

The Nonsuch Tea Estates Limited

**82nd
Annual Report and Accounts 2007**

THE NONSUCH TEA ESTATES LIMITED

DIRECTORS

SRIRAM KAPUR

D. H. NANAVATI

M. K. SUDHARSAN (up to 17th June, 2007)

S. BURMAN

AUDITORS

M/s. V. BALASUNDARAM & ASSOCIATES

Devi Nivas,

15, Gokhale Street, Ramnagar,

Coimbatore - 641 009.

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 - 6549995

THE NONSUCH TEA ESTATES LIMITED

Regd. Office : RITZ BUILDINGS, COONNOR-643 101

NOTICE

NOTICE is hereby given that the 82nd 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 Friday, 28th September 2007, 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 2007, 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 2007.
3. To appoint a Director in place of Mr. S. Kapur, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the Meeting until the conclusion of the next meeting and fix their remuneration.

By Order of the Board

Mumbai
2nd July 2007

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 2007 to 26th September 2007 (both days inclusive.)
3. The dividend, if any, declared at this Meeting will be payable to member whose names appear in the Company's Register of Members, on 14th September 2007.

THE NONSUCH TEA ESTATES LIMITED

Regd. Office : RITZ BUILDINGS, COONOR - 643 101

DIRECTORS REPORT

The Directors submit their Eighty Second Annual and Audited Statement of Accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

	Rupees
Profit for the year after Depreciation	1,05,08,312
Deduct : Provision for Tax	
Current Tax	24,00,000
Deferred Tax	- 600
Fringe benefit Tax	1,10,000
Profit after Taxation	79,98,912
Add : Balance brought forward from previous year	50,13,020
Deduct : Dividend @ 100 % (free of Income Tax)	25,87,200
Tax on Distribution of Dividend	4,39,695
Transfer to General Reserve	8,00,000
Balance carried forward	91,85,037

PERFORMANCE

During the year under review the Company produced a total of 7,69,114 kgs of made tea compared to 7,80,628 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. 10.00 per share.

SUBSIDIARY : The Annual report of Poseidon Investments Company Limited and the statement pursuant of Section 212 of the Companies Act, 1956 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. S. Kapur, Director of the company retires by rotation and is eligible for re-appointment.

Your Directors regret to inform you of the sad demise of Mr. M. K. Sudharsan, a Director of the Company on 17th June 2007. The Directors place on record their appreciation of the services rendered by Late Mr. M. K. Sudharsan during his tenure as a Director of the Company.

AUDITORS : M/s. V. Balasundaram & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Necessary declaration under Section 244 of the Companies Act has been received from them.

CONSERVATION OF ENERGY : The information as per Section 217 (1) (a) of the Companies Act read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1996, is also annexed.

EMPLOYEES : There are no employees who are in receipt of remuneration of more than Rs. 24,00,000/- per annum when employed throughout the year and Rs. 2,00,000/- per month employed for a part of the year, 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

Mumbai,
2nd July 2007

Sriram Kapur
D. H. Nanavati
Directors

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	2006 - 2007	2005 - 2006
A : POWER & FUEL CONSUMPTION		
1. a) Electricity purchased (TNES):		
Units 000's	409	424
Total Amount Rs. 000's	2286	2309
Rate/Unit Rs.	5.59	5.45
b) Own Generation through Diesel		
Generating Sets - Units - 000's	16	12
Units/Ltr. of Diesel Oil	3.04	2.66
Cost per Unit	14.15	19.58
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)	1855	1669
Total cost Rs. in 000's	4074	2536
Average Rate per Tonne Rs.	2.20	1.52
b) Fuel Briquettes (In Tonnes)		
Total cost Rs. in 000's		
Average Rate per Tonnes		
B. CONSUMPTION PER UNIT PRODUCTION :		
Product - Tea Kg.	769114	780629
a) Electricity Units	0.55	0.58
b) Coal		
c) Furnace Oil		
d) Leco Kg.		
e) Others		
Firewood	2.41	2.14
Briquetting Fuel		

Mumbai,
2nd July 2007

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 2007.
- 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 2007 Rs. 1,84,682
 - b) For its previous financial years Rs. 1,56,35,312
- 1.5. Dividends declared by the Subsidiary :
 - a) For its financial year ended 31st March, 2007 Rs. 15,00,000
 - b) For its previous financial years Rs. 40,37,500
- 1.6. The Annual Report of the Subsidiary for the financial year ended 31st March 2007, is attached hereto.

Mumbai
2nd July 2007

Sriram Kapur
D. H. Nanavali
Directors

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

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

Phone : 0422 - 2319343 Cell : 98422-06891
e-mail : akshayasr23@hotmail.com

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 there under and also provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2007. 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 there under 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 there under.
3. The company being a public limited company has minimum prescribed paidup capital.
4. The Board of Directors duly met 8 (EIGHT) 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. 25th May, 2006	2. 30th June, 2006	3. 31st July 2006
4. 22nd September 2006	5. 31st October 2006	6. 08th December 2006
7. 31st January 2007	8. 21st March 2007	

5. The company closed its Register of Members from 14.9.2006 to 28.9.2006 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 26th day of September 2006 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 duly Complied with the Provision of Section 297 of the Act in respect of contracts specified in that section.
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 Board of Directors has approved the issue of the duplicate share certificates.
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.
 - (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, 2007.
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
2nd July 2007

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 2007.

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 31-03-2006	27-10-2006	Yes	N.A
2	Compliance Certificate	383	30-06-2006	27-10-2006	Yes	N.A
3	Schedule V of the Companies Act, 1956	159	Annual Return made upto the date of AGM 28-09-2006	27-11-2006	Yes	N.A

Mumbai
2nd July 2007

S. R. BAALAJI
PRACTISING COMPANY SECRETARY

V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

Tel : +91 (422) 2230946
E-mail : balasundaramv@yahoo.co.in

"Padma Nivas"
15, Gokhale Street, Ram Nagar,
Coimbatore - 641 008.

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 2007 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 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 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 2007 ;
 - 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.

For V. Balasundaram & Associates
Chartered Accountants

V. BALASUNDARAM
Proprietor
Membership No. 19319

Mumbai
2nd July 2007

**ANNEXURE TO THE AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2007
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. In respect of loan secured or unsecured granted or taken by the company to or from companies, or other parties covered in the register maintained under section 301 of the Companies Act, 1956 accordingly to the information and explanation given to us the company has neither granted nor taken any loan to / from any party.
- 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 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 / service tax and cess which have not been deposited as on 31st March 2007 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.

Mumbai
2nd July 2007

For V. Balasundaram & Associates
Chartered Accountants

V. BALASUNDARAM
Proprietor
Membership No. 19319

THE NONSUCH TEA ESTATES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2007

	Schedule No.	As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
<u>SOURCES OF FUNDS:</u>			
Shareholders' Funds :			
Share Capital	1	25,87,200	25,87,200
Reserves & Surplus	2	7,14,84,703	8,65,12,666
Secured Loan	3	14,80,071	19,05,810
Unsecured Loan	4	5,15,190	1,95,040
Deferred Tax Liability	5	37,401	38,001
		<u>7,61,04,565</u>	<u>7,12,38,737</u>
<u>APPLICATION OF FUNDS :</u>			
Fixed Assets :			
Gross Block	6	3,72,76,310	3,52,92,560
Less : Depreciation		<u>1,86,30,029</u>	<u>1,76,77,441</u>
		1,86,46,281	1,76,15,119
Investments	7	25,85,427	25,73,712
Current Assets, Loans & Advances	8	6,46,43,504	6,05,22,347
Less : Current Liabilities & Provisions	9	<u>- 97,70,647</u>	<u>- 94,72,441</u>
		<u>5,48,72,857</u>	<u>5,10,49,906</u>
TOTAL		<u>7,61,04,565</u>	<u>7,12,38,737</u>

NOTES ON ACCOUNTS

Schedules 1 to 9 and 14 form an integral part of these Accounts.
This is the Balance Sheet referred to in our Report of even date.

For V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

V. BALASUNDARAM
Proprietor
Membership No. 19319
Mumbai : 2nd July 2007

Mumbai : 2nd July 2007

THE NONSUCH TEA ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	Schedule No.	Year ended 31st March 2007 Rs.	Year ended 31st March 2006 Rs.
<u>INCOME :</u>			
Sales / Tea		3,99,25,705	3,55,14,459
Less : Excise Duty / Cess		<u>2,45,477</u>	<u>2,65,156</u>
Interest (Tax deducted at source :		3,96,80,228	3,52,49,303
Rs. 10,59,706 (2005-2006 Rs. 9,56,758)		47,22,389	42,99,706
Income from Investments		17,49,778	7,93,977
Tea Board Orthodox Subsidy		20,71,302	17,72,205
Other Income	10	<u>13,55,261</u>	<u>23,38,602</u>
		<u>4,95,78,958</u>	<u>4,44,53,792</u>
<u>EXPENDITURE :</u>			
(Increase)/Decrease in Value of stock in Trade	11	-9,85,000	-14,85,473
Manufacturing and other expenses	12	3,88,04,597	3,85,89,371
Interest on secured loan		2,98,461	3,41,088
Depreciation		<u>9,52,588</u>	<u>8,93,622</u>
		<u>3,90,70,646</u>	<u>3,83,38,608</u>
Profit before Tax		1,05,08,312	61,15,184
Less : Provision for Tax			
Current Tax	24,00,000		17,00,000
Fringe Benefit Tax	1,10,000		50,000
Deferred Tax	- 600		- 11,927
		<u>25,09,400</u>	<u>17,38,073</u>
Profit after Tax		79,98,912	43,77,111
Balance brought forward from Previous year		50,13,020	25,48,937
Profit available for appropriation		<u>1,30,11,932</u>	<u>69,26,048</u>
<u>APPROPRIATIONS :</u>			
Proposed Dividend @ 100%		25,87,200	12,93,600
Tax on Distribution of Dividend		4,39,695	1,81,428
General Reserve		8,00,000	4,38,000
Balance Carried to Schedule 2		<u>91,85,037</u>	<u>50,13,020</u>
		<u>1,30,11,932</u>	<u>69,26,048</u>
Basic and Diluted Earnings Per Share		30.92	16.92

Schedules 1 to 14 form an integral part of these accounts.
This is Profit and Loss referred to in our report of even date.

For V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

V. BALASUNDARAM
Proprietor
Membership No. 19319
Mumbai : 2nd July 2007

Mumbai : 2nd July 2007

THE NONSUCH TEA ESTATES LIMITED

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2007

<u>SCHEDULE 1</u>	As at 31st March 2007 Rs.	As at 31st March 2006 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	5,25,38,998	5,20,98,998
Add : Transfer from Profit and Loss Account	<u>8,00,000</u>	<u>4,38,000</u>
	5,33,38,998	5,25,38,998
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>91,85,037</u>	<u>50,13,020</u>
TOTAL	<u>7,14,84,703</u>	<u>6,65,12,686</u>
<u>SCHEDULE 3</u>		
<u>SECURED LOAN</u>		
LOAN FROM BANKS :		
Cash Credit	14,80,071	18,05,810
(Secured by hypothecation of Crops, stores Movable properties and Book debts)		
<u>SCHEDULE 4</u>		
<u>UNSECURED LOAN</u>		
Financial Lease	5,15,190	1,95,040
(Lessor has a lien on the vehicles acquired through Financial Leases)		
<u>SCHEDULE 5</u>		
<u>DEFERRED TAX LIABILITY</u>		
Accumulated depreciation - Timing Difference		
Opening balance	38,001	49,928
Transfer from Profit and Loss Account	<u>-600</u>	<u>-11,927</u>
	<u>37,401</u>	<u>38,001</u>

THE NONSUCH TEA ESTATES LIMITED

SCHEDULE 6

FIXED ASSETS:

(In Rupees)

Description of Assets	COST OR VALUATION			DEPRECIATION			WRITTEN DOWN VALUE	
	As on 1st Apr 2006	Additions	As on 31st Mar 2007	As on 1st Apr 2006	For the year Additions	As on 31st Mar 07	As on 31st Mar 06	
Land Purchase & * Development	1,23,54,283		1,23,54,283			1,23,54,283	1,23,54,283	
Buildings	45,65,268	5,10,176	50,75,444	37,75,938	1,08,728	11,90,778	7,89,330	
Plant & Machinery	1,45,36,813	9,51,097	1,54,87,910	1,16,30,590	5,29,252	33,26,078	29,65,233	
Furniture	4,91,411		4,91,411	3,68,012	11,455	1,11,944	1,29,399	
Vehicles ##	33,44,785	5,12,477	39,57,262	19,02,911	2,93,153	15,61,198	14,41,874	
Total	3,52,92,560	19,83,750	3,72,76,310	1,76,77,441	9,52,588	1,86,46,281	1,76,15,119	

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

Includes cost of Assets acquired under Financial Lease Terms Rs. 7,16,468

THE NONSUCH TEA ESTATES LIMITED

		As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
<u>SCHEDULE 7</u>			
<u>INVESTMENTS</u>			
Non-Trade-at Cost :			
Unquoted : Long Term			
60,000	Fully Paid Equity Shares of Rs. 10/- each In Poseldon 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	Fully paid units of Rs. 10/- each in Capital Growth UTI Equity Fund	5,00,000	5,00,000
1,70,571.061	HDFC Liquid fund Dividend Reinvestment plan	17,60,627	17,48,912
		<u>25,85,427</u>	<u>25,73,712</u>
 <u>SCHEDULE 8</u>			
<u>CURRENT ASSETS, LOANS AND ADVANCES :</u>			
(A) Current Assets :			
Stores & Spares, at Cost		7,95,787	12,10,452
Stock in Trade :			
Tea, at Lower of Cost or Market Value		44,81,000	34,96,000
Sundry Debtors :			
(Unsecured Considered Good) :			
Debt outstanding for a period exceeding six months	1,39,986		1,96,626
Other debts	<u>20,89,600</u>		<u>13,03,825</u>
		22,39,586	15,00,451
Cash and Stamps on Hand		1,04,344	89,528
Balance with Scheduled Banks :			
On Current Accounts		1,45,00,868	11,79,150
	(A)	<u>2,21,21,386</u>	<u>74,81,579</u>
 (B) Loans & Advances			
(Unsecured Considered Good) :			
Inter Corporate Deposits		3,25,00,000	4,20,00,000
Advances recoverable in Cash or in kind or for value to be received		20,10,479	30,81,497
Deposits		74,11,430	74,11,430
Balances with Govt. Authorities		6,00,209	5,47,841
	(B)	<u>4,25,22,118</u>	<u>5,30,40,768</u>
Total of (A) and (B)		<u>6,46,43,504</u>	<u>6,05,22,347</u>

THE NONSUCH TEA ESTATES LIMITED

SCHEDULE 9

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities :

		As at 31st March 2007 Rs.	As at 31st March 2008 Rs.
Sundry Creditors	60,17,172		76,00,523
Due to Directors	<u>6,22,493</u>		<u>3,19,625</u>
		66,39,665	79,20,148
Unclaimed Dividend		35,566	68,655
Capital Reduction Account		<u>11,724</u>	<u>11,724</u>
		<u>66,86,955</u>	<u>80,00,527</u>

B. Provisions

Provision for Taxation	25,10,000		36,00,000
Less : Payments in advance of Assessments	<u>24,53,203</u>		<u>36,03,114</u>
		56,797	-3,114
Proposed Dividend		25,87,200	12,93,600
Tax on Distribution of Dividend		<u>4,39,695</u>	<u>1,81,428</u>
		<u>30,83,692</u>	<u>14,71,914</u>
TOTAL OF (A & B)		<u>97,70,647</u>	<u>94,72,441</u>

SCHEDULE 10

OTHER INCOME :

Miscellaneous Receipts	13,31,324	18,40,278
Profit on sale of Fixed Assets		41,440
Profit on sale of Investments	23,937	43,813
Sale of Timbers		<u>4,13,071</u>
	<u>13,55,261</u>	<u>23,38,602</u>

SCHEDULE 11

(Increase) Decrease In Value of Stock In Trade (Tea)

Opening Stock	34,98,000	20,10,527
Closing Stock of Tea	<u>44,81,000</u>	<u>34,98,000</u>
(Increase) Decrease	<u>- 9,85,000</u>	<u>-14,85,473</u>

THE NONSUCH TEA ESTATES LIMITED

		Year ended 31st March 2007 Rs.	Year ended 31st March 2006 Rs.
SCHEDULE 12			
MANUFACTURING AND OTHER EXPENSES :			
Salaries, Wages and Bonus		1,82,24,509	1,85,95,861
Contribution to Provident, Superannuation Fund & Gratuity Fund		27,05,387	16,49,621
Workman and Staff Welfare Expenses		12,78,051	10,37,940
Consumption of Stores and spare parts		31,30,367	33,41,015
Power & Fuel		67,80,423	52,49,111
Repairs and Maintenance			
Buildings & Roads :			
Stores	5,76,568		7,27,895
Wages	<u>1,56,583</u>		<u>1,26,363</u>
		7,32,151	8,54,358
Machinery :			
Stores	9,33,157		27,42,190
Wages	<u>4,43,389</u>		<u>2,81,177</u>
		13,76,546	30,23,367
Vehicles Maintenance		4,22,911	2,86,060
Rent, Rates & Taxes		4,24,140	4,47,332
Insurance		3,58,842	2,72,793
Directors' Sitting Fees		4,000	7,500
Directors' Commission (Schedule 13)		3,24,383	1,75,231
Auditors' Remuneration :			
For Audit		40,000	40,000
For Tax audit		15,000	15,000
For Certification & Others		27,000	8,500
Miscellaneous Expenses (Includes			
Auditor's Travelling Expenses Rs. 18,800/-)		17,93,056	21,70,784
Bad Debts Written Off			3,02,258
Selling Expenses :			
Transport, Handling and Warehousing Charges		7,88,355	6,97,961
Brokerage		3,72,083	4,08,763
Service charges		6,393	5,907
		<u>3,88,04,597</u>	<u>3,85,89,371</u>
SCHEDULE 13			
DIRECTOR'S COMMISSION :			
Profit as per Profit & Loss Account Before Tax		1,05,08,312	61,15,184
Add : Director's Commission	3,24,383		1,75,231
Sitting Fees	4,000		7,500
Loss on Sale of Investments	--		
		<u>3,28,383</u>	
		1,08,36,695	62,97,915
Less : Profit on Sale of Timber			4,13,071
Profit on Sale Investments		<u>23,937</u>	<u>43,813</u>
Profit for the purpose of calculation of Commission		1,08,12,758	58,41,031
Commission thereon @ 3%		<u>3,24,383</u>	<u>1,75,231</u>

THE NONSUCH TEA ESTATES LIMITED

SCHEDULE 14

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Significant Accounting policies and Notes Annexed to and forming part of the Balance Sheet as at 31st March 2007 and Profit and Loss Account of the year ended 31st March 2007.

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 Prices since realized or at estimated realizable value. 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 2007 Rs.	As at 31st March 2006 Rs.
i) Deferred Taxation		
Particulars	Balance as on 01-04-2006	Charges for the Liability (asset)
Depreciation	38,001	600
Others	Nil	Nil
Balance as on 31-03-2007		
ii) Claim against the company not acknowledged as debts.	1,29,281	1,29,281
iii) Bank Balances Includes :		
Unclaimed Dividend	35,566	68,655
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) Licensed Capacity	Kg.	N.A.
b) Installed capacity per annum for single shift as determined by the company	10,50,000	10,50,000

		As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
c) Raw Materials consumed			
Green Leaf from own Estate	Kg.	34,51,345	35,75,143
Bought Leaf		Nil	Nil
vi) Quantitative Particulars of Made Tea :			
a) Opening Stock - Tea Quantity	Kg.	73,034	35,976
b) Production of Tea	Kg.	7,69,114	7,80,628
c) Turnover	Kg.	7,65,557	7,43,570
d) Closing Stock - Tea	Kg.	76,591	73,034
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		46,40,092 (100%)	56,56,651 (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 Royalty, Know-how, Professional & Consultancy 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. Poseidon 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 31.3.2007	Outstanding as at 31.3.2006	As at 31.3.2006
Commission			3,24,383	3,24,383		1,75,231
Equity Participation	2,99,800			2,99,800	2,99,800	2,99,800
Tea Sales		72,020		10,682		75,838

- xiv) Earnings per Share
Profit as per Profit and Loss account 79,98,912 43,77,111
Number of Equity Shares 2,58,720 2,58,720
Basic and Diluted Earnings per share 30.92 16.92
(Nominal value of equity share Rs.10/-)
- xv) There are no micro, small and medium industries in respect of whom the Company dues are outstanding for more than 30 days at the Balance Sheet date as identified by the company. (Previous Year : Nil)
- xvi) Financial Lease
Avalited for part financing purchase of vehicles
Amount Payable
One Year Nil Nil
One Year to Five Year 5,15,190 1,95,040
Beyond Five Years Nil Nil
Included above, Unmatured Finance charges on financial Lease 1,13,250 33,390
- xvii) Comparative figures for the previous year have been reclassified wherever necessary to confirm to this year's classification.

Signatures to Schedules 1 to 14

For V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

V. BALASUNDARAM
Proprietor
Membership No. 19319

Mumbai : 2nd July 2007

SRIRAM KAPUR
D. H. NANAVATI
Directors

Mumbai : 2nd July 2007

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	31/03/2007		

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	76104	Total Assets	76104
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Source of funds :

Paid up Capital	2587	Reserves & Surplus	71485
Secured Loans	1480	Unsecured Loans	515
		Deferred tax Liability	37

Application of funds

Net Fixed Assets	16648	Investments	2585
Net Current Assets	54673		

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

Turnover	49578	Total Expenditure	39070
Profit Before Tax	10508	Profit After Tax	7999
Earnings per Share	30.92	Dividend Rate	100%

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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For V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

V. BALASUNDARAM
Proprietor
Membership No. 19319

Mumbai : 2nd July 2007

Mumbai : 2nd July 2007

THE NONSUCH TEA ESTATES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

	Year ended 31st March 2007 Rs.	Year ended 31st March 2006 Rs.
A. Cash Flow from Operating Activities :		
Net Profit before Tax & Extraordinary Items	1,05,08,312	61,15,184
Adjustment for :		
Depreciation	9,52,588	8,93,622
Profit on sale of Fixed Assets		(41,440)
Profit on sale of Investments	(23,937)	(43,813)
Interest / Dividend	(64,72,167)	(50,93,682)
Interest paid	2,98,461	3,41,088
Operating Profit before working Capital Charges	52,63,257	21,70,959
Adjustment for :		
Trade & Other Receivables	2,79,515	(23,75,681)
Inventories	(5,64,335)	(18,37,849)
Trade payable	(12,80,483)	34,62,408
Cash generated from Operations	36,97,954	14,19,838
Direct taxes paid	(26,31,517)	(24,01,039)
Cash flow before extraordinary Items	10,66,437	(9,81,201)
Net cash from operating activities "A"	10,66,437	(9,81,201)
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(19,83,750)	(14,14,080)
Proceeds from Sale of Fixed Assets		42,185
Purchase of Investments	(85,07,778)	(50,46,977)
Sale of Investments	85,20,000	76,28,000
Loans / Inter-corporate deposits	95,00,000	(50,00,000)
Interest received	47,22,389	42,99,705
Dividend Received	17,49,778	7,93,977
Net Cash used In Investing Activities "B"	1,40,00,639	13,00,830
C. Cash Flow from Financing Activities :		
Dividend paid	(13,28,689)	(12,72,986)
Interest paid	(2,98,461)	(3,41,088)
Cash Credit - Hypothecation - UBI	(4,25,738)	11,58,729
Unsecured Loans	3,20,149	1,95,040
Net cash used In financing Activities "C"	(17,30,740)	(2,60,305)
Net Increase in Cash & Cash equivalents "A+B+C"	1,33,36,336	59,324
Cash and Cash equivalents (Opening Balance)	12,68,676	12,09,352
Cash and Cash equivalents (Closing Balance)	1,46,05,012	12,68,676
As per our report of even date		

For V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

V. BALASUNDARAM
Proprietor
Membership No. 19319
Mumbai : 2nd July 2007

SRIRAM KAPUR
D. H. NANAVATI
Directors

Mumbai : 2nd July 2007

V. BALASUNDARAM & ASSOCIATES

Chartered Accountants

Tel : +91 (422) 2230946

E-mail : balasundaramv@yahoo.co.in

"Padma Nivas"

15, Gokhale Street, Ram Nagar,
Coimbatore - 641 009.

**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 2007 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.1,64,19,994/- as at 31.03.2007 and total revenue of Rs. 12,92,283/- 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 2007 : 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 V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

Mumbai
2nd July, 2007

V. BALASUNDARAM
Proprietor
Membership No. 19319

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2007

	Schedule No.	As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
<u>SOURCES OF FUNDS:</u>			
Shareholders' Funds :			
Share Capital	1	25,87,200	25,87,200
Reserves & Surplus	2	8,76,04,897	8,24,48,198
Secured Loan	3	14,80,071	19,05,810
Unsecured Loan	4	5,15,190	1,95,040
Deferred Tax Liability	5	37,401	38,001
		<u>9,22,24,759</u>	<u>8,71,74,249</u>
<u>APPLICATION OF FUNDS:</u>			
Fixed Assets :			
Gross Block	6	3,85,03,540	3,65,19,790
Less : Depreciation		<u>1,86,30,029</u>	<u>1,76,77,441</u>
		1,98,73,511	1,88,42,349
Investments		1,77,47,481	1,80,93,418
Current Assets, Loans & Advances	7	6,47,04,670	6,06,38,448
Less : Current Liabilities & Provisions	8	<u>1,01,00,903</u>	<u>1,03,99,966</u>
		5,46,03,767	5,02,38,482
TOTAL		<u>9,22,24,759</u>	<u>8,71,74,249</u>

NOTES ON ACCOUNTS

12

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 V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

SRI RAM KAPUR
D. H. NANAVATI
Directors

V. BALASUNDARAM
Proprietor
Membership No. 19319

Mumbai : 2nd July 2007

Mumbai : 2nd July 2007

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	Schedule No.	Year ended 31st March 2007 Rs.	Year ended 31st March 2006 Rs.
<u>INCOME :</u>			
Sales / Tea		3,99,25,705	3,55,14,459
Less : Excise Duty / Cess		<u>2,45,477</u>	<u>2,65,156</u>
Interest (Tax deducted at source : Rs. 10,59,706 (2005 - 2006 Rs. 9,56,758)		3,96,80,228	3,52,49,303
Income from Investments		47,22,389	43,00,185
Tea Board Orthodox Subsidy		30,41,064	18,32,623
Other Income	9	20,71,302	17,72,205
		<u>13,56,258</u>	<u>23,38,602</u>
		<u>6,08,71,241</u>	<u>4,54,92,918</u>
<u>EXPENDITURE :</u>			
(Increase)/Decrease in Value of stock in Trade	10	- 9,85,000	-14,85,473
Manufacturing and other expenses	11	3,88,85,973	3,86,92,243
Interest on secured loan		2,98,461	3,41,088
Depreciation		9,52,588	8,93,622
		<u>3,91,52,022</u>	<u>3,84,41,480</u>
Profit before Tax		1,17,19,219	70,51,438
Less : Provision for Tax			
Current Tax		24,00,000	17,00,000
Fringe Benefit Tax		1,10,000	50,000
Deferred Tax		<u>- 600</u>	<u>- 11,927</u>
		<u>25,09,400</u>	<u>17,38,073</u>
Profit after Tax		92,09,819	53,13,365
Balance brought forward from Previous year		1,02,61,332	76,39,145
		<u>1,94,71,151</u>	<u>1,29,52,510</u>
Profit available for appropriation		<u>1,94,71,151</u>	<u>1,29,52,510</u>
<u>APPROPRIATIONS :</u>			
Proposed Dividend		34,87,200	18,93,600
Corporate Tax on Proposed Dividend		5,65,920	2,65,578
Transfer to General Reserve		9,22,000	5,32,000
Balance Carried to Schedule 2		<u>1,44,96,031</u>	<u>1,02,61,332</u>
		<u>1,94,71,151</u>	<u>1,29,52,510</u>
Basic and Diluted Earnings Per Share		35.60	20.54

Schedules 1 to 12 form an integral part of these accounts.
This is Profit and Loss referred to in our report of even date.

For BALASUNDARAM & ASSOCIATES
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

V. BALASUNDARAM
Proprietor
Membership No. 19319
Mumbai : 2nd July 2007

Mumbai : 2nd July 2007

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2007

<u>SCHEDULE 1</u>		As at 31st March 2007 Rs.	As at 31st March 2008 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			
<u>SCHEDULE 2</u>			
<u>RESERVES AND SURPLUS :</u>			
A. CAPITAL RESERVE :			
As per last Balance Sheet		92,56,868	92,56,868
B. REVENUE RESERVE :			
GENERAL RESERVE :			
As per last Balance Sheet	6,29,23,998		6,23,91,998
Add : Transfer from Profit & Loss Account	9,22,000		5,32,000
	<u>6,38,45,998</u>		<u>6,29,23,998</u>
Less : Transferred to Capital Reserve	--		--
		6,38,45,998	6,29,23,998
Debenture Redemption Reserve :			
As per last Balance Sheet		6,000	6,000
(Representing Debentures not surrendered for redemption)			
Surplus in Profit & Loss Account		1,44,98,031	1,02,61,332
TOTAL of (A+B)		<u>8,76,04,897</u>	<u>8,24,48,198</u>
<u>SCHEDULE 3</u>			
<u>SECURED LOAN</u>			
LOAN FROM BANKS :			
Cash Credit		14,80,071	19,05,810
(Secured by hypothecation of Crops, stores Movable properties and Book debts)			
<u>SCHEDULE 4</u>			
<u>UNSECURED LOAN</u>			
Financial Lease		5,15,120	1,85,040
(Lessor has a lien on the vehicles acquired through Financial Leases)			
<u>SCHEDULE 5</u>			
<u>DEFERRED TAX LIABILITY</u>			
Opening balance	38,001		38,001
Transfer to Profit and Loss Account	- 600	37,401	
		<u>37,401</u>	<u>38,001</u>

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

SCHEDULE 6

FIXED ASSETS:

(In Rupees)

Description of Assets	COST OR VALUATION			DEPRECIATION			WRITTEN DOWN VALUE	
	As on 1st Apr 2006	Additions	Deletions 31st Mar 2007	As on 1st Apr 2006	For the year Additions	As on 31st Mar 07	As on 31st Mar 07	As on 31st Mar 06
Land Purchase & Development	1,23,54,283		1,23,54,283				1,23,54,283	
Buildings	57,92,488	5,10,176	83,02,674	37,75,938	1,08,726	38,84,666	24,18,008	20,16,560
Plant & Machinery	1,45,36,813	9,51,087	1,54,87,910	1,16,30,580	5,39,252	1,21,69,832	33,28,078	29,06,233
Furniture	4,91,411		4,91,411	3,88,012	11,455	3,79,467	1,11,944	1,23,399
Vehicles ##	33,44,785	5,12,477	38,57,262	19,02,911	2,93,153	21,96,064	16,51,196	14,41,874
Total	3,85,19,799	19,83,750	3,85,03,540	1,76,77,441	9,52,586	1,86,30,029	1,98,73,511	1,88,42,349

* At valuation in 1970 and additions, deletions since 1970 at cost.
 ## Includes cost of Assets acquired under Financial Lease Terms Rs. 7,16,458

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

		As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
SCHEDULE 7			
<u>CURRENT ASSETS, LOANS AND ADVANCES :</u>			
A. Current Assets :			
Stores & Spares, at Cost		7,95,788	12,16,452
Stock in Trade :			
Tea, at Lower of cost or Market Value		44,81,000	34,98,000
Sundry Debtors :			
(Unsecured Considered Good) :			
Debts outstanding for a period exceeding six months	1,39,986		1,98,626
Other debts	<u>20,99,600</u>		<u>13,03,825</u>
		22,39,586	15,00,451
Cash and Stamps on Hand		1,04,344	89,528
Balance with Scheduled Banks :			
On Current Accounts		1,45,55,834	12,87,251
	(A)	<u>2,21,76,552</u>	<u>75,89,680</u>
(B) Loans & Advances :			
(Unsecured Considered Good) :			
Inter Corporate Deposits		3,25,00,000	4,20,00,000
Advances recoverable in Cash or in kind or for value to be received		20,16,479	30,89,497
Deposits		74,11,430	74,11,430
Balance with Govt. Authorities		6,00,209	5,47,841
	(B)	<u>4,25,28,118</u>	<u>5,30,48,768</u>
Total of (A) and (B)		<u>6,47,04,670</u>	<u>6,06,38,448</u>
SCHEDULE 8			
<u>CURRENT LIABILITIES AND PROVISIONS</u>			
A. Current Liabilities :			
Sundry Creditors	63,69,938		78,94,276
Due to Directors	<u>6,22,493</u>		<u>3,19,625</u>
		69,92,431	82,13,900
Unclaimed Dividend		35,566	68,655
Capital Reduction Account		11,724	11,724
		<u>70,39,721</u>	<u>82,94,279</u>
B. Provisions :			
Provision for Taxation	25,10,000		36,00,000
Less : Payments in advance of Assessments	<u>24,75,713</u>		<u>36,53,491</u>
		34,287	- 53,491
Proposed Dividend		25,87,200	18,93,600
Tax on distribution of dividend		4,39,695	2,65,578
		<u>30,61,182</u>	<u>21,05,687</u>
Total of (A & B)		<u>1,01,00,903</u>	<u>1,03,89,966</u>
Due to Small Scale Industries	Nil		

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY

	As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
SCHEDULE 9		
OTHER INCOME:		
Miscellaneous Receipts	13,31,324	18,40,278
Profit on Sale of Fixed Assets		41,440
Profit on Sale of Investments	24,934	43,813
Sale of Timber		4,13,071
	<u>13,56,258</u>	<u>23,38,602</u>
SCHEDULE 10		
(Increase) Decrease in Value of Stock in Trade (Tea)		
Opening Stock	34,98,000	20,10,527
Closing Stock of Tea	44,81,000	34,98,000
(Increase) Decrease	<u>- 9,85,000</u>	<u>-14,85,473</u>
SCHEDULE 11		
MANUFACTURING AND OTHER EXPENSES :		
Salaries, Wages and Bonus	1,82,24,509	1,85,95,861
Contribution to Provident & Superannuation Fund	27,05,387	16,49,621
Workmen and Staff Welfare Expenses	12,78,051	10,37,940
Consumption of Stores and spare parts	31,30,367	33,41,015
Power & Fuel	67,80,423	52,49,111
Repairs and Maintenance		
Buildings & Roads :		
Stores	5,76,568	
Wages	<u>1,55,583</u>	8,54,358
Machinery :		
Stores	9,33,157	
Wages	<u>4,43,389</u>	30,23,367
Vehicles Maintenance	4,22,911	2,86,060
Rent, Rates & Tax	4,44,876	4,72,866
Insurance	3,58,842	2,72,793
Directors' Sitting Fees	10,000	12,000
Directors' Commission	3,24,383	1,75,231
Auditors' Remuneration :		
For Audit	42,000	42,000
For Tax work	15,000	15,000
For Certification & Others	27,000	8,500
Bad debts		3,02,258
Miscellaneous Expenses (Includes Auditors' Travelling Expenses)	18,45,896	22,41,631
Selling Expenses :		
Transport, Handling and Warehousing Charges	7,69,355	6,97,961
Brokerage	3,72,083	4,08,763
Service charges	6,393	5,907
	<u>3,88,85,973</u>	<u>3,86,92,243</u>

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 2007 and Profit and Loss Account for the year ended 31st March 2007.

1. 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 realisability 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 Prices since realized or at estimated realizable value. 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 Superannuation Fund are made over to Life Insurance Corporation of India.

NOTES ON ACCOUNTS

		As at 31st March 2007 Rs.	As at 31st March 2006 Rs.												
i) Deferred Taxation															
	<table border="1"> <thead> <tr> <th>Particulars</th><th>Balance as on 01-04-2006</th><th>Charges for the Liability (asset)</th><th>Balance as on 31-03-2007</th></tr> </thead> <tbody> <tr> <td>Depreciation</td><td>38001</td><td>800</td><td>37401</td></tr> <tr> <td>Others</td><td>Nil</td><td>Nil</td><td>Nil</td></tr> </tbody> </table>	Particulars	Balance as on 01-04-2006	Charges for the Liability (asset)	Balance as on 31-03-2007	Depreciation	38001	800	37401	Others	Nil	Nil	Nil		
Particulars	Balance as on 01-04-2006	Charges for the Liability (asset)	Balance as on 31-03-2007												
Depreciation	38001	800	37401												
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		35,566	68,655												
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) Licensed 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.	34,51,345	35,75,143												
Bought Leaf		Nil	Nil												

		As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
vi) Quantitative Particulars of Made Tea :			
a) Opening Stock - Tea Quantity	Kg.	73,034	35,978
b) Production of Tea	Kg.	7,69,114	7,80,628
c) Turnover	Kg.	7,65,557	7,43,570
d) Closing Stock - Tea	Kg.	76,591	73,034
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		46,40,092 (100%)	56,58,651 (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 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 31.3.2007	Outstanding as at 31.3.2006	As at 31.3.2006
Commission			3,24,383	3,24,383		1,75,231
Equity Participation	2,99,800			2,99,800	2,99,800	2,99,800
Tea Sales		72,020		10,692		75,838

- xiv) Earnings per Share
- | | | |
|---|-----------|-----------|
| Profit as per Profit and Loss account | 92,09,819 | 53,13,365 |
| Number of Equity Shares | 2,58,720 | 2,58,720 |
| Basic and Diluted Earnings per share
(Nominal value of equity share Rs.10/-) | 35.60 | 20.54 |
- xv) There are no micro, small and medium industries in respect of whom the Company dues are outstanding for more than 30 days at the Balance Sheet date as identified by the company. (Previous Year : Nil)
- xvi) Financial Lease
- Available for part financing purchase of vehicles
- Amount Payable
- | | | |
|--|----------|----------|
| One Year | NI | NI |
| One Year to Five Year | 5,15,190 | 1,95,040 |
| Beyond Five Years | NI | NI |
| Included above, Unmatured Finance charges on financial Lease | 1,13,250 | 33,390 |
- xvii) Comparative figures for the previous year have been reclassified wherever necessary to confirm to this year's classification.

Signatures to Schedules 1 to 12

For V. BALASUNDARAM & ASSOCIATES
Chartered Accountants

V. BALASUNDARAM
Proprietor
Membership No. 19319
Mumbai : 2nd July 2007

SRIRAM KAPUR
D. H. NANAVATI
Directors

Mumbai : 2nd July 2007

THE NONSUCH TEA ESTATES LIMITED AND ITS SUBSIDIARY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

	Year ended 31st March 2007 Rs.	Year ended 31st March 2006 Rs.
A. Cash Flow from Operating Activities :		
Net Profit before Tax & Extraordinary Items	1,17,19,219	70,51,438
Adjustment for :		
Depreciation	9,52,588	8,93,622
Profit on sale of Fixed Assets		(41,440)
Profit on sale of Investments	(24,934)	(43,813)
Interest / Dividend	(77,83,463)	(81,32,808)
Interest paid	2,98,461	3,41,088
Operating Profit before working Capital Charges	51,81,881	20,68,087
Adjustment for :		
Trade & Other Receivables	3,09,382	(23,75,721)
Inventories	(5,64,335)	(18,37,849)
Trade payable	(12,21,469)	35,47,842
Cash generated from Operations	37,05,459	14,02,359
Direct taxes paid	(28,41,892)	(24,85,189)
Cash flow before extraordinary Items	8,63,567	(10,82,830)
Extra Ordinary Items		
Net cash from operating activities "A"	<u>8,63,567</u>	<u>(10,82,830)</u>
B. Cash Flow from Investing Activities :		
Purchase of fixed assets	(19,83,750)	(14,14,060)
Sale of Assets		42,185
Purchase of Investments	(54,98,774)	(52,96,295)
Sale of Investments	58,69,645	76,26,000
Loans / Inter-corporate deposits	95,00,000	(50,00,000)
Interest received	47,22,389	43,00,185
Dividend Received	30,41,064	18,32,623
Net Cash used in Investing Activities "B"	<u>1,56,50,574</u>	<u>20,90,638</u>
C. Cash Flow from Financing Activities :		
Dividend paid	(28,26,889)	(18,72,986)
Interest paid	(2,98,461)	(3,41,088)
Cash Credit Hypothecation - UBI	(4,25,739)	11,58,729
Unsecured Loans	3,20,149	1,95,040
Net cash used in financing Activities "C"	<u>(32,30,740)</u>	<u>(8,60,305)</u>
Net Increase in Cash & Cash equivalents "A+B+C"	<u>1,32,83,401</u>	<u>1,47,503</u>
Cash and Cash equivalents (Opening Balance)	13,76,777	12,29,274
Cash and Cash equivalents (Closing Balance)	<u>1,46,60,178</u>	<u>13,76,777</u>

As per our report of even date.

For **V. BALASUNDARAM & ASSOCIATES**
Chartered Accountants

SRIRAM KAPUR
D. H. NANAVATI
Directors

V. BALASUNDARAM
Proprietor
Membership No. 19319
Mumbai : 2nd July 2007

Mumbai : 2nd July 2007

Poseidon Investments Company Limited

24th Annual Report and Accounts 2007

POSEIDON INVESTMENTS COMPANY LIMITED

199, Churchgate Reclamation
Mumbai - 400 020.

24th Annual Report and Accounts for the year ended 31st March 2007

Directors :

D. H. NANAVALI

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-FOURTH 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 28th July, 2007 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 2007 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 appoint a Director in place of Mr. S. Kapur who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

By Order of the Board of Directors

Mumbai,
22nd June 2007

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-FOURTH Annual Report and the Audited Accounts for the year ended 31st March, 2007.

Financial Results	Current Year Rupees	Previous Year Rupees
Profit for the year	1,210,907	936,254
Balance brought forward from Previous year	5,248,312	5,090,208
Balance available for Appropriation	<u>6,459,219</u>	<u>6,026,462</u>
Appropriations :		
Interim Dividend	900,000	--
Corporate Tax on Interim Dividend	126,225	--
Proposed Dividend	--	600,000
Corporate Tax on Proposed Dividend	--	84,150
General Reserve	122,000	94,000
Balance Carried to Balance Sheet	<u>5,310,994</u>	<u>5,248,312</u>
	<u>6,459,219</u>	<u>6,026,462</u>

The Directors have already declared an interim dividend of Rs. 15 per share during the year. Hence no final dividend is declared.

Mr. S. Kapur 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) (e) 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, 2007 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,
22nd June 2007.

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 2007 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, 2007 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, 2007 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,
22nd June 2007.

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 2007.**

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 preceding 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), (x), (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,
22nd June 2007.

M.S. Sankaran
Partner.

POSEIDON INVESTMENTS COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

Schedule	As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
SOURCES OF FUNDS :		
SHAREHOLDER'S FUNDS		
Share Capital	A 6,00,000	6,00,000
Reserves and Surplus	B 15,819,994	15,635,312
Total	16,419,994	16,235,312
APPLICATION OF FUNDS :		
Fixed Assets	C 1,227,230	1,227,230
Investments	D 15,461,854	15,819,506
Current Assets, Loans & Advances	E 83,676	166,478
Less : Current Liabilities & Provisions	F 352,766	977,902
Net Current Assets	(269,080)	(811,424)
	16,419,994	16,235,312
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
22nd June 2007

Mumbai
22nd June 2007

POSEIDON INVESTMENTS COMPANY LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	Current Year Rupees	Previous Year Rupees
<u>A. EARNINGS :</u>			
Dividend		1,291,286	1,036,846
Interest (Tax deducted at source Nil Previous year Rs. Nil)			480
Profit on Sale of Investments		997	---
		<u>1,292,283</u>	<u>1,039,126</u>
<u>B. OUTGOINGS :</u>			
Administrative & other expenses		81,376	102,872
TOTAL 'B'		<u>81,376</u>	<u>102,872</u>
Profit for the year (A-B)		1,210,907	936,254
Add : Profit Brought Forward from Previous Year		5,248,312	5,090,208
Profit available for appropriation		<u>6,459,219</u>	<u>6,026,462</u>
Appropriations :			
Interim Dividend		900,000	--
Corporate Tax on Interim Dividend		126,225	--
Proposed Dividend		--	600,000
Corporate Tax on Proposed Dividend		--	84,160
Transfer to General Reserve		122,000	94,000
Balance carried to Balance Sheet		<u>5,310,994</u>	<u>5,248,312</u>
		<u>6,459,219</u>	<u>6,026,462</u>

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

Mumbai
22nd June 2007

On behalf of the Board of Directors

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

Mumbai
22nd June 2007

POSEIDON INVESTMENTS COMPANY LIMITED

	As at 31st March 2007 Rupees	As at 31st March 2006 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	10,387,000	10,293,000
Add : Amount transferred from Profit and Loss Account	<u>122,000</u>	<u>94,000</u>
	10,509,000	10,387,000
Profit & Loss Account - Surplus	<u>5,310,994</u>	<u>5,248,312</u>
TOTAL	<u>16,819,994</u>	<u>15,635,312</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

Schedule D

Investments (At Cost)
LONG TERM

LONG TERM

Name of Company	Face Value Rs.	31st March 2007		31st March 2006	
		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
4. Blue Star Ltd. @	2	3750	12,916	--	--
5. Blue Star Infotech Ltd.	10	250	904	250	904
6. CHL Limited	10	100	1,010	100	1,010
7. Eveready Industries India Ltd.	5	112	1,501	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.	1	9600	7,035	9,600	7,035
11. Mc Leod Russel (I) Ltd.	5	112	1,502	112	1,502
12. Oriental Hotels Ltd.	10	1748	41,068	1748	41,068
13. Orkay Silk Mills Ltd.	10	250	4,000	250	4,000
14. Procter & Gamble Hygiene & Health Care Ltd	10	873	34,827	873	34,827
15. State Bank of India	10	250	25,000	250	25,000
16. Tata Tea Ltd.	10	348	9,334	348	9,334
17. Warren Tea Ltd.	10	120	4,010	120	4,010
B. <u>Mutual Funds (Unquoted)</u>					
1. Birla Monthly Income Plan - Dividend Reinvestment	10	3,76,538	4,095,241	3,53,790	3,845,607
2. HDFC Monthly Income plan - Long term monthly dividend	10	4,06,144	4,287,511	3,53,790	3,981,174
3. HDFC Cash management Fund Savings Plan - Weekly Dividend Reinvestment	10	2,40,693	2,557,906	3,53,790	3,856,121
4. Templeton India Monthly Income Plan - Monthly Dividend Reinvestment	10	3,58,781	4,232,879	3,53,790	3,848,286
5. UTI Equity Fund	10	5,000	50,000	5,000	50,000
C. <u>Secured Debentures (Unquoted) :</u> **					
1. Hindustan Development Corpn. 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			15,461,854		15,819,506
Cost of Quoted Investments			225,918		225,918
Market Value of Quoted Investments			5,887,092		6,896,913
Cost of Units (Un Quoted)			15,223,536		15,581,188
NAV of Units			15,584,117		16,247,019
** Cost of Unquoted Debentures			12,400		12,400

Notes: 1. All the above investments are fully paid - up

2. @ Equity Shares of Rs. 10 each sub-divided into equity shares of Rs. 2 each.

POSEIDON INVESTMENTS COMPANY LIMITED

	As at 31st March 2007 Rupees	As at 31st March 2006 Rupees
CURRENT ASSETS, LOANS & ADVANCES :		Schedule E
A. Current Assets :		
Balance with Scheduled Banks :		
On Current Account	55,166	108,101
B. Loans and Advances :		
Advance Recoverable in cash or in kind or for value to be received	6,000	8,000
Advance Tax & Tax deducted at source (Net of Provision)	22,510	50,377
TOTAL	83,676	166,478
CURRENT LIABILITIES & PROVISIONS :		SCHEDULE F
I. Current Liabilities :		
Trade Creditors and Accrued Liabilities	352,766	293,752
SUB-TOTAL :	352,766	293,752
II. Provisions :		
i) For Proposed Equity Dividend	--	600,000
ii) For Tax on distributed profit	--	84,150
SUB-TOTAL	--	684,150
TOTAL	352,766	977,902

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. 6,000 (previous year Rs. 4,500), 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. 20,536 (previous year Rs. 20,534) and Interest charged by Building Society Rs. 8,630 (Previous year Rs. 34,550)
- 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
Interim Dividend	9,00,000

- 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 Nos.	Cost Rupees	Sales Nos.	Cost Rupees
(a) Units in Schemes of various funds	101263.679	1146351.31	141511.355	1505000.
(b) Redeemable Bonds	---	---	---	---
(c) Equity Shares	---	---	---	---

POSEIDON INVESTMENT COMPANY LIMITED

SIGNIFICANT ACCOUNTING POLICIES

SCHEDULE H

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
22nd June 2007

Mumbai
22nd June 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 30475

State Code 11

Balance Sheet date 31-03-2007

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	16,420	Total Assets	16,420
	Paid-up capital	600	Reserves & Surplus	15,820
	Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds	Net Fixed Assets	1227	Investments	15,462
	Net Current Assets	- 269	Misc. Expenditure	Nil
	Accumulated Losses			

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

Turnover (Gross Revenue)	1292	Total Expenditure	81
+/- Profit / Loss before tax	+ 1211	+/- Profit / Loss after Tax	
Earnings per Share in Rs.	20.18	Dividend rate %	150%

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
22nd June, 2007.

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 2007 and any adjournment thereof.

Signed this day of 2007

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