
**SALEM ERODE
INVESTMENTS LIMITED**

2003

**REPORT
&
ACCOUNTS**

Salem Erode Investments Limited

Registered 16th May, 1931

Authorised	CAPITAL	Subscribed
Rs. 36,00,000	In Equity Shares of Rs. 10 each	Rs. 13,19,550
Rs. 4,00,000	in 6 $\frac{1}{2}$ % Cumulative Redeemable Preference Shares of RS. 10 each	Rs. NIL
<u>Rs. 40,00,000</u>		<u>Rs. 13,19,550</u>

Directors

PADMAKANORIA (MRS.)
S. K. MULLICK
B. L. PATAWARI

Auditors

D.K. CHHAJER & CO.

Bankers

UNITED BANK OF INDIA
HDFC BANK LTD.

Registered Office

15B, Hemanta Basu Sarani
Kolkata - 700 001.

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of the Members of SALEMERODE INVESTMENTS LIMITED, will be held at the Registered Office of the Company at No.15-B, Hemanta Basu Sarani, Kolkata - 700001 on Tuesday the 23rd day of September, 2003 at 3.30 p.m. for the transaction of the following business:

1. To receive and adopt the Accounts together with the Reports of the Board of Directors and Auditors for the year ended 31st March ,2003.
2. To appoint a Director in place of Mrs. Padma Kanoria who retires by rotation under Article 101 of the Company's Articles of Association and being eligible offers herself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. As special business to consider and if thought fit, to pass with or without modification(s) the following Resolution.

As an Special Resolution :

"Resolved that the Register of Members and index of members u/s 163 of Companies Act 1956, instead of being kept at the registered office of the Company, be kept at M/s. Niche Technologies Pvt. Ltd., Registrar and Transfer Agents having their Registered office at, 71, B.R.B. Basu Road, Kolkata - 700 001 which is a place within the city of Kolkata where the registered office of this Company is situated. "

The Register of the Members of the Company will be closed from 19th September, 2003 to 23rd September ,2003 both days inclusive.

By order of the Board

Registered Office :
15-B, Hemanta Basu Sarani,
Kolkata, 11th August,2003

Mrs.PADMAKANORIA
Director

NOTES:

- 1) A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company.
- 2) Members are hereby informed that Dividends which remain unclaimed/ unencashed over a period of 7 years have to be transferred by the Company to The Investors Education & Protection Fund, constituted by the Central Government under Secs.205(A) & 205(C) of the Companies Act, 1956.

Hereunder are the details of Dividends paid by the Company and their respective due dates of transfer of unencashed dividends to the designated fund of the Central Government:

Date of Declaration of Dividends	Dividend for the Year	Due date of transfer to the Government
29th September, 1997	1996-1997	7th November, 2004
21st September, 1998	1997-1998	9th October, 2005
16th September, 1999	1998-1999	27th September, 2006
22nd September, 2000	1999-2000	16th October, 2007
25th september, 2001	2000-2001	28th september, 2008

It may please be noted that no claim shall be made by the shareholders for the unclaimed Dividends which have been transferred to the credit of The Investors Education & Protection Fund of the Central Government under the amended provision of Sec.205(B) of the Companies Act, 1956.

EXPLANATORY STATEMENT

As required under section 173(2) of the Companies Act 1956.

Resolution No. 4

As per the Sebi Circular no D & CC/ FITTC/ CIR-15/2002 dated 27th December 2002, the Company is required to carry on its Share Registry Work in terms of both physical and electronic segments at a single place, either in-house or through outside Agency. M/s, Niche Technologies Pvt. Ltd., Registrar and Transfer Agents having their Registered office at, Kolkata are the Registrar and Transfer Agents of the Company for physical and electronic segments. Section 163 of the Companies Act, 1956, interalia, requires that the Register & Index of members be kept at the Registered Office of the Company except that these may be kept at a place within the city, where the registered office of the Company is situated if a Special Resolution is passed in this regard. Hence this resolution.

Your Board recommends the resolution. None of the Directors are interested in the Resolution.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of Salem Erode Investments Limited present their Annual Report of the Company with the Accounts for the year ended 31st March, 2003.

Accounts

The result of the year's working is as follows:

(Loss) before Taxation		(7,04,693)
Provision for Taxation		
Current	(1,90,000)	
Deferred	6,59,838	
Written back in respect of earlier years	9,545	4,79,383
Profit / (Loss) after Taxation		(2,25,310)
Transfer from General Reserve		2,25,310
		2,25,310

DIVIDEND:

Due to Loss your Directors do not recommend any dividend on Equity Shares of the Company.

DIRECTORATE:

Mr. C.K. Mukherjee resigned from the Board on 8th January, 2003.

Mrs. Padma Kanoria retire by rotation under Article 101 of the Company's Articles of Association and being eligible offers herself for re-appointment.

SUBSIDIARY COMPANY:

In compliance with the requirements of Section 212 of the Companies Act, 1956 the Directors' Report and the Balance Sheet as at 31st March 2002 of the subsidiary viz. M/s. Osco Tea Ltd. and the relative Profit & Loss Account for the year ended 31st March, 2002 together with the Statements and Auditors' Report required in pursuance of that Section are annexed to the Company's Account.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

There has been no foreign exchange earnings and outgo. The other provisions of Section 217(i)(e) of The Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration aggregating to Rs.1,00,000/- per month or more and hence the particulars under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 have not been given.

AUDITORS:

M/s D.K. Chhajer & Co. retires from Office and eligible offer themselves for re- appointment.

DEMATERLISATION OF SHARES:

Your Company has entered into an arrangement with Central Depository Services (India) Ltd. (CDSL) for dematerlisation of Company's Shares in accordance with the provisions of Depositories Act 1996, which is now fully operational and the ISIN is INE894E01010.

DIRECTORS' REPORT (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm and declare that:

- a) in preparation of Annual Accounts for the year ended 31st March, 2003 the applicable accounting standard has been followed,
- b) they had 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 state of affairs of the Company at the end of financial year i.e. 31st March, 2003 and of the loss of the Company for that period,
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities,
- d) they had prepared the accounts for the year ended 31st March, 2003 as going concern basis.

COMPLIANCE CERTIFICATE:

Pursuant to section 383A of The Companies Act, 1956, a certificate from H.M. Choraria & Co. a secretary in whole time practice, as to whether the Company has complied with all the provisions of The Companies Act, 1956 is attached.

Registered Office:
15B, Hemanta Basu Sarani,
Kolkata - 700 001
11th August, 2003

On behalf of the Board
MRS. PADMAKANORIA
DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

COMPLIANCE CERTIFICATE

[ISSUED UNDER THE COMPANIES (COMPLIANCE CERTIFICATE) RULES 2001]

We have examined the registers, records, books and papers of Salem Erode Investments Limited as required to be maintained under the Companies Act, 1956, and rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2003(financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all register 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 limited company has more than the minimum prescribed paid-up capital of Rs. 5 Lacs.
4. The Board of Directors duly met five times respectively on 29th April 2002, 30th July 2002, 16th August 2002, 29th October 2002, and 29th January 2003 in respect of which meetings proper notice were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from 20th September, 2002 to 25th September, 2002 (both days inclusive) during the financial year and necessary compliance of section 154 of the act has been made..
6. The annual general meeting for the financial year ended on 31st March 2002 was held on 25th September 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general 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 the purview of section 297 of the Act.
10. The company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the preview 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 share certificates during the financial year.
13. The Company has:
 - (a) Delivered all the certificates on lodgment for transfer/transmission thereof or any other purpose in accordance with the provisions of the act..
 - (b) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (c) The Company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (d) No amount is lying in Un-paid Dividend Account, application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remand unclaimed or unpaid for a period of seven years to be transferred to " Investor' Education & Protection Fund'

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

- (e) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there were no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies 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 approval of the Central Government, Company Law Board, Regional Director, Registrar and /or such authorities prescribed under the various provisions of the Act during the financial year.
 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 transaction 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, 2003.
 25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries 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. We have been informed by the management that there was/were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on 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 company has not deducted any contribution towards Provident Fund during the financial year.

Place: KOLKATA
Date: 19th July 2003

For **H.M. CHORARIA & CO**
Practising Company Secretaries

(H.M.Choraria)
Proprietor
C.P. No. : 1499

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**ANNEXURE-A****Registers as maintained by the Company****Statutory Registers**

1. Register of Members u/s 150, 2. Register of Returns u/s, 163 3. Minutes Book of meetings, 4. Books of Accounts u/s 209, 5. Register of Directors, Managing Directors, Manager and secretary u/s 303, 6. Register of Directors' Shareholdings u/s 307, 7. Register of Investments or Loans u/s 372.A

Other Registers

1. Register of Directors' attendance, 2. Register of Shareholders' attendance, 3. Register of Transfers

Annexure B

Forms and Returns as filed by company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st march, 2003.

S. No.	Form No./ Return	Filed u/s	For	Date of filling whether filed within prescribed time Yes/ No	If delay in filling whether requisite additional fee paid Yes/No.
1	Balance Sheet	220	31/3/2002	8/10/2002 Yes	
2	Compliance Certificate	383A	31/3/2002	8/10/2002 Yes	
3	Annual return	161	25/9/2002	21/11/2002 Yes	
4	Form 32	303(2)	8/1/2003	4/2/2003 Yes	

Place: KOLKATA
Date: 19th July 2003

For **H.M. CHORARIA & CO**
Practising Company Secretaries

(H.M.Choraria)
Proprietor
C.P. No. : 1499

AUDITORS REPORT

To the Members of :
SALEM ERODE INVESTMENTS LIMITED

We have audited the attached Balance Sheet of Salem Erode Investments Limited as at 31st March 2003, the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement. An audit includes examining, on the 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.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1998 issued by the Central Government of India in terms of sub-section (4A) of section 227 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.

Further to our comments in the Annexure referred to the 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 purpose 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 and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet , Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ;
- v) On the basis of written representations received from the directors as on 31st March 2003 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 31st March 2003 from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956; and
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the other notes thereon give the information required in 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, 2003 ;
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - c) in case of Cash Flow Statement, of the cash flows for the year ended on that date.
- vii) According to the information and explanations given to us and on the basis of test checking of the records carried out during the course of the audit of the Company, our reports on the matters as specified under para 3A and 3C of Non Banking Financial Company Auditors' Report (Reserve Bank of India) Directions 1998 is as follows:
 - a) The Company has been registered with Reserve Bank of India as a NBFC as provided in Section 45(IA) of Reserve Bank of India Act, 1934 (2 of 1934);
 - b) The Board of Directors of the Company has passed a resolution for non- acceptance of any public; and
 - c) The Company has not accepted any public deposits during the year under reference. The Company has complied with the prudential norms relating to income recognition, accounting standard, assets classification and provisioning of bad and doubtful debts as applicable to it.

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
(Partner)

Kolkata, 11th August, 2003

ANNEXURE TO THE AUDITORS' REPOST REFERRED TO IN PARAGRAPH 3 OF OUR REPORT

- (1) Stock of shares/debentures have been physically verified by the management during the year at reasonable intervals.
- (2) In our opinion the procedures of physical verification of stock of shares and debentures followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (3) No discrepancies were noticed on physical verification of stock of shares and debentures as compared to book records.
- (4) On the basis of our examination we are of the opinion that the valuation of stock of shares and debentures is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (5) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, As explained there is no Company under the same management as defined under sub-section (1-B) of Section 370 (since not applicable) of The Companies Act, 1956.
- (6) In our opinion, rates of interest and other term and conditions of unsecured loans granted by the Company to Companies, listed in the register maintained under Section 301 of the Companies Act, 1956, are prima- facie not prejudicial to the interest of the Company. As explained there is no company under the same management as defined under sub-section (1-B) of Section 370 (since not applicable) of The Companies Act, 1956 .
- (7) The principal amounts and interest, where ever applicable in respect of loans and/or advances in the nature of loans given by the Company to bodies corporate have been recovered regularly as stipulated, except in case of certain parties where the principal amount of Rs. 16,00,000/- and interest thereon has not been received regularly. Necessary provision against the same has been made in the books of account .We have been informed that reasonable steps have been taken for recovery thereof.
- (8) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of shares/debentures and other assets and for the sale of shares.
- (9) In our opinion and according to the information and explanations given to us and as per the entries made in the register of Contracts maintained in terms of Section 301 of The Companies Act, 1956 there are no transaction of purchase of shares/debentures and sale of shares/debentures made during the year aggregating to Rs. 50,000/- or more in respect of each party thereof.
- (10) No undisputed amount is payable in respect of Income Tax outstanding as on 31st March, 2003 for a period of more than six months from the date they become payable.
- (11) No personal expenses have been charged to Revenue Account excepting those payable under contractual obligations or in accordance with generally accepted auditing practice.
- (12) The Company has maintained proper records regarding transactions and Contracts as regards its dealing or trading in shares, debentures and investments and timely entries have been made in such records.
- (13) Rest of the matters specified in the aforesaid Order are not applicable to the Company.a

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
(Partner)

Kolkata, 11th August, 2003

STATEMENT OF ACCOUNT

BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedule	As at 31st March, 2003		As at 31st March, 2002	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	13,19,625		13,19,625	
b) Reserves & Surplus	2	87,94,779	1,01,14,404	90,20,089	1,03,39,714
Total			<u>1,01,14,404</u>	<u>1,03,39,714</u>	
II. APPLICATION OF FUNDS					
1. Investments					
	3		56,75,439		82,05,171
2. Current Assets, Loans and Advances					
a) Interest accrued on Investments		36		67	
b) Stock of Shares and Debentures	4	1,07,961		1,06,646	
c) Cash and Bank Balances	5	19,29,645		2,04,194	
d) Loans and Advances	6	16,69,743		17,75,777	
		<u>37,07,385</u>		<u>20,86,684</u>	
Less : Current Liabilities and Provisions					
Current Liabilities	7	1,43,163		1,67,046	
		<u>1,43,163</u>		<u>1,67,046</u>	
Net Current Assets			35,64,222		19,19,638
3. Deferred Tax Assets					
			8,74,743		2,14,905
TOTAL			<u>1,01,14,404</u>	<u>1,03,39,714</u>	
NOTES ON THE ACCOUNTS	10				

The Schedules referred to above form an integral part of the Balance Sheet.

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

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
Partner
Kolkata, 11th August, 2003

PADMAKANORIA (Mrs.)
B.L. PATAWARI
Directors

Profit and Loss Account for the year ended 31st March, 2003

	Schedule	Year ended 31st March, 2003 Rs.	Year ended 31st March, 2002 Rs.
INCOME			
Sales/ Redemption of Shares and Debentures		6,18,880	—
Other Income	8	20,97,159	6,64,684
Closing Stock of Shares and Debentures		1,07,961	1,06,646
		<u>28,24,000</u>	<u>7,71,330</u>
EXPENDITURE			
Opening Stock of Shares and Debentures		1,06,646	1,10,554
Purchase of Shares		47,040	—
Administrative and Other Expenses	9	5,37,182	5,42,051
Provision for Doubtful Debts		4,95,000	6,90,000
Provision for Diminution in value of Investments		23,42,825	1,28,449
		<u>35,28,693</u>	<u>14,71,054</u>
Profit / (Loss) before Taxation		(7,04,693)	(6,99,724)
Provision for Taxation			
Current		(1,90,000)	—
Deferred		6,59,838	64,961
Written back in respect of earlier years		<u>9,545</u>	—
Profit / (Loss) after Taxation		(2,25,310)	(6,34,763)
Transfer from General Reserve		<u>2,25,310</u>	<u>6,34,763</u>
Balance Carried to Balance Sheet		<u>—</u>	<u>—</u>
No of Shares		1,31,955	1,31,955
Earning per share (Basic and Diluted)(face value of Rs. 10/-)		(1.71)	(4.81)
NOTES ON THE ACCOUNTS	10		

The Schedules referred to above form an integral part of the Profit and Loss Account.

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

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
Partner

PADMAKANORIA (Mrs.)

B.L. PATAWARI

Directors

Kolkata, 11th August, 2003

CASH FLOW STATEMENT

For the year ended 31st March, 2003

	31st March 2003 Rs.	31st March 2002 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) before tax and extra-ordinary items	(7,04,693)	(6,99,724)
Adjustment for -		
Provision for Diminution in value of Investments	23,42,825	1,28,449
Profit on Sale of Investments	(14,89,516)	(1,38,367)
Provision for Doubtful Debts	4,95,000	6,90,000
Miscellaneous Receipt	NIL	(225)
Operating profit before working capital changes :-	<u>6,43,616</u>	<u>(19,867)</u>
Adjustments for :-		
Trade and Other receivables	(4,10,845)	6,25,032
Inventories	(1,315)	3,908
Trade payables	<u>(23,783)</u>	<u>35,795</u>
Cash generated from operations	<u>2,07,673</u>	<u>6,44,868</u>
Direct taxes paid (Net)	(1,58,545)	(62,957)
Net cash from operating activities (A)	<u>49,128</u>	<u>5,81,911</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(10,15,291)	(7,84,259)
Sale/ Redemption of Investments	<u>26,91,714</u>	<u>2,92,368</u>
Net cash used in investing activities (B)	<u>16,76,423</u>	<u>(4,91,891)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends Paid	<u>(100)</u>	<u>(1,21,644)</u>
Net cash used in Financing activities (C)	<u>(100)</u>	<u>(1,21,644)</u>
Net increase/(decrease) in cash and cash equivalent (A+B+C)	<u>17,25,451</u>	<u>(31,624)</u>
Cash and cash equivalent Opening Balance	<u>2,04,194</u>	<u>2,35,818</u>
Cash and cash equivalent Closing Balance	19,29,645	2,04,194

Note : (1) Cash and cash equivalent represent cash and bank balances only.

(2) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

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

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
Partner

PADMAKANORIA (Mrs.)
B.L. PATAWARI

Directors

Kolkata, 11th August, 2003

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March, 2003

		As at 31st March 2003 Rs.	As at 31st March 2002 Rs.
SCHEDULE-1			
SHARE CAPITAL-			
Authorised -			
3,60,000	Equity Shares of Rs. 10/- each	36,00,000	36,00,000
40,000	6½% Cumulative Redeemable Preference Shares of Rs. 10/- each	4,00,000	4,00,000
		<u>40,00,000</u>	<u>40,00,000</u>
Issued, Subscribed and Paid-up			
1,31,955	Equity Shares of Rs. 10/- each	13,19,550	13,19,550
	Add : Forfeited Shares	75	75
		<u>13,19,625</u>	<u>13,19,625</u>

Note : of the above 43,985 Shares allotted as fully paid-up Bonus
Shares by way of capitalisation of General Reserve

		As at 31st March 2003 Rs.	As at 31st March 2002 Rs.
SCHEDULE-2			
RESERVES AND SURPLUS			
Capital Redemption Reserve -			
	Opening Balance	4,00,000	4,00,000
General Reserve -			
	Opening Balance	79,50,089	84,34,908
	Add : Cumulative effect on recognition of deferred tax Assets	—	1,49,944
	Add /(Less): Transfer from Profit & Loss Account	<u>(2,25,310)</u>	<u>(6,34,763)</u>
Statutory Reserve Fund			
	Opening Balance	6,70,000	6,70,000
		<u>87,94,779</u>	<u>90,20,089</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March, 2003**SCHEDULE-3****INVESTMENTS:-**

Name of the Companies	Face Value of each share/ Debenture Rs.	As at 31st March, 2003		As at 31st March, 2002	
		Nos.	Cost Rs.	Nos.	Cost Rs.
LONG TERM - QUOTED:					
A Fully paid-up Equity Shares -					
TRADE INVESTMENTS					
The Grob Tea Co. Ltd.	10/-	82,908	17,63,716	82,908	17,63,716
Tinnevely Tuticorin Investments Ltd.	10/-	15,715	2,15,220	15,715	2,15,220
		Sub Total :	19,78,936		19,78,936
OTHER INVESTMENTS					
ACC Ltd.	10/-	3,000	4,59,211	—	—
HDFC Bank Ltd	10/-	600	6,000	600	6,000
Hindalco Industries Ltd.	10/-	438	8,558	438	8,558
Universal Cables Ltd.	10/-	—	—	1,720	42,328
Housing Development & Finance Corpn. Ltd.	10/-	21,100	2,86,490	13,400	3,63,896
Gujrat Ambuja Cements Ltd.	10/-	2,200	43,725	2,200	43,725
State Bank of India	10/-	5,221	6,04,135	5,221	6,04,135
Hindustan Sanitaryware & Industries Ltd.	10/-	—	—	2,058	1,89,343
Hindustan Oil Exploration Ltd.	10/-	2,880	43,852	2,880	43,852
Hindustan Lever Ltd.	1/-	1,260	500	1,260	500
Castrol India Ltd.	10/-	3,700	7,30,453	3,700	7,30,453
Reliance Petroleum Ltd.	10/-	—	—	5,000	3,31,771
Nicholas Piramal India Ltd.	10/-	—	—	300	1,59,075
GKW Ltd.	10/-	4,875	29,494	4,875	29,494
Kothari Pioneer Internet Fund	10/-	5,000	50,000	5,000	50,000
Mahanagar Telephone Nigam Ltd.	10/-	—	—	1,000	1,63,050
Hind Lever Chemicals Ltd.	10/-	—	—	500	94,125
Global Tele Systems Ltd.	10/-	—	—	400	1,43,700
Telco Ltd.	10/-	3,000	2,83,650	3,000	2,83,650
		Sub Total :	25,46,068		32,87,655
UNQUOTED					
B. Fully paid up Equity Shares					
TRADE INVESTMENTS					
Octavious Tea & Industries Ltd. (Net of Provision of Rs.28,08,859/-)	10/-	3,38,816	1	3,38,816	28,08,860
Panna Investments Co. Ltd.	100/-	—	—	2,050	2,05,000
Tara Investments (P) Ltd.	10/-	1,19,100	4,46,500	—	—
		Sub Total :	4,46,501		30,13,860
C. Fully paid up Equity Shares					
OTHER INVESTMENTS					
The Arya Vaidya Pharmacy (Coimbatore) Ltd.	10/-	1,000	10,000	1,000	10,000
D. Fully paid up Debentures					
14% Gabriel (India) Ltd.	45/-	35	1,575	35	2,975
		(As at 31.3.2002 Rs. 85/-)			
E. Fully paid-up Equity Shares					
Osco Tea Ltd. (Subsidiary)	10/-	2,00,000	8,16,580	50,200	5,02,000
		Grand Total :	57,99,660		87,95,426
Less: Provision for Diminution in value of Quoted Investments			1,24,221		5,90,255
			56,75,439		82,05,171
Aggregate of Quoted Investment			45,25,004		52,66,591
Market Value of Quoted Investment			1,70,00,096		2,06,49,056

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March, 2003

SCHEDULE-4**STOCK OF SHARES AND DEBENTURES**

Name of the Companies	Face Value of each share/ Debenture Rs.	As at 31st March, 2003		As at 31st March, 2002	
		Nos.	Book Value Rs.	Nos.	Book Value Rs.
QUOTED :					
Fully paid-up Equity Shares -					
The Patna Electric Supply Co. Ltd.	10/-	1,732	9,625	1,732	9,625
Graphite India Ltd.	10/-	105	1,331	75	1,331
Warren Tea Co. Ltd.	10/-	180	750	180	750
Gabriel India Ltd.	10/-	100	5,825	100	3,500
Jaiprakash Industries Ltd.	10/-	700	19,390	700	18,795
Timken India Ltd.	10/-	785	19,625	785	22,490
PSM Ltd.	10/-	50	590	50	590
BSES Ltd.	10/-	253	34,029	253	34,029
Tata Tea Ltd.	10/-	81	15,382	81	13,742
Titaghur Industries Ltd.	10/-	400	220	400	600
Eveready Industries Ltd.	10/-	345	1,194	345	1,194
Grand Total :			<u>1,07,961</u>		<u>1,06,646</u>

As at 31st March, 2003			As at 31st March, 2002		
Cost Rs.	Market Value Rs.	Book Value Rs.	Cost Rs.	Market Value Rs.	Book Value Rs.

QUOTED :

Fully paid-up Equity Shares	2,53,774	1,50,479	1,07,961	2,53,774	1,53,601	1,06,646
Total :	<u>2,53,774</u>	<u>1,50,479</u>	<u>1,07,961</u>	<u>2,53,774</u>	<u>1,53,601</u>	<u>1,06,646</u>

SCHEDULE-5**CASH AND BANK BALANCES**

	As at 31st March 2003 Rs.	As at 31st March 2002 Rs.
Bank Balances- (With Scheduled Banks)		
On Current Account	1,01,860	77,112
On Unpaid Dividend Account	74,520	73,817
On Preference Share Redemption Account	53,265	53,265
On Fixed Deposit Account	17,00,000	—
	<u>19,29,645</u>	<u>2,04,194</u>

SALEMERODE INVESTMENTS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March, 2003

	As at 31st March 2003		As at 31st March 2002	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE -6				
LOANS AND ADVANCES				
(Unsecured Considered good unless otherwise stated)				
Loans:				
Considered good -	27,00,000		23,00,000	
Considered doubtful -	3,00,000		3,00,000	
	<u>30,00,000</u>		<u>26,00,000</u>	
Less: Provision For Doubtful Debts	<u>16,00,000</u>	14,00,000	<u>11,05,000</u>	14,95,000
Advances recoverable in cash or in kind or for value to be received				
		10,876		—
Deposits -				
With joint Stock Company	2,50,000		2,50,000	
Interest accrued thereon	14,185		14,185	
	<u>2,64,185</u>		<u>2,64,185</u>	
Less: Provision for Doubtful Debts	<u>2,64,185</u>	—	<u>2,64,185</u>	—
Advance payment of Income Tax (Net of Provision for Tax)		2,53,472		2,75,382
Interest Tax Refundable		5,395		5,395
		<u>16,69,743</u>		<u>17,75,777</u>

SCHEDULE -7

CURRENT LIABILITIES

Liabilities for Expenses	18,837	42,620
Unclaimed Dividends (Refer Note below)	71,061	71,161
Unclaimed Preference Shares on redemption	53,265	53,265
	<u>1,43,163</u>	<u>1,67,046</u>

Note: This does not include any amount due
for deposit to "The Investors Education & Protection Fund"

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March, 2003

	For the Year Ended 31st March 2003		For the Year Ended 31st March 2002	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE-8				
OTHER INCOME				
Income From Long Term Investments				
Dividend (Gross)	4,62,477		2,79,925	
(Tax deducted at source Rs.48,564/- Previous Year Rs. NIL)				
Interest on Debentures (Gross)	391		591	
(Tax deducted at source Rs. 89/- Previous Year Rs. 126/-)				
Profit on sale of Investments	<u>14,89,516</u>	19,52,384	<u>1,38,367</u>	4,18,883
Income From Stock of Shares / Debentures				
Dividend		2,761		3,564
(Tax deducted at source Rs.289 /- Previous Year Rs. NIL)				
Interest on Loan (Gross)		1,28,153		2,42,012
(Tax deducted at source Rs. 26,912/- Previous Year Rs. 49,370/-)				
Interest on Others		13,767		—
(Tax deducted at source Rs.2,891/- Previous Year Rs. NIL)				
Miscellaneous Receipt		94		225
		<u>20,97,159</u>		<u>6,64,684</u>
SCHEDULE-9				
ADMINISTRATIVE AND OTHER EXPENDITURES				
Establishment		4,09,196		4,07,728
Rent		30,000		30,000
Rent of Office Equipments		18,000		18,000
Postage, Telegram & Telephones		1,386		2,460
Stationery and Printing		10,407		11,064
Legal Charges		—		3,000
General Charges		33,842		30,636
Bank Charges		3,664		12,639
Auditors' Remuneration				
As Audit Fee	6,825		6,825	
In Other Capacity	<u>7,350</u>	14,175	<u>3,325</u>	10,150
Directors' Fee		3,800		4,000
Subscription		3,150		3,150
Advertisements		9,562		8,464
Interest Tax		—		760
		<u>5,37,182</u>		<u>5,42,051</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March, 2003

SCHEDULE - 10**NOTES:-**

- 1) Accounting Policies -
- a) Basis of Accounting :
The financial statements have been prepared under historical cost convention in accordance with Accounting Standards specified by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and non - banking financial companies (Reserve Bank) Directions, 1988 issued by the Reserve Bank of India.
- b) Investments : Long term
The Investments are stated at cost or under, where necessary provision is made for permanent fall in the value of the investments. Earning from investments are recognised on declaration or receipt and the tax deducted at source thereon treated as advance tax.
- c) Stock of Shares and Debentures :
Stock of quoted shares/debentures are valued at cost or market value whichever is lower and unquoted shares are valued at cost or cost less amount written off at the year end.
- d) Interest on Loan is accounted on an accrual basis except in respect of non-performing assets, in respect of which income is recognized on cash basis.
- e) Interest on Loan is accounted on an accrual basis except in respect of non-performing assets, in respect of which income is recognized on cash basis.
- f) Current and Deferred Tax :
Current tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws. Deferred tax is recognised subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rate and laws that have been enacted or substantively enacted by the Balance sheet. Deferred tax assets are reviewed at each Balance Sheet date to re- assess realisation.
- 2) Establishment Expenses shown in Profit and Loss Account includes reimbursement of expenses towards Salaries.,allowamnces and contribution to provident fund and staff welfare expenses to an associate company.

	31st March 2003	31st March 2002
3) Contingent liabilities :		
In respect of Income Tax Assessments for earlier years	Rs. 69,230	Rs. 69,230
4) Total number of Shares/Debentures purchased	12,000	—
5) Total number of Shares/Debentures sold/redeemed	12,000	—
6) The deferred tax asset as at 31st March 2003 comprise as the following:		
Carry forward losses under Income Tax	—	Rs. 2,14,905
Provision for Diminution in value of Investments	Rs. 3,00,743	—
Provision for doubtful debts	Rs. 5,74,000	—
	<u>Rs. 8,74,743</u>	<u>Rs. 2,14,905</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March, 2003

SCHEDULE -11

NOTES (CONTD.):-

- 7) The Company has one business segment. Accordingly there are no reportable segments as per Accounting Standards 17 issued by the Institute of Chartered Accountants of India on "Segment Reporting".
- 8) There are no amount outstandings to Small Scale Undertakings as on the date of Balance Sheet.
- 9) Related parties as identified by the management as per Accounting Standards 18 issued by the Institute of Chartered Accountants of India.

i) **Name of the parties where control exists**
OSCO Tea Ltd., subsidiary of the Company

ii) **Associate**
Octavius Tea & Industries Ltd.
Tara Investments (P) Ltd.

iii) **Companies/Firms in which Directors/their relatives are interested**
The Grob Tea Co. Ltd.
Tinnevely Tuticorin Investments Ltd.
A.P. Finance Ltd.
The Patna Electric Supply Co. Ltd.

iv) **Key Management Personnel**
Mrs. Padma Kanoria - Director

v) **Particulars of transactions during the year ended 31st March 2003- Rupee in Lacs**

Nature of Transactions	Companies/Firms in which Directors/their relatives are interested	Associate	Subsidiary	Director
Loans given		4.00		
Investments in Equity		2.41	3.15	
Interest Received		1.28		
Reimbursement of Expenses & for Services		4.61		
Director Fee				0.01
Dividend received	0.31			
Balances outstanding at the year end				
Loans given				
Octavius Tea & Industries Ltd.		14.00		
For Expenses & Services		0.03		
Investment in Equity	19.89	32.55	8.17	

vi) **Loans and advances in the nature of Loans given to Subsidiary and Associates etc. - Rupee in Lacs**

Name of the Company	As at 31st March, 2003	Maximum Balance during the year (Rupee)
Octavius Tea & Industries Ltd.	14.00	14.00

vii) **Investment by the loanee in the shares of the Company - Rupee in Lacs**

Name of the Company	No of Shares	Rupee
Octavius Tea & Industries Ltd.	34,407	1.92

- 10) Figures of the previous year have been re-grouped and re arranged wherever necessary.

Kolkata, 11th August, 2003.

PADMAKANORIA (Mrs.)

B. L. PATAWARI

Directors.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

	Registration No. 7116		State Code 21
Balance Sheet Date	31 Date	03 Month	2003 Year

II. Capital raised during the Year (Figures in Rupees)

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Figures in Rupees)

Total Liabilities	Total Assets
1,02,57,567	1,02,57,567

Source of Funds

Paid-Up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
13,19,625	87,94,779	NIL	NIL

Application of Funds

Net Fixed Assets	Investments	Deffered Tax Assets	Net Current Assets
NIL	56,75,439	8,74,743	35,64,222
Misc. Expenditure		Accumulated Losses	
NIL		NIL	

IV. Performance of Company (Figures in Rupees)

Total Income	Total Expenditure	+ Profit/-Loss Before Tax	+ Profit/-Loss After Tax
28,24,000	35,28,693	(-)7,04,693	(-) 2,25,310

(Please tick Appropriate box + for Profit, - for Loss)

± Earning Per Share in Rs.	Dividend rate %*
(-) 1.71	NIL

(Please tick Appropriate box + for Profit, - for Loss)

* Recommended

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NIL
Product Description	INVESTMENTS
Item Code No. (ITC Code)	NIL
Product Description	LEASING

STATEMENT PURSUANT TO SECTION 212(3) & 212(5) OF THE COMPANIES ACT, 1956
As at 31st March, 2003 the Company had one subsidiary Company : Osco Tea Ltd.

1. Extent of Holding Company's interest in Osco Tea Ltd.

Financial Year ended on
31st March, 2003

Extent of interest of the Holding Company
The entire Equity Shares consist of 2,00,000 shares
of Rs. 10/- each is held by the Company and/or
its Nominees.

2. Net aggregate amount of Subsidiary Company's profit/loss not dealt with the Company's accounts :

- (a) For the subsidiary's financial year
ended 31st March, 2003 - Loss Rs. 7,38,312/-
 - (b) For the subsidiary's previous financial
year - NA
-

Kolkata, 11th August, 2003.

PADMAKANORIA(Mrs.)

B.L.PATAWARI

Directors.

DIRECTORS' REPORT

TO THE MEMBERS FOR THE YEAR ENDED 31ST MARCH, 2003

The Directors submit their Report together with audited Accounts for the year ended 31st march, 2003.

ACCOUNTS:

The results for the year's working are as follows :

Loss for the year	Rs.	(7,32,945)
Provision For Taxation	Rs.	(5,367)
Excess Provision of Income Tax for earlier years Written - Back	Rs.	1,559
Balance brought forward from previous year	Rs.	22,56,660
Carry forward	Rs.	<u>15,19,907</u>

DIVIDEND:

Due to Loss your Directors express their enability to recommend any dividend on Equity Shares of the Company for the year.

DIRECTORATE:

Mrs. Padma Kanoria resigned from the Board on 13th September, 2002

Mr. C.K. Mukherjee resigned from the Board on 8th January, 2003.

AUDITORS:

M/s. D. K. Chhajer & Co., Chartered Accountants, retire and offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

There has been no foreign exchange earning or outgo. The other particulars of Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are not applicable to the Company.

EMPLOYEES:

None of the employees of the Company was in receipt of remuneration aggregating to Rs.1,00,000/- per month or more and hence the particulars under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 have not been given.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm and declare that:

- in preparation of Annual Accounts for the year ended 31st March, 2003 the applicable accounting standard has been followed,
- they had selected such accounting policies and applied them consistently and made judgements and estimates that are resonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of financial year i.e. 31st March, 2003 and of the loss of the Company for that period,
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities,
- they had prepared the accounts for the year ended 31st March, 2003 as going concern basis.

COMPLIANCE CERTIFICATE:

Pursuant to section 383A of The Companies Act, 1956, a certificate from H.M. Choraria & Co. a secretary in whole time practice, as to whether the Company has complied with all the provisions of The Companies Act, 1956 is attached.

Registered Office :
14, Old Court House Street,
Calcutta - 700 001
Dated : 30th June, 2003

On behalf of the Board

P. K. Kanoria
Director

ANNEXURE TO THE DIRECTORS' REPORT

COMPLIANCE CERTIFICATE
[ISSUED UNDER THE COMPANIES (COMPLIANCE CERTIFICATE) RULES 2001]

We have examined the registers, records, books and papers of OSCO Tea Limited as required to be maintained under the Companies Act, 1956, and rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2003 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all register 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 limited company has more than the minimum prescribed paid-up capital of Rs. 5 Lacs .
4. The Board of Directors duly met four times respectively on 19th June 2002, 16th September 2002, 9th December 2002, and 29th January 2003 in respect of which meetings proper notice were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st March 2002 was held on 29th August 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general 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 the purview of section 297 of the Act.
10. The company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the preview 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 share certificates during the financial year.
13. The Company has:
 - (a) There was no allotment/transfer/transmission of securities during the financial year.
 - (b) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (c) The Company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (d) No amount is lying in Un-paid Dividend Account, application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remand unclaimed or unpaid for a period of seven years to be transferred to " Investor' Education & Protection Fund'
 - (e) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there were no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and /or such authorities prescribed under the various provisions of the Act during the financial year.
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 transaction 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, 2003.
25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries 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. We have been informed by the management that there was/were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on 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 company has not deducted any contribution towards Provident Fund during the financial year.

Place: KOLKATA
Dated: 19th May 2003

For **H.M. CHORARIA & CO.**
Practising Company Secretaries
(H.M.Choraria)
Proprietor
C.P. No. : 1499

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

ANNEXURE-A**Registers as maintained by the Company****Statutory Registers**

1.Register of Members u/s 150, 2. Register of Returns u/s 163, 3. Minutes Book of meetings, 4.Books of accounts u/s 209, 5.Register of Directors, Managing, 6. Directors, Manager and secretary u/s 303 , 7.Register of Directors' Shareholdings u/s 307, 6.Register of Investments or Loans u/s 372.A

Other Registers

1.Register of Directors' attendance, 2. Register of Shareholders' attendance , 3. Register of Transfers

ANNEXURE B

Forms and Returns as filed by company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st March, 2003.

Sl. No.	Form No./ Return	Filed u/s	For	Date of filling whether filed within prescribed time Yes/ No	If delay whether requisite additional fee paid Yes/No.
1	Balance Sheet	220	31.3.2002	4/9/2002	Yes
2	Compliance Certificate	383A	31.3.2002	4/9/2002	Yes
3	Annual Return	161	29/8/2002	9/9/2002	Yes
4	Form 32	303 (2)	13/9/2002	24/9/2002	Yes
5	Form 32	303 (2)	8/1/2003	4/2/2003	Yes

Place: KOLKATA
Dated: 19th May 2003

For H.M. CHORARIA & CO.
Practising Company Secretaries
(H.M.Choraria)
Proprietor
C.P. No. : 1499

AUDITORS' REPORT

TO THE MEMBERS OF OSCO TEA LIMITED

We have audited the attached Balance Sheet of OSCO TEA LIMITED as at 31st March 2003 and also 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.

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 statement are free of material misstatement. An audit includes examining, on the 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.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1998 issued by the Central Government of India in terms of sub-section (4A) of section 227 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.

Further to our comments in the Annexure referred to the 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 purpose 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 and Profit & Loss account dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, the Balance Sheet and Profit & 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 2003 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 31st March 2003 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, 2003 and
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

Calcutta
Dated : 30th June, 2003

For D. K. CHHAJER & CO.
Chartered Accountants
NIRAJ K. JHUNJHUNWALA
Partner

ANNEXURE TO THE AUDITORS' REPOST REFERRED TO IN PARAGRAPH 3 OF OUR REPORT

1. The Company has no Fixed Assets during this year, clauses 4(A)(i) and (ii) of the said order are not applicable.
2. The Company has not granted or taken any loan, secured or unsecured, to/ from Companies, Firms, or Other Parties listed in the register maintained U/S 301 of the Companies Act, 1956 or to / from the Companies under the same management as defined U/S 370 (1B) of the Companies Act 1956.
3. The parties to whom loans and advances in the nature of loans have been granted by the Company, are generally repaying the principal amounts as stipulated and are regular in payment of interest. In cases, where the principal and/ or interest are not received, it is the practice of the Company to review the operations of the party and on the basis of such review, to take such steps, as are considered reasonable in the circumstances including legal remedies for recovery.
4. On the basis of checks carried out during the course of audit and as per explanations given to us, in our opinion there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business.
5. According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax and other duties was outstanding as at 31st March, 2003 for a period of more than six months from the date they become payable.
6. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures or other similar securities.
7. According to information and explanations given to us no personal expenses have been charged to Revenue Account other than those payable under contractual obligation or in accordance with generally accepted business practice.
8. The Company has maintained proper records of the share transactions and timely entries have been made therein. All the shares are held by the Company in its own name.
9. Rest of the matters specified in the aforesaid Order are not applicable to the Company.

Calcutta
Dated : 30th June, 2003

For D. K. CHHAJER & CO.
Chartered Accountants
NIRAJ K. JHUNJHUNWALA
Partner

BALANCE SHEET As At 31st March, 2003

	Schedules	As at 31.03.2003 Rs.	As at 31.03.2002 Rs.
SOURCES OF FUNDS:			
Shareholder's Fund :			
Capital	"1"	20,00,000	20,00,000
Reserves & Surplus	"2"	17,48,713	23,71,660
		<u>37,48,713</u>	<u>43,71,660</u>
APPLICATION OF FUNDS:			
Investments	"3"	12,98,413	20,94,303
Current Assets, Loans & Advances			
Cash & Bank Balances	"4"	83,328	85,104
Loans & Advances	"5"	24,09,367	23,53,407
		<u>24,92,695</u>	<u>24,38,511</u>
Less : Current Liabilities & Provisions	"6"	1,52,434	1,61,154
Net Current Assets		<u>23,40,261</u>	<u>22,77,357</u>
Deferred Tax Assets		1,10,039	—
		<u>37,48,713</u>	<u>43,71,660</u>
NOTES ON ACCOUNTS	"9"		

Calcutta
Dated : 30th June, 2003

In terms of our report of even date
For D. K. CHHAJER & CO.
Chartered Accountants
NIRAJ K. JHUNJHUNWALA
Partner

P. K. KANORIA
B. P. KANORIA

Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2003.

	Schedules	For The Year Ended 31.03.2003	For The Year Ended 31.03.2002
		Rs.	Rs.
INCOME			
Sale of Shares		4,96,690	—
Other Income	"7"	1,06,050	1,09,031
		<u>6,02,740</u>	<u>1,09,031</u>
EXPENDITURE			
Purchase of Shares		2,55,108	—
Administrative & other Expenses	"8"	3,29,537	3,46,344
Provision For Diminution in Value in Investments		7,51,040	30,490
		<u>13,35,685</u>	<u>3,76,834</u>
(Loss) / Profit before Taxation		(7,32,945)	(2,67,803)
Less : Provision for Taxation			
Current		(1,600)	—
Deferred		(3,767)	—
(Loss) / Profit after Taxation		(7,38,312)	(2,67,803)
Add : Excess Provision for Income Tax for earlier years written back		1,559	4,950
		<u>(7,36,753)</u>	<u>(2,62,853)</u>
Add : Balance brought forward from previous year		22,56,660	25,19,513
Balance Carried to Balance Sheet		<u>15,19,907</u>	<u>22,56,660</u>
Earning per Share (Basic & Diluted) (Face Value of Rs. 10/- each)		(3.69)	(1.34)

NOTES ON ACCOUNTS

"9"

Calcutta
Dated : 30th June, 2003

In terms of our report of even date
For D. K. CHHAJER & CO.
Chartered Accountants

NIRAJ K. JHUNJHUNWALA
Partner

P. K. KANORIA
B. P. KANORIA

Directors

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2003

	As at 31.03.2003	As at 31.03.2002
	Rs.	Rs.
SCHEDULE - "1"		
SHARECAPITAL		
Authorised :		
2,40,000 Equity Shares of RS. 10/- each	24,00,000	24,00,000
10,000 11% Cumulative Redeemable preference shares of Rs. 10/- each	1,00,000	1,00,000
	<u>25,00,000</u>	<u>25,00,000</u>
Issued :		
2,40,000 Equity Shares of Rs. 10/- each	<u>24,00,000</u>	<u>24,00,000</u>
Subscribed & Paid-up :		
2,00,000 Equity Shares of Rs. 10/- each fully Paid-up in cash	<u>20,00,000</u>	<u>20,00,000</u>
SCHEDULE - "2"		
RESERVES & SURPLUS		
Capital Redemption Reserve	15,000	15,000
General Reserve		
Brought Forward	1,00,000	1,00,000
Add : Cumulative effect on recognition of deferred tax Assets		
(Note 2 (d) of Schedule 9)	<u>1,13,806</u>	<u>—</u> 1,00,000
Profit & Loss Account	15,19,907	22,56,660
	<u>17,48,713</u>	<u>23,71,660</u>

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2003**SCHEDULE - "3"****INVESTMENTS****Long Term - Other than Trade (At Cost)**

Name of the Company	Face Value (Rs.)	As at 31.03.2003		As at 31.03.2002	
		No. of Shares	Cost (Rs.)	No. of Shares	Cost (Rs.)
Quoted :					
Fully paid up Equity Shares :					
The Grob Tea Co. Ltd.	10/-	29,358	12,56,473	29,358	12,56,473
The Patna Electric Supply co. Ltd.	10/-	300	2,420	300	2,420
PSM Ltd.	10/-	50	1,250	50	1,250
Bank Of India	10/-	700	17,450	700	17,450
Indian Aluminium Ltd.	10/-	—	—	500	44,850
Pentamedia Graphics Ltd.	10/-	990	1,67,555	900	1,67,555
			14,45,148		14,89,998
Unquoted :					
Fully paid up Equity Shares :					
Octavius Tea & Industries Ltd. (Net of Provision of Rs.6,82,399/-)	10/-	2,60,000	1	2,60,000	6,82,400
Panna Investment Co. Ltd.	100/-	—	—	500	50,000
Tara Investments (P) Ltd. (Net of Provision of Rs.36,490/-)	10/-	1,000	13,510	—	—
			13,511		7,32,400
			14,58,659		22,22,398
Less: Provision For Diminution in Value of Quoted Investments			1,60,246		1,28,095
			12,98,413		20,94,303
Market value of Quoted Shares			20,93,480		26,16,499

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2003

	As at 31.03.2003 Rs.	As at 31.03.2002 Rs.
SCHEDULE - "4"		
CASH & BANK BALANCE		
Cash in hand	1,067	1,567
Balances with Scheduled banks in current account	82,261	83,537
	<u>83,328</u>	<u>85,104</u>
SCHEDULE - "5"		
LOANS & ADVANCES		
Loans	22,00,000	22,00,000
Advances (Recoverable in Cash or in kind or for value to be received)		
Interest Receivable on Loan	1,33,654	95,734
Income Tax Payments (Net of Provisions)	75,713	57,673
	<u>24,09,367</u>	<u>23,53,407</u>
SCHEDULE - "6"		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities :		
Sundry Creditors For Expenses	<u>1,52,434</u>	<u>1,61,154</u>

Schedule annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2003

	For the year ended 31.03.2003 Rs.	For the year ended 31.03.2002 Rs.
SCHEDULE - "7"		
OTHER INCOME		
Dividend (Gross : Tax deducted at Source Rs. 441/-, Previous year Rs. Nil)	6,900	3,050
Interest on Loan (Gross : Tax deducted at Source Rs. 17,640/-, Previous year Rs. 22,274/-)	84,000	1,05,751
Profit on Sale of Investments	15,150	130
Liabilities no longer required written back	—	100
	<u>1,06,050</u>	<u>1,09,031</u>

SCHEDULE - "8"

ADMINISTRATIVE AND OTHER EXPENSES:

Establishment	2,73,790	2,80,100
Employer's Contribution to Provident Fund	18,372	18,372
Staff Welfare Expenses	12,484	5,217
Printing & Stationary	1,560	1,560
Rates & Taxes	4,260	10,306
Filing Fees	2,500	1,500
Professional Fees	1,200	1,200
Bank Charges	65	—
Director's Fees	1,200	1,600
Subscription	1,500	1,400
Auditor's Remuneration		
As Audit Fees	3,150	3,150
In Other Capacity	—	1,000
Legal Charges	2,001	—
General Charges	7,455	20,939
	<u>3,29,537</u>	<u>3,46,344</u>

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2003.

SCHEDULE - "9 "

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Accounting Policies

a) Basis of Preparation of Financial Statements :

- i) The financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principals.
- ii) The Company generally follows mercantile system of accounting and recognises significant items of Income & Expenditure on accrual basis.

b) Investments :

- i) Investments are carried at cost.
Provision for diminution in the value has been made if such fall is considered to be permanent in nature. Temporary fall in the value is ignored.
- ii) Dividends are accounted for when received.

c) Current and Deferred Taxation :-

Current tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws. Deferred tax is recognised subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rate and laws that have been enacted or substantively enacted by the Balance sheet. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

2. Notes on Accounts

- a) The entire subscribed & paid-up Share Capital of 2,00,000 Equity Shares are held by the Holding company SALEM ERODE INVESTMENTS LTD. and its nominees.
- b) Interest on certain Loans has not been accounted for, pending the resolution of significant uncertainties.
- c) Establishment Expenses shown in Profit and Loss Account includes reimbursement of expenses towards Salaries, allowances and contribution to provident fund and staff welfare expenses to an associate company.
- d) In accordance with the Accounting Standards 22 relating to "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has adjusted the deferred Tax Assets arising of timing differences for the period upto March 2002 of Rs.1,13,806/- for brought forward loss as per Income Tax computation, in General Reserve and Deferred Tax Assets for the year amounting to Rs3,767/- has been adjusted in the Profit and Loss Account for the same reason.
Due to above the Loss for the year is higher by Rs.3,767/- and the Reserve & Surplus at the year end is higher by Rs. 1,10,039/-.
- e) Purchase of Shares 8,600 Nos. (Previous year Nil)
- f) Sale of Shares 8,600 Nos (Previous Year Nil)
- g) Previous years figures have been re-grouped/re-arranged wherever necessary.

In terms of our report of even date
For D. K. CHHAJER & CO.
Chartered Accountants

P. K. KANORIA
B. P. KANORIA

Directors

Calcutta
Dated : 30th June, 2003

NIRAJ K. JHUNJHUNWALA
Partner

AUDITORS REPORT

AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS REPORT TO THE BOARD OF DIRECTORS OF SALEM ERODE INVESTMENTS LTD ON THE CONSOLIDATED FINANCIAL STATEMENT OF SALEM ERODE INVESTMENTS LTD.

We have examined the attached consolidated Balance Sheet of Salem Erode Investments Ltd., its subsidiary and associates as at 31st March 2003 and the Consolidated Profit and Loss Account and Consolidated Cash Flow for the year then ended.

These financial statement are the responsibility of the Salem Erode Investments Ltd's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing principles used and significant estimate made by management as well and evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have audited the financial statements of the subsidiary and Tara Investments (P) Ltd., an associates. Financial statements of subsidiary reflect total assets of Rs.37,48,713/- as at 31 March 2003 and total loss of Rs. 7,36,753/- for the year then ended.

We did not audit the financial statements of the Octavius Tea & Industries Ltd. an associate. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the associates, 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 Accounts of India and on the basis of the separate audited financial statements of Salem Erode Investments Limited and its subsidiary included in the financial statements.

On the basis information and explanations give to us, and on the consideration of separate audit reports on individual audited financial statements of Salem Erode Investments Limited and its aforesaid subsidiary and associates, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

1. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Salem Erode Investments Limited as at 31st March, 2003;
2. in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Salem Erode Investments Limited and its subsidiaries for the year ended on that date; and
3. in case of Consolidated Cash Flow Statement, of the consolidated cash flow of Salem Erode Investments Limited and its subsidiaries for the year ended on that date.

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
(Partner)

Kolkata, 11th August, 2003

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedule	As at 31st March, 2003	
		Rs.	Rs.
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	13,19,625	
b) Reserves & Surplus	2	<u>1,30,23,963</u>	1,43,43,588
Total			<u><u>1,43,43,588</u></u>
II. APPLICATION OF FUNDS			
1. Investments	3		74,54,323
2. Current Assets, Loans and Advances			
a) Interest accrued on Investments		36	
b) Stock of Shares and Debentures	4	1,07,961	
c) Cash and Bank Balances	5	20,12,973	
d) Loans and Advances	6	40,79,110	
		<u>62,00,080</u>	
Less : Current Liabilities and Provisions			
Current Liabilities	7	2,95,597	
		<u>2,95,597</u>	
Net Current Assets			59,04,483
3. Deferred Tax Assets			<u>9,84,782</u>
TOTAL			<u><u>1,43,43,588</u></u>
NOTES ON THE ACCOUNTS	10		

The Schedules referred to above form an integral part of the Balance Sheet.

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

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
Partner
Kolkata, 11th August, 2003

PADMAKANORIA (Mrs.)
B.L. PATAWARI
} Directors

SALEM ERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

Consolidated Profit and Loss Account for the year ended 31st March, 2003

	Schedule	Year ended 31st March, 2003 Rs.
INCOME		
Sales/ Redemption of Shares and Debentures		11,15,570
Other Income	8	22,03,209
Closing Stock of Shares and Debentures		1,07,961
Provision for Diminution in value of Investments Written Back		4,33,883
		<u>38,60,623</u>
EXPENDITURE		
Opening Stock of Shares and Debentures		1,06,646
Purchase of Shares		3,02,148
Administrative and Other Expenses	9	8,66,719
Provision for Doubtful Debts		4,95,000
		<u>17,70,513</u>
Profit before Taxation		20,90,110
Provision for Taxation		
Current		(1,91,600)
Deferred		6,56,071
Written back in respect of earlier years		11,104
Profit after Taxation		<u>25,65,685</u>
Share of Profit / (Loss) of Associate Companies		(22,30,697)
Balance brought from previous year		22,56,660
		<u>25,91,648</u>
Balance Carried to Balance Sheet		<u>25,91,648</u>
No of Shares		1,31,955
Earning per share (Basic& Diluted)(face value of Rs. 10/-)		19.44
NOTES ON THE ACCOUNTS	10	

The Schedules referred to above form an integral part of the Profit and Loss Account.

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

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
Partner

Kolkata, 11th August, 2003

PADMAKANORIA (Mrs.)
B.L. PATAWARI } Directors

SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31st March, 2003

	31st March 2003 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before tax and extra-ordinary items	20,90,110
Adjustment for -	
Provision for Diminution in value of Investments - Written Back	(4,33,883)
Profit on Sale of Investments	(15,04,666)
Provision for Doubtful Debts	4,95,000
	<hr/>
Operating profit before working capital changes :-	6,46,561
Adjustments for :-	
Trade and Other receivables	(4,48,765)
Inventories	(1,315)
Trade payables	(32,503)
	<hr/>
Cash generated from operations	1,63,978
Direct taxes paid (Net)	(1,76,626)
	<hr/>
Net cash from operating activities (A)	<u>(12,648)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Investments	(10,15,291)
Sale/ Redemption of Investments	27,51,714
	<hr/>
Net cash used in investing activities (B)	<u>17,36,423</u>
C. CASH FLOW FROM FINANCING ACTIVITIES	
Dividends Paid	(100)
	<hr/>
Net cash used in Financing activities (C)	(100)
	<hr/>
Net increase/(decrease) in cash and cash equivalent (A+B+C)	<u>17,23,675</u>
	<hr/>
Cash and cash equivalent Opening Balance	2,89,298
	<hr/>
Cash and cash equivalent Closing Balance	20,12,973

- Note : (1) Cash and cash equivalent represent cash and bank balances only.
(2) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

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

For D.K. CHHAJER & CO.
Chartered Accountants
Bimal K. Agarwal
Partner

PADMAKANORIA (Mrs.)
B.L. PATAWARI

Directors

Kolkata, 11th August, 2003

SALEM ERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2003

		As at 31st March 2003 Rs.
SCHEDULE - 1		
SHARE CAPITAL -		
Authorised -		
3,60,000	Equity Shares of Rs. 10/- each	36,00,000
40,000	6½% Cumulative Redeemable Preference Shares of Rs. 10/- each	4,00,000
		40,00,000
Issued, Subscribed and Paid-up		
1,31,955	Equity Shares of Rs. 10/- each	13,19,550
Add : Forfeited Shares		75
		13,19,625

Note : of the above 43,985 Shares allotted as fully paid-up Bonus
Shares by way of capitalisation of General Reserve

		As at 31st March 2003 Rs.
SCHEDULE-2		
RESERVES AND SURPLUS		
Capital Redemption Reserve -		
Opening Balance		4,15,000
General Reserve -		
Opening Balance		80,50,089
Add : Cumulative effect on recognition of deffered tax Assets		1,13,806
		81,63,895
Statutory Reserve Fund		
Opening Balance		6,70,000
Capital Reserve on Consolidation of Subsidiary		11,83,420
Profit and Loss Account		25,91,648
		1,30,23,963

SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2003

SCHEDULE-3
INVESTMENTS :-

Name of the Companies	Face Value of each share/ Debenture Rs.	As at 31st March, 2003	
		Nos.	Cost Rs.
LONG TERM - QUOTED:			
A. Fully paid-up Equity Shares -			
TRADE INVESTMENTS			
The Grob Tea Co. Ltd.	10/-	1,12,266	30,20,189
Tinnevely Tuticorin Investments Ltd.	10/-	15,715	2,15,220
The Patna Electric Supply Co. Ltd.	10/-	300	2,420
	Sub Total :		<u>32,37,829</u>
OTHER INVESTMENTS			
ACC Ltd.	10/-	3,000	4,59,211
PSM Ltd.	10/-	50	1,250
Bank of India	10/-	700	17,450
Penta Media Graphics Ltd.	10/-	990	1,67,555
HDFC Bank Ltd	10/-	600	6,000
Hindalco Industries Ltd.	10/-	438	8,558
Housing Development & Finance Corpn. Ltd.	10/-	21,100	2,86,490
Gujrat Ambuja Cements Ltd.	10/-	2,200	43,725
State Bank of India	10/-	5,221	6,04,135
Hindustan Oil Exploration Ltd.	10/-	2,880	43,852
Hindustan Lever Ltd.	1/-	1,260	500
Castrol India Ltd.	10/-	3,700	7,30,453
GKW Ltd.	10/-	4,875	29,494
Kothari Pioneer Internet Fund	10/-	5,000	50,000
Teico Ltd.	10/-	3,000	2,83,650
	Sub Total :		<u>27,32,323</u>
UNQUOTED			
B. Fully paid up Equity Shares			
TRADE INVESTMENTS (ASSOCIATE COMPANIES)			
Octavious Tea & Industries Ltd.	10/-	5,98,816	—
Tara Investments (P) Ltd.	10/-	1,20,100	17,57,063
	Sub Total :		<u>17,57,063</u>
C. Fully paid up Equity Shares			
OTHER INVESTMENTS			
The Arya Vaidya Pharmacy (Coimbatore) Ltd.	10/-	1,000	<u>10,000</u>
D. Fully paid up Debentures			
14% Gabriel (India) Ltd.	45/-	35	<u>1,575</u>
	Grand Total :		<u>77,38,790</u>
Less: Provision for Diminution in value of Quoted Investments			<u>2,84,467</u>
			<u>74,54,323</u>
Aggregate of Quoted Investment			59,70,152
Market Value of Quoted Investment			1,90,93,576

SALEM ERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2003

SCHEDULE- 4
STOCK OF SHARES AND DEBENTURES

Name of the Companies	Face Value of each share/ Debenture Rs.	As at 31st March, 2003	
		Nos.	Book Value Rs.
QUOTED :			
Fully paid-up Equity Shares -			
The Patna Electric Supply Co. Ltd.	10/-	1,732	9,625
Graphite India Ltd.	10/-	75	1,331
Warren Tea Co. Ltd.	10/-	180	750
Gabriel India Ltd.	10/-	100	5,825
Jaiprakash Industries Ltd.	10/-	700	19,390
Timken India Ltd.	10/-	785	19,625
PSMLtd.	10/-	50	590
BSES Ltd.	10/-	253	34,029
Tata Tea Ltd.	10/-	81	15,382
Titaghur Industries Ltd.	10/-	400	220
Eveready Industries Ltd.	10/-	345	1,194
Grand Total :			1,07,961

As at 31st March, 2003		
Cost	Market	Book
Rs.	Value	Value
Rs.	Rs.	Rs.

QUOTED :			
Fully paid-up Equity Shares	2,53,774	1,50,479	1,07,961
Total :	2,53,774	1,50,479	1,07,961

**As at 31st March
2003
Rs.**

SCHEDULE - 5
CASH AND BANK BALANCES

Cash in hand	1,067
Bank Balances- (With Scheduled Banks)	
On Current Account	1,84,121
On Unpaid Dividend Account	74,520
On Preference Share Redemption Account	53,265
On Fixed Deposit Account	17,00,000
	20,12,973

SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2003

	As at 31st March 2003	
	Rs.	Rs.
SCHEDULE - 6		
LOANS AND ADVANCES		
(Unsecured Considered good unless otherwise stated)		
Loans:		
Considered good -	49,00,000	
Considered doubtful -	3,00,000	
	<u>52,00,000</u>	
Less: Provision For Doubtful Debts	<u>16,00,000</u>	36,00,000
Interest Accrued & due on Loan		1,33,654
Advances recoverable in cash or in kind or for value to be received		10,876
Deposits -		
With joint Stock Company	2,50,000	
Interest accrued thereon	14,185	
	<u>2,64,185</u>	
Less: Provision for Doubtful Debts	<u>2,64,185</u>	—
Advance payment of Income Tax (Net of Provision for Tax)		3,29,185
Interest Tax Refundable		5,395
		<u><u>40,79,110</u></u>

SCHEDULE - 7
CURRENT LIABILITIES

Liabilities for Expenses	1,71,271
Unclaimed Dividends (Refer Note below)	71,061
Unclaimed Preference Shares on redemption	53,265
	<u>2,95,597</u>

Note: This does not include any amount due
for deposit to "The Investors Education & Protection Fund"

SALEM ERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2003

	For the Year Ended 31st March 2003	
	Rs.	Rs.
SCHEDULE-8		
OTHER INCOME		
Income From Long Term Investments		
Dividend (Gross)	4,69,377	
(Tax deducted at source Rs.49,005/-)		
Interest on Debentures (Gross)	391	
(Tax deducted at source Rs. 89/-)		
Profit on sale of Investments	<u>15,04,666</u>	19,74,434
Income From Stock of Shares / Debentures		
Dividend		2,761
(Tax deducted at source Rs.289 /-)		
Interest on Loan (Gross)		2,12,153
(Tax deducted at source Rs. 44,552/-)		
Interest on Others		13,767
(Tax deducted at source Rs.2,891/-)		
Miscellaneous Receipt		94
		22,03,209
 SCHEDULE-9		
ADMINISTRATIVE AND OTHER EXPENDITURES		
Establishment		7,13,842
Rent		30,000
Rent of Office Equipments		18,000
Postage, Telegram & Telephones		1,386
Stationery and Printing		11,967
Legal Charges		2,001
General Charges		49,257
Bank Charges		3,729
Auditors' Remuneration		
As Audit Fee	9,975	
In Other Capacity	<u>7,350</u>	17,325
Directors' Fee		5,000
Subscription		4,650
Advertisements		9,562
		8,66,719

SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2003

SCHEDULE - 10

1) SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Principles of consolidation

The consolidated financial statements relate to Salem Erode Investments Limited ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis :

The consolidated financial statements relate to Salem Erode Investments Limited ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis :

- i) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses and adjustment of changes in carrying amount in value of Investment of associate companies, in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- iii) In case of associates where the company directly or indirectly through subsidiaries hold more than 20% of equity, Investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.
- iv) The Company accounts for its share in the change in the net assets of the associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance.
- v) The difference between the cost of investment on the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- vi) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for Investments.

3) Other significant accounting policies :-

These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Salem Erode Investments Limited and its subsidiary.

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :

1) The subsidiary company considered in the consolidated financial statements is:

Name of the subsidiary	Country of incorporation	Proportion of ownership interest
OSCO Tea Ltd.	India	100%

SALEM ERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2003

SCHEDULE - 11

NOTES (CONTD.): -

- 2) The significant associate companies considered in the consolidated financial statements is:

Name of the associate companies	Country of incorporation	Proportion of ownership interest
Octavius Tea & industries Ltd.	India	24.83%
Tara Investments (P) Ltd.	India	32.69%

- 3) As required by the Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered accountants of India, the carrying amount of Investments in Associates at the beginning of the year has been restated by applying "Equity Method" of accounting from the date of acquisition of the associates and corresponding adjustment has been made to the retained earnings at the beginning of the year after eliminating unrealised profits, if any.
- 4) As this is the first year of Consolidated Financial Statements, figures for previous year are not given.
- 5) Establishment Expenses shown in Profit and Loss Account includes reimbursement of expenses towards Salaries, allowances and contribution to provident fund and staff welfare expenses to an associate company.

**31st March
2003**

6) Contingent liabilities :	
In respect of Income Tax Assessments for earlier years	Rs. 69,230
7) Total number of Shares/Debentures purchased	20,600
8) Total number of Shares/Debentures sold/redeemed	20,600
9) The deferred tax asset as at 31st March 2003 comprise as the following:	
Carry forward losses under Income Tax	Rs. 1,10,039
Provision for Diminution in value of Investments	Rs. 3,00,743
Provision for doubtful debts	Rs. 5,74,000
	<u>Rs. 9,84,782</u>

- 10) The Company has one business segment. Accordingly there are no reportable segments as per Accounting Standards 17 issued by the Institute of Chartered Accountants of India on "Segment Reporting".
- 11) There are no amount outstandings to Small Scale Undertakings as on the date of Balance Sheet.
- 12) Related parties as identified by the management as per Accounting Standards 18 issued by the Institute of Chartered Accountants of India.
- i) **Name of the parties where control exists**
OSCO Tea Ltd., subsidiary of the Company
- ii) **Associate**
Octavius Tea & Industries Ltd.
Tara Investments (P) Ltd.
- iii) **Companies/Firms in which Directors/their relatives are interested**
The Grob Tea Co. Ltd.
Tinnevely Tuticorin Investments Ltd.
A.P. Finance Ltd.
The Patna Electric Supply Co. Ltd.
- iv) **Key Management Personnel**
Mrs. Padma Kanoria - Director

SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2003

SCHEDULE - 11

NOTES (CONTD.) :-

v) Particulars of transactions during the year ended 31st March 2003- Rupee in Lacs

Nature of Transactions	Companies/Firms in which Directors/their relatives are interested	Associate	Director
Loans given		4.00	
Investments in Equity		2.41	
Interest Received	0.48	1.64	
Reimbursement of Expenses & for Services		7.33	
Director Fee			0.01
Dividend received	0.31		
Balances outstanding at the yearend			
Loans given		17.66	
For Expenses & Services		1.50	
Investment in Equity	32.38	17.57	

vi) Loans and advances in the nature of Loans given to Subsidiary and Associates etc. - Rupee in Lacs

Name of the Company		As at 31st March, 2003	Maximum Balance during the year (Rupee)
Octavius Tea & Industries Ltd.	Associate	17.00	17.00
The Patna Electric Supply Co. Ltd.	Others	3.66	3.66

vii) Investment by the loanee in the shares of the Company - Rupee in Lacs

Name of the Company	No of Shares	Rupee
Octavius Tea & Industries Ltd.	34,407	1.92

Kolkata, 11th August, 2003.

PADMA KANORIA(Mrs.)
B. L. PATAWARI } Directors.

P R O X Y
SALEMERODE INVESTMENTS LIMITED

I/We
of in the
district of being a member/ members of the above mentioned 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 my / our behalf at the Annual General Meeting of the Company to be held on the 23rd
September 2003 and at any adjournment thereof.

Signed this day of September, 2003.

Signed by the said
.....



NOTE: The proxy must be deposited at the Registered Office of the Company at 15B, Hemanta Basu Sarani, Kolkata - 700 001 not less than 48 hours before the time of holding the meeting.

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