

The Nonsuch Tea Estates Limited

**81st
Annual Report and Accounts 2006**

THE NONSUCH TEA ESTATES LIMITED

DIRECTORS

SRIRAM KAPUR

D. H. NANAVATI

M. K. SUDHARSAN

S. BURMAN

AUDITORS

M/s. FRASER & ROSS

Shanmugha Mandram,

41, Race Course,

Coimbatore - 641 018

BANKERS

UNION BANK OF INDIA

REGISTERED OFFICE

THE NONSUCH TEA ESTATES LIMITED

Ritz Buildings,

Coonoor - 643 101,

Nilgiris, Tamilnadu.

DATE OF INCORPORATION

13th September 1924

ADMINISTRATIVE OFFICE

199, Churchgate Reclamation,

Mumbai - 400 020.

REGISTRAR & SHARE TRANSFER AGENT

M/s. S.K.D.C. Consultants Ltd.,

(West Power House Road)

Coimbatore - 641 012.

Phone : 0422 - 5549995

THE NONSUCH TEA ESTATES LIMITED
Regd. Office : RITZ BUILDINGS, COONNOOR-643 101

NOTICE

NOTICE is hereby given that the 81st Annual General Meeting of The Nonsuch Tea Estates Limited will be held at the Registered Office of the Company, at "Ritz Buildings", Coonoor - 643 101, on Thursday, 28th September 2006, at 12.00 noon to transact the following business :

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2006, the Balance Sheet as on that date, and the Reports of Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st March 2006.
3. To appoint a Director in place of Mr. D. H. Nanavati, who retires by rotation and is eligible for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

Resolved that Messrs Balasundaram & Associates, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company in place of the retiring auditors, Messrs. Fraser & Ross to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration that may be decided by Board of Directors.

By Order of the Board

Mumbai
30th June 2006.

D. H. NANAVATI
Director

NOTES

1. A member entitled to attend and vote at the Meeting may appoint a proxy / proxies to attend and vote in his / her behalf and the proxy need not be a member. The proxies should however, be deposited at the Registered Office of the Company not later than 48 hours before the Meeting.
2. The Register of Member and Share Transfer Books will remain closed from 14th September 2006 to 28th September 2006 (both days inclusive.)
3. The dividend, if any, declared at this Meeting will be payable to the member whose names appear in the Company's Register of Members, on 14th September 2006.
4. M/s. Fraser & Ross, Chartered Accountants retire as the auditors at the conclusion of the ensuing Annual General Meeting. In terms of the provisions of the Companies Act, they are entitled to be re-appointed. However, they have expressed their desire not to be considered for reappointment. In due deference of their desire, the Board of Directors are proposing M/s. Balasundaram & Associates Chartered Accountants, Coimbatore to be appointed as Auditors of the Company. A Notice in this regard has been received from a member.

THE NONSUCH TEA ESTATES LIMITED

Regd. Office : RITZ BUILDINGS, COONOR - 643 101

DIRECTORS REPORT

The Directors submit their Eighty First Annual and Audited Statement of Accounts for the year ended 31st March 2006

FINANCIAL RESULTS

	Rupees
Profit for the year after Depreciation	61,15,184
Deduct : Provision for Tax	
Current Tax	17,00,000
Deferred Tax	-11,927
Fringe benefit Tax	50,000
Profit after Taxation	43,77,111
Add : Balance brought forward from previous year	25,48,937
Deduct : Dividend @ 50 % (free of Income Tax)	12,93,800
Tax on Distribution of Dividend	1,81,428
Transfer to General Reserve	4,38,000
Balance carried forward	50,13,020

PERFORMANCE

During the year under review the Company produced a total of 7,80,628 kgs of made tea compared to 6,03,441 kgs last year.

In the year under review judicious cost control measures were introduced which resulted in a substantial reduction in operating expenses.

DIVIDEND : Your Directors recommend a dividend of Rs. 5.00 per share.

SUBSIDIARY : The Annual report of Poseidon Investments Company Limited and the statement pursuant of Section 212 of the Companies Act, 1958 are attached to this report.

COMPLIANCE CERTIFICATE :

A copy of the Compliance Certificate from a Secretary in whole time practice is attached to this report as required by Section 383 A of the Companies act, 1956

DIRECTORS : Mr. D. H. Nanavati, Director of the company retires by rotation and is eligible for re-appointment.

AUDITORS : M/s. Fraser & Ross Chartered Accountants, retire at the forthcoming Annual General Meeting. In terms of the provisions of the Companies Act, they are entitled to be re-appointed. However, they have expressed their desire not to be considered for reappointment. In due deference of their desire, the Board of Directors are proposing M/s. Balasundaram & Associates Chartered Accountants, Coimbatore to be appointed the Auditors of the Company. A Notice in this regard has been received from a member.

CONSERVATION OF ENERGY : The information as per Section 217 (1) (e) of the Companies Act read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1998, is also annexed.

EMPLOYEES : None of the employees drew a gross salary of Rs. 12,00,000/- per annum and hence, Section 217 (2A) of the Companies Act is not applicable.

RESPONSIBILITY STATEMENT : As required by Section 217 (2AA) of the Companies Act, your Directors hereby confirm that :

- In preparation of the annual accounts, the applicable accounting standards have been followed ;
- They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period ;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- They have prepared the annual accounts on going concern basis.

For and on behalf of the Board

Sriram Kapur
D. H. Nanavati
Directors

Mumbai,
30th June 2006

THE NONSUCH TEA ESTATES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY :

- Energy conservation measure taken : Recycling of waste heat and steps being taken for improvement in Power Factor.
- Additional Investments and proposals, if any, being implemented for reduction of consumption of energy. Avenues for possible energy conservation measures are being identified for investment in future.
- Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods, Improved energy utilization and consequent reduction in cost is expected.
- Total energy consumption and energy consumption per unit of production as per Form A (ref: Annexure).

B. TECHNOLOGY ABSORPTION: RESEARCH AND DEVELOPMENT :

Improving cultivation and manufacture of Tea is a continuous process and the Company is a member of The United Planters' Association of Southern India and subscribes to the Scientific Research Activities. The Company expects to get the benefit of the results of the said research.

C. FOREIGN EXCHANGE EARNING AND OUTGO :

The Company's produce is already in demand by tea exporters and the Company proposes to explore the possibility of direct export.

Total Foreign Exchange used and earned : Nil

ANNEXURE FORM - A

Form for disclosure of particulars with respect to conservation of energy :

PARTICULARS	2005 - 2006	2004 - 2005
A : POWER & FUEL CONSUMPTION		
1. a) Electricity purchased (TNEB)		
Units 000's	424	322
Total Amount Rs. 000's	2309	1934
Rate/Unit Rs.	5.45	6.00
b) Own Generation through Diesel		
Generating Sets - Units - 000's	12	12
Units/Ltr. of Diesel Oil	2.66	2.93
Cost per Unit	19.58	18.99
2. COAL :		
3. FURNACE OIL :		
4. LECO :		
Quantity (In Tonnes)		
Total Cost Rs. 000's		
Average Rate/Tonne Rs.		
5. OTHERS :		
a) Firewood (In Tonnes)	1669	1152
Total cost In Rs. 000's	2536	2003
Average Rate per Tonne Rs.	1.52	1.74
b) Fuel Briquettes (in Tonnes)		
Total cost in Rs. 000's		
Average Rate per Tonne		
B. CONSUMPTION PER UNIT PRODUCTION :		
Product - Tea Kg.	780629	603441
a) Electricity Units	0.56	0.55
b) Coal		
c) Furnace Oil		
d) Leco Kg.		
e) Others		
Firewood	2.14	1.91
Briquetting Fuel		

Mumbai,
30th June 2006

Sriram Kapur
D.H. Nanavati
Directors

THE NONSUCH TEA ESTATES LIMITED
STATEMENT PURSUANT TO SECTION 212 OF THE
COMPANIES ACT REGARDING SUBSIDIARY OF COMPANY

1. Poseidon Investments Company Limited.
 - 1.1. The last financial year of the Company ended on 31st March 2006.
 - 1.2. As at the above date, interest of The Nonsuch Tea Estates Limited in the subsidiary consisted of 60,000 equity shares of Rs.10/- each, fully paid.
 - 1.3. No Profit / (Losses) of the Company have been dealt within the accounts of The Nonsuch Tea Estates Limited, either during the year or earlier years.
 - 1.4. Net aggregate amount of the Profit / (Losses) of the subsidiary not dealt within the accounts of The Nonsuch Tea Estates Limited.

a) For the subsidiary's financial year ended 31st March 2006	Rs. 2,52,104
b) For its previous financial years	Rs. 1,53,83,208
 - 1.5. Dividends declared by the Subsidiary :

a) For its financial year ended 31st March, 2006	Rs. 6,00,000
b) For its previous financial years	Rs. 34,37,500
 - 1.6. The Annual Report of the Subsidiary for the financial year ended 31st March 2006, is attached hereto.

Mumbai
30th June 2006.

Sriram Kapur
D. H. Nanavati
Directors

S. R. BAALAJI, B.Com., ACS.,
Practising Company Secretary

"Akshaya" S.F.1 Block II Classic Homes,
Parsn Sesh Nestle, Nanjundapuram Road,
Colmbatore - 641 036

Phone : 0422 - 319343 Cell : 98422-06891
e-mail : akshayasr23@vsnl.net

COMPLIANCE CERTIFICATE

To

The Members,
THE NONSUCH TEA ESTATES LIMITED,
Ritz Buildings, Coonoor - 643 101.

I have examined the registers, records, books and papers of **THE NONSUCH TEA ESTATES LIMITED**, (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2006. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a public limited company has minimum prescribed paidup capital.
4. The Board of Directors duly met 13 (THIRTEEN) times on the following dates in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

1. 21st April, 2005	2. 30th May, 2005	3. 30th June, 2005
4. 30th July, 2005	5. 18th August, 2005	6. 19th September, 2005
7. 15th October, 2005	8. 31st October 2005	9. 14th November, 2005
10. 7th December, 2005	11. 31st January 2006	12. 20th February, 2006
13. 22nd March, 2006		

5. The company closed its Register of Members from 14.9.2005 to 28.9.2005 and necessary compliance of Section 154 of the Act has been made, during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2006 was held on the 28th day of September 2005 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book duly maintained for the purpose.
7. No extra-ordinary meeting was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The company has not entered into any contracts falling within Section 297 of the Act, during the year under scrutiny.
10. The company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The company has not issued any duplicate certificates during the financial year.
13. The Company has:
 - (i) made no allotment and has delivered the share certificate on lodgment thereof for transmission/transfer.
 - (ii) Paid dividend to all the members within the stipulated time and there was no unpaid dividend.
 - (iii) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The company has not made any borrowings during the financial year ended 31st March, 2006.
25. The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.

30. The company has not altered its articles of association during the financial year.
31. As explained to me there was/were no prosecution initiated against or show cause notices received by the company, during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The provisions of Section 418 are not applicable, since the Company has not constituted any Provident Fund for its employees.

Mumbai
30th June 2006

Sd/-
S. R. BAALAJI, B.Com., A.C.S.
PRACTISING COMPANY SECRETARY
C. P. No. 3514

ANNEXURE "A"

REGISTERS AND RECORDS

- a) Register of Charges under Section 143.
- b) Register of Members under Section 150 and Index of Members under Section 151.
- c) Register of Transfers.
- d) Registers and returns under Section 163.
- e) Minutes Book of Meetings.
- f) Register of particulars of contracts in which directors are interested under Section 301.
- g) Register of directors, managing director, manager and secretary under Section 303.
- h) Register of directors shareholding under Section 307.

ANNEXURE "B"

Forms and Returns as filed by the company with the Registrar of Companies during the financial year ended 31st March 2006.

Sl. No.	Form No./ Return(s)	Filed under Section	For	Date of filing	Whether filed within prescribed period Yes / No	If delay in filing whether requisite additional fee paid Yes / No.
1	Balance Sheet and Profit and Loss A/c.	220	Balance Sheet as at 31-03-2005	18-10-2005	Yes	N.A
2	Compliance Certificate	383	30-06-2005	18-10-2005	Yes	N.A
3	Schedule V of the Companies Act, 1956	159	Annual Return made upto the date of AGM 28-09-2005	23-11-2005	Yes	N.A

Mumbai
30th June 2006

S. R. BAALAJI
PRACTISING COMPANY SECRETARY

**AUDITORS REPORT TO THE MEMBERS OF
THE NONSUCH TEA ESTATES LIMITED**

1. We have audited the attached Balance Sheet of **THE NONSUCH TEA ESTATES LIMITED** as at 31st March 2006 and the Profit and Loss Account for the year ended on that date annexed thereto. 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 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 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that :
 - i) 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 ;
 - ii) 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 ;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ;
 - (v) On the basis of written representations received from the directors, as on 31st March 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2006 ;
 - b) in the case of the Profit and Loss Account, of the PROFIT for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

Coimbatore
1st July 2006

For FRASER & ROSS
Chartered Accountants

C. R. RAJAGOPAL
Partner
Membership No. 23418

**ANNEXURE TO THE AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2006
REFERRED TO IN PARAGRAPH 3 OF THE REPORT OF EVEN DATE**

- i. In respect of fixed assets :
 - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. Some of the fixed assets were physically verified during the year by the management in accordance with the program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c. The company has not sold/disposed off any significant portion of fixed assets during the year.
- ii. In respect of its inventories:
 - a. As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

- iii. The company has not granted any loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(iii) of the Companies (Auditors Report) Order 2003 are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of the goods and service and we have not observed any continuing failure to correct major weaknesses in such internal controls.
- v. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act 1956. To the best of our knowledge and belief and according to the information and explanations given to us as the company has not entered into any transactions which requires to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(v) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- vi. The company has not accepted any deposits from the public. Therefore the provisions of clause 4(vi) of the Companies (Auditors Report) Order 2003 are not applicable to the company.
- vii. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the company and the nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the company relating to the manufacture of Tea, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act and are of the opinion that *prima facie* prescribed accounts and records have been made and maintained. We have, however, not made detailed examination of the records with a view to determining whether they are accurate and complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the company.
- ix. In respect of statutory dues:
 - a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year.
 - b) According to the information and explanations given to us, there are no dues of disputed sales-tax, income-tax, customs duty, wealth-tax, excise duty and cess which have not been deposited as on 31st March 2006 on account of any dispute.
- x. The company has no accumulated losses and has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in the payment of dues to financial institution, banks and debenture holders.
- xii. In our opinion the company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is not a chit fund or Nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from Banks and Financial Institutions during the year.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not availed any Term Loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, funds raised on short-term basis have *prima facie*, not been used during the year for long term investment.
- xviii. The provisions of clause (xviii), (xix) and (xx) of the companies (Audit Report) Order 2003 are not applicable since the Company has neither issued any shares during the year nor has any funds raised through issue of debentures.
- xix. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For FRASER & ROSS
Chartered Accountants

Coimbatore
1st July 2006

C. R. RAJAGOPAL
Partner
Membership No. 23418

THE NONSUCH TEA ESTATES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	Schedule No.	As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
<u>SOURCES OF FUNDS:</u>			
Shareholders' Funds :			
Share Capital	1	25,87,200	25,87,200
Reserves & Surplus	2	6,65,12,686	6,36,10,603
Secured Loan	3	19,08,810	7,47,081
Deferred Tax Liability	4	38,001	49,928
		<u>7,10,43,697</u>	<u>6,69,94,812</u>
<u>APPLICATION OF FUNDS:</u>			
Fixed Assets :			
Gross Block	5	3,52,92,560	3,40,09,020
Less : Depreciation		<u>1,76,77,441</u>	<u>1,69,13,594</u>
		1,76,15,119	1,70,95,426
Investments	6	25,73,712	51,08,922
Current Assets, Loans & Advances	7	6,05,22,347	5,12,49,493
Less : Current Liabilities & Provisions	8	- 96,87,481	- 64,59,029
		<u>5,08,54,866</u>	<u>4,47,90,464</u>
TOTAL		<u>7,10,43,697</u>	<u>6,69,94,812</u>

NOTES ON ACCOUNTS

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Schedules 1 to 8 and 13 form an Integral part of these Accounts.
This is the Balance Sheet referred to in our Report of even date.

For FRASER & ROSS
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

C. R. RAJAGOPAL
Partner
Membership No. 23418
Coimbatore : 1st July 2006

Mumbai : 30th June 2006

THE NONSUCH TEA ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule No.	Year ended 31st March 2006 Rs.	Year ended 31st March 2005 Rs.
<u>INCOME :</u>			
Income from Tea	9	3,69,99,932	3,13,13,426
Interest (Tax deducted at source : Rs. 9,56,758 (2004-2005 Rs. 9,24,163/-))		42,99,705	48,79,487
Income from Investments		7,93,977	1,72,553
Tea Board Orthodox Subsidy	10	17,72,205	
Other Income		23,38,602	15,75,802
		<u>4,62,04,421</u>	<u>3,79,41,268</u>
<u>EXPENDITURE :</u>			
Manufacturing and other expenses	11	3,88,54,527	3,29,89,100
Interest on secured loan		3,41,088	2,79,122
Depreciation		8,93,622	12,15,500
		<u>4,00,89,237</u>	<u>3,44,83,722</u>
Profit before Tax		61,15,184	34,57,546
Less : Provision for Tax			
Current Tax	17,00,000		18,50,000
Fringe Benefit Tax	50,000		
Deferred Tax Release	- 11, 927		23,547
		17,38,073	18,73,547
Excess / Short Provision for Income Tax relating to earlier years			90,656
Profit after Tax		43,77,111	14,83,343
Balance brought forward from Previous year		25,48,937	26,79,957
Profit available for appropriation		<u>69,26,048</u>	<u>41,73,300</u>
<u>APPROPRIATIONS :</u>			
Proposed Dividend @ 50%		12,93,600	12,93,800
Tax on Distribution of Dividend		1,81,428	1,81,428
General Reserve		4,38,000	1,49,335
Balance Carried to Schedule 2		50,13,020	25,48,937
		<u>69,26,048</u>	<u>41,73,300</u>
Basic and Diluted Earnings Per Share		16.92	5.77

Schedules 1 to 13 form an integral part of these accounts.
This is Profit and Loss referred to in our report of even date.

For FRASER & ROSS
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

C. R. RAJAGOPAL
Partner
Membership No. 23418
Colombatore : 1st July 2006

Mumbai : 30th June 2006

THE NONSUCH TEA ESTATES LIMITED

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006

<u>SCHEDULE 1</u>		As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
<u>SHARE CAPITAL</u>			
Authorised :			
10,00,000 Equity Shares of Rs. 10/- each		1,00,00,000	1,00,00,000
20,00,000 Unclassified Shares of Rs. 10/- each		2,00,00,000	2,00,00,000
		<u>3,00,00,000</u>	<u>3,00,00,000</u>
Issued & Subscribed :			
2,58,720 Equity Shares of Rs. 10/- each fully paid		25,87,200	25,87,200
Of the above Shares :			
40,000 Shares have been allotted as fully paid up pursuant to a contract without payments being received in cash			
85,360 Shares have been allotted as fully paid up by way of Bonus Shares through the Capitalisation of Reserves			
<u>SCHEDULE 2</u>			
<u>RESERVES AND SURPLUS :</u>			
A. CAPITAL RESERVE :			
As per last Balance Sheet		89,56,668	89,56,668
B. REVENUE RESERVE :			
GENERAL RESERVE :			
As per last Balance Sheet	5,20,88,998		5,19,49,663
Add : Transfer from Profit and Loss Account	<u>4,38,000</u>		<u>1,49,335</u>
		5,25,36,998	5,20,99,998
Debenture Redemption Reserve :			
As per last Balance Sheet		6,000	6,000
(Representing Debentures not surrendered for redemption)			
Surplus as shown in Profit & Loss Account		<u>50,13,020</u>	<u>25,48,937</u>
TOTAL		<u>6,65,12,686</u>	<u>6,36,10,603</u>
<u>SCHEDULE 3</u>			
<u>SECURED LOAN</u>			
LOAN FROM BANKS :			
Cash Credit		19,05,810	7,47,081
(Secured by hypothecation of Crops, stores Movable properties and Book debts)			
<u>SCHEDULE 4</u>			
<u>DEFERRED TAX LIABILITY</u>			
Accumulated depreciation - Timing Difference			
Opening balance		49,928	26,381
Transfer from Profit and Loss Account		<u>-11,827</u>	<u>23,547</u>
		<u>38,001</u>	<u>49,928</u>

THE NONSUCH TEA ESTATES LIMITED

SCHEDULE 5

FIXED ASSETS:

(In Rupees)

Description of Assets	COST OR VALUATION			DEPRECIATION			WRITTEN DOWN VALUE	
	As on 1st Apr 2005	Additions	Deletions 31st Mar 2006	As on 1st Apr 2005	For the year Additions	Deletions 31st Mar 06	As on 31st Mar 06	As on 31st Mar 2005
Land Purchase & Development	1,23,54,283		1,23,54,283				1,23,54,283	
Buildings	44,28,210	1,37,058	45,65,268	37,04,291	71,847	37,75,938	7,39,330	7,23,919
Plant & Machinery	1,38,12,622	7,24,181	1,45,36,813	1,11,55,989	4,74,591	1,16,30,580	29,06,233	26,56,533
Furniture	4,74,161	17,250	4,91,411	3,55,739	12,273	3,68,012	1,23,389	1,18,422
Vehicles	29,30,744	5,35,561	33,44,785	15,97,575	3,35,111	1,29,775	14,41,874	12,42,169
Total	3,40,09,020	14,14,060	3,52,92,560	1,66,13,594	8,93,622	1,29,775	1,76,15,119	1,70,85,426

* At valuation in 1970 and additions, deletions since 1970 at cost.

THE NONSUCH TEA ESTATES LIMITED

		As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
<u>SCHEDULE 6</u>			
<u>INVESTMENTS</u>			
Non-Trade-at Cost :			
Unquoted : Long Term			
60,000	Fully Paid Equity Shares of Rs. 10/- each in Posidon Investments Company Limited (a subsidiary Company)	2,99,800	2,99,800
2,500	Fully paid units of Rs. 10/- each in Nilhat Shipping Company Ltd.	25,000	25,000
50,000	UTI Equity Fund	5,00,000	5,00,000
1,71,040.665	HDFC Liquid fund Dividend Reinvestment plan	17,48,912	42,84,122
		<u>25,73,712</u>	<u>51,08,922</u>

SCHEDULE 7

CURRENT ASSETS, LOANS AND ADVANCES :

(A) Current Assets :			
Stores & Spares, at Cost		12,16,452	8,64,076
Stock In Trade :			
Tea, at Lower of Cost or Market Value		34,86,000	20,10,527
Sundry Debtors :			
(Unsecured Considered Good) :			
Debts outstanding for a period exceeding six months	1,96,626		1,77,525
Other debts	13,03,825		8,67,916
		15,00,451	10,45,441
Cash and Stamps on Hand		88,528	1,42,659
Balance with Scheduled Banks :			
On Current Accounts		11,79,150	10,66,893
	(A)	<u>74,81,579</u>	<u>51,29,396</u>
(B) Loans & Advances			
(Unsecured Considered Good) :			
Inter Corporate Deposits		4,20,00,000	3,70,00,000
Advances recoverable in Cash or in kind or for value to be received		30,81,487	11,90,129
Deposits		74,11,430	74,18,230
Balances with Govt. Authorities		5,47,841	5,11,738
	(B)	<u>5,30,40,768</u>	<u>4,61,20,097</u>
Total of (A) and (B)		<u>6,05,22,347</u>	<u>5,12,49,493</u>

THE NONSUCH TEA ESTATES LIMITED

SCHEDULE 8

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities :

		As at 31st March 2008 Rs.	As at 31st March 2005 Rs.
Sundry Creditors	77,95,563		43,01,746
Due to Directors	<u>3,19,625</u>		<u>1,55,993</u>
		81,15,188	44,57,739
Unclaimed Dividend		68,655	48,041
Capital Reduction Account		<u>11,724</u>	<u>11,724</u>
		<u>81,95,567</u>	<u>45,17,504</u>

B. Provisions

Provision for Taxation	36,00,000		18,50,000
Less : Payments in advance of Assessments	<u>36,03,114</u>		<u>13,83,503</u>
		3,114	4,66,497
Proposed Dividend		12,93,600	12,93,600
Tax on Distribution of Dividend		<u>1,81,428</u>	<u>1,81,428</u>
		<u>14,71,914</u>	<u>19,41,525</u>
TOTAL OF (A & B)		<u>96,67,481</u>	<u>64,59,029</u>

SCHEDULE 9

SALE OF TEA :

Income from Tea :

Sales	3,55,14,459	3,30,97,235
Add : Closing Stock of Tea	<u>34,96,000</u>	<u>20,10,527</u>
	3,90,10,459	3,51,07,762
Less : Opening Stock of Tea	<u>20,10,527</u>	<u>37,94,336</u>
	<u>3,69,99,932</u>	<u>3,13,13,426</u>

SCHEDULE 10

OTHER INCOME :

Miscellaneous Receipts	18,40,278	13,81,791
Profit on sale of Fixed Assets	41,440	11,986
Profit on sale of Investments	43,813	1,82,025
Sale of Timbers	<u>4,13,071</u>	
	<u>23,38,602</u>	<u>15,75,802</u>

THE NONSUCH TEA ESTATES LIMITED

SCHEDULE 11		Year ended 31st March 2006 Rs.	Year ended 31st March 2005 Rs.
MANUFACTURING AND OTHER EXPENSES :			
Salaries, Wages and Bonus		1,85,95,861	1,58,02,458
Contribution to Provident & Superannuation Fund		16,49,621	15,53,612
Workman and Staff Welfare Expenses		10,37,940	11,73,717
Consumption of Stores and spare parts		33,41,015	26,68,737
Power & Fuel		52,49,111	43,58,063
Repairs and Maintenance			
Buildings & Roads :			
Stores	7,27,995		
Wages	<u>1,26,363</u>	8,54,358	4,06,344
Machinery :			
Stores	27,42,190		
Wages	<u>2,81,177</u>	30,23,367	14,32,164
Vehicles Maintenance		2,86,060	2,22,664
Rent, Rates & Taxes		7,12,468	9,21,761
Insurance		2,72,793	2,48,129
Directors' Sitting Fees		7,500	11,950
Directors' Commission (Schedule 12)		1,75,231	1,01,675
Auditors' Remuneration :			
For Audit		40,000	40,000
For Tax audit		15,000	15,324
For Certification & Others		8,500	8,265
Miscellaneous Expenses (Includes Auditor's Travelling Expenses)		21,70,794	28,75,541
Bad Debts Written Off		3,02,258	
Selling Expenses :			
Transport, Handling and Warehousing Charges		6,97,961	7,98,182
Brokerage		4,08,763	3,43,674
Service charges		5,907	4,839
		<u>3,88,54,527</u>	<u>3,29,89,100</u>
SCHEDULE 12			
DIRECTOR'S COMMISSION :			
Profit as per Profit & Loss Account Before Tax		61,15,184	34,57,546
Add : Director's Commission	1,75,231		1,01,675
Sitting Fees	7,500		11,950
Loss on Sale of Investments			
		<u>1,82,731</u>	
		62,97,915	35,71,171
Less : Profit on Sale of Timber		4,13,071	
Profit on Sale Investments		<u>43,813</u>	1,82,025
Profit for the purpose of calculation of Commission		58,41,031	33,89,146
Commission thereon @ 3%		<u>1,75,231</u>	<u>1,01,675</u>

THE NONSUCH TEA ESTATES LIMITED

SCHEDULE 13

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Significant Accounting policies and Notes Annexed to and forming part of the Balance Sheet as at 31st March 2006 and Profit and Loss Account of the year ended 31st March 2006.

I. SIGNIFICANT ACCOUNTING POLICIES :

1. All Income and Expenditure are accounted on accrual basis, except replanting subsidy, which is accounted for when received.
2. Revenue is recognised when no significant un-certainties as to the measurability or realisable of any claim exist.
3. Depreciation on Fixed Assets has been provided on Written Down Value method at the rates prescribed by Income Tax Rules and amendments thereto.
4. Fixed Assets are recorded at cost to the company with the exception of Nonsuch Tea Estate land which was revalued in 1970.
5. Investments are stated at cost less provision for permanent diminution of value where applicable.
6. Stock in Trade is valued at lower of cost or realisable value. Cost includes direct materials, direct labour, excise duty and applicable factory overheads. Nurseries, stores and spares are valued at average cost.
7. Foreign currency transactions are converted at the rate ruling on the date of transactions. The foreign currency Assets and Liabilities if any as on the date of the Balance Sheet are restated at the rates on that date and exchange difference referable to fixed assets is capitalised.
8. Retirement Benefits:
 - a) Provision for Gratuity is made annually on the basis of the incremental liability for the year determined on actuarial valuation and such provision is remitted to approved Gratuity Fund before end of accounting year or set off against the amount due from Trustees towards settlement made during the year.
 - b) The Provident Fund and Family Pension contributions are deposited with the Government within the due date and contribution to Superannuating Fund are made over to Life Insurance Corporation of India.

NOTES ON ACCOUNTS

	As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
i) Deferred Taxation		
Particulars	Balance as on 01-04-2005	Charges for the Liability (asset)
Depreciation	49,926	- 11,927
Others	Nil	Nil
ii) Claim against the company not acknowledged as debts.		
	1,29,281	1,29,281
iii) Bank Balances includes :		
Unclaimed Dividend	68,655	48,041
Unclaimed Debenture Interest	--	--
Unclaimed Debenture Redemption	--	--
Unclaimed Capital reduction	11,724	11,724
iv) Deposits Include amounts:		
With the National Bank for Agricultural and Rural Development In accordance with Sec. 32 AB and 33 AB of Income-tax Act of 1961	74,05,030	74,05,030
v) Capacities and Stocks :		
a) Licenced Capacity	Kg.	N.A.
b) Installed capacity per annum for single shift		N.A.

		As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
	as determined by the company	10,50,000	10,50,000
c)	Raw Materials consumed		
	Green Leaf from own Estate	Kg. 35,75,143	27,86,954
	Bought Leaf	Nil	Nil
vi)	Quantitative Particulars of Made Tea :		
a)	Opening Stock - Tea Quantity	Kg. 35,976	70,828
b)	Production of Tea	Kg. 7,80,628	8,03,441
c)	Turnover	Kg. 7,43,570	6,38,293
d)	Closing Stock - Tea	Kg. 73,034	35,976
vii)	Value of Imports	Nil	Nil
viii)	Expenses in Foreign Currency on account of Royalty know-how, Professional and Consultancy fees	Nil	Nil
ix)	Value of Raw-materials, Spare Parts and Components consumed :		
	Imported	Nil	Nil
	Indigenous	56,58,651 (100%)	41,56,500 (100%)
x)	Amount remitted in Foreign Currencies on account of dividends	Nil	Nil
xi)	Earnings in Foreign Exchange Export of goods calculated on FOB Basis	Nil	Nil
	Royalty, Know-how, Professional & Consultancy	Nil	Nil
	Fees Interest, Dividend and other Income	Nil	Nil
xii)	The company has only one business segment viz. growing and manufacturing of Tea.	Nil	Nil
xiii)	Related Party Disclosures.		

Name of the related parties and nature of related
party relationship where control exists are as under :

Key Management Personnel	Sriram Kapur - Director
Subsidiary Company	M/s. Poseldon Investments Co. Ltd.
Associated Companies	M/s. Ritz Private Limited
Relatives of Management Personnel	Nil

Nature of Transactions	Subsidiary Company	Associate Company	Key Management Personnel	Outstanding as at 31.3.2006	Outstanding as at 31.3.2005
Commission			1,75,231	1,75,231	
Equity Participation	2,99,800			2,99,800	2,99,800
Tea Sales		75,838		Nil	

- xiv) Earnings per Share
Profit as per Profit and Loss account 43,77,111
Number of Equity Shares 2,58,720
Basic and Diluted Earnings per share 16.92
(Nominal value of equity share Rs.10/-)
- xv) Comparative figures for the previous year have been
reclassified wherever necessary to conform to this
year's classification.

Signatures to Schedules 1 to 13

For FRASER & ROSS
Chartered Accountants

C. R. RAJAGOPAL
Partner
Membership No. 2341B
Colombatore : 1st July 2006

SRIRAM KAPUR
D. H. NANAVATI
Directors

Mumbai : 30th June 2006

THE NONSUCH TEA ESTATES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

Registration Details :

I)	Registration No.	3966	State Code	181
	Balance sheet date	31/03/2006		

II) Capital raised during the year (amount in Thousands) :

Public Issue	NIL	Rights Issue	NIL
Bonus Share	NIL	Private Placement	NIL

III) Position of Mobilisation and Deployment of Funds (amount in Rs. Thousands):

Total Liabilities	71044	Total Assets	71044
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Source of funds :

Paid up Capital	2587	Reserves & Surplus	66,513
Secured Loans	1906	Unsecured Loans	NIL
		Deferred tax Liability	38

Application of funds

Net Fixed Assets	17615	Investments	2574
Net Current Assets	50,855		

IV) Performance of the Company (amount in Rs. Thousands):

Turnover	46204	Total Expenditure	40089
Profit Before Tax	8115	Profit After Tax	4377
Earnings per Share	16.92	Dividend Rate	50%

v) Generic Name of three Principal Products / Services of the Company (as per monetary terms):

Item Code (ITC Code)	09023000	Product Description	Black Tea
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SRIRAM KAPUR
D. H. NANAVATI
Directors

Mumbai : 30th June 2006

THE NONSUCH TEA ESTATES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

	Year ended 31st March 2006 Rs.	Year ended 31st March 2005 Rs.
A. Cash Flow from Operating Activities :		
Net Profit before Tax & Extraordinary Items	61,15,184	34,57,546
Adjustment for :		
Depreciation	8,93,622	12,15,500
Profit on sale of Fixed Assets	(41,440)	(11,986)
Profit on sale of Investments	(43,813)	(1,82,025)
Interest / Dividend	(50,93,682)	(50,52,039)
Interest paid	3,41,088	2,79,122
Operating Profit before working Capital Charges	21,70,959	(2,93,882)
Adjustment for :		
Trade & Other Receivables	(23,75,681)	24,00,557
Inventories	(18,37,849)	14,28,743
Trade payable	36,57,449	(15,45,619)
Cash generated from Operations	16,14,878	19,89,799
Direct taxes paid	(24,01,039)	(2,17,521)
Cash flow before extraordinary Items	(7,86,161)	17,72,278
Net cash from operating activities "A"	<u>(7,86,161)</u>	<u>17,72,278</u>
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(14,14,060)	(13,67,098)
Proceeds from Sale of Fixed Assets	42,185	11,990
Purchase of Investments	(50,46,977)	(22,431,039)
Sale of Investments	76,26,000	2,38,74,486
Loans / Inter-corporate deposits	(50,00,000)	(45,00,000)
Interest received	42,99,705	48,79,487
Dividend Received	7,93,977	1,72,553
Net Cash used in Investing Activities "B"	<u>13,00,830</u>	<u>6,40,379</u>
C. Cash Flow from Financing Activities :		
Dividend paid	(12,72,986)	(7,64,694)
Interest paid	(3,41,088)	(2,79,122)
Cash Credit - Hypothecation - UBI	11,58,729	(11,00,000)
Net cash used in financing Activities "C"	<u>(4,55,345)</u>	<u>(21,43,816)</u>
Net Increase in Cash & Cash equivalents "A+B+C"	<u>59,324</u>	<u>2,68,841</u>
Cash and Cash equivalents (Opening Balance)	<u>12,09,352</u>	<u>9,40,511</u>
Cash and Cash equivalents (Closing Balance)	<u>12,68,676</u>	<u>12,09,352</u>
As per our report of even date		

For FRASER & ROSS
Chartered Accountants

C. R. RAJAGOPAL
Partner
Membership No. 23418
Coimbatore : 1st July 2006

SRIRAM KAPUR
D. H. NANAVATI
Directors

Mumbai : 30th June 2006

FRASER AND ROSS
Chartered Accountants

Telegrams : Verify
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Shanmugha Mandram,
41, Race Course,
Coimbatore - 641 018.
E-mail : dhscba@md4.vsnl.net.in

**AUDITORS REPORT TO THE BOARD OF DIRECTORS OF THE NONSUCH TEA ESTATES LIMITED ON THE
CONSOLIDATED FINANCIAL STATEMENTS OF THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY.**

We have examined the attached Consolidated Balance sheet of the THE NONSUCH TEA ESTATES LIMITED and its subsidiary POSEIDON INVESTMENTS COMPANY LIMITED as at 31st March 2006 and the Consolidated Profit and Loss account for the year ended annexed thereto and the consolidated cash flow statement for the period ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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.

We did not audit the financial statements of the subsidiary, whose financial statements reflect total asset of Rs. 1,62,35,312/- as at 31.03.2006 and total revenue of Rs. 10,39,126/- for the year then ended. These financial statements have been audited by statutory auditors of the subsidiary whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of accounting Standard (AS) 21, Consolidated Financial Statements, Issued by the Institute of Chartered Accountants of India and on the basis of the separate audited Financial Statements of the company and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiary we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of consolidated Balance Sheet, of the consolidated state of affairs of the company and its subsidiary as at 31st March 2006 : and
- b) In the case of Consolidated Profit and Loss Account of the Consolidated results of the operations of the company and its subsidiary for the year then ended and
- c) In the case of the consolidated cash flow statement, of the consolidated cash flows of the company and its subsidiary for the year then ended.

For FRASER & ROSS
Chartered Accountants

Coimbatore
1st July, 2006

C. R. RAJAGOPAL
Partner
Membership No. 23418

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

	Schedule No.	As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
<u>SOURCES OF FUNDS:</u>			
Shareholders' Funds :			
Share Capital	1	25,87,200	25,87,200
Reserves & Surplus	2	8,24,48,198	7,92,94,011
Secured Loan	3	18,05,810	7,47,081
Deferred Tax Liability	4	38,001	49,928
		<u>8,69,79,209</u>	<u>8,26,78,220</u>
<u>APPLICATION OF FUNDS :</u>			
Fixed Assets :			
Gross Block	5	3,85,19,790	3,52,36,250
Less : Depreciation		<u>1,76,77,441</u>	<u>1,69,13,594</u>
		1,88,42,349	1,83,22,656
Investments		1,80,93,418	2,03,79,310
Current Assets, Loans & Advances	6	6,06,38,448	5,12,69,415
Less : Current Liabilities & Provisions	7	<u>1,05,95,006</u>	<u>72,93,181</u>
		5,00,43,442	4,39,76,234
TOTAL		<u>8,69,79,209</u>	<u>8,26,78,220</u>

NOTES ON ACCOUNTS

11

Schedules 1 to 6 and 12 form an integral part of these Accounts.
This is the Balance Sheet referred to in our Report of even date.

For FRASER & ROSS
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

C. R. RAJAGOPAL
Partner
Membership No. 23418
Coimbatore : 1st July 2006

Mumbai : 30th June 2006

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule No.	Year ended 31st March 2006 Rs.	Year ended 31st March 2005 Rs.
INCOME:			
Income from Tea	8	3,69,99,932	3,13,13,426
Interest (Tax deducted at source ; Rs. 9,56,758 (2004-2005 Rs.9,24,163/-)		43,00,185	48,85,590
Income from Investments		18,32,623	48,45,695
Tea Board Subsidy		17,72,205	
Other Income	9	23,38,802	15,75,802
		<u>4,72,43,547</u>	<u>4,26,20,513</u>
EXPENDITURE:			
Manufacturing and other expenses	10	3,89,57,399	3,30,66,068
Interest on secured loan		3,41,088	2,79,122
Depreciation		8,93,622	12,15,500
		<u>4,01,92,109</u>	<u>3,45,60,690</u>
Profit before Tax		70,51,438	80,59,823
Less : Provision for Tax			
Current Tax	17,00,000		22,92,000
Frings Benefit Tax	50,000		
Deferred Tax	<u>- 11,927</u>		23,547
		17,38,073	23,15,547
Short / Excess Income tax provision for earlier years			90,048
Profit after Tax		53,13,365	56,54,228
Balance brought forward from Previous year		76,39,145	47,09,430
		<u>1,29,52,510</u>	<u>1,03,63,658</u>
Profit available for appropriation		<u>1,29,52,510</u>	<u>1,03,63,658</u>
APPROPRIATIONS:			
Proposed Dividend		18,93,600	18,93,600
Corporate Tax on Proposed Dividend		2,65,578	2,65,578
Transfer to General Reserve		5,32,000	5,65,335
Balance Carried to Schedule 2		1,02,61,332	76,39,145
		<u>1,29,52,510</u>	<u>1,03,63,658</u>
Basic and Diluted Earnings per Share		20.54	21.85

Schedules 1 to 12 form an integral part of these accounts.

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

For FRASER & ROSS
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

C. R. RAJAGOPAL
Partner
Membership No. 23418
Coimbatore : 1st July 2006

Mumbai : 30th June 2006

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006

<u>SCHEDULE 1</u>		As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
<u>SHARE CAPITAL</u>			
Authorised :			
10,00,000	Equity Shares of Rs. 10/- each	1,00,00,000	1,00,00,000
20,00,000	Unclassified Shares of Rs. 10/- each	2,00,00,000	2,00,00,000
		<u>3,00,00,000</u>	<u>3,00,00,000</u>
Issued & Subscribed :			
2,58,720	Equity Shares of Rs. 10/- each fully paid	<u>25,87,200</u>	<u>25,87,200</u>
Of the above Shares :			
40,000	Shares have been allotted as fully paid up pursuant to a contract without payments being received in cash		
<u>SCHEDULE 2</u>			
<u>RESERVES AND SURPLUS:</u>			
A. CAPITAL RESERVE :			
As per last Balance Sheet		92,58,868	92,56,868
B. REVENUE RESERVE :			
GENERAL RESERVE :			
As per last Balance Sheet	6,23,91,998		6,18,26,663
Add : Transfer from Profit & Loss Account	5,32,000		5,65,335
	<u>6,29,23,998</u>		<u>6,23,91,998</u>
Less : Transferred to Capital Reserve	--		--
		6,29,23,998	6,23,91,998
Debenture Redemption Reserve :			
As per last Balance Sheet		6,000	6,000
(Representing Debentures not surrendered for redemption)			
Surplus in Profit & Loss Account		<u>1,02,61,332</u>	<u>76,39,145</u>
	TOTAL of (A+B)	<u>8,24,48,198</u>	<u>7,92,94,011</u>
<u>SCHEDULE 3</u>			
<u>SECURED LOAN</u>			
LOAN FROM BANKS :			
Cash Credit		19,05,810	7,47,081
(Secured by hypothecation of Crops, stores Movable properties and Book debts)			
<u>SCHEDULE 4</u>			
<u>DEFERRED TAX LIABILITY</u>			
Opening balance	49,928		28,381
Transfer from Profit and Loss Account	-11,927	38,001	23,547
		<u>38,001</u>	<u>49,928</u>

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

SCHEDULE 5

FIXED ASSETS:

(In Rupees)

Description of Assets	COST OR VALUATION			DEPRECIATION			WRITTEN DOWN VALUE	
	As on 1st Apr 2005	Additions	Deletions	As on 31st Mar 2006	For the year Additions	Deletions	As on 31st Mar 06	As on 31st Mar 2005
Land Purchase & Development	1,23,54,283			1,23,54,283			1,23,54,283	
Buildings	56,55,440	1,37,508		57,92,948	71,647		7,89,330	19,51,149
Plant & Machinery	1,38,12,622	7,24,191		1,45,36,813	4,74,591		29,06,233	26,56,633
Furniture	4,74,161	17,250		4,91,411	12,273		1,23,399	1,18,422
Vehicles	29,39,744	5,35,551	1,30,520	33,44,785	3,35,111	1,29,775	14,41,874	12,42,169
Total	3,52,36,258	14,14,060	1,30,520	3,65,19,790	8,93,622	1,29,775	1,88,42,349	1,83,22,656

* At valuation in 1970 and additions, deletions since 1970 at cost.

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

		As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
SCHEDULE 6			
<u>CURRENT ASSETS, LOANS AND ADVANCES :</u>			
A. Current Assets :			
Stores & Spares, at Cost		12,16,452	8,64,076
Stock in Trade :			
Tea, at Lower of cost or Market Value		34,96,000	20,10,527
Sundry Debtors :			
(Unsecured Considered Good) :			
Debts outstanding for a period exceeding six months	1,96,626		1,77,525
Other debts	13,03,825		8,67,916
		15,00,451	10,45,441
Cash and Stamps on Hand		89,526	1,42,659
Balance with Scheduled Banks :			
On Current Accounts	12,87,251		
		12,87,251	10,86,615
	(A)	75,69,680	51,49,318
(B) Loans & Advances :			
(Unsecured Considered Good) :			
Inter Corporate Deposits		4,20,00,000	3,70,00,000
Advances recoverable in Cash or in kind or for value to be received		30,89,497	11,90,129
Deposits		74,11,430	74,18,230
Balance with Govt. Authorities		5,47,841	5,11,738
		5,30,48,768	4,61,20,097
	(B)	5,30,48,768	4,61,20,097
Total of (A) and (B)		6,06,38,448	5,12,69,415
SCHEDULE 7			
<u>CURRENT LIABILITIES AND PROVISIONS</u>			
A. Current Liabilities :			
Sundry Creditors	80,89,315		45,10,065
Due to Directors	3,19,625		1,55,993
		84,08,940	46,66,058
Unclaimed Dividend		68,655	48,041
Capital Reduction Account		11,724	11,724
		84,89,319	47,25,823
B. Provisions :			
Provision for Taxation	36,00,000		22,92,000
Less : Payments in advance of Assessments	36,53,491		18,63,840
		- 53,491	4,08,160
Proposed Dividend		18,93,600	18,93,600
Tax on distribution of dividend		2,65,578	2,65,578
		21,05,687	25,67,338
Total of (A & B)		1,05,95,006	72,93,161
Due to Small Scale Industries	Nil		

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

SCHEDULE 8

SALE OF TEA

INCOME FROM TEA:

	As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
Sales	3,55,14,459	3,30,97,235
Add : Closing Stock of Tea	34,96,000	20,10,527
	<u>3,90,10,459</u>	<u>3,51,07,762</u>
Less : Opening Stock of Tea	20,10,527	37,94,336
	<u>3,69,99,932</u>	<u>3,13,13,426</u>

SCHEDULE 9

OTHER INCOME :

Miscellaneous Receipts	18,40,278	13,81,791
Profit on Sale of Fixed Assets	41,440	11,986
Profit on Sale of Investments	43,813	1,82,025
Sale of Timber	4,13,071	
	<u>23,38,602</u>	<u>15,75,802</u>

SCHEDULE 10

MANUFACTURING AND OTHER EXPENSES :

Salaries, Wages and Bonus	1,85,95,861	1,58,02,459
Contribution to Provident & Superannuation Fund	16,49,621	15,53,612
Workmen and Staff Welfare Expenses	10,37,940	11,73,717
Consumption of Stores and spare parts	33,41,015	26,88,737
Power & Fuel	52,49,111	43,58,063

Repairs and Maintenance

Buildings & Roads :			
Stores	7,27,995		
Wages	1,26,363	8,54,358	4,08,345
Machinery :			
Stores	27,42,190		
Wages	2,81,177	30,23,367	14,32,164

Vehicles Maintenance	2,86,060	2,22,664
Rent, Rates & Tax	7,36,022	9,47,395
Insurance	2,72,793	2,48,129
Directors' Sitting Fees	12,000	19,450
Directors' Commission (SCHEDULE 11)	1,75,231	1,01,675

Auditors' Remuneration :

For Audit	42,000	42,000
For Tax work	15,000	15,324
For Certification & Others	8,500	11,265

Bad debts	3,02,258	
Miscellaneous Expenses (Includes Auditors' Travelling Expenses)	22,41,631	29,14,375

Selling Expenses :

Transport, Handling and Warehousing Charges	6,97,961	7,98,182
Brokerage	4,08,763	3,43,674
Service charges	5,907	4,839
	<u>3,69,57,399</u>	<u>3,30,66,068</u>

SCHEDULE 11**DIRECTOR'S COMMISSION**

		As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
Profit as per Profit & Loss Account before Tax		61,15,184	34,57,546
Add : Director's Commission	1,75,231		1,01,675
Sitting Fees	7,500		11,950
Loss on Sale of Investments	--	1,82,731	--
		62,97,915	35,71,171
Less :			
Profit on Sale on Timber		4,13,071	
Profit on Sale of Investments		43,813	1,82,025
Profit for the purpose of calculation of Commission		58,41,031	33,89,146
Commission thereon @ 3%		1,75,231	1,01,675

SCHEDULE 12**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

Significant Accounting policies and Notes Annexed to and forming part of the Balance Sheet as at 31st March 2006 and Profit and Loss Account for the year ended 31st March 2006.

1. SIGNIFICANT ACCOUNTING POLICIES :

- All Income and Expenditure are accounted on accrual basis, except replanting subsidy, which is accounted for when received.
- Revenue is recognised when no significant un-certainties as to the measurability or realisability of any claim exist.
- Depreciation on Fixed Assets has been provided on Written Down Value method at the rates prescribed by Income Tax Rules and amendments thereto.
- Fixed Assets are recorded at cost to the company with the exception of Nonsuch Tea Estate land which was revalued in 1970.
- Investments are stated at cost less provision for permanent diminution of value where applicable.
- Stock in Trade is valued at lower of cost or realisable value. Cost includes direct materials, direct labour, excise duty and applicable factory overheads. Nurseries, Stores and spares are valued at average cost.
- Foreign currency transactions are converted at the rate ruling on the date of transactions. The foreign currency Assets and Liabilities if any as on the date of the Balance Sheet are restated at the rates on that date and exchange difference referable to fixed assets is capitalised.
- Retirement Benefits:
 - Provision for Gratuity is made annually on the basis of the incremental liability for the year determined on actuarial valuation and such provision is remitted to approved Gratuity Fund before end of accounting year or set off against the amount due from Trustees towards settlement made during the year.
 - The Provident Fund and Family Pension contributions are deposited with the Government within the due date and contribution to Superannuation Fund are made over to Life Insurance Corporation of India.

NOTES ON ACCOUNTS

		As at 31st March 2006 Rs.	As at 31st March 2005 Rs.												
i) Deferred Taxation															
	<table border="1"> <thead> <tr> <th>Particulars</th><th>Balance as on 01-04-2005</th><th>Charges for the Liability (asset)</th><th>Balance as on 31-03-2006</th></tr> </thead> <tbody> <tr> <td>Depreciation</td><td>49,928</td><td>- 11,927</td><td>38,001</td></tr> <tr> <td>Others</td><td>Nil</td><td>Nil</td><td>Nil</td></tr> </tbody> </table>	Particulars	Balance as on 01-04-2005	Charges for the Liability (asset)	Balance as on 31-03-2006	Depreciation	49,928	- 11,927	38,001	Others	Nil	Nil	Nil		
Particulars	Balance as on 01-04-2005	Charges for the Liability (asset)	Balance as on 31-03-2006												
Depreciation	49,928	- 11,927	38,001												
Others	Nil	Nil	Nil												
ii) Claim against the Company not acknowledged as debts.		1,29,281	1,29,281												
iii) Bank Balances Includes :															
Unclaimed Dividend		68,655	48,041												
Unclaimed Debenture Interest		--	--												
Unclaimed Debenture Redemption		--	--												
Unclaimed Capital reduction		11,724	11,724												

		As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
iv) Deposits include amounts:			
With the National Bank for Agricultural and Rural Development In accordance with Sec. 32 AB and 33 AB of Income-tax Act of 1961		74,05,030	74,05,030
v) Capacities and Stocks:			
a) Licenced Capacity	Kg.	N.A.	N.A.
b) Installed capacity per annum for single shift as determined by the company		10,50,000	10,50,000
c) Raw Materials consumed			
Green Leaf from own Estate	Kg.	35,75,143	27,86,954
Bought Leaf		NI	NI
vi) Quantitative Particulars of Made Tea:			
a) Opening Stock - Tea Quantity	Kg.	35,876	70,828
b) Production of Tea	Kg.	7,80,628	8,03,441
c) Turnover	Kg.	7,43,570	8,38,293
d) Closing Stock - Tea	Kg.	73,034	35,876
vii) Value of Imports		NI	NI
viii) Expenses in Foreign Currency on account of Royalty know-how, Professional and Consultancy fees		NI	NI
ix) Value of Raw-materials, Spare Parts and Components consumed:			
Imported		NI	NI
Indigenous		56,56,651 (100%)	41,56,500 (100%)
x) Amount remitted in Foreign Currencies on account of dividends		NI	NI
xi) Earnings In Foreign Exchange Export of goods calculated on FOB Basis		NI	NI
Royalty, Know-how, Professional & Consultancy Fees Interest, Dividend and other Income		NI	NI
xii) The Company has only one business segment viz. growing and manufacturing of Tea.		NI	NI
xiii) Related Party Disclosures.			
Name of the related parties and nature of related party relationship where control exists are as under:			
Key Management Personnel	Sriram Kapur - Director		
Subsidiary Company	M/s. Poseidon Investments Co. Ltd.		
Associated Companies	M/s. Ritz Private Limited		
Relatives of Management Personnel	NI		

Nature of Transactions	Subsidiary Company	Associate Company	Key Management Personnel	Outstanding as at 31.3.2006	Outstanding as at 31.3.2005
Commission			1,75,231	1,75,231	
Equity Participation	2,99,800			2,99,800	2,99,800
Tea Sales		75,638		NI	

- xiv) Earnings per Share
- | | |
|---------------------------------------------------------------------------------|-----------|
| Profit as per Profit and Loss account | 53,13,365 |
| Number of Equity Shares | 2,58,720 |
| Basic and Diluted Earnings per share
(Nominal value of equity share Rs.10/-) | 20.54 |

- xv) Comparative figures for the previous year have been reclassified wherever necessary to conform to this year's classification.

Signatures to Schedules 1 to 13

For FRASER & ROSS
Chartered Accountants

C. R. RAJAGOPAL
Partner
Membership No. 23418
Coimbatore : 1st July 2006

SRIRAM KAPUR
D. H. NANAVATI
Directors

Mumbai : 30th June 2006

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

	Year ended 31st March 2006 Rs.	Year ended 31st March 2005 Rs.
A. Cash Flow from Operating Activities :		
Net Profit before Tax & Extraordinary Items	70,51,438	80,59,823
Adjustment for :		
Depreciation	8,93,622	12,15,500
Profit on sale of Fixed Assets	(41,440)	(11,988)
Profit on sale of Investments	(43,813)	(46,09,626)
Interest / Dividend	(61,32,808)	(53,03,684)
Interest paid	3,41,088	2,79,122
Operating Profit before working Capital Charges	20,68,087	(3,70,851)
Adjustment for :		
Trade & Other Receivables	(23,75,721)	24,00,557
Inventories	(18,37,849)	14,28,743
Trade payable	37,42,862	(14,92,658)
Cash generated from Operations	15,97,399	19,65,791
Direct taxes paid	(24,85,189)	(6,92,774)
Cash flow before extraordinary Items	(8,87,790)	12,73,017
Extra Ordinary Items		
Net cash from operating activities "A"	<u>(8,87,790)</u>	<u>12,73,017</u>
B. Cash Flow from Investing Activities :		
Purchase of fixed assets	(14,14,060)	(13,67,098)
Sale of Assets	42,185	11,990
Purchase of Investments	(52,96,295)	(3,80,89,203)
Sale of Investments	76,26,000	3,97,77,522
Loans / Inter-corporate deposits	(50,00,000)	(45,00,000)
Interest received	43,00,185	48,85,590
Dividend Received	18,32,623	4,18,094
Net Cash used in Investing Activities "B"	<u>20,90,838</u>	<u>11,36,895</u>
C. Cash Flow from Financing Activities :		
Dividend paid	(18,72,986)	(8,39,694)
Interest paid	(3,41,088)	(2,79,122)
Cash Credit Hypothecation - UBI	11,58,729	(11,00,000)
Net cash used in financing Activities "C"	<u>(10,55,345)</u>	<u>(22,18,816)</u>
Net increase in Cash & Cash equivalents "A+B+C"	<u>1,47,503</u>	<u>1,91,096</u>
Cash and Cash equivalents (Opening Balance)	12,29,274	10,38,178
Cash and Cash equivalents (Closing Balance)	<u>13,76,777</u>	<u>12,29,274</u>

As per our report of even date.

For FRASER & ROSS
Chartered Accountants

C. R. RAJAGOPAL
Partner
Membership No. 2341B
Coimbatore : 1st July 2006

SRIRAM KAPUR
D. H. NANAVATI
Directors

Mumbai : 30th June 2006

**Poseidon Investments
Company Limited**

23rd Annual Report and Accounts 2006

POSEIDON INVESTMENTS COMPANY LIMITED

199, Churchgate Reclamation
Mumbai - 400 020.

**23rd Annual Report and Accounts
for the year ended 31st March 2006**

Directors :

D. H. NANAVATI

S. KAPUR

D. R. KHATAU

Auditors :

M. S. SANKARAN & CO.,
Chartered Accountants,
Jeevan Sahakar,
Sir P.M. Road,
Mumbai - 400 001.

Registered Office :

199, Churchgate Reclamation,
Mumbai - 400 020.

POSEIDON INVESTMENTS COMPANY LIMITED
Regd Office : 199, Churchgate Reclamation, Mumbai - 400 020.

NOTICE

Notice is hereby given that the **TWENTY-THIRD** Annual General Meeting of Poseidon Investments Company Limited will be held at the Registered Office of the Company at 199, Churchgate Reclamation, Mumbai - 400 020, on Saturday, the 29th July, 2006 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2006 and the Profit and Loss account for the year ended on that date and the Report of the Directors and the Auditors' Report thereon.
2. To declare Dividend on Equity shares for the year ended 31st March 2006.
3. To appoint a Director in place of Mr. D. R. Khatau who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board of Directors

Mumbai,
28th June 2006

S. Kapur
Director

Registered Office :
199, Churchgate Reclamation,
Mumbai - 400 020.

Note : A member entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be a member.

DIRECTORS' REPORT

To the Members :

The Directors submit herewith the **TWENTY-THIRD** Annual Report and the Audited Accounts for the year ended 31st March, 2006

Financial Results	Current Year Rupees	Previous Year Rupees
Profit for the year	936,254	4,602,277
Less : Provision for Taxation - Current Tax		442,000
Profit after Tax	936,254	4,160,277
Short / excess Income Tax		
Provision for earlier year		608
	936,254	4,160,885
Balance brought forward from Previous year	5,090,208	2,029,473
Balance available for Appropriation	6,026,462	6,190,358
Appropriations :		
Proposed Dividend	600,000	600,000
Corporate Tax on proposed Dividend	84,150	84,150
General Reserve	94,000	4,16,000
Balance Carried to Balance Sheet	5,248,312	5,090,208
	6,026,462	6,190,358

The Directors recommend the payment of a dividend of Rs. 10 per share on 60,000 equity shares.

Mr. Mr. D. R. Khatau will retire at the ensuing Annual General Meeting and is eligible for reappointment.

The Auditors, M/s. M. S. Sankaran & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. The requisite Certificate under Section 224 of the Companies' Act, 1956 has been received from them.

Information pertaining to Section 217 (1) (s) and Section 217 (2A) of the Companies' Act, 1956, are not applicable since the Company has no manufacturing activity nor any employee. The company did not have any income or expenditure in foreign exchange.

POSEIDON INVESTMENTS COMPANY LIMITED

Directors' Responsibility Statement :

Your Directors confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2006 and the profit of the company for that year.
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities :
- iv) that the Directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

D. H. Nanavati
S. Kapur
D. R. Khatau
Directors

Mumbai,
26th June 2006.

AUDITORS REPORT TO THE MEMBERS OF POSEIDON INVESTMENTS COMPANY LIMITED

1. We have audited the attached Balance Sheet of Poseidon Investments Company Limited (Company), as at 31st March 2006 and also the Profit & Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express our opinion on these financial statements based on our audit.
2. We conducted our Audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of such books;
 - c) The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report are in the compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
 - e) In our opinion and based on information and explanations given to us, none of the Directors are disqualified as on 31st March, 2006 from being appointed as Directors in terms of clause (g) of sub-section (i) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account read together with the Notes thereon give information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) In the case of Balance Sheet, of the State of affairs of the company as at 31st March, 2006 and
 - ii) In the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date.

For M.S. Sankaran & Co,
Chartered Accountants

Mumbai,
26th June 2006.

M.S. Sankaran
Partner.

POSEIDON INVESTMENTS COMPANY LIMITED

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF
POSEIDON INVESTMENTS COMPANY LTD. FOR THE YEAR ENDED ON 31ST MARCH 2006.**

1. In respect of its Fixed Assets : The company has maintained proper records to showing full particulars including quantitative details and situation of its fixed assets. These fixed assets were physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification. Substantial part of fixed assets have not been disposed of during the year which will effect its status as going concern.
2. In our opinion the company has an Internal audit system commensurate with its size and nature of business.
3. There are no amounts in respect of income-tax / Wealth tax and other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
4. The company has no accumulated losses. The company has not incurred cash losses in the financial year under report and financial year immediately preceeding such financial year.
5. During the checks carried out by, any fraud on or by the company has not been noticed or reported during the year under report.
6. In our opinion and according to the information and explanations given to us, the nature of the company's business / activities during the year are such that clauses (ii), (iii), (iv), (v), (vi), (vii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of paragraph 4 & 5 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

For M.S. Sankaran & Co.
Chartered Accountants

Mumbai,
26th June 2006.

M.S. Sankaran
Partner.

POSEIDON INVESTMENTS COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule	As at 31st March 2006 Rs.	As at 31st March 2005 Rs.
SOURCES OF FUNDS :			
SHAREHOLDER'S FUNDS			
Share Capital	A	6,00,000	6,00,000
Reserves and Surplus	B	15,635,312	15,383,208
	Total	16,235,312	15,983,208
APPLICATION OF FUNDS :			
Fixed Assets	C	1,227,230	1,227,230
Investments	D	15,819,506	15,570,188
Current Assets, Loans & Advances	E	166,478	78,259
Less : Current Liabilities & Provisions	F	977,902	892,489
Net Current Assets		(811,424)	(814,210)
		16,235,312	15,983,208
Notes forming part of the Accounts	G		
Significant Accounting Policies	H		
Schedules A to H annexed hereto form part of the Accounts			

This is the Balance Sheet referred to in our report of even date.

For M.S. Sankaran & Co.
Chartered Accountants

On behalf of the Board of Directors

M.S. Sankaran
Partner

D.H. Nanavati
S. Kapur
D. R. Khatau
Directors

Mumbai
26th June 2006

Mumbai
26th June 2006

POSEIDON INVESTMENTS COMPANY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule	Current Year Rupees	Previous Year Rupees
<u>A. EARNINGS :</u>			
Dividend		1,038,646	245,541
Interest (Tax deducted at Source Rs. 1,277. Previous year)		480	6,103
Profit on Sale of Investments		---	4,427,801
Other Income		---	---
TOTAL 'A'		1,039,126	4,679,245
<u>B. OUTGOINGS :</u>			
Administrative & other expenses		102,872	76,988
TOTAL 'B'		102,872	76,988
Profit for the year (A-B)		936,254	4,602,277
Less : Provision for Taxation - Current Tax		---	442,000
PROFIT AFTER TAX		936,254	4,160,277
Short / excess Income Tax			808
Provision for earlier year		936,254	4,160,885
Add : Profit brought forward from previous year		5,090,208	2,029,473
Profit available for appropriation		6,026,462	6,190,358
Appropriations :			
Proposed Dividend		600,000	600,000
Corporate Tax on Proposed Dividend		84,150	84,150
Transfer to General Reserve		94,000	416,000
Balance carried to Balance Sheet		5,248,312	5,090,208
		6,026,462	6,190,358
Notes forming part of the Accounts	G		
Significant Accounting Policies	H		
Schedule A to H annexed hereto form part of the Accounts			
This is the Profit and Loss Account referred to in our report of even date.			

For M. S. Sankaran & Co.
Chartered Accountants

M.S. Sankaran
Partner
Directors

Mumbai
26th June 2006

On behalf of the Board of Directors

D.H. Nanavati
S. Kapur
D. R. Khatau

Mumbai
26th June 2006

POSEIDON INVESTMENTS COMPANY LIMITED

	As at 31st March 2006 Rupees	As at 31st March 2005 Rupees
SHARE CAPITAL		Schedule A
Authorised :		
2,00,000 Equity Shares of Rs. 10/- each	<u>20,00,000</u>	<u>20,00,000</u>
Issued, Subscribed & Paid-up : 60,000 Equity Shares of Rs. 10/- each fully paid-up (Previous year 60,000 equity shares of Rs. 10/- each fully paid-up)	<u>6,00,000</u>	<u>6,00,000</u>
RESERVES & SURPLUS :		Schedule B
General Reserve		
Balance at the beginning of the year	10,293,000	9,877,000
Add : Amount transferred from Profit and Loss Account	<u>94,000</u>	<u>416,000</u>
	10,387,000	10,293,000
Profit & Loss Account - Surplus	<u>5,248,312</u>	<u>5,090,208</u>
TOTAL	<u>15,635,312</u>	<u>15,383,208</u>
FIXED ASSETS		Schedule C
Building (at cost) (see note below)	<u>1,227,230</u>	<u>1,227,230</u>
TOTAL :	<u>1,227,230</u>	<u>1,227,230</u>

Note : Includes a sum of Rs. 2000/- being paid-up value of 40 shares of Rs. 50 each in Ashoka Shopping Centre Premises Co-op. Society Ltd. towards ownership rights of the premises.

POSEIDON INVESTMENTS COMPANY LIMITED

Investments (At Cost)
LONG TERM

Schedule D

Name of Company	Face Value Rs.	31st March 2006		31st March 2005	
		Number	Cost Rs.	Number	Cost Rs.
A. <u>Equity Shares (Quoted)</u>					
1. Asian Hotels Ltd.	10	140	2,610	140	2,610
2. Benares Hotels Ltd.	10	550	13,929	550	13,929
3. Blue Star Ltd.	10	750	12,916	750	12,916
4. Blue Star Infotech Ltd.	10	250	904	250	904
5. CHL Limited	10	100	1,010	100	1,010
6. Eveready Industries India Ltd. @	10	--	--	112	3,003
7. Eveready Industries India Ltd. @	5	112	1,501	--	--
8. The GL Hotels Ltd.	10	100	2,272	100	2,272
9. Hindustan Lever Ltd.	1	7500	64,000	7,500	64,000
10. I.T.C. Ltd. #	10	--	--	640	7,035
11. I.T.C. Ltd.	1	9,600	7,035	--	--
12. McLeod Russel (I) Ltd. @	5	112	1,502	--	--
13. Oriental Hotels Ltd.	10	1746	41,068	1746	41,068
14. Orkay Silk Mills Ltd.	10	250	4,000	250	4,000
15. Procter & Gamble Hygiene & Health Care Ltd	10	873	34,827	873	34,827
16. State Bank of India	10	250	25,000	250	25,000
17. Tata Tea Ltd.	10	348	9,334	348	9,334
18. Warren Tea Ltd.	10	120	4,010	120	4,010
B. <u>Mutual Funds (Unquoted)</u>					
1. Birla Monthly Income Plan - Dividend Reinvestment	10	3,53,790	3,845,607	3,33,813	3,629,697
2. HDFC Monthly Income plan - Long term monthly dividend	10	3,53,790	3,981,174	3,54,007	3,705,276
3. HDFC Cash management Fund Savings Plan - Weekly Dividend Reinvestment	10	3,53,790	3,856,121	4,07,769	4,334,151
4. Templeton India Monthly Income Plan - Monthly Dividend Reinvestment	10	3,53,790	3,848,288	3,04,989	3,612,547
5. UTI Equity Fund **	10	5,000	50,000	5,000	50,000
C. <u>Secured Debentures (Unquoted)</u> : **					
1. Hindustan Development Corp. Ltd.					
(a) 12.5% Non-Convertible Series VII Part A	20	100	2,000	100	2,000
(b) 12.5% Non-Convertible Series VIII Part A	40	127	5,080	127	5,080
(c) 14% Non-Convertible Series IX Part C	40	133	5,320	133	5,320
TOTAL			15,819,508		15,570,188
Cost of Quoted Investments			225,918		225,918
Market Value of Quoted Investments			8,898,913		3,494,988
Cost of Units (Un Quoted)			15,581,188		15,331,870
NAV of Units			16,247,019		15,290,425
** Cost of Unquoted Debentures			12,400		12,400

- Notes: 1. All the above investments are fully paid - up
2. @ Demerged with McLeod Russel (I) Ltd. Ordinary shares of Rs. 10 each subdivided into ordinary shares of Rs. 5 each and 112 ES of Rs. 5 each issued of McLeod Russel India Ltd.
3. # Ordinary shares of Rs. 10/- each sub-divided into ordinary shares of Re. 1 each bonus shares issued in the ratio 1 : 2
4. ** Previously UTI Capital Growth Unit Scheme 1992 (Mastergain 1992)

POSEIDON INVESTMENTS COMPANY LIMITED

	As at 31st March 2006 Rupees	As at 31st March 2005 Rupees
CURRENT ASSETS, LOANS & ADVANCES :		Schedule E
A. Current Assets :		
Balance with Scheduled Banks :		
On Current Account	108,101	19,922
B. Loans and Advances :		
Advance Recoverable in cash or in kind or for value to be received	8,000	
Advance Tax & Tax deducted at source (Net of Provision)	50,377	58,337
TOTAL	166,478	78,259
CURRENT LIABILITIES & PROVISIONS :		SCHEDULE F
i. Current Liabilities :		
Trade Creditors and Accrued Liabilities	293,752	208,319
SUB-TOTAL :	293,752	208,319
ii. Provisions :		
i) For Proposed Equity Dividend	600,000	600,000
ii) For Tax on distributed profit	84,150	84,150
SUB-TOTAL	684,150	684,150
TOTAL	977,902	892,469

NOTES ON ACCOUNTS

Schedule G

- Figures have been rounded off to the nearest rupee.
- Figures for the previous year have been regrouped wherever necessary in order to conform to this year presentation.
- There are no amounts payable to Small scale Industrial undertaking.
- Administrative & other expenses include Directors' sitting fees Rs. 4,500 (previous year Rs. 7,500), payment to Auditors for Statutory Audit Rs. 2,000 (previous year Rs. 2,000) & for other services Rs. 3,000 (previous year Rs. 3,000) Rates & Taxes Rs. 20,534 (previous year Rs. 20,534) and Interest charged by Building Society Rs. 34,550 (Previous year Rs. Nil)
- Depreciation has not been provided on Buildings as the same is not used.
- Related party disclosures as required by Accounting Standard 18 :
 - Holding Company : The Nonsuch Tea Estates Limited.
 - The nature of transactions of the Company during the year is as follows :

Particulars	Holding Company (Rs.)
Dividend Paid	6,00,000

- Quantitative & other information as per Schedule VI & Notifications have not been furnished as the same are not applicable. The Balance Sheet Abstract & General Business Profile is annexed hereto.
- The entire paid up capital is owned by The Nonsuch Tea Estates Limited, the holding company. The same includes 30,000 Equity shares (thirty thousand) allotted (as fully paid up) by way of Bonus shares by capitalisation of General Reserve.
- Investments : Purchase and Sale / Redemption on Investments during the year are :

Description	Purchases Cost		Sales Cost	
	Nos.	Rupees	Nos.	Rupees
(a) Units in Schemes of various funds	---	---	61605.614	855000
(b) Redeemable Bonds	---	---	---	---
(c) Equity Shares	---	---	---	---

SIGNIFICANT ACCOUNTING POLICIES

1. SYSTEM OF ACCOUNTING

The company adopts the accrual concept in the preparation of the accounts.

2. INVESTMENTS

Investments are classified as long term and current in accordance with the Accounting Standard on "Accounting for Investments" (AS 13) issued by the Institute of Chartered Accountants of India. Long term investments are valued at acquisition cost. Current investments are valued at lower of cost and market value.

3. INCOME-TAX

The accounting treatment for Income-tax is based on the Accounting Standard on "Accounting for Taxes on Income" (AS 22) Issued by the Institute of Chartered Accountants of India.

Schedules A to H annexed hereto form part of the Accounts

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

For M.S. Sankaran & Co.
Chartered Accountants

On behalf of the Board of Directors

M.S. Sankaran
Partner

D. H. Nanavati
S. Kapur
D. R. Khatau
Directors

Mumbai
26th June 2006

Mumbai
26th June 2006

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 30475

State Code 11

Balance Sheet date 31-03-2006

II. Capital Raised during the year (Amount in Rs. Thousands)

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

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds	Total Liabilities	16,235	Total Assets	16,235
	Paid-up capital	600	Reserves & Surplus	15,635
	Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds	Net Fixed Assets	1227	Investments	15,819
	Net Current Assets	- 811	Misc. Expenditure	Nil
	Accumulated Losses			

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)	1039	Total Expenditure	103
+/- Profit / Loss before tax	+ 936	+/- Profit / Loss after Tax	936
Earnings per Share in Rs.	15.8	Dividend rate %	100.00 %

V. Generic Name of Three Principal Product./Services of Company (as per monetary terms)

Item Code (ITC Code)	N. A
Product Description :	Investments

On behalf of the Board of Directors

D.H. NANAVATI
S. KAPUR
D. R. KHATAU
Directors

Mumbai
26th June, 2006.

THE NONSUCH TEA ESTATES LIMITED

PROXY

I / We of

in the District of being a member / members of the above named

Company hereby appoint

of

in the District of or failing him

of in the District of

as my / our proxy to vote for me / us on our behalf at the Annual General Meeting of the Company to be held on the 28th September 2006 and any adjournment thereof.

Signed this day of 2006

Please
affix
Rs. 1.
Revenue
stamp here

Signature

