92</u>	<u>29,814.52</u>
	<u>523,971.44</u>	<u>75,224.51</u>	<u>41,944.92</u>	<u>557,251.03</u>

SCHEDULE 3

SECURED LOANS

TERM LOANS FROM BANK

	As at 31.03.2005		As at 31.03.2004
In Indian Rupees (Refer Note 1 below)	6,498.74		126,498.74
In Foreign Currency (Refer Note 1 below)	90,604.68		—
Tea Board (Refer Note 2 below)	4,391.65		5,350.57
Auto Finance Loans From :			
Banks (Refer Note 3 below)	<u>541.33</u>	102,036.40	<u>1,793.95</u>
WORKING CAPITAL FACILITY FROM BANKS			
In Indian Rupees (Refer Note 1 below)	45,258.69		29,229.91
In Foreign Currency	—	45,258.69	<u>99,944.38</u>
		<u>147,295.09</u>	<u>129,174.29</u>
			<u>262,817.55</u>

Notes

1. Secured by a first charge on the current assets of the company namely stocks of raw materials, stock-in-process, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other moveables, both present and future wherever situated and equitable mortgage by deposit of title deeds of tea estates and personal guarantee of two of its directors.
2. Secured/to be secured by hypothecation of respective machines and motor vehicles purchased there against.
3. Secured by hypothecation of respective vehicles financed.

SCHEDULE 4

	(Rs. in '000)	
	As at 31.03.2005	As at 31.03.2004
UNSECURED LOANS		
Fixed Deposits	1,217.00	1,727.50
Short Term Loan from Bank	100,000.00	70,000.00
	101,217.00	71,727.50

SCHEDULE 5

FIXED ASSETS

(Rs. in '000)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 1.4.2004	Additions	Sale or Adjust- ments	Total Cost as at 31.3.2005	Upto 1.4.2004	For the year ended 31.3.2005	Sale or Adjust- ments	Total upto 31.3.2005	As at 31.3.2005	As at 31.3.2004
Freehold Land	39,873.65	—	—	39,873.65	—	—	—	—	39,873.65	39,873.65
Leasehold Land	2,567.68	—	—	2,567.68	108.40	109.89	—	218.29	2,349.39	2,459.28
Leasehold Land and Estate Development	83,272.74	—	—	83,272.74	119.81	—	—	119.81	83,152.93	83,152.93
Buildings	88,706.60	18,898.20	—	107,604.80	21,133.00	2,076.80	—	23,209.80	84,395.00	67,573.60
Plant & Machinery	203,222.51	5,644.59	—	208,867.10	111,225.14	13,201.85	—	124,426.99	84,440.11	91,997.37
Furniture and Fixtures	8,947.65	299.27	47.74	9,199.18	5,834.22	464.63	24.68	6,274.17	2,925.01	3,113.43
Vehicles	22,200.68	3,803.16	974.51	25,029.33	12,833.41	1,730.55	624.62	13,939.34	11,089.99	9,367.27
Total	448,791.51	28,645.22	1,022.25	476,414.48	151,253.98	17,583.72	649.30	168,188.40	308,226.08	297,537.53
Previous Year	436,747.93	13,137.13	1,093.57	448,791.51	135,593.82	16,341.08	680.92	151,253.97	297,537.53	—

NOTES : 1. Assets acquired pursuant to Hire Purchase Scheme and included as under :

- a) Machinery Rs. 43.91 lacs (Previous year Rs. 53.50 lacs).
- b) Vehicles Rs. 5.41 lacs (Previous year Rs. 49.64 lacs).

SCHEDULE 6

	(Rs. in '000)					
	Face Value (Rs.)	No. of Shares		Book Value		
		31.03.2005	As at 31.03.2004	As at 31.03.2005	As at 31.03.2004	
INVESTMENTS (Long Term except otherwise stated) (Other than Trade)						
QUOTED						
Equity Shares (Fully paid up) :						
Tezpore Tea Co. Ltd.	10	316,000	316,000	41,005.63	41,005.63	
Jaipur Polyspin Limited	10	—	286,000	—	2,859.76	
South Asian Petrochem Ltd.	10	33,047,007	33,047,007	330,470.07	330,470.07	
Current Investments						
Gail India Limited	10	—	27,252	—	5,314.14	
Petronet LNG Limited	10	—	168,900	—	2,533.50	
Power Trading Corporation of India Limited	10	—	12,300	—	196.80	
Biccon Limited	5	—	800	—	252.00	
NTPC Limited	10	38,259	—	2,372.06	—	
TCS Limited	10	7,500	—	7,148.30	—	
Total Quoted Shares			380,996.06	382,631.90		
UNQUOTED						
Equity Shares (Fully paid up) :						
Assam Bengal Cereals Ltd.	10	1,130	1,130	11.30	11.30	
Assam Financial Corporation Ltd.	100	100	100	10.05	10.05	
East India Planters Co-operative Ltd.	50	124	124	6.20	6.20	
Assam Co-operative Apex Bank Ltd.	50	300	300	15.00	15.00	
Madhuting Tea Pvt. Ltd.	1000	5,000	3,500	30,010.50	21,010.50	
OTHERS						
National Savings Certificates (Deposited with Electricity, Postal Authorities and Sales Tax Dept. as security)				28.45	28.45	
Total Unquoted			30,081.50	21,081.50		
Grand Total			411,077.56	403,713.40		
Aggregate of Quoted Investments (Book Value)			380,996.06	382,631.90		
Aggregate of Quoted Investments (Market Value)			375,104.02	346,829.25		
Note :						
The Company has an investment of Rs. 3304.70 lacs in the equity shares of South Asian Petrochem Limited (SAPL), as a promoter's contribution. In respect of loans sanctioned to SAPL by Financial Institutions, the Company has pledged its investments in SAPL and has given undertaking for non-disposal of its shareholding in SAPL.						
The following shares were purchased and sold during the year :						
Equity Shares of Jet Airways Limited	10		7201			
Equity Shares of Bharti Shipyard Limited	10		3691			
Equity Shares of Indigo Remedies Limited	10		2114			
Equity Shares of NTPC Limited	10		100000			
Equity Shares of ICICI Limited	10		155000			
Equity Shares of TCS Limited	10		21678			
Equity Shares of ONGC Limited	10		8536			
Mutual Funds -						
Principal Floating Rate Fund	10		500000			
Templeton Floating Rate Income Fund Short Term Plan (G)	11.62		3314137			
Purdential ICICI - PMS	—		50000000			

SCHEDULE 7

(Rs. in '000)

	As at 31.03.2005	As at 31.03.2004
INVENTORIES		
Stores, Spares and Packing materials including in transit	19,967.20	18,018.37
Tea including in transit	87,657.55	82,204.04
	<u>107,624.75</u>	<u>100,222.41</u>

SCHEDULE 8

SUNDRY DEBTORS - Unsecured

Debts Outstanding for more than Six Months		
Considered Good	—	—
Considered Doubtful	—	—
Other Debts		
Considered Good	51,596.46	41,837.63
	<u>51,596.46</u>	<u>41,837.63</u>

SCHEDULE 9

CASH AND BANK BALANCES

Cash in Hand	1,014.36	421.07
Remittance-in-Transit	884.84	1,429.00
Cheques in Hand	3,970.44	29,616.15
Balances with Scheduled Banks		
On Current Account *	9,884.63	3,184.54
On Fixed Deposit	180.00	211.10
	<u>15,934.27</u>	<u>34,861.86</u>

* includes Rs. 1180.65 (Previous year Rs. 880.00) with Lakhimi Gaonila Bank. Maximum amount outstanding during the year Rs. 1180.65 lacs (Previous year Rs. 8.95 lacs)

SCHEDULE 10

	(Rs. in '000)	
	As at 31.03.2005	As at 31.03.2004
OTHER CURRENT ASSETS		
Interest Receivable	1,588.08	3,107.98
Other Receivable	9.00	2,112.10
	<u>1,597.08</u>	<u>5,220.08</u>

SCHEDULE 11

LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

Loans to Bodies Corporate and Others	20,950.00	69,200.00
Advances Recoverable in cash or in kind or for value to be received		
Considered Good	40,801.70	51,161.59
Considered Doubtful	172.37	172.37
	<u>40,974.07</u>	<u>51,333.96</u>
Less : Provision for Doubtful Advances	172.37	172.37
	<u>40,801.70</u>	<u>51,161.59</u>
Deposits with Govt. Authorities and Others (Refer Note 7 on Schedule 17)	15,873.98	12,498.83
Deposit with NABARD u/s. 33AB of Income Tax Act, 1961	15,282.20	15,282.80
	<u>92,907.88</u>	<u>148,143.22</u>

SCHEDULE 12

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

Sundry Creditors		
Total Outstanding dues of Small Scale Industrial undertakings (Refer Note 5 on Schedule 17)	7,433.38	4,929.59
Total Outstanding dues of other than Small Scale Industrial undertakings	34,141.54	40,293.45
Other Liabilities	25,409.86	10,805.38
Provision for Income Tax (net of advance tax)	3,619.64	(3,035.44)
Interest accrued but not due	480.06	339.72
	<u>71,084.48</u>	<u>53,332.70</u>

B. Provisions

For Retirement Benefits	3,953.18	1,244.55
For Proposed Dividend	10,475.70	6,983.80
For Corporate Dividend Tax	1,469.22	859.00
	<u>15,898.10</u>	<u>9,087.35</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 13

(Rs. in '000)

	Year ended 31.03.2005	Year ended 31.03.2004
(DECREASE) / INCREASE IN STOCK		
Closing Stock		
Finished Goods - Tea	87,657.54	82,204.04
Less :		
Opening Stock		
Finished Goods - Tea	82,204.04	61,186.00
Increase / (Decrease)	<u>5,453.50</u>	<u>21,018.04</u>

SCHEDULE 14

INCOME – OTHERS

Dividend on Long Term Investments	376.68	459.00
Profit/(Loss) on Sale of Fixed Assets (Net)	—	438.16
Rent Received	181.68	363.36
Profit/(Loss) on Sale of Long Term Investments	7,434.24	(736.08)
Profit/(Loss) on Sale of Current Investments	18,155.51	1,448.19
Liability no longer required written back (Net)	156.24	417.59
Replantation Subsidy	551.85	685.06
Miscellaneous	3,755.76	3,239.40
	<u>30,611.94</u>	<u>6,314.68</u>

SCHEDULE 15

(Rs. in '000)

	Year ended 31.03.2005	Year ended 31.03.2004
CULTIVATION, MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Salary, Wages and Bonus	128,495.71	112,961.35
Contribution to Provident Fund and Other Funds	12,994.68	10,960.47
Workmen and Staff Welfare	17,484.96	16,797.78
Cultivation Expenses	26,743.56	27,090.21
Consumption of Stores and Spares	9,721.18	8,862.25
Consumption of Packing Materials	21,420.99	22,535.60
Power and Fuel	50,341.30	42,937.19
Green Leaf Purchase	167,024.75	128,749.77
Excise Duty & Cess	5,993.58	6,043.52
Repairs and Maintainance :		
To Plant and Machinery	5,689.51	10,380.21
To Building	3,364.05	2,660.09
To Others	13,423.58	12,327.85
Rent	543.89	568.77
Rates and Taxes	842.82	1,602.61
Advertisement (Sales)	7,912.79	8,854.21
Insurance	1,852.84	3,351.79
Travelling and Conveyance	4,255.35	5,472.17
Freight	17,995.35	18,141.36
Brokerage and Commission on Sales	6,657.11	5,987.86
Other Selling Expenses	12,223.17	12,785.48
Directors' Fees	152.00	18.00
Charity and Donations	1,412.70	329.50
Miscellaneous Expenses (Refer Note 10 on Schedule 17)	16,497.04	17,615.49
Sundry adjustment for earlier years	121.32	181.74
Loss on Sale of Fixed Assets	191.67	—
Bad Debts Written off	—	932.80
Exchange Loss	2,218.42	2,011.82
	<u>535,574.32</u>	<u>480,159.89</u>

SCHEDULE 16

INTEREST AND FINANCE CHARGES

On Term Loans	16,059.90	17,551.25
Others	11,225.12	11,829.93
Less : Interest on Deposit with Bank and NABARD (Tax deducted at source Rs.1.68 lacs, Previous year Rs.1.83 lacs)	835.58	916.88
Interest on Loans etc. (Gross, Tax deducted at source Rs.8.94 lacs, Previous year Rs.14.35 lacs)	5,296.56	5,092.98
Finance Charges	846.60	441.78
	<u>21,999.48</u>	<u>21,682.00</u>

SCHEDULE 17**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005****1. SIGNIFICANT ACCOUNTING POLICIES****a. Convention**

The financial statements have been prepared in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been applied consistently, is set out below. 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 have been prepared in accordance with historical cost convention. All expenses and income, unless specifically stated to be otherwise, have been accounted for on accrual basis. Replantation subsidy and other claims, refunds etc., which are not ascertainable with reasonable accuracy, are accounted for on acceptance of the same.

c. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost includes cost of acquisition, custom duties, taxes, incidental expenses relating to acquisition and installation and interest up to the date, the asset is put to use.

Expenditure incurred towards estate development during the first year is capitalised and the expenses incurred there after in subsequent years and cost of replanting in existing areas are charged to revenue.

Subsidies from Government in respect of fixed assets are deducted from the cost of respective assets on receipt.

d. Depreciation

Depreciation on fixed assets other than Land and Estate Development has been provided on Straight-Line Method at the rates specified in Schedule XIV of the Companies Act., 1956.

Assets costing below Rs. 5,000/- each are fully depreciated in the year of addition.

Lease-hold land is amortised over the effective period of lease.

e. Investments

Long term Investments are stated at cost. Diminution in value, if any, which are not temporary in nature, are adjusted there from and recognised in the financial statements. Current Investments are valued at lower of cost and fair value of such investments.

f. Inventories

Inventories are valued at lower of cost or net realisable value except tea waste, which is valued at net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their location and condition and includes appropriate overhead.

Cost in respect of stores, spares and packing materials are determined at weighted average.

Provision is made for obsolete and slow-moving stock where necessary.

g. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the transaction date.

Exchange differences arising on settlement of transactions or on reporting at year end rates are recognised as income or as expenses in the period in which they arise, except in case of fixed assets where exchange variance is adjusted to the carrying amount of respective fixed assets.

The Company uses forward exchange contracts to reduce the cost to the Company. The premium or discount arising at inception of a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

h. Retirement Benefits

Contribution to Provident Fund is accounted for on accrual basis. Contribution to provident fund in respect of managerial staff and head office employees are funded and administered by Trustees and are independent of Company's finance.

Provision for gratuity liability is determined on the basis of year end actuarial valuation and funded with the approved gratuity fund.

SCHEDULE 17 (Contd.)

The Company contributes to a defined benefit pension scheme (Superannuation Fund) for certain employees and deposit the same to L.I.C.I. to take care of the future liability.

Provision is made for retirement leave encashment benefit payable to employees on the basis of actuarial valuation.

i. Revenue Recognition

Revenue from sale of goods are recognised upon passing of title to the consumer. Sales are recorded net of sales tax but inclusive of excise duty and cess.

j. Taxes on Income

Current tax is determined and provided in the financial statements on tax payable method using the applicable tax rates and tax laws.

Deferred tax is recognized, at the current rates of taxation, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets in respect of business loss is not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

k. Leased Assets

The fair value of the asset is capitalised as fixed assets with corresponding amount shown under secured loan. The principal component in the hire purchase charges is adjusted against the secured loan and the interest component is charged to Profit and Loss account.

2. Contingent liabilities not provided for in respect of :

Land Revenue Rs. 2.52 lacs (Previous Year - Rs. 2.52 lacs) assessed at enhanced rate by authorities concerned.

3. Estimated amount of contracts to be executed on capital account and not provided for Rs. 23.20 lacs (Previous Year - Rs. Nil)

4. The Company has made investment in 5000 equity shares of Madhuting Tea Private Limited amounting to Rs. 300.11 lacs. Net-worth of the company is negative as on 31 March, 2004. This investment is strategic in nature and considering the present market conditions and future expectations, no provision for diminution in value of investments has been considered necessary by the management.

5. Sundry Creditors include dues of Rs. 17.31 lacs (Previous Year - Rs. 14.58 lacs.) in respect of dues over 30 days to Small Scale Industrial Units :-

Name of the Party	As at 31 March, 2005 (Rs.)
Aarkay Asiatic Industries Limited	1.51
Ankar Industries Private Limited	1.11
Bicco Agro Products Private Limited	0.15
Brahmaputra Hume Pipe	0.12
M K Enterprise	1.00
Orgaaman	1.02
P D Sarawagi & Co.	3.50
Plamac (India) Private Limited	0.39
S K G Jute Industries	0.45
Steelmeh Industries	1.36
Suvochem Industries Private Limited	1.53
Sylvan Chemicals	0.24
T & I Limited	0.04
Zenith Forging & Allied Industries	4.64
Zenith Machinery Company	0.25
Total	17.31

The above is as certified by the management.

SCHEDULE 17 (Contd.)

6. No adjustments for the following have been made in the accounts as the amount of relevant compensation has not yet been determined by the authorities :
- 149 hectares (Previous Year - 149 hectares) of land acquired by the Assam Government under the Assam Fixation of Ceiling on Land Holding Act, 1956.
 - 4 hectares (Previous Year - 4 hectares) of land was acquired by P.W.D. for construction of public road.
7. Deposits with Govt. Authorities and others include Rs. 68.00 lacs (Previous Year - Rs. 68.00 lacs) being deposit for use of office space, with a private limited company in which Directors of the Company are interested as Director.
8. The major components of the Deferred Tax Assets/Liabilities based on the tax effect of the timing differences, as at 31st March, 2005 are as under :

	<i>Opening as on 1st April, 2004</i>	<i>Charge/(Credit) during the year</i>	<i>Closing as on 31st March, 2005</i>
Deferred Tax Assets			
Expenditure u/s 43B of Income Tax Act, 1961	46.94	8.09	55.03
Total	<u>46.94</u>	<u>8.09</u>	<u>55.03</u>
Deferred Tax Liabilities			
Depreciation	465.81	(64.06)	401.75
Total	<u>465.81</u>	<u>(64.06)</u>	<u>401.75</u>
Net Deferred Tax Liabilities	<u>418.87</u>	<u>(72.15)</u>	<u>346.72</u>

9. COMPUTATION OF NET PROFIT FOR DIRECTORS' REMUNERATION :

	<i>Year ended 31.3.2005</i>	<i>Year ended 31.3.2004</i>
Net Profit as per Profit and Loss Account (Profit before Tax)	550.74	124.37
Add : Directors' Fees	1.52	0.14
Managing Directors' Remuneration	16.62	5.38
Wealth Tax	—	0.22
	<u>18.14</u>	<u>5.74</u>
	568.88	130.11
Commission to Managing Director after reducing salary etc. paid during this period	<u>9.31</u>	<u>3.25</u>
Salary	3.75	3.00
House Rent Allowance	1.88	1.50
Company's Contribution to Provident & Other Funds	1.27	0.79
Commission	9.31	—
Other Benefits	0.41	0.09
Total	<u>16.62</u>	<u>5.38</u>

Note - Re-appointment and increase in remuneration of Managing Director w.e.f. 1st January, 2005 is subject to approval of shareholders.

10. Miscellaneous expenses include -

	<i>Year ended 31.3.2005</i>	<i>Year ended 31.3.2004</i>
Audit Fees	3.00	1.50
Tax Audit Fees	0.25	0.25
Other Certification Work	0.90	0.58

SCHEDULE 17 (Contd.)

11. Related Party disclosures in accordance with the Accounting Standard-18 issued by the Institute of Chartered Accountants of India and effective from 1st April, 2001.

Name of the Related Parties :
<p>(a) Key Management Personnel — Mr. C. K. Dhanuka, Managing Director Payment made during the year are given in Note 9 above</p> <p>(b) Relative of Key Management Personnel — Mr. Mrigank Dhanuka, Director (son of Mr. C. K. Dhanuka)</p> <p>(c) Group / Associate Companies — Naga Dhunseri Group Limited Trimplex Investments Private Limited (Formerly Trimplex Investments Limited) Mayfair India Limited Mint Investments Limited Tezpore Tea Company Limited Jaipur Polyspin Limited South Asian Petrochem Limited Khaitan & Co. Madhuting Tea Private Limited. (Previously Malbogh Baruah Estates Private Limited)</p>

The aggregate amount of transactions with the related parties as mentioned in (c) above is as given hereunder -

Nature of Transactions	Total of Transaction with Related parties	
	For the year ended 31st March, 2005	For the year ended 31st March, 2004
Income		
Services Rendered	1.98	9.04
Dividend Received	2.29	Nil
Interest Received	0.97	Nil
Expenditure		
Services Received	44.01	49.54
Finance and Investment		
Loan Given	100.00	Nil
Loan received / refund	100.00	51.85
Equity Shares Purchased	90.00	Nil
Equity Shares Sold	74.34	Nil
Outstanding		
Investment in Shares	4014.86	3953.46
On Other Accounts (Deposits)	68.00	68.00
Others		
Fixed Assets Purchase / (Sold)	2.30	7.06

12. Basic and Diluted Earnings per share :-

	For the year ended 31st March 2005	For the year ended 31st March, 2004
Profit / Loss after Tax	452.24	107.04
Number of Equity Shares of Rs. 10/- each	69,83,800	69,83,800
Basic and Diluted Earning per share (a/b)	6.48	1.53

SCHEDULE 17 (Contd.)

13. The Company is engaged in the business of integrated activities of manufacture and sale of tea, predominantly in the domestic market. Hence, there is no reportable segment as per the AS - 17 on "Segment Reporting" as issued by ICAI.
14. Loans & Advances in the nature of loans & investments to / in Associates / Group Companies -

Name of the Company	As at March 2005		Maximum balance during the year	
	Loans/ Advances	Investments	Loans/ Advances	Investments
South Asian Petrochem Limited	—	3304.70	—	3304.70
Tezapore Tea Company Limited	—	410.05	100.00	410.05
Jaipur Polyspin Limited	—	—	—	28.60
Madhuting Tea Private Limited	—	300.11	—	300.11

15. The company has taken vehicles under hire purchase scheme. Reconciliation of minimum lease payments and their present value are as follows :

Particulars	Minimum Lease Payments	Present value of Minimum Lease Payments	Lease Charges
A) Amount paid upto 31.03.2005	14.86	13.00	1.86
B) Amount payable not later than one year	5.59	5.41	0.18
C) Amount payable later than one year but not later than five years	Nil	Nil	Nil
TOTAL	20.45	18.41	2.04

The total cost of the vehicles and their written down value as on 31st March, 2005 are Rs. 21.96 lacs and Rs. 11.91 lacs respectively.

16. Interest free loans and advances in the nature of loan given to employees :

Particulars	Outstanding as on 31.03.2005	Maximum outstanding during the year	Outstanding as on 31.03.2004	Maximum outstanding during the year
Interest Free Loan to Employees	8.61	10.14	9.76	11.72

SCHEDULE 17 (Contd.)

17. (a) QUANTITATIVE INFORMATION

Product	Year	Unit	Licensed Capacity **	Installed Capacity **	Unit	OPENING STOCK		PURCHASES		Actual production-Qty. (Kgs) (in lacs)	Internal Transfers Qty. (Kgs) (in lacs)	TURNOVER *		CLOSING STOCK	
						Qty. (Kgs) (in lacs)	Amount (Rs.) (in lacs)	Qty. (Kgs) (in lacs)	Amount (Rs.) (in lacs)			Qty. (Kgs) (in lacs)	Amount (Rs.) (in lacs)	Qty. (Kgs) (in lacs)	Amount (Rs.) (in lacs)
1. Tea	31.03.2005	Kgs.	N.A.	N.A.	Kgs.	10.68	623.77	—	—	74.04	25.76	48.07	3360.01	10.89	671.81
	31.03.2004	"	"	"	"	8.41	512.79	—	—	71.05	28.62	40.16	2444.63	10.68	623.77
2. Packet Tea	31.03.2005	"	"	"	"	2.87	198.27	—	—	25.76	—	25.85	2643.21	2.78	204.76
	31.03.2004	"	"	"	"	1.38	99.07	—	—	28.62	—	27.13	2658.13	2.87	198.27
3. Tea Waste	31.03.2005	"	"	"	"	—	—	—	—	1.49	—	1.48	30.76	0.01	0.01
	31.03.2004	"	"	"	"	0.01	0.09	—	—	1.38	—	1.39	20.11	—	—

Sub Notes : * Including Sample, Staff, Complimentary, Gift, Liquid, Labourers Tea, Breakage, Damages and Write off etc.

** As certified by the Management.

SCHEDULE 17 (Contd.)

	Unit	Qty.	Year ended 31.03.2005 Value (Rs. in lacs)	Qty.	Year ended 31.03.2004 Value (Rs. in lacs)
17. (b) Raw Materials Consumed					
i) Green Leaf – Own Tea	Kgs. (in lacs)	184.44	N.A. *	176.40	N.A. *
ii) Green Leaf – Purchased (100% Indigenous)	Kgs. (in lacs)	153.75	1670.25	147.69	1287.50

*Being raw materials harvested in the Company's own garden as agricultural produce involving integrated activities of nursery, cultivation, growth etc. and utilised in the manufacturing of tea and the value at the intermediate stage could not be ascertained.

17. (c) Stores, Spares and Tools consumed (100% Indigenous)			97.21		88.62
17. (d) Packing Materials Consumed (100% Indigenous)			214.21		225.36
18. Expenditure in Foreign Currency					
Travelling Expenses			—		13.56
Interest on FCNR (B) Loan			100.70		22.93
Others			59.36		57.30

19. Figures are expressed in lacs and have been rounded off to the nearest thousand.

20. Previous year's figures have been re-grouped or rearranged wherever considered necessary.

Signatures to Schedule 1 to 17

			C. K. DHANUKA	Chairman & Mg. Director
	Prabal Kr. Sarkar		S. R. DAGA	Directors
	Partner		R. N. DEOGUN	
	Membership No : 52340		B. D. BERIWALA	
	For and on behalf of		S. BAGARIA	
Place : Kolkata	Lovelock & Lewes	R. MAHADEVAN	M. DHANUKA	
Date : 31st May, 2005	Chartered Accountants	Secretary		

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

1. Registration Details		
Registration No. 2697		State Code 21
Balance Sheet Date :		31.03.2005
2. Capital Raised during the year (Amount in Rs. '000)		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
3. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)		
Total Liabilities		997336
Total Assets		997336
Sources of Funds		
Paid up Capital		69919
Reserves & Surplus		557251
Secured Loans		147295
Unsecured Loans		101217
Application of Funds		
Net Fixed Assets		316598
Investments		411078
Net Current Assets		182678
Misc. Expenditure		0
Accumulated Losses		Nil
4. Performance of the Company (Amount in Rs. '000)		
Turnover (including Other Income)		630232
Total Expenditure		575158
Profit Before Tax		55074
Profit After Tax		45224
Earning per Share (in Rs.)		6.48
Dividend Rate %		15%
5. Generic Names of Three Principal Products / Services (as per monetary terms)		
Item Code No. :	9.02	
(ITC Code)		
Product Description :	Tea	

For and on behalf of Board

C. K. DHANUKA
Chairman & Managing Director

Kolkata, 31st May, 2005

CASH FLOW STATEMENT

for the year ended 31st March, 2005

(Rs. in '000)

	Year ended 31.03.2005	Year ended 31.03.2004
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extra-ordinary Items	55,074.49	12,438.00
Adjustment for :		
Depreciation	17,583.71	16,341.00
Profit / (loss) on sale of Fixed Assets	191.67	(438.00)
Profit/(loss) on sale of long term Investments	(7,434.24)	736.00
Profit/(loss) on sale of Current Investments	(18,155.51)	(1,448.00)
Interest Expenses	27,285.02	30,918.00
Interest Income	(6,132.14)	(7,224.00)
Dividend Received	(376.66)	(459.00)
	<u>12,961.85</u>	<u>38,426.00</u>
Operating Profit before Working Capital Changes	68,036.34	50,864.00
Adjustment for :		
Sundry Debtors	(9,758.83)	12,641.00
Inventories	(7,402.34)	(20,736.00)
Trade Payables	13,664.99	1,376.00
Loans and Advances	9,088.45	(9,189.00)
	<u>5,592.27</u>	<u>(15,908.00)</u>
Cash Generated from Operations	73,628.61	34,956.00
Tax Paid	(10,410.33)	(2,189.00)
Net Cash from Operating Activities (A)	<u>63,218.28</u>	<u>32,767.00</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(35,811.01)	(13,093.00)
Sale of Fixed Assets	181.28	851.00
Purchase of Investments - Others	(197,366.44)	(40,247.00)
Sale of Investments	215,592.04	34,294.00
Interest Received	7,652.04	8,203.00
Dividend Received	376.66	459.00
Loans & Advances Given to Bodies Corporate and Others - Net	<u>48,250.00</u>	<u>3,500.00</u>
Net Cash used in Investing Activities (B)	<u>38,874.57</u>	<u>(6,033.00)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(27,144.68)	(31,169.00)
Repayment of Borrowings	(492,117.36)	(42,568.00)
Proceeds from Borrowings	490,000.00	45,000.00
Proceeds from Cash Credit	(83,915.60)	34,124.00
Dividend Paid (including Tax)	(7,842.80)	(7,802.00)
Net Cash from Financing Activities (C)	<u>(121,020.44)</u>	<u>(2,415.00)</u>
Net increase/(Decrease) in Cash & Cash Equivalents (A + B + C)	<u>(18,927.59)</u>	<u>24,319.00</u>
Opening	34,861.86	10,543.00
Closing	15,934.27	34,862.00

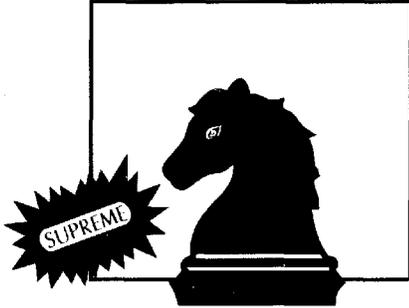
Notes to the Cash Flow Statement for the Year Ended 31st March, 2005

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Previous Year figures have been re-grouped and/or re-arranged wherever considered necessary.

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

	Prabal Kr. Sarkar Partner Membership No : 52340 For and on behalf of Lovellock & Lewes Chartered Accountants	C. K. DHANUKA S. R. DAGA R. N. DEOGUN B. D. BERIWALA S. BAGARIA M. DHANUKA	Chairman & Mg. Director Directors
Place : Kolkata	R. MAHADEVAN Secretary		
Date : 31st May, 2005			

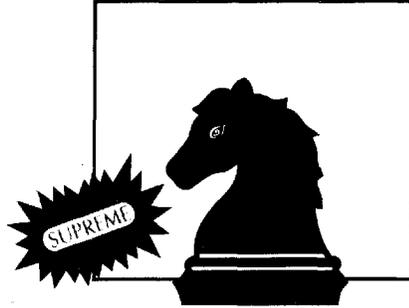
DHUNSERI TEA



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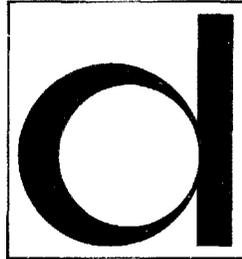
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C. T. C. 100% Assam LEAF TEA

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C. T. C. 100% Assam DUST TEA



छोटे लाल



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