



ASSAM COMPANY LIMITED

Member : Duncan Macneill Group, U.K.

BOARD OF DIRECTORS

Dr. K. K. Jajodia, *Chairman*

Mr. A. K. Jajodia, *Managing Director & CEO*

Mr. Amir Ahsan, *Whole-time Director*

Mr. B. P. Kanodia

Mr. Santosh Bhagat

Mr. Pintu Kr. Agarwalla

Chief Financial Officer

Mr. Abhay Chawdhry

Company Secretary

Mr. Arup Kumar Roy

Auditors

Lovelock & Lewes, Kolkata

Bankers

Allahabad Bank, Kolkata

Bank of Baroda, Kolkata

State Bank of Bikaner & Jaipur, Kolkata

State Bank of Hyderabad, Kolkata

Oriental Bank of Commerce, Kolkata

Solicitors

M/s. Khaitan & Co., Kolkata

Mr. R. L. Gaggar, Kolkata

Sharma Kajaria and Company

M/s. K. L. Yadav & Co., Kolkata

Registrars & Share Transfer Agents

M/s. C.B. Management Services Pvt. Ltd.

P-22, Bondel Road

Kolkata - 700 019

Phone : 2280-6692-93-94/2486

Registered Office

Greenwood Tea Estate

P.O. Dibrugarh

Assam.

Head Office

Assam Tea House

52, Chowringhee Road

Kolkata - 700 071

Phone : (033) 2283-8306/09/12

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

ASSAM COMPANY LIMITED

NOTICE

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

Ordinary Business :

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

Special Business:

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

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

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

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

"RESOLVED THAT subject to the provisions of Section 198,

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

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

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

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

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

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



ASSAM COMPANY LIMITED

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

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

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

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

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

Registered Office :

Greenwood Tea Estate

P.O. Dibrugarh, Assam

Place : Kolkata

Dated : 2nd September, 2006.

By Order of the Board

Arup Kumar Roy

Company Secretary

NOTES :

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

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

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

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

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

Item No. 3

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

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

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

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

The Board commends the Resolution for approval by the Members.

ASSAM COMPANY LIMITED

EXPLANATORY STATEMENT

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

Item no. 5 – Special Business

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

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

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

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

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

The relevant disclosures pursuant to Schedule XIII is provided below :

I. GENERAL INFORMATION :

1. Nature of Industry :

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

2. Date of commencement of commercial production :

Tea – Since 1845 and as Assam Company Limited since 1977;

Oil and Gas – April, 2006

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

4. Financial performance given on indicators :

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

*Nine months ended

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

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

Foreign investments or collaborators, if any :

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

II. INFORMATION ABOUT THE APPOINTEE :

(1) Background details / Recognition / Awards :

Mr. A K Jajodia has over 20 years of experience in the area of Finance and Business Management. Mr. Jajodia serves as a Member on a number of business forums like the Indian Tea Association and the FICCI. He is presently the Additional Vice Chairman of Indian Tea Association as well as the Chairman of Indian Tea Association Sub-Committees on Finance, Taxation and Insurance, Flood Control and Infrastructure. He has been actively involved in the development of Oil and Gas Division and has played an important role in the structuring of Oil and Gas Division to its present level of operation.

(2) Past Remuneration :

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

*Nine months ended.

(3) Job Profile and suitability :

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

**(4) Comparative Remuneration profile :**

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

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

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

III. 1. Reasons for loss of inadequate profits :**2. Steps taken or proposed to be taken :****3. Expected increase in productivity and profits in measurable term :**

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

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

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

The Board commends the Resolution for approval by the Members.

Item no. 6 – Special Business

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

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

B. PERQUISITES:

Following perquisites restricted to 100% of annual Salary :

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

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

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

C. MINIMUM REMUNERATION:

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

D. OTHER TERMS:

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

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

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

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

The relevant disclosures pursuant to Schedule XIII are provided below :

I. Information about the appointee**(1) Background details / Recognition / Awards**

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

ASSAM COMPANY LIMITED

(2) Past Remuneration :

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

(3) Job Profile and suitability :

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

(4) Comparative Remuneration profile :

As stated earlier.

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

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

II. 1. Reasons for loss of inadequate profits :

2. Steps taken or proposed to be taken :

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

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

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

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

The Board commends the Resolution for approval by the Members.

Item no. 7, 8 and 9

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

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

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

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

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

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

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

Inspection of documents :

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

Registered Office :

Greenwood Tea Estate
P.O. Dibrugarh, Assam

Place : Kolkata

Dated : 2nd September, 2006

By Order of the Board

Arup Kumar Roy
Company Secretary

**DIRECTORS' REPORT**

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

Financial Results

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

1. Dividend

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

2. Performance

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

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

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

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

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

Exports

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

ASSAM COMPANY LIMITED

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

Prospects

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

Research and Development

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

Oil & Natural Gas Division

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

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

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

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

3. Financial

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

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

4. Subsidiary Companies

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

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

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

Namburnadi Tea Company Limited

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

5. Environment and Social Concern

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

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

6. Public Deposit

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

7. Directors

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

8. Corporate Governance

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

9. Directors' Responsibility Statement

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

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



ASSAM COMPANY LIMITED

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

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

10. Cost Audit

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

11. Auditors

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

12. Auditors' Observations

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

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

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

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

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

14. Voluntary Delisting

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

15. Sub-division of Shares

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

16. Acknowledgement

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

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

On behalf of the Board of Directors

A. K. Jajodia – Managing Director & CEO

Amir Ahsan – Wholetime Director

Santosh Bhagat

Director

Place: Kolkata

Date : 2nd September, 2006

ASSAM COMPANY LIMITED

ANNEXURE - 'A' FORMING PART OF THE DIRECTORS' REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST DECEMBER, 2005.

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