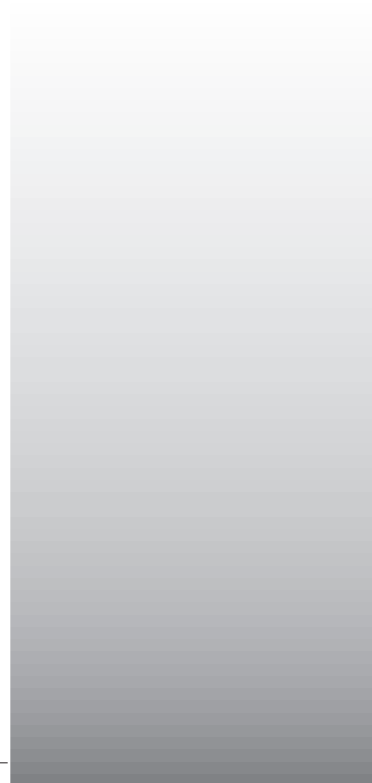




ANNUAL  
REPORT  

---

2004-2005



# ROSSELL TEA LIMITED

## BOARD OF DIRECTORS

H. M. Gupta, *Executive Chairman*

Dr. S. S. Baijal, *Director*

H. M. Parekh, *Director*

P. L. Agarwal, *Director*

R. N. Deogun, *Director*

C. S. Bedi, *Executive Director*

## VICE PRESIDENT (FINANCE) -CUM-COMPANY SECRETARY

N. K. Khurana

## AUDITORS

S. S. Kothari & Co.

## BANKERS

HDFC Bank Ltd.

IndusInd Bank Ltd.

State Bank of India

The Bank of Nova Scotia

UTI Bank Ltd.

## REGISTERED OFFICE

14B, Gurusaday Road  
Kolkata 700 019

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## Notice to the Members

Notice is hereby given that the Eleventh Annual General Meeting, of the Members of Rossell Tea Limited, will be held on Thursday, the 28th July 2005 at 3.30 P.M. at Kala Kunj, 48, Shakespeare Sarani, Kolkata 700 017, to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March 2005 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. S. S. Baijal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

4. To declare and take on record the result of Postal Ballot proposing the following Special Resolutions : (Note 11)  
“**RESOLVED THAT** pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered as follows:  
The following sub-clauses, after sub-clause 65 in Part - C of Clause III, be inserted:  
66. To carry on the business as hoteliers, hotel proprietors, hotel managers and operators, refreshment contractors and caterers, restaurant keepers, refreshment room proprietors, milk and snack bar proprietors, café and tavern proprietors, lodging house proprietors, ice-cream merchants, sweetmeat merchants, milk manufacturers and merchants, bakers, confectioners, professional merchants, licensed victuallers, wine and spirit merchants, blenders and bottlers.  
67. To carry on the business of constructing, reconstructing, altering, improving, decorating, furnishing and maintaining hotels, motels, restaurants, dining rooms, bars, catering rooms, garages, stables, lodging houses, commercial buildings, warehouse, clubs, dressing rooms, beauty saloons, baths, laundry rooms, reading, writing and library rooms, indoor and outdoor playgrounds and stadiums, swimming pools, theater, opera and cinema houses, museum and art rooms, video and other fun game rooms, race courses, meditation centres, boating clubs, flying clubs, freezing-hot preservation and baking chambers and other apartments, show rooms, shops and conveniences of all kinds.  
68. To carry on the business of establishing and operating of hotels, restaurants, inns, cinemas, cafe, tavern, beer house, refreshment room and lodging house keepers, licensed victuallers, wine, beer and spirit merchants, brewers, maltsters, distillers, importers and manufacturers of aerated, mineral and artificial waters and other drinks, purveyors, caterers, whether in meals provided door or outdoor, carriage, taxi, motor car and motor lorry proprietors, livery stable keeper job masters, frame's dairymen, ice merchants, importers and dealers of all kinds of foods and food stuffs vegetarian or non-vegetarian, live and dead stocks, whether half prepared, fully prepared or in raw form, colinel and foreign produce of all descriptions, hotelware hairdressers, perfumers, chemists, proprietors of clubs, night clubs, health clubs, seminar, fashion show and cultural programme, bath , dressing rooms, laundries , reading, writing and news paper rooms, libraries, grounds, fun games, place of amusement, recreation, sports, games, entertainments and instructions of all kinds, tobacco, cigar and cigarette merchants, agents for railways, roadways, airways and shipping companies and transporters and carriers, the article and opera box office proprietors.  
69. To act as consultants, managers, operators, advisors, planners, valuers to and impart technical know-how in the field of planning, construction, operation of hotels, motels, restaurants, recreation , entertainment centres and in the field of tourism industry, whether in India or abroad.  
70. To import, export, buy, sell, distribute, lease out or otherwise deal in all kinds and types of Aeronautical and Aerospace products, spare parts and accessories.  
71. To import, export, buy, sell , distribute, lease out or otherwise deal in all kinds and types of Marine, Vessels Survey, Defence, Optical and Oil equipment, accessories and spare parts.  
72. To import, export, buy, sell, distribute, lease out or otherwise deal in all kinds and type of motor vehicle spare parts and accessories.

73. To purchase, sell, import, export, manufacturer or otherwise deal in all types of packing material, raw material and other chemicals used for manufacturing of the above items.
74. To manufacture, buy, sell, export, import, deal in, assemble, fit, repair, convert, overhaul, alter, maintain and improve all types of aircraft, aircraft system, avionic, electronic components, devices, equipments and appliance such as television and wireless apparatus including radio receivers and transmitters, tape recorders, broadcast relay and reception equipments, phonographs and other equipments used in and or for audio and visual communications, motion systems, apparatus and equipments including those using electromagnetic waves intended for radio telegraphic or radio-telephonic communication, telephone equipments, photocopiers, electronic lighting controls, and fire alarm systems, digital and other electronic clock, time relays, punch card machines, electromechanical pneumatic controls, data processing machines, computers and automatic calculators, and tubes, surgical, medical and other appliances intended for electro and other therapy treatment and in all types of tapes magnetic and otherwise, photographic films projectors and cameras and capacitors, resistance, condensers, semi-conductors, transistors, rectifiers, steam engines, turbine boilers, integrated and hybrid circuits, relays, potentiometers, connectors, printed circuits, coils, chokes, transformers, wire products, switches, volume controls, measuring and checking instruments, plugs, sockets, aerial gears, diodes and allied items intended for and used in electronic devices.
75. To carry on business of civil, mechanical, electrical and consulting engineers, agricultural engineers, aeronautical engineers, aviation engineers, construction engineers and engineers in all branches of work whatsoever known to engineering, erectors, mechanics, manufacturers of agricultural implements, aeronautical, space, marine, oil exploration equipments and any other kind of machinery which is used for the aforesaid purpose or for any other purpose whatsoever and/ or any part thereof or accessories thereto; founders, manufacturers of welding appliances and of all or any parts thereof or accessories thereto; boiler makers; millwrights; wire drawers, tube makers iron and steel converters, smiths, wheelwright, wood workers, metallurgists, galvanizers, japanners, enameliars, electroplaters, silver-platers, nickel-plater, varnishers, vulcanisers, water supply and hydraulic engineers, marine engineers, motor engineers, painters and packing case markers, manufacturers of all other instruments used in or in connection with any of the above business and of motors, aircrafts, ships, machinery and scientific appliances, apparatus and devices of every description whatsoever; rolling stock, timber goods, iron steel and other metal implements, tools, utensils and conveniences of every kind.”

“**RESOLVED FURTHER THAT** the aforesaid Special Resolution for alteration of the Object Clause of the Memorandum of Association being duly passed and becoming effective, the consent of the Members of the Company be and is hereby accorded pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies, Act, 1956, for commencing and carrying on all or any of the new business and activities as per new sub-clauses inserted therein at such time as may be deemed fit by the Board of Directors of the Company.”

Registered Office :  
14B, Gurusaday Road  
Kolkata 700 019  
Place : Kolkata  
Date : 25th May, 2005.

By Order of the Board

**N. K. Khurana**  
*Vice President (Finance)*  
*-cum-Company Secretary*

**NOTES:**

- 1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote on a Poll on his/her behalf. A Proxy need not be a Member of the Company. However, proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd July 2005 to 28th July 2005 (both days inclusive) for the purpose of this Annual General Meeting.
3. Members who are holding shares in identical order of names in more than one Folio in physical form are requested to write to the Company/ the Registrars to consolidate their holdings in one Folio.

## ROSSELL TEA LIMITED

4. Members/ Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
5. Members are requested to
  - (i) quote their Registered Folio Numbers / Client ID Nos. in all correspondences with the Company / with the Registrars; and
  - (ii) promptly notify any change in their address to the Company / the Registrars, CB Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019, in case they still hold the Equity Shares in physical form.

### 6. Unpaid Dividend 1997-98

Those members who have not so far encashed their Dividend Warrants for the year ended 31st March, 1998 may immediately approach the Company for revalidation of such Dividend Warrants. Please note that pursuant to section 205A of the Act, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of transfer in such Unpaid Dividend Account to the credit of Investor Education and Protection Fund (the Fund) established by the Central Government. In accordance with Section 205C of the Act, no claim shall lie against the Fund or the Company in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of such claims. Accordingly, the money lying in the Unpaid Account for the year ended 31st March, 1998 will be transferred by October, 2005.

### 7. Further, those members who have not so far encashed their Dividend Warrants for the year ended 31st March 1999 to the year ended 31st March 2001 may immediately approach the Company for revalidation of such Dividend Warrants.

8. The Members are requested to contact the Company's following Registrars and Share Transfer Agents for all their queries, transfer requests, conversion from physical form to dematerialised form or any other matter relating to their shareholding in the Company.

**C.B. Management Services (P) Limited**  
**P-22, Bondel Road**  
**Kolkata – 700 019**  
**Tel. : 2280-6692/93/94/2486/2937**  
**Fax : 2287- 0263**  
**Email ID : cbmsl1@cal2.vsnl.net.in**

### 9. Dematerialisation of the Equity Shares of the Company

The Equity Shares of the Company are now available under OPTIONALLY DEMAT mode and can be held in electronic form with any Depository Participant (DP) with whom the Members/ Investors have their Depository Account.

The Members / Investors may contact the Registrars & Transfer Agents of the Company at their address mentioned above in case of any query / difficulty in the matter or at the Registered Office of the Company.

### 10. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT TO THE MEETING.

11. Notice of Postal Ballot is being sent separately for passing Special Resolutions as stated in item 4 of the Notice by Postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Registered Office :  
14B, Gurusaday Road  
Kolkata 700 019  
Place : Kolkata  
Date : 25th May, 2005.

By Order of the Board

**N. K. Khurana**  
*Vice President (Finance)*  
*-cum-Company Secretary*

## Explanatory Statement

[Pursuant to Section 173(2) of the Companies Act, 1956]

Attached to the Notice convening the Eleventh Annual General Meeting to be held on 28th July, 2005

### Item No. 4

Your company, since inception, has been engaged in the business of cultivation, manufacture and sale of tea, which is its core competence. However, the Tea Industry is subject to cyclical fluctuations and these have a direct bearing on the performance and results of the Company. The continued sluggishness in the Tea market over the last few years has put severe pressure on profitability. Your Directors have, therefore, been looking into various diversification projects while evaluating future prospects and plans of the Company. The entry, into any of the proposed line of business as enumerated in the proposed special resolution, will necessitate alteration in the Object Clause of the Memorandum of Association of the Company.

Section 17 of the Companies Act, 1956 stipulates that the Object Clause of the Company can be altered only by way of passing a special resolution by the Members of the Company. Section 192A(2) of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 provides that the consent of the Members for alteration of the Object Clause must be obtained by means of Postal Ballot only. Thus, Notice of Postal Ballot containing Draft Special Resolutions and this Explanatory Statement is being sent separately.

The Directors are of the view that any of the new business contemplated by the proposed Special Resolution can be combined with the existing business of the Company, conveniently and advantageously for greater economy and efficiency. Consequent upon the alterations of the Object Clause of the Memorandum of Association for the enlargement of business activities of the Company, the approval of the Members is also being sought pursuant to the provisions of Section 149(2A) of the Companies Act, 1956 to commence any of the new business activities as stated therein and included in the Notice of Postal Ballot as aforesaid.

The Directors recommend adoption of the proposed Resolutions. None of the Directors of the Company is interested in the proposed Special Resolution.

Registered Office :  
14B, Gurusaday Road  
Kolkata 700 019  
Place : Kolkata  
Date : 25th May, 2005.

By Order of the Board

**N. K. Khurana**  
*Vice President (Finance)*  
*-cum-Company Secretary*

## ROSSELL TEA LIMITED

### DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE FORTHCOMING ELEVENTH ANNUAL GENERAL MEETING

Name of the Director	<b>Dr. S S Bajjal</b>
Date of Birth	September 06, 1929
Date of Appointment	July 14, 1994.
Qualifications	B.Sc. M.Sc. D.Phil. – Organic Chemistry
Expertise in specific Functional areas	Corporate Affairs and Management
List of Public Companies in which Directorship is held	Atul Limited DCM Shriram Consolidated Limited Max India Limited DCM Shriram Credit & Investment Limited Rossell Tea Limited Jyoti Holdings Private Limited
Chairman / Member of the Committees of the Board of the Companies on which he is a Director	<b>DCM Shriram Consolidated Ltd.</b> Audit Committee - Chairman Remuneration Committee - Chairman Investors/ Shareholders Grievance Committee - Member  <b>Max India Ltd.</b> Audit Committee – Member Remuneration Committee – Chairman  <b>Rossell Tea Ltd.</b> Audit Committee – Chairman Remuneration Committee – Member  <b>Atul Ltd.</b> Audit Committee – Chairman Remuneration Committee – Member

## Report of the Board of Directors for the year ended 31st March, 2005

Your Directors have pleasure in presenting their Eleventh Annual Report together with the Audited Accounts for the year ended 31st March, 2005.

### FINANCIAL RESULTS

	<b>Year ended 31.03.2005</b>	Year ended 31.03.2004
	<b>Rs. in Lacs</b>	Rs. in Lacs
Profit (Loss) before Interest and Depreciation	<b>597.64</b>	(237.92)
<i>Less (Add) : Interest</i>	<b>251.61</b>	(373.64)
Profit (Loss) before Depreciation	<b>346.03</b>	(611.56)
<i>Less (Add) : Depreciation</i>	<b>115.85</b>	(103.79)
Profit (Loss) before Extraordinary Item	<b>230.18</b>	(715.35)
<i>Less (Add) : Amortisation of Goodwill arising on Amalgamation</i>	<b>8.64</b>	(8.64)
Profit (Loss) before Taxation	<b>221.54</b>	(723.99)
<i>Less : Provision for Current Taxation</i>	<b>2.50</b>	—
Profit (Loss) after Current Taxation	<b>219.04</b>	(723.99)
Deferred Taxation adjustment	<b>(480.00)</b>	463.68
(Loss) after Taxation	<b>(260.96)</b>	(260.31)
<i>Add : Balance Brought Forward</i>	<b>(647.97)</b>	(346.44)
<i>Less : Transfer from General Reserve</i>	<b>552.50</b>	—
(Loss) available for Appropriation	<b>(356.43)</b>	(606.75)
Appropriated as under :		
Exchange Rate Variation Reserve	<b>7.34</b>	41.22
Balance Carried Forward	<b>(363.77)</b>	(647.97)
	<b>(356.43)</b>	(606.75)

### DIVIDEND

In view of the need to plough back the resources due to past losses, your Directors regret their inability to recommend any dividend.

### TURNOVER

The gross turnover of your Company for the year 2004-05 was higher at Rs. 4,825.76 lacs as against Rs.3,688.88 lacs last year. The total crop inclusive of bought leaf operation and that produced at the Borahi factory was 54.47 lac kgs. as against 53.22 lac kgs. in the previous year.

### PERFORMANCE

Your Directors view with satisfaction the performance of the Company in the year under review. The year 2004 saw a reversal in the sequence of depressed prices over the last four years. Whilst the Assam average this year of Rs.71.52 was a smart upturn over Rs.61.34 the previous year, it was still lower than Rs.80.22 recorded in 1998.

## **ROSSELL TEA LIMITED**

Your Company produced nearly 2.0 million kgs of good quality Orthodox. The judicious product mix and consistent quality resulted in a much-improved average price of Rs.88.55 per kg as against Rs.70.25 per kg in the previous year, an improvement of over 25%. Despite the inflationary pressure on the cost of various inputs and a slightly smaller own crop, the year closed with an operational profit of Rs.597.64 lacs before interest and depreciation, as compared to an operational loss of 237.92 lacs in the previous years.

### **PROSPECTS**

The new season has commenced on a sluggish note despite small carry over stocks in the primary market. Indian crops are also ahead for the period January – April 2005, resultantly the first flush prices have been lower than last year. This would indicate that the Industry is not entirely out of the woods, and the supply demand equation will continue to determine performance. In addition, we expect the following factors to play a critical role in determining stable market conditions:

1. Exports should show a substantial increase and for this to happen orthodox production must increase, which is already in evidence.
2. Imports of poorer quality teas must see a drastic reduction. Government has set certain norms, which, if comprehensively implemented, should restrict the inflow of substandard teas.
3. Quality must continue to be the priority area

With sustained improvement in quality, larger orthodox production, better value for its exports and prudent cost management, your Company continues to be cautiously optimistic of the future.

### **STAFF WELFARE AND SOCIAL ACTIVITIES**

While continuing to pay full attention to the improvement in living conditions of its employees, your Company has undertaken various workers' welfare schemes and provided for upgradation of existing facilities in the area of housing, hospitals, schools, supply of potable water, general hygiene etc.

The projects of electrifying the workers' quarters in a phased manner are still continuing at some of the Estates and progressing satisfactorily.

The severe flooding in July, 2004 in the Baranadi river in the vicinity of our Nagrijuli T.E. washed away the protective bundhs and water entered the Estate threatening the factory. Given this threat perception for the Estate, the neighbouring villages and Rangia town, the concerned departments of the Government of Assam were activated and a Scheme was drawn up for the protection work. This is still awaiting final approval of the appropriate department of the Government of India. As a precautionary measure, the Company has had to initiate repairs in the interim at considerable cost.

The Company has participated in the various socio-welfare schemes undertaken by ITA and ABITA for the benefit of the people of Assam in general and of the community in the neighbourhood of the estate in particular.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Act, your Directors state and confirm the following:

- (i) That in preparation of the Company's Annual Accounts for the year ended 31st March, 2005 the applicable accounting standards have been followed and proper explanations have been provided for material departures, where applicable.
- (ii) That the Directors 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 ended 31st March, 2005 and of the Profit of the Company for that financial year.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularity.
- (iv) That the Directors have prepared the Annual accounts for the year ended 31st March, 2005 on a going concern basis.

## CORPORATE GOVERNANCE

Your Company has taken necessary measures to comply with the Corporate Governance Code as prescribed in Clause 49 (Revised) of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance along with the Auditors' Certificate on its compliance is annexed to this report.

## DIRECTORS

In accordance with the provisions of Article 150 of the Articles of Association of the Company, Dr. S. S. Bajjal retires at the forthcoming Annual General Meeting, but being eligible offers himself for re-appointment.

## COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Your Directors are pleased to provide the information required to be disclosed in accordance with Section 217(1)(e) of the Act, read with the above Rules, in Annexure I hereto forming part of the Report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### (a) Industry Structure and Developments

The year under review has been a turnaround year for the Indian Tea Industry. For the earlier part of the year with production lower by 37 million kgs, the demand pull was present and prices were consistently moving up. However, from September 2004 onwards, poorer export performance, better crops and higher imports of tea largely corrected the supply demand imbalance and prices moved down, substantially negating to a large extent the earlier gains. Nonetheless all India price levels rose by about 17%. Our policy of continuous quality upgradation coupled with a judicious product mix saw our average realisation move up by over 25%.

Despite prudent cost management, the inflationary pressure of the economy continued to push costs upwards. With current oil prices, these pressures will continue, more so as the Industry is saddled with large social costs which see regular administrative price increases.

### (b) Opportunities and Threats

In order to maximize profitability through a favourable product mix, better price realizations were achieved by your Company. The improvement in quality of your Company's teas has been recognized in the trade. During the year, the Company continued to export teas to Germany, Ireland and U.K. and was able to sell a significant quantity to the quality conscious Western India buyers.

In spite of being a very popular beverage in the country, tea has come under pressure from the Colas. However, there are indications that annual consumption of tea within the country is higher than hitherto believed. Proposals like generic promotion of tea & health benefits of tea, which are being chronicled the world over will help spur consumption growth in the medium term.

### (c) Segment wise Business Performance

As in the previous year, direct shipments were made overseas thus tapping the Export Market Segment. We are pleased to report that out of total crop of 54.50 lac kgs. sold during the year, 2.12 lac kgs. was exported representing 3.89% of total quantity sold.

### (d) Outlook

World crops are generally stable and are likely to remain so in the foreseeable future. Indian crops are currently ahead by 22.50 million kgs. for the period upto April, 2005. Given the fact that there were hardly any carry over stocks at the end of the previous season, a marginal increase in crop will not play a major role in upsetting the demand supply balance. We expect the market to remain largely stable.

However, despite our cautious optimism we are concerned at the inflationary pressures and the grim reality of escalating costs. To deal with such a situation, the Cornerstone of our policy is 'a *Quality Product*' through a prudent cost management regime.

### (e) Risks and Concerns

The cyclical nature of the Tea Industry and its dependence on weather conditions for production make the Industry vulnerable. This coupled with pricing determined by a supply demand equation can affect the markets adversely in years of high cropping. It is therefore necessary that Indian exports must measure upto around 200 million kgs if

## ROSSELL TEA LIMITED

the Industry is to see prolonged prosperity. Iran has opened up its markets to Indian exports. The situation though fluid in Iraq, is seeing movement of teas to this country. The improvement in relations with Pakistan could see increased trade in tea between the neighbours. There is a threat of declining consumption of black tea with herbal and flavoured teas being consumed increasingly. The Colas as always continue to eat into black tea market share, especially as the younger generation does not take to tea. Costs are increasing without commensurate increase in productivity and this continues to put great pressure on margins.

Your Company has adopted necessary measures for -

- (i) enforcement of strict cost control regimes and prudent financial management.
  - (ii) introduction of energy efficient and labour saving equipment
  - (iii) improved productivity
  - (iv) upgradation of Company's produce
  - (v) exploitation of market opportunity
- (f) **Internal Control Systems and their adequacy**

Your Company has adequate Internal Control Systems at all levels of management and they are reviewed from time to time. The Internal Audit is carried out in house as well as by a firm of Chartered Accountants. The Audit Committee of the Board look into Auditors' Review Report, which is deliberated upon and corrective action taken wherever required.

(g) **Financial and Operational Performance**

Your Company has substantially saved on its overall cost of borrowings by replacing high cost borrowings in Indian Rupee with low cost External Commercial Borrowings (ECB). Thus interest outgo has come down to Rs.251.61 lacs as against Rs.373.64 lacs in the previous year. This saving coupled with better average price realization and prudent cost management helped your Company make a profit before tax of Rs. 597.64 lacs. In spite of continuous losses over a period of time in earlier years, the financial base of your Company still remains sound and is expected to improve with better financial and operational performance.

(h) **Human Resources Development**

Human resources are a valuable asset at the Tea Estates of your Company and attention is continuously paid to their development and well being. Industrial relations at all the Estates remain satisfactory, where your Company employs more than 5200 personnel.

## PERSONNEL

Your Directors record their appreciation for contribution and co-operation of all the employees.

Since none of the employees of the Company was in receipt of remuneration exceeding Rs.24.00 lacs per annum where employed for full year or Rs.2.00 lacs per month where employed for a part of the year, no particulars are required to be furnished as per Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 [as amended by Companies (Particulars of Employees) (Amendment) Rules, 1999].

## AUDITORS

M/s. S. S. Kothari & Co., Chartered Accountants, Auditors, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Audit Committee has recommended their appointment as Auditors of the Company.

For and on behalf of the Board

H. M. Gupta  
*Executive Chairman*

Dr. S. S. Baijal  
*Director*

H. M. Parekh  
*Director*

Place : Kolkata  
Date : 25th May, 2005

R. N. Deogun  
*Director*

C. S. Bedi  
*Executive Director*

## Annexure I to Directors' Report

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March, 2005

### Particulars with respect to Conservation of Energy

- |   |   |  |
|---|---|--|
| 1. Energy conservation measures taken   | : | Replacement of old and outdated equipments, wherever required with energy efficient equipment giving higher output with less energy consumption. |
| 2. Additional Investment and Proposals, if any, being implemented for being reduction of consumption of energy                          | : | Installation of energy saving equipment and modernisation of Factories at the Estates is being done in a phased manner.                          |
| 3. Impact of measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods | : | Improvement of energy utilisation resulting in economy in cost.  |

### Form A

	Year ended 31st March, 2005	Year ended 31st March, 2004
<b>A. Power &amp; Fuel Consumption :</b>		
1. Electricity		
a) Purchased		
Units (Kwh)	27,15,435	28,98,332
Total Amount (Rs.)	1,81,99,149	1,68,66,006
Rate/Unit (Rs.)	6.70	5.82
b) Own Generation		
i) Through Diesel Generator		
Units (Kwh)	5,76,934	7,98,639
Unit/Ltr of Diesel Oil	2.25	2.63
Fuel Cost/Unit (Rs.)	11.13	8.14
ii) Through Natural Gas Generator		
Units (Kwh)	10,59,900	6,33,993
Total Cost of Gas Consumed (Rs.)	7,04,917	4,19,940
Fuel Cost/ Unit (Rs.)	0.67	0.66
2. Natural Gas		
Quantity (Scm)	36,06,165	35,72,814
Total Cost (Rs.)	86,91,777	81,32,395
Average Rate/Unit (Rs.)	2.41	2.28
3. Furnace Oil		
Quantity (Ltr)	1,25,406	85,167
Total Amount (Rs.)	21,69,134	13,86,067
Average Rate/Unit (Rs.)	17.30	16.27
4. Coal (Coke/Rom) for Tea Processing		
Quantity (MT)	1,726.654	1,841.576
Total Cost (Rs.)	38,38,447	34,72,741
Average Rate/Unit (Rs.)	2,223	1,886
<b>B. Consumption per Unit of Production :</b>		
Production - Tea (Gross) Kgs.	55,68,923	54,39,181
Electricity (Kwh)	0.78	0.80
Natural Gas (Scm)	0.89	0.93
Furnace Oil (Ltr)	0.05	0.03
Coal (Coke/Rom) (kgs)	1.15	0.85

**Research and Development (R & D)**

1. Specific areas in which R&D is carried out by the Company
2. Benefits derived as a result of above R&D
3. Future Plan of Action
4. Expenditure on R&D
  - (a) Capital
  - (b) Recurring
  - (c) Total
  - (d) Total R&D expenditure as percentage of total turnover

The Company is a member of the Tea Research Association, Kolkata which is registered under Section 35(1)(ii) of the Income Tax Act, 1961. A contribution of Rs.5.01 lacs (2004- Rs.5.20 lacs) was made towards subscription for the year.

**Technology Absorption, Adaptation and Innovation**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, production development, import substitution etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial Year), following information may be furnished
  - a) Technology imported
  - b) Year 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

In-house seminars, discussions with experts and training programme were held for innovative ideas of production and to update the staff.

There has been an overall improvement in productivity and economy in cost was achieved.

Not Applicable

**Foreign Exchange Earnings and Outgo**

During the year under review, your Company exported a sizeable quantity of teas to various overseas markets. The earnings in Foreign Exchange are given in Note 10.7 in Schedule 18 to the Accounts.

The foreign exchange outgo is given in Notes 10.6 and 10.8 in Schedule 18 to the Accounts.

For and on behalf of the Board

H. M. Gupta  
*Executive Chairman*

Dr. S. S. Baijal  
*Director*

H. M. Parekh  
*Director*

Place : Kolkata  
Date : 25th May, 2005

R. N. Deogun  
*Director*

C. S. Bedi  
*Executive Director*

## Annexure II to Directors' Report

### REPORT ON CORPORATE GOVERNANCE

The Listing Agreement of the Stock Exchange in Clause 49 (Revised) has laid down a Code of Corporate Governance which the Company has complied with as follows:

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

Your Board of Directors unequivocally supports the principles of Corporate Governance. Your Company espouses the cause of long term success in all areas of its business and commits itself to achieving this by outstanding standards of productivity, quality and performance. It continues to evolve, learn and adapt for the common good of its stakeholders. Your Company is further committed to the well being of its employees and of the society that we live in, in general.

#### 2. Board of Directors – Composition :

The Board is headed by Executive Chairman, Mr. H.M. Gupta and comprises of persons who are expert in their respective fields. At present, half of the Board consists of Non-Executive Independent Directors. Particulars as on 31st March,2005 are given below :

Director	Category	No. of Companies		
		Member of Board	Board Committees	
			Chairman	Member
Mr. H.M. Gupta	Executive Chairman	4	—	—
Dr. S.S. Bajjal	Non-Executive-Independent	7	5	9
Mr. H.M. Parekh	Non-Executive-Independent	7	2	6
Mr. P.L. Agarwal	Non-Executive-Independent	8	2	5
Mr. R.N. Deogun	Non-Executive	2	—	2
Mr. C.S. Bedi*	Executive Director	1	—	1

#### Board Meetings and Annual General Meeting (AGM) :

During the year under review, 4 Board Meetings were held on 19.05.2004, 29.07.2004, 19.10.2004 and 27.01.2005. The last AGM was held on 29.07.2004.

Details of attendance:

Director	No. of Board Meetings Attended	Whether attended last AGM
Mr. H.M. Gupta	4	Yes
Dr. S.S. Bajjal	4	Yes
Mr. H.M. Parekh	2	Yes
Mr. P.L. Agarwal	1	No
Mr. R.N. Deogun	3	Yes
Mr. C.S. Bedi	3	Yes

#### 3. Audit Committee :

The Audit Committee consists of 3 Non-Executive Directors. The Chairman and one of the Members are Independent Directors. The Committee has been meeting once in every quarter of the Financial Year.

A brief description of the terms of reference of the Audit Committee is:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- To review with management the annual financial statements before submission to the Board for approval, with particular reference, inter alia, to disclosure of related party transactions, qualifications in the draft audit report etc.

## ROSSELL TEA LIMITED

4. To review with management the quarterly financial statements before submission to the Board for taking on record.
5. To review with management, external and internal auditors, the adequacy of internal control systems.
6. To review the adequacy of internal audit function at present being conducted in house as well as by a firm of Chartered Accountants and to discuss with them any significant findings and follow up thereon.
7. To review the Company's financial and risk management policies.
8. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post audit discussion to ascertain any area of concern.

During the year under review, 4 Meetings of the Audit Committee were held on 19.05.2004, 29.07.2004, 14.10.2004 and 27.01.2005.

The composition and attendance of the members at the Audit Committee Meetings are as follows:

Name	No. of Audit Committee Meetings Attended
Dr. S.S. Baijal, Chairman	4
Mr. H.M. Parekh	3
Mr. R.N. Deogun	3

The Vice President (Finance)-cum-Company Secretary acts as the Ex-Officio Secretary to the Committee. Statutory Auditors and Internal Auditors attend the Meeting whenever required. The Executive Director and other senior executives are also invited to attend and deliberate in the Meetings.

#### 4. Remuneration Committee :

The remuneration policy is decided by the Board within the statutory framework and approved by the General Body. The Remuneration Committee constituted on 3rd May, 2002 consists of Non-Executive Independent Directors, namely Mr. H.M.Parekh, Chairman, Dr.S.S.Baijal and Mr. P.L.Agarwal.

The broad terms of reference of the Remuneration Committee is to determine on behalf of the Board of Directors of the Company, the Company's policy on specific remuneration packages for Managing Director/ Executive Director of the Company.

During the year under review, no Meeting of the Remuneration Committee was required to be held.

Remuneration (Being Minimum Remuneration as per Terms of Service) paid to Directors during the year 2004-2005:

Name of Directors	Salary	Contribution to P.F. and other Funds	Value of Perquisites	Total
Mr. H.M. Gupta, Executive Chairman	5,40,000	1,78,200	—	7,18,200
Mr. C.S.Bedi, Executive Director	6,60,000	2,17,800	4,19,023	12,96,823

- 1) Mr. H.M. Gupta  
Service contract : 01.05.2001 to 30.04.2006  
Notice period : Three months
- 2) Mr. C.S.Bedi  
Service contract : 01.04.2003 to 31.03.2006  
Notice period : Three months

(Rs.)

Non-Executive Directors	Board Fees	Committee Fees	Total
Dr. S.S. Baijal	8,000	4,000	12,000
Mr. H.M. Parekh	4,000	11,000	15,000
Mr. P.L. Agarwal	2,000	—	2,000
Mr. R.N. Deogun	6,000	3,000	9,000

There are no stock option plans of the Company.

**5. Shareholders' Grievance and Share Transfer Committee :**

The Committee at present consists of 1 Non-Executive Director and the Executive Director, namely-

Mr. H.M. Parekh — Chairman (Non-Executive)  
 Mr. C.S. Bedi — Member (Executive Director)

The Committee, which meets as and when required, met 8 times during the year.

a)	No. of complaints received from Stock Exchange / SEBI	Nil
b)	No. of complaints not resolved / no action taken	Nil
c)	No. of pending Share transfers as on 21.05.2005	Nil

Name and designation of Compliance Officer :

Mr. N.K. Khurana, Vice President (Finance)-cum-Company Secretary

Shareholders' grievances are resolved expeditiously. There is no grievance pending as on date.

**6. General Body Meetings :**

Location and time where last three AGMs were held :

Date	Location	Time
28.08.2002	Kala Kunj, 48, Shakespeare Sarani, Kolkata-700 017	2.30 p.m.
09.09.2003	-Do-	2.30 p.m.
29.07.2004	-Do-	3.00 p.m.

Postal Ballot: Last year no resolution was put through postal ballot.

No other General Meetings were held in course of the last three years, except those conducted and held under the direction and supervision of the Hon'ble High Court at Calcutta for sanction of various Schemes of Arrangement.

**7. Other Disclosures :**

**A. Related party transactions :**

Disclosures on materially significant related party transactions: The Company has not entered into any transactions of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company. The transactions undertaken during the year have been disclosed in Note 13 of Schedule 18 forming part of the Accounts for the year ended 31st March, 2005.

**B. No penalties / strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority for non-compliance of any laws on any matter related to capital markets, during the last three years.**

**8. Means of Communication :**

- a) Quarterly results and the half-yearly results are published in leading newspapers such as Business Standard (English) (all editions) and Aajkal (Bengali) (Kolkata).
- b) Company's Website: [www.rosselltea.com](http://www.rosselltea.com). Results are also sent to the Stock Exchanges for display on their Websites.  
 Company's E-mail address: [enquiry@rosselltea.com](mailto:enquiry@rosselltea.com)
- c) Management discussion and Analysis Report are covered by the Directors' Report.
- d) No presentation was made to any Institutional Investor or Analyst during the year.

## ROSSELL TEA LIMITED

### 9. General Shareholders' Information :

#### (a) AGM date, time and venue :

Thursday, 28th July 2005 at 3.30 P.M.  
Kala Kunj, 48, Shakespeare Sarani, Kolkata-700 017

#### (b) Financial calendar & Publication of Results :

The Financial Year of the Company is April to March.  
Publication of Results are as follows:

Period	Approval by the Board of Directors
1st quarter ended June 30, 2004	On 29.07.2004
2nd quarter ended September 30, 2004	On 19.10.2004
1st Half: April – September	On 19.10.2004
3rd quarter ended December 31, 2004	On 27.01.2005
Final Audited Results for the Year including for the 4th quarter ended March 31, 2005	On 25.05.2005

#### (c) Book Closure period :

Friday, 22nd July, 2005 to Thursday, 28th July, 2005 ( both days inclusive)

#### (d) Dividend payment date :

No dividend is recommended by the Board of Directors for the year.

#### (e) Listing on Stock Exchanges :

The Company's securities are listed at:

1. The Calcutta Stock Exchange Association Ltd.,  
7, Lyons Range, Kolkata-700 001
2. The Gauhati Stock Exchange Ltd.,  
Saraf Building Annexe, A.T. Road, Guwahati-781 001

Listing Fees as prescribed, have been paid to all the aforesaid Stock Exchanges for the Financial Year 2005-2006.

#### Stock Code :

Stock Exchange	Stock Code
The Calcutta Stock Exchange Association Ltd.	17341
The Gauhati Stock Exchange Ltd.	GGL

#### (f) Stock Price Data :

There was no transaction of the Equity Shares of the Company at Gauhati Stock Exchange during the year ended 31st March, 2005. However, at Calcutta Stock Exchange the last trading of Company's Equity Shares took place on 26th February, 2003 at Rs.18.80 per Equity Share.

#### (g) Share Transfer System :

The Company's shares are compulsorily traded in the demat form with effect from 29th January, 2001 for all categories of shareholders. All transfers are routed through the respective Accounts maintained with the Depository Participants (DPs) of the Investor.

**Code No. allotted by NSDL/CDSL :** (ISIN) INE 847C01012

Existing holders in physical mode are advised to open a Depository Account prior to any transaction.

(h) In accordance with Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (as amended), the Company has formulated a Code of Conduct, termed as "Rossell Tea Ltd. Code of Conduct for prohibition of Insider Trading" in terms of the above regulations, with effect from 24th October, 2002.

**(i) Dematerialisation of Shares :**

As on 21st May, 2005, 4,33,444 Nos. of Equity Shares have been dematerialised.

**(j) (i) Distribution of shareholding as on 31st March, 2005**

Group of Shares	No. of Shareholders	%	No. of Shares held	% to Total Shares
1 to 500	6,333	99.08	2,73,010	6.02
501 to 1000	12	0.19	7,948	0.17
1001 to 2000	8	0.12	11,471	0.25
2001 to 3000	3	0.05	7,550	0.17
3001 to 4000	3	0.05	11,717	0.26
4001 to 5000	2	0.03	8,514	0.19
5001 to 10000	9	0.14	68,179	1.50
10001 & higher	22	0.34	41,48,128	91.44
<b>Total</b>	<b>6,392</b>	<b>100.00</b>	<b>45,36,517</b>	<b>100.00</b>

**(ii) Shareholding pattern as at 31st March, 2005**

Category	No. of Shareholders	No. of Shares held	% to Shareholding
Foreign Companies	1	11,10,000	24.47
Non-Resident Individuals	7	286	—
Foreign Institutional Investors	—	—	—
Financial Institutions	5	82,282	1.81
Mutual Funds & UTI	1	2	—
Directors & their relatives	7	91,957	2.03
Resident Individuals	6,260	6,02,252	13.28
Nationalised Banks	5	18,190	0.40
Other Bodies Corporate	106	26,31,548	58.01
<b>Total</b>	<b>6,392</b>	<b>45,36,517</b>	<b>100.00</b>

**(k) Plant Locations :**

The Company owns five Tea Estates in Assam, as given below as on date. Each estate has its own well-equipped Factory for processing of Black Tea :

**ASSAM**

**Dist. Dibrugarh**

Dikom, Romai

**Dist. Tinsukia**

Nokhroy

**Dist. Nalbari**

Nagrijiuli

**Dist. Golaghat**

Bokakhat

Note: Particulars of Area under Tea, Crop & Yield are given later in the Report.

Besides, the Company has also undertaken Plantations as well as operation and running of Borahi Factory at Borahi T.E., P.O. Sonari, Dist. Sibsagar, Assam owned by Jyoti Holdings Pvt. Ltd., its fully owned Subsidiary.

## ROSSELL TEA LIMITED

### (I) Address for correspondence : (Registrars & Share Transfer Agents including Depository Registrar)

CB Management Services (P) Ltd.,  
P-22, Bondel Road,  
Kolkata-700 019

Tel: (033) 2280-6692/6693/6694/2486/2937

Fax: (033) 2287-0263

E-Mail: cbmsl1@Cal2.vsnl.net.in

In case of continuing difficulty, the Compliance Officer at the Registered Office to be intimated.

## AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

### TO THE MEMBERS OF ROSSELL TEA LIMITED

We have examined the compliance of conditions of Corporate Governance by Rossell Tea Limited for the year ended 31st March, 2005 as stipulated in Clause 49 (Revised) of the Listing Agreement of the said Company with Stock Exchanges.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Grievance and Share Transfer Committee, based on the certificates provided by the Registrars and Share Transfer Agents 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.

Place: Kolkata  
Date: 25th May, 2005

For S.S. Kothari & Co.,  
*Chartered Accountants*

R.K. Roy Chaudhury  
*Partner*

Membership No. 8816

## Auditors' Report

### To the Members of Rossell Tea Limited

We have audited the attached Balance Sheet of Rossell Tea Limited as at 31st March, 2005, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. 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.

We 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 of our opinion.

We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of books.
3. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
4. In our opinion, the Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended on that date comply with the accounting standard referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2005,
  - (b) in the case of the Profit and Loss Account of the profit for the year ended on that date and
  - (c) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.
7. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India under Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further state that:
  - i. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
  - (b) As explained to us, these fixed assets have been physically verified by the management during the year which in our opinion is reasonable having regard to size of the Company and nature of its business. No material discrepancies were noticed on such verification as compared to book records.
  - (c) Substantial part of the Fixed Assets have not been disposed off during the year.
  - ii. (a) The inventory excluding materials in transit and those lying with third parties have been physically verified by the management during the year, at reasonable intervals.
  - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

## ROSSELL TEA LIMITED

- (c) The Company is maintaining proper record of inventory. The discrepancies noticed on verification of stocks as compared to book records were not material and these have been properly dealt with in the books of account.
- iii. (a) The Company has not granted any loans secured or unsecured to any company, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, the Company maintains a Current Account with the Subsidiary Company.
  - (b) The Company has taken unsecured loans only from two other Companies and from the Managing Director covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.13.65 crores and year end balance of loan taken from such parties was Rs.10.06 crores.
  - (c) The rate of interest and terms and conditions on which unsecured loans have been taken from parties covered in the Register maintained under Section 301 of the Companies Act, 1956 are, in our opinion, not prima facie prejudicial to the interest of the Company.
  - (d) There is no stipulation with regard to repayment of principal and payment of interest on unsecured loans. However, the Company is paying interest amount generally on yearly basis.
  - (e) In view of Clause (d) above, there is no overdue amount.
- iv. In our opinion and according to the explanations given, internal control procedures for the purchase of inventory and fixed assets and for the sale of goods are commensurate with the size of the Company and nature of its business. During the course of audit, we have not noticed any continuing failure to correct the major weaknesses in internal control system. The Company has no sale of Services.
- v. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted Deposits from the Public during the year.
- vii. The Internal Audit system in existence is commensurate with the size of the Company and nature of its business.
- viii. The Central Govt. has prescribed for the maintenance of cost record under Clause (d) of sub-sec.(1) of Sec.209 of the Companies Act, 1956. We have broadly reviewed the records and Accounts maintained by the Company. We are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of such records.
- ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, service tax, excise duty, cess and other material statutory dues applicable to it.

There is no arrears outstanding statutory dues as at the last day of the financial year for a period of more than 6 months from the date they became payable.

  - (b) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute except a sum of Rs.19,108 for Assam General Sales Tax has not been deposited on account of dispute for which a rectification petition is pending before the Superintendent of Taxes, Tinsukia.

- x. In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our report but incurred cash losses during the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. The Company has not taken loan from any financial institution or raised any money through issue of Debentures.
- xii. The Company has not granted loans and advances on the basis of Security by way of pledge of shares, debentures and other securities. Accordingly, the Clause 4(xii) of the Order is not applicable to the Company.
- xiii. In our opinion, the Company is not a chit fund or a nidhil / mutual benefit fund/society. Accordingly, the Clause 4(xiii) of the Order is not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the Clause 4(xiv) of the Order is not applicable to the Company.
- xv. The Company has not given guarantee for loans taken by others from banks or financial institutions. Accordingly, the Clause (xv) of the Order is not applicable.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii. The Company has not made any allotment of shares during the year under audit. Accordingly, the Clause 4(xviii) of the Order is not applicable to the Company.
- xix. During the period covered by our audit, the Company has not issued any debentures. Accordingly, the Clause 4(xix) of the Order is not applicable to the Company.
- xx. The Company has not raised money by Public Issue during the year. Accordingly, the Clause 4(xx) of the Order is not applicable to the Company.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Kolkata  
Date: 25th May, 2005

For S.S. Kothari & Co.  
*Chartered Accountants*

R.K. Roy Chaudhury  
*Partner*  
Membership No. 8816

ROSSELL TEA LIMITED

Balance Sheet as at 31st March, 2005

	Schedule	As at 31.03.2005		As at 31.03.2004	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1		8,53,65,170		8,53,65,170
Reserves and Surplus	2		21,05,00,466		20,97,66,466
			<u>29,58,65,636</u>		<u>29,51,31,636</u>
<b>Loan Funds</b>					
Secured Loans	3		25,24,03,422		27,03,64,397
Unsecured Loans	4		10,64,13,521		10,19,32,193
			<u>35,88,16,943</u>		<u>37,22,96,590</u>
<b>TOTAL</b>			<u>65,46,82,579</u>		<u>66,74,28,226</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	5		56,48,83,620		55,29,72,206
Less: Depreciation			5,96,69,660		4,85,73,531
Net Block			<u>50,52,13,960</u>		<u>50,43,98,675</u>
Capital Work-in-Progress			86,597		1,79,161
			<u>50,53,00,557</u>		<u>50,45,77,836</u>
<b>Investments</b>					
<b>Current Assets, Loans and Advances</b>					
Inventories	7	2,95,94,630		2,37,18,650	
Sundry Debtors	8	2,14,534		13,91,799	
Cash and Bank Balances	9	45,42,105		14,29,548	
Other Current Assets	10	8,43,823		1,05,559	
Loans and Advances	11	6,61,40,864		6,65,38,228	
		<u>10,13,35,956</u>		<u>9,31,83,784</u>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	12	4,66,39,519		4,55,14,501	
Provisions	13	19,09,235		26,19,489	
		<u>4,85,48,754</u>		<u>4,81,33,990</u>	
<b>Net Current Assets</b>			5,27,87,202		4,50,49,794
<b>Deferred Tax Asset</b>			5,60,00,000		10,40,00,000
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)					
Preliminary Expenses			39,502		74,686
<b>Profit and Loss Account</b>					
Deficit as per Annexed Account		3,63,76,714		6,47,97,278	
Less: General Reserve		—	3,63,76,714	5,52,49,972	95,47,306
<b>TOTAL</b>			<u>65,46,82,579</u>		<u>66,74,28,226</u>

**Notes on Accounts** 18

Schedules 1 to 13 and Schedule 18 referred to above form an integral part of the Balance Sheet

In terms of our Report of even date.

For S. S. Kothari & Co.  
Chartered Accountants  
R. K. Roy Chaudhury  
Partner

N. K. Khurana  
Vice President (Finance)  
-cum-Company Secretary

H. M. Gupta  
Executive Chairman  
R. N. Deogun  
Director

Dr. S. S. Baijal  
Director  
C. S. Bedi  
Executive Director

H. M. Parekh  
Director

Place : Kolkata  
Date : 25th May, 2005

**Profit and Loss Account for the year ended 31st March, 2005**

	Schedule	2004-2005 Rs.	2003-2004 Rs.
<b>INCOME</b>			
Sales		48,25,76,207	36,88,88,115
Other Income	14	25,49,855	89,20,383
		<u>48,51,26,062</u>	<u>37,78,08,498</u>
<b>EXPENDITURE</b>			
(Increase)/Decrease in Stock	15	1,47,501	(48,14,279)
Expenses	16	42,52,13,172	40,64,14,955
Interest	17	2,51,61,474	3,73,64,035
Depreciation		1,15,85,236	1,03,79,201
		<u>46,21,07,383</u>	<u>44,93,43,912</u>
<b>PROFIT /(LOSS) BEFORE EXTRAORDINARY ITEMS</b>		<b>2,30,18,679</b>	<b>(7,15,35,414)</b>
Amortisation of Goodwill arising on Amalgamation		(8,64,087)	(8,64,087)
<b>PROFIT /(LOSS) BEFORE TAXATION</b>		<b>2,21,54,592</b>	<b>(7,23,99,501)</b>
Provision for Taxation		2,50,000	—
<b>PROFIT /(LOSS) AFTER CURRENT TAXATION</b>		<b>2,19,04,592</b>	<b>(7,23,99,501)</b>
Deferred Taxation Adjustment (Note 14)		(4,80,00,000)	4,63,68,000
<b>(LOSS) AFTER DEFERRED TAXATION ADJUSTMENT</b>		<b>(2,60,95,408)</b>	<b>(2,60,31,501)</b>
Balance brought forward		(6,47,97,278)	(3,46,43,777)
Transfer from General Reserve		5,52,49,972	—
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<u><b>(3,56,42,714)</b></u>	<u><b>(6,06,75,278)</b></u>
<b>APPROPRIATION</b>			
Transfer to Exchange Rate Variation Reserve		7,34,000	41,22,000
Balance carried forward		(3,63,76,714)	(6,47,97,278)
		<u><b>(3,56,42,714)</b></u>	<u><b>(6,06,75,278)</b></u>
<b>Basic and Diluted Earnings per Equity Share</b>			
Based on Profit/(Loss) after Current Taxation		4.83	(15.96)
Based on Profit/(Loss) after Deferred Taxation Adjustment		(5.75)	(5.74)

**Notes on Accounts** 18

Schedules 14 to 18 referred to above form an integral part of the Profit and Loss Account

In terms of our Report of even date.

For S. S. Kothari & Co.  
Chartered Accountants  
R. K. Roy Chaudhury  
Partner

N. K. Khurana  
Vice President (Finance)  
-cum-Company Secretary

H. M. Gupta  
Executive Chairman  
R. N. Deogun  
Director

Dr. S. S. Baijal  
Director  
C. S. Bedi  
Executive Director

H. M. Parekh  
Director

Place : Kolkata  
Date : 25th May, 2005

## Schedules to the Balance Sheet

	<u>As at 31.03.2005</u> Rs.	<u>As at 31.03.2004</u> Rs.
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<b>Authorised</b>		
50,00,000 (2004 - 50,00,000) Equity Shares of Rs.10 each	<b>5,00,00,000</b>	5,00,00,000
4,00,000 (2004- 4,00,000) Redeemable Preference Shares of Rs. 100 each	<b>4,00,00,000</b>	4,00,00,000
	<b><u>9,00,00,000</u></b>	<u>9,00,00,000</u>
<b>Issued &amp; Subscribed</b>		
45,36,517 (2004 - 45,36,517) Equity Shares of Rs. 10 each fully paid up	<b>4,53,65,170</b>	4,53,65,170
4,00,000 (2004- 4,00,000) 9% Redeemable Preference Shares of Rs. 100 each fully paid up in cash	<b>4,00,00,000</b>	4,00,00,000
	<b><u>8,53,65,170</u></b>	<u>8,53,65,170</u>
Notes :		
1. Of the above 30,35,717 Equity Shares have been issued for consideration other than cash.		
2. 9% Non-Cumulative Redeemable Preference Shares were allotted on 24th October, 2002 and shall be redeemed within 5 years from such date as per terms of issue.		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Balance as per last Account	<b>14,64,82,598</b>	14,64,82,598
<b>Capital Reserve</b>		
Balance as per last Account	<b>1,91,61,868</b>	1,91,61,868
<b>General Reserve</b>		
Balance as per last Account	<b>5,52,49,972</b>	5,52,49,972
Less : Transfer to Profit and Loss Account	<b>5,52,49,972</b>	—
	<b>—</b>	<u>5,52,49,972</u>
Less: Debit balance in Profit and Loss Account	<b>—</b>	5,52,49,972
	<b>—</b>	<u>—</u>
<b>Preference Shares Redemption Reserve</b>		
Balance as per last Account	<b>4,00,00,000</b>	4,00,00,000
<b>Exchange Rate Variation Reserve</b>		
Balance as per last Account	<b>41,22,000</b>	—
Add : Transfer from Profit and Loss Account	<b>7,34,000</b>	41,22,000
	<b><u>48,56,000</u></b>	<u>41,22,000</u>
	<b><u>21,05,00,466</u></b>	<u>20,97,66,466</u>

**ROSSELL TEA LIMITED**

	<u>As at 31.03.2005</u> Rs.	<u>As at 31.03.2004</u> Rs.
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>From Banks</b>		
<b>Foreign Currency Term Loan</b>		
External Commercial Borrowing from The Bank of Nova Scotia	16,49,25,000	17,68,80,000
[Secured by equitable mortgage of Dikom T.E. pari passu with State Bank of India and equitable mortgage of Bokakhat T.E.pari passu with UTI Bank Ltd.]		
<b>Rupee Term Loan</b>		
<b>Term Loan from HDFC Bank Ltd.</b>	5,75,00,000	—
[Secured by hypothecation of tea crop and movable assets of Nokhroy and Nagrijuli T.Es.and collaterally secured by equitable mortgage of Nokhroy T.E.]		
<b>Term Loan from UTI Bank Ltd.</b>	—	1,99,94,827
[Secured by hypothecation of movable machinery and equitable mortgage of Bokakhat T.E.pari passu with The Bank of Nova Scotia]		
<b>Term Loan from State Bank of India</b>	—	2,50,00,000
[Secured by hypothecation of movable machinery and equitable mortgage of Dikom T.E.pari passu with The Bank of Nova Scotia]		
<b>Car Finance from ICICI Bank Ltd.</b>	2,79,793	8,07,255
[Secured by hypothecation of Vehicles financed through this loan]		
<b>Cash Credit Accounts</b>		
Bank Of Baroda	—	1,62,75,787
[Secured by hypothecation of tea crop and movable assets of Nokhroy and and Nagrijuli T.Es. and collaterally secured by equitable mortgage of Nokhroy T.E.]		
HDFC Bank Ltd.	24,64,800	—
[Secured by hypothecation of tea crop and movable assets of Nokhroy and Nagrijuli T.Es. and collaterally secured by equitable mortgage of Nokhroy T.E.]		
State Bank of India	2,50,67,121	2,32,11,387
[Secured by hypothecation of tea crop and movable assets of Dikom and Romai T.Es. and collaterally secured by equitable mortgage of Dikom T.E. pari passu with The Bank of Nova Scotia. Additionally, secured by a Corporate Guarantee to the extent of Rs.200 Lacs provided by Jyoti Holdings Pvt Ltd., the subsidiary Company, which in turn is secured by equitable mortgage of Borahi T.E.]		
UTI Bank Limited	21,66,708	72,05,782
[Secured by hypothecation of tea crop and movable assets of Bokakhat T.E.and collaterally secured by equitable mortgage of Bokakhat T.E. pari passu with The Bank of Nova Scotia ]		
<b>Interest accrued and due thereon</b>	—	9,89,359
	<b>25,24,03,422</b>	<b>27,03,64,397</b>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Intercorporate Deposits	6,56,00,000	9,43,00,000
Loan from Managing Director (Executive Chairman)	3,50,00,000	—
Interest accrued and due thereon	58,13,521	76,32,193
	<b>10,64,13,521</b>	<b>10,19,32,193</b>

**ROSSELL TEA LIMITED**

**SCHEDULE 5**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31.03.2004	Additions during the year	Disposal during the year	Cost as at 31.03.2005	As at 31.03.2004	Additions for the year	Written back during the year	As at 31.03.2005	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Goodwill (Note 1.11)	17,28,174	—	8,64,087	<b>8,64,087</b>	—	—	—	—	<b>8,64,087</b>	17,28,174
Land and Planted Teas	32,13,45,911	46,32,568	—	<b>32,59,78,479</b>	—	—	—	—	<b>32,59,78,479</b>	32,13,45,911
Buildings	8,96,00,962	3,53,353	—	<b>8,99,54,315</b>	92,81,264	18,72,999	—	<b>1,11,54,263</b>	<b>7,88,00,052</b>	8,03,19,698
Plant and Machinery	10,62,80,650	59,37,743	—	<b>11,22,18,393</b>	2,69,10,850	69,42,369	—	<b>3,38,53,219</b>	<b>7,83,65,174</b>	7,93,69,800
Furniture and Fittings	77,99,901	—	—	<b>77,99,901</b>	26,81,590	4,93,529	—	<b>31,75,119</b>	<b>46,24,782</b>	51,18,311
Vehicles	1,84,88,312	18,81,400	9,74,036	<b>1,93,95,676</b>	61,79,751	16,83,712	4,89,107	<b>73,74,356</b>	<b>1,20,21,320</b>	1,23,08,561
Office and Other Equipment	77,28,296	9,44,473	—	<b>86,72,769</b>	35,20,076	5,92,627	—	<b>41,12,703</b>	<b>45,60,066</b>	42,08,220
<b>Total</b>	<b>55,29,72,206</b>	<b>1,37,49,537</b>	<b>18,38,123</b>	<b>56,48,83,620</b>	<b>4,85,73,531</b>	<b>1,15,85,236</b>	<b>4,89,107</b>	<b>5,96,69,660</b>	<b>50,52,13,960</b>	<b>50,43,98,675</b>
Previous Year	53,98,70,717	1,41,62,000	10,60,511	55,29,72,206	3,83,79,150	1,03,79,201	1,84,820	4,85,73,531	50,43,98,675	

**ROSSELL TEA LIMITED**

**As at 31.03.2005**  
**Rs.**

**As at 31.03.2004**  
**Rs.**

**SCHEDULE 6**

**INVESTMENTS**

**At Cost**

**Trade Investment**

**Unquoted :**

**Jyoti Holdings Private Limited (Subsidiary Company)**

2,50,300 (2004 -2,50,300) Equity Shares of  
Rs. 10 each fully paid up

**25,03,000**

25,03,000

50,000 (2004- 50,000) Equity Shares of Rs.10 each  
fully paid up in Assam Hospitals Limited

**5,00,000**

5,00,000

**Other Investments**

**Unquoted :**

1,15,000 (2004-1,15,000) 17% Secured Redeemable  
Non-Convertible Debentures of Rs.100 each fully  
paid up in Punjab Wireless Systems Limited

**1,15,00,000**

1,15,00,000

**Quoted :**

13,840 (2004- 13,840) Equity Shares of Rs.10 each  
fully paid up in Mysore Petro Chemicals Limited

**7,49,793**

7,49,793

**1,52,52,793**

1,52,52,793

*Less : Provision for diminution in the value of  
Investments (Note 6)*

**1,10,74,189**

1,10,74,189

**41,78,604**

41,78,604

**Aggregate Book value (Net of Provisions) :**

Quoted Investments

**25,604**

25,604

Unquoted Investments

**41,53,000**

41,53,000

**41,78,604**

41,78,604

Market value of Quoted Investments

**1,32,587**

49,824

**SCHEDULE 7**

**INVENTORIES**

Stock of Tea at lower of cost and  
net realisable value

**1,53,10,020**

1,54,57,521

Stock of Stores and Spares at or under cost

**1,42,84,610**

82,61,129

**2,95,94,630**

2,37,18,650

**ROSSELL TEA LIMITED**

	<u>As at 31.03.2005</u> Rs.	<u>As at 31.03.2004</u> Rs.
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured, Considered Good		
Debts outstanding for a period exceeding six months	—	—
Other Debts	2,14,534	13,91,799
	<u>2,14,534</u>	<u>13,91,799</u>
 <b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	4,19,666	4,36,713
Remittance -in- Transit	7,62,000	1,10,000
With Scheduled Banks		
on Current Accounts	12,02,222	3,13,152
on EEFC Account in USD	15,80,678	—
on Margin Money Account	3,94,789	3,56,489
on Unpaid Dividend Accounts	1,80,002	2,10,446
on Fractional Entitlement Account	2,748	2,748
	<u>45,42,105</u>	<u>14,29,548</u>
 <b>SCHEDULE 10</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Accrued on Deposits	12,759	31,201
Other Receivable	8,31,064	74,358
	<u>8,43,823</u>	<u>1,05,559</u>
 <b>SCHEDULE 11</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured, Considered Good		
Advances for Capital Assets	46,60,443	41,88,141
Advances recoverable in cash or in kind or for value to be received	5,62,30,325	5,71,85,655
Deposits	52,50,096	51,64,432
	<u>6,61,40,864</u>	<u>6,65,38,228</u>

**ROSSELL TEA LIMITED****As at 31.03.2005**  
**Rs.****As at 31.03.2004**  
**Rs.****SCHEDULE 12****CURRENT LIABILITIES**

Sundry Creditors (Due to Small Scale Industrial Undertaking - Rs. Nil)	<b>1,62,93,863</b>	1,54,98,098
Other Liabilities	<b>2,86,49,673</b>	2,90,14,963
Interest Accrued but not Due	<b>15,13,234</b>	7,88,246
Unpaid Dividend*	<b>1,80,001</b>	2,10,446
Refund of Sale proceeds of Fractional Entitlement	<b>2,748</b>	2,748
	<b><u>4,66,39,519</u></b>	<u>4,55,14,501</u>

[Transfer to Investor Education and Protection Fund Rs. 29,528 (A/c 1996-1997) during the year.]

\*Investor Education and Protection Fund shall be credited by this Amount, when due.

**SCHEDULE 13****PROVISIONS**

Provision for Taxation (Net)	<b>19,09,235</b>	26,19,489
	<b><u>19,09,235</u></b>	<u>26,19,489</u>

**Schedules to the Profit and Loss Account****2004-2005**  
**Rs.****2003-2004**  
**Rs.****SCHEDULE 14****OTHER INCOME**

Interest		
On Other Deposits	<b>52,045</b>	41,970
[Tax deducted at source Rs.8,966 {2004-Rs.1,781}]		
On Income Tax Refund	—	20,967
Dividend	<b>37,500</b>	25,000
Rent Received	<b>16,80,000</b>	16,80,000
Replanting Subsidy	<b>1,85,586</b>	—
Gain on Exchange	—	40,99,237
Sale of DEPB Licence	<b>2,01,853</b>	7,09,151
Sundry Receipts	<b>3,92,871</b>	22,78,463
Profit on Disposal of Fixed Assets (Net)	—	65,595
	<b><u>25,49,855</u></b>	<u>89,20,383</u>

**ROSSELL TEA LIMITED**

	<u>2004-2005</u> Rs.	<u>2003-2004</u> Rs.
<b>SCHEDULE 15</b>		
<b>(INCREASE)/DECREASE IN STOCK</b>		
Opening Stock Of Tea	1,54,57,521	1,06,43,242
Less:Closing Stock Of Tea	1,53,10,020	1,54,57,521
	<u>1,47,501</u>	<u>(48,14,279)</u>
<b>SCHEDULE 16</b>		
<b>EXPENSES</b>		
Consumption of Stores and Spare Parts	4,76,56,722	6,10,34,151
Purchase of Green Leaf	6,00,30,298	4,57,92,107
Power and Fuel	4,68,95,027	4,14,11,587
Excise Duty and Tea Cess	69,06,265	65,51,377
Processing Charges	22,63,026	22,72,364
Cess on Green Leaf	59,03,469	59,39,298
Salaries,Wages and Bonus	14,34,50,215	13,89,35,244
Contribution to Provident and other Funds	2,16,54,982	2,17,89,460
Workmen and Staff Welfare	2,43,21,137	2,17,41,420
Rent	50,58,227	18,35,090
Rates and Taxes	5,11,039	5,72,426
Repairs to Building	73,71,290	61,02,260
Repairs to Machinery	67,89,115	75,68,677
Other Repairs and Maintenance	26,30,200	32,58,875
Vehicles Maintenance	34,96,087	38,96,144
Transportation	1,10,51,367	86,57,747
Shipment Charges	12,70,495	11,67,135
Sale Charges	57,38,080	49,12,250
Brokerage	32,18,806	27,64,209
Commission on Sales	9,34,985	13,87,426
Insurance	20,52,224	31,58,724
Directors' Fee	38,000	41,000
Auditors' Remuneration	1,37,084	1,32,540
Preliminary Expenses	35,184	35,184
Miscellaneous Expenses	1,53,86,503	1,54,58,260
Loss on Exchange (Net)	1,41,595	—
Loss on Disposal of Fixed Assets (Net)	2,71,750	—
	<u>42,52,13,172</u>	<u>40,64,14,955</u>
<b>SCHEDULE 17</b>		
<b>INTEREST</b>		
On Bank Overdraft	58,01,802	85,43,494
On Term Loans to Banks	90,74,494	1,92,20,298
On Intercompany Deposits	73,83,603	96,00,243
On Unsecured Loan from Managing Director (Executive Chairman)	29,01,575	—
	<u>2,51,61,474</u>	<u>3,73,64,035</u>

## SCHEDULE 18

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005.

**1. Significant Accounting Policies****1.1 Basis of Accounting**

The financial statements have been prepared in accordance with historical cost concept.

**1.2 Fixed Assets**

Fixed Assets are stated at cost of acquisition and depreciated on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

The cost of Extension Planting on cultivable land including cost of development is capitalised. However, cost of upkeep and maintenance of the areas still not matured for plucking and cost of replanting in existing areas are charged to revenue.

Profit or Loss on disposal of Fixed Assets is recognised in the Profit and Loss Account.

**1.3 Foreign Currency Transaction**

Foreign Currency Transactions are converted and accounted for at the rates prevailing on the dates of transaction. Year-end current assets (Monetary Items) and liabilities are restated at the year-end exchange rate and resultant net gain or loss is adjusted in the Profit and Loss Account as prescribed by Accounting Standard-11, Accounting for the Effect of Changes in Foreign Exchange Rates, issued by The Institute of Chartered Accountants of India. Exchange Rate Variation Reserve has been created for recognition of gain/loss on External Commercial Borrowing (ECB) in Foreign Exchange.

**1.4 Investments**

Investments are stated at cost of acquisition and treated as long term investments.

**1.5 Inventories**

Stock of Tea is valued at lower of cost and net realisable value and that of stores and spares is valued at or under cost.

**1.6 Staff Benefits**

- a) Annual Gratuity liability is actuarially ascertained and funded.
- b) Contribution for pension to the eligible employees, is made to the approved Superannuation Fund.
- c) Leave encashment liability is provided for as per the eligibility criteria in this regard.

**1.7 Borrowing Cost**

Borrowing cost is recognised as an expense to the extent, the same has been incurred for the year, unless such cost is directly attributable to the acquisition, construction or production of a qualifying asset and capitalised as part of the cost of that asset as prescribed by Accounting Standard-16, Borrowing Cost, issued by The Institute of Chartered Accountants of India.

**1.8 Revenue Recognition**

Items of income and expenditure are recognised on accrual and prudent basis.

**1.9 Replanting Subsidy**

Replanting Subsidy is recognised as income in the Profit and Loss Account in the year of receipt on prudent basis.

**1.10 Amortisation of Preliminary Expenses**

Preliminary Expenses are being amortised over a period of 10 years.

**1.11 Amortisation of Goodwill**

Goodwill recognised in accordance with AS-14, Accounting for Amalgamation, is being amortised over a period of 5 years as per the said Accounting Standard.

## ROSSELL TEA LIMITED

2. The Company purchased and acquired Romai T.E., Dist. Dibrugarh, Assam as a going concern with effect from 1st April, 2002. The Conveyance Deed in respect thereof is still in the process of execution in the name of the Company.
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided (net of advance) for **Rs. 41,00,000** (2004 - Rs. 3,35,000).
- 4.1 Estimated amount of Contingent Liability not provided for Sales Tax **Rs.19,108** (2004 - Rs.Nil).
- 4.2 Bank Guarantees outstanding **Rs. 4,34,230** (2004 - Rs. 5,68,355).
- 4.3 Forward Exchange Contracts, for Payables, outstanding **Rs.1,36,33,800** (2004- Rs. Nil)
- 5.1 Advances recoverable in cash or in kind include dues from
  - a) Jyoti Holdings Private Limited, Subsidiary Company **Rs. 4,55,60,188** (2004 – Rs. 5,04,51,754).
  - b) An Officer of the Company **Rs. 1,77,000** (2004- Rs. 2,45,000) (Maximum amount due at any time during the year – Rs. 2,45,000).
- 5.2 Deposits include the following balances :
  - a) With Excise Authorities **Rs. 7,022** (2004 - Rs. 4,04,359).
  - b) With NABARD deposited under the Tea Development Account Scheme, 1990 **Rs. 1,000** (2004- Rs. 1,000).
6. The Company had invested Rs. 1,15,00,000 in 1,15,000 17% Secured Redeemable Non-convertible Debentures of Rs. 100 each in Punjab Wireless Systems Limited, which Company has gone into liquidation. No interest has been received on these Debentures since 1st July, 1999 and accordingly not considered in these accounts. Pending receipt of redemption proceeds, if any, from the liquidator, 90% of book value of these Debentures was provided towards likely diminution in such value during the year 2000-2001 and being carried forward awaiting conclusion of liquidation proceedings of the said Company.
7. The total amount paid/payable to Executive Chairman and Executive Director as Minimum Remuneration and charged in these accounts under various heads:

	<b>2004-2005</b>	2003-2004
	<b>Rs.</b>	Rs.
Salary	<b>12,00,000</b>	14,25,000
Encashment of Leave	—	4,77,500
Contribution to Provident and other Funds	<b>3,96,000</b>	4,56,750
Cost of benefits	<b>4,19,023</b>	4,73,617
	<b><u>20,15,023</u></b>	<u>28,32,867</u> *

\* Includes Rs. 8,14,012 paid to the Managing Director upto 30th June, 2003

8. Auditors' Remuneration
 

	<b>2004-2005</b>	2003-2004
	<b>Rs.</b>	Rs.
Audit Fees	<b>88,160</b>	86,800
Tax Audit Fees	<b>13,224</b>	12,960
For Certification Job	<b>33,700</b>	30,780
Reimbursement of Expenses	<b>2,000</b>	2,000
	<b><u>1,37,084</u></b>	<u>1,32,540</u>
9. Repairs to Buildings and Repairs to Machinery in Schedule 16 are exclusive of salaries and wages amounting to **Rs. 8,79,103** (2003 -2004 - Rs.14,02,590) and **Rs. 15,71,393** (2003-2004 - Rs.16,78,047) respectively, which have been included in Salaries, Wages and Bonus.

**10. The Company manufactures Black Tea and the relevant information pursuant to the provisions of Paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 is given below :**

	<u>2004-2005</u>	<u>2003-2004</u>
<b>10.1</b> Licensed Capacity	<b>Not Applicable</b>	Not Applicable
Installed Capacity	<b>Not Ascertainable</b>	Not Ascertainable
<b>10.2</b> Saleable Production (Kgs.)	<b>54,46,847</b>	53,22,431
<b>10.3</b> Opening Stock (Kgs.)	<b>2,23,104</b>	1,51,740
- Value (Rs.)	<b>1,54,57,521</b>	1,06,43,242
Sales (including claims, damages Samples etc.) (Kgs.)	<b>54,49,518</b>	52,51,067
- Value (Rs.)	<b>48,25,76,207</b>	36,88,88,115
Closing Stock (Kgs)	<b>2,20,433</b>	2,23,104
- Value (Rs.)	<b>1,53,10,020</b>	1,54,57,521
<b>10.4</b> (i) Raw Materials Consumed (Green Leaf) (Indigenous) (Kgs) (own cultivation) - Value	<b>1,86,24,943</b>	1,85,60,309
	<b>Not required to be disclosed</b>	Not required to be disclosed
(ii) Raw Materials Purchased and Consumed (Green Leaf) (Indigenous) (kgs.) - Value (Rs.)	<b>57,08,627</b>	53,21,129
	<b>6,00,30,298</b>	4,57,92,107
<b>10.5</b> Stores and Spares Consumed and debited to various heads of Account in the Profit and Loss A/c. (Indigenous) (Rs.)	<b>7,43,32,359</b>	8,59,83,122
<b>10.6</b> Expenditure in Foreign Currency (Rs.)		
Foreign Travel	<b>3,29,763</b>	2,68,883
Interest on Foreign Currency Term Loan (Net of TDS)	<b>47,13,074</b>	—
<b>10.7</b> Earnings in Foreign Currency F.O.B. Value of Export Sales	<b>3,21,33,045</b>	3,65,45,717
<b>10.8</b> Value of Imports calculated on C.I.F. Basis Capital Goods	<b>28,99,964</b>	28,79,235

**ROSSELL TEA LIMITED**

**11. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956 is given below:  
Balance Sheet Abstract and Company's General Business Profile:**

**11.1** Registration Details

Registration No.	63513	State Code	21
Balance Sheet Date	31.03.2005		

**11.2** Capital raised during the year (Amount in Rs.'000)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**11.3** Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

<b>Total Liabilities</b>	<b>6,54,682</b>	<b>Total Assets*</b>	<b>6,54,682</b>
<b>Source of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	85,365	Net Fixed Assets	5,05,301
Reserves and Surplus	2,10,500	Investments	4,179
Secured Loans	2,52,403	Net Current Assets	52,787
Unsecured Loans	1,06,414	Deferred Tax Asset	56,000
		Miscellaneous Expenditure	39
		Profit & Loss Account	36,376

\* Net of Current Liabilities and Provisions

**11.4** Performance of the Company (Amount in Rs. '000)

Turnover	4,82,576
Other Income	2,550
Total Expenditure	4,62,107
Profit Before Tax and Extraordinary Item	23,019
(Loss) After Tax	(26,095)
Earnings per Share (in Rs.)	(5.75)
Dividend Rate	Nil

**11.5** Generic names of three principal products/services of the Company (as per monetary terms)

Item Code No. (ITC Code)	09.02
Product Description	Black Tea

**12.** The Company is a single segment Company engaged in the business of integrated activities of Cultivation, Manufacture and Sale of Black Tea. Thus, there are no separate reportable segments in terms of AS-17- Segment Reporting issued by the Institute of Chartered Accountants of India.

**13.** The following are the Related Party transactions undertaken by the Company during this accounting period in terms of AS-18 - Related Party Disclosures issued by the Institute of Chartered Accountants of India:

**a) Name of related party and nature of relationship :**

Enterprise where Control Exists	—	Jyoti Holdings Private Limited, Subsidiary Company, (Fully owned)
Key Management Personnel	—	Mr. H.M. Gupta, Executive Chairman Mr. C.S.Bedi , Executive Director
Associate Company	—	BMG Enterprises Ltd.
Enterprises over which the Key Management Personnel or their relatives have significant influence	—	BMG Investments Private Limited Harvin Estates Private Limited

**b) Particulars of transactions during the year ended 31st March, 2005**

<b>Nature of transaction</b>	<b>Enterprise where Control exists</b>	<b>Key Management Personnel and relatives</b>
	Rs.	Rs.
1. Re-imburement received for Salary and Allowance in respect of Management Staff Seconded to them	5,32,612 (7,81,000)	— —
2. Re-imburement made in respect of expenses for use of various facilities at Borahi T.E.	1,33,17,756 (57,79,646)	— —
3. Purchase of Green Leaf at Borahi T.E.	1,23,26,288 (1,64,10,702)	— —
4. Payment of Processing Charges at Borahi Factory	22,63,026 (22,72,364)	— —
5. Payment of Agricultural Rent for Borahi T.E.	30,00,000 (—)	— —
6. Net decrease in Current Account Balance	48,91,566 (37,74,928)	— —
7. Rent for Residential Accommodation	— (—)	3,00,000 (3,00,000)
8. Unsecured Loan taken	— (—)	3,50,00,000 (—)
9. Interest paid on Unsecured Loans taken	— (—)	29,01,575 (—)
10. Remuneration Paid	— (—)	20,15,023 (20,18,855)
	<b>Associate Company</b>	<b>Enterprises where significant influence is exercisable as aforesaid</b>
	Rs.	Rs.
1. Interest paid on Unsecured Loans taken	28,31,143 (54,93,913)	45,19,370 (41,06,330)
2. Rent received for Office Space	16,80,000 (16,80,000)	— —
3. Rent Paid for Office Space	— (—)	6,00,000 (6,00,000)
4. Re-imburement received for Administrative Overheads	22,38,629 (13,83,733)	— —
5. Net decrease in Intercorporate Deposits	3,05,00,000 (—)	— —
6. Net increase in Intercorporate Deposits	— (33,00,000)	18,00,000 (75,50,000)

Previous year's figures are in bracket

## ROSSELL TEA LIMITED

14. The Company adopted the Accounting Standard AS-22 – Accounting for taxes on Income, in earlier years and recognised Deferred Tax Credit (net) amounting to Rs. 10,40,00,000 as on 31st March, 2004. During the year, a review with respect to the carrying amount of Deferred Tax Asset was done. Based on such review, Deferred Tax Asset amounting to Rs. 5,60,00,000, comprising of the following, has been retained as on 31st March, 2005 in the Balance Sheet on the basis of future profitability of the Company as projected by the Management based on convincing evidence.

Unabsorbed losses under Central Income Tax	Rs.	2,46,00,000
Unabsorbed Depreciation under Central Income Tax	Rs.	1,14,00,000
Unabsorbed losses under Assam Agricultural Income Tax	Rs.	2,00,00,000
	Rs.	<u>5,60,00,000</u>

15. In view of the Arrangement with Jyoti Holdings Private Limited, Subsidiary Company, for running and maintenance of entire Tea Plantations comprising Borahi T.E. with effect from 1st October, 2004 during the year, the current year's figures are not comparable with those of the previous year.
16. The Company has assessed the valuation of Fixed Assets in the light of Professional advice as obtained by the Management in this regard. Based on such advice, there has been no impairment in the value of Fixed Assets and therefore, no provision for impairment of such Assets is considered necessary by the Management as per Accounting Standard AS-28, Impairment of Assets, issued by the Institute of Chartered Accountants of India.

### 17. Earnings per Equity Share

The calculation of earnings per share is based on 45,36,517 (2004 – 45,36,517) Equity Shares (Face Value Rs.10) outstanding at the end of the year on the following amounts: -

	<b>2004-2005</b>	2003-2004
	<b>Rs.</b>	Rs.
Profit(Loss) after Current Taxation	<b>2,19,04,592</b>	(7,23,99,501)
Profit (Loss) after Deferred Taxation Adjustment	<b>(2,60,95,408)</b>	(2,60,31,501)

18. Previous year's figures have been rearranged wherever necessary.

Place : Kolkata  
Date : 25th May, 2005

N. K. Khurana  
*Vice President (Finance)*  
*-cum-Company Secretary*

H. M. Gupta  
*Executive Chairman*  
R. N. Deogun  
*Director*

Dr. S. S. Baijal  
*Director*  
C. S. Bedi  
*Executive Director*

H. M. Parekh  
*Director*

**Cash Flow Statement for the year ended 31st March, 2005**

	2004-2005		2003-2004	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash Flow from Operating Activities</b>				
Profit (Loss) before Tax and Extraordinary items		2,30,18,679		(7,15,35,414)
Adjustment for :				
Depreciation	1,15,85,236		1,03,79,201	
Interest	2,51,61,474		3,73,64,035	
Loss on Disposal of Fixed Assets	2,71,750		—	
Unrealised Gain on Exchange	(7,34,315)		(41,22,000)	
Preliminary Expenses written off	35,184	3,63,19,329	35,184	4,36,56,420
		<u>5,93,38,008</u>		<u>(2,78,78,994)</u>
Items Considered in Investing Activity :				
Interest on Deposits etc.	52,045		(62,937)	
Profit on sale of Fixed Assets	—		(65,595)	
Dividend	37,500	89,545	(25,000)	(1,53,532)
Operating Profit before Working Capital Changes		<u>5,92,48,463</u>		<u>(2,80,32,526)</u>
Adjustment for :				
Current Assets	(45,67,313)		2,98,87,858	
Current Liabilities	11,25,018	(34,42,295)	1,10,84,634	4,09,72,492
Cash Generated from Operations		<u>5,58,06,168</u>		<u>1,29,39,966</u>
Interest Paid	(58,01,802)		(82,95,137)	
Direct Taxes (Net of refund)	(9,60,254)	(67,62,056)	4,95,822	(77,99,315)
<b>Net Cash Flow from Operating Activities</b>		<u>4,90,44,112</u>		<u>51,40,651</u>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets including Advances for Capital Assets		(1,41,29,275)		(1,53,08,134)
Sale of Fixed Assets		2,13,179		77,200
Interest Received		52,045		62,937
Dividend Received		37,500		25,000
<b>Net Cash Flow from Investing Activities</b>		<u>(1,38,26,551)</u>		<u>(1,51,42,997)</u>
<b>C. Cash Flow from Financing Activities</b>				
Intercompany Deposits(ICD) taken including interest accrued thereon		44,81,328		1,33,29,146
Proceeds from External Commercial Borrowings		(1,12,20,685)		18,10,02,000
Proceeds from Short Term Borrowings From Banks		(1,85,11,148)		(1,07,16,602)
Repayment of Term Loan to Banks		(2,50,00,000)		(14,50,05,173)
Proceeds of Short Term Loan from Bank		3,75,05,173		—
Interest on Term Loans / ICD		(1,93,59,672)		(2,90,68,898)
<b>Net Cash Flow from Financing Activities</b>		<u>(3,21,05,004)</u>		<u>95,40,473</u>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>		<u>31,12,557</u>		<u>(4,61,873)</u>
<b>Cash and Cash Equivalents as at 31.03.2004 (Opening Balance)</b>		<u>14,29,548</u>		<u>18,91,421</u>
<b>Cash and Cash Equivalents as at 31.03.2005 (Closing Balance)</b>		<u>45,42,105</u>		<u>14,29,548</u>

**Note :** The above Statement has been prepared under the Indirect Method as given in Accounting Standard on Cash Flow Statement (AS - 3) issued by the Institute of Chartered Accountants of India.

In terms of our Report of even date

For S. S. Kothari & Co.  
Chartered Accountants  
R. K. Roy Chaudhury  
Partner  
Membership No. 8816

N. K. Khurana  
Vice President (Finance)  
-cum-Company Secretary

H. M. Gupta  
Executive Chairman  
R. N. Deogun  
Director

Dr. S. S. Baijal  
Director  
C. S. Bedi  
Executive Director

H. M. Parekh  
Director

Place : Kolkata  
Date : 25th May, 2005

## Statement Regarding Subsidiary Company

Pursuant to Section 212 of the Companies Act, 1956

### Jyoti Holdings Private Limited

- (A) The Financial Year of the Subsidiary Company ended on : 31st March, 2005
- (B) Holding Company's Interest
- (a) Number and face value : 2,50,300 Equity Shares of Rs.10 each fully paid.
- (b) Extent of holding : 100%
- (C) Net aggregate amount of Subsidiary's Profit/Loss, so far as it concerns Members of the Holding Company and not dealt with in the Holding Company's Accounts:
- i) for the Subsidiary's financial year ended 31st March, 2005 : Profit - Rs. 53,16,946
- ii) for its previous financial year : Loss - Rs. 39,60,733
- (D) Net aggregate amount of Subsidiary's Profit/Loss, so far as it concerns Members of the Holding Company and dealt with in the Holding Company's Accounts:
- i) for the Subsidiary's financial year ended 31st March, 2005 : Nil
- ii) for its previous financial year : Nil

Place : Kolkata  
Date : 25th May, 2005

N. K. Khurana  
*Vice President (Finance)*  
*-cum-Company Secretary*

H. M. Gupta  
*Executive Chairman*

R. N. Deogun  
*Director*

Dr. S. S. Baijal  
*Director*

C. S. Bedi  
*Executive Director*

H. M. Parekh  
*Director*

## Report of the Auditors to the Board of Directors of Rossell Tea Ltd.

We have audited the attached Consolidated Balance Sheet of Rossell Tea Ltd. and its subsidiary (the Group) as at 31st March, 2005, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Consolidated Financial Statements are the responsibility of Rossell Tea Ltd.'s management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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.

We did not audit the financial statements of subsidiary, Jyoti Holdings Private Limited, whose financial statements reflect total assets of Rs.541.44 lacs as at 31st March, 2005 and total revenues of Rs.175.90 lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the report of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, Accounting Standard 23, Accounting for investments in Associates in Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Rossell Tea Ltd. and its subsidiary, included in the consolidated financial statements.

On the basis of the information and explanations given to us and on consideration of the separate audit report on individual audited financial statements of Rossell Tea Ltd., and its aforesaid subsidiary, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Rossell Tea Ltd. and its subsidiary as at 31st March, 2005,
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Rossell Tea Ltd. and its subsidiary for the year ended on that date, and
- (c) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of Rossell Tea Ltd. and its subsidiary for the year ended on that date.

For S. S. Kothari & Co.  
*Chartered Accountants*

R. K. Roy Chaudhury  
*Partner*

Membership No.8816

Place : Kolkata  
Date : 25th May, 2005

**Consolidated Balance Sheet as at 31st March, 2005**

	Schedule	As at 31.03.2005		As at 31.03.2004	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1		8,53,65,170		8,53,65,170
Reserves and Surplus	2		21,05,00,466		20,97,66,466
			<u>29,58,65,636</u>		<u>29,51,31,636</u>
<b>Loan Funds</b>					
Secured Loans	3		25,24,03,422		27,03,64,397
Unsecured Loans	4		10,64,13,521		10,19,32,193
			<u>35,88,16,943</u>		<u>37,22,96,590</u>
<b>TOTAL</b>			<u>65,46,82,579</u>		<u>66,74,28,226</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	5		61,75,09,056		60,55,75,126
Less: Depreciation			6,18,40,762		5,01,84,258
Net Block			<u>55,56,68,294</u>		<u>55,53,90,868</u>
Capital Work-in-Progress			86,597		1,79,161
			<u>55,57,54,891</u>		<u>55,55,70,029</u>
<b>Investments</b>	6		16,75,604		16,75,604
<b>Current Assets, Loans and Advances</b>					
Inventories	7	3,03,06,977		2,43,97,802	
Sundry Debtors	8	2,14,534		13,91,799	
Cash and Bank Balances	9	46,10,275		15,49,060	
Other Current Assets	10	8,43,823		1,05,559	
Loans and Advances	11	2,28,56,846		1,84,68,882	
		<u>5,88,32,455</u>		<u>4,59,13,102</u>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	12	5,13,64,805		5,06,72,895	
Provisions	13	12,88,055		26,54,906	
		<u>5,26,52,860</u>		<u>5,33,27,801</u>	
<b>Net Current Assets</b>			61,79,595		(74,14,699)
<b>Deferred Tax Asset</b>			5,60,00,000		10,40,00,000
<b>Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)					
Preliminary Expenses			51,988		89,253
<b>Profit &amp; Loss Account</b>					
Deficit as per Annexed Account		3,50,20,501		6,87,58,011	
Less: General Reserve		—	3,50,20,501	5,52,49,972	1,35,08,039
<b>TOTAL</b>			<u>65,46,82,579</u>		<u>66,74,28,226</u>

**Notes on Accounts** 18

Schedules 1 to 13 and Schedule 18 referred to above form an integral part of the Balance Sheet

In terms of our Report of even date.

For S. S. Kothari & Co.  
Chartered Accountants  
R. K. Roy Chaudhury  
Partner

N. K. Khurana  
Vice President (Finance)  
-cum-Company Secretary

H. M. Gupta  
Executive Chairman  
R. N. Deogun  
Director

Dr. S. S. Bajjal  
Director  
C. S. Bedi  
Executive Director

H. M. Parekh  
Director

Place : Kolkata  
Date : 25th May, 2005

**Consolidated Profit and Loss Account for the year ended 31st March, 2005**

	Schedule	2004-2005 Rs.	2003-2004 Rs.
<b>INCOME</b>			
Sales		48,25,76,207	36,88,88,115
Other Income	14	25,50,620	89,58,962
		<u>48,51,26,827</u>	<u>37,78,47,077</u>
<b>EXPENDITURE</b>			
(Increase)/Decrease in Stock	15	1,47,501	(48,14,279)
Expenses	16	41,93,18,616	40,68,65,485
Interest	17	2,51,61,474	3,73,64,035
Depreciation		1,21,45,611	1,09,38,650
		<u>45,67,73,202</u>	<u>45,03,53,891</u>
<b>PROFIT /(LOSS) BEFORE EXTRAORDINARY ITEMS</b>		<b>2,83,53,625</b>	<b>(7,25,06,814)</b>
Amortisation of Goodwill arising on Amalgamation		(8,64,087)	(8,64,087)
<b>PROFIT /(LOSS) BEFORE TAXATION</b>		<b>2,74,89,538</b>	<b>(7,33,70,901)</b>
Provision for Taxation		2,68,000	—
<b>PROFIT /(LOSS) AFTER CURRENT TAXATION</b>		<b>2,72,21,538</b>	<b>(7,33,70,901)</b>
Deferred Taxation Adjustment		(4,80,00,000)	4,63,68,000
<b>(LOSS) AFTER DEFERRED TAXATION ADJUSTMENT</b>		<b>(2,07,78,462)</b>	<b>(2,70,02,901)</b>
Balance brought forward		(6,87,58,011)	(3,76,33,110)
Transfer from General Reserve		5,52,49,972	—
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<u><b>(3,42,86,501)</b></u>	<u><b>(6,46,36,011)</b></u>
<b>APPROPRIATION</b>			
Transfer to Exchange Rate Variation Reserve		7,34,000	41,22,000
Balance carried forward		(3,50,20,501)	(6,87,58,011)
		<u><b>(3,42,86,501)</b></u>	<u><b>(6,46,36,011)</b></u>
<b>Basic and Diluted Earnings per Equity Share</b>			
Based on Profit/(Loss) after Current Taxation		6.00	(16.17)
Based on Profit/(Loss) after Deferred Taxation Adjustment		(4.58)	(5.95)

**Notes on Accounts** 18

Schedules 14 to 18 referred to above form an integral part of the Profit and Loss Account

In terms of our Report of even date.

For S. S. Kothari & Co.  
Chartered Accountants  
R. K. Roy Chaudhury  
Partner

N. K. Khurana  
Vice President (Finance)  
-cum-Company Secretary

H. M. Gupta  
Executive Chairman  
R. N. Deogun  
Director

Dr. S. S. Baijal  
Director  
C. S. Bedi  
Executive Director

H. M. Parekh  
Director

Place : Kolkata  
Date : 25th May, 2005

## Schedules to the Consolidated Balance Sheet

	<u>As at 31.03.2005</u> Rs.	<u>As at 31.03.2004</u> Rs.
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<b>Authorised</b>		
50,00,000 (2004 - 50,00,000) Equity Shares of Rs.10 each	<b>5,00,00,000</b>	5,00,00,000
4,00,000 (2004- 4,00,000) Redeemable Preference Shares of Rs. 100 each	<b>4,00,00,000</b>	4,00,00,000
	<b><u>9,00,00,000</u></b>	<b><u>9,00,00,000</u></b>
<b>Issued &amp; Subscribed</b>		
45,36,517 (2004 - 45,36,517) Equity Shares of Rs. 10 each fully paid up	<b>4,53,65,170</b>	4,53,65,170
4,00,000 (2004- 4,00,000) 9% Redeemable Preference Shares of Rs. 100 each fully paid up in cash	<b>4,00,00,000</b>	4,00,00,000
	<b><u>8,53,65,170</u></b>	<b><u>8,53,65,170</u></b>
Notes :		
1. Of the above 30,35,717 Equity Shares have been issued for consideration other than cash.		
2. 9% Non-Cumulative Redeemable Preference Shares were allotted on 24th October, 2002 and shall be redeemed within 5 years from such date as per terms of issue.		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Balance as per last Account	<b>14,64,82,598</b>	14,64,82,598
<b>Capital Reserve</b>		
Balance as per last Account	<b>1,91,61,868</b>	1,91,61,868
<b>General Reserve</b>		
Balance as per last Account	<b>5,52,49,972</b>	5,52,49,972
Less : Transfer to Profit and Loss Account	<b>5,52,49,972</b>	—
	<b>—</b>	5,52,49,972
Less: Debit balance in Profit and Loss Account	<b>—</b>	5,52,49,972
	<b>—</b>	—
<b>Preference Shares Redemption Reserve</b>		
Balance as per last Account	<b>4,00,00,000</b>	4,00,00,000
<b>Exchange Rate Variation Reserve</b>		
Balance as per last Account	<b>41,22,000</b>	—
Add : Transfer from Profit and Loss Account	<b>7,34,000</b>	41,22,000
	<b>48,56,000</b>	41,22,000
	<b><u>21,05,00,466</u></b>	<b><u>20,97,66,466</u></b>

**ROSSELL TEA LIMITED**

	<u>As at 31.03.2005</u> Rs.	<u>As at 31.03.2004</u> Rs.
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>From Banks</b>		
<b>Foreign Currency Term Loan</b>		
External Commercial Borrowing from The Bank of Nova Scotia	16,49,25,000	17,68,80,000
[Secured by equitable mortgage of Dikom T.E. pari passu with State Bank of India and equitable mortgage of Bokakhat T.E.pari passu with UTI Bank Ltd.]		
<b>Rupee Term Loan</b>		
<b>Term Loan from HDFC Bank Ltd.</b>	5,75,00,000	—
[Secured by hypothecation of tea crop and movable assets of Nokhroy and Nagrijuli T.Es.and collaterally secured by equitable mortgage of Nokhroy T.E.]		
<b>Term Loan from UTI Bank Ltd.</b>	—	1,99,94,827
[Secured by hypothecation of movable machinery and equitable mortgage of Bokakhat T.E.pari passu with The Bank of Nova Scotia]		
<b>Term Loan from State Bank of India</b>	—	2,50,00,000
[Secured by hypothecation of movable machinery and equitable mortgage of Dikom T.E.pari passu with The Bank of Nova Scotia]		
<b>Car Finance from ICICI Bank Ltd.</b>	2,79,793	8,07,255
[Secured by hypothecation of Vehicles financed through this loan]		
<b>Cash Credit Accounts</b>		
Bank of Baroda	—	1,62,75,787
[Secured by hypothecation of tea crop and movable assets of Nokhroy and and Nagrijuli T.Es. and collaterally secured by equitable mortgage of Nokhroy T.E.]		
HDFC Bank Ltd.	24,64,800	—
[Secured by hypothecation of tea crop and movable assets of Nokhroy and Nagrijuli T.Es. and collaterally secured by equitable mortgage of Nokhroy T.E.]		
State Bank of India	2,50,67,121	2,32,11,387
[Secured by hypothecation of tea crop and movable assets of Dikom and Romai T.Es. and collaterally secured by equitable mortgage of Dikom T.E. pari passu with The Bank of Nova Scotia. Additionally, secured by a Corporate Guarantee to the extent of Rs.200 Lacs provided by Jyoti Holdings Pvt Ltd., the subsidiary Company, which in turn is secured by Equitable Mortgage of Borahi T.E.]		
UTI Bank Limited	21,66,708	72,05,782
[Secured by hypothecation of tea crop and movable assets of Bokakhat T.E.and collaterally secured by equitable mortgage of Bokakhat T.E. pari passu with The Bank of Nova Scotia]		
<b>Interest accrued and due thereon</b>	—	9,89,359
	25,24,03,422	27,03,64,397
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Intercorporate Deposits	6,56,00,000	9,43,00,000
Loan from Managing Director (Executive Chairman)	3,50,00,000	—
Interest accrued and due thereon	58,13,521	76,32,193
	10,64,13,521	10,19,32,193

**ROSSELL TEA LIMITED**

**SCHEDULE 5**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31.03.2004	Additions during the year	Disposal during the year	Cost as at 31.03.2005	As at 31.03.2004	Additions for the year	Written back during the year	As at 31.03.2005	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Goodwill	17,28,174	—	8,64,087	8,64,087	—	—	—	—	8,64,087	17,28,174
Land and Planted Teas	36,18,77,159	46,32,568	—	36,65,09,727	—	—	—	—	36,65,09,727	36,18,77,159
Buildings	9,41,53,078	3,53,353	—	9,45,06,431	95,13,763	19,51,531	—	1,14,65,294	8,30,41,137	8,46,39,315
Plant and Machinery	11,30,24,067	59,60,259	—	11,89,84,326	2,80,88,952	73,58,916	—	3,54,47,868	8,35,36,458	8,49,35,115
Furniture and Fittings	81,06,969	—	—	81,06,969	27,40,203	5,13,167	—	32,53,370	48,53,599	53,66,766
Vehicles	1,89,49,612	18,81,400	9,74,036	1,98,56,976	63,20,157	17,29,001	4,89,107	75,60,051	1,22,96,925	1,26,29,455
Office and Other Equipment	77,36,067	9,44,473	—	86,80,540	35,21,183	5,92,996	—	41,14,179	45,66,361	42,14,884
<b>Total</b>	<b>60,55,75,126</b>	<b>1,37,72,053</b>	<b>18,38,123</b>	<b>61,75,09,056</b>	<b>5,01,84,258</b>	<b>1,21,45,611</b>	<b>4,89,107</b>	<b>6,18,40,762</b>	<b>55,56,68,294</b>	<b>55,53,90,868</b>
Previous Year	59,24,73,637	1,41,62,000	10,60,511	60,55,75,126	3,94,30,428	1,09,38,650	1,84,820	5,01,84,258	55,53,90,868	

**ROSSELL TEA LIMITED**

**As at 31.03.2005**  
**Rs.**

**As at 31.03.2004**  
**Rs.**

**SCHEDULE 6**

**INVESTMENTS**

**At Cost**

**Trade Investment**

**Unquoted :**

50,000 (2004- 50,000) Equity Shares of Rs.10 each  
fully paid up in Assam Hospitals Limited

**5,00,000**

5,00,000

**Other Investments**

**Unquoted :**

1,15,000 (2004-1,15,000) 17% Secured Redeemable  
Non-Convertible Debentures of Rs.100 each fully  
paid up of Punjab Wireless Systems Limited

**1,15,00,000**

1,15,00,000

**Quoted :**

13,840 (2004- 13,840) Equity Shares of Rs.10 each  
fully paid up in Mysore Petro Chemicals Limited

**7,49,793**

7,49,793

**1,27,49,793**

1,27,49,793

*Less : Provision for diminution in the value of  
Investments*

**1,10,74,189**

1,10,74,189

**16,75,604**

16,75,604

**Aggregate Book Value (Net of Provisions) :**

Quoted Investments

**25,604**

25,604

Unquoted Investments

**16,50,000**

16,50,000

**16,75,604**

16,75,604

Market value of Quoted Investments

**1,32,587**

49,824

**SCHEDULE 7**

**INVENTORIES**

Stock of Tea at lower of cost and  
net realisable value

**1,53,10,020**

1,54,57,521

Stock of Stores and Spares at or under cost

**1,49,96,957**

89,40,281

**3,03,06,977**

2,43,97,802

**SCHEDULE 8**

**SUNDRY DEBTORS**

Unsecured, Considered Good

Debts outstanding for a period exceeding six months

Other Debts

**2,14,534**

13,91,799

**2,14,534**

13,91,799

**ROSSELL TEA LIMITED**

	<u>As at 31.03.2005</u> Rs.	<u>As at 31.03.2004</u> Rs.
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	4,48,665	4,37,473
Remittance -in- Transit	7,62,000	1,10,000
With Scheduled Banks		
on Current Accounts	12,41,393	4,31,904
on EEFC Account in USD	15,80,678	—
on Margin Money Account	3,94,789	3,56,489
on Unpaid Dividend Accounts	1,80,002	2,10,446
on Fractional Entitlement Account	2,748	2,748
	<u>46,10,275</u>	<u>15,49,060</u>
<b>SCHEDULE 10</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Accrued on Deposits	12,759	31,201
Other Receivable	8,31,064	74,358
	<u>8,43,823</u>	<u>1,05,559</u>
<b>SCHEDULE 11</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured, Considered Good		
Advances for Capital Assets	46,60,443	41,88,141
Advances recoverable in cash or in kind or for value to be received	1,16,13,074	77,70,500
Deposits	65,83,329	65,10,241
	<u>2,28,56,846</u>	<u>1,84,68,882</u>
<b>SCHEDULE 12</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Due to Small Scale Industrial Undertaking - Rs. Nil)	1,93,28,835	1,85,32,046
Other Liabilities	3,03,39,987	3,11,39,409
Interest Accrued but not due	15,13,234	7,88,246
Unpaid Dividend*	1,80,001	2,10,446
Refund of Sale proceeds of Fractional Entitlement	2,748	2,748
	<u>5,13,64,805</u>	<u>5,06,72,895</u>
[Transfer to Investor Education and Protection Fund Rs. 29,528 (A/c 1996-1997) during the year.]		
*Investor Education and Protection Fund shall be credited by this Amount, when due.		
<b>SCHEDULE 13</b>		
<b>PROVISIONS</b>		
Provision for Taxation (Net)	12,88,055	26,54,906
	<u>12,88,055</u>	<u>26,54,906</u>

## Schedules to the Consolidated Profit and Loss Account

	2004-2005 Rs.	2003-2004 Rs.
<b>SCHEDULE 14</b>		
<b>OTHER INCOME</b>		
Interest		
On Other Deposits	52,045	41,970
On Income Tax Refund	—	54,577
Dividend	37,500	25,000
Rent Received	16,80,000	16,80,000
Replanting Subsidy	1,85,586	—
Gain on Exchange	—	40,99,237
Sale of DEPB Licence	2,01,853	7,09,151
Sundry Receipts	3,93,636	22,83,432
Profit on Disposal of Fixed Assets (Net)	—	65,595
	<u>25,50,620</u>	<u>89,58,962</u>
<b>SCHEDULE 15</b>		
<b>(INCREASE)/DECREASE IN STOCK</b>		
Opening Stock of Tea	1,54,57,521	1,06,43,242
Less: Closing Stock of Tea	1,53,10,020	1,54,57,521
	<u>1,47,501</u>	<u>(48,14,279)</u>
<b>SCHEDULE - 16</b>		
<b>EXPENSES</b>		
Consumption of Stores and Spare Parts	4,87,07,604	6,22,11,281
Purchase of Green Leaf	4,77,04,010	2,93,81,405
Power and Fuel	4,69,53,113	4,17,37,522
Excise Duty and Tea Cess	69,06,265	65,51,377
Cess on Green Leaf	63,83,510	64,39,434
Salaries, Wages and Bonus	15,07,06,993	15,09,23,116
Contribution to Provident and other Funds	2,27,43,777	2,36,97,265
Workmen and Staff Welfare	2,56,01,469	2,41,88,436
Rent	21,00,420	19,05,412
Rates and Taxes	5,14,182	5,78,056
Repairs to Building	74,51,272	62,12,411
Repairs to Machinery	67,89,115	75,68,677
Other Repairs and Maintenance	26,38,411	32,81,178
Vehicles Maintenance	34,96,087	38,96,144
Transportation	1,10,51,367	86,57,747
Shipment Charges	12,70,495	11,67,135
Sale Charges	57,38,080	49,12,250
Brokerage	32,18,806	27,64,209
Commission on Sales	9,34,985	13,87,426
Insurance	20,52,721	32,37,013
Directors' Fee	38,000	41,000
Auditors' Remuneration	1,59,624	1,66,640
Preliminary Expenses	37,265	37,265
Miscellaneous Expenses	1,57,07,700	1,59,23,086
Loss on Exchange (Net)	1,41,595	—
Loss on Disposal of Fixed Assets (Net)	2,71,750	—
	<u>41,93,18,616</u>	<u>40,68,65,485</u>

**ROSSELL TEA LIMITED**

	<u>2004-2005</u> Rs.	<u>2003-2004</u> Rs.
<b>SCHEDULE - 17</b>		
<b>INTEREST</b>		
On Bank Overdraft	58,01,802	85,43,494
On Term Loans to Banks	90,74,494	1,92,20,298
On Intercompany Deposits	73,83,603	96,00,243
On Unsecured Loan from Managing Director (Executive Chairman)	29,01,575	—
	<u>2,51,61,474</u>	<u>3,73,64,035</u>

**SCHEDULE - 18****NOTES ON CONSOLIDATED ACCOUNTS****1. Basis of Preparation of Accounts**

The accompanying financial statements have been prepared to comply, in all material aspects, with applicable statutory/ regulatory provisions, Accounting Standards and generally accepted accounting principles and practices prevailing in India.

**2. Consolidation Procedure**

Consolidated financial statements of the Group, comprising Rossell Tea Limited (Parent) and its fully owned subsidiary, Jyoti Holdings Private Limited (Subsidiary) have been prepared on the basis of (a) Audited Accounts of the Parent for the year ended 31st March, 2005 (b) Audited Accounts of the Subsidiary for the year ended 31st March, 2005 (c) Line by Line aggregation of each item of asset / liability/ income /expenses of the Subsidiary with the respective item of the Parent, and after eliminating all intra group transactions and unrealised profit/ loss, if any as per Accounting Standard -21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

**3. List of Subsidiaries considered for preparation of Consolidated Financial Statements**

Rossell Tea Limited (Parent) is having only one Subsidiary, Jyoti Holdings Private Limited (Subsidiary), a Company incorporated in India under the Companies Act, 1956. The proportion of ownership interest of the Parent in the Subsidiary is 100%.

**4. Changes in Consolidation Process as compared to 2003-2004**

The Consolidated financial statements have been prepared on the same basis as that adopted in respect of previous accounting year, 2003-2004 with no change in the Consolidation Process. As per Paragraph 30 of Accounting Standard-21, Consolidated Financial Statements, comparative figures for the previous year have been presented.

**5. Significant Accounting Policies**

The following uniform Accounting Policies have been adopted by both Parent and Subsidiary and accordingly for preparing these Consolidated financial statements:

**5.1 Basis of Accounting**

The financial statements have been prepared in accordance with historical cost concept.

**5.2 Fixed Assets**

Fixed Assets are stated at cost of acquisition and depreciated on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

The cost of Extension Planting on cultivable land including cost of development is capitalised. However, cost of upkeep and maintenance of the areas still not matured for plucking and cost of replanting in existing areas are charged to revenue.

Profit or Loss on disposal of Fixed Assets is recognised in the Profit and Loss Account.

**5.3 Foreign Currency Transaction**

Foreign Currency Transactions are converted and accounted for at the rates prevailing on the dates of transaction. Year-end current assets (Monetary Items) and liabilities are restated at the year-end exchange rate and resultant net gain or loss is adjusted in the Profit and Loss Account as prescribed by Accounting Standard-11, Accounting for the Effect of Changes in Foreign Exchange Rates, issued by the Institute of Chartered Accountants of India.

**5.4 Investments**

Investments are stated at cost of acquisition and treated as long term investments.

**5.5 Inventories**

Stock of Tea is valued at lower of cost and net realisable value and that of stores and spares is valued at or under cost.

**5.6 Staff Benefits**

- a) Annual Gratuity liability is actuarially ascertained and funded.
- b) Contribution for pension to the eligible employees, is made to the approved Superannuation Fund.
- c) Leave encashment liability is provided for as per the eligibility criteria in this regard.

**5.7 Borrowing Cost**

Borrowing cost is recognised as an expense to the extent, the same has been incurred for the year, unless such cost is directly attributable to the acquisition, construction or production of a qualifying asset and capitalised as part of the cost of that asset as prescribed by Accounting Standard-16, Borrowing Cost, issued by The Institute of Chartered Accountants of India.

**5.8 Revenue Recognition**

Items of income and expenditure are recognised on accrual and prudent basis.

**5.9 Replanting Subsidy**

Replanting Subsidy is recognised as income in the Profit and Loss Account in the year of receipt on prudent basis.

**5.10 Amortisation of Preliminary Expenses**

Preliminary Expenses are being amortised over a period of 10 years.

**6. Segment Reporting**

The Parent is engaged in the business of Cultivation, Manufacture and Sale of Black Tea and the Subsidiary is engaged in the business of Cultivation and Sale of Green Leaves. Both have been identified as one Segment only and therefore, Accounting Standard-17, Segment Reporting is not applicable for these financials statements.

**ROSSELL TEA LIMITED**

**7. The following are the Related Party transactions undertaken by the Company during this accounting period in terms of AS-18 - Related Party Disclosures issued by the Institute of Chartered Accountants of India:**

a) Name of related party and nature of relationship:

Key Management Personnel	Mr. H. M. Gupta, Executive Chairman Mr. C. S. Bedi, Executive Director
Associate Company	BMG Enterprises Ltd.
Enterprises over which the Key Management Personnel or their relatives have significant influence	BMG Investments Pvt Ltd Harvin Estates Pvt Ltd

b) Particulars of transactions during the year ended 31st March, 2005

<b>Nature of transaction</b>	<b>Key Management Personnel and relatives</b>	<b>Associate Company</b>	<b>Enterprises where significant influence is exercisable as aforesaid</b>
	Rs.	Rs.	Rs.
1. Unsecured Loan taken	3,50,00,000 (—)	— (—)	— (—)
2. Interest paid on Unsecured Loans taken	29,01,575 (—)	28,31,143 (54,93,913)	45,19,370 (41,06,330)
3. Rent received for Office Space	— (—)	16,80,000 (16,80,000)	— (—)
4. Rent Paid for Space taken	3,00,000 (3,00,000)	— (—)	6,00,000 (6,00,000)
5. Re-imbusement received for Administrative Overheads	— (—)	22,38,629 (13,83,733)	— (—)
6. Net decrease in Inter Corporate Deposits	— (—)	3,05,00,000 (—)	— (—)
7. Net increase in Inter Corporate Deposits	— (—)	— (33,00,000)	18,00,000 (75,50,000)
8. Remunerations paid	20,15,023 (20,18,855)	— (—)	— (—)

Previous year's figures are in bracket

**8. Additional statutory information disclosed in separate financial statements of the Parent and the Subsidiary having no bearing on the true and fair view of the Consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the Consolidated financial statements in view of the general clarification issued by the Institute of Chartered Accountants of India.**

**9. Earnings Per Equity Share**

The calculation of earnings per share is based on 45,36,517(2004 - 45,36,517) Equity Shares of Rs.10 outstanding at the end of the year.

	<b>2004 - 2005</b>	<b>2003 - 2004</b>
	Rs.	Rs.
Profit / (Loss) after Current Taxation	<b>2,72,21,538</b>	(7,33,70,901)
Profit / (Loss) after Deferred Taxation adjustment	<b>(2,07,78,462)</b>	(2,70,02,901)

Place : Kolkata	N. K. Khurana	H. M. Gupta	Dr. S. S. Bajjal	H. M. Parekh
Date : 25th May, 2005	Vice President (Finance)	Executive Chairman	Director	Director
	-cum-Company Secretary	R. N. Deogun	C. S. Bedi	
		Director	Executive Director	

## Consolidated Cash Flow Statement for the year ended 31st March, 2005

	2004-2005		2003-2004	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash Flow from Operating Activities</b>				
Profit (Loss) before Tax and Extraordinary items		2,83,53,625		(7,25,06,814)
Adjustment for :				
Depreciation	1,21,45,611		1,09,38,650	
Interest	2,51,61,474		3,73,64,035	
Loss on Disposal of Fixed Assets (Net)	2,71,750		—	
Unrealised Gain on Exchange	(7,34,315)		(41,22,000)	
Preliminary Expenses written off	37,265	3,68,81,785	37,265	4,42,17,950
		<u>6,52,35,410</u>		<u>(2,82,88,864)</u>
Items Considered in Investing Activity :				
Interest on Deposits etc.	52,045		(96,547)	
Profit on sale of Fixed Assets	—		(65,595)	
Dividend	37,500	89,545	(25,000)	(1,87,142)
		<u>89,545</u>		<u>(1,87,142)</u>
Operating Profit before Working Capital Changes		6,51,45,865		(2,84,76,006)
Adjustment for :				
Current Assets	(44,94,269)		2,89,16,303	
Current Liabilities	(41,99,657)	(86,93,926)	1,15,55,216	4,04,71,519
		<u>(86,93,926)</u>		<u>4,04,71,519</u>
Cash Generated from Operations		5,64,51,939		1,19,95,513
Interest Paid	(58,01,802)		(82,95,137)	
Direct Taxes (Net of refund)	(16,34,851)	(74,36,653)	9,89,632	(73,05,505)
		<u>(74,36,653)</u>		<u>(73,05,505)</u>
<b>Net Cash Flow from Operating Activities</b>		<u>4,90,15,286</u>		<u>46,90,008</u>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets including				
Advances for Capital Assets		(1,41,51,791)		(1,53,08,134)
Sale of Fixed Assets		2,13,179		77,200
Interest Received		52,045		96,547
Dividend Received		37,500		25,000
		<u>37,500</u>		<u>25,000</u>
<b>Net Cash Flow from Investing Activities</b>		<u>(1,38,49,067)</u>		<u>(1,51,09,387)</u>
<b>C. Cash Flow from Financing Activities</b>				
Intercompany Deposits(ICD) taken including				
interest accrued thereon		44,81,328		1,33,29,146
Proceeds from External Commercial Borrowings		(1,12,20,685)		18,10,02,000
Proceeds from Short Term Borrowings From Banks		(1,85,11,148)		(1,07,16,602)
Repayment of Term Loan to Banks		(2,50,00,000)		(4,00,00,000)
Proceeds of Short Term Loan from Bank		3,75,05,173		(10,50,05,173)
Interest on Term Loans / ICD		(1,93,59,672)		(2,90,68,898)
		<u>(3,21,05,004)</u>		<u>95,40,473</u>
<b>Net Cash Flow from Financing Activities</b>		<u>(3,21,05,004)</u>		<u>95,40,473</u>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>		30,61,215		(8,78,906)
<b>Cash and Cash Equivalents as at 31.03.2004 (Opening Balance)</b>		15,49,060		24,27,966
<b>Cash and Cash Equivalents as at 31.03.2005 (Closing Balance)</b>		46,10,275		15,49,060

In terms of our Report of even date

For S. S. Kothari & Co.  
Chartered Accountants  
R. K. Roy Chaudhury  
Partner  
Membership No. 8816

N. K. Khurana  
Vice President (Finance)  
-cum-Company Secretary

H. M. Gupta  
Executive Chairman  
R. N. Deogun  
Director

Dr. S. S. Baijal  
Director  
C. S. Bedi  
Executive Director

H. M. Parekh  
Director

Place : Kolkata  
Date : 25th May, 2005

## ROSSELL TEA LIMITED

### STATEMENT OF APPROXIMATE AREA, CROP AND YIELD

<u>TEA ESTATES</u>	<u>Tea Bearing Area in Hectares</u>	<u>Crop (Kgs.) 2004-05</u>	<u>Yield per Bearing Hectare</u>
DIKOM	615.04	13,00,596	2,115
NOKHROY	337.27	7,12,556	2,113
NAGRIJULI	584.79	9,97,260	1,705
BOKAKHAT	281.61	4,84,696	1,721
ROMAI	293.34	7,32,615	2,497
	<u>2,112.05</u>	<u>42,27,723</u>	<u>2,002</u>