Dhunseri Petrochem & Tea Limited

forlife

Annual Report, 2010-11

Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

At Dhunseri Petrochem & Tea Limited, it would be simplistic to presume that our products (industrial and natural) are made for functional utility. Or for business sustainability.

Our products respond to a larger reality.

for**life.**

Vision

Global eminence through quality leadership

Mission

The Company endeavours to achieve its vision through:

- Technological improvements
- Focusing on product quality
- Expanding its market (domestic and global)
- Achieving customer satisfaction for both stated and implied needs
- Achieving cost-effectiveness
- Being a responsible corporate citizen

Management

Dhunseri Petrochem & Tea Limited is headed by industrialist, Mr. C. K. Dhanuka (Executive Chairman), assisted by Mr. M. Dhanuka (Vice Chairman & Executive Director) and a competent professional team. The promoters held a 62.61% stake in the Company as on 31st March 2011.

Corporate philosophy

- Benchmarking with best global practices
- Creating customer value
- Enduring growth to enhance shareholder value

Corporate strategy

- Achieving global scale in PET production
- Enhancing tea production and business growth
- Boosting the branded/packet tea segment

Presence

- Headquartered in Kolkata, India
- Greenfield state-of-the-art PET resin plant with a proposed capacity expansion expected to be commissioned by April 2012) in Haldia, the port town of West Bengal
- Proposed international presence in Egypt through a greenfield PET resin plant, (construction to begin in June 2011 and expected to be commissioned by June 2013)
- 11 tea estates with 9 factories in Assam
- Four newly acquired tea factories and one factory under the wholly-owned subsidiary, in Assam
- Tea blending and packaging unit at Dhunseri Tea Estate (Assam)
- Upcoming IT commercial park at Bantala (Kolkata)

Products

Petrochem: The Company's PET resin is consumed by PET container manufacturers and used in the packaging of mineral water, carbonated soft drinks, edible oil, cosmetics, toiletries and hot-fill drinks.

Aspet Poliprotect speciality grade PET resin will be used for packaging beer, wine, emulsion paint containers, juices, dairy, food products, among others, for longer shelf life.

Tea: The Company produces CTC and orthodox tea in packaged and bulk form.

IT SEZ: The Company is engaged in the construction of IT SEZ commercial infrastructure for onward leasing to prominent IT companies.

Brands

PET resin: ASPET

Tea: Lal Ghora and Kala Ghora

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Some questions about life.

Would people carry bottles in their knapsacks if made out of glass?

Would water bottles be delivered with meals on trains if they were made of glass?

Would mineral water bottles be stocked with *paanwallas* if they were breakable?

This then has been PET resin's biggest contribution. It represents material that can be easily transformed into hygienic PET bottles, that can be used in a number of products and locations across extended tenures. These PET bottles did not service an existing demand; they *created* it.

Because PET resin or bottles are not about utility.

They are about healthy life.

Dhunseri increased its PET resin capacity 42.86% in the initial four years; and now it intends to quadruple its PET resin capacity within the next two years to address the growing demand for the material.

forlife.

Let us for a minute forget that such a thing as tea even existed.

This means that local elders would probably have sat around synthetic drink dispensers exchanging stories, passing down wisdom and watching life pass by.

This means that the afternoon break in a cricket test match would probably have been labelled 'Cola session'.

This means that the formal institution of 'High tea' would probably have been…

Thank god, people still drink tea. Thank god, more people are drinking tea than ever before.

Tea stands for more than a healthy beverage in a number of countries; it stands for life itself.

Dhunseri responded to this reality and emerged as one among the ten largest producers of tea in India in 2010-11.

forlife.

It would be simplistic to state that we are piling brick on brick to create infrastructure from where software code will be written (and possibly exported). Or a place from where business will be conducted.

We are creating an infrastructure that will provide employment to professionals without their needing to migrate.

We are creating an infrastructure that will enable resident talent to realise their identities in the region of their origin (in addition to drawing others into the city).

We are creating an infrastructure that will make it possible for knowledge to be aggregated, shared and harnessed to benefit the community, country and world.

"Dhunseri Petrochem & Tea Limited invested in its business to quadruple its consolidated turnover by 2013-14 at current price levels."

Were you pleased with the Company's performance during the financial year under review?

I was pleased with the Company's performance in 2010-11 for a number of reasons, that not only comprised the manner in which we responded to the business needs of the day, but also the manner in which we invested to grow the business over the coming years. These are some of the initiatives that enabled us to do so:

- Our PET division recorded the highest-ever production of 2,00,981 tonnes (168,179 tonnes in the previous financial year) in 2010-11, corresponding to a capacity utilisation of over 100%, despite a nine-day production loss during the last quarter on account of a fire in our plant's raw material storage area.
- Our tea division reported an improved performance during the year under review - net sales of Rs. 137.50 cr was 6% higher than in the previous year; average realisation of Rs. 134 per kg was 9% higher than in the previous year, with attractive bottomline implications.

What accounted for the strong performance of the PET division?

There were a number of reasons why our PET business performed creditably:

- Our continuous efforts to ensure consistent raw material supply (PTA), translated into enhanced PET resin output.
- We responded positively to robust growth in the domestic market by maintaining our market share at 30%.

The Company embarked on significant PET resin capacity expansion in Haldia and Egypt. Why?

At Dhunseri, we recognise that the ASPET brand enjoys a competitive global position for some good reasons: we enjoy a respected brand recall, we are trusted for our services, we provide a number of PET resin grades, these grades have helped our customers produce superior container quality and we did all this around a competitive cost structure. But most importantly, we did all this while being based in India, which provides us with one of the fastest growing global markets at our very doorstep, in addition to our being able to deliver products all over the world – a unique advantage. Over time, we have only strengthened this positioning: we started with 25% of our revenues from the sale of PET, being derived from within India in 2004-05; we have now got to a point where 64% of our revenues are generated from within the country.

This scenario provided us with an excellent foundation on which to scale our business, keeping in mind that the Indian market will grow attractively over the foreseeable future. So by expanding our production capacity at Haldia (by 2,10,000 TPA, starting April 2012), we will leverage our locational economies of scale that should make us even more competitive over the coming years.

Why expand in Egypt then?

At Dhunseri, we recognised that scaling our production capacity at the pace of the rest of the industry was going to be a challenge, but growing faster than the industry average across multi-locations proved significant: it will widen our international delivery capabilities,

Our PET division recorded the highest-ever production of 2,00,981 tonnes (168,179 tonnes in the previous financial year) in 2010-11, corresponding to a capacity utilisation of over 100%

Dhunseri will be the first Company in Asia to commercialise this technology for barrier resin, which is currently being used by renowned brand owners and converters in developed countries.

position us as a global producer (as opposed to a global marketing presence), and enable us to capitalise on the significant advantages arising out of the new international location. As a result, the new location is not just going to have represented linear business growth; it is positively going to reinforce the competitive dynamics of our business model.

This was reflected in the investments going into the business: we are committed to invest USD 33.60 mn (through a subsidiary) to manufacture 420,000 TPA in Egypt – more than twice our existing Indian capacity – by June 2013, which will enable us to provide material faster, and cost-competitive opportunities to customers across three continents (Africa, Europe and the Americas).

What will these concurrent expansions – India and Egypt - do for the Company's position in a competitive global marketplace?

The concurrent expansions (when commissioned) will more than quadruple our PET resin production capacity to 8,30,000 TPA by June 2013 and enable us to leapfrog from just one of a number of global PET resin producers, to one of the top ten. This will represent sizeable global scale on the one hand and provide us with the global visibility to extend into other continents and generally make us a company to reckon with in the global marketplace.

In what other way did you take the PET resin business ahead during the year under review?

At Dhunseri, we are convinced that we will keep growing in a sustainable manner if we continue to introduce new PET resin grades that help our customer businesses and products to progress. There is a good reason for this: packaging standards have become increasingly demanding the world over, owing to an increasing number of brands crowding shelf space. Therefore, products need to be attractively packaged. Further, packaged food products need to retain their freshness. Consequently, it becomes imperative to introduce superior PET resin grades that are customised around food products, keeping in mind their taste, freshness, purity, clarity and aesthetic conditions. In view of this growing reality, we entered into an exclusive agreement with M&G (Italy) to produce and market barrier resins in India.

How is this grade different from other grades?

Barrier resin provides the kind of utility that is evident in its name: an effective barrier against atmospheric oxygen, which helps keep edible products fresher for a longer tenure with the desired purity levels as is required in the most demanding international markets.

The introduction of barrier resins will be business-enhancing for Dhunseri for the following reasons:

1. Dhunseri will be the first Company in Asia to commercialise this technology for barrier resin, which is currently being used by renowned brand owners and converters in developed countries.

2. Two different grades of resin will be produced, for use in applications such as beer, carbonated soft drinks (300 ml bottles), pure juices, emulsion paint containers, dairy, sauces, honeys, jams, jellies, pickles, chutneys, vinegar, squashes, sherbets, enzymes and vitamin-based pharmaceutical products to be packed in PET.

3. The BicoPET technology is guarded by several patents in India and worldwide.

Rather than create the product and then market it, we reversed the process: we test-marketed the M&G-produced barrier resins with the objective to seed the Indian market first, create a critical demand mass and then introduce our self-manufactured grade to a ready market by the first quarter of 2012-13.

How will the new grade take the Company's PET business ahead?

The introduction of the barrier resin grade will take our business ahead in the following ways:

- Strengthen our presence across the food processing industry, and strategic entry to the beverage industry.
- Strengthen our brand recall within our sector for innovation, product customisation and market responsiveness

What initiatives helped the Company strengthen its tea business?

In our tea business, we were not merely focused on attending to the present needs, which comprised prudent pruning, processing and pricing. We also embarked on a business plan to grow our annual production capacity of 10.5 mn kgs to 20 mn kgs by 2012-13, through the timely acquisition of four tea factories in Assam during 2010-11, and further acquisitions planned in 2011-12.

This is our rationale: there are pockets within the country where tea production (especially from small growers) is not equally corresponded by tea processing infrastructure. Our first objective is to provide infrastructure that makes it possible to process available green leaf from such growers. Rather than build tea leaf processing factories through the painstaking greenfield route, we considered it more advisable to acquire existing factories in Assam (which we did in 2010-11). The acquisition will enhance our annual tea making capacity from 10.5 mn kgs to 16.5 mn kgs. This larger throughput of processed tea will make it possible for us to enlarge our tea basket for different consumers and scale the tea business. Additionally, we have started work on the construction of a new factory at our Hatijan tea estate. I must assure shareholders that the total investment in these acquisitions will be adequately covered by our accruals and bank loans, without compromising our gearing.

Where does the Company's extension into the development of commercial IT-focused complex fit into the Company's scheme of things?

The IT SEZ Bantala project in Kolkata serves an important part of our business portfolio for few good reasons:

- Our business of tea processing and PET resin manufacture are cyclical; the business of IT infrastructure is more stable in character
- The viability of our tea processing and PET resin manufacturing business could be largely affected by cost-push inflation or other extraneous factors; the business of IT infrastructure is generally expected to respond to higher lease income (based on the trend of appreciating valuations as seen in India over the last few decades)
- The business will represent annuity leased income against an appreciating asset
- The Company expects to complete its first phase of construction by September 2012

What is the Company's strategy to enhance shareholder value?

Since each of our businesses is being scaled, we expect the benefits to visible across the foreseeable future: to be double by 2012-13 (following the commissioning of our brownfield Haldia plant in April 2012), and quadruple by 2013-14 (following the commissioning of the Egypt plant by June 2013), both at current price levels, with a corresponding increase in bottomline and stakeholder value.

Regards,

C. K. Dhanuka, *Executive Chairman*

Our corporate **strengths**

Diversified portfolio
Dhunseri's businesses – petrochemicals, tea and leased commercial realty – make it a dynamic and diversified proxy of the robust growth coming out of India.

Cost advantage
The Company emerged as one of the lowest cost producers of PET resin in the world. The Company expects to reinforce this business advantage with significant capacity growth.

Scale
The Company is one of the leading PET players in South Asia and among the ten largest tea companies in India.

Sound governance
Dhunseri follows responsible governance practices as detailed in its Corporate Governance report.

Brands
The Company's products are marketed through visible brands – ASPET for PET resin, and Lal Ghora and Kala Ghora for packet teas.

Quality
The Company's products conform to the best national and international quality standards, resulting in customer trust.

Experience
The promoters of the Company possess a rich industry experience of over 36 years, translating into a stronger management team with stronger industry exposure.

Multi-location
The Company invested in PET resin capacity in Egypt, one of the most attractive global locations from the point of view of cost, and the ability to service three continents with speed.

Business segment review

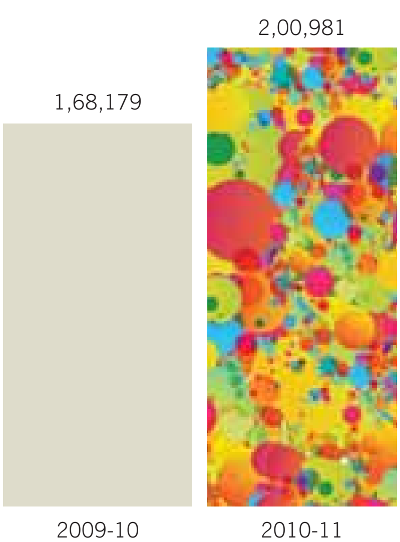
Strategic business unit I

Petrochemicals

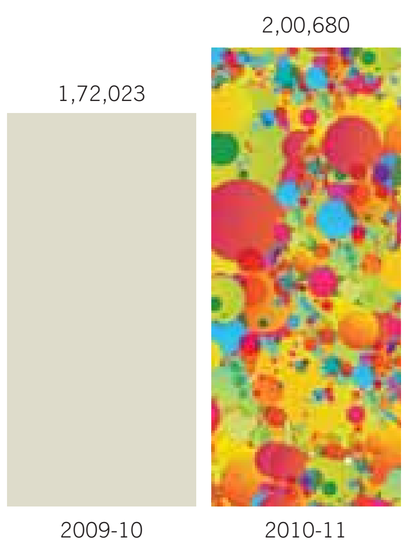
Our petrochem division

Position	Plant and capacities	Products and brand	Expansion	Potential
One of Asia's reputed PET resin manufacturers	2,00,000 TPA in the port town of Haldia, West Bengal	PET resins (bottle-grade, sheet-grade and jar-grade) marketed under the internationally recognised 'ASPET' brand, assuring superior customer value	■ 210,000 TPA brownfield expansion in Haldia by April 2012 and 4,20,000 TPA greenfield expansion in Egypt through our subsidiary EIPET by June 2013 ■ Four-fold capacity expansion by 2013-14	■ Growing domestic and global demand, and our maiden entry into barrier resin ■ Dhunseri to be among the top 10 in the world by 2013-14

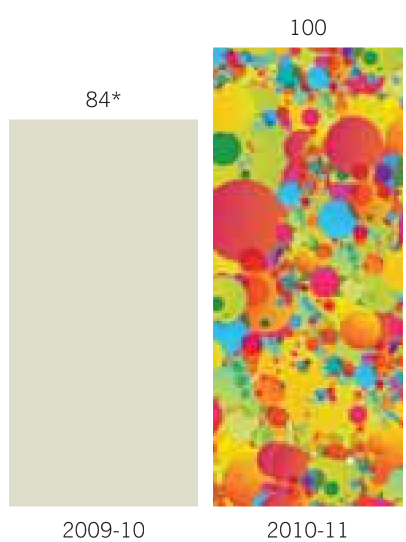
Operational performance



PET resin production (in MT)



PET resin sale (in MT)



Capacity utilisation (%)

Note -due to shortage of PTA, one of the raw materials.*

Overview

Dhunseri's petrochem division manufactures PET resin, a key input in the manufacture of PET bottles. Domestic sales volume accounted for 62% of the Company's total sales of PET resin; the rest was exported to 27 countries, including those in Europe and the Americas, the world's largest PET resin markets.

The PET advantages comprise the following:

- PET food packaging continues to grow among major food container types. Performance advantages of PET include improved resin and processing technologies, improved heat resistance, and advances in panel-less, hot-fill bottle design. Combined, these developments enhance the look of the container, while achieving glass bottle appearance.
- PET can be semi-rigid or rigid, depending on its thickness and weight. It provides resistance to mineral oils, solvents and acids, but not to bases. It is strong and impact-resistant. It is naturally colourless and transparent.
- PET is a good choice for product packaging. PET is available in a wide range of colours, shapes and sizes. Darker coloured PET plastic containers may be used for blocking UV rays from light-sensitive materials. PET is resistant to dilute acids, oils and alcohol.
- PET has good strength, ductility, stiffness and hardness. PET has better heat resistance, barrier to moisture and gas in comparison to other packaging polymers.
- While all thermoplastics are technically recyclable, PET bottle recycling is more practical than many other plastic applications. The primary reason is that plastic carbonated soft drink and water bottles are almost exclusively PET, making them more easily identifiable in a recycle stream.

Expansion

Dhunseri's 2,10,000 TPA brownfield expansion in Haldia and 4,20,000 TPA greenfield expansion in Egypt are underway. Construction of the new Haldia plant commenced in November 2010, following environmental clearance; and the plant is expected to be commissioned in 2012-13. The recent developments in Egypt delayed civil construction of the plant by a few months; the Company is confident of commissioning the plant by June 2013.

Key developments, 2010-11

Operational

- Achieved highest ever production in 2010-11
- Commissioned an 8-MW, coal-fired captive power plant in June 2010 to address captive requirements
- Signed an exclusive agreement with M&G (Italy) to produce and market barrier resins in India and Bangladesh; production expected to start by the first quarter of 2012-13
- Installed and commissioned a new coal-based 13.5 mn kcal/hr HTM heater, which can used low F-grade coal, leading to cost reduction.

Marketing

- Enhanced domestic PET resin sales from 1,00,474 tonnes in 2009-10 to 1,24,404 tonnes in 2010-11
- Maintained Indian market share as last year
- Seeded M&G resins (granules) through outsourcing with the objective to develop a strong buyer base, until the Company's commercial barrier resin production begins

Financial

- Grew net sales 40.46% from Rs. 1,010.35 cr in 2009-10 to Rs. 1,419.09 cr in 2010-11
- Embarked on a capital investment to manufacture barrier resins

Competitive advantage

Location: Strategic location in the port city of Haldia – 120 km south of Kolkata – provides national and international access.

Logistics: Mitsubishi Chemicals (provider of raw material PTA) is located seven km from the plant, saving logistic costs.

Power: An 8-MW captive coal power plant ensures stable low cost energy supply.

Marketing: The Company's PET resin product is marketed in 27 countries (Asia, Europe and the Americas), supported by marketing and technical teams.

Strong national player: The Company revised its 100% EOU status to Domestic Tariff Area (DTA) status, enabling it to market products freely in India.

Customer service: The Company made timely deliveries of quality products.

Operational excellence: An ability to take PTA in one-tonne jumbo bags and bulk containers, enhances flexibility in raw material supplier selection; storage capacity (13,000 MT of MEG) in tanks (off-shore and on-shore) ensures regular supply.

Quality focus

1. The division is certified for ISO 9001: 2008, ISO 14001: 2004 and BS OHSAS 18001:2007.

2. The division received quality certifications from national and international agencies like the USFDA, EC, Japanese and Canadian Food and Health Bodies and ITRC.

3. The division received the second prize at the Export Awards for 2007-08 and 2008-09, in the 'plastic polymer product' category by the Plastics Export Promotion Council (PLEXCONCIL).

4. The division was accorded the Best EOU Award for 2007-08 and 2008-09 by the Export Promotion Council for EOUs and SEZs, Ministry of Commerce & Industry (Government of India), based on outstanding export performance in the non-SSI category of plastic products.

Technology

1. The Company's PET resin plant was equipped with sophisticated technology from Germany.

2. The Company signed an exclusive agreement with M&G (Italy), one of the global leaders in PET bottle resin production, to produce and market barrier resins in India, using M&G's state-of-the-art BicoPET technology. The technology will provide oxygen and carbon dioxide protection for various foods and beverages, through the incorporation of modified nylon in the compartments of PET pellets.

3. Two different resin grades will be produced for use in applications such as beer, carbonated soft drinks (300 ml bottles), juices, sauces, honeys and vitamin-based pharmaceutical products, among others. BicoPET technology is guarded by several patents in India and worldwide.

4. The Company is the first in Asia to commercialise the barrier resin technology, currently used by renowned brand owners and converters in developed countries. This agreement will provide M&G with an opportunity to widen its Poliprotect footprint through an established Dhunseri network in India and Asia. The products will be sold as ASPET POLIPROTECT APB and JB. By early April 2011, both grades were made available for commercial trials.

The Egypt project

- Establishment of a 4,20,000 TPA greenfield PET resin plant at Ain El Sokhna (Red Sea Port) in Egypt, through our subsidiary Egyptian Indian Polyester Company S.A.E (EIPET)
- Dhunseri is to hold 70% share in EIPET
- Equity participation (23%) by Egyptian Petrochemical Holding Company (ECHEM) – a Government of Egypt (GOE) arm for promotion of the petrochemical industry
- Equity participation (7%) by Engineering for the Petroleum and Process Industries (private sector GOE agency)
- Expected commissioning date: June 2013

Project implementation details

- The project will be executed through an EPC contract.
- Oerlikon Barmag, Germany, will provide the PET plant.
- The EPC contract is structured around a 'single point responsibility' basis.
- Barmag will erect and commission the plant with a Melt Phase Polycondensation Plant.
- SSP plant will be supplied with UOP, through a back-to-back contract with Barmag.
- Civil construction (outside the scope of EPC) will be undertaken by reputed civil contractors.

Business segment review

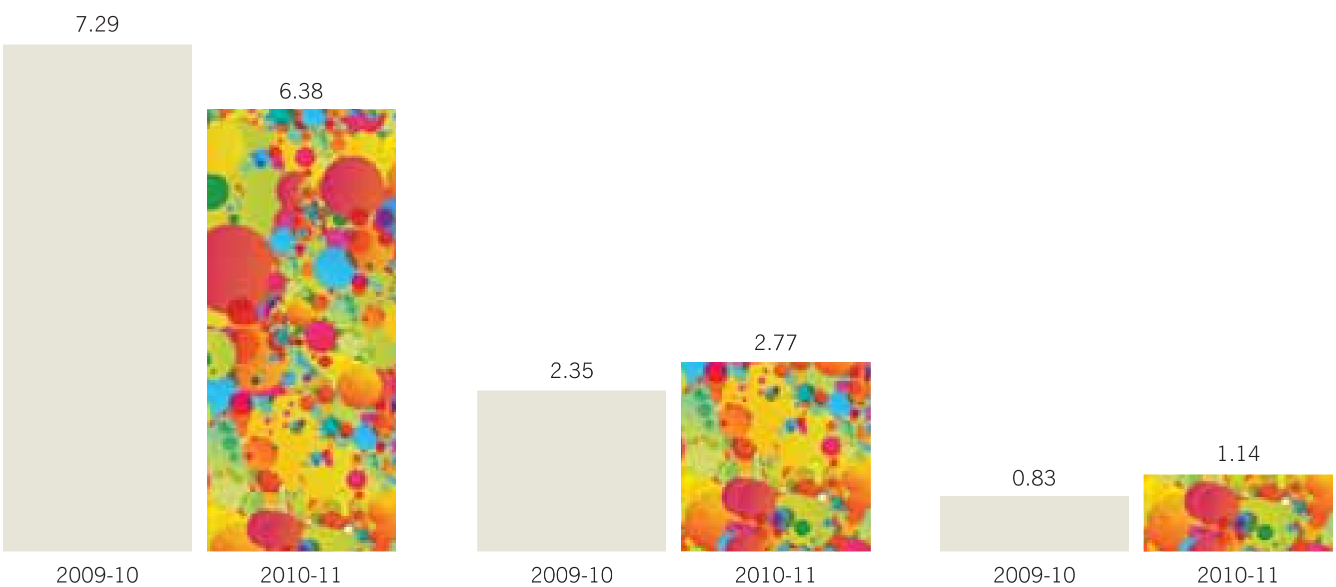
Strategic business unit II

Tea

Our tea division

Position	Estates and production capacities	Brand	Expansion plans	Potential
Among the top ten tea producers in India	11 tea estates in Assam, with a 10.5 mn kg production capacity and four new factories with a production capacity of 4.2 mn kg	Lal Ghora and Kala Ghora	■ Acquisition of four factories ■ Cumulative production capacity including the above and the new factory at Hatijan will be 17 mn kg by 2011-12	■ To double production capacity from 10.5 mn kgs to 20 mn kgs by 2012-13 ■ To be among the top 5 in Assam by 2013-14

Operational performance



CTC production (in mn kg) **Packet tea production** (in mn kg) **Orthodox tea production** (in mn kg)

Overview

Assam tea is a superior tea variety grown in the Eastern Himalayas, where the Indian mountains meet China and Myanmar. Assam's climate is warm and wet, conducive for producing best quality tea.

Dhunseri's tea division produced 10.29 mn kgs of CTC and orthodox tea in 2010-11. The Company is among the top ten in India, accounting for more than 1% of the Indian tea production. Dhunseri has seven gardens in upper Assam (South Bank) and four gardens in lower Assam (North Bank), with a cumulative 10.5 mn kg production capacity. Its packet tea brands (Lal Ghora and Kala Ghora) are well known in Western India. It is the packet tea market leader in Rajasthan.

Key developments, 2010-11

Operational

- Achieved tea production of 10.29 mn kg in 2010-11 against 10.47 mn kg in 2009-10, marginally lower due to adverse weather conditions, leading to lower green leaf availability
- Increased average realisations to Rs. 134.07 per kg in 2010-11 against Rs. 122.90 per kg in 2009-10
- Purchased four bought leaf factories in Assam with a capacity of 4.2 mn kg
- In the process of enhancing the acquired factories' capacity from 4.2 mn kg to 6 mn kg through additional infrastructure like withering shed with troughs, CTC machines, driers, fermenting area and additional captive power generation capacity
- Commenced construction of a new factory at Hatijan Estate with an annual capacity of 1.5 mn kg

Marketing

- Strengthened marketing to increase market share of tea packet brands in Rajasthan
- Increased packet tea sales from 2.35 mn kg in 2009-10 to 2.77 mn kg, constituting 27% of total sales in 2010-11 against 22% in 2009-10
- Increased advertisement expenditure from Rs. 69.03 Lacs in 2009-10 to Rs. 116.56 Lacs in 2010-11, for more brand visibility and improving our dealer network throughout Rajasthan.
- Marketed around 45% tea from its gardens through auctions

Financial

- Net sales grew 6% from Rs. 129.75 cr in 2009-10 to Rs. 137.50 cr in 2010-11
- Capital investment of Rs. 18.05 cr was made in new factory acquisitions upto 31st March 2011

Strengths

Production: Tea production was marginally lower at 2% in 2010-11, due to adverse climatic conditions.

Productivity: Labour productivity was among the industry's highest. In the gardens, average productivity per labour was 28 kg (industry average 24.5 kg); in the factory, it was 65 kg (industry average 53 kg).

Yield: The Company achieved a yield of 2,200 kg/hectare (industry average 1,850 kg per hectare).

Irrigation: The Company's four North Bank gardens were covered by 100% irrigation; the South Bank gardens were provided with minor irrigation facilities to counter against drought in young tea areas.

Better output: Annual uprooting programme of 2% will continue to ensure better yields in future.

Technology: The Company added fuel-efficient vibrated fluidised bed dryers, higher output CTC machines to improve quality.

Maintenance: The Company followed the best agricultural practices across its tea gardens to maintain health of tea bushes.

Research & Development: Research done by TRA and UPASI TRF to sustain yield and quality is regularly implemented in all our gardens, in consultation with TRA Advisory Officers.

Outlook

- The Company expects to double its tea output in the next two to three years, emerging among the ten largest tea producers in India and within the five largest in Assam.
- The Company is in the process of installing closed-circuit television sets in all its factories.
- The Company will consider acquiring more factories to enhance its production, once the new factories production stabilises.
- The Company is making all efforts to increase packet tea sales in Rajasthan to achieve 3 mn kgs in 2011-12.

Business segment review

Strategic business unit III

IT SEZ

Our IT SEZ division

Name	Dhunseri IT Park
Location	Bantala, south-east Kolkata
Built-up area	7,50,000 sq. feet
Phases	Two (twin towers)
Phase 1 (completion, expected)	September 2012
Phase 2 (commencement, proposed)	November 2011
Phase 2 (completion, expected)	Last quarter, 2013

Dhunseri IT Park at Bantala (Rationale)

- Kolkata IT Park, Bantala, received SEZ status
- Info-tech majors and infrastructure developers reserved space at the IT Park, including Cognizant, Patni, Tech Mahindra and space developers like Forum Projects and Kolkata IT SEZ Pvt. Ltd
- Bantala offers comparatively lower rentals among commercial office spaces in Kolkata.

Source: Knight Frank India Pvt. Ltd and www.igovernment.in

Kolkata, the IT hub of eastern India

West Bengal is positioned as a prime IT hub for the following reasons:

- Kolkata has a huge talent reservoir with one of the lowest operation costs. The attrition rate is the lowest in India, as certified by NASSCOM; power availability and quality is acceptable according to Gartner.
- Kolkata has three software technology parks (fourth coming up).
- Kolkata has attracted major software and telecom firms across India and abroad to set up their development centres in the city.
- Many international giants (IBM, Texas Instruments, Cisco Systems, Intel Asia Electronics Inc, Deloitte, Sun Microsystems, Honeywell, HSBC Global Technology, Capgemini, Siemens and AIG, among others) set up their offices in Kolkata.
- Indian software firms such as Wipro, TCS, Tech Mahindra, ITC Infotech, HCL Technologies, Cognizant, Genpact, Tata Interactive Systems and NIIT Technologies made Kolkata their operations, for the eastern India.

(Source: Global Service Monday, 20th December 2010)

Government support

To make West Bengal a preferred IT destination, the state government pledged whole-hearted support to prospective investors in West Bengal through the following initiatives:

- A one-time subsidy of Rs. 20,000 per employee recruited by start-up IT companies
- The development of a knowledge corridor at New Town, Rajarhat
- The proposed development of similar SEZs in Kalyani, Santiniketan and Panagarh apart from allotting 130 acres of land in Bantala for IT/ITeS SEZ
- The proposed development of similar SDF buildings at Durgapur (Bardhaman district) and Siliguri (Darjeeling district) to develop these places as emerging IT hubs (West Bengal's IT sector started with a single IT infrastructure building named SDF at Sector V, Salt Lake)

Source: WEBEL - INDIA

Developments, 2010-11

- Applied for certification as Green building to the Leadership in Energy and Environmental Design (LEED)
- Construction of the first phase of the project is in progress

Outlook

- Rs. 25 cr is projected as annual income from both phases.

Corporate **social** responsibility

Dhanuka Dhunseri Foundation acts as the vehicle through which the CSR activities of the Dhunseri Group are carried out across the various parts of the country. Dhanuka Dhunseri Foundation was formed in 1972 with four major philanthropic areas: Education (building schools and colleges), empowering the girl child (preparing girl children through education and other endeavours), healthcare (free medication through dispensaries) and community building (continuous development of Fatehpur-Shekhawati).

- The rationale behind Foundation's existence is to bridge social inequity, provide support to catalyse transformation, focus on sustainable interventions and sustainable impact.

Since inception, the Foundation has provided the following:

- Primary education to 5,041 students
- Proposed residential hostel for 400 girls to help them pursue professional studies
- Treated 5,08,000 patients across its free homeopathic dispensaries
- Donated Rs. 2.96 cr in grants to charitable institutions

Environment Health and **Safety** Management

The Company invested in a clean manufacturing technology resulting in low emissions and a positive environment impact.

Environment

Dhunseri has always been committed to the highest environmental and safety standards which is reflected in complete compliance of such regulations. This commenced with the selection of advanced technology from Germany, marked by no emissions.

- Dhunseri created a dedicated Environmental Cell to review related activities.
- The Company continuously monitored effluent treatment and water discharge.
- Investments were made in fields like rain water harvesting, plantation/ greenery, vermi-compost pits and gas-flaring systems.

The Company also invested in the following energy conservation processes and equipment:

- Eco-friendly roof top extractor and modified control circuit for ventilation fans at Haldia plant.
- Eco-friendly ventilator fans installed in all tea factories for circulation of fresh air.

These initiatives improved water and energy consumption efficiency on the one hand and reduction of hazardous gases and waste on the other.

Health

The Company undertook the following activities towards health:

Petrochem division:

- Protected employee health by establishing a well-equipped occupational health centre with a qualified doctor
- Free medical check-ups for all employees
- Regular training for all employees

Tea division:

- Medical camps are organised with the help of specialist doctors
- Free distribution of chemically-treated mosquito nets to the workers
- Provided water filtration plant with iron filtration for potable water supply to the workers

Safety

Dhunseri is committed to employee safety through the following initiatives:

- Safety audit internally and through external agencies
- Regular safety rounds
- Investment in safety showers as well as a periodic inspection of breathing apparatus and personal protective equipment
- There was an unfortunate incident on 14th March 2011. A fire broke out in the Haldia plant resulting in a nine-day shutdown with no casualties. Following this accident, the Company, already equipped with a state-of-the-art fire sensing system and fire station, enhanced vigilance in all critical areas and has additionally placed orders for procurement of fire tenders.

Management discussion and analysis

Petrochem division

Industry structure and developments

Polyethylene terephthalate (PET) is a versatile plastic used in packaging beverages, food, personal and home care products, pharmaceuticals, consumer and industrial products. This material is preferred on account of hygiene, strength, light weight, unbreakable, non-reactive, economical and freshness-retaining properties. Global health-safety agencies approve PET as safe for packaging foods and beverages.

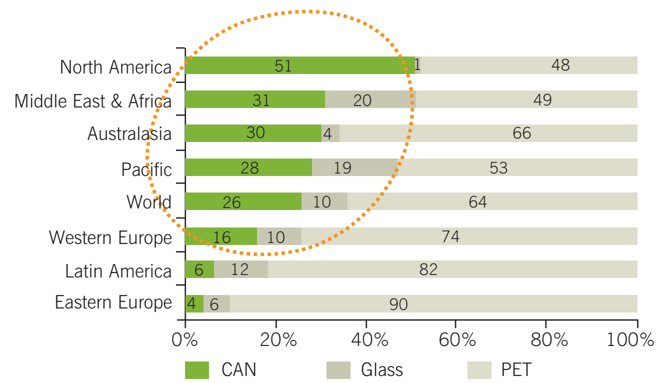
1. World PET resin consumption, 2011

Regions	Total demand '000 Tonnes	Increase on 2010 '000 Tonnes	Increase on 2010 %	Proportion of world total
North America	3,590	110	3.2	21.7
South America	1,281	78	6.5	7.8
Middle East/Africa	1,834	183	11.1	11.1
West Europe	2,992	73	2.5	18.1
East Europe	1,019	76	8.1	6.2
China	2,916	313	12.0	17.6
India	550	100	22.2	3.3
Rest of Asia	2,347	158	7.2	14.2
Total	16,529	1,091	7.1	100

Source: PCI

Opportunities and threats

The consumption of PET is likely to increase on account of its cost, convenience and energy-saving benefits. The table below shows that PET consumption is strongest compared to glass and can in Eastern Europe (90%) and Latin America (82%), Western Europe (74%), Australasia (66%), World (64%) and Asia Pacific (53%) and approaching 50% in the Middle East, Africa and North America.



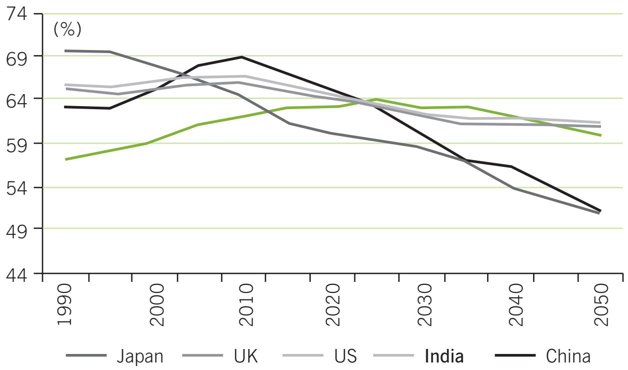
Source: PCI

PET consumption is projected to increase owing to changing demand dynamics

PET is one of the fastest-growing segments in plastics providing hygienic, durable and user friendly packaging solutions for all kinds of bottled drinks, beverages, pharmaceuticals, liquor, chemicals, and other liquid products. With lifestyle changes and higher disposable income, PET bottle demand is set to grow at a faster pace. India's per capita packaging consumption is 0.37 grams against the global average of nearly 2.23 grams which is expected to correct faster following increased health and hygiene awareness, larger number of MNCs establishing a presence in India leading to tremendous potential for increase in the PET consumption in India.

India is expected to ride an improvement in its favourable working population (aged 15-64)

The following graph clearly shows that India with a median age of 25 years will have 63% of the population in the working age group 15-64 by 2020 ahead of Japan, the UK, the US and China. Notably, India's working population percentage will increase in the years to come against a declining trend in Japan, the UK, the US and China.



Source: ENAM research

- Growing urbanisation will account for an increase in the country's urban population from 30% in 2010 to 40% by 2020 *(Source: ENAM research)*
- India is poised to join the coveted club of economies with gross domestic product (GDP) exceeding USD 2 trillion. According to recently released data, India's nominal GDP is expected to grow at 14% in 2011-12 to reach Rs. 90 lac crore. *(Source: Business standard)*
- The Indian middle class, (annual family income Rs. 3.4 Lacs – Rs. 17 Lacs at 2009-10 price levels) is expected to swell to 267 mn in five years - 67% growth – leading to a great opportunity *(Source: NCAER study)*
- India is expected to emerge as the largest contributor to the global workforce over 20 years, with a working-age population expected to swell from 749 mn in 2010 to 962 mn in 2030
- India is expected to see 70 mn entrants to its workforce over five years; about 20 mn youths reside in the top 100 cities in India
- Rising aspirations consequent to growing per-capita income levels in non-metro cities is expected to drive consumption growth. Number of Tier-I cities is expected to increase from 93 in 2008 to 155 by 2030, number of Tier-II cities is expected to increase from 52 in 2008 to 104 by 2030, and number of Tier-III and IV cities is expected to increase from 195 in 2008 to 331 by 2030. Tier-II and Tier-III cities have grabbed the lion's share of 62% in aggregate job creations during the last financial year. These small and medium sized cities will fuel India's growth in the coming years.

By 2020, India's income distribution mix is projected to change, with substantial increase in numbers of the elite and consuming class, and an erosion of the deprived segment; population in the working age bracket will increase by 20%, a segment that will account for 55% of total population in 2019-20; more than 3 mn migrants are expected to be added every year to the urban population of 338 mn currently.

Some prominent threats to the PET industry comprise the following: a perception that plastic is injurious to health, especially when it is used to package food products. Any increase in crude, PTA or MEG prices could inflate PET realisations and make it expensive for the product to be used.

Segment-wise or product-wise performance

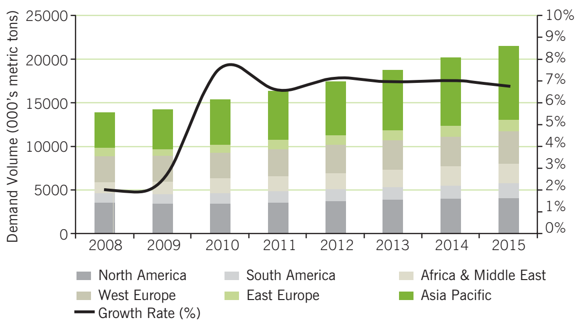
During the year under review, the PET division of the Company generated 64% of its revenues from within India and 36% of its revenues from exports. The domestic sales volume of the division, as a percentage of total division sales, increased from 58% in 2009-10 to 62% in 2010-11, due to a redefinition of the Company's manufacturing facility from 100% export orientation to a domestic tariff area unit from April 2010.

Outlook

The upcoming plant in Haldia (2,10,000 TPA, expected commencement April 2012 and Egypt project (capacity 4,20,000 TPA, expected commencement June 2013) will do justice to the growth of national and international markets. The outlook for this division appears positive for the following reasons:

Rising demand: World PET resin demand is expected to clock a growth rate of around 7% by 2015, from a growth rate of 2% in 2008. The Indian PET packaging industry, presently at about USD 1 bn, is growing at 22%-25% per year. PET is the fastest growing polyester application. Demand is estimated at around 550,000 TPA in India and annual growth is expected to double on account of an expanding middle-class, rising income levels and a preference for convenience. Robust growth expected in the Middle East/Africa, estimated at 11.1% per annum for 2011.

World PET resin consumption: 2008-2015



Source: PCI

Tea division

Industry structure and developments

India is the second-largest tea producer in the world after China, accounting for over 30% of the global production, and perhaps the only industry where the country has retained its global leadership in the past 150 years. India offers the widest range of tea in the world: from orthodox to CTC to green tea with each regions specialty teas like Darjeeling, Assam and Nilgiri. India is the world's largest producer and one of the largest consumers of black tea.

The turnover of India's tea industry is estimated at around Rs. 10,000 crore; since independence, tea production has grown over 250%, while land area under tea grew just 40%. The production of tea increased from 878 mn kg in 2002-03 to 966 mn kg in 2009-10.

India's tea consumption grew 1.8% CAGR in four years in spite of prices having increased 14.68% CAGR during the period, which indicates its price inelasticity. According to the Indian Tea Association (ITA), domestic tea consumption is expected to grow at a rate of 3% per annum, in line with historical consumption growth in the last decade.

The market for high quality loose leaf tea is experiencing strong growth and is expected to continue in the foreseeable future. The growth of revenue and profits in the value-added retail sector of the market is also strong, particularly when tea is prepared and presented as part of a total offering in tea rooms, fine dining establishments and hotels.

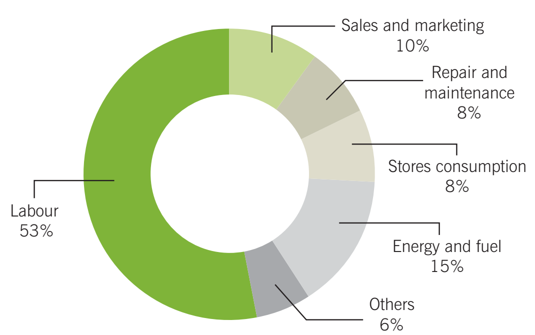
There are a number of factors influencing growth in loose leaf tea demand:

- The taste of tea and blends
- Perceived health benefits
- A growing awareness about the enjoyment benefits of loose leaf tea
- Expansion of value-added reseller network for quality loose tea
- Many consumers looking for an alternative to coffee as a hot tea and cold (iced tea) beverage of choice

2010 performance: India's tea output declined by 1.3% to 966 mn kg in 2010 against 979 mn kg in the previous year, due to adverse weather and pest attack in Assam, (accounts for 50% of country's total tea production). Total tea produced in Assam in 2010 was 480 mn kgs compared to 499 mn kgs in 2009. India's shipments declined 2.4% from 198 mn kg in 2009 to 193.3 mn kg in 2010.

Indian tea prices strengthened in 2010-11, on account of lower tea production of 966.40 mn kgs in 2010 in comparison to 978.99 mn kgs in 2009. Between 2006 and 2010, Indian tea production dropped at a CAGR of 0.39%, however realisations increased at a CAGR of 13.6% for the benefit of tea producers. Over the foreseeable future, India's tea output may only marginally increase primarily on account of new land not being available for tea cultivation and also because any new plantation takes minimum seven years to reach the full bravery production stage.

Inputs: The tea industry is labour-intensive with stringent labour laws. Female workers comprise more than 50% of the work force. Through forward and backward linkages, another 10 mn people derive their livelihood from the tea industry. Currently, labour costs account for 53% of the total cost.



Source: ICRA Online research

Exports: India is an important exporter, accounting for around 12-13% of global tea exports. Indian teas are mainly exported to Russia and CIS countries (90 mn kgs) equivalent to 43% of India's tea exports. India exports tea to most European countries, the U.S.A, Japan, West Asia and Asia Pacific. The net foreign exchange earned per annum by the industry is estimated at over Rs. 1,850 crore

Competitors: The major competitive tea producing countries are Sri Lanka, Kenya, China and Indonesia. China is a major producer of green tea while Sri Lanka and Indonesia produce orthodox varieties. Kenya is largely a CTC tea-producing country.

Opportunities and threats

Opportunities

- Growing awareness of the health attributes of tea
- Growing consumption in major tea-producing countries
- Growing consensus between tea-producing countries to resolve differences through a common platform
- Global acquisitions by Indian companies
- Strong domestic consumption

Threats

- The decline in exports is indicative of India losing ground to major producers like Sri Lanka (orthodox variety) and Kenya (CTC teas). New entrants like Vietnam (CTC teas)and Indonesia (orthodox teas) is competing with India in the overall world tea market
- The cost of tea production is higher in India than in other countries due to higher social costs borne by the tea industry
- Around 38% of the bushes are more than 50 years old. The Ministry of Commerce has set up a special purpose tea fund to provide 75% of the cost of re-planting, via loans (50%), subsidies (25%) and the balance is to be borne by the tea companies.

Segment-wise or product-wise performance

Even as the production of tea declined from 10.47 mn kgs in 2009-10 to 10.29 mn kgs in 2010-11, due to adverse weather conditions, Dhunseri's revenues increased from Rs. 129.75 cr to Rs. 137.50 cr, accompanied by an increase in average realisations from Rs. 122.90 per kg in 2009-10 to Rs. 134.07 per kg in 2010-11. The Company purchased four tea factories in Assam in the current financial year, which together with the new factory at Hatijan, will lead to an increase in the capacity to 17 mn kgs in 2011-12.

Outlook

Tea prices are expected to remain firm in 2011, as global tea deficit may rise to 120-130 mn kg by April 2011, compared with 110 mn kg forecasted in September 2010. Depletion of carry forward stock is estimated at 80-100 mn kg in the new season, beginning April 2011.

Tea production in the world's three major producing nations - namely India, Kenya and Sri Lanka - is not expected to rise significantly in the next year, while the consumption of black tea in the global market is expected to increase. In India alone, black tea consumption is expected to grow 3%, strengthening the prices and overall realisations.

Risks and concerns

Risks and opportunities are inseparable components of the Company's business. The Directors and the management of the Company keeps this in mind when taking all decisions so that no stakeholder is adversely affected. The Company's Risk Management Committee, which comprises various departmental heads, meets regularly to assess and minimise risks without losing opportunities. These have been discussed in details in the risk management chapter in this annual report.

Internal control systems and their adequacy

The Company introduced internal control systems to ensure that all assets are safeguarded and protected against loss and that transactions are recorded and reported correctly. The system of internal control is commensurate with the size and nature of the business of the Company. The systems are regularly reviewed for effectiveness. The Executive Director and CEO, Senior V. P. (COO- Tea division) and Senior V. P. (Finance) and CFO of the Company oversee the entire internal control system. The Company ensures control through Oracle, E-Business Suite and ERP.

Discussion on financial performance with respect to operational performance

This has been covered in the Director's Report specifically under the section on financial results and performance.

Material developments in human resources/industrial relations front, including number of people employed

The Company emphasises training and development for optimum results. The Company strives to maintain healthy industrial relations across its various locations and 6,184 employees in both the Petrochem and Tea division.

Finance review

Accounting policy

The Company prepared its accounts on the historical cost basis and in line with the accounting principles of a going concern. The accounting policies, not specifically referred to otherwise, were consistent and in consonance with GAAP. Applicable Accounting Standards specified by the ICAI unless otherwise stated.

A. Profit & Loss Account

Highlights, 2010-11

Absolutes	Derivatives
■ Revenues increased 36.53% from Rs. 1,140.10 cr in 2009-10 to Rs. 1,556.59 cr	■ EBIDTA margin grew 129 bps from 14.85% in 2009-10 to 16.13%
■ EBIDTA grew 48.36% from Rs. 169.28 cr in 2009-10 to Rs. 251.15 cr	■ PAT margin grew 37 bps from 7.81% in 2009-10 to 8.18%
■ PBT grew 64.36% from Rs. 118.11 cr in 2009-10 to Rs. 194.12 cr	■ Interest cover strengthened from 7.26 in 2009-10 to 9.70
■ PAT grew 42.96% from Rs. 89.05 cr in 2009-10 to Rs. 127.31 cr	

Revenue

Net sales grew 36.53% from Rs. 1,140.10 cr in 2009-10 to Rs. 1,556.59 cr in 2010-11. This was largely due to increased production of PET chips from 1,68,179 TPA in 2009-10 to 2,00,981 TPA and enhanced realisations for the PET chips (per tonne) and tea (per kg).

Other income increased 131.04% from Rs. 63.39 cr in 2009-10 to Rs. 146.47 cr in 2010-11, largely due to insurance claims (Rs. 65.29 cr), profit on sale of long term non-trade investments.

Cost analysis

The Company's operating cost increased 39.02% from Rs. 1,085.39 cr in 2009-10 to Rs. 1,508.94 cr in 2010-11, largely due to the increased consumption of PTA and MEG at increased costs. Operating cost as a proportion of total income declined 158 bps from 90.19% in 2009-10 to 88.60% in 2010-11, reflecting an efficient utilisation of resources.

Raw materials: Raw material increased 42.25% from Rs. 785.92 cr in 2009-10 to Rs. 1,117.95 cr in 2010-11, largely due to increased production and an increase in crude prices, fully offset by an increase in PET realisations.

Personnel expenses: Personnel expenses increased from Rs. 42.50 cr in 2009-10 to Rs. 48.30 cr in 2010-11, due to increase in salaries and wages. Enhanced sales facilitated a 36.18% increase in revenues per employee and 47.98% increase in EBIDTA per employee over the previous year.

Power and fuel: This increased 4.46% from Rs. 53.57 cr in 2009-10 to Rs. 55.96 cr in 2010-11, due to increased production of PET chips.

Selling expenses: Selling expenses increased 33.51% from Rs. 61.13 cr in 2009-10 to Rs. 81.62 cr in 2010-11, primarily due to an increase in freight outward.

B. Balance Sheet

Highlights, 2010-11

Absolutes	Derivatives
▪ Reserves grew 19.05% from Rs. 571.54 cr as on 31st March 2010 to Rs. 680.42 cr as on 31st March 2011	▪ Return on net worth (RONW) improved 311 bps from 14.68% in 2009-10 to 17.79%.
▪ Gross block grew 8.64% from Rs. 730.53 cr as on 31st March 2010 to Rs. 793.68 cr as on 31st March 2011	▪ Return on capital employed (ROCE) improved 546 bps from 16.86% in 2009-10 to 22.32%.

Capital employed

Capital employed increased 12.06% from Rs. 1,004.14 cr as on 31st March 2010 to Rs. 1,125.28 cr as on 31st March 2011 owing to an increase in reserves, surplus and secured debt. The judicious application of each rupee invested in the business was reflected in the improved ROCE from 16.86% in 2009-10 to 22.32% in 2010-11.

Sources of funds

Shareholders' funds: Net worth increased 17.95% from Rs. 606.57 cr as on 31st March 2010 to Rs. 715.45 cr as on 31st March 2011. This was largely due to an increase in reserves and surplus – from Rs. 571.54 cr as on 31st March 2010 to Rs. 680.42 cr as on 31st March 2011 as business surplus worth Rs. 108.93 cr was ploughed back into the business.

External funds: The debt portfolio increased 3.09% during the year. The Company's debt (fully secured) stood at Rs. 346.89 cr as on 31st March 2011 as against Rs. 304.23 cr as on 31st March 2010. The debt-equity ratio was 0.57:1 as on 31st March 2011 (0.66:1 as on 31st March 2010). Interest increased 11.12% from Rs. 23.30 cr in 2009-10 to Rs. 25.89 cr in 2010-11. Interestingly, interest cover strengthened from 7.26 in 2009-10 to 9.70 in 2010-11, reflecting the Company's growing comfort in servicing the debt.

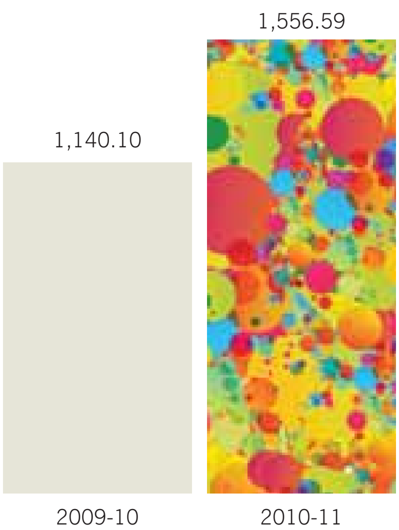
Application of funds

Gross block: Gross block increased 8.64% from Rs. 730.53 cr as on 31st March 2010 to Rs. 793.68 cr as on 31st March 2011, due to additions in plant and machinery (Rs. 66.90 cr) and buildings/non-factory buildings (Rs. 10.26 cr). This also resulted in an increase in the accumulated provision for depreciation from Rs. 193.52 cr in 2009-10 to Rs. 219.13 cr in 2010-11. (provided on Straight-line Method). The Company intends to invest Rs. 315 cr in 2011-12 in capacity expansions in its Haldia plant and the acquisition of tea factories. This will be funded through a prudent mix of debt and equity.

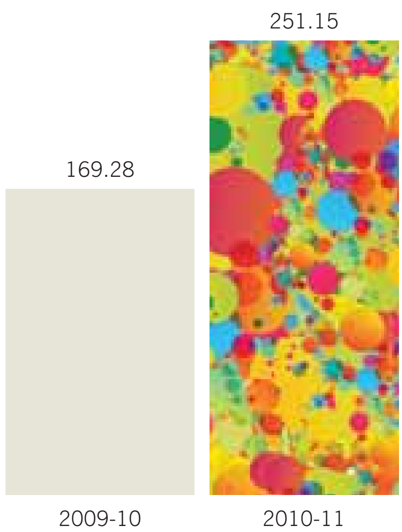
Working capital: The Company's working capital is used to purchase raw material, manage overheads and provide credit. Net current assets increased 13.16% from Rs. 380.27 cr as on 31st March 2010 to Rs. 430.33 cr as on 31st March 2011. Net current assets, as a proportion of capital employed, stood increased from 37.87% in 2009-10 to 38.24% in 2010-11.

The Company strengthened its receivables management through various initiatives: it assigned credit limits to customers and maintained a strict vigil on timely receivables; it ensured the recovery of old receivables before new despatches; it facilitated a reduction in the debtors' cycle from 48 days of turnover equivalent in 2009-10 to 40 days in 2010-11; it maintained a commitment to pay vendors on the agreed due date, strengthening trust and leading to a better negotiation capability.

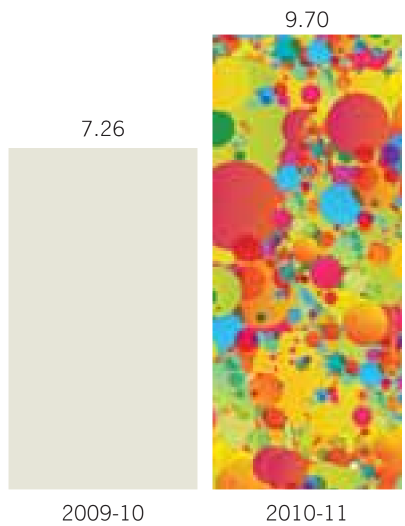
Cash and bank balance: Cash and bank balance increased from Rs. 238.20 cr in 2009-10 to Rs. 260.35 cr in 2010-11.



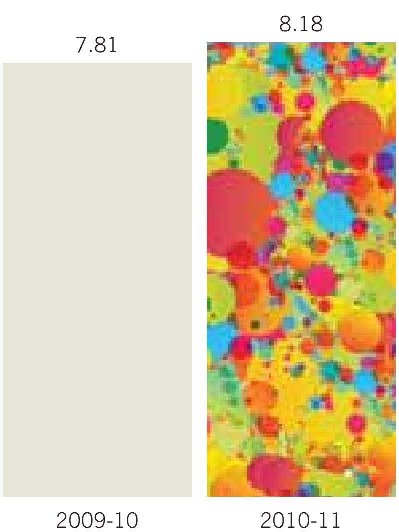
Revenues (Rs. cr)



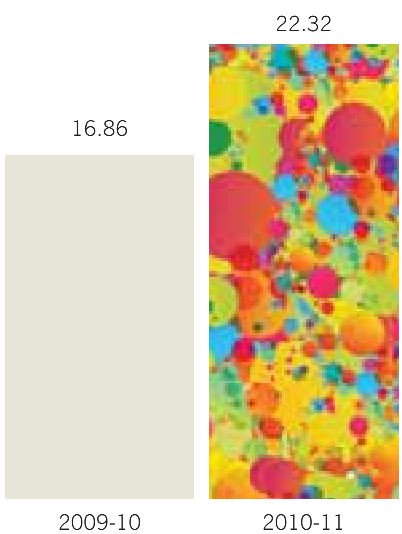
EBIDTA (Rs. cr)



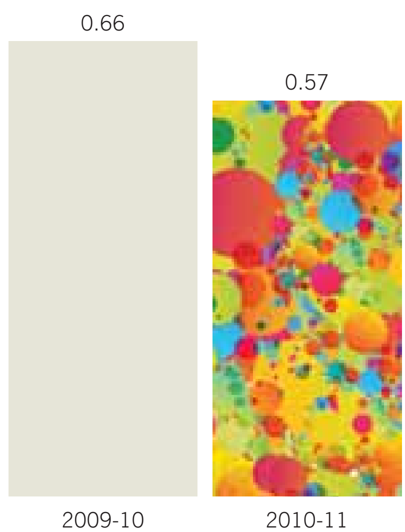
Interest cover (x)



Net margin (%)



ROCE (%)



Debt-equity (%)

Risk Management

Risk is an expression of the uncertainty about events and their possible outcomes that could have a material impact on the performance and prospects of a Company. The Company instituted a high-powered risk management committee, headed by the Executive Director (Corporate), which aims to identify the risks and mitigate the following business risks prudently.

1 Industry Risk

A downtrend in the petrochemical and tea industries could affect business revenues.

Petrochemical

- World PET resin demand is expected to grow over 7.5% CAGR from 2009 to 2013E.
- Indian packaging industry, presently at about USD 14 bn is growing at 14-15% on an annual basis. The PET industry is growing at 22%-25% on annual basis. Growth is expected to increase in the next couple of years.
- Customers prefer PET packages to other packaging materials as it is lightweight, easily portable, safe and does not affect product taste.

Tea

- The tea industry in India continued its good performance in 2010-11. Lower tea production with increased domestic consumption has increased price of quality teas of North India where the estates of the Company are located.
- The North Indian auction sale average of Assam teas rose 28% in two years from Rs. 99.60 in 2008 to Rs. 120.67 in 2009 to Rs. 127.39 in 2010. *(Source: Tea Statistics 2010 of J.Thomas & Co.Pvt. Ltd)*
- Acquisition of four factories in 2010-11 together with further planned acquisitions is expected to double the output in the next two years.

2 Business Portfolio Risk

Over-dependence on a single business may affect topline growth

- The Company is engaged in the business of PET resin, tea and moving into the third line of business of annuity income through IT infrastructure development by commencing the first phase of construction.
- The existing divisions are also growing bigger through PET manufacturing expansions, increasing capacity utilisations and acquisition of tea factories.
- Tea is a high value-added business attracting high margins. PET revenues increased 41.08% and tea revenues increased 5.97% in 2010-11.

3 Asset Quality Risk

Obsolete and inefficient equipment could hamper production

Petrochemical

- Scheduled preventive maintenance ensures reproducibility of the manufacturing unit.

Tea

- The increased automation in the tea processing factories enabled higher asset turnovers.
- Phase-wise investment in modern tea machineries in all the factories will further enhance asset turnovers.

4 Quality Risk

A decrease in quality could hamper short-term realisations and also affect the brand name in the long run

Petrochemical

- The PET plant at Haldia received ISO 9001:2008 certification from the TUV NORD certification body for manufacture and sale of PET resins in international and domestic markets (valid until March 2013).
- The Company's reputed clients world-wide reflects top product quality.

Tea

- Research and Development activities with TRA and UPASI TRF helped in improving tea quality over the years.
- The Company's policy of uprooting 2% of the areas every year will result in sustaining production and enhancing yield quality in the coming years.

5 Realisation Risk

A drop in realisations could affect profitability

Petrochemical

- Gross margin generally remain within a narrow range inspite of fluctuation in the raw material prices and hence risk is limited.

Tea

- Realisations increased from Rs. 122.90 per kg in 2009-10 to Rs. 134.07 per kg in 2010-11.
- The Company is concentrating on producing quality teas, which give better realisations, which is evident from the fact that while the North Indian auction sale average of Assam teas rose by Rs. 7 per kg in 2010-11 compared to the previous year, the division's prices increased by Rs. 11 per kg compared to the previous year.

6 Marketing Risk

Inadequate marketing activities may affect revenues

Petrochemical	Tea
■ The Company deepened its domestic presence through higher brand promotions visible in enhanced domestic sales volume of the division as a percentage of total division sales from 58% in 2009-10 to 62% in 2010-11. ■ The Company successfully marketed its products internationally across 27 countries. ■ From February 2011, the Company successfully marketed PET resins for beer bottles in India.	■ Strong marketing activities increased the share of packet tea to 28% in 2010-11 compared to 23% in 2009-10 in the division's product mix. Around 5 lac kgs of additional packet tea was sold during the year. ■ Share of orthodox tea has increased 11% this year compared to 8% in the previous year. ■ The Company maintained its position as the market leader in Rajasthan's packet tea segment.

7 Technology Risk

Outdated technology may increase process time and cost

Petrochemical	Tea
■ Our existing plant at Haldia uses robust and tested technology from Germany. ■ Oerlikon Barmag, Germany is the supplier of the robust PET plant technology for the Egypt plant and the new Haldia plant. ■ The Company's recent license agreement with M&G will make it the first manufacturer of PET resins with oxygen barrier properties which will be used for packaging beer, emulsion paint containers, food products, among others. ■ Commissioning of coal-based captive power plant and HTM heater helped in reducing costs.	■ The newly acquired factories were provided with latest equipments to enhance the quality of its produce. ■ The Company invested periodically in upgrading machines with latest technology to enhance quality. ■ The upgraded CTC machines and newly installed efficient VFBD dyers will reduce processing time, thereby lowering power and fuel costs.

8 Environmental Risk

Non-compliance with environmental policies could affect the reputation of the Company

Petrochemical	Tea
■ PET is the most recycled domestic packaging polymer. Greater demand for PET will continue to drive down the world's carbon footprint. ■ The German technology at the Haldia plant optimised water and energy consumption and reduced emissions. ■ The division's emissions and wastes are well within the limits prescribed by Pollution Control Authority and is effectively controlled. ■ The division is ISO 14001: 2004 and BS OHSAS 18001:2007 certified for safety, health and environment management.	■ The gardens and the factories have complied with all environmental laws and regulations.

Directors' Report

To the members,

Your Directors have pleasure in presenting the Ninety Fifth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March 2011.

Financial results

(Rs. in Lacs)

	2010-11	2009-10
Turnover and other income	1,70,306	1,20,350
Profit before interest and depreciation	25,115	16,928
Interest	2,589	2,330
Profit before depreciation	22,526	14,598
Profit for the year	19,412	11,811
Provision for tax		
- Current tax	3,789	1,760
- Deferred tax	2,884	1,143
- Adjustments of earlier years	8	–
- Fringe benefit tax	–	3
Profit after tax	12,731	8,905
Amount brought forward from previous year	20,317	849
Balance added pursuant to the scheme of arrangement	–	13,087
Amount available for appropriation	**33,048**	**22,841**
Appropriation proposed:		
Transfer to General Reserve	26,306	890
Dividend proposed on equity shares (Current year @ Rs. 4.50/- and previous year @ Rs. 4/- per share of Rs. 10/- each)	1,577	1,401
Tax on dividend	262	233
Balance carried to Balance Sheet	**4,903**	**20,317**

Dividend

Your Directors recommended a dividend @ Rs. 4.50/- per equity share of Rs. 10/- each for the year ended 31st March 2011 as against a dividend @ Rs. 4/- per equity share of Rs. 10/- each for the year ended 31st March 2010, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Performance

Petrochem division

The PET plant at Haldia is operating at 100% capacity utilisation. The production of PET resin increased from 168179 MT in 2009-10 to 200981 MT in 2010-11. Production could have been higher if the plant did not shut down due to a fire at its raw material store.

Tea division

As reported last year, the crop in Assam was affected due to incessant rain and increased pest activity. Tea production decreased from 104.77 lac kgs to 103.03 lac kgs. However, the sale price increased by Rs. 11.17 per kg as compared to previous year. Revenue increased by 5.97% i.e from Rs. 129.75 crores in 2009-10 to Rs.137.50 crores in 2010-11 in spite of a decrease in volume by 2.86%.

Prospects

Petrochem division

Existing Operations: We expect to operate at full capacity utilisation for the year 2011-12. Thermax HTM Heater (coal based) has been successfully commissioned and operational from January 2011. This together with the commissioning of the captive power plant has resulted in power and fuel cost savings which is expected to continue in the coming years.

New Project: With respect to the expansion of the PET plant capacity in Haldia to 4,10,000 TPA from 2,00,000 TPA, your Company received environmental clearance from State Level Environment Impact Assessment Authority, Ministry of Environment and Forests, Government of West Bengal and consent to establish from the West Bengal Pollution Control Board. The civil construction at site started in November 2010. The plant will be on stream by April 2012.

The project cost is appraised by SBI Capital Markets Limited to be Rs. 371 crs. State Bank of India and Allahabad Bank are funding the project cost upto ECB of USD 51 million and the balance is being funded through internal accruals.

Development of Barrier Resins: Your Company has entered into an Exclusive Technology License Agreement with M&G Finanziaria S.R.L., Italy (M&G), one of the global leaders in PET bottle resin production, to produce and market barrier resins in India and Bangladesh using M&G's state of the art BicoPET technology. This will enable your Company to capture newer customers/products where this technology would be used for packaging. For the current year 2011-12, the Company will start seed marketing of this product. Necessary modifications in the existing plant are being carried out to produce these new chips. The plant is expected to start production of the aforesaid new chips by 1st quarter of 2012-13 after stabilisation of new plant.

Tea division

The crop prospect appears to be good at present, after a long spell of drought broken by well-distributed rainfall in April & May 2011. The Company mitigated the ill effects of drought to a large extent in the North Bank gardens through continuous irrigation.

Continued focus on manufacturing quality teas, yielded favourable results in some gardens; all other gardens will be brought under similar manufacturing process.

Your Company's branded teas have received good response from consumers which has helped in achieving substantial increase in sale quantity as compared to previous year and a similar trend is expected to continue in 2011-12. The tea market is expected to remain good in the coming years especially for quality teas.

In the current financial year, the Company purchased four tea factories in Assam and expects to produce 40 lac kgs tea in these factories in 2011-12. These factories are being renovated by installing new machineries with increased output. The production can reach up to 60 lac kgs following the expansion in due course and depending on availability of green leaf at competitive prices in the area. Further, your Company has acquired 100% shares of Dowamara Tea Company Private Limited(DTCPL) in May 2011. DTCPL owns a tea manufacturing factory having capacity of 8 lac kgs per annum. The capacity is planned to be expanded to 15 lac kgs per annum by adding further machineries.

Further, a new factory at Hatijan tea estate is being constructed, having an annual capacity of 15 lac kgs and is expected to be operational in August 2011.

The Company's current tea production is 103 lac kgs & is expected to reach 150 lac kgs in 2011-12 and 200 lac kgs in the next 2/3 years with few more acquisitions.

IT-SEZ Division

The construction work of 'Dhunseri IT Park' at Bantala is progressing satisfactorily. The first phase having a built up area of 3,70,000 sq. ft, will be delayed as compared to our earlier target of January 2012, due to unavoidable circumstances.

Barring unforeseen circumstances, the Company's performance for the coming year is expected to be satisfactory.

Conservation of energy, technology absorption, foreign exchange earnings/outgo

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are attached as an annexure to this report.

Disclosure under Section 217(2A) of the Companies Act, 1956

The particulars of employees whose salary exceed the limits as prescribed under Section 217(2A) of the Companies Act, 1956 are given as an annexure to this report.

Auditors

M/s Lovelock & Lewes, Chartered Accountants, retire on the conclusion of this Annual General Meeting, and being eligible, offer themselves for reappointment.

Audit Report

With regard to the observations of the auditors in paragraph 4 of Auditors' Report, the relevant notes to accounts are self explanatory.

Directors

Your Directors inform that the Central Government has accorded its approval u/s 259 of the Companies Act, 1956 to increase the total number of Directors of the Company from 12(Twelve) to 18 (Eighteen), subject to the condition that the increase in the number of Directors has to be effected within 19th September 2011, failing which the approval shall lapse.

Dr. B. Sen, Mr. B. K. Biyani and Mr. B. Bajoria, Directors of your Company will retire at this Annual General Meeting by rotation, and being eligible, offer themselves for reappointment. The Board recommends their reappointment as Directors of your Company.

Fixed deposits

The Company has not accepted any deposits from the public. However the Companies (Acceptance of Deposits) Rules, 1975 were complied with in view of the deposits being accepted from the employees of the Company. All deposits which matured during the year were either repaid or renewed, excepting the deposits from two depositors totaling to Rs. 14,000/- which were not claimed by the depositors, as at 31st March 2011, and has since been paid.

Subsidiary company

1) Egyptian Indian Polyester Company S.A.E (EIPET):

As informed in the last report, the EIPET's project in Egypt is being set up at Ain Sokhna. The 25th January Revolution of 2011 in Egypt, delayed the signing of the loan agreements. This has resulted in delay in the project start up date. The IFC loan agreement was signed in May'11 and the loan agreements with the Egyptian lenders is expected to be signed shortly. Once the agreements are signed with the Egyptian lenders, the construction will begin at the project site and the same is expected to be completed by June 2013.

All major clearances have been received. As at 31st March 2011, an amount of Rs. 7,951 Lacs has been paid as equity contribution to M/s Egyptian Indian Polyester Company, S.A.E.

2) Dowamara Tea Company Private Ltd. (DTCPL):

As informed earlier, your Company has acquired 100% shares of Dowamara Tea Company Private Limited (DTCPL) in May 2011. Consequently, DTCPL has become a wholly-owned subsidiary of the Company.

Subsidiary Accounts

Ministry of Corporate Affairs has vide its General Circular No: 2 /2011 dated: 8th February 2011, granted general exemption to the companies under Section 212 of the Companies Act, 1956, from attaching the reports and accounts of the subsidiary company, subject to fulfillment of certain conditions, which amongst others include the consent of the Board of Directors for not attaching the annual accounts of the subsidiary. Accordingly, the Board of Directors of the Company, at its meeting held on 24th May 2011, has consented for not attaching the annual accounts of the subsidiary, M/s Egyptian Indian Polyester Company S.A.E., with the accounts of the Company.

Accordingly, the Audited Statements of Accounts, the reports of Board of Directors and Auditors of the subsidiary company have not been annexed. The annual accounts of the subsidiary company and the related detailed information shall be made available to the shareholders of the Company and subsidiary company seeking such information at any point of time. Shareholders who wish to have a hard copy of the full reports and accounts of the subsidiary will be provided the same on receipt of written request from them. These documents will also be available for inspection by any shareholder at the registered office of the Company and that of the subsidiary on any working day during business hours, except on Saturdays.

As required under the listing agreement with the stock exchanges, the audited consolidated financial statements of your Company are also attached and form a part of the Company's annual report.

Cost Audit

Your Company is under the purview of Cost Audit as per Section 233B of the Companies Act, 1956 in respect of manufacture of Tea. M/s Mani & Co., Cost Accountants, have been appointed as Cost Auditors of the Company.

Under the provisions of Section 233B of the Companies Act, 1956 the Central Government did not prescribe any cost audit in respect of manufacture of Poly Ethylene Terephthalate (PET) resin.

Directors' responsibility statement pursuant to Section 217 (2AA) of the Companies Act, 1956

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

(i) That in the preparation of the annual accounts, the applicable accounting standards were followed, except as specified in Para 4 of Auditors' Report. Proper explanation relating to material departures, have been clarified in note no. 8 in the notes to accounts (Schedule 18) which is self explanatory;

(ii) That the Directors selected such accounting policies and applied them consistently except as specified in notes to accounts (Schedule 18) and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(iii) That the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;

(iv) That the Directors prepared the annual accounts on an 'on-going' concern basis.

Corporate Governance and Management Discussion and Analysis reports

Corporate Governance and Management Discussion and Analysis Reports are set out as separate annexure to this report.

Corporate Social Responsibility

Your Company is conscious of its social responsibilities and the environment in which it operates. It has continued with its welfare activities for development in the fields of education, culture and other welfare measures and to improve the general standard of living. The emphasis is on improvement of health, development of education, culture and sports.

Your Directors wish to inform that Dhanuka Dhunseri Foundation Trust acts as the vehicle through which the CSR activities of the Company are carried out across the various parts of the country. The Trust was formed in 1972 for various charitable objectives. It is involved in various philanthropic activities like building schools, colleges and girls hostel, providing free medicines through dispensaries and grants to charitable institutes.

Certifications

Petrochem Division

The Petrochem division of the Company holds quality certifications from renowned national and international agencies like the USFDA, EC, Japanese and Canadian Food and Health Bodies and ITRC. The Petrochem Division is ISO 9001:2008, ISO 14001: 2004 and BS OHSAS 18001: 2007 certified.

Further, the implementation of SA 8000 certification in the Petrochem division of the Company is in process and the same is expected to be received by end of July 2011.

Tea Division

The Santi and Dilli tea estates of the Tea division of the Company are ISO 22000:2005 certified. The same will also be implemented in the remaining gardens having existing factories latest by September 2011.

Awards

Your Directors have the pleasure to inform you that the following awards have been received:

Petrochem Division

Award for Best EOU: The Company's Petrochem division has received the award for the best EOU (Other than MSME: Plastic Products) for outstanding export performance for the year 2008-09 from Export Promotion Council for EOUs & SEZs, Ministry of Commerce & Industry, Government of India.

Tea Division

Hatijan Tea Estate has surpassed the earlier record and achieved a yield of 3,806 kgs per hect, the highest yield in Assam and is eligible for the Tea Board award for the same.

Human Resources Management & Environment, Health and Safety

Health and safety of all employees has always been a matter of major concern and importance. Your Company continuously strives to ensure that our operations are safe. The Company recognises the importance of managing its environmental impact. These are matters of priority and therefore caring for the environment and responsible disposal of wastes are some of the ongoing initiatives undertaken by the Company.

There has been an unfortunate incidence of fire due to electrical short circuit in the raw material godown, at Haldia plant on 14th March 2011. However, there has been no loss of life in this incident. Raw material and other assets aggregating to Rs. 64.63 crs was lost in the fire. The stocks and other assets are adequately insured and the comprehensive insurance policies are in full force. An appropriate claim has been lodged with M/s United India Insurance Company Ltd, for reimbursement which is under its consideration. The Directors are reasonably certain about the settlement of the claim. Meanwhile, the Company has also taken appropriate steps to avoid such incidents in future.

Share Capital

During the year under review, your Company allotted 2,33,13,859 equity shares of Rs. 10/- each fully paid up to the members of erstwhile South Asian Petrochem Ltd (SAPL), pursuant to the sanction of the scheme of arrangement, comprising interalia amalgamation of South Asian Petrochem Ltd with the Company. Consequently, the share capital of the Company has increased, to comprise of 3,50,24,754 equity shares of Rs. 10/- each.

Utilisation of Proceeds from Preferential Issue

Erstwhile SAPL had made an allotment of equity shares, warrants and FCCBs in 2007-08. Consequently, during the year 2007-08, erstwhile SAPL raised Rs. 7,416.23 Lacs by preferential allotment of equity shares and equity share warrants and Rs. 7,864 Lacs from the issue of the FCCBs.

The money raised out of such issue was to be utilised for:

i) Equity participation in overseas subsidiaries

ii) Retirement of high cost borrowings

iii) Other business purposes, including working capital requirements

The amount raised by issue of equity shares and equity share warrants have been fully utilised towards equity participation/other expenses in the overseas project in Egypt.

The net outstanding of FCCB proceeds (after meeting issue expenses) as reduced by redemption in 2009-10, is Rs. 2,517.96 Lacs which remains invested as fixed deposit with banks. The said amount will be utilised towards equity participation in the overseas project in Egypt.

Crisil Equities Grading

Your Directors inform that CRISIL Equities vide its press release dated 8th November 2010 has assigned a CRISIL IER fundamental grade of 3/5 (pronounced three on five) to the Company. The grade indicated that the Company's fundamentals were 'good', relative to other listed equity securities in India. CRISIL Equities has assigned a valuation grade of 5/5, indicating that the stock has a strong upside as compared to the market price of Rs. 155/- (as on 21st February, 2011). CRISIL's one-year fair value of the Company's stock was Rs. 266/-.

Employees

Your Company believes that 'people' are the biggest strength for the success of any organisation. Your Directors wish to express their appreciation to all the employees for their valuable contributions, dedication and commitment, as well as their support in attaining the objectives of the Company.

Acknowledgement

The Directors wish to place on record their sincere appreciation for the whole-hearted support received from Allahabad Bank, Bank of Baroda, Bank of India, Canara Bank, Deutsche Bank, Development Credit Bank, Export-Import Bank of India, ICICI Bank Limited, IDBI Bank Limited, International Finance Corporation, Washington, Punjab National Bank, State Bank of India, State Bank of Travancore, Syndicate Bank, United Bank of India, West Bengal Industrial Development Corporation Ltd, Tea Board, Haldia Development Authority, Office of the District Magistrate of East Midnapore, West Bengal Pollution Control Board, West Bengal State Electricity Board, Ministry of Environment & Forest, Government of West Bengal, Government of Assam, Government of Egypt, Governorate of Suez, General Authority for Investment and Free Zones (GAFI), Egyptian Petrochemicals Holding Company (ECHEM), Engineering for the Petroleum and Process Industries(ENPPI), Ahli United Bank (Egypt) S.A.E, Commercial International Bank (Egypt) S.A.E, Egypt, the customers, suppliers, shareholders and all others associated with the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 24th May 2011

C. K. Dhanuka
Executive Chairman

Annexure to the Director's Report

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2011.

A. Conservation of energy

Your Company attaches priority to conservation of energy. The activities of the Company in this direction are:

a. Energy conservation measures taken:

Petrochem division

Efforts are on to reduce auxiliary power consumption in captive power plant and incorporating variable drives in FD and ID fans.

Tea division

The Company is using latest high capacity vibro fluid bed dryer installed in CTC gardens has resulted in improvement in quality and will be standardised in all the group gardens as well as new bought leaf factories.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Petrochem division

Investments and proposals presently under consideration are:

1. Installation of LED based low voltage, low wattage lights in FGS.
2. Installation of turbo ventilators in FGS to replace electrical motor driven exhaust fans.

Tea division

1. Phase-wise replacement of old gas genset will continue.
2. Old DG sets will be replaced to reduce the power and fuel cost.
3. New fuel-efficient VFBD dryers are installed and old dryers will be replaced and this works is expected to be completed in 2011-12.
4. Fuel-efficient vehicles are provided to all gardens to save fuel and reduce emissions.

c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Petrochem division

The proposed energy conservation measures are expected to yield an annual cost savings of:

1. Rs. 1.82 Lacs per annum on account of FGS lighting modification with LED based from 250w baylights.
2. Rs. 23.13 Lacs per annum installation of turbo ventilators in FGS to replace electrical motor driven exhaust fans.

Tea division

The proposed energy conservation measures have resulted in saving of Rs. 20 Lacs in power and fuel consumption and save on maintenance costs over a long period.

The full impact on the cost of production, of the measures undertaken/proposed to be undertaken by your Company to reduce energy consumption which has been partially affected in 2010-11 and its full impact will be visible in 2012-13.

FORM A

Form for disclosure of particulars with respect to conservation of energy

A. POWER & FUEL CONSUMPTION	Current year ended 31st March 2011	Previous year ended 31st March 2010
1. Electricity		
a) Purchased units (lacs KWH)	60.80	64.43
Total Amount (Rs. Lacs)	397.16	390.91
Rate / Unit (Rs. /KWH)	6.53	6.07
b) Own Generation		
i) Through Diesel Generator Units (lacs KWH)	13.03	14.53
Units per ltr. of diesel oil	2.74	2.61
Cost/unit (Rs. /KWH)	13.44	12.71
ii) Through F O generator units (lacs KWH)	154.52	430.22
Units per ltr. of furnace oil (KWH)	4.46	4.34
Cost/unit (Rs. /KWH)	5.94	5.38
iii) Through gas generator units (lacs KWH)	16.29	23.48
Units per S cum of gas	5.29	8.83
Cost/unit (Rs. /KWH)	1.55	0.64
iv) Through turbine generator units (lacs KWH)	368.15	–
Units per MT of coal	773.78	–
Cost/Unit (Rs. /KWH)	4.82	–
2. Coal (Note 1&2)		
Quantity (MT)	28,973.53	26,329.82
Total cost (Rs. Lacs)	1,025.99	1,289.78
Average rate (Rs. / MT)	3,541.11	4,898.55
3. Furnace Oil (for heating)		
Quantity (MT)	2,633.95	2,628.90
Total cost (Rs. Lacs)	696.85	614.74
Average rate (Rs. / MT)	26,456.64	23,383.87
4. Gas		
Quantity (lacs S cum)	25.93	34.46
Total cost (Rs. Lacs)	187.75	178.55
Average rate (Rs. / S cum)	7.24	5.18

B. CONSUMPTION PER UNIT OF PRODUCTION	Standard (if any)	Current year ended 31st March 2011	Previous year ended 31st March 2010
Product- Tea			
Tea produced (lac kgs.)		102.83	104.67
Electricity (KWH)	1.00	0.87	0.92
Coal (kg.) (Margherita and Khasi coal)	1.00	0.49	0.45
Gas (S cum)		0.25	0.33
Product- Poly Ethylene Terephthalate (PET) Resin			
PET produced (MT)		2,00,981	1,68,179
Electricity (KWH/MT)	273.00	260.14	259.72
Furnace oil (Kg/MT)	86.00	13.11	15.94
Coal (Kg /MT) (steam coal/ROM coal)		118.96	128.52

Note:

1) Quality of coal-
   a) Petrochem division: Steam and ROM coal (Grade D and above);
   b) Tea division: Margherita and Khasi coal.
2) Where used-
   a) Petrochem division: In coal-fired HTM heaters for process heating and in captive power plant;
   b) Tea division: In tea withering and drying.
3) In Petrochem division process heating was done primarily by coal and in case of emergency by FO during the year.

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R&D)

Petrochem division

Research and Development is spread across the business of the Petrochem division. Though no specific expenditure was made under the head R&D, constant development efforts are made to increase efficiency and for cost reduction.

1. Specific areas in which R&D was carried out by the Company-

   The following R&D activities were conducted during the financial year 2010-11 to strengthen the unique specialised application of PET resin.

   New colorant to replace heavy metals:

   Combinations of organic toners from different sources were tried and formulations have been established. With the implementation of this addition of new colorants, concentration of cobalt-based colorant additives in polymer will come down significantly. The Company will save Rs. 64 Lacs annually from the activity at the present price.

2. Benefits derived as a result of the above R&D-

   Cost savings and consistency in product quality

3. Future plan of action-

   Establishing new products suitable for barrier application

4. Expenditure on R&D:

a. Capital:	Rs. 7,50,000
b. Recurring:	Nil
c. Total:	Rs. 7,50,000
d. Total R&D expenditure as a percentage of total turnover:	–

The R&D is integrated to the production and quality control process of the Company and as a result cannot be segregated.

The benefits are consequently synergised and not allocated in terms of financial heads.

Tea division

There is no R&D unit. The Company subscribes to Tea Research Associations, which does R&D work for its tea industry and their expert advice is also being obtained through visits by their Advisory Officers to the garden from time to time.

Gramin Krishi Unnayan Prakalpa is implemented for agricultural development as well as overall improvement of socio-economic improvement of the area through various tea associations.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

Petrochem division

The Company has adapted barrier PET technology from world renowned M&G. Considering the remarkable shift from glass bottles to PET bottles as packaging materials for beer, ketchup, juices and other oxygen sensitive beverages, the collaboration arrangement will help us to explore huge potential market.

Tea division

Indigenously developed technologies for the improvement of production both in field and factory were adopted and required modifications and innovations were done on continuous basis.

2. Benefits derived as a result of the above efforts, e.g, product improvement, cost reduction, product development, import substitution etc.

Petrochem division

The adaptation and absorption of the technology knowhow will make the organisation capable to meet demands for Barrier PET which is currently being imported.

Tea division

Benefits in the tea division included higher yield, reduced cost of production and improvement in product quality.

3. In case of imported technology (imported during the last five years, reckoned from the beginning of the financial year), the following information may be furnished:

(a) Technology imported – licensing agreement for import of technology in connection with the production of Barrier PET has been signed.

(b) Year of import - agreement signed in 2010-11 and implementation of the modifications in the existing plant are underway.

(c) Has technology been fully absorbed- In project stage

(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action - project progress is as planned. Would be completed as per target.

Foreign exchange earning and outgo

1. Earnings in foreign exchange – Rs. 49,836 Lacs
2. Foreign exchange outgo – Rs. 50,431 Lacs

Information on foreign exchange earnings and outgo is contained in Schedule 18 to the Accounts.

Activities Relating to Exports:

Your Company's product (bottle grade PET resins), produced in Haldia plant, is exported to 27 countries currently. Your Company exported 76,277 MT in 2010-11.

There are no exports in respect to tea.

Initiatives taken to increase exports:

Apart from selling through sales channels and to trading and distributing companies, your Company reduced sales channels and contacted end-users directly, developing good relationships with them for long-term business, achieving better bottomline and better brand visibility in the market. Direct contact with customers helps understand customer-specific needs, guides them for appropriate products and provides them with customised services to strengthen relationships. Your Company provides door delivery services to EU and USA-based customers at par with their local producers with strong in-house and outsourced logistics team. Due to trade barrier with effect from January 2011, your Company has stopped exporting to the US and switched majority of business to European Union.

Development of new export markets for products and services:

Your Company targeted strong and regular customers in Europe in view of future capacity expansion and working closely with them to enhance their business and became a part of their business process. Your Company has taken a pro-active approach in the field of new applications and specialty resin and signed technology license agreement with M&G, Italy for producing and marketing M&G's proprietary oxygen and passive gas barrier technologies in association with M&G's proprietary "BicoPET" technology for specialty resin production. The same product was successfully launched in India by one of the major beer producers for packaging of beer bottles.

The gas barrier technologies can, compared to standard PET resin, significantly extend the shelf-life of beverages and other products by reducing the loss of carbonation or ingress of oxygen. Applications include beer, wine, pure juice/juice drinks, Carbonated soft drinks (300ml and smaller) sauces, honey, jams and jellies, pickles, chutneys, vinegar, squashes, sherbets, enzyme, vitamin-based pharmaceutical products, milk/dairy products and potentially, the technologies could be used to extend the use of PET packaging for a wider range of other food or vetenary/medical products, replacing traditional packaging materials.

Export plans:

Your Company's plan for 2011-12 is based on current global supply demand. The Company's focus is on the market which will give optimum returns. In addition, the Company will pre-market new quantities expected to come in stream by first quarter of 2012-13. There are also plans to go ahead with annual contract with some major customers.

US GSP with India:

US GSP with India which was valid till 31st December 2010, was not renewed. This has resulted in 6.5% extra duty on our product. As such since 1st January 2011, no despatches for exports to the US were being made, which has resulted in temporary loss of market. Once GSP is renewed the market may be recaptured.

Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March 2011.

Name	Age (yrs)	Qualification	Date of commencement of employment	Designation/ nature of duties	Remuneration received gross (Rs.)	Experience	Last employment
Mr. C.K. Dhanuka	57	B.Com	07/02/75	Executive Chairman	31,795,645	36 years	First Employment

Notes:

1. Remuneration received includes salary, bonus, allowances, commission, taxable value of perquisites and the Company's contribution to provident fund.
2. Nature of Employment is contractual. Other terms and conditions are as per their respective agreement/Board Resolution and as per the Rules of the Company.
3. Mr. C.K.Dhanuka is the father of Mr. M.Dhanuka, Vice Chairman & Executive Director of the Company.
4. Mr. C.K.Dhanuka holds 55,520 shares (0.16%) in the Company.

Corporate Governance report

In accordance with Clause 49 of the Listing Agreement with the stock exchanges

1. Company's philosophy

Corporate Governance involves a set of relationships between a company's management, its Board, its shareholders and other stakeholders, and is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions and meeting its stakeholders aspirations and societal expectations. At Dhunseri, we believe that sound and efficient Corporate Governance practices are the basis for stimulating the performance of companies, maximising their operational efficiency, achieving sustained productivity as well as ensuring protection of shareholders' interests. To that end, your Company has always focused on good Corporate Governance which is the key driver of sustainable corporate growth and long-term value creation. Dhunseri Petrochem & Tea Limited complies with the Corporate Governance Code enshrined in Clause 49 of the Listing Agreement. During 2010-11, the Corporate Governance Committee of the Company met twice to review the performance of the Company officials, in complying with Corporate Governance requirements.

2. Board of Directors

a) Composition of Board

As on 31st March 2011, the Board comprises an Executive Chairman, a Vice Chairman & Executive Director and ten other Directors including one Nominee-Director. The Nominee-Director is nominated by the Public Financial Institution on the Board of the Company. The day to day affairs of the Company would be managed by Executive Chairman, Vice Chairman & Executive Director and two Executive Directors one of whom is also designated as the Chief Executive Officer (CEO) of the Company. The composition of Board is as follows:

Name of the Directors	Position
Mr. Chandra Kumar Dhanuka (Redesignated as Executive Chairman w.e.f 1st July 2010)	Executive Chairman Executive Director & Promoter Not liable to retire by rotation
Mr. Mrigank Dhanuka (Reappointed as Vice Chairman & Executive Director w.e.f. 1st July 2010)	Vice Chairman & Executive Director Executive Director & Promoter Not liable to retire by rotation
Mr. Biswanath Chattopadhyay *	Executive Director & CEO Not liable to retire by rotation
Mr. Brijesh Kumar Biyani (Reappointed as Executive Director (Corporate) w.e.f. 1st July 2010)	Executive Director (Corporate) Liable to retire by rotation
Mr. Pradip Kumar Khaitan**	Non-Executive Director & Non-Independent Director Liable to retire by rotation
Mr. Bharat Bajoria	Non-Executive Director & Independent Director Liable to retire by rotation
Mr. Yves F Lombard**	Non-Executive Director & Non-Independent Director Liable to retire by rotation
Mr. Joginder Pal Kundra**	Non-Executive Director & Independent Director Liable to retire by rotation
Dr. Basudeb Sen**	Non-Executive Director & Independent Director Liable to retire by rotation
Mr. Anurag Bagaria**	Non-Executive Director & Independent Director Liable to retire by rotation
Mr. Sanjay Kumar Pai*	Non-Executive & Independent Director Nominee of IDBI Bank Ltd. Not liable to retire by rotation
Mr. Raj Narain Bhardwaj**	Non-Executive Director & Independent Director Liable to retire by rotation

* appointed w.e.f 1st July 2010 ** appointed w.e.f 3rd July 2010

The membership of the Directors in various Board Committees of the Company and also the number of Directorships and committee memberships in other companies as on 31st March 2011 is given hereunder:

Name of the Director	Board Committee Memberships In the Company	Number of directorships In other companies	Board Committee Memberships in other companies	Board Committee chairmanships in other companies.
Mr. C. K. Dhanuka	Audit Committee Remuneration Committee Shareholders' Grievance Committee Share Transfer Committee Investment Committee Corporate Governance Committee Committee of Directors for matters dealing with post merger/demerger	4	None	None
Mr. M. Dhanuka	Share Transfer Committee Investment Committee Risk Management Committee Committee of Directors for matters dealing with post merger/demerger	3	None	None
Mr. B. Chattopadhyay*	Shareholders' Grievance Committee Share Transfer Committee Investment Committee Risk Management Committee Committee of Directors for matters dealing with post merger/demerger	None	None	None
Mr. B. K. Biyani	Share Transfer Committee Investment Committee Risk Management Committee Committee of Directors for matters dealing with post merger/demerger	3	None	None
Mr. P. K. Khaitan**	Remuneration Committee	14	5	None
Mr. B. Bajoria	Audit Committee Investment Committee	7	2	None
Mr. Y. F. Lombard**	None	None	N.A	N.A
Mr. J. P. Kundra**	Audit Committee Remuneration Committee Shareholders' Grievance Committee	4	3	1
Dr. B. Sen**	Audit Committee Remuneration Committee Shareholders' Grievance Committee Share Transfer Committee Corporate Governance Committee	6	3	1
Mr. A. Bagaria**	None	None	None	None
Mr. S. K. Pai*	Audit Committee Remuneration Committee	None	None	None
Mr. R. N. Bhardwaj**	None	9	4	5

* *appointed w.e.f 1st July 2010* ** *appointed w.e.f 3rd July 2010*

Note 1: Number of directorships in other companies excludes directorships in private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

Note 2: Board Committee chairmanships/memberships in other companies includes only chairmanships/memberships of Audit Committees and Shareholders' Grievance Committees

Note 3: Board Committee memberships in other companies includes chairmanships in other companies

Note 4: Mr. M. Dhanuka, Vice Chairman & Executive Director, is related to Mr. C. K. Dhanuka, Executive Chairman, as per Section 6 of the Companies Act, 1956. Mr. M. Dhanuka is the son of Mr. C. K. Dhanuka.

The Board met six times during the financial year 2010-11.The attendance of Directors at the Board Meetings and at the last Annual General Meeting:

Members of the Board	BOARD MEETINGS HELD ON						AGM HELD ON
	5th April 2010	30th April 2010	3rd July 2010	31st July 2010	28th October 2010	3rd February 2011	4th September 2010
Mr. C. K. Dhanuka	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. M. Dhanuka	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. B. Chattopadhyay*	N.A	N.A	Yes	Yes	Yes	Yes	Yes
Mr. B. K. Biyani	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr. P. K. Khaitan**	N.A	N.A	Yes	Yes	Yes	Yes	Yes
Mr. B. Bajoria	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Y. F. Lombard **	N.A	N.A	No	No	No	No	Yes
Mr. J. P. Kundra **	N.A	N.A	Yes	Yes	Yes	Yes	Yes
Dr. B. Sen **	N.A	N.A	No	Yes	Yes	Yes	Yes
Mr. A. Bagaria **	N.A	N.A	No	No	Yes	Yes	No
Mr. S. K. Pai *	N.A	N.A	Yes	Yes	Yes	Yes	No
Mr. R. N. Bhardwaj **	N.A	N.A	No	Yes	Yes	Yes	No
Mr. P. L. Agarwal ***	Yes	Yes	N.A	N.A	N.A	N.A	N.A
Mr. H. Khaitan ***	No	No	N.A	N.A	N.A	N.A	N.A
Mr. B. Beriwala ***	No	Yes	N.A	N.A	N.A	N.A	N.A
Mr. A. K. Lohia ***	Yes	No	N.A	N.A	N.A	N.A	N.A
Mr. S. Daga ***	Yes	Yes	N.A	N.A	N.A	N.A	N.A
Mr. R. N. Deogun ***	Yes	No	N.A	N.A	N.A	N.A	N.A

Note: During 2010-11, the Board Meetings and the Annual General Meeting were held at Kolkata.

** appointed w.e.f. 1st July 2010 ** appointed w.e.f. 3rd July 2010 *** retired w.e.f 3rd July 2010*

Code of Conduct

The Board of Dhunseri Petrochem & Tea Limited laid down a Code of Conduct for all the Board members and Senior Management of the Company. The Code of Conduct is posted on the website of the Company. (www.dhunseritea.com). All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct and the Executive Director & CEO of the Company has confirmed the same.

3. Audit Committee

The Audit Committee of the Company comprises five Directors out of whom four are Non-Executive, Independent Directors.

The Audit Committee has been vested with the following powers:

a) To investigate any activity within its terms of reference.

b) To seek information from any employee.

c) To obtain outside legal or other professional advice.

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Mr. K. V. Balan, Company Secretary of the Company is the designated Compliance Officer.

Role of Audit Committee

The role of Audit Committee includes:-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Directors' Responsibility Statement, is to be included in the Boards 'report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval

5A. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. Approval of appointment of CFO (i.e., the wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, among others of the candidate.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee conducts a review of the following information:

1. Management Discussion and Analysis of the financial condition and results of operations
2. Statement of significant related-party transactions (as defined by the Audit Committee), submitted by management
3. Management letters/letters of internal control weaknesses issued by the statutory auditors
4. Internal audit reports relating to internal control weaknesses
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee

The Company has constituted the Risk Management Committee, comprising all the Executive Directors of the Company and Senior Management officials by the name, to assess the risks and concerns affecting the Company. The minutes of the meetings of the Committee are placed before the Board, who take note of the same and initiate deliberations, if required.

The Committee met five times during the financial year 2010-11. The attendance of the Directors at the said meetings was:

Members of the Audit Committee	Audit Committee Meetings Held On				
	30th April 2010	3rd July 2010	31st July 2010	28th October 2010	3rd February 2011
Mr. J. P. Kundra**, Independent Director. Retired Banker Chairman, Audit Committee	N.A.	Yes	Yes	Yes	Yes
Mr. C. K. Dhanuka, Promoter-Director Industrialist	N.A.	Yes	Yes	Yes	Yes
Mr. S. K. Pai*, Independent Director Nominee of IDBI Bank Ltd.	N.A.	Yes	Yes	Yes	Yes
Dr. B. Sen**, Independent Director Retired Banker, Management Professional and Business Economist.	N.A.	No	Yes	Yes	Yes
Mr. B. Bajoria, Independent Director	N.A.	Yes	Yes	Yes	Yes
Mr. S. Daga, *** Independent Director	Yes	N.A	N.A	N.A	N.A
Mr. B. Beriwala, *** Independent Director	Yes	N.A	N.A	N.A	N.A
Mr. R. N. Deogun,*** Independent Director	No	N.A	N.A	N.A	N.A

** appointed w.e.f. 1st July 2010 ** appointed w.e.f. 3rd July 2010 *** retired w.e.f 3rd July 2010*

4. Remuneration Committee

The Remuneration Committee comprises one Executive Director and four Non-Executive Directors, of whom three are Independent Directors.

The Remuneration Committee has been vested with the following powers:

a) To determine on behalf of the Board, the agreed terms of reference, remuneration packages for Executive Directors including pension rights and any commission and compensation payment

b) To decide on the remuneration policy of the Company

The Committee met once during the financial year 2010-11.

The attendance of the Directors at the said Meeting was:

Members of the Remuneration Committee	Remuneration Committee Meeting Held On 3rd July 2010
Dr. B. Sen ** - Chairman, Remuneration Committee	No
Mr. C. K. Dhanuka	Yes
Mr. P. K. Khaitan **	Yes
Mr. J. P. Kundra**	Yes
Mr. S. K. Pai * (Nominee Director of IDBI Bank Ltd)	Yes

* appointed w.e.f. 1st July 2010

** appointed w.e.f. 3rd July 2010

5. Details of remuneration for the year ended 31st March 2011

Executive Director (in Rs.)

Name of Director	Salary (Rs.)	Other benefits (Rs.)	Company's contribution to P.F (Rs.)	Commission (variable component)	Incentive (variable component)	Total remuneration (Rs.)
Mr. C. K. Dhanuka	1,200,000.00	2,71,644.50	3,24,000.00	30,000,000.00	Nil	31,795,644.50
Mr. M. Dhanuka*	3,692,995.00	8,18,371.39	2,20,320.00	Nil	1,000,000.00	5,731,686.39
Mr. B. K. Biyani*	3,488,000.00	4,30,182.34	4,18,560.00	Nil	1,000,000.00	5,336,742.34
Mr. B. Chattopadhyay*	3,851,212.00	7,59,535.66	2,20,320.00	Nil	1,000,000.00	5,831,067.66
Total	**12,232,207.00**	**2,280,089.39**	**1,183,200.00**	**30,000,000.00**	**3,000,000.00**	**48,695,496.39**

**includes the amount received from erstwhile South Asian Petrochem Limited*

The agreements with the Executive Director(s) are contractual in nature and are executed to cover tenure as permissive under the Companies Act, 1956. The agreements between the Company and the Executive Directors can be terminated by either party by giving three months' notice / one months' notice in writing as per their respective agreements. The agreements do not provide for the payment of any severance fees. There were no stock options available/ issued to the Executive Directors and it does not form part of the contract with the Company.

Payment of incentives to the Executive Directors, except Executive Chairman is based on the performance of the person contributing towards the performance and growth of the Company, subject to a maximum of Rs. 10 Lacs. The Executive Chairman is entitled to a commission, based on the net profits of the Company in a particular year as laid down in Sections 198 and 309 of the Companies Act, 1956, subject to a maximum of 2.5% of the net profits of the Company.

Details of shares held by executive directors in the Company as on 31st March 2011:-

Mr. C. K. Dhanuka holds 55,520 shares in the Company.

Mr. M. Dhanuka holds 1,35,921 shares in the Company.

Mr. B. K. Biyani holds 2,404 shares in the Company.

(ii) Non-Executive Directors

Sitting fees for attending Board/Committee meetings are paid to the Non-Executive Directors. The Non-Executive Directors are not paid any commission. The criteria for remuneration, payable to Non-Executive Directors, are as contained in the Articles of

Association of the Company. The Company pays Rs. 20,000 as sitting fees to each Director for every Board meeting attended by them. It pays Rs. 10,000 to each member for attending each of the Audit and Remuneration Committee meetings and Rs. 5,000 to each member for attending the Shareholders' & Investors' Grievance Committee meeting of the Board, unless such a Committee has waived the sitting fees. No sitting fee is payable for attending the other Committee meetings of the Company.

Sitting fees of the Directors have increased from Rs. 5,000 to Rs. 20,000 per meeting in respect of the Board Meetings, from 2,000 to Rs. 10,000 per meeting in respect of Audit Committee and Remuneration Committee meeting respectively and from Rs. 2000 to Rs. 5000 per meeting in respect of Shareholder's Grievance Committee Meeting. This is effective from the meeting held on 3rd July 2010.

Details of shares held by Non-Executive Directors in the Company as on 31st March 2011:

None of the Non-Executive Directors hold any shares in the Company.

During the financial Year 2010-11 the following were the remuneration paid to the Non-Executive Directors:

Name of the Director	Board Committee Memberships In the Company	Total sitting fees Received # (Rs.)
Mr. P. K. Khaitan **	Remuneration Committee	90,000
Mr. B. Bajoria	Audit Committee Investment Committee	1,30,000
Mr. Y. F. Lombard**	None	NIL
Mr. J. P. Kundra**	Audit Committee Remuneration Committee Shareholders' Grievance Committee	1,45,000
Dr. B. Sen**	Audit Committee Remuneration Committee Shareholders' Grievance Committee Share Transfer Committee Corporate Governance Committee	1,05,000
Mr. A. Bagaria**	None	40,000
Mr. S. K. Pai*	Audit Committee Remuneration Committee	1,30,000
Mr. R. N. Bhardwaj**	None	60,000
Mr. P. L. Agarwal ***	Remuneration Committee Shareholders' Grievance Committee	10,000
Mr. H. Khaitan***	None	Nil
Mr. B. Beriwala ***	Audit Committee Remuneration Committee Shareholders' Grievance Committee	7,000
Mr. A. K. Lohia ***	None	5,000
Mr. S. Daga ***	Audit Committee Remuneration Committee Shareholders' Grievance Committee	12,000
Mr. R. N. Deogun ***	Audit Committee	5,000

** appointed w.e.f. 1st July 2010 ** appointed w.e.f. 3rd July 2010 *** retired w.e.f. 3rd July 2010*

 # represents sitting fees received from Dhunseri Petrochem & Tea Limited

Dr. Basudeb Sen, Mr. Brijesh Kumar Biyani and Mr. Bharat Bajoria are retiring by rotation and being eligible offer themselves for reappointment. Their details are given in the Annexure to the Notice, under the head Information Pursuant to Clause 49 of The Listing Agreement.

6. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises four Directors, two of whom are Non-Executive Independent Directors. This Committee specifically looks into the redressal of shareholder and investor complaints. The Committee met three times during the financial year 2010-11. The attendance of the Directors at the said meetings was:

Members of the Shareholders' Grievance Committee	Shareholders' Grievance Committee meeting held on		
	31st July 2010	28th October 2010	3rd February 2011
Mr. J. P. Kundra ** Chairman Shareholders' Grievance Committee	Yes	Yes	Yes
Mr. C. K. Dhanuka	Yes	Yes	Yes
Dr. B. Sen**	Yes	Yes	Yes
Mr. B. Chattopadhyay *	Yes	Yes	Yes

** appointed w.e.f. 1st July 2010   ** appointed w.e.f. 3rd July 2010*

Mr. K. V. Balan, Company Secretary of the Company is the designated Compliance Officer.

The Company has received 15 investor complaints during the year ended 31st March 2011 and the same had been disposed off. There were no Investor complaints pending at the beginning of the year or lying unresolved at the end of the year.

7. Share Transfer Committee

The shares of the Company are traded compulsorily in dematerialised form. In accordance with Clause 49 para IV(G)(iv) of the Listing Agreement of the stock exchanges, the Board has unanimously delegated the powers of share transfers to Maheswari Datamatics Pvt. Limited, Registrar and Share Transfer Agent . The Company has a Share Transfer Committee to consider requests for transfer of shares in physical form, rematerialisation of shares and consolidation/sub-division of shares. The Committee meets as and when required in order to attend to any such requests within 20 days. The Committee met thirteen times during the financial year 2010-11.

Share Transfer Committee meetings held on	Members of the Share Transfer Committee				
	Mr. C. K. Dhanuka	Mr. M. Dhanuka	Mr. B. K. Biyani	Mr. B. Chattopadhyay*	Mr. Dr. B. Sen**
12th April 2010	Yes	Yes	Yes	N.A.	N.A.
10th July 2010	No	Yes	Yes	Yes	No
16th July 2010	Yes	Yes	Yes	Yes	No
20th August 2010	No	Yes	Yes	Yes	Yes
15th September 2010	Yes	Yes	Yes	Yes	Yes
18th October 2010	Yes	Yes	Yes	Yes	Yes
15th November 2010	Yes	Yes	Yes	Yes	Yes
30th November 2010	Yes	Yes	Yes	Yes	No
15th December 2010	Yes	Yes	Yes	No	Yes
14th January 2011	Yes	No	Yes	Yes	Yes
3rd February 2011	Yes	Yes	Yes	Yes	Yes
21st February 2011	Yes	Yes	Yes	Yes	Yes
15th March 2011	Yes	Yes	Yes	Yes	Yes

** appointed w.e.f. 1st July 2010 ** appointed w.e.f. 3rd July 2010*

8. Corporate Governance Committee

A Corporate Governance Committee of the Board was constituted to advise the Board on Corporate Governance issues and practices. The Committee comprises Dr. B. Sen, Independent Director, who is the Chairman of the Committee and Mr. C. K. Dhanuka, Promoter-Director who is a member of the Committee. The Committee met twice during the financial year 2010-11. The attendance of the Directors at the said meeting was:

Members of the Corporate Governance Committee	Corporate Governance Committee meeting held on	
	28th October 2010	24th February 2011
Dr. B. Sen - Chairman, Corporate Governance Committee	Yes	Yes
Mr. C. K. Dhanuka	Yes	Yes

9. General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Year	Date & Time	Venue
2009-10 (AGM)	4th September 2010 10:30 A.M.	Kala Kunj (Kala Mandir Premises), 48, Shakespeare Sarani, Kolkata - 700017
2008-09 (AGM)	27th August 2009 11:45 A.M.	Kala Kunj (Kala Mandir Premises), 48, Shakespeare Sarani, Kolkata - 700017
2007-08 (AGM)	28th November 2008 10:00 A.M	Kala Kunj (Kala Mandir Premises), 48, Shakespeare Sarani, Kolkata - 700017

The Special Resolutions were passed for the following items in the previous three Annual General Meetings:

AGM Date	Items Passed under Special Resolution	Resolutions
4th September 2010 (AGM)	Amendment of Articles of Association of the Company	Special
27th August 2009 (AGM)	None	
28th November 2008 (AGM)	Voluntary delisting of the equity Shares of the Company from Calcutta and Guwahati Stock Exchange	Special

Other than the above, there were no other General Meetings during the last three years.

Postal Ballot and postal ballot process:

During the last year as on 27th May 2010, a Special Resolution and an Ordinary Resolution were passed through postal ballot and on 16th March 2011, an Ordinary Resolution was passed through postal ballot.

Person conducting the postal ballot exercise:

Mr. C. K. Dhanuka, Executive Chairman and Mr. R. Mahadevan, the then Company Secretary ,were appointed as persons responsible for 27th May 2010 postal ballot voting process and for 16th March 2011 postal ballot voting process Mr. C. K. Dhanuka, Executive Chairman and Mr. K. V. Balan, Company Secretary, were appointed as responsible persons. Mr. K. C. Dhanuka, Practicing Company Secretary was appointed as scrutiniser for both postal ballot processes. Mr. K. C. Dhanuka conducted the process and submitted it to the Executive Chairman.

Procedure followed:

The Company issued the postal ballot notice dated 5th April 2010, seeking approval of the members for the following purposes:

1. Revision of borrowing power of the Board of Director by Ordinary resolution under section 293(1)(d) of the Companies Act, 1956.
2. Alteration of the Director Clause of the Article of Association, inserting in Article 84 the word 'eighteen' in place of the word 'twelve' to increase the number of Board of Director by a Special Resolution. The Company also obtained Central Government approval.

The draft resolution together with the explanatory statement and the postal ballot form and self-addressed envelops were dispatched on 24th April 2010 to the members and other concerned, under certificate of posting. The members were advised to carefully read the instructions printed on the postal ballot form and return the duly completed form in the attached self-addressed envelops, so as to reach the scrutiniser on or before the close of business hours on 24th May 2010. After due scrutiny of all the postal ballot forms received upto the close of business hours on 24th May 2010 the scrutiniser Mr. K. C. Dhanuka, Practicing Company Secretary, submitted his report on 26th May 2010. The results of the postal ballot were declared on 27th May 2010. The date of declaration of results of the postal ballot was the date of passing of the special/ordinary resolutions. The results of the postal ballot were published in Business Standard and Aajkal on Tuesday 1st June 2010.

The Company issued the postal ballot notice dated 3rd February 2011, seeking approval of the members for the following purposes:

1. Power to the Board of Directors to create security/mortgage over whole or substantially the whole of the undertaking of the Company.

The draft resolution together with the explanatory statement and the postal ballot form and self-addressed envelops were dispatched on 11th February 2011 to the members and other concerned under certificate of posting. The members were advised to carefully read the instructions printed on the postal ballot form and return the duly completed form in the attached self-addressed envelops, so as to reach the scrutiniser on or before the close of business hours on 14th March 2011. After due scrutiny of all the postal ballot forms received upto the close of business hours on 14th March 2011, the scrutiniser Mr. K. C. Dhanuka, Practicing Company Secretary, submitted his report on 16th March 2011 The results of the postal ballot were declared on 16th March 2011. The date of declaration of result of the postal ballot was the date of passing of the ordinary resolutions. The results of the postal ballot were published in Business Standard and Aajkal on Thursday 17th March 2011.

7.3. Information about Directors seeking appointment/ reappointment

Dr. B. Sen, Mr. B. K. Biyani and Mr. B. Bajoria are retiring by rotation and being eligible offer themselves for reappointment. Their details are given in the Annexure to the Notice, under the head Information Pursuant to Clause 49 of The Listing Agreement.

10. Disclosures

a) There are no materially significant related party transactions made by the Company with its promoters, Directors or the management, their subsidiaries or relatives, among others, that may have potential conflict with the interests of the Company at large.

   Transactions with related parties are disclosed in Note No. 13 of Schedule 18 to the accounts in the Annual Report.

b) Non compliance with existing Accounting Standard as referred to in Para 4 of Auditors' Report have been clarified in note no. 8 in the notes to accounts (Schedule 18) which is self explanatory

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

d) The Company does not have any whistle blower policy as of now but no personnel is being denied any access to the Audit Committee.

e) The Company adopted all mandatory requirements as recommended by Clause 49 of the Listing Agreement with stock exchanges and is in the process of examining the implementation of some of the non-mandatory requirements.

However till date, except for the constitution of the Remuneration Committee, none of the non-mandatory requirements of Clause 49 have been adopted or implemented.

f) There are no pecuniary relationships or transactions with Non-Executive Independent Directors, other than those disclosed in this report.

CEO and CFO Certification

As per Clause 49 (v) of the Listing Agreement , the CEO i.e. the Executive Director of the Company and the CFO, the Senior V. P. (Finance) of the Company, certifies to the Board regarding the review of the financial statement, compliance with the accounting standard, maintenance of the internal control for financial reporting, accounting policies, among others.

11. Means Of Communication

The quarterly results/ annual results/ notices are published in one english daily newspaper, circulating in the whole or substantially the whole of India and in one daily newspaper published in the Bengali language. These results are also posted in the Company's website www.dhunseritea.com as well as on CFDS website www.corpfiling.co.in.

Corporate Filing and Dissemination System (CFDS):

The CFDS portal jointly owned, managed and maintained by Bombay Stock Exchange Limited and National Stock Exchange of India Ltd, is a single source to view information filed by listed companies. All disclosures and communications to BSE and NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

- Other important announcements are also published by the Company in leading english and bengali dailies.
- Management's Discussions and Analysis forms part of the Annual Report of the Company.
- As per the SEBI requirements, quarterly and annual results as well as quarter-end shareholding pattern are also posted on the Stock Exchanges immediately after the same is approved by Board.
- Official news releases are given directly to the press and to Bombay Stock Exchange Limited and National Stock Exchange of India Ltd.
- Your Company's website is www.dhunseritea.com. Press releases, quarterly and annual results as well as quarter-end shareholding pattern is posted at the end of every quarter on the website.

12. General Shareholder Information

a) **Annual General Meeting**

Date & Time : 4th August 2011 at 10:30 A.M

Venue : Kala Kunj, 48, Shakespeare Sarani, Kolkata-700017

b) **Book Closure Date:**

22nd July 2011 to 4th August 2011 (Both days inclusive)

c) **Financial Year:**

April 2010-March 2011

d) **Dividend Payment Date:**

The dividend, if declared, shall be paid/credited on 8th/9th August 2011

e) **Financial Calendar:**

2011-12 (tentative)

Adoption of un-audited quarterly results and Annual Results	Adoption on
Unaudited 1st quarter results	Within middle of August 2011
Unaudited 2nd quarter results	Within middle of November 2011
Unaudited 3rd quarter results	Within middle of February, 2012
Audited 4th quarterly results and annual results	Last week of May 2012

f) **Registrar and Share Transfer Agent**

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

g) **Investors' Correspondence**

All queries of investors regarding your Company's shares in physical/demat form may be sent to the Registrar and Share Transfer Agent of the Company.

h) Listing on Stock Exchanges & Stock Code

Stock Exchanges	Code
Bombay Stock Exchange Limited	523736
National Stock Exchange of India Limited	DPTL
Demat ISIN No. for NSDL and CDSL	INE 477B01010

Listing fees for the financial year 2011-12 have been paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Unsecured Foreign Currency Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

i) Stock market price data and Performance in comparison to BSE Sensex for the year 2010-11

Stock Market Data (equity shares of Rs. 10 each)

Month	National Stock Exchange		Bombay Stock Exchange		BSE Sensex	
	High	Low	High	Low	High	Low
Apr-10	184.30	157.00	184.95	157.40	18,047.86	17,276.80
May-10	170.00	142.00	171.00	142.05	17,536.86	15,960.15
Jun-10	164.50	139.60	162.00	141.50	17,919.62	16,318.39
Jul-10	175.00	133.00	178.50	136.55	18,237.56	17,395.58
Aug-10	183.00	161.00	185.00	161.00	18,475.27	17,819.99
Sep-10	198.40	169.00	199.00	169.10	20,267.98	18,027.12
Oct-10	218.05	183.65	218.00	184.05	20,854.55	19,768.96
Nov-10	243.95	188.10	243.75	188.00	21,108.64	18,954.82
Dec-10	218.00	176.10	216.00	177.60	20,552.03	19,074.57
Jan-11	199.70	158.55	200.00	158.00	20,664.80	18,038.48
Feb-11	167.00	141.00	169.00	144.30	18,690.97	17,295.62
Mar-11	166.00	146.60	166.80	148.00	19,575.16	17,792.17

j) Share Transfer System

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

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

k) Shareholding pattern and distribution of shares as on 31st March 2011

Category	Shareholders		Shares	
	Numbers	%of shareholders	Numbers	%of shares
Upto 500	29,662	95.49	23,81,663	6.80
501 - 1000	726	2.34	5,81,150	1.66
1001 - 2000	325	1.05	5,01,672	1.43
2001 - 3000	123	0.40	3,10,757	0.89
3001 - 4000	43	0.14	1,54,005	0.44
4001 - 5000	42	0.14	1,95,331	0.56
5001 - 10000	67	0.22	4,70,254	1.34
10001 and above	75	0.24	3,04,29,922	86.88
Total	**31,063**	**100**	**3,50,24,754**	**100.00**

Shareholding Pattern as on 31st March 2011

Introductory sub-table (I)(a)

Partly paid-up shares:	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter/promoter group	Nil	Nil	Nil
Held by public	Nil	Nil	Nil
Total - D	**Nil**	**Nil**	**Nil**

Outstanding convertible securities:	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the Company, assuming full conversion of the convertible securities
Held by promoter/promoter group	Nil	Nil	Nil
Held by public	17,33,686	100	4.72
Total - E	**17,33,686**	**100**	**4.72**

Warrants:-	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the Company, assuming full conversion of warrants
Held by promoter/promoter group	Nil	Nil	Nil
Held by public	Nil	Nil	Nil
Total - F	**Nil**	**Nil**	**Nil**
Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities (Grand Total (A+B+C)+ D+E+F)	3,67,58,440		

(1)(a)

Category Code (I)	Category of shareholder (II)	No. of shareholders (III)	Total No. of shares (IV)	No. of shares held in dematerialised form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
(A)	**Shareholding of promoter and promoter group**							
(1)	**Indian**							
(a)	Individuals/Hindu undivided Family	21	9,07,383	6,250	2.59	2.59	0	0.00
(b)	Central Government/ State Government(s)	–	–	–	–	–	–	–
(c)	Bodies Corporate	13	17,227,075	13,870,607	49.19	49.19	5,304,700	30.79
(d)	Financial Institutions/ Banks	–	–	–	–	–	–	–
(e)	Any Other (specify) i) Trusts	–	–	–	–	–	–	–
	ii) Society	–	–	–	–	–	–	–
	iii) Educational Institutions	–	–	–	–	–	–	–
	Sub Total (A)(1)	**34**	**18,134,458**	**13,876,857**	**51.78**	**51.78**	**53,04,700**	**29.25**

Category Code (I)	Category of shareholder (II)	No. of shareholders (III)	Total No. of shares (IV)	No. of shares held in dematerialised form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
(2)	**Foreign**							
(a)	Individuals (Non Resident Indians/ Foreign Individuals)	–	–	–	–	–	–	–
(b)	Bodies Corporate	1	3,795,054	–	10.84	10.84	–	–
(c)	Institutions	–	–	–	–	–	–	–
(d)	Any Other (specify)	–	–	–	–	–	–	–
	Sub Total (A)(2)	**1**	**3,795,054**	**0**	**10.84**	**10.84**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**35**	**21,929,512**	**13,876,857**	**62.61**	**62.61**	**53,04,700**	**24.19**
(B)	**Public Shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds/UTI	5	28,224	28,224	0.08	0.08		
(b)	Financial Institutions/Banks	18	2,56,821	2,54,635	0.73	0.73		
(c)	Central Government/ State Government(s)	2	1,175	1,000	0.00	0.00		
(d)	Venture Capital Funds	–	–	–	–	–		
(e)	Insurance Companies	4	2,407,099	2,407,099	6.87	6.87		
(f)	Foreign Institutional Investors	1	2,000	2,000	0.01	0.01		
(g)	Foreign Venture Capital Investors	–	–	–	–	–		
(h)	Any Other (specify) Bodies Corporate (Foreign Body) (IFC)	1	2,308,641	2,308,641	6.59	6.59		
	Sub Total (B)(1)	**31**	**5,003,960**	**5,001,599**	**14.29**	**14.29**		
(2)	**Non-institutions**						**NA**	**NA**
(a)	Bodies Corporate	708	3,637,941	3,625,433	10.39	10.39		
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital upto Rs. 1 Lac	29,991	3,875,046	3,414,390	11.06	11.06		
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	21	447,014	447,014	1.28	1.28		

Category Code (I)	Category of shareholder (II)	No. of shareholders (III)	Total No. of shares (IV)	No. of shares held in dematerialised form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
(c)	Any other							
	i. Trust	6	9,570	9,570	0.03	0.03		
	ii. Cooperative Societies	–	–	–	–	–		
	iii. Educational Institutions	–	–	–	–	–		
	iv. Non Resident Individuals	204	92,346	82,851	0.26	0.26		
	v. Foreign National	8	1,348	–	0.00	0.00		
	vi. Custodian of Enemy Property	20	1,134	–	0.00	0.00		
	vii. Clearing Member	39	26,883	26,883	0.08	0.08		
	viii. OCB	–	–	–	–	–		
	Sub Total (B)(2)	**30,997**	**8,091,282**	**7,606,141**	**23.10**	**23.10**		
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**31,028**	**13,095,242**	**12,607,740**	**37.39**	**37.39**	**NA**	**NA**
	TOTAL (A) + (B)	**31,063**	**35,024,754**	**26,484,597**	**100.00**	**100.00**		
	Shares held by Custodians and against which Depository Receipts have been issued		-	-	-	-	**NA**	**NA**
(C)	**Grand Total (A)+(B)+(C)**	**31,063**	**35,024,754**	**26,484,597**	**100.00**	**100.00**	**5304700**	**15.15**

l) Dematerialisation of shares and liquidity

As on 31st March 2011, 75.62% of the Company's shares were held in dematerialised form and the rest in physical form. It needs to be said that the promoters own 62.61% of the Company's share, of which 39.62% shares are dematerialised and the remaining held in physical form.

m) Insider trading regulation

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

n) Outstanding Foreign Currency Convertible Bonds (FCCBs)

Erstwhile South Asian Petrochem Limited (since merged with the Company) issued 200 Zero Percent Unsecured Foreign Currency Convertible Bonds (FCCBs) (considered as a non-monetary liability) of USD 100,000 each aggregating to USD 20 million in 2007-08. Of this 125 FCCBs of USD 1,00,000 each aggregating to USD 12,500,000 have already been bought back by erstwhile South Asian Petrochem Limited. Hence Bonds, amounting to USD 7,500,000 are outstanding as on date. The bonds are redeemable on 23rd January 2013 at 136.86% of their principal amount. The bond holders have an option to convert these bonds into equity shares at a conversion price of Rs. 170.10 per share (post merger), reset during the year, with a fixed rate of exchange on conversion of Rs. 39.32 (USD 1) subject to certain adjustments. Further, the bonds may be redeemed in whole and not part at the option of the Company subject to certain conditions. Also the Company has an option requiring mandatory conversion of all the outstanding bonds on or after 16th January 2011 and up to 14th January 2013.

o) Plant location

The Company's plants are located at its various tea estates viz. Dhunseri, Dilli, Namsang, Bahadur, Santi, Khagorijan, Bettybari, Bahipookri and Orang in the state of Assam

The Company has acquired four tea factory's, namely Sona Assam Tea Factory, Shreemoni Tea Factory, Tea Factory of Primax Tea Private Ltd and Sonaguri Tea Factory in Assam during the current year.

The Company's packaging unit is located in Dhunseri Tea Estate in the state of Assam.

The Company's Polyethylene Terephthalate (PET) Resin's plant is located at JL126, Mouza – Basudevpur, Haldia, Dist. - Midnapore, West Bengal.

p) Address for investor correspondence

Shareholders can correspond with the registered office of the Company and/or at the Company's Registrar and Share Transfer Agents. Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

q) Grievance Redressal Division / Compliance Officer:

Mr. K. V. Balan
Company Secretary and Compliance Officer
Dhunseri Petrochem & Tea Ltd.
Dhunseri House, 4A, Woodburn Park, Kolkata - 700 020
Phone – (033) 2283-6128 (6 lines)
Fax – (033) 2280-1956
E-mail: investors@aspetindia.com

r) Auditors' Certificate on Corporate Governance

As required by Clause 49 of the Listing Agreement, a certificate from Auditor of the Company, M/s Lovelock & Lewes, confirming compliance with the conditions of Corporate Governance, is attached to the Directors' Report forming part of the Annual Report.

For and on behalf of the Board of Directors

Place: Kolkata — **C. K. Dhanuka**
Date: 24th May 2011 — *Executive Chairman*

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Dhunseri Petrochem & Tea Limited

We have examined the compliance of conditions of Corporate Governance by Dhunseri Petrochem & Tea Limited, for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For **Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No.52340

Kolkata
24th May, 2011

Financial section

Auditors' Report

To the Members of
Dhunseri Petrochem & Tea Limited

1. We have audited the attached Balance Sheet of Dhunseri Petrochem & Tea Limited (the "Company") as at 31 March, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. We draw your attention to Note 8 on Notes to Accounts, in relation to the recognition of Rs 6462.93 lacs towards compensation from insurance company towards loss of certain items of inventory and fixed assets due to fire during the year, in spite of the awaited approval of the insurance claim and uncertainties as to the amount that may be approved by the insurance company; which does not meet the requirement to consider prudence in selection of accounting policies, as set out in Accounting Standard 1 – "Disclosure of Accounting Policies". Had the aforesaid insurance claim not been recognised in keeping with the consideration of prudence, Other Income would have been Rs 8183.60 lacs instead of the reported amount of Rs14646.53 lacs, profit before tax for the year would have been Rs 12948.70 lacs instead of the reported amount of Rs19411.63 lacs, current tax for the year would have been Rs 2499.45 lacs instead of the reported amount of Rs 3788.87 lacs, profit after tax for the year would have been Rs. 7557.42 lacs instead of the reported amount of Rs 12730.93 lacs, Earnings per share (basic) would have been Rs. 21.58 instead of the reported amount of Rs. 36.35 per share, Earnings per share (diluted) would have been Rs. 20.56 instead of the reported amount of Rs. 34.63 per share and Net Current Assets would have been Rs. 37859.44 lacs instead of the reported amount of Rs.43032.95 lacs.

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
   (b) Except for the effects of the matter referred to in paragraph 4 above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) Except for the matter referred to in paragraph 4 above, in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
   (e) On the basis of written representations received from the directors, as on 31 March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and except for the effects of the matter referred to in paragraph 4 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31 March, 2011;
      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number :52340

Kolkata
24 May, 2011

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Dhunseri Petrochem & Tea Limited on the financial statements for the year ended March 31, 2011.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets of the tea division are physically verified by the management according to a phased programme designed to cover all the items over a period of three years. Fixed assets of the PET division are physically verified by the management every three years. In our opinion, this is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. The Company has neither granted nor taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clause (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment Order), 2004 are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements 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 the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

Annexure to Auditors' Report (Contd.)

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except dues in respect of income tax, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same. The extent of the arrears of statutory dues outstanding as at March 31, 2011, for a period of more than six months is in respect of Agricultural Income Tax of Rs. 2.44 lacs for the A.Y. 2003-2004.

   (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except an amount of Rs. 148.61 lacs, under the Central Excise Act, 1944 and an amount of Rs.18.13 lacs under the Service Tax, 1961, in respect of which demand/showcause notices have been received by the company.

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

19. The Company has not issued any debentures during the year and no debentures are outstanding at the end of the year.

20. The Company has not raised any money by public issues during the year.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number :52340

Kolkata
24 May, 2011

Balance Sheet as at 31st March 2011

(Rs. in Lacs)

	Schedule	As at 31.03.2011		As at 31.03.2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		3,503.29		1,171.90
Share Capital Suspense	1B		–		2,331.39
Reserves and Surplus	2		68,041.69		57,154.08
Loan Funds					
Secured Loans	3		34,688.53		30,423.34
Unsecured Loans	4		6,294.26		9,332.94
Deferred Tax Liability	5		6,711.04		3,827.50
			1,19,238.81		**1,04,241.15**
APPLICATION OF FUNDS					
Fixed Asset					
Gross Block	6	79,368.12		73,053.40	
Less: Depreciation		(21,912.59)		(19,352.20)	
Net Block			57,455.53		53,701.20
Capital Work-in-progress			4,675.46		4,356.58
Investments	7		14,074.87		8,156.22
Current Assets, Loans and Advances					
Inventories	8	18,237.23		7,607.30	
Sundry Debtors	9	17,218.30		14,911.52	
Cash and Bank Balances	10	26,035.17		23,819.79	
Other Current Assets	11	140.84		65.49	
Loans and Advances	12	21,399.73		11,286.10	
		83,031.27		**57,690.20**	
Less: Current Liabilities and Provisions	13				
Current Liabilities		36,884.92		17,986.61	
Provisions		3,113.40		1,676.44	
		39,998.32		**19,663.05**	
Net Current Asset			43,032.95		38,027.15
			1,19,238.81		**1,04,241.15**
Significant Accounting Policies and Notes to Accounts	18				

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

Prabal Kr. Sarkar
Partner
Membership No: 52340

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Profit and Loss Account for the year ended 31st March 2011

(Rs. in Lacs)

	Schedule	Year ended 31.03.2011		Year ended 31.03.2010	
INCOME					
Turnover (Gross)			1,65,199.32		1,20,322.73
Less: Excise duty			9,539.90		6,312.31
Turnover (Net)			1,55,659.42		1,14,010.42
Other income	14		14,646.53		6,339.50
			1,70,305.95		**1,20,349.92**
EXPENDITURE					
(Increase)/Decrease in Stock	15		(1,011.56)		1,053.48
Manufacturing, Administrative and Other Expenses	16		1,46,202.74		1,02,368.17
Interest and Finance Charges	17		2,588.91		2,329.79
Depreciation and Amortisation			3,114.23		2,787.80
			1,50,894.32		**1,08,539.24**
Profit before Taxation			19,411.63		11,810.68
Provision for Taxation					
Current Tax			3,788.87		1,759.31
Adjustments of earlier years			8.30		–
Deferred Tax			2,883.53		1,142.94
Fringe Benefit Tax			–		3.05
Profit after Taxation			12,730.93		8,905.38
Balance added pursuant to the Scheme of Arrangement			–		13,086.77
Balance brought forward from Previous Year			20,316.69		849.13
Amount Available for Appropriations			33,047.62		22,841.28
APPROPRIATIONS					
Transfer to General Reserve			26,306.44		890.54
Proposed Dividend			1,576.48		1,401.31
Tax on Dividend			261.84		232.74
Balance carried to Balance Sheet			**4,902.86**		**20,316.69**
Basic Earnings per share (in Rupees)			36.35		25.42
Diluted Earnings per share (in Rupees)			34.63		22.99
(Equity Shares of Face Value of Rs. 10 each)					
Significant Accounting Policies and Notes to Accounts	18				

Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

Prabal Kr. Sarkar
Partner
Membership No: 52340

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Schedules forming part of the Accounts

(Rs. in Lacs)

	As at 31.03.2011		As at 31.03.2010	
Schedule 1 SHARE CAPITAL				
Authorised				
35,12,20,000 Equity Shares of Rs. 10/- each		35,122.00		35,122.00
Issued, Subscribed and Paid up				
1,17,10,895 Equity Shares of Rs. 10/- each.		1,171.09		1,171.09
Add: Shares Forfeited		0.81		0.81
Add: 2,33,13,859 (Previous Year nil) Equity Shares of Rs. 10/- each fully paid up issued pursuant to the Scheme of Arrangement without payment being received in cash		2,331.39		–
		3,503.29		**1,171.90**

Notes: Of Above Shares

(i) 49,50,896 Equity Shares of Rs. 10/- each allotted as fully paid up for consideration other than cash.

(ii) 18,28,000 Equity Shares of Rs. 10/- each allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.

Schedule 1B SHARE CAPITAL SUSPENSE				
Nil (Previous Year 2,33,13,859) Equity Shares of Rs. 10/- each fully paid up to be issued pursuant to the Scheme of Arrangement.		–		2,331.39

Schedule 2 RESERVES AND SURPLUS				
Capital Reserve				
Balance as per last Balance Sheet		262.06		22.83
Add: Additions during the year		–		239.23
		262.06		262.06
Capital Redemption Reserve				
Balance as per last Balance Sheet		12.48		12.48
Add: Additions during the year		–		–
		12.48		12.48
Share Premium Account				
Balance as per last Balance Sheet		3,140.79		677.88
Add: Additions pursuant to the Scheme of Arrangement		–		2,561.50
Less: Deductions during the year		–		(98.59)
		3,140.79		3,140.79
Revaluation Reserve				
Balance as per last Balance Sheet				
Add: Additions during the year		–		16,250.02
Less: Deductions pursuant to the Scheme of Arrangement		–		(16,138.39)
Less: Deductions during the year		–		(111.63)
		–		–
General Reserve				
Balance as per last Balance Sheet		33,422.06		11,555.54
Add: Additions pursuant to the Scheme of Arrangement		–		20,982.47
Add: Additions during the year		26,306.44		890.54
Less: Deductions during the year		(5.00)		(6.49)
		59,723.50		33,422.06

Schedules forming part of the Accounts

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 2 RESERVES AND SURPLUS (Contd.)				
Profit and Loss Account				
Balance as per last Balance Sheet		20,316.69		849.13
Add: Additions pursuant to the Scheme of Arrangement		–		13,086.77
Add: Additions during the year		12,730.93		8,905.38
Less: Deductions during the year		(28,144.76)		(2,524.59)
		4,902.86		20,316.69
Total		**68,041.69**		**57,154.08**

Schedule 3 SECURED LOANS

	Notes	As at 31.03.2011	As at 31.03.2010
From Banks			
Term Loans	1,2,3,4,5, 7 & 8	9,588.72	10,003.47
Term Loans	9	1,115.15	445.75
Term Loans	10	2,500.00	–
Working Capital Facility (Includes Rs.13,962.92 Lacs, Previous Year Rs. 11,137.78 Lacs on account of bills discounted with banks)	1,3 & 4	20,071.44	16,323.06
Working Capital Facility	11	87.17	432.96
Car Loan	6	91.13	100.77
From Financial Institutions			
Term Loans	1,2,3,4 & 5	1,213.16	3,094.58
From Others			
Car Loan	6	21.76	19.04
Tea Board	12	–	3.71
		34,688.53	**30,423.34**

1. Secured by joint mortgage on pari-passu first charge basis for all term lenders for the existing PET plant and on pari-passu second charge basis for all working capital bankers, by deposit of title deeds with IDBI Trusteeship Services Limited (ITSL), in respect of all the immovable properties of the petrochem division situated at JL 126 Mouza Basudevpur, P.S. Sutahata, Haldia, District Midnapore(East) in the State of West Bengal together with all the buildings and structures thereon including fixed plant and machinery and fixtures and fittings permanently fastened to the earth or fastened to anything attached to the earth.
2. Pledge of 5304700 shares in the Company held by Dhunseri Investments Ltd.
3. Secured by personal Guarantee of two of the Promoter Directors of the Company.
4. First charge by way of hypothecation ranking pari-passu over all present and future inventories, consumables, stores and spares, book-debts and all other movables of petrochem division for all working capital bankers and second charge on the same for all term lenders of petrochem division for the existing PET plant
5. First charge by way of hypothecation on all movable fixed assets of petrochem division for the existing PET plant ranking pari-passu with other term lenders of petrochem division
6. Car Loans are secured by hypothecation of respective vehicles.
7. Out of Total Term Loans taken from banks for petrochem division, Rs. 3,711.53 Lacs (Previous Year Rs. 3,949.75 Lacs) represents loan taken from Bank of Baroda, London which is secured by charges mentioned in note 1 and 5 only.

Schedules forming part of the Accounts

8. Out of Total Term Loans taken from banks for petrochem division, Rs. 3,125.50 Lacs. (Previous Year Nil) represents loan taken from State Bank of India, Tokyo Branch & Allahabad Bank, Hong Kong Branch which is to be secured by: A) joint mortgage on pari-passu first charge basis, by deposit of title deeds with SBI, CAG Branch, in respect of all the immovable properties of the petrochem division, admeasuring approximately 45 acres situated at Mouza Basudevpur, JL No. 126, PS Durgachak & Mouza Paranchak, JL No. 145, PS Bhabanipur, Haldia, West Bengal together with all the buildings and structures thereon including fixed plant and machinery and fixtures and fittings permanently fastened to the earth or fastened to anything attached to the earth. B) Pari-passu first charge by way of hypothecation on all movable fixed assets of petrochem division for the new plant.

9. Secured by way of first pari-passu charge on certain Fixed Assets of the tea division of the company (including Capital WIP & equitable mortgage on the tea estates) alongwith the working capital bankers, second charge on certain current assets of the Company's tea division and further by any other security as may be stipulated by the bank.

10. Secured by way of first charge on the immovable property of the Company viz. Land being no. IT15A within notified SEZ in JL No. 35 in Mouza Gangapur at KITP Basanti Highway, within the jurisdiction of Kolkata Leather Complex police station and to be secured by second charge on the fixed assets of the tea division of the Company.

11. Secured by a first hypothecation charge on the current assets of the company's tea division namely, stocks of raw materials, stock-in-process, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movables, both present and future wherever situated and equitable mortgage over the immovable properties by deposit of title deeds of tea estates and personal guarantee of the promoter director of the Company and to be secured by second pari-passu charge on the immovable property of the Company viz. Land being no. IT15A within notified SEZ in JL No. 35 in Mouza Gangapur at KITP Basanti Highway, within the jurisdiction of Kolkata Leather Complex police station.

12. Secured/to be secured by hypothecation of respective machines purchased their against.

(Rs. in Lacs)

	As at 31.03.2011		As at 31.03.2010	
Schedule 4 UNSECURED LOANS				
From Bank				
Fixed Deposits		3.18		6.28
Short Term Loans				
From Banks * #		3,342.08		6,357.66
From Body Corporates		–		20.00
Zero Percent Foreign Currency Convertible Bonds		2,949.00		2,949.00
(Refer Note 4 of Schedule 18)				
		6,294.26		**9,332.94**

Notes:

* Includes FCNR (B) loan of Rs. 842.08 Lacs (Previous Year - Rs. 857.66 Lacs)

Includes Rs. 1,342.08 Lacs (Previous Year Rs. 3,857.66 Lacs) taken against personal gurantee of the promoter-director of the Company

	As at 31.03.2011		As at 31.03.2010	
Schedule 5 DEFERRED TAXATION				
Liability				
Depreciation		6,752.68		6,651.88
Others		–		475.05
Less: Asset				
Unabsorbed Depreciation		–		3,187.74
Others		41.64		111.69
		6,711.04		**3,827.50**

Schedules forming part of the Accounts

Schedule 6 FIXED ASSETS

(Rs. in Lacs)

	Gross Block				Depreciation				Net Block	
	As at 1-Apr-10	Additions	Sale or Adjustment	As at 31-Mar-11	Upto 1-Apr-10	For the Year	Sale or Adjustment	Upto 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Freehold Land	505.74	–	–	505.74	–	–	–	–	505.74	505.74
Leasehold Land	750.84	113.34	–	864.18	53.42	8.66	–	62.08	802.10	697.42
Leasehold Land and Estate Development	10,396.96	9.22	–	10,406.18	7.62	–	–	7.62	10,398.56	10,389.34
Building/ Non Factory Building	11,763.44	1,025.68	502.01	12,287.11	1,603.36	275.47	62.61	1,816.22	10,470.89	10,160.08
Plant & Machinery	45,935.56	6,690.18	1,139.23	51,486.51	15,477.21	2,503.95	452.33	17,528.83	33,957.68	30,458.35
Furniture & Fixture	380.12	40.52	3.05	417.59	151.46	20.36	0.87	170.95	246.64	228.66
Motor Vehicle	982.41	144.18	64.11	1,062.48	434.36	78.41	38.03	474.74	587.74	548.05
Intangibles: (Other than internally generated)										
Technical Knowhow	2,268.43	–	–	2,268.43	1,559.68	226.84	–	1,786.52	481.91	708.75
Computer Software	69.90	0.01	0.01	69.90	65.09	0.54	–	65.63	4.27	4.81
	73,053.40	8,023.13	1,708.41	79,368.12	19,352.20	3,114.23	553.84	21,912.59	57,455.53	53,701.20
Previous Year	8,959.87	64,216.42	122.89	73,053.40	3,900.65	15,538.89	87.34	19,352.20	53,701.20	

Notes:

1. Quality Upgraded subsidy, Irrigation and Transport subsidy amounting to Rs. 14.40 Lacs (Previous Year: Rs. 9.47 Lacs) and Rs. Nil (Previous Year: Rs. 3.20 Lacs) and Rs. Nil (Previous Year: Rs. 1.35 Lacs) respectively received during the year under Tea Board Quality Upgradation & Product Diversification, Irrigation Subsidy Schemes and Plantation Development Scheme - creation of Transport Facility has been adjusted against the cost of the respective assets.
2. The Assam Government has acquired in total 793.05 hectares of land under the Assam Fixation of Ceiling on Land Holdings Act, 1956 and P.W.D. has acquired 4 hectares of land for construction of public road. Pending the receipt/finalisation of compensation money from the authorities in respect of the above acquisition, no adjustment in this regard has been made in these accounts.
3. Machinery (Gross Block) includes items acquired under Hire Purchase Scheme of Rs. Nil (Previous Year: Rs. 8.75 Lacs).
4. Sale or adjustment column include Gross Block and Accumulated Depreciation of assets written off worth Rs. 1.81 Lacs (Previous Year Rs. 31.56 Lacs) & Rs. 1.49 Lacs (Previous Year Rs. 29.67 Lacs) respectively.
5. Sale or adjustment column include Gross Block and Accumulated Depreciation of assets written off due to Fire worth Rs. 1,504.02 Lacs (Previous Year Nil) & Rs. 444.17 Lacs (Previous Year Nil) respectively for which necessary claim has been filed with the Insurance Company. (Refer Note 8 of Schedule 18)
6. Amount of borrowing cost capitalised during the year Rs. 361.71 Lacs (Previous Year Rs. 94.59 Lacs)
7. Previous Year figure includes adjustment for Revaluation, Merger and Demerger worth Rs. 63,432.12 Lacs in the column Gross Block-Addition and Rs. 12,639.46 Lacs in the column Depreciation for the year.

(Rs. in Lacs)

Schedule 7 INVESTMENTS	Face Value (Rs.)	No. of Shares/Units As at 31.03.2011	No. of Shares/Units As at 31.03.2010	Book Value As at 31.03.2011	Book Value As at 31.03.2010
Long Term Investment					
A. Other than trade					
In Equity Shares of Other Companies					
- Quoted, fully paid up					
Aditya Birla Nuvo	10	15950	26200	173.20	372.89
APIL	10	–	19350	–	139.58
Areva T & D India Ltd.	2	–	120300	–	381.40
Bill Care	10	–	21066	–	108.68
Coal India Limited	10	130037	–	318.59	–
Escorts Ltd.	10	–	219000	–	246.40
Fortis Healthcare Ltd.	10	–	246000	–	297.01
Gujrat Fluoro Chemicals Ltd.	1	98740	20000	154.05	32.18

Schedules forming part of the Accounts

(Rs. in Lacs)

	Face Value (Rs.)	No. of Shares/Units As at 31.03.2011	No. of Shares/Units As at 31.03.2010	Book Value As at 31.03.2011	Book Value As at 31.03.2010
Schedule 7 INVESTMENTS (Contd.)					
Havells India Limited	5	51200	40000	165.23	227.64
IDFC	10	–	84500	–	181.59
IRB Infrastructure Developers	10	–	125900	–	190.24
Indo Rama Synthetics Limited	10	442500	–	292.77	–
ITC Ltd.	1	–	116800	–	305.27
J. B. Chemical & Pharmaceuticals Ltd.	2	–	–	–	–
Jai Prakash Associates	2	–	313000	–	426.40
Jindal Steel & Power Limited	1	–	79500	–	273.99
Kirloskar Pneumetic Co. Ltd.	10	33200	46702	151.78	213.50
Larsen & Toubro Ltd	2	15000	54200	161.38	583.11
Maharastra Seamless Ltd.	5	–	91000	–	351.95
Maruti Suzuki India Ltd	5	–	10000	–	139.29
Microsec Financial Services Limited	10	1176	–	1.39	–
Mundra Port	2	–	78640	–	518.77
Nagarjuna Fertilisers Ltd	10	–	1400000	–	426.68
Patel Engineering	1	–	75000	–	287.93
Power Grid Corporation of India Limited	10	242600	–	219.02	–
Punj Lloyd Limited	2	–	60000	–	101.84
Reliance Industries Limited	10	–	50000	–	648.49
Rural Electrification Corp. Ltd.	10	–	179100	–	349.52
Simplex Projects Limited	10	132336	–	395.17	–
Srei Infrastructure & Finance Ltd.	10	–	206000	–	171.33
State Bank Of India	10	20200	6000	438.04	118.61
The Andhra Pradesh Paper Mills Ltd	10	100000	–	160.84	–
Torrent Power Ltd	10	–	500000	–	659.84
West Coast Paper Mill Ltd	2	488505	372505	342.23	246.49
Mutual Funds					
Birla Sun Life Fixed Term Plan Series CX Growth	10	30000000	–	3,000.00	–
Sub Total				**5,973.69**	**8,000.63**
Investment in Subsidiary					
In Equity Shares - Unquoted, Fully Paid up					
DI Marketing Limited	10	–	50000	–	5.00
Egyptian Indian Polyester Co. SAE (Face value-$ 100)		175,950	–	7,950.59	–
Sub Total				**7,950.59**	**5.00**
In Equity Shares - Unquoted, fully paid up					
Tectura Corporation		282240	263776	149.59	149.59
Haldia Integrated Development Agency Limited	10	10000	10000	1.00	1.00
				150.59	**150.59**
Sub Total				**14,074.87**	**8,156.22**
Aggregate of Quoted Investments (Book Value)				**5,973.69**	**8,000.63**
Aggregate of Unquoted Investments (Book Value)				**8,101.18**	**155.59**
Aggregate of Quoted Investments (Market Value)				**6,494.98**	**9,660.02**

Schedules forming part of the Accounts

Schedule 7 INVESTMENTS (Contd.)

Investments Purchased and Sold during the Year

(Rs. in Lacs)

Scrips	Number	Purchase Cost
Accentia Technologies Limited	194291	588.11
Action Construction Equipment Ltd.	242726	137.67
Adani Enterprises Ltd.	17500	99.70
Aditya Birla Nuvo	18300	198.72
Akzo Nobel India Limited	33899	302.76
APIL	17900	130.00
Bharat Forge Limited	37000	136.87
Coal India Limited	50000	122.50
Dena Bank	196000	173.20
Electrosteel Castings Limited	500000	251.69
Gujrat Fluoro Chemicals Ltd.	70847	110.53
Havells India Limited	42400	136.83
HCL Infosystems Ltd.	203437	226.64
Honda SIEL Power Products Ltd.	20500	122.04
India Glycols Limited	92400	130.10
Indo Rama Synthetics Limited	130000	86.01
Industrial Finance Corporation	475000	294.72
J. B. Chemical & Pharmaceuticals Ltd.	314085	336.22
Jindal Poly Films Limited	82712	403.69
K. S. Oil Limited	716000	397.25
Kaveri Seed Company Limited	89000	259.45
Maruti Suzuki India Ltd	5125	71.03
Punj Lloyd Limited	65500	115.43
Reliance Industries Limited	22500	279.17
Repro India Limited	230263	302.76
Simplex Projects Limited	1804	5.39
Srei Infrastructure & Finance Ltd.	354500	304.95
Sun Pharma Advanced Research	168000	152.78
Supreme Infrastructure India Limited	185953	579.44
Tilaknagar Industries Limited	110000	152.17
UCO Bank	311000	240.30
Uflex Limited	164000	263.15
United Phosphorus Limited	45000	80.89
Vijaya Bank	530000	296.61
Mutual Fund		
HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale	7351570	1,500.00
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Growth	165941	35.00
HDFC Cash Management Fund Saving Plan - Growth	6023866	1,211.50

Schedules forming part of the Accounts

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
Schedule 8 INVENTORIES		
(Including those in Transit)		
Stores and Spares	1,983.25	2,073.82
Raw Materials	12,363.07	2,654.13
Finished Goods	3,679.44	2,727.42
Work in Progress	211.47	151.93
	18,237.23	**7,607.30**

	As at 31.03.2011	As at 31.03.2010
Schedule 9 SUNDRY DEBTORS		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding six months	20.80	47.78
Other Debts	17,197.50	14,863.74
(Includes Rs. 13,962.92 Lacs, Previous Year Rs. 11,137.78 Lacs on account of bills discounted with banks)		
	17,218.30	**14,911.52**

	As at 31.03.2011	As at 31.03.2010
Schedule 10 CASH AND BANK BALANCES		
Cash Balance on hand	22.71	24.58
Cheques/Drafts in hand	5.47	–
Balance with Scheduled Banks		
On Current Accounts		
Export Earners Foreign Currency Account	0.13	1.23
Others	1,566.52	2,880.16
On Deposits Accounts	24,401.76	20,572.16
On Cash Credit Accounts	36.25	337.89
(For Security refer note 1, 3 & 4 in Schedule 3)		
Balance with Other Banks in Foreign Currency		
ABC Bank, Egypt - Current Account	2.33	3.77
(Maximum balance outstanding during the year Rs. 4.45 Lacs, Previous Year Rs. 7.33 Lacs)		
	26,035.17	**23,819.79**

	As at 31.03.2011	As at 31.03.2010
Schedule 11 OTHER CURRENT ASSETS		
Interest Accrued on Deposits and Investments	134.43	23.14
Other Receivable	6.41	42.35
	140.84	**65.49**

Schedules forming part of the Accounts

(Rs. in Lacs)

Schedule 12 LOANS AND ADVANCES	As at 31.03.2011		As at 31.03.2010	
(Unsecured-considered good)				
Loans to Body Corporates and Others		92.00		92.00
Advances recoverable in cash or in kind or for value to be received (Refer Note 6 of Schedule 18)		19,437.08		8,533.75
Deposits with Government Authorities and Others (Refer Note 7 of Schedule 18)		1,870.65		2,660.35
		21,399.73		**11,286.10**

Schedule 13 CURRENT LIABILITIES AND PROVISIONS	As at 31.03.2011		As at 31.03.2010	
A. Current Liabilities				
Sundry Creditors				
Micro & Small Enterprises		6.11		3.84
Others		32,518.90		12,736.43
Other Current Liabilities		4,297.15		5,203.87
Interest Accrued but not due on loans		62.76		42.47
		36,884.92		**17,986.61**
B. Provisions				
Provision for				
Proposed Dividend		1,576.48		1,401.31
Tax on Dividend		261.84		232.74
Retirement and Other Employee's Benefits		330.22		376.99
Taxation (Net of Advances)		944.86		(334.60)
		3,113.40		**1,676.44**
		39,998.32		**19,663.05**

(Rs. in Lacs)

Schedule 14 OTHER INCOME	Year ended 31.03.2011		Year ended 31.03.2010	
Profit on Sale of Current Non Trade Investment		3.20		25.56
Profit on Sale of Long Term Non Trade Investment		1,926.73		142.41
Dividend Income from Long Term Non Trade Investment		119.92		59.69
Profit on sale of Fixed Assets		13.27		5.66
Foreign Exchange Gain		650.72		2,122.66
Service Charges Received		404.84		805.61
Interest Received on Deposits (Gross)		1,146.27		1,351.74
(Tax deducted at source Rs. 124.25 Lacs, Previous Year Rs. 212.92 Lacs)				
Interest Received on Loans,etc		9.10		13.17
(Tax deducted at source Rs. 0.99 Lacs, Previous Year Rs. 2.42 Lacs)				
Liability no longer required Written back		46.98		7.86
Export Incentives		3,485.59		1,124.67
Insurance Claim *		6,529.36		66.99
Grants and Subsidies		76.89		92.83
Miscellaneous Income		233.66		520.65
		14,646.53		**6,339.50**

* Refer Note 8 of Schedule 18

Schedules forming part of the Accounts

(Rs. in Lacs)

	Year ended 31.03.2011		Year ended 31.03.2010	
Schedule 15 (INCREASE)/DECREASE IN STOCK				
Opening Stock				
Finished Goods		2,727.42		3,823.71
Work-in-Progress		151.93		109.12
		2,879.35		3,932.83
Closing Stock				
Finished Goods		3,679.44		2,727.42
Work-in-Progress		211.47		151.93
		3,890.91		2,879.35
Net (Increase)/Decrease in Stock		**(1,011.56)**		**1,053.48**

Schedule 16 MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES				
Salaries, Wages and Bonus		4,171.86		3,495.52
Contribution to Provident and Other Funds		282.82		388.27
Workmen and Staff Welfare Expenses		375.30		366.41
Raw Material Consumed		1,11,795.15		78,592.41
Green Leaf Purchase		2,897.76		2,801.62
Power and Fuel		5,595.84		5,357.00
Consumption of Stores and Spare Parts		2,170.84		1,706.71
Rent		117.55		171.50
Rates and Taxes		149.97		123.61
Repairs and Maintenance				
Plant and Machinery	465.21		365.75	
Buildings	74.00		68.52	
Others	481.83	1,021.04	353.99	788.26
Insurance		249.13		210.91
Director's Fees		9.89		8.77
Excise Duty		52.71		(1.21)
Cess on Tea		148.56		129.82
Freight,delivery and shipping charges		6,264.30		4,712.27
Brokerage and Commission on sales		1,897.63		1,401.07
Loss by Fire *		6,462.93		–
Assets Written off		0.32		1.89
Bad Debts/Advances Written off		20.78		29.26
Others		2,518.36		2,084.08
		1,46,202.74		**1,02,368.17**

* Refer Note 8 of Schedule 18

Schedule 17 INTEREST AND FINANCE CHARGES				
On Term Loan		757.68		754.97
On Others		1,831.23		1,574.82
		2,588.91		**2,329.79**

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant accounting policies

(a) Basis for preparation of Accounts

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

(b) Fixed Assets Amortisation and Depreciation

Tangible fixed assets other than those revalued are stated at cost less accumulated depreciation. In respect of revalued assets, depreciation on the amount added on revaluation is recouped from the Revaluation Reserve to the extent available and balance is charged to Profit and Loss Account.

Leasehold land is amortised over the period of lease. Depreciation on assets is provided using the straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 to charge off the cost of assets over their estimated useful lives.

With effect from 1st April 2007 computer and its accessories and mobile phones are written off over a period of 3 years and 2 years respectively as per straight line method. The changes have been made perceiving their useful life. Assets costing below Rs. 5,000/- each are fully depreciated in the year of addition.

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

Intangible asset is recognised if it is probable that future economic benefits will flow to the Company. Such asset is initially recognised at cost. Subsequent expenditure on such asset is recognised as expense when incurred unless it is probable that the expenditure will enhance its future economic benefits. Depreciable amount of an intangible asset is allocated on straight line method over the best estimate of its useful life as given below:
Computer software is amortised over 5 years.
Other Intangible assets are amortised over 10 years.

An impairment loss is recognised, where applicable, when the recoverable amount of an asset is less than its carrying amount.

(c) Investments

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provision is recorded to recognise, any decline, other than temporary, in the carrying value of such investment. Investment acquired in exchange of another is carried at a cost determined with reference to the fair value of investment given up.

(d) Inventories

Inventories are valued at the lower of cost, computed on a weighted average basis, and estimated net realisable value. Provision is made for obsolescence wherever considered necessary. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(e) Employee Benefits

Contributions to Defined Contribution Provident Fund scheme (administered by Government) and Defined Contribution Pension Fund scheme (maintained by the company with Life Insurance Corporation of India, hereinafter referred to as "LICI") are made based on the current basic salary and are recognised in the Profit and Loss account on accrual basis. The Pension Fund scheme is applicable to certain employees only.

Contributions to the pension funds along with interest accumulated during the service period of such employee are utilised to buy pension annuity from the LICI.

The Company also provides for retirement benefits with defined benefits in the form of Gratuity. Based on actuarial valuation carried out every year by an independent actuary,the company makes annual contributions for part of Gratuity to a trust and LICI respectively. Balance liability remains unfunded.

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

The obligation for employee benefits, i.e., leave encashment is unfunded and calculated by an independent actuary at the year-end and provided for.

Actuarial gains and losses are recognised immediately in the statement of Profit and Loss account. Short term employee benefits are recognised as an expense in the Profit and Loss account of the year in which the related service is rendered.

(f) Foreign currency transactions

Transactions in foreign currency are recorded at daily exchange rates prevailing on the date of the transaction. Year end balances of foreign currency transactions are translated at the year end rates. Exchange differences arising on restatement or settlement is charged to Profit and Loss account.

The Company uses forward contracts to hedge its exposure to movements in foreign exchange rates. Forward Exchange Contracts are recorded at the contract rate. In respect of contracts covered by AS-11, exchange differences arising on the settlement of transactions or on reporting at the year end rates, are recognised as income or as expense in the period in which they arise. The premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

The foreign exchange losses, if any, arising on marking to market forward exchange contract entered to hedge the foreign currency risks of a firm commitment or a highly probable forecast transaction are provided for in the Profit and Loss account.

(g) Revenue recognition

Sale is recognised upon passing of title of goods to the customers and is net of trade discounts and excise duties, where applicable.

Other income, together with related tax credits & expenditure, are accounted for on accrual basis.

(h) Borrowing costs

Borrowing costs attributable to qualifying assets are capitalised upto the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

(i) Taxes on income

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

Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets in respect of carried forward losses and/or unabsorbed depreciation are recognised only when it is virtually certain and in other cases where there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(j) Leases

Lease payments under operating lease are recognised as an expense in the Profit and Loss account.

(k) Grants and Subsidies

Quality Upgraded subsidy, Irrigation and Transport subsidy received during the year under Tea Board Quality Upgradation & Product Diversification, Irrigation Subsidy Schemes and Plantation Development Scheme - creation of Transport Facility has been adjusted against the cost of the respective assets.

Other subsidies are accounted for on accrual basis when the company is reasonably certain of its receipt.

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(l) Provisions

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

(m) Use of Estimates

The preparation of financial statements requires use of estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Difference between actual amount and estimates are recognised in the period in which the results are known/materialised.

2. Revaluation of Fixed Assets

a) All fixed asset except computers and furniture & fixtures located at eleven tea estates and nine factories in the state of Assam have been revalued by M/s S. R. Batliboi Consultants Pvt. Limited, Registered Valuer, on 1st April 2009, to Rs. 20,047.00 Lacs resulting in increase in net book value of assets by Rs. 16,250.00 Lacs which has been credited to the Revaluation Reserve.

Buildings, plant & machinery and vehicles are revalued at the Net Replacement Value method whereas freehold land and leasehold land & estate development are revalued at Plantation Value method.

b) Depreciation on revalued asset has been adjusted with the revaluation reserve to the extent available amounting to Rs. Nil (Previous Year Rs. 111.63 Lacs).

3. Preferential Issue of Equity Shares and Warrants:

During the year 2007-08, to meet the company's fund requirement for expansion including equity participation in overseas subsidiary, retirement of high cost borrowings and other business purposes the Company raised Rs. 7,416.23 Lacs by preferential allotment of equity shares and equity share warrants.

Net proceeds have been fully utilised towards equity participation/other expenses in the overseas project in Egypt.

4. Foreign Currency Convertible Bonds (FCCB):

a) The erstwhile South Asian Petrochem Ltd (presently Dhunseri Petrochem & Tea Ltd) had allotted 200 Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCBs) of USD 1,00,000 each for an aggregate amount of USD 2,00,00,000 (i.e., Rs. 7,864.00 Lacs) in the year 2007-08. After buyback bonds amounting to USD 75,00,000 are outstanding as on date. The outstanding bonds are redeemable on 23rd January 2013 at 136.86% of their principal amount. The bond holders have an option to convert these bonds into equity shares at the reset price of Rs. 170.10 per share with a fixed rate of exchange on conversion of Rs. 39.32 (USD 1), subject to certain adjustments. The Bonds may also be redeemed, in whole but not in part, at the option of the Company at any time, subject to certain conditions. Also the company has an option requiring mandatory conversion of all the outstanding bonds on or after 16th January 2011 and up to 14th January 2013.

The company is of the view that the balance outstanding bonds may not ultimately be redeemed as the same may be converted into equity shares within the assigned date and hence has not considered the effect of realignment of the bond value as prescribed in the Accounting Standard (AS 11) on 'Effects of Changes in Foreign Exchange Rates' notified in the Companies (Accounting Standards) Rules 2006 and also not provided for premium on redemption of the said bonds. The future cash flows if any cannot be determined at this stage.

b) The balance net proceeds of Rs. 2,949.00 Lacs from the issue of the FCCB, pending utilisation has been included in Cash and Bank Balances.

5. (i) Contingent liability for the Petrochem Division in respect of show cause notices received from the Custom and Service Tax Departments amounts to Rs. 166.74 Lacs (Previous Year Rs. 599.43 Lacs) which is being contested by the company. A part of the demand pertaining to interest and penalty is not quantifiable and the future cash flows if any cannot be determined at this stage.

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Other contingent liabilities for the Tea Division not provided for in respect of certain possible obligations which may arise at a later date, with respect to:

a) obtaining renewal of lease of a tea estate from the Government.

b) a title suit pending in the district civil court over a certain portion of land.

c) claims that may arise in future towards post employment benefits of certain employees.

Liabilities in respect of the above are not ascertainable at this stage and the future cash flows on account of the above cannot be determined unless the judgement/decisions/demand are received from the appropriate forums.

(ii) Estimated amount of contracts remaining to be executed on capital account Rs. 22,156.94 Lacs. (Previous Year Rs. 1,019.24 Lacs).

6. Advances recoverable in cash or in kind or for value to be received under Loans & Advances includes amount due from:

a. Firm in which Director of the company is partner is Rs. 1.49 Lacs (Previous Year: Rs. 1.25 Lacs). Maximum amount outstanding at any point of time during the year is Rs. 1.49 Lacs (Previous Year: Rs. 8.10 Lacs).

b. Directors of the company Rs. Nil (Previous Year: Rs. 2.60 Lacs). Maximum amount outstanding at any point of time during the year is Rs. 2.60 Lacs (Previous Year: Rs. 2.60 Lacs).

c. Private limited company in which Director of the company is director is Rs. 0.39 Lacs (Previous Year: Rs. 0.75 Lacs). Maximum amount outstanding at any point of time during the year is Rs. 1.76 Lacs (Previous Year: Rs. 0.75 Lacs).

d. Subsidiary Company amounting to Rs. 281.88 Lacs (Previous Year Rs. 2,348.40 Lacs). Maximum amount outstanding at any point of time during the year is Rs. 6,578.41 Lacs (Previous Year: Rs. 2,348.40 Lacs).

7. Deposits with Govt. Authorities and others include Rs. 127.50 Lacs (Previous Year: Rs. 127.50 Lacs) being deposit for use of office space with parking, with a private limited company in which Directors of the Company are interested as Director.

8. A major fire broke out in the raw material store at the Company's Haldia plant on 14.03.2011 leading to destruction/damage of certain fixed assets, spares & raw materials. The impact of all related losses for fixed assets, raw materials & spares damaged/destroyed due to fire have been duly accounted for amounting to Rs. 6,462.93 Lacs under respective heads during the year. The items damaged were adequately insured so the amount of Rs. 6,462.93 Lacs towards the loss as stated above has been recognised as income under the head "Other Income" and the insurance claim for the same has been submitted to the insurance company, which is under their active consideration.The Insurance Policies are in full force. The Company is also having Loss of Profits (LOP) policy on account of fire to cover the loss suffered during the period of disruption in the operation of the plant for which claim will be lodged at a later date.

9. Employee Benefit Obligation

Contribution for Defined Contribution Plan amounting to Rs. 273.65 Lacs (Previous Year: Rs. 248.97 Lacs) has been recognised as an expense and included in Schedule 16 "Contribution to Provident Fund and Other Funds" in the Profit & Loss Account.

Disclosure relating to Gratuity and Leave Encashment

I. Gratuity *(Rs. in Lacs)*

	Funded 31.03.2011	Funded 31.03.2010	Unfunded 31.03.2011	Unfunded 31.03.2010
a) Expense recognised in the statement of Profit & Loss Account for the year ended 31st March 2011				
Current Service Cost	56.74	57.72	11.03	8.15
Interest Cost	79.34	73.55	3.85	2.05
Expected return on plan assets	(63.54)	(54.31)	–	–
Net actuarial (gain)/loss recognised during the year	(63.37)	61.19	25.73	17.67
Total Expense recognised in the statement of Profit & Loss Account	9.17	138.15	40.61	27.87

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(Rs. in Lacs)

	Funded 31.03.2011	Funded 31.03.2010	Funded 31.03.2009	Funded 31.03.2008	Unfunded 31.03.2011	Unfunded 31.03.2010	Unfunded 31.03.2009	Unfunded 31.03.2008
b) Net(Asset)/Liability recognised in the Balance Sheet as at 31st March 2011								
Present Value of the Defined Benefit Obligation	981.69	1,001.24	837.51	791.46	82.11	51.80	26.77	18.53
Fair value of Plan assets	848.18	740.55	617.32	613.81	–	–	–	–
Net(Asset)/Liability recognised in the Balance Sheet	133.51	260.69	220.19	177.65	82.11	51.80	26.77	18.53

	Funded 31.03.2011	Funded 31.03.2010	Unfunded 31.03.2011	Unfunded 31.03.2010
c) Actual return on plan assets				
Expected return of Plan Assets	63.54	54.31	–	–
Actuarial gain/(loss) on plan assets	(25.69)	33.42	–	–
Actual Return on Plan Assets	**37.85**	**87.73**	–	–
d) Change in Defined Benefit Obligation during the Year ended 31st March 2011				
Present value of Defined Benefit Obligation as at 1st April 2010	1,001.24	837.51	51.80	26.77
Current Service Cost	56.74	57.72	11.03	8.16
Interest Cost	79.34	73.55	3.85	2.05
Benefits Paid	(66.09)	(62.15)	(10.30)	(2.85)
Actuarial (gain)/loss on Obligation	(89.05)	94.61	25.73	17.67
Present value of Defined Benefit Obligation as at 31st March 2011	**982.18**	**1,001.24**	**82.11**	**51.80**
e) Change in Fair Value of Assets during the year 31st March 2011				
Fair Value of Plan Assets as at 1st April 2010	740.55	617.32	–	–
Expected Return on Plan Assets	63.54	54.31	–	–
Contributions Made	135.56	97.65	–	–
Benefits Paid	(66.09)	(62.15)	–	–
Actuarial gain/(loss) on Plan Assets	(25.69)	33.42	–	–
Fair value of Plan Assets as at 31st March 2011	**847.87**	**740.55**	–	–

f) Contribution expected to be paid to the plan during the period 2011-12 is Rs. 82.64 Lacs

	Funded 31.03.2011	Funded 31.03.2010	Funded 31.03.2009	Funded 31.03.2008	Unfunded 31.03.2011	Unfunded 31.03.2010	Unfunded 31.03.2009	Unfunded 31.03.2008
g) Experience adjustments								
Defined Benefit Obligation as at 31st March 2011	982.18	1,001.24	837.51	791.45	(82.11)	(51.80)	(26.77)	(18.53)
Fair value of Plan Assets	847.87	740.55	617.32	613.81	–	–	–	–
Status Surplus/(Deficit)	(134.31)	(260.69)	(220.19)	(177.64)	(82.11)	(51.80)	(26.77)	(18.53)
Experience adjustments on Plan Liabilities (Gain)/Loss	89.05	94.61	(1.61)	(133.34)	(10.16)	(18.52)	2.66	(1.64)
Experience adjustments on Plan Assets Gain/(Loss)	26.74	33.42	(16.54)	(4.37)	–	–	–	–
Actuarial (Gain)/Loss due to change on Assumptions	–	–	–	–	(15.57)	0.85	1.85	(0.32)

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

II. Leave Encashment – Unfunded

(Rs. in Lacs)

	31.03.2011	31.03.2010
a) Expense recognised in the statement of Profit & Loss Account for the year ended 31st March 2011 *		
Current Service Cost	4.72	6.44
Interest Cost	4.82	4.57
Net actuarial (gain)/loss recognised during the year	56.84	4.99
Total Expense recognised in the statement of Profit & Loss Account	66.38	16.00

* Included in Schedule 16 under "Salaries, Wages and Bonus"

	31.03.2011	31.03.2010	31.03.2009	31.03.2008
b) Change in Defined Benefit Obligation during the Year ended 31st March 2011				
Present value of Defined Benefit Obligation as at 1st April 2010	65.66	65.09	78.09	61.13
Current Service Cost	4.72	6.44	10.13	6.02
Interest Cost	4.82	4.57	5.11	4.55
Plan Amendments	–	–	1.54	–
Actuarial (Gains)/Loss	56.93	4.99	8.86	9.95
Benefits payment	(17.53)	(15.43)	(38.64)	(10.86)
Present value of Defined Benefit Obligation as at 31st March 2011 recognised in the Balance Sheet	114.60	65.66	65.09	70.79

c) Contribution expected to be paid to the plan during the period 2011-12 is Rs. 70.37 Lacs

	31.03.2011	31.03.2010	31.03.2009	31.03.2008
d) Experience adjustments				
Defined Benefit Obligation as at 31st March 2011	(114.60)	(65.66)	(65.09)	(70.79)
Fair value of Plan Assets	–	–	–	–
Status Surplus/(Deficit)	(114.60)	(65.66)	(65.09)	(70.79)
Experience adjustments on Plan Liabilities (Gain)/Loss	(33.93)	(5.74)	6.06	10.47
Experience adjustments on Plan Assets Gain/(Loss)	–	–	–	–
Actuarial (Gain)/Loss due to change on Assumptions	(18.93)	0.75	2.80	(0.52)

Major Categories of Plan Assets as a percentage of total plans at 31st March 2011

Particulars	31.03.2011	31.03.2010
Investment with Private Insurance Companies	40.01%	39.80%
Administered by Life Insurance Corporation of India	29.36%	23.70%
Special Deposit and Bonds	13.52%	15.89%
Others Including Bank Balance	17.11%	20.61%
	100.00%	100.00%

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Actuarial Assumptions

Particulars	Gratuity		Leave Encashment	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Mortality Table	LICI-1994-1996	LICI-1994-1996	–	–
Discount rate	8.00% & 8.25%	8.00%	8.00% & 8.25%	8.00%
Salary Escalation rate	5.00% & 7.00%	5.00%	5.00% & 7.00%	5.00%
Expected Return on Plan Assets	8.00%	8.00%	–	–

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risk of asset management and other relevant factors.

The present value obligation for gratuity and leave encashment has been determined based on actuarial valuation using the Projected Unit Credit Method.

This being the fourth year of implementation of AS 15 (Revised 2005), figures of immediately preceding three years has only been given.

10. Segment reporting:

Primary Reporting Segment-Business Segment *(Rs. in Lacs)*

Particulars	2010-11				2009-10			
	Polyester Chips	Tea	Unallocated	Total Enterprise	Polyester Chips	Tea	Unallocated	Total Enterprise
Segment Revenue-Sales to External Customers	1,41,909.36	13,750.06	–	1,55,659.42	1,01,035.08	12,975.34	–	1,14,010.42
Segment Result	14,596.22	2,706.30	2,109.11	19,411.63	6,391.01	2,679.91	2,739.76	11,810.68
Total carrying amount of Segment Assets	88,791.10	28,232.49	42,213.54	1,59,237.13	51,527.03	22,571.79	54,882.79	1,28,981.61
Total amount of Segment Liabilities	32,837.58	508.24	1,25,891.31	1,59,237.13	17,557.87	5,091.18	1,06,332.56	1,28,981.61
Total cost incurred during the period to acquire segment assets	4,731.12	3,610.89	–	8,342.01	3,412.85	889.35	–	4,302.20
Total amount of depreciation and amortisation	2,523.00	591.23	–	3,114.23	2,350.07	437.73	–	2,787.80
Total amount of significant non-cash expenses	–	–	–	–	–	–	–	–

Secondary Segment - Geographical Segment *(Rs. in Lacs)*

Particulars	2010-11				2009-10			
	Export	Domestic	Unallocated	Total	Export	Domestic	Unallocated	Total
Segment Revenue-Sales to External Customers	51,755.02	1,03,904.40	–	1,55,659.42	40,162.67	73,847.75	–	1,14,010.42
Segment Assets	9,674.16	8,837.14	1,40,725.83	1,59,237.13	10,513.92	5,520.73	1,12,946.96	1,28,981.61
Total cost incurred during the period to acquire segment assets	–	–	8,342.01	8,342.01	–	–	4,302.20	4,302.20

The Company has considered business segment as the primary segment for disclosure. The components of these business segments are Polyester Chips and Tea.

The segment wise revenue, assets and liabilities relate to the respective amounts directly identifiable to each of the segments.

The geographical segments are organised as Domestic and Exports, based on location of customers.

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

11. Basic and Diluted Earnings Per Share

Particulars	2010-11	2009-10
a) Earnings Basic (Rs. in Lacs)	12,730.93	8,905.38
b) Adjustments for Dilutive Earnings net of tax	–	–
c) Earnings Diluted (Rs. in Lacs)	12,730.93	8,905.38
d) Weighted Average number of Ordinary Shares outstanding	3,50,24,754	3,50,24,754 *
e) Adjustment for Potential Ordinary Shares #	17,33,686	37,02,800
f) Weighted Average number of Ordinary shares in computing Diluted Earnings Per Share	3,67,58,440	3,87,27,554
- Basic (a/d) (in Rs.)	36.35	25.42
- Diluted (c/f) (in Rs.)	34.63	22.99

* After considering 2,33,13,859 Equity Shares of Rs. 10/- each fully paid up and ranking pari-passu with the existing equity shares to be issued by the company to the ordinary shareholders of SAPL.

As per agreement of Zero Percent Unsecured Foreign Currency Convertible Bonds (FCCB) the bond holders have an option to convert these bonds into equity shares at a minimum price of Rs. 170.10 per share which has been taken as fair value for the purpose of calculating Diluted EPS.

12. (A) Details of Managerial Remuneration

(Rs. in Lacs)

Particulars	2010-11	2009-10
Salary	122.32	104.51
Company's Contribution to Provident & Other Funds	11.83	16.20
Commission	300.00	100.00
Other Benefits	52.80	65.09
Total	**486.95**	**285.80**

(B) Computation of Net Profit and Director's Commission

(Rs. in Lacs)

Particulars	2010-11	2009-10
Profit before Tax as per Profit and Loss account	19,411.63	11,810.68
Less: Excess of sale value of fixed assets over original cost (capital profit)	21.86	–
Less: Profit/(Loss) on sale of investments	1,929.93	167.97
	17,459.84	**11,642.71**
Add: Sitting Fees	9.89	8.77
Add: Director Remuneration	486.95	285.80
Profit for computation of Directors' Remuneration	**17,956.68**	**11,937.28**
Maximum permissible remuneration to whole time directors @10%	1,795.67	1,193.73
Amount of Remuneration paid excluding commission payable to eligible Directors	186.95	185.80
Maximum amount of commission eligible @ 2.5% for Mr C. K. Dhanuka	448.92	298.43
Commission Approved by Remuneration Committee and Board	300.00	100.00

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

13. Disclosure of related parties and related party transactions:

Names of related parties and description of relationship:

A. Subsidiary Company:

1 Egyptian Indian Polyester Company S.A.E.

B. Group Companies:

2 Madhuting Tea Private Limited
3 Naga Dhunseri Group Ltd.
4 Trimplex Investment Private Limited
5 Mint Investments Limited
6 Plenty Valley Intra Limited
7 Dhunseri Investments Ltd (formerly DI Marketing Ltd.)

C. Key Management Personnel

8 Mr. C. K. Dhanuka (Executive Chairman)
9 Mr. M. Dhanuka (Vice Chairman & Executive Director)
10 Mr. B. Chattopadhyay (Executive Director & CEO)
11 Mr. B. K. Biyani (Executive Director, Corporate)

Disclosures of Related Party Transactions/Balances

(Rs. in Lacs)

Nature of Transactions/Balances	2010-11	2009-10
A. Subsidiary Company:		
Egyptian Indian Polyester Company S.A.E.		
- Receivable/(Payable)	281.88	2,348.40
- Professional service rendered	404.84	805.62
- Investment in Shares	7,950.59	–
B. Group Companies:		
Trimplex Investments Private Limited		
- Rent and Service Charges	65.06	69.36
- Security Deposits	127.50	127.50
- Investment in Shares	–	2.50
- Refund of Security Deposits	–	17.60
Naga Dhunseri Group Ltd.		
- Purchase of Fixed Assets	–	0.91
- Rent Paid	27.00	27.04
Mint Investments Limited		
- Services Received	24.15	24.71
- Investment in Shares	–	2.46
- Receivable/(Payable)	(1,356.53)	(2,044.18)
Madhuting Tea Pvt. Ltd		
- Purchase of goods	0.61	0.15
- Sales of goods	1.01	0.99
- Receivable/(Payable)	0.39	0.75
Plenty Valley Intra Ltd		
- Receivable/(Payable)	(827.50)	(827.50)
Dhunseri Investments Ltd		
- Receivable/(Payable)	(6.89)	1,998.69
- Rent and Service Charges	67.30	–
- Reimbursement of Expenses	13.94	51.26
- Investment in Shares	–	5.00
- Sale of Fixed Assets	3.96	–

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Disclosures of Related Party Transactions/Balances *(Contd.)* *(Rs. in Lacs)*

Nature of Transactions/Balances	2010-11	2009-10
C. Key Management Personnel		
Mr. C. K. Dhanuka		
- Remuneration	317.96	121.52
- Rent Received	0.60	0.60
- Receivable/(Payable)	(325.00)	(121.35)
Mr. M. Dhanuka		
- Remuneration	57.32	54.09
- Rent Received	0.60	0.60
- Receivable/(Payable)	(25.00)	(24.70)
Mr. B. Chattopadhyay		
- Remuneration	58.31	56.94
Mr. B. K. Biyani		
- Remuneration	53.37	53.25

14. Amount paid/payable to Auditors (included under Miscellaneous expenses in Schedule 16) *(Rs. in Lacs)*

Particulars	2010-11	2009-10
Audit Fees	35.00	26.05
Tax Audit Fees	3.50	2.70
Other Work and Out of Pocket Expenses	21.72	16.04
Total	60.22	44.79

15. Quantative Information

Particulars	UOM	2010-11		2009-10	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
Licensed Capacity *					
Tea		N.A.	–	N.A.	–
Packet Tea		N.A.	–	N.A.	–
Polyester Chips		N.A.	–	N.A.	–
Installed Capacity **					
Tea	Kgs in Lacs	N.A.	–	N.A.	–
Packet Tea	Kgs in Lacs	N.A.	–	N.A.	–
Polyester Chips	MT	2,00,000.00	–	2,00,000.00	–
Production					
Tea	Kgs in Lacs	103.03	–	104.77	–
Packet Tea	Kgs in Lacs	27.72	–	23.52	–
Polyester Chips	MT	2,00,980.78	–	1,68,178.71	–
Opening Stock					
Tea	Kgs in Lacs	7.82	640.10	8.99	642.83
Packet Tea	Kgs in Lacs	1.08	101.99	0.72	65.43
Polyester Chips	MT	3,405.90	1,985.33	7,249.93	3,115.45

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

15. Quantative Information *(Contd.)*

Particulars	UOM	2010-11 Quantity	2010-11 Value (Rs. in Lacs)	2009-10 Quantity	2009-10 Value (Rs. in Lacs)
Sales					
Tea	Kgs in Lacs	74.77	9,230.20	82.42	9,371.96
Packet Tea	Kgs in Lacs	27.79	4,519.86	23.16	3,603.38
Polyester Chips	MT	2,00,680.29	1,51,449.26	1,72,022.74	1,07,347.39
Inter-Department Transfers	Kgs in Lacs	27.72	–	23.52	–
Closing Stock					
Tea	Kgs in Lacs	8.36	658.33	7.82	640.10
Packet Tea	Kgs in Lacs	1.01	105.89	1.08	101.99
Polyester Chips	MT	3,706.39	2,915.22	3,405.90	1,985.33

* Licensed Capacity is not applicable.

** Installed Capacity as certified by the management.

16. Details of imported and indigenous raw material, spare parts and stores consumed

Particulars	2010-11 Value (Rs. in Lacs)	2010-11 % Consumed	2009-10 Value (Rs. in Lacs)	2009-10 % Consumed
Raw Materials				
Imported	39,845.02	34.74%	30,112.45	37.00%
Indigenous	74,847.89	65.26%	51,281.57	63.00%
Total	**1,14,692.91**	**100.00%**	**81,394.02**	**100.00%**
Spare Parts and Stores *				
Imported	7.44	0.35%	12.47	0.73%
Indigenous	2,101.45	99.65%	1,694.24	99.27%
Total	**2,108.89**	**100.00%**	**1,706.71**	**100.00%**

* Spare parts and Stores consumed does not include Job charges of Rs. 61.95 Lacs (Previous Year-Rs. Nil)

17. Raw material consumed during the year

Particulars	UOM	2010-11 Quantity	2010-11 Value (Rs. in Lacs)	2009-10 Quantity	2009-10 Value (Rs. in Lacs)
Green Leaf - Own	Kgs in Lacs	293.62	N.A. *	305.22	N.A. *
Green Leaf - Purchased	Kgs in Lacs	162.09	2,897.76	161.51	2,801.62
PTA	MT	1,68,804.44	81,085.61	141,398.43	59,229.02
MEG	MT	67,090.64	27,323.94	56,040.27	17,134.75
Others		–	3,385.60	–	2,228.64
Total		–	**1,14,692.91**	–	**81,394.03**

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

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

18. Expenditure in foreign currency:

(Rs. in Lacs)

		2010-11	2009-10
A.	Travelling Expenses	75.19	111.02
B.	Commission on Sales	509.26	171.19
C.	Other Miscellaneous Expenditure	1,158.40	875.09
D.	Interest Paid in Rupee to financial institutions/banks towards interest on Foreign Currency Term Loan	416.54	499.55
	Amount of dividend remitted in foreign exchange:		
	Year to which it relates	**2009-10**	**2008-09**
E.	Number of non-resident shareholders	1	1
F.	Number of Equity Shares held on which dividend was due (shares)	37,95,054	37,95,054
G.	Amount remitted in equivalent USD 3,27,424.45 (Previous Year USD 1,91,746.86)	151.80	94.88

19. CIF Value of Imports

(Rs. in Lacs)

		2010-11	2009-10
A.	Raw Materials	47,919.62	29,457.95
B.	Capital Goods	98.51	15.83
C.	Stores & Spares	101.60	199.05

20. Earnings in Foreign Exchange:

(Rs. in Lacs)

		2010-11	2009-10
A.	Exports on FOB Basis	49,373.32	38,426.66
B.	Interest income on FD	57.89	153.86
C.	Service Charges Received	404.84	805.61

21. a) Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise is Rs. 45,286.96 Lacs (Previous Year Rs. 31,536.03 Lacs).

b) Outstanding Forward Contracts as on 31st March 2011 taken to hedge various Foreign Currency Receivables is Rs. 827.82 Lacs (Previous Year Rs. 4,743.06 Lacs).

22. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) as at 31st March 2011. The disclosure pursuant to the said Act is as under:

(Rs. in Lacs)

Sl. No.	Particulars	2010-11	2009-10
(i)	Principal amount remaining unpaid to any supplier as at the end of the year	6.11	1.59
	Interest remaining unpaid to any supplier as at the end of the year	2.24	2.24
(ii)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–
	Amount of the payment made to the suppliers beyond the appointed day during the year;	–	22.74
(iii)	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–
(iv)	Amount of interest accrued and remaining unpaid at the end of the year	–	0.52
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	2.24	2.24

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Schedules forming part of the Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

23. Lease Obligation

Operating Lease:

The company has taken various office premises under operating lease having tenures of 11 months/5 years. There is no specific obligation for renewal of these agreements. Lease rent for the year amounts to Rs. 91.58 Lacs (Previous Year Rs. 72.31 Lacs).

Apart from above the company has taken a motor vehicle on non-cancelable operating lease and lease rent amounting to Rs. 6.92 Lacs (Previous Year Rs. 6.92 Lacs) has been charged to Profit and Loss account. The future minimum lease payments as on 31.03.11 are as under: *(Rs. in Lacs)*

Particulars	2010-11	2009-10
Not later than one year	5.76	6.92
Later than one year and not later than five years	–	5.76
Later than five years	–	–

24. Other Liabilities include Rs. 2,184.03 Lacs (Previous Year: Rs. 3,782.03 Lacs) on account of purchase of 131.95 Lacs (Previous Year: 228.52 Lacs) Equity Shares of South Asian Petrochem Ltd. from certain group companies (sellers) whereby the purchase consideration is payable within five years from the purchase date (i.e., 31st March 2008) at the option of the sellers, either in cash or by converting the consideration into Equity Shares of the company at a value to be determined by an independent Chartered Accountant and as per SEBI Guidelines.

25. Previous Year's figures have been rearranged/regrouped wherever necessary.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

Prabal Kr. Sarkar
Partner
Membership No: 52340

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. 2697   State Code 21

Balance Sheet Date 31 03 2011

2. Capital Raised during the year *(Amount in Rs. Lacs)*

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL
Promoter's Contribution	Subscriber's Contribution
NIL	NIL

3. Position of Mobilisation and Deployment of Funds *(Amount in Rs. Lacs)*

Total Liabilities	Total Assets
119238.81	119238.81

Sources of Funds

Paid-up Capital	Reserves and Surplus
3503.29	68041.69
Secured Loans	Unsecured Loans
34688.53	6294.26
Deferred tax Liabilities	
6711.04	

Application of Funds

Net Fixed Assets	Capital Work in Progress
57455.53	4675.46
Investments	Net Current Assets
14074.87	43032.95
Misc. Expenditure	
NIL	

4. Performance of Company *(Amount in Rs. Lacs)*

Turnover	Other income
155659.42	14646.53
Total income	Total expenditure
170305.95	150894.32
Profit/(Loss) before Tax	Profit/(Loss) after Tax
19411.63	12730.93
Earnings Per Share (Basic) (Rs.)	Earnings Per Share (Diluted) (Rs.)
36.35	34.63
Dividend (%)	
45%	

5. Generic Names of Principal Products/Services of Company

Product Description	Item Code No. (ITC code)
Tea	0902
Polyethylene Terephthalate	390760

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Cash Flow Statement for the year ended 31st March 2011

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,411.63	11,810.68
Adjustments for:		
Interest Income	(1,155.37)	(1,364.91)
(Profit)/Loss on sale of assets	(13.27)	(5.66)
Dividend income	(119.92)	(59.69)
(Profit)/Loss on investments (net)	(1,929.93)	(167.97)
Interest and finance charges	2,588.91	2,329.79
Depreciation and Amortisation	3,114.23	2,787.80
Advances/deposit Written off	20.78	29.26
Assets Written off	0.32	1.89
Liabilities no longer required Written back	(46.98)	(7.86)
Insurance claim	(6,462.93)	–
Loss by Fire	6,462.93	–
Foreign Exchange Loss (Gain)	(650.72)	(2,122.66)
Operating Profit before Working Capital Changes	**21,219.68**	**13,230.67**
Adjustments for:		
Trade and other receivables	(5,968.77)	(977.91)
Inventories	(16,033.02)	1562.82
Trade payables and other liabilities	19,533.02	(141.59)
Foreign Exchange Gain (Loss)	135.05	59.58
Cash generated from operations	**18,885.96**	**13,733.57**
Direct Taxes (Paid)/Received	(2,418.18)	(1,537.16)
Net Cash from Operating Activities	**16,467.78**	**12,196.41**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,849.19)	(874.80)
Sale of fixed assets	107.67	32.55
Purchase of investments	(15,324.69)	(16,768.82)
Increase in capital work in progress	(4,492.82)	(3,029.39)
Investment in subsidiaries	(6,620.68)	(5.00)
Sale of investments	19,281.58	14,261.15
Refund of loans/deposits made with bodies corporate & others	1,086.38	100.00
Dividend received	119.92	59.69
Interest received	1,044.08	1,399.55
Cash and Cash Equivalents acquired pursuant to the Scheme of Arrangement	–	31,135.07
Net Cash from Investing Activities	**(8,647.75)**	**26,310.00**

Cash Flow Statement (Contd.) for the year ended 31st March 2011

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	9,855.19	6,846.61
Repayment of borrowings	(9,734.22)	(10,924.65)
Foreign Exchange Gain (Loss)	(0.29)	333.76
FCCB Buyback	–	(4,915.00)
Payments of Short Term Borrowings	(1,586.66)	(3,083.17)
Dividend paid	(1,633.73)	(1,383.81)
Interest paid	(2,504.94)	(2,441.56)
Net Cash used in Financing Activities	(5,604.65)	(15,567.82)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	2,215.38	22,938.59
Cash and Cash Equivalents (opening balance)	23,819.79	881.20
Cash and Cash Equivalents (closing balance)	26,035.17	23,819.79

Notes:

1 Cash and Cash Equivalents represents cash and bank balances only.

2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.

3 Closing Cash and Cash Equivalents includes foreign exchange loss of Rs. 41.15 Lacs (Previous Year Rs. 105.75 Lacs)

4 Previous Year's figures have been regrouped/rearranged wherever necessary.

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

Prabal Kr. Sarkar
Partner
Membership No: 52340

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Details of Subsidiary Companies Forming Part of Consolidated Accounts

(Rs. in Lacs)

Sl. No.	Particulars	Currency	Capital	Reserves	Total Assets	Total Liabilities	Invest-ments	Turnover/ Total Income	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend	Country
1	Egyptian Indian Polyester Company S.A.E.	USD	251.36	(77.62)	180.24	180.24	–	0.24	(18.91)	–	(18.91)	–	Egypt
		INR	11,223.02	(3,466.95)	8,046.48	8,046.48	–	9.61	(862.26)	–	(862.26)	–	Egypt

Note: Exchange Rate as on 31.03.2011: 1 USD = Rs. 44.65

Auditor's Report on the Consolidated Financial Statements of Dhunseri Petrochem & Tea Limited

To the Board of Directors of
Dhunseri Petrochem & Tea Limited

1. We have audited the attached consolidated Balance Sheet of Dhunseri Petrochem & Tea Limited (the "Company") and its subsidiary, hereinafter referred to as the "Group" (refer Note 1A on Schedule 18 to the attached consolidated financial statements) as at 31st March, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under Section 211(3C) of the Companies Act, 1956.

4. We draw your attention to Note 6 on Notes to Accounts, in relation to the recognition of Rs 6462.93 lacs towards compensation from insurance company towards loss of certain items of inventory and fixed assets due to fire during the year, in spite of the awaited approval of the insurance claim and uncertainties as to the amount that may be approved by the insurance company; which does not meet the requirement to consider prudence in selection of accounting policies, as set out in Accounting Standard 1 – "Disclosure of Accounting Policies".Had the aforesaid insurance claim not been recognised in keeping with the consideration of prudence, Other Income would have been Rs 7788.38 lacs instead of the reported amount of Rs. 14251.31 lacs, profit before tax for the year would have been Rs 12087.06 lacs instead of the reported amount of Rs 18549.99 lacs, current tax for the year would have been Rs 2499.45 lacs instead of the reported amount of Rs 3788.87 lacs, profit after tax for the year would have been Rs. 6695.78 lacs instead of the reported amount of Rs 11869.29 lacs, profit after minority interest would have been Rs.6954.45 lacs instead of the reported amount of Rs 12127.96 lacs, Earnings per share (basic) would have been Rs. 19.12 instead of the reported amount of Rs. 34.63 per share, Earnings per share (diluted) would have been Rs. 18.22 instead of the reported amount of Rs. 32.99 per share and Net Current Assets would have been Rs. 43869.05 lacs instead of the reported amount of Rs.49042.56 lacs.

5. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter referred to in paragraph 4 above, the attached 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 state of affairs of the Group as at 31st March, 2011;
   (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date: and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number :52340

Kolkata
24 May, 2011

Consolidated Balance Sheet as at 31st March 2011

(Rs. in Lacs)

	Schedule	As at 31.03.2011		As at 31.03.2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		3,503.29		1,171.90
Share Capital Suspense	1B		–		2,331.39
Reserves and Surplus	2		65,523.25		54,957.63
Minority Interest			2,323.91		–
Loan Funds					
Secured Loans	3		34,688.53		30,423.34
Unsecured Loans	4		6,294.26		9,332.94
Deferred Tax Liability	5		6,711.04		3,827.50
			1,19,044.28		1,02,044.70
APPLICATION OF FUNDS					
Fixed Asset					
Gross Block	6	80,965.75		73,053.42	
Less: Depreciation		(21,914.21)		(19,352.19)	
Net Block			59,051.54		53,701.23
Capital Work-in-progress			4,825.92		4,356.56
Investments	7		6,124.26		8,156.22
Current Assets, Loans and Advances					
Inventories	8	18,237.23		7,607.30	
Sundry Debtors	9	17,218.30		14,911.52	
Cash and Bank Balances	10	29,050.97		24,294.42	
Other Current Assets	11	140.84		65.49	
Loans and Advances	12	24,402.12		14,016.58	
		89,049.46		60,895.31	
Less: Current Liabilities and Provisions	13				
Current Liabilities		36,893.50		23,053.58	
Provisions		3,113.40		2,011.04	
		40,006.90		25,064.62	
Net Current Asset			49,042.56		35,830.69
			1,19,044.28		1,02,044.70
Significant Accounting Policies and Notes to Accounts	18				

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

Prabal Kr. Sarkar
Partner
Membership No: 52340

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Consolidated Profit and Loss Account for the year ended 31st March 2011

(Rs. in Lacs)

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Turnover (Gross)		1,65,199.32	1,20,322.73
Less: Excise duty		9,539.90	6,312.31
Turnover (Net)		1,55,659.42	1,14,010.42
Other income	14	14,251.31	5,533.48
		1,69,910.73	**1,19,543.90**
EXPENDITURE			
(Increase)/Decrease in Stock	15	(1,011.56)	1,053.48
Manufacturing, Administrative and Other Expenses	16	1,46,667.53	1,03,222.24
Interest and Finance Charges	17	2,588.91	2,330.48
Depreciation and Amortisation		3,115.86	2,788.63
		1,51,360.74	**1,09,394.83**
Profit before Taxation		18,549.99	10,149.07
Provision for Taxation			
Current Tax		3,788.87	1,759.31
Adjustments for earlier years		8.30	–
Deferred Tax		2,883.53	1,142.94
Fringe Benefit Tax		–	3.05
Profit after Taxation		**11,869.29**	**7,243.77**
Share of Minority Interest in Subsidiary Company		(258.67)	(453.85)
Profit after Minority Interest		**12,127.96**	**7,697.62**
Balance added pursuant to the Scheme of Arrangement		–	13,504.00
Balance brought forward from Previous Year		19,138.56	461.53
Amount Available for Appropriations		**31,266.52**	**21,663.15**
APPROPRIATIONS			
Transfer to General Reserve		26,306.44	890.54
Proposed Dividend		1,576.48	1,401.31
Tax on Dividend		261.84	232.74
Balance carried to Balance Sheet		**3,121.76**	**19,138.56**
Basic Earnings per share (in Rupees)		34.63	21.98
Diluted Earnings per share (in Rupees)		32.99	19.88
(Equity Shares of Face Value of Rs. 10 each)			
Significant Accounting Policies and Notes to Accounts	18		

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.
This is the Consolidated Profit and Loss Account referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

Prabal Kr. Sarkar
Partner
Membership No: 52340

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Schedules forming part of the Consolidated Accounts

(Rs. in Lacs)

	As at 31.03.2011		As at 31.03.2010	
Schedule 1 SHARE CAPITAL				
Authorised				
35,12,20,000 Equity Shares of Rs. 10/- each		35,122.00		35,122.00
Issued, Subscribed and Paid up				
1,17,10,895 Equity Shares of Rs. 10/- each.		1,171.09		1,171.09
Add: Shares Forfeited		0.81		0.81
Add: 2,33,13,859 (Previous Year nil) Equity Shares of Rs. 10/- each fully paid up issued pursuant to the Scheme of Arrangement without payment being received in cash		2,331.39		–
		3,503.29		**1,171.90**

Notes: Of Above Shares

(i) 49,50,896 Equity Shares of Rs. 10/- each allotted as fully paid up for consideration other than cash.

(ii) 18,28,000 Equity Shares of Rs. 10/- each allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.

Schedule 1B SHARE CAPITAL SUSPENSE				
Nil (Previous Year 2,33,13,859) Equity Shares of Rs. 10/- each fully paid up to be issued pursuant to the Scheme of Arrangement.		–		2,331.39

Schedule 2 RESERVES AND SURPLUS				
Capital Reserve				
Balance as per last Balance Sheet		262.06		22.83
Add: Additions during the year		–		239.23
		262.06		262.06
Capital Redemption Reserve				
Balance as per last Balance Sheet		12.48		12.48
Add: Additions during the year		–		–
		12.48		12.48
Capital Reserve arising on Consolidation				
Balance as per last Balance Sheet		–		4,982.14
Add: Additions during the year		–		–
Less: Deductions during the year		–		(4,982.14)
		–		–
Share Premium Account				
Balance as per last Balance Sheet		3,140.79		677.88
Add: Additions pursuant to the Scheme of Arrangement		–		2,561.50
Less: Deductions during the year		–		(98.59)
		3,140.79		3,140.79
Revaluation Reserve				
Balance as per last Balance Sheet		–		–
Add: Additions during the year		–		16,250.02
Less: Deductions pursuant to the Scheme of Arrangement		–		(16,138.39)
Less: Deductions during the year		–		(111.63)
		–		–

Schedules forming part of the Consolidated Accounts

(Rs. in Lacs)

	As at 31.03.2011		As at 31.03.2010	
Schedule 2 RESERVES AND SURPLUS (Contd.)				
General Reserve				
Balance as per last Balance Sheet		33,422.06		11,571.01
Add: Additions pursuant to the Scheme of Arrangement		–		20,982.47
Add: Additions during the year		26,306.44		890.54
Less: Deductions during the year		(5.00)		(21.97)
		59,723.50		33,422.06
Foreign Exchange Translation Reserve				
Balance as per last Balance Sheet		(35.91)		–
Add: Additions during the year		–		–
Less: Deductions during the year		(49.49)		(35.91)
		(85.40)		(35.91)
Profit and Loss Account				
Balance as per last Balance Sheet		18,156.16		461.53
Add: Additions pursuant to the Scheme of Arrangement		–		13,504.00
Add: Additions during the year		12,458.42		7,697.62
Less: Deductions during the year		(28,144.76)		(3,506.99)
		2,469.82		18,156.16
Total		**65,523.25**		**54,957.63**

Schedule 3 SECURED LOANS	Notes				
From Banks					
Term Loans	1,2,3,4,5,7 & 8		9,588.72		10,003.47
Term Loans	9		1,115.15		445.75
Term Loans	10		2,500.00		
Working Capital Facility (Includes Rs. 13,962.92 Lacs, Previous Year Rs. 11,137.78 Lacs on account of bills discounted with banks)	1,3 & 4		20,071.44		16,323.06
Working Capital Facility	11		87.17		432.96
Car Loan	6		91.13		100.77
From Financial Institutions					
Term Loans	1,2,3,4 & 5		1,213.16		3,094.58
From Others					
Car Loan	6		21.76		19.04
Tea Board	12		–		3.71
			34,688.53		**30,423.34**

1. Secured by joint mortgage on pari-passu first charge basis for all term lenders for the existing PET plant and on pari-passu second charge basis for all working capital bankers, by deposit of title deeds with IDBI Trusteeship Services Limited (ITSL), in respect of all the immovable properties of the Petrochem division situated at JL 126 Mouza Basudevpur, P.S. Sutahata, Haldia, District Midnapore(East) in the State of West Bengal together with all the buildings and structures thereon including fixed plant and machinery and fixtures and fittings permanently fastened to the earth or fastened to anything attached to the earth.
2. Pledge of 5304700 shares in the Company held by Dhunseri Investments Ltd.
3. Secured by personal Guarantee of two of the Promoter Directors of the Company.

Schedules forming part of the Consolidated Accounts

4. First charge by way of hypothecation ranking pari-passu over all present and future inventories, consumables, stores and spares, book- debts and all other movables of petrochem division for all working capital bankers and second charge on the same for all term lenders of petrochem division for the existing PET plant

5. First charge by way of hypothecation on all movable fixed assets of petrochem division for the existing PET plant ranking pari-passu with other term lenders of petrochem division

6. Car Loans are secured by hypothecation of respective vehicles.

7. Out of Total Term Loans taken from banks for Petrochem division, Rs. 3,711.53 Lacs (Previous Year Rs. 3,949.75 Lacs) represents loan taken from Bank of Baroda, London which is secured by charges mentioned in note 1 and 5 only.

8. Out of Total Term Loans taken from banks for Petrochem division, Rs. 3,125.50 Lacs. (Previous Year Nil) represents loan taken from State Bank of India, Tokyo Branch & Allahabad Bank, Hong Kong Branch which is to be secured by: A) joint mortgage on pari-passu first charge basis, by deposit of title deeds with SBI, CAG Branch, in respect of all the immovable properties of the Petrochem division, admeasuring approximately 45 acres situated at Mouza Basudevpur, JL No. 126, PS Durgachak & Mouza Paranchak, JL No. 145, PS Bhabanipur, Haldia, West Bengal together with all the buildings and structures thereon including fixed plant and machinery and fixtures and fittings permanently fastened to the earth or fastened to anything attached to the earth. B) Pari-passu first charge by way of hypothecation on all movable fixed assets of petrochem division for the new plant.

9. Secured by way of first pari-passu charge on certain Fixed Assets of the tea Division of the company (including Capital WIP & equitable mortgage on the tea estates) alongwith the working capital bankers, second charge on certain current assets of the Company's tea division and further by any other security as may be stipulated by the bank.

10. Secured by way of first charge on the immovable property of the Company viz. Land being no. IT15A within notified SEZ in JL No. 35 in Mouza Gangapur at KITP Basanti Highway, within the jurisdiction of Kolkata Leather Complex police station and to be secured by second charge on the fixed assets of the tea Division of the Company.

11. Secured by a first Hypothecation charge on the current assets of the company's tea division namely, stocks of raw materials, stock-in-process, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movables, both present and future wherever situated and equitable mortgage over the immovable properties by deposit of title deeds of tea estates and personal guarantee of the promoter director of the Company and to be secured by second pari-passu charge on the immovable property of the Company viz. Land being no. IT15A within notified SEZ in JL No. 35 in Mouza Gangapur at KITP Basanti Highway, within the jurisdiction of Kolkata Leather Complex police station.

12. Secured/to be secured by hypothecation of respective machines purchased their against.

(Rs. in Lacs)

	As at 31.03.2011		As at 31.03.2010	
Schedule 4 UNSECURED LOANS				
From Bank				
Fixed Deposits		3.18		6.28
Short Term Loans				
From Banks * #		3,342.08		6,357.66
From Body Corporates		–		20.00
Zero Percent Foreign Currency Convertible Bonds (Refer Note 5 of Schedule 18)		2,949.00		2,949.00
		6,294.26		**9,332.94**

Notes:

* Includes FCNR (B) loan of Rs. 842.08 Lacs (Previous Year - Rs. 857.66 Lacs)

Includes Rs. 1,342.08 Lacs (Previous Year Rs. 3,857.66 Lacs) taken against personal gurantee of the promoter-director of the Company.

Schedules forming part of the Consolidated Accounts

(Rs. in Lacs)

Schedule 5 DEFERRED TAXATION	As at 31.03.2011		As at 31.03.2010	
Liability				
Depreciation		6,752.68		6,651.88
Others		–		475.05
Less: Asset				
Unabsorbed Depreciation		–		3,187.74
Others		41.64		111.69
		6,711.04		3,827.50

Schedule 6 FIXED ASSETS

	Gross Block				Depreciation				Net Block	
	As at 1-Apr-10	Additions	Sale or Adjustment	As at 31-Mar-11	Upto 1-Apr-10	For the Year	Sale or Adjustment	Upto 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Freehold Land	505.74	1,560.28	–	2,066.02	–	–	–	–	2,066.02	505.74
Leasehold Land	750.84	113.34	–	864.18	53.42	8.66	–	62.08	802.10	697.42
Leasehold Land and Estate Development	10,396.96	9.22	–	10,406.18	7.62	–	–	7.62	10,398.56	10,389.34
Building/Non Factory Building	11,763.44	1,025.68	502.01	12,287.11	1,603.37	275.47	62.61	1,816.23	10,470.88	10,160.07
Plant & Machinery	45,935.56	6,701.01	1,139.23	51,497.34	15,477.20	2,505.54	452.33	17,530.41	33,966.93	30,458.36
Furniture & Fixture	380.12	67.02	3.05	444.09	151.45	20.40	0.87	170.98	273.11	228.67
Motor Vehicle	982.41	144.18	64.11	1,062.48	434.36	78.41	38.03	474.74	587.74	548.05
Intangibles (Other than internally generated):										
Technical Knowhow	2,268.44	–	–	2,268.44	1,559.68	226.84	–	1,786.52	481.92	708.76
Computer Software	69.91	0.01	0.01	69.91	65.09	0.54	–	65.63	4.28	4.81
	73,053.42	**9,620.74**	**1,708.41**	**80,965.75**	**19,352.19**	**3,115.86**	**553.84**	**21,914.21**	**59,051.54**	**53,701.23**
Previous Year	55,841.93	16,809.46	(402.03)	73,053.42	16,626.50	2,813.86	88.17	19,352.19	53,701.23	

Notes:

1. Quality Upgraded subsidy, Irrigation and Transport subsidy amounting to Rs. 14.40 Lacs (Previous Year: Rs. 9.47 Lacs) and Rs. Nil (Previous Year: Rs. 3.20 Lacs) and Rs. Nil (Previous Year: Rs. 1.35 Lacs) respectively received during the year under Tea Board Quality Upgraderation & Product Diversifiacation, Irrigation Subsidy Schemes and Plantation Development Scheme - creation of Transport Facility has been adjusted against the cost of the respective assets.
2. The Assam Government has acquired in total 793.05 hectares of land under the Assam Fixation of Ceiling on Land Holdings Act, 1956 and P.W.D. has acquired 4 hectares of land for construction of public road. Pending the receipt/finalisation of compensation money from the authorities in respect of the above acquisition, no adjustment in this regard has been made in these accounts.
3. Machinery (Gross Block) includes items acquired under Hire Purchase Scheme for Rs. Nil (Previous Year: Rs. 8.75 Lacs).
4. Sale or adjustment column include Gross Block and Accumulated Depreciation of assets written off worth Rs. 1.81 Lacs (Previous Year Rs. 31.56 Lacs) & Rs. 1.49 Lacs (Previous Year Rs. 29.67 Lacs) respectively.
5. Sale or adjustment column include Gross Block and Accumulated Depreciation of assets written off due to Fire worth Rs. 1,504.02 Lacs (Previous Year Nil) & Rs. 444.17 Lacs (Previous Year Nil) respectively for which necessary claim has been filed by Insurance Company. (Refer Note 6 of Schedule 18)
6. Amount of borrowing cost capitalised during the year Rs. 361.71 Lacs (Previous Year Rs. 94.59 Lacs)

Schedules forming part of the Consolidated Accounts

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
Schedule 7 INVESTMENTS		
Long Term Investments		
Government/Trust Securities - Unquoted	–	–
Investment in Associate Companies	–	–
Equity Shares - Quoted, fully paid up	5,973.67	8,000.63
Equity Shares - Unquoted, fully paid up	150.59	155.59
Mutual Funds	–	–
Current Investments		
Mutual Funds	–	–
	6,124.26	8,156.22
Schedule 8 INVENTORIES		
(Including those in Transit)		
Stores and Spares	1,983.25	2,073.82
Raw Materials	12,363.07	2,654.13
Finished Goods	3,679.44	2,727.42
Work in Progress	211.47	151.93
	18,237.23	7,607.30
Schedule 9 SUNDRY DEBTORS		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding six months	20.80	47.78
Other Debts	17,197.50	14,863.74
(Includes Rs. 13,962.92 Lacs, Previous Year Rs. 11,137.78 Lacs on account of bills discounted with banks)		
	17,218.30	14,911.52
Schedule 10 CASH AND BANK BALANCES		
Cash Balance on hand	23.95	24.58
Cheques/Drafts in hand	5.47	–
Balance with Scheduled Banks		
On Current Accounts		
Export Earners Foreign Currency Account	0.13	1.23
Others	1,566.52	2,880.16
On Deposit Accounts	24,401.76	20,572.16
On Cash Credit Accounts	36.25	337.89
(For Security refer note 1,3 & 4 in Schedule 3)		
Balance with Other Banks in Foreign Currency		
On Current Accounts	981.18	478.40
On Deposit Accounts	2,035.71	–
	29,050.97	24,294.42
Schedule 11 OTHER CURRENT ASSETS		
Interest Accrued on Deposits and Investments	134.43	23.14
Other Receivable	6.41	42.35
	140.84	65.49

Schedules forming part of the Consolidated Accounts

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 12 LOANS AND ADVANCES				
(Unsecured-considered good)				
Loans to Body Corporates and Others		92.00		92.00
Advances recoverable in cash or in kind or for value to be received (Refer Note 4 of Schedule 18)		22,433.32		10,929.63
Advance Tax (net of provision)		–		334.60
Deposits with Government Authorities and Others (Refer Note 5 of Schedule 18)		1,876.80		2,660.35
		24,402.12		**14,016.58**

Schedule 13 CURRENT LIABILITIES AND PROVISIONS				
A. Current Liabilities				
Sundry Creditors				
Micro & Small Enterprises		6.11		3.84
Others		32,527.45		17,803.40
Other Current Liabilities		4,297.18		5,203.87
Interest Accrued but not due on loans		62.76		42.47
		36,893.50		23,053.58
B. Provisions				
Provision for				
Proposed Dividend		1,576.48		1,401.31
Tax on Dividend		261.84		232.74
Retirement and Other Employee's Benefits		330.22		376.99
Taxation (Net of Advances)		944.86		–
		3,113.40		2,011.04
		40,006.90		**25,064.62**

(Rs. in Lacs)

		Year ended 31.03.2011		Year ended 31.03.2010
Schedule 14 OTHER INCOME				
Profit on Sale of Current Non Trade Investment		3.20		25.56
Profit on Sale of Long Term Non Trade Investment		1,926.73		142.41
Dividend Income from Long Term Non Trade Investment		119.92		59.69
Profit on sale of Fixed Assets		13.27		4.06
Foreign Exchange Gain		650.75		2,122.97
Interest Received on Deposits (Gross)		1,155.84		1,352.62
(Tax deducted at source Rs. 124.25 Lacs, Previous Year Rs. 212.92 Lacs)				
Interest Received on Loans,etc		9.10		13.17
(Tax deducted at source Rs. 0.99 Lacs, Previous Year Rs. 2.42 Lacs)				
Liability no longer required Written back		46.98		7.86
Export Incentives		3,485.59		1,124.67
Grants and Subsidies		76.89		92.83
Insurance Claim *		6,529.36		66.99
Miscellaneous Income		233.68		520.66
		14,251.31		**5,533.48**

* Refer Note 6 of Schedule 18

Schedules forming part of the Consolidated Accounts

(Rs. in Lacs)

	Year ended 31.03.2011		Year ended 31.03.2010	
Schedule 15 (INCREASE)/DECREASE IN STOCK				
Opening Stock				
Finished Goods		2,727.42		3,823.71
Work-in-Progress		151.93		109.12
		2,879.35		3,932.83
Closing Stock				
Finished Goods		3,679.44		2,727.42
Work-in-Progress		211.47		151.93
		3,890.91		2,879.35
Net (Increase)/Decrease in Stock		(1,011.56)		1,053.48

Schedule 16 MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31.03.2011		Year ended 31.03.2010	
Salaries, Wages and Bonus		4,320.42		3,496.80
Contribution to Provident and Other Funds		282.82		388.27
Workmen and Staff Welfare Expenses		375.60		366.41
Raw Material Consumed		1,11,795.15		78,592.41
Green Leaf Purchase		2,897.76		2,801.62
Power and Fuel		5,596.30		5,357.10
Consumption of Stores and Spare Parts		2,170.84		1,706.71
Rent		136.69		185.45
Rates and Taxes		149.99		123.86
Repairs and Maintenance				
Plant and Machinery	465.21		365.75	
Buildings	74.00		68.52	
Others	488.50	1,027.71	357.29	791.56
Insurance		249.13		210.91
Director's Fees		45.37		26.28
Excise Duty		52.71		(1.21)
Cess on Tea		148.56		129.82
Freight,delivery and shipping charges		6,264.30		4,712.27
Brokerage and Commission on sales		1,897.63		1,401.07
Assets Written off		0.32		1.89
Loss by Fire *		6,462.93		–
Bad Debts/Advances Written off		20.78		29.26
Others		2,772.52		2,901.76
		1,46,667.53		**1,03,222.24**

* Refer Note 6 of Schedule 18

Schedule 17 INTEREST AND FINANCE CHARGES

	Year ended 31.03.2011		Year ended 31.03.2010	
On Fixed Loan		757.68		754.97
On Others		1,831.23		1,575.51
		2,588.91		**2,330.48**

Schedules forming part of the Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. A. Principles of Consolidation

The Consolidated Financial Statements of the Company pertain to Dhunseri Petrochem & Tea Limited and its subsidiary, the details of which is given below:

Name of the Companies	Category	Country of Incorporation	Proportion of Ownership Interest
Egyptian Indian Polyester Company S.A.E.	Subsidiary	Egypt	70.00%

The reporting date of Egyptian Indian Polyester Company S.A.E. is 31st December 2010 which is three months prior to the reporting date of the Consolidated Accounts. The financial statements of Egyptian Indian Polyester Company S.A.E has been prepared and consolidated for financial year 2010-11.

The financial statements of the Company and its subsidiary company has been consolidated after translation as per Accounting Standard-11 notified under section 211(3C) of the Companies Act, 1956 as applicable to a non-integral foreign operation. Consolidation has been done on a line-by-line basis by adding together the book values of like items of assets and liabilities after eliminating inter-company transactions and balances and are presented to the extent possible, in the same manner as the Company's independent financial statements using the same accounting policies.

B. Significant accounting policies

(a) Basis for preparation of Accounts

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under section 211(3C) of the Companies Act,1956 and other relevant provisions of the said Act.

(b) Fixed Assets Amortisation and Depreciation

Tangible fixed assets other than those revalued are stated at cost less accumulated depreciation. In respect of revalued assets, depreciation on the amount added on revaluation is recouped from the Revaluation Reserve to the extent available and balance is charged to Profit and Loss Account.

Leasehold land is amortised over the period of lease. Depreciation on assets is provided using the straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 to charge off the cost of assets over their estimated useful lives.

With effect from 1st April 2007 computer and its accessories and mobile phones are written off over a period of 3 years and 2 years respectively as per straight line method. The changes have been made perceiving their useful life. Assets costing below Rs. 5,000/- each are fully depreciated in the year of addition.

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

Intangible asset is recognised if it is probable that future economic benefits will flow to the Company. Such asset is initially recognised at cost. Subsequent expenditure on such asset is recognised as expense when incurred unless it is probable that the expenditure will enhance its future economic benefits. Depreciable amount of an intangible asset is allocated on straight line method over the best estimate of its useful life as given below:

Computer software is amortised over 5 years.
Other Intangible assets are amortised over 10 years.

An impairment loss is recognised, where applicable, when the recoverable amount of an asset is less than its carrying amount.

(c) Investments

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provision is recorded to recognise, any decline, other than temporary, in the carrying value of such investment. Investment acquired in exchange of another is carried at a cost determined with reference to the fair value of investment given up.

Schedules forming part of the Consolidated Accounts

(d) Inventories

Inventories are valued at the lower of cost, computed on a weighted average basis, and estimated net realisable value. Provision is made for obsolescence wherever considered necessary. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(e) Employee Benefits

Contributions to Defined Contribution Provident Fund scheme (administered by Government) and Defined Contribution Pension Fund scheme (maintained by the company with Life Insurance Corporation of India, hereinafter referred to as "LICI") are made based on the current basic salary and are recognised in the Profit and Loss account on accrual basis. The Pension Fund scheme is applicable to certain employees only.

Contributions to the pension funds along with interest accumulated during the service period of such employee are utilised to buy pension annuity from the LICI.

The Company also provides for retirement benefits with defined benefits in the form of Gratuity. Based on actuarial valuation carried out every year by an independent actuary,the company makes annual contributions for part of Gratuity to a trust and Life Insurance Corporation of India (LICI) respectively. Balance liability remains unfunded.

The obligation for employee benefits, i.e., leave encashment is unfunded and calculated by an independent actuary at the year-end and provided for.

Actuarial gains and losses are recognised immediately in the statement of Profit and Loss account. Short term employee benefits are recognised as an expense in the Profit and Loss account of the year in which the related service is rendered.

(f) Foreign currency transactions

Transactions in foreign currency are recorded at daily exchange rates prevailing on the date of the transaction. Year end balances of foreign currency transactions is translated at the year end rates. Exchange differences arising on restatement or settlement is charged to Profit and Loss account.

The Company uses forward contracts to hedge its exposure to movements in foreign exchange rates. Forward Exchange Contracts are recorded at the contract rate. In respect of contracts covered by AS-11, exchange differences arising on the settlement of transactions or on reporting at the year end rates, are recognised as income or as expense in the period in which they arise. The premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

The foreign exchange losses, if any, arising on marking to market forward exchange contract entered to hedge the foreign currency risks of a firm commitment or a highly probable forecast transaction are provided for in the Profit and Loss account.

Exchange differences arising in translating the financial statements of the non-integral foreign operation for incorporation in the financial statements of the Company are accumulated in a foreign currency translation reserve in the enterprise's financial statements.

(g) Revenue recognition

Sale is recognised upon passing of title of goods to the customers and is net of trade discounts and excise duties, where applicable.

Other income, together with related tax credits & expenditure, are accounted for on accrual basis.

(h) Borrowing costs

Borrowing costs attributable to qualifying assets are capitalised upto the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

Schedules forming part of the Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(i) Taxes on income

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

Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets in respect of carried forward losses and/or unabsorbed depreciation are recognised only when it is virtually certain and in other cases where there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(j) Leases

Lease payments under operating lease are recognised as an expense in the Profit and Loss account.

(k) Grants and Subsidies

Quality Upgraded subsidy, Irrigation and Transport subsidy received during the year under Tea Board Quality Upgradation & Product Diversification, Irrigation Subsidy Schemes and Plantation Development Scheme - creation of Transport Facility has been adjusted against the cost of the respective assets.

Other subsidies are accounted for on accrual basis when the company is reasonably certain of its receipt.

(l) Provisions

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

(m) Use of Estimates

The preparation of financial statements requires use of estimates and assumptions to be made that affect the reported amounts of assets. Liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Difference between actual amount and estimates are recognised in the period in which the results are known/materialised.

2. Revaluation of Fixed Assets

a) All fixed asset except computers and furniture & fixtures located at eleven tea estates and nine factories in the state of Assam have been revalued by M/s S. R. Batliboi Consultants Pvt. Limited, Registered Valuer, on 1st April 2009, to Rs. 20,047.00 Lacs resulting in increase in net book value of assets by Rs. 16,250.00 Lacs which has been credited to the Revaluation Reserve.

Buildings, plant & machinery and vehicles are revalued at the Net Replacement Value method whereas freehold land and leasehold land & estate development are revalued at Plantation Value method.

b) Depreciation on revalued asset has been adjusted with the revaluation reserve to the extent available amounting to Rs. Nil (Previous Year Rs. 111.63 Lacs).

3. (i) Contingent liability for the Petrochem Division in respect of show cause notices received from the Custom and Service Tax Departments amounts to Rs. 166.74 Lacs (Previous Year Rs. 599.43 Lacs) which is being contested by the company. A part of the demand pertaining to interest and penalty is not quantifiable and the future cash flows if any cannot be determined at this stage.

Other contingent liabilities for the Tea Division not provided for in respect of certain possible obligations which may arise at a later date, with respect to:

a) obtaining renewal of lease of a tea estate from the Government.
b) a title suit pending in the district civil court over a certain portion of land.
c) claims that may arise in future towards post employment benefits of certain employees.

Liabilities in respect of the above are not ascertainable at this stage and the future cash flows on account of the above cannot be determined unless the judgement/decisions/demand are received from the appropriate forums.

(ii) Estimated amount of contracts remaining to be executed on capital account Rs. 50,852.53 Lacs. (Previous Year Rs. 1,019.24 Lacs).

Schedules forming part of the Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

4. Advances recoverable in cash or in kind or for value to be received under Loans and Advances includes amount due from:
   a. Firm in which Director of the company is partner is Rs. 1.49 Lacs (Previous Year: Rs. 1.25 Lacs). Maximum amount outstanding at any point of time during the year is Rs. 1.49 Lacs (Previous Year: Rs. 8.10 Lacs).
   b. Directors of the company Rs. Nil (Previous Year: Rs. 2.60 Lacs). Maximum amount outstanding at any point of time during the year is Rs. 2.60 Lacs (Previous Year: Rs. 2.60 Lacs).
   c. Private limited company in which Director of the company is director is Rs. 0.39 Lacs (Previous Year: Rs. 0.75 Lacs). Maximum amount outstanding at any point of time during the year is Rs. 1.76 Lacs (Previous Year: Rs. 0.75 Lacs).
5. Deposits with Govt. Authorities and others include Rs. 127.50 Lacs (Previous Year: Rs. 127.50 Lacs) being deposit for use of office space with parking, with a private limited company in which Directors of the Company are interested as Director.
6. A major fire broke out in the raw material store at the Company's Haldia plant on 14.03.2011 leading to destruction/damage of certain fixed assets, spares & raw materials. The impact of all related losses for fixed assets, raw materials & spares damaged/destroyed due to fire have been duly accounted for amounting to Rs. 6,462.93 Lacs under respective heads during the year. The items damaged were adequately insured so the amount of Rs. 6,462.93 Lacs towards the loss as stated above has been recognised as income under the head "Other Income" and the insurance claim for the same has been submitted to the insurance company, which is under their consideration. The Insurance Policy is in full force. The Company was also having Loss of Profits (LOP) policy on account of fire to cover the loss suffered during the period of disruption in the operation of the plant for which claim will be lodged at a later date.
7. Employee Benefit Obligation

   Contribution for Defined Contribution Plan amounting to Rs. 273.65 Lacs (Previous Year: Rs. 248.97 Lacs) has been recognised as an expense and included in Schedule 16 "Contribution to Provident Fund and Other Funds" in the Profit & Loss Account.

   Disclosure relating to Gratuity and Leave Encashment

   I. Gratuity

(Rs. in Lacs)

	Funded 31.03.2011	Funded 31.03.2010	Unfunded 31.03.2011	Unfunded 31.03.2010
a) Expense recognised in the statement of Profit & Loss Account for the year ended 31st March 2011				
Current Service Cost	56.74	57.72	11.03	8.15
Interest Cost	79.34	73.55	3.85	2.05
Expected return on plan assets	(63.54)	(54.31)	–	–
Net actuarial (gain)/loss recognised during the year	(63.37)	61.19	25.73	17.67
Total Expense recognised in the statement of Profit & Loss Account	9.17	138.15	40.61	27.87

(Rs. in Lacs)

	Funded 31.03.2011	Funded 31.03.2010	Funded 31.03.2009	Funded 31.03.2008	Unfunded 31.03.2011	Unfunded 31.03.2010	Unfunded 31.03.2009	Unfunded 31.03.2008
b) Net(Asset)/Liability recognised in the Balance Sheet as at 31st March 2011								
Present Value of the Defined Benefit Obligation	981.69	1,001.24	837.51	791.46	82.11	51.80	26.77	18.53
Fair value of Plan assets	848.18	740.55	617.32	613.81	–	–	–	–
Net(Asset)/Liability recognised in the Balance Sheet	133.51	260.69	220.19	177.65	82.11	51.80	26.77	18.53

Schedules forming part of the Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

	Funded 31.03.2011	Funded 31.03.2010	Unfunded 31.03.2011	Unfunded 31.03.2010
c) Actual return on plan assets				
Expected return of Plan Assets	63.54	54.31	–	–
Actuarial gain/(loss) on plan assets	(25.69)	33.42	–	–
Actual Return on Plan Assets	**37.85**	**87.73**	–	–
d) Change in Defined Benefit Obligation during the Year ended 31st March 2011				
Present value of Defined Benefit Obligation as at 1st April 2010	1,001.24	837.51	51.80	26.77
Current Service Cost	56.74	57.72	11.03	8.16
Interest Cost	79.34	73.55	3.85	2.05
Benefits Paid	(66.09)	(62.15)	(10.30)	(2.85)
Actuarial (gain)/loss on Obligation	(89.05)	94.61	25.73	17.67
Present value of Defined Benefit Obligation as at 31st March 2011	**982.18**	**1,001.24**	**82.11**	**51.80**
e) Change in Fair Value of Assets during the year 31st March 2011				
Fair Value of Plan Assets as at 1st April 2010	740.55	617.32	–	–
Expected Return on Plan Assets	63.54	54.31	–	–
Contributions Made	135.56	97.65	–	–
Benefits Paid	(66.09)	(62.15)	-	–
Actuarial gain/(loss) on Plan Assets	(25.69)	33.42	–	–
Fair value of Plan Assets as at 31st March 2011	**847.87**	**740.55**	–	–

f) Contribution expected to be paid to the plan during the period 2011-12 is Rs. 82.64 Lacs

	Funded 31.03.2011	Funded 31.03.2010	Funded 31.03.2009	Funded 31.03.2008	Unfunded 31.03.2011	Unfunded 31.03.2010	Unfunded 31.03.2009	Unfunded 31.03.2008
g) Experience adjustments								
Defined Benefit Obligation as at 31st March 2011	982.18	1,001.24	837.51	791.45	(82.11)	(51.80)	(26.77)	(18.53)
Fair value of Plan Assets	847.87	740.55	617.32	613.81	–	–	–	–
Status Surplus/(Deficit)	(134.31)	(260.69)	(220.19)	(177.64)	(82.11)	(51.80)	(26.77)	(18.53)
Experience adjustments on Plan Liabilities (Gain)/Loss	89.05	94.61	(1.61)	(133.34)	(10.16)	(18.52)	2.66	(1.64)
Experience adjustments on Plan Assets Gain/(Loss)	26.74	33.42	(16.54)	(4.37)	–	–	–	–
Actuarial (Gain)/Loss due to change on Assumptions	–	–	–	–	(15.57)	0.85	1.85	(0.32)

II. Leave Encashment – Unfunded

(Rs. in Lacs)

	31.03.2011	31.03.2010
a) Expense recognised in the statement of Profit & Loss Account for the year ended 31st March 2011 *		
Current Service Cost	4.72	6.44
Interest Cost	4.82	4.57
Net actuarial (gain)/loss recognised during the year	56.84	4.99
Total Expense recognised in the statement of Profit & Loss Account	66.38	16.00

* Included in Schedule 16 under "Salaries, Wages and Bonus"

Schedules forming part of the Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

	31.03.2011	31.03.2010	31.03.2009	31.03.2008
b) Change in Defined Benefit Obligation during the Year ended 31st March 2011				
Present value of Defined Benefit Obligation as at 1st April 2010	65.66	65.09	78.09	61.13
Current Service Cost	4.72	6.44	10.13	6.02
Interest Cost	4.82	4.57	5.11	4.55
Plan Amendments	–	–	1.54	–
Actuarial (Gains)/Loss	56.93	4.99	8.86	9.95
Benefits payment	(17.53)	(15.43)	(38.64)	(10.86)
Present value of Defined Benefit Obligation as at 31st March 2011 recognised in the Balance Sheet	114.60	65.66	65.09	70.79

c) Contribution expected to be paid to the plan during the period 2011-12 is Rs. 70.37 Lacs

	31.03.2011	31.03.2010	31.03.2009	31.03.2008
d) Experience adjustments				
Defined Benefit Obligation as at 31st March 2011	(114.60)	(65.66)	(65.09)	(70.79)
Fair value of Plan Assets	–	–	–	–
Status Surplus/(Deficit)	(114.60)	(65.66)	(65.09)	(70.79)
Experience adjustments on Plan Liabilities (Gain)/Loss	(33.93)	(5.74)	6.06	10.47
Experience adjustments on Plan Assets Gain/(Loss)	–	–	–	–
Actuarial (Gain)/Loss due to change on Assumptions	(18.93)	0.75	2.80	(0.52)

Major Categories of Plan Assets as a percentage of total plans at 31st March 2011

Particulars	31.03.2011	31.03.2010
Investment with Private Insurance Companies	40.01%	39.80%
Administered by Life Insurance Corporation of India	29.36%	23.70%
Special Deposit and Bonds	13.52%	15.89%
Others Including Bank Balance	17.11%	20.61%
	100.00%	100.00%

Actuarial Assumptions

Particulars	Gratuity		Leave Encashment	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Mortality Table	LICI-1994-1996	LICI-1994-1996	–	–
Discount rate	8.00% & 8.25%	8.00%	8.00% & 8.25%	8.00%
Salary Escalation rate	5.00% & 7.00%	5.00%	5.00% & 7.00%	5.00%
Expected Return on Plan Assets	8.00%	8.00%	–	–

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risk of asset management and other relevant factors.

The present value obligation for gratuity and leave encashment has been determined based on actuarial valuation using the Projected Unit Credit Method.

This being the fourth year of implementation of AS 15 (Revised 2005), figures of immediately preceding three years has only been given.

Schedules forming part of the Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

8. Segment reporting:

Primary Reporting Segment-Business Segment

(Rs. in Lacs)

Particulars	2010-11				2009-10			
	Polyester Chips	Tea	Unallocated	Total Enterprise	Polyester Chips	Tea	Unallocated	Total Enterprise
Segment Revenue-Sales to External Customers	1,41,909.36	13,750.06	–	1,55,659.42	1,01,035.08	12,975.34	–	1,14,010.42
Segment Result	13,734.59	2,706.29	2,109.11	18,549.99	4,729.40	2,679.91	2,739.76	10,149.07
Total carrying amount of Segment Assets	89,847.54	28,232.49	40,971.15	1,59,051.18	51,527.03	22,571.79	53,010.50	1,27,109.32
Total amount of Segment Liabilities	33,127.99	3,990.44	1,21,932.75	1,59,051.18	18,911.64	5,091.18	1,03,106.49	1,27,109.32
Total cost incurred during the period to acquire segment assets	6,479.21	3,610.89	–	10,090.10	3,420.76	889.35	–	4,310.11
Total amount of depreciation and amortisation	2,524.63	591.24	–	3,115.86	2,350.90	437.73	–	2,788.63
Total amount of significant non-cash expenses	–	–	–	–	–	–	–	–

Secondary Segment - Geographical Segment

(Rs. in Lacs)

Particulars	2010-11				2009-10			
	Export	Domestic	Unallocated	Total	Export	Domestic	Unallocated	Total
Segment Revenue-Sales to External Customers	51,755.01	103,904.40	–	155,659.42	40,162.67	73,847.75	–	114,010.42
Segment Assets	9,488.22	8,837.14	140,725.82	159,051.18	8,641.63	5,520.73	112,946.96	127,109.32
Total cost incurred during the period to acquire segment assets	–	–	–	–	–	–	4,310.11	4,310.11

The Company has considered business segment as the primary segment for disclosure. The components of these business segments are Polyester Chips and Tea.

The segment wise revenue, assets and liabilities relate to the respective amounts directly identifiable to each of the segments.

The geographical segments are organised as Domestic and Exports, based on location of customers.

9. Basic and Diluted Earnings Per Share

(Rs. in Lacs)

Particulars	2010-11	2009-10
a) Earnings Basic (Rs. in Lacs)	12,127.96	7,697.62
b) Adjustments for Dilutive Earnings net of tax	–	–
c) Earnings Diluted (Rs. in Lacs)	12,127.96	7,697.62
d) Weighted Average number of Ordinary Shares outstanding	3,50,24,754	3,50,24,754
e) Adjustment for Potential Ordinary Shares *	17,33,686	37,02,800
f) Weighted Average number of Ordinary shares in computing Diluted Earnings Per Share.	3,67,58,440	3,87,27,554
- Basic (a/d)(in Rs.)	34.63	21.98
- Diluted (c/f)(In Rs.)	32.99	19.88

* As per agreement of Zero Percent Unsecured Foreign Currency Convertible Bonds (FCCB) the bond holders have an option to convert these bonds into equity shares at a minimum price of Rs. 170.10 per share which has been taken as fair value for the purpose of calculating Diluted EPS.

Schedules forming part of the Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

10. Disclosure of related parties and related party transactions:
Names of related parties and description of relationship:
A. Group Companies:
1 Madhuting Tea Private Limited
2 Naga Dhunseri Group Ltd.
3 Trimplex Investment Private Limited
4 Mint Investments Limited
5 Plenty Valley Intra Limited
6 Dhunseri Investments Ltd (formerly DI Marketing Ltd)

B. Key Management Personnel
7 Mr. C. K. Dhanuka (Executive Chairman)
8 Mr. M. Dhanuka (Vice Chairman & Executive Director)
9 Mr. B. Chattopadhyay (Executive Director & CEO)
10 Mr. B. K. Biyani (Executive Director, Corporate)

Disclosures of Related Party Transactions/Balances *(Rs. in Lacs)*

Nature of Transactions/Balances	2010-11	2009-10
A. Group Companies:		
Trimplex Investments Private Limited		
- Rent and Service Charges	65.06	69.36
- Security Deposits	127.50	127.50
- Investment in Shares	–	2.50
- Refund of Security Deposits	–	17.60
Naga Dhunseri Group Ltd.		
- Purchase of Fixed Assets	–	0.91
- Rent Paid	27.00	27.04
Mint Investments Limited		
- Services Received	24.15	24.71
- Investment in Shares	–	2.46
- Receivable/(Payable)	(1,356.53)	(2,044.18)
Madhuting Tea Pvt. Ltd		
- Purchase of goods	0.61	0.15
- Sales of goods	1.01	0.99
- Receivable/(Payable)	0.39	0.75
Plenty Valley Intra Ltd		
- Receivable/(Payable)	(827.50)	(827.50)
Dhunseri Investments Ltd		
- Receivable/(Payable)	(6.89)	1,998.69
- Rent and Service Charges	67.30	–
- Reimbursement of Expenses	13.94	51.26
- Investment in Shares	–	5.00
- Sale of Fixed Assets	3.96	–
B. Key Management Personnel		
Mr. C. K. Dhanuka		
- Remuneration	317.96	121.52
- Rent Received	0.60	0.60
- Receivable/(Payable)	(325.00)	(121.35)
Mr. M. Dhanuka		
- Remuneration	57.32	54.09
- Rent Received	0.60	0.60
- Receivable/(Payable)	(25.00)	(24.70)
Mr. B. Chattopadhyay		
- Remuneration	58.31	56.94
Mr. B. K. Biyani		
- Remuneration	53.37	53.25

Schedules forming part of the Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) as at 31st March 2011. The disclosure pursuant to the said Act is as under:

(Rs. in Lacs)

Sl. No.	Particulars	2010-11	2009-10
(i)	Principal amount remaining unpaid to any supplier as at the end of the year	6.11	1.59
	Interest remaining unpaid to any supplier as at the end of the year	2.24	2.24
(ii)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–
	Amount of the payment made to the suppliers beyond the appointed day during the year;	–	22.74
(iii)	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–
(iv)	Amount of interest accrued and remaining unpaid at the end of the year	–	0.52
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	2.24	2.24

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

12. Lease Obligation

Operating Lease:

The company has taken various office premises under operating lease having tenures of 11 months/5 years. There is no specific obligation for renewal of these agreements. Lease rent for the year amounts to Rs. 91.58 Lacs (Previous Year Rs. 72.31 Lacs).

Apart from above the company has taken a motor vehicle on non-cancelable operating lease and lease rent amounting to Rs. 6.92 Lacs (Previous Year Rs. 6.92 Lacs) has been charged to Profit and Loss account. The future minimum lease payments as on 31.03.11 are as under:

(Rs. in Lacs)

Particulars	2010-11	2009-10
Not later than one year	5.76	6.92
Later than one year and not later than five years	–	5.76
Later than five years	–	–

13. Other Liabilities include Rs. 2,184.03 Lacs (Previous Year: Rs. 3,782.03 Lacs) on account of purchase of 131.95 Lacs (Previous Year: 228.52 Lacs) Equity Shares of South Asian Petrochem Ltd. from certain group companies (sellers) whereby the purchase consideration is payable within five years from the purchase date (i.e., 31st March 2008) at the option of the sellers, either in cash or by converting the consideration into Equity Shares of the company at a value to be determined by an independent Chartered Accountant and as per SEBI Guidelines.

14. Previous Year's figures have been rearranged/regrouped wherever necessary.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

Prabal Kr. Sarkar
Partner
Membership No: 52340

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Consolidated Cash Flow Statement for the year ended 31st March 2011

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	18,549.99	10,149.07
Adjustments for:		
Interest Income	(1,164.94)	(1,365.79)
(Profit)/Loss on sale of assets	(13.27)	(4.06)
Dividend income	(119.92)	(59.69)
(Profit)/Loss on investments (net)	(1,929.93)	(167.97)
Interest and finance charges	2,588.91	2,330.48
Depreciation and Amortisation	3,115.86	2,788.63
Advances/deposit Written off	20.78	29.26
Assets Written off	0.32	1.89
Liabilities no longer required Written back	(46.98)	(7.86)
Insurance claim	(6,462.93)	–
Loss by Fire	6,462.93	–
Foreign Exchange Loss (Gain)	(650.75)	(2,122.97)
Operating Profit before Working Capital Changes	20,350.07	11,570.99
Adjustments for:		
Trade and other receivables	(8,972.76)	843.22
Inventories	(16,033.02)	1,582.04
Trade payables and other liabilities	18,233.41	188.81
Foreign Exchange Gain (Loss)	135.02	23.37
Cash generated from operations	13,712.72	14,208.43
Direct Taxes (Paid)/Received	(2,418.18)	(1,537.16)
Net Cash from Operating Activities	11,294.54	12,671.27
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,446.82)	(3,912.10)
Sale of fixed assets	107.67	38.86
Purchase of investments	(15,324.69)	(16,768.82)
Increase in capital work in progress	(4,640.43)	–
Investment in subsidiaries	–	(5.00)
Sale of investments	19,281.58	14,261.15
Refund of loans/deposits made with bodies corporate & others	1,086.38	100.00
Dividend received	119.92	59.69
Interest received	1,053.67	1,400.42
Cash and Cash Equivalents acquired pursuant to the Scheme of Arrangement	–	1.19
Net Cash from Investing Activities	(3,762.72)	(4,824.61)

Consolidated Cash Flow Statement (Contd.) for the year ended 31st March 2011

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	9,855.19	6,846.61
Repayment of borrowings	(9,734.22)	(10,924.65)
Foreign Exchange Gain (Loss)	(0.29)	333.76
FCCB Buyback	–	(4,915.00)
Proceeds from Minority Holdings	2,829.38	–
Payments of Short Term Borrowings	(1,586.66)	(3,083.17)
Dividend paid	(1,633.73)	(1,383.81)
Interest paid	(2,504.94)	(2,442.25)
Net Cash used in Financing Activities	**(2,775.27)**	**(15,568.51)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**4,756.55**	**(7,721.85)**
Cash and Cash Equivalents (opening Balance)	24,294.42	32,016.27
Cash and Cash Equivalents (closing Balance)	29,050.97	24,294.42

Notes:

1 Cash and Cash Equivalents represents cash and bank balances only.

2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.

3 Closing Cash and Cash Equivalents includes foreign exchange loss of Rs. 41.12 Lacs (Previous Year Rs. 105.44 Lacs)

4 Previous Year's figures have been regrouped/rearranged wherever necessary.

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

For and on behalf of the Board

C. K. Dhanuka
Executive Chairman

M. Dhanuka
Vice Chairman & Executive Director

B. Chattopadhyay
Executive Director & CEO

B. K. Biyani
Executive Director (Corporate)

Prabal Kr. Sarkar
Partner
Membership No: 52340

J. P. Kundra
Director

R. K. Sharma
Sr. V.P. (Finance) & CFO

K. V. Balan
Company Secretary & Compliance Officer

Place: Kolkata
Date: 24th May 2011

Corporate information
(as on 24th May 2011)

BOARD OF DIRECTORS:

P. K. Khaitan

J. P. Kundra

Dr. B. Sen

B. Bajoria

Y. F. Lombard

A. Bagaria

R. N. Bhardwaj

S. K. Pai
(Nominee of IDBI Bank Ltd)

EXECUTIVE CHAIRMAN

C. K. Dhanuka

VICE CHAIRMAN & EXECUTIVE DIRECTOR

M. Dhanuka

EXECUTIVE DIRECTOR & CEO

B. Chattopadhyay

EXECUTIVE DIRECTOR (CORPORATE)

B. K. Biyani

SENIOR VICE PRESIDENT (COO-TEA DIVISION)

P. C. Dhandhania

SENIOR VICE PRESIDENT (FINANCE) & CFO

R. K. Sharma

SENIOR VICE PRESIDENT (IT SEZ)

K. K. Tibrewalla

COMPANY SECRETARY & COMPLIANCE OFFICER

K. V. Balan

AUDITORS

Lovelock & Lewes

Chartered Accountant

BANKERS & FINANCIAL INSTITUTIONS

Allahabad Bank

Bank of Baroda

Bank of India

Canara Bank

Deutsche Bank

Development Credit Bank

Export-Import Bank of India

ICICI Bank Limited

IDBI Bank Limited

International Finance Corporation, Washington

Punjab National Bank

State Bank of India

State Bank of Travancore

Syndicate Bank

United Bank of India

REGISTERED OFFICE

"Dhunseri House",4A, Woodburn Park, Kolkata -700020.

PET RESIN PLANT

Unit I: JL-126, Mouza- Basudevpur, Haldia, District:
Midnapore (East), Pin - 721 602, West Bengal.

Unit II: JL-126, Mouza - Basudevpur, PS Durgachak &
JL-145 Mouza - Paranchak, PS Bhabanipur,
Haldia, District: Midnapore (East), Pin - 721 602, West Bengal.

TEA ESTATES/FACTORIES

Bahadur Tea Estate, P.O. Tinsukia, Assam, Pin: 786 125

Bahipookri Tea Estate, P.O. Mazbat, Assam, Pin: 784 507

Bettybari Tea Estate, P.O. Mazbat, Assam, Pin: 784 507

Dhunseri Tea Estate, P.O. Mazbat, Assam, Pin: 784 507

Dilli Tea Estate, P.O. Parbatpur, Assam, Pin: 786 623

Hatijan Tea Estate, P.O. Hoogrijan, Assam, Pin: 786 601

Khagorijan Tea Estate, P.O. Sepekhati, Assam, Pin: 786 592

Khetojan Tea Estate, P.O. Tinsukia, Assam, Pin: 786 125

Namsang Tea Estate, P.O. Jeypore, Assam, Pin: 786 614

Orang Tea Estate, P.O. Mazbat, Assam, Pin: 784 507

Santi Tea Estate, P.O. Hoogrijan, Assam, Pin: 786 601

Primax Tea Factory, P.O. Borhapjan, Assam Pin: 786 150

Sonaguri Tea Factory, P.O. Letekujan, Assam Pin: 785 613

Shreemoni Tea Factory, P.O. Tingkhong, Assam Pin: 786 612

Sona Assam Tea Factory, P.O. Makum Junction, Assam Pin: 786 170

SUBSIDIARY COMPANIES

Egyptian Indian Polyester Company S.A.E (EIPET),
10, Nehru Street, Behind Merryland Park,
Heliopolis Cairo - 11341, Egypt

Dowamara Tea Company Private Ltd. (DTCPL),
Kakopath Road, Vill: Rangajan, P.O. Rupaisiding, Assam Pin: 786 153

REGISTRARS AND SHARE TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd
6, Mangoe Lane, 2nd floor, Kolkata - 700 001

Dhunseri

Dhunseri Petrochem & Tea Limited

www.dhunseritea.com | www.aspetindia.com

Dhunseri

Dhunseri Petrochem & Tea Limited

Dhunseri House, 4A, Woodburn Park, Kolkata - 700 020

Notice

NOTICE is hereby given that the 95th Annual General Meeting of the members of the Company will be held at "Kala Kunj", Sangit Kala Mandir Trust, 48, Shakespeare Sarani, Kolkata-700017 on Thursday, 4th August 2011, at 10.30 A.M. to conduct the following business:

ORDINARY BUSINESS

1 To consider and adopt the Balance Sheet as at 31st March 2011, Profit & Loss Account for the period ended 31st March 2011 and the Cash Flow Statement for the period ended 31st March 2011 and the Reports of the Directors and Auditors' thereon.

2 To declare dividend

3 To elect a Director in place of Dr. Basudeb Sen, who retires by rotation and being eligible offers himself for re-appointment.

4 To elect a Director in place of Mr. Brijesh Kumar Biyani, who retires by rotation and being eligible offers himself for re-appointment.

5 To elect a Director in place of Mr. Bharat Bajoria, who retires by rotation and being eligible offers himself for re-appointment.

6 **Re-appointment of Statutory Auditors**

To re- appoint, M/s. Lovelock & Lewes, Chartered Accountants, (Regn. No. 301056E) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration as may be agreed upon between the Board of Directors of the Company and the said M/s. Lovelock & Lewes.

Regd Office:
'Dhunseri House'
4A, Woodburn Park,
Kolkata - 700 020

Dated: 24th May 2011

By Order of the Board
For **Dhunseri Petrochem & Tea Ltd.**

K. V. Balan
Company Secretary & Compliance Officer

NOTES:

1 As per Clause 49 of the listing agreement with the Stock Exchanges, the brief resume, functional expertise of the directors proposed for reappointment or appointment are furnished below.

2 **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.**

3 The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd July 2011 to 4th August 2011 (both days inclusive).

4 Subject to the provisions of Section 206A of the Companies Act, 1956, dividend, if any, that may be declared at the Annual General Meeting will be paid on or after 4th August 2011:

a) to those members whose names appear in the Register of Members of the Company as on 4th August 2011 after giving effect to all valid share transfers in physical form lodged with the Company before 22nd July 2011.

b) in respect of shares held in electronic form, to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL), at the end of business hours on 21st July 2011.

5 National Electronic Clearing Service (NECS) facility for payment of dividend

The Company, with respect to payment of dividend, provides the facility of NECS to shareholders.

6 For effecting changes in address/bank details/NECS (National Electronic Clearing Service) mandate, members are requested to notify:

(i) the R&T Agent of the Company, viz. Maheshwari Datamatics

Private Ltd., if shares are held in physical form, and

(ii) their respective Depository Participant (DP), if shares are held in electronic form.

7 Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the **Investor Education and Protection Fund** (the IEPF) established by the Central Government. Accordingly, the unclaimed dividend(s) for the relevant year(s) on becoming due for transfer will be duly transferred to the said fund.

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

Members who have not encashed their unclaimed/unpaid dividend warrants, if any, for the years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 are requested to send the same to the Company Secretary of the Company at their earliest, for payment in lieu thereof.

8 The Annual Report of the Company for the year 2010-11 circulated to the members of Company will also be made available on the Company's website www.dhunseritea.com.

9 Shareholders seeking any information with regard to Accounts may write to the Company 10 days in advance to enable the Company to readily provide the desired details at the Annual General Meeting.

10 Members are requested to bring their copy of the Annual Report at the Meeting and produce the enclosed attendance slip at the entrance to the place of the meeting.

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to give the following information and register the same with Maheswari Datamatics Pvt. Limited at 6, Mangoe Lane, 2nd Floor, Kolkata-700 001 to convey their consent to the Company for receiving communication from the Company including Annual Report among others, through electronic mail/to receive dividend by credit to their bank account through NECS. This will help the Company in servicing the shareholders.

Registration of E-mail ID and NECS Mandates

Name of Sole/1st Holder:	
Folio No.:	No. of shares held:
Email ID:	
Name of Bank:	Branch name:
Bank Address:	
Account Number:	
9 digit MICR Code in Cheque:	
Account Type(Please √ as appropriate): ☐ 10-Saving	☐ 11-Current ☐ 13- Cash Credit

Note: For registration of NECS mandate, please enclose a blank cancelled cheque or photocopy of cheque

Annexure to the Notice

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Profile of Directors who are being newly appointed or re-appointed:

Dr. B. Sen

Dr. Basudeb Sen is an MA in economics and is a Ph.D from Indian Statistical Institute. He has over three decades' executive experience in commercial banking, development banking and investment management organizations, handling functions across various disciplines such as strategic planning, management information, economy and capital market research, fund management, investments, project appraisal, market research, accounting, internal audit and human resources management. He was Chairman, Industrial Investment Bank of India, Kolkata, Executive Director, Unit Trust of India, General Manager, Industrial Development Bank of India, Corporate Planning Manager, Coal India Limited, Kolkata. Dr. Basudeb Sen holds NIL shares in the Company. The Directorships and Memberships of Board Committees of Dr. Basudeb Sen as on 31st March 2011 are as follows:

Sl. No.	Name of the Company	Nature of Office
1	Dhunseri Petrochem & Tea Ltd	Director Member-Audit Committee Member –Shareholder's Grievance Committee Chairman – Remuneration Committee
2	ITC Limited	Director Member –Investor Services Committee Member – Compensation Committee
3	Gujrat NRE Coke Limited	Director Member-Audit Committee Member –Investor Grievance Committee Member – Remuneration Committee/ Compensation Committee
4	Srei Venture Capital Ltd	Director Member – Remuneration Committee
5	Sumedha Fiscal Services Ltd	Director
6	Mahanagar Gas Limited	Director Chairman -Audit Committee Member – Remuneration Committee
7	Himadri Chemical & Industries Limited	Director

Dr. Basudeb Sen, Director is not related to any other director of the Company as per Section 6 of the Companies Act, 1956.

Mr. B.K. Biyani

Mr Brijesh Kumar Biyani born on 21st January 1952 is a post graduate diploma in Industrial Engineering from National Productivity Council, Chennai. He is also a qualified B.Tech (Hons) in Chemical Engineering from IIT, Kharagpur. He has been the Managing Director of Sicpa India Ltd. He has also worked in various positions in the Usha Martin Group at Ranchi and Kolkata. He has been the Managing Director of Usha Beltron Ltd. His association with BOC (India) Ltd, formerly known as IOL Limited is also worth mentioning. He has also worked with S B Billimoria & Co and National Productivity Council. Mr. B. K. Biyani holds 2,404 shares in the Company. The Directorships and Memberships of Board Committees of Mr. B.K.Biyani as on 31st March 2011 are as follows:

Sl. No.	Name of the Company	Nature of Office
1	Dhunseri Petrochem & Tea Ltd	Executive Director (Corporate)
2	Ma Foi Consulting Solutions Ltd	Director
3	Rice Lake Weighing Systems India Ltd	Director
4	Egyptian Indian Polyester Co S.A.E.	Director
5	Dhunseri Investments Ltd	Director
6	Madhuting Tea Pvt. Ltd	Director

Mr. B.K.Biyani, Executive Director (Corporate) is not related to any other director of the Company as per Section 6 of the Companies Act, 1956.

Mr. B. Bajoria

Mr. Bharat Bajoria is associated with Tea Industry since 1975 and during this period has gathered considerable experience in all aspects of Tea Plantation business. He is the Managing Director of Teesta Valley Tea Co. Ltd and The Bormah Jan Tea Co. (1936) Ltd. As a leader of the Indian Tea Industry, Mr. B. Bajoria held in the past, the position of Chairman of Indian Tea Association and Consultative Committee of Plantation Association. He was also the Chairman of Darjeeling Planters Association. He is a Member of Indian Chamber of Commerce. Mr. B. Bajoria holds NIL shares in the Company. The Directorships and Memberships of Board Committees of Mr. B. Bajoria as on 31st March 2011 are as follows:

Sl. No.	Name of the Company	Nature of Office
1	Dhunseri Petrochem & Tea Ltd	Director Member-Audit Committee
2	Banarhat Investment Co. Pvt. Ltd	Director
3	The Bormah Jan Tea Co. (1936) Ltd	Director
4	Birdie Trading Pvt. Ltd	Director
5	Teesta Valley Tea Co. Ltd	Director
6	Teesta Valley Exports Ltd	Director
7	Mcleod & Co. Ltd	Director
8	Speedways International Pvt. Ltd	Director
9	Trishul Co. Pvt. Ltd	Director
10	Mcleod Russel India Ltd	Director Member – Audit Committee Member – Shareholder/Investor's Grievance Committee Chairman – Remuneration Committee
11	Globe (India) Ltd	Director
12	The Budge Budge Investment Co. Pvt. Ltd	Director
13	Williamson Magor & Co. Ltd	Director

Mr. B. Bajoria, Director is not related to any other director of the Company as per Section 6 of the Companies Act, 1956.

Dhunseri Petrochem & Tea Limited

Regd. Office: “Dhunseri House”, 4A, Woodburn Park, Kolkata – 700 020

ATTENDANCE SLIP

I hereby record my presence at the Ninety- Fifth Annual General Meeting of the Company held on Thursday, 4th August 2011 at 10.30 a.m. at Kala Kunj, 48, Shakespeare Sarani, Kolkata-700017 and at any adjournment thereof.

Date: ____________________ Signature ____

IMPORTANT : This attendance slip should be signed and handed over at the entrance of the Meeting Hall.

* Applicable for Members holding shares in dematerialised form.

Dhunseri Petrochem & Tea Limited

Regd. Office: “Dhunseri House”, 4A, Woodburn Park, Kolkata – 700 020

PROXY FORM

Ledger Folio No. ____________________________ D.P. ID*______________________________

No. of Shares held __________________________ Client ID*____________________________

I/We ____ of

________________________________ being a member of DHUNSERI PETROCHEM & TEA LIMITED

hereby appoint Mr./Mrs./Miss ____of

____(or failing him/her,

Mr./Mrs./Miss ____of

____) as my/our proxy to vote for me/us and on my/our behalf at the Ninety- Fifth Annual General Meeting of the Company to be held on Thursday, 4th August 2011 at 10.30 a.m. at Kala Kunj, 48, Shakespeare Sarani, Kolkata-700017 and at any adjournment thereof.

Signed this __________ day of _________, 2011

Affix
Re. 1/-
Revenue
Stamp

Signature of Member __________________ Signature of Proxy________________________

Note: This proxy must be deposited at the Registered Office of the Company at “Dhunseri House” 4A, Woodburn Park, Kolkata – 700 020 not less than forty eight hours before the time for holding the meeting.

* Applicable for Members holding shares in dematerialised form.