
**SALEM ERODE
INVESTMENTS LIMITED**

2011

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**REPORT
&
ACCOUNTS**

Salem Erode Investments Limited

Registration no : L 31200 WB 1931 PLC 007116

Registered on 16th May, 1931

| Authorised | CAPITAL | Subscribed |
|----------------------|-------------------------------------------------------------------|----------------------|
| Rs. 79,00,000 | In equity shares of Rs 10/- | Rs. 14,33,265 |
| Rs. 4,00,000 | In 6 1/2% Cumulative Redeemable Preference shares of Rs 10/- each | Nil |
| Rs. 2,00,000 | In 11% Cumulative Redeemable Preference shares of Rs 10/- each | Nil |
| <u>Rs. 85,00,000</u> | | <u>Rs. 14,33,265</u> |

Directors

V. N. PUROHIT
RAVISHAH
PRERANA GOENKA
ASHOK KUMAR DEB

Auditors

D.K. CHHAJER & CO.

Bankers

HDFC BANK LTD.
UNITED BANK OF INDIA

Registrar & Transfer Agents

NICHE TECHNOLOGIES PVT. LTD.

Registered Office

14, MOTILAL NEHRU ROAD
KOLKATA - 700 029



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 14, Motilal Nehru Road, Kolkata 700 029 on Friday, the 26th day of August, 2011 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2011 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares of the Company.
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. The following Resolution may be passed as a Ordinary Resolution with or without modification.
"RESOLVED THAT Mr Ashok Kumar Deb and Mr Ravi Shah appointed as an Additional Director of the Company by the Board of Directors with effect from 29.10.2010 and whose term expires at this Annual General meeting and for the appointment of whom the Company has received notice under Section 257 of the Act from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."
5. To consider and pass a Special Resolution to amend Article 93 of the Articles of Association of the Company, in respect of the increase in payment of Directors sitting fees from the present Rs. 200/- (Rupees Two Hundred Only) per Director, per meeting of the Board or of the Committee not exceeding to Rs. 10,000/- (Rupees Ten Thousand only) per Director per meeting of the Board or of the committee or thereof.
The following Resolution may be passed as a Special Resolution with or without modification
"RESOLVED that the articles of the Association of the Company be amended by substituting the following new Article 93 in the place of existing Article 93".
The new Article 93 will read as follows :-
"Unless otherwise determined by the Company in general meeting, each Director or his/her alternate shall be entitled to receive out of the funds of the Company for his/her services in attending meetings of the Board a **sitting fee not exceeding to Rs. 10,000/- (Rs Ten Thousand only) per Director per meeting** attended by him/her. All other remuneration, if any, payable by the Company to each Director, in respect of his/her services as a Director, in the whole or part time employment of the Company shall be determined in accordance with and subject to the provision of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in the execution of their duties as Directors."

Registered Office :
14, Motilal Nehru Road,
Kolkata 700 029
Date : 15th July, 2011.

By order of the Board
For Salem Erode Investments Ltd.

MRS PADMA KANORIA
Director

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF WHEREAS THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY 48 HOURS BEFORE THE MEETING.
- 2) The Register of the Members of the Company will be closed from 5th August, 2011 to 26th August, 2011 (both days inclusive.)
- 3) The dividend, as recommended by the Board, if passed at the meeting, will be paid on or after 10th September, 2011.
- 4) 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.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 Resolution No. 4.

Mr Ashok Kumar Deb and Mr Ravi Shah were co-opted as an Additional Director of the Company on 29th Oct. 2010 Mr Ashok Kumar Deb and Mr Ravi Shah holds office up to the date of this Annual General Meeting of the Company. The Company has received notice under section 257 of the Companies Act, 1956 proposing candidature of Mr. Ashok Kumar Deb and Mr Ravi Shah for the office of the Director and they are eligible for re - appointment. Hence, your approval is sought to the proposed Resolution. Your Board recommends the resolution.

Except Mr Ashok Kumar Deb and Mr Ravi Shah themselves, being the appointees, no other Director is interested in the Resolution.
Resolution No. 5.

Presently the Articles of Association of the Company provides for the payment of Directors sitting fees not exceeding to Rs. 200/- (Rupees Two Hundred Only) per Director for each meeting attended. It is proposed to increase the sitting fees not exceeding to Rs. 10,000/- (Rupees Ten Thousand only) per Director, per meeting of the Board or the Committee, as decided by the Board.

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DIRECTORS' REPORT

The Directors of your company are pleased to present Annual Report of the Company with the Accounts for the year ended 31st March, 2011.

| Accounts | Rupees |
|--------------------------------------------------|--------------------------|
| The result of the year's working is as follows : | |
| Profit / (Loss) before Taxation | 2,809,909 |
| Provision for Taxation | |
| Current | (1,500,000) |
| Deferred | (485,880) |
| Profit / (Loss) after Taxation | 824,029 |
| Out of this, appropriations are : | |
| Transfer to General Reserve | 80,000 |
| Transfer to Statutory Reserve | 160,000 |
| Contigent Provisions against Standard Assets | 95,000 |
| Proposed Dividend | 395,865 |
| Corporate Tax on Dividend | 67,277 |
| | <u>25,887</u> |
| Balance brought forward | 14,902,173 |
| Balance Carried forward to the Balance Sheet | <u><u>14,928,060</u></u> |

DIVIDEND:

Your Directors recommend a dividend of Rs.3/- per equity share of Rs 10/- of the Company.

DIRECTORATE:

Mrs P Goenka retire by rotation under Article 101 of the Company's Articles of Association and has offered herself for re-appointment.

Mr Ashok Kumar Deb and Mr Ravi Shah, who were appointed as Additional directors, are to be confirmed as directors in the Annual General Meeting

SUBSIDIARY COMPANY:

In compliance with the requirements of Section 212 of the Companies Act, 1956 the Accounts as at 31st March, 2011 of the subsidiary viz. M/s Osco Tea Ltd., are not annexed to the Company's Account as the same had amalgamated with the company as per court order dt 2nd August 2010 of Hon'ble High Court of Kolkata.

CONSERVATION OF ENERGY, TEHCNOLOGY 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.2,00,000/- per month or more and hence the particulars under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1988 have not been given.

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DIRECTORS' REPORT (Contd.)

AUDITORS:

M/s. D K Chhajer & Co., Chartered Accountants, retires from office and being eligible offer themselves for re appointment.

DEMATERIALISATION OF SHARES:

Your Company has entered into an arrangement with Central Depository Services (India) Ltd. (CDSL) for dematerialisation of Company's Shares in accordance with the provisions of Depositories Act 1996, which is now fully operational and the ISIN no is INE 894E01010.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm and declare that :

- 1) in preparation of Annual Accounts for the year ended 31st March, 2011 the applicable accounting standards has been followed.
- 2) 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, 2011 and of the profit of the Company for that period.
- 3) 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.
- 4) they had prepared the accounts for the year ended 31st March, 2011 as going concern basis.

COMPLIANCE CERTIFICATE:

Pursuant to section 383A of the Companies Act, 1956, a certificate from M/s. H.M. Choraria & Company, Company Secretary in whole time practice, as to whether the Company has complied with all the applicable provisions of the Companies Act, 1956 and the amendments, modifications, enactments, circulations, notices there has been attached.

Registered Office :
14, Motilal Nehru Road,
Kolkata 700 029
Date : 15th July, 2011.

For and on behalf of the Board of Directors.

MRS. PRERANA GOENKA
Director

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COMPLIANCE CERTIFICATE**HMCHORARIA & CO**

Practising Company Secretaries,
14/2, Old China Bazar Street,
Kolkata 700 001.

Registration No of the Company 21— L 31200 WB 1931 PLC 007116

Nominal Capital - Rs 40,00,000/-

The Members
Salem Erode Investments Ltd.
14, Motilal Nehru Road,
Kolkata 700 029.

We have examined the registers, records, books and papers of Salem Erode Investments Ltd 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 as on 31st March, 2011 (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 registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a 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 30th April 2010, 16th July 2010, 30th July 2010, 29th Oct. 2010 and 31st January 2011 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 closed its Register of Members from 6th August to 27th August 2010 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, 2010 was held on 27th August 2010 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. A court convened extra ordinary general meeting was held on 20.05.2010, in the matter of merger.
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 entered into contracts falling within the purview of section 297 of the Act and complied with section 297 & 301 of the Companies Act, 1956.
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 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 lodgement for transfer / transmission thereof or any other purpose in accordance with the provisions of the act.
 - (b) deposited on 28.08.2010 with HDFC Bank Dividend amount in a separate Bank Account against dividend declared during the financial year.

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- (c) posted on 13.09.2010 dividend warrants to all members of the company against dividend declared during the financial year, the amount of unpaid and unclaimed dividend are lying in the above account.
 - (d) no amount lying in Un-paid Dividend Account, application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be transferred to "Investor's Education & Protection Fund"
 - (e) duly complied with the requirements of section 217 of the Act, wherever directors report was signed by a Director.
14. The Board of Directors of the company is duly constituted, the board appointed two directors and were also confirmed by the members at the AGM, no additional director, alternate director and director to fill casual vacancies have been appointed.
 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, debentures or other securities 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 borrowings of the company as at the end of the year is within the borrowing limits of the company.
 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.

For **H.M. CHORARIA & CO.**
Practising Company Secretaries
(H.M. Choraria)
Proprietor
C.P. N. 1499

Place: Kolkata
Date: 15th July, 2011

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ANNEXURE - A

Registers as maintained by the Company

Statutory Registers

- 1 Register of Members u/s 150
- 2 Minutes Book of Meetings.
- 3 Register of Directors, Managing Directors, Manager and Secretary u/s 303
- 4 Register of Returns u/s 163
- 5 Books of Accounts u/s 209
- 6 Register of Directors' Shareholdings u/s 307
- 7 Register of Investments or Loans u/s 372A
- 8 Register of contracts in which directors are interested u/s 301

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, 2011.

| Sl. No. | Form No. / Return | Filed u/s | For | Date of Filing & whether filed within prescribed time Yes / No. | If delay in filing whether requisite additional fees paid Yes / No |
|---------|------------------------|-----------|------------|-----------------------------------------------------------------|--------------------------------------------------------------------|
| 1 | Balance Sheet | 220 | 31.03.2010 | 18.09.2010 Yes | No |
| 2 | Compliance Certificate | 383A | 16.07.2010 | 14.09.2010 Yes | No |
| 3 | Annual Return | 161 | 27.08.2010 | 30.10.2010 Yes | No |
| 4 | Form 21 | | 02.08.2010 | 06.10.2010 Yes | No |
| 5 | Form 32 | | 29.10.2010 | 26.11.2010 Yes | No |

Place: Kolkata
Date: 15th July, 2011

For **H.M. CHORARIA & CO.**
Practising Company Secretaries
(H.M. Choraria)
Proprietor
C.P. N. 1499

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AUDITOR'S REPORT

TO THE MEMBERS OF
SALEMERODE INVESTMENTS LTD

We have audited the attached Balance Sheet of **Salem Erode Investments Ltd** as at 31st March 2011, 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 statements 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 the 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 Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amended Report) order, 2004 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 above, we report that:

1. 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.
2. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
3. Proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of such books.
4. In our opinion the Balance Sheet, Profit and Loss account and Cash Flow Statement comply with the accounting standards, referred to in sub section (3C) of section 211 of the Companies Act, 1956; and
5. On the basis of the information available with the Company and written representations received from the directors and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2011 from being appointed as director in terms of section 274(1) (g) of the Companies Act, 1956.
6. 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 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;
 - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011
 - ii) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For DK CHHAJER & Co
Chartered Accountants
(FRN 304138E)
(Niraj K. Jhunjhunwala)
Partner
Mem.No.F057170

Kolkata
Dated: 15th July, 2011

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ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situations of its fixed assets.
- (b) The fixed assets are physically verified by the management at the end of the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed no discrepancies were noticed on such verification.
- (c) The Company has not disposed off any part of fixed assets during the year, which could effect the going concern status of the company.
2. (a) The stock of securities in physical mode has been physically verified during the year. Securities in Dematerialization form have been confirmed by the statement received from Depository.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no discrepancies were noticed on physical verification.
3. (a) The Company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,50,00,000/- and the year-end balance of loans given to such party was 70,00,000/-.
- (b) In our opinion, rates of interest and other terms and conditions of unsecured loan granted to company listed in the register maintained under Section 301 of the Companies Act, 1956 are prima-facie not prejudicial to the interest of the Company.
- (c) The company had regularly been receiving principal amount and interest.
- (d) The Company has not taken unsecured loans from any company covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (b), (c) & (d) are not applicable.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of business for the purchase and sales of shares and debentures and other securities.
5. (a) In our opinion and according to the information and explanations given to us, the transaction that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been entered.
- (b) In our opinion and as per our information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. As informed the Company is a Non-Banking Financial Company and has not accepted any deposit from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the company.



ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Company has not carried out any manufacturing or trading operations during the year for which maintenance of cost records has been prescribed by the Central Government u/s 209(1) (d) of the Companies Act, 1956. Accordingly, provisions of Para(viii) of Companies (Auditor's Report), 2003 are not applicable to the company.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues, including income tax, service tax, wealth tax, cess & any other Statutory dues applicable to it with the appropriate authorities during the year
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of income tax, wealth tax, cess were in arrears as on 31.03.2011 for a period of more than six months from the date they become payable
- (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, cess that have not been deposited on account of any dispute except the following :-

| Name of the Statute | Nature of dues | Amount (Rs.) | Period to which amount relates | Forum where Dispute is Pending |
|---------------------|----------------|--------------|--------------------------------------|--------------------------------|
| Income Tax Act | Income Tax | 69,230/- | 1980-81, 1990-91 1991-92, 1992-93 | Commissioner (Appeals) |

10. The Company does not have any accumulated losses nor has it incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The Company has not borrowed any money from banks or financial institutions. There are no debenture holders at any time during the year. Accordingly provisions of Para (xi) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
12. In our opinion and 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 and other securities
13. In our opinion, the company is not a Chit fund or a Nidhi / Mutual benefit fund / Society. Therefore, the provisions of clauses (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
14. In respect of the investments made by the Company in Shares, other securities etc. proper records have been maintained. These investments are held in the name of the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly the provisions of clause 4(xv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company

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ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

16. According to the information and explanation given to us, the company has not availed any term loans during the year.
17. On the basis of information received from the management and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
18. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The company had not issued any debentures during the period covered by our audit report. Accordingly the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
21. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India for the purpose of reporting the true and fair view of financial statements, we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the management.

For DK CHHAJER & Co
Chartered Accountants
(FRN 304138E)

NIRAJ K. JHUNJHUNWALA
Partner
Mem.No.F057170

Kolkata
Dated: 15th July, 2011

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BALANCE SHEET AS AT 31ST MARCH 2011

| | Schedule | As at 31st March 2011 | | As at 31st March 2010 | |
|------------------------------------------------------------------------|-----------|-----------------------|-------------------|-----------------------|-------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| 1. SOURCES OF FUNDS | | | | | |
| 1. Shareholders' Funds | | | | | |
| a) Capital | 1 | 1,433,265 | | 1,319,625 | |
| b) Reserves & Surplus | 2 | <u>48,513,848</u> | <u>49,947,113</u> | <u>38,892,173</u> | <u>40,211,798</u> |
| | | | <u>49,947,113</u> | | <u>40,211,798</u> |
| II. APPLICATION OF FUNDS | | | | | |
| 1. Fixed Assets | | | | | |
| a) Gross Block | | 501,706 | | 501,706 | |
| b) Less : Depreciation | | <u>166,434</u> | <u>335,272</u> | <u>46,995</u> | <u>454,711</u> |
| 2. Investments | 4 | | 8,538,437 | | 10,111,193 |
| 3. Deferred Tax Assets | | | 599,413 | | 682,761 |
| 4. Current Assets, Loans and Advances | | | | | |
| a) Inventories | 5 | 64,610 | | 70,435 | |
| b) Cash and Bank Balances | 6 | 3,855,736 | | 1,745,589 | |
| c) Loans and Advances | 7 | <u>39,282,495</u> | | <u>28,333,179</u> | |
| | | <u>43,202,841</u> | | <u>30,149,203</u> | |
| Less : Current Liabilities and Provisions | | | | | |
| a) Current Liabilities | 8 | 2,170,708 | | 722,929 | |
| b) Provisions | 9 | 463,142 | | 463,142 | |
| c) Contingent Provisions against Standard assets | | 95,000 | | — | |
| | | <u>2,728,850</u> | | <u>1,186,071</u> | |
| Net Current Assets | | | 40,473,991 | | 28,963,132 |
| | | | <u>49,947,113</u> | | <u>40,211,798</u> |
| Significant Accounting Policies & Notes to the Accounts | 13 | | | | |

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

(FRN 304138E)

(NIRAJK. JHUNJHUNWALA)

Partner

Membership no : F057170

Place : Kolkata

Dated: 15th July, 2011

PRERNA GOENKA (Mrs)
ASHOK KUMAR DEB } Directors

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

| | Schedule | Year ended 31st March, 2011 Rs. | Year ended 31st March, 2010 Rs. |
|----------------------------------------------------------------|----------|---------------------------------------|---------------------------------------|
| INCOME | | | |
| Sale of shares | | 52,880 | 80,579 |
| Income from Investments | 10 | 4,345,400 | 4,140,689 |
| Other Income | 11 | — | 58,276 |
| Closing Stock | | 64,610 | 70,435 |
| Liabilities no longer required written back | | 2,682 | 6,073 |
| Provision for Dimn in the value of Investments | | — | 231,283 |
| | | <u>4,465,572</u> | <u>4,587,335</u> |
| EXPENDITURE | | | |
| Opening Stock | | 70,435 | 105,599 |
| Administrative and other Expenses | 12 | 1,082,289 | 784,021 |
| Depreciation | | 119,439 | 34,376 |
| Securities Transaction Tax | | 9,696 | 23,566 |
| Provision for Dimiunition in the value of Investments | | 373,804 | — |
| | | <u>1,655,663</u> | <u>947,562</u> |
| Profit / (Loss) before Taxation | | 2,809,909 | 3,639,773 |
| Provision for Taxation | | | |
| Current Tax | | (1,500,000) | (750,000) |
| Deferred Tax | | (485,880) | (155,527) |
| Profit / (Loss) after Taxation | | 824,029 | 2,734,246 |
| Income Tax of earlier years written back | | — | 43,653 |
| | | 824,029 | 2,777,899 |
| Transfer to General Reserve | | 80,000 | 300,000 |
| Transfer to Statutory Reserve | | 160,000 | 600,000 |
| Contingent Provisions against Standard assets | | 95,000 | — |
| Proposed Dividend | | 395,865 | 395,865 |
| Dividend Tax | | 67,277 | 67,277 |
| | | <u>25,887</u> | <u>1,414,757</u> |
| Balance Brought forward | | 14,902,173 | 13,487,416 |
| Profit carried to Balance Sheet | | <u>14,928,060</u> | <u>14,902,173</u> |
| Earnings per share (Basic and Diluted)(face value of Rs. 10/-) | | 5.75 | 20.72 |
| Significant Accounting Policies & Notes on the Accounts | 13 | | |

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 **DK CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)
(NIRAJK. JHUNJHUNWALA)
Partner
Membership no : F057170
Place : Kolkata
Dated: 15th July, 2011

PRERNA GOENKA (Mrs)
ASHOK KUMAR DEB } Directors

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CASH FLOW STATEMENT For the year ended 31st March 2011

| | 31st March 2011 Rs. | 31st March 2010 Rs. |
|----------------------------------------------------------------------|---------------------------|---------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit before tax and extra-ordinary items | 2,809,909 | 3,639,773 |
| Adjustments for :- | | |
| Income from Dividend | (363,531) | (385,478) |
| Interest on loan received | (3,527,333) | (2,457,636) |
| Profit on sale of Investments | (389,810) | (1,065,929) |
| Loss on sale of Future | — | 9,832 |
| Profit on sale of Fixed Asset | — | (58,276) |
| Interest on loan Paid | 106,027 | 1,278 |
| Depreciation | 119,439 | 34,376 |
| Liabilities no longer required written back | (2,682) | (6,073) |
| Provision for diminution in the value of Investments | 373,804 | (231,283) |
| Operating profit before working capital changes | (874,177) | (519,416) |
| Adjustments for :- | | |
| Sundry Debtors | (1,088,416) | — |
| Trade & Other receivables | (15,000) | (25,033,000) |
| Inventories | 5,825 | 35,164 |
| Trade payables | 894,608 | 95,551 |
| Cash Generated from operations | (1,077,160) | (25,421,701) |
| Direct taxes paid (Net) | (989,756) | (1,091,076) |
| Net cash from Operating activities (A) | (2,066,916) | (26,512,777) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Investments | (3,575,996) | (4,251,413) |
| Purchase of fixed assets | — | (456,481) |
| Sale / Redemption of Investments | 4,458,785 | 2,967,816 |
| Sale of Fixed Asset | — | 100,000 |
| Income from Dividend | 363,531 | 385,478 |
| Interest on Loans | 5,909,506 | 911,516 |
| Net cash from Investing activities (B) | 7,155,826 | (343,084) |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Loan given | (2,500,000) | — |
| Dividends Paid | (395,865) | (395,865) |
| Corporate Dividend Tax paid | (67,277) | (67,277) |
| Interest on Loan Paid | (106,027) | (1,278) |
| Net Cash used in Financing activities (C) | (3,069,169) | (464,420) |
| Net (decrease) / increase in cash and cash equivalents(A+B+C) | 2,019,741 | (27,320,281) |
| Cash and cash equivalent Opening Balance | 1,835,995 | 29,065,871 |
| Cash and cash equivalent Closing balance | 3,855,736 | 1,745,590 |

- Notes : 1. Cash and cash equivalents represent cash & bank balance only.
2. The above cash flow statement has been prepared under the 'Indirect Method' as set out in AS-3 on 'Cash Flow Statement' insecured by the Institute of chartered Accountants of India.

As per our report of even date.
For D K CHHAJER & CO.
Chartered Accountants
(FRN 304138E)
(NIRAJK. JHUNJHUNWALA)
Partner
Membership no : F057170
Place : Kolkata
Dated: 15th July, 2011

PRERNA GOENKA (Mrs)
ASHOK KUMAR DEB } Directors

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SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2011

| | As at 31st March 2011 Rs. | As at 31st March 2010 Rs. |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| SCHEDULE - 1 | | |
| SHARE CAPITAL - | | |
| Authorised | | |
| 7,90,000 (PY 3,60,000) Equity Shares of Rs. 10/- each | 7,90,000 | 3,60,000 |
| 40,000 (PY 40,000) 6½% Cumulative Redeemable Preference Shares of Rs. 10/- each | 400,000 | 400,000 |
| 20,000 (PY nil) 11% Cumulative Redeemable Preference Shares of Rs. 10/- each | 200,000 | — |
| | <u>8,50,000</u> | <u>4,00,000</u> |
| Issued, Subscribed and Paid up | | |
| 1,31,955 (PY 1,31,955) Equity Shares of Rs.10/- each fully paid up | 1,31,955 | 1,31,955 |
| Add : Forefeited Shares | 75 | 75 |
| Add : Share Capital Suspense Account | 113,640 | — |
| | <u>1,43,3,265</u> | <u>1,31,9,625</u> |
| <p>Note : Of the above 43,985 Shares allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve.</p> | | |

SCHEDULE - 2**RESERVES AND SURPLUS**

Capital Redemption Reserve -

| | | | |
|--------------------------------|---------|---------|---------|
| Opening Balance | 400,000 | 400,000 | |
| Add : Transfer on Amalgamation | 30,000 | 430,000 | 400,000 |

Capital Reserve

| | | | |
|--------------------------------|-----------|-----------|--|
| Opening Balance | — | | |
| Add : Transfer on Amalgamation | 2,319,780 | 2,319,780 | |

General Reserve

| | | | |
|--------------------------------|------------|------------|------------|
| Opening Balance | 16,430,000 | 16,130,000 | |
| Add : During the year | 80,000 | 3,00,000 | |
| Add : Transfer on Amalgamation | 213,806 | 16,723,806 | 16,430,000 |

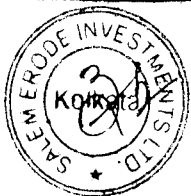
Statutory Reserve Fund -

| | | | |
|-------------------------|-----------|-----------|-----------|
| Opening Balance | 7,160,000 | 6,560,000 | |
| Add : Transfer from P&L | 160,000 | 7,320,000 | 7,160,000 |

Balance in Profit and Loss Account

| | | | |
|--------------------------------|-------------------|-------------------|------------|
| Opening Balance | 14,902,173 | 13,487,416 | |
| Add : During the year | 25,887 | 1,414,757 | |
| Add : Transfer on Amalgamation | 6,792,202 | 21,720,262 | 14,902,173 |
| | <u>48,513,848</u> | <u>38,892,173</u> | |

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SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2011

SCHEDULE-3

FIXED ASSETS: (At Cost)

| ITEMS | GROSS BLOCK | | | | DEPRICIATION | | | | NET BLOCK | |
|---------------|-----------------------------------|--------------------------------------|----------------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|----------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | As at 31st March 2010 Rs | Addition during the year Rs | Deductions during the year Rs | As at 31st March 2011 Rs | As at 31st March 2010 Rs | Addition during the year Rs | Deductions during the year Rs | As at 31st March 2011 Rs | As at 31st March 2011 Rs | As at 31st March 2010 Rs |
| Computer | 45,225 | — | — | 45,225 | 33,072 | 4,861 | — | 37,933 | 7,292 | 12,153 |
| Motor Car | 456,481 | — | — | 456,481 | 13,923 | 114,578 | — | 128,501 | 327,980 | 442,558 |
| | 501,706 | — | — | 501,706 | 46,995 | 119,439 | — | 166,434 | 335,272 | 454,711 |
| Previous year | 353,659 | 456,481 | 308,434 | 501,706 | 279,329 | 34,376 | 266,710 | 46,995 | 454,711 | 74,330 |

SCHEDULE-4

INVESTMENTS:

| Name of the Companies | Face Value of each share/ Debenture Rs. | As at 31st March, 2011 | | As at 31st March, 2010 | |
|-----------------------|--------------------------------------------------|------------------------|-------------|------------------------|-------------|
| | | Nos. | Cost Rs. | Nos. | Cost Rs. |

LONG TERM-

UNQUOTED:

A Fully paid-up Equity Shares

Trade Investments

| | | | | | |
|------------------------------------|----|---------|------------------|---------|------------------|
| Tara Investments Ltd. | 10 | 121,100 | 546,500 | 119,100 | 446,500 |
| M.D. Network Commodities Pvt. Ltd. | 10 | 192,150 | 1,921,500 | 192,150 | 1,921,500 |
| | | | <u>2,468,000</u> | | <u>2,368,000</u> |

Other Invesments

| | | | | | |
|----------------------------------------|-----|-------|------------------|---------|------------------|
| The Arya Vaidya Pharmacy (Coim) Ltd | 10 | 1,000 | 10,000 | 1,000 | 10,000 |
| Osco Tea Ltd (Subsidiary) | 10 | — | — | 200,000 | 816,580 |
| | (A) | | <u>2,478,000</u> | | <u>3,194,580</u> |



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS as at 31st March 2011

SCHEDULE-4(Contd....)

| Name of the Companies | Face Value of each share/ Debenture Rs. | As at 31st March, 2011 | | As at 31st March, 2010 | |
|------------------------------------------------------------|-----------------------------------------|------------------------|-------------------|------------------------|-------------------|
| | | Nos. | Cost Rs. | Nos. | Cost Rs. |
| QUOTED: | | | | | |
| Fully paid-up Equity Shares - | | | | | |
| Trade Investments | | | | | |
| The Mozufferpore Electric Supply Co Ltd | 10 | 12,387 | 105,840 | 12,387 | 105,840 |
| The Patna Electric Supply Co Ltd | 10 | 93,881 | 1,077,349 | 90,712 | 1,058,438 |
| Tinnevely Tuticorin Investments Ltd | 10 | 28,715 | 394,670 | 28,715 | 394,670 |
| | (B) | | <u>1,577,859</u> | | <u>1,558,948</u> |
| Other than Trade Investments | | | | | |
| Bank of India | 10 | 700 | 17,450 | — | — |
| Henkel India Ltd | 10 | 156 | 3,520 | — | — |
| Pentamedia Graphics Ltd | 10 | 1,540 | 269,805 | — | — |
| PSMLtd | 10 | 50 | 1,250 | — | — |
| ATV Projects Ltd | 10 | 1,000 | 7,000 | — | — |
| bajaj Auto Ltd | 10 | 100 | 149,044 | — | — |
| Indian Oil Copn / Bongaigoan Ref. Ltd. | 10 | 3,000 | 235,814 | 3,000 | 235,814 |
| CESCLtd | 10 | 1,000 | 173,482 | 1,000 | 173,482 |
| Coal India Ltd | | 25 | 6,125 | — | — |
| Gujrat Heavy Chemicals Ltd | 10 | 4,000 | 472,628 | 4,000 | 472,628 |
| GT Group Offshore | 10 | 600 | 552,402 | 600 | 552,402 |
| Gujrat State Petronet Ltd | 10 | — | — | 1,000 | 99,500 |
| HDFC Bank Ltd | 10 | 600 | 6,000 | 600 | 6,000 |
| Hindalco Industries Ltd | 10 | 3,400 | 102,570 | 3,400 | 102,570 |
| Hindustan Lever Ltd | 10 | 1,260 | 500 | 1,260 | 500 |
| H D F C Ltd | 10 | 20,000 | 54,287 | 20,000 | 54,287 |
| India Bulls Securities Ltd | 10 | 500 | 26,333 | 500 | 26,333 |
| Infrastructure Development Finance Co. Ltd | 10 | — | — | 265 | 9,010 |
| Idea Cellular Ltd | 10 | 2,700 | 210,109 | 2,700 | 210,109 |
| India Cements Ltd. | 10 | 2,000 | 410,440 | 2,000 | 410,440 |
| JSW Energy Ltd | | 1,000 | 121,007 | — | — |
| KCP Sugars & Industries Corporation Ltd | 10 | 7,000 | 424,968 | 7,000 | 424,968 |
| Bank of Maharashtra | 10 | — | — | 900 | 52,074 |
| Mahanagar Telephone Nigam Ltd | 10 | 3,200 | 308,288 | 3,200 | 308,288 |
| Nagarjuna Fertilizers & Chemicals Ltd | 10 | 9,750 | 369,882 | 7,250 | 281,725 |
| Oil & Natural Gas Corporation Ltd | 10 | — | — | 100 | 116,866 |
| Plethico Pharmaceuticals Ltd | 10 | 1,000 | 406,169 | 1,000 | 406,169 |
| Power Grid Corporation of India | 10 | 5,000 | 699,209 | 5,000 | 699,209 |
| Ranbaxy Lab. Ltd | 10 | 300 | 149,330 | 700 | 348,435 |
| Reliance Capital Ltd | 10 | 652 | 678,213 | 652 | 678,213 |
| Reliance Industries Ltd | 10 | 150 | 103,160 | 125 | 172,280 |
| Reliance Media world Ltd | 5 | 1,000 | 212,092 | 1,000 | 212,092 |
| Reliance Broadcast Network Ltd | 5 | 1,000 | 212,092 | 1,000 | 212,092 |
| Rohta India Ltd | 10 | 1,000 | — | 1,000 | — |
| State Bank of India | 10 | 921 | 106,571 | 921 | 106,571 |
| Sterlite Industries *** | 10 | 200 | 31,517 | — | — |
| Syndicate Bank | 10 | — | — | 500 | 43,174 |
| Tata Chemicals Ltd | 10 | 500 | 176,048 | 1,250 | 410,700 |
| Tata Motors DVR | | 100 | 77,910 | — | — |
| Wockhart Pharma Ltd. | 10 | 1,000 | 300,474 | 1,500 | 450,710 |
| | (C) | | <u>7,075,689</u> | | <u>7,276,640</u> |
| Total Investments (A+B+C) | | | <u>11,131,548</u> | | <u>12,030,168</u> |
| Less: Provision for Diminution in the value of Investments | | | <u>2,593,111</u> | | <u>1,918,979</u> |
| Aggregate of Investments | | | <u>8,538,437</u> | | <u>10,111,189</u> |
| Market value of Quoted Investments | | | <u>23,268,788</u> | | <u>22,018,443</u> |

NOTE:**shares have been received on account of bonus/merger/amalgamation.

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SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2011

SCHEDULE-5

STOCK OF SHARES AND DEBENTURES

| Name of the Companies | Face Value of each share/ Debenture Rs. | As at 31st March, 2011 | | As at 31st March, 2010 | |
|----------------------------------------|--------------------------------------------------|------------------------|-------------------|------------------------|-------------------|
| | | Nos. | Book Value Rs. | Nos. | Book Value Rs. |
| QUOTED: | | | | | |
| (a) Fully paid-up Equity shares | | | | | |
| The Patna Electric Supply Co Ltd | 10 | 1,732 | 9,625 | 1,732 | 9,625 |
| Warren Tea Co Ltd | 10 | 180 | 750 | 180 | 750 |
| Gabriel India Ltd | 1 | - | - | 1,000 | 5,825 |
| PSM Ltd | 10 | 50 | 590 | 50 | 590 |
| Reliance Infrastructure (Energy) Ltd | 10 | 253 | 34,029 | 253 | 34,029 |
| Tata Tea Ltd | 10 | 81 | 17,962 | 81 | 17,962 |
| Titaghur industries Ltd | 10 | 400 | 460 | 400 | 460 |
| Eveready Industries Ltd | 10 | 345 | 597 | 345 | 597 |
| Mcleod Tea Co Ltd | 10 | 345 | 597 | 345 | 597 |
| | | | <u>64,610</u> | | <u>70,435</u> |

| | As at 31st March 2011 Rs. | As at 31st March 2010 Rs. |
|-----------------------------------------------|---------------------------------|---------------------------------|
| SCHEDULE-6 | | |
| CASH AND BANK BALANCES | | |
| Cash in hand (As certified by the management) | 19,946 | 2,548 |
| Bank Balances - (With Scheduled Banks) | | |
| On Current Account | 3,626,975 | 1,510,604 |
| On Unpaid Dividend Account | 208,815 | 179,171 |
| On Preference Share Redemption Account | --- | 53,265 |
| | <u>3,855,736</u> | <u>1,745,589</u> |

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SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2011

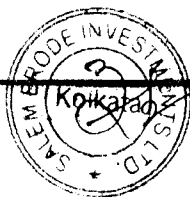
| | As at 31st March 2011 | | As at 31st March 2010 | |
|---------------------------------------------------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE -7 | | | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | | | |
| Sundry Debtors | | 1,113,416 | | - |
| (Unsecured, Considered good unless otherwise stated) | | | | |
| Loans | | | | |
| Considered Good | 38,000,000 | | 26,600,000 | |
| Considered Doubtful | <u>1,600,000</u> | | <u>1,600,000</u> | |
| | 39,600,000 | | 28,200,000 | |
| Less : Provision for Doubtful Debts | <u>1,600,000</u> | 38,000,000 | <u>1,600,000</u> | 26,600,000 |
| Income Tax Payments (Net of Provision) | | - | | 82,059 |
| Advances recoverable in cash or in kind or for value to be received | | 120,000 | | 105,000 |
| Interest receivable | | 49,079 | | 1,546,120 |
| Deposits - | | | | |
| With joint Stock Company | 250,000 | | 250,000 | |
| Interest accrued thereon | <u>14,185</u> | | <u>14,185</u> | |
| | 264,185 | | 264,185 | |
| Less : Provision for Doubtful Deposits | <u>264,185</u> | - | <u>264,185</u> | - |
| | | <u>39,282,495</u> | | <u>28,333,179</u> |

SCHEDULE -8**CURRENT LIABILITIES**

| | | | | |
|--------------------------------------------------------------------------------------------------------|--|-------------------------|--|-----------------------|
| Liabilities for expenses | | 1,406,040 | | 490,493 |
| Unclaimed Dividends (Refer Note below) | | 208,815 | | 179,171 |
| Unclaimed Preference Shares redemption money | | - | | 53,265 |
| Outstanding Liabilities | | 10,112 | | - |
| Net of Provision (Net of advance tax) | | <u>545,741</u> | | - |
| Note : This does not include any amount due for deposit to "The Investors Education & Protection Fund" | | <u>2,170,708</u> | | <u>722,929</u> |

SCHEDULE -9**PROVISIONS**

| | | | | |
|--------------------|--|-----------------------|--|-----------------------|
| Proposed Dividends | | 395,865 | | 395,865 |
| Dividend Tax | | <u>67,277</u> | | <u>67,277</u> |
| | | <u>463,142</u> | | <u>463,142</u> |

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SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNT
as at 31st March 2011

| | For the Year Ended | | For the Year Ended | |
|-----------------------------------------------------------------------|--------------------|------------------|--------------------|------------------|
| | 31st March 2011 | 31st March 2010 | 31st March 2011 | 31st March 2010 |
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE - 10 | | | | |
| INCOME FROM INVESTMENT | | | | |
| Income From Long Term Investments: | | | | |
| Dividend | | 363,531 | | 385,478 |
| Interest on Loan (Gross) (GROSS : TDS Rs 342876 /- P.Y. Rs 276606) | | 3,527,333 | | 2,457,636 |
| Interest on Others (Gross) (GROSS : TDS Rs 6472 /- P.Y. Rs Nil) | | 64,726 | | 231,646 |
| Profit on sale of investment | | 389,810 | | 1,065,929 |
| | | <u>4,345,400</u> | | <u>4,140,689</u> |
| SCHEDULE - 11 | | | | |
| INCOME FROM OTHERS | | | | |
| Profits on sale of Assets. | | -- | | 58,276 |
| | | -- | | <u>58,276</u> |
| SCHEDULE - 12 | | | | |
| ADMINISTRATIVE AND OTHER EXPENDITURES | | | | |
| Establishment charges | | 294,300 | | 251,000 |
| General Charges | | 9,452 | | 13,123 |
| Interest paid | | 106,027 | | 1,278 |
| Advertisement | | 11,115 | | 10,595 |
| Amalgamation expenses | | 49,200 | | |
| Auditors Remuneration | | | | |
| As Audit Fee | 20,039 | | 9,927 | |
| In other Capacities | <u>11,030</u> | 31,069 | <u>18,200</u> | 28,127 |
| Computer Expenses | | 2,206 | | 4,817 |
| Conveyance | | 6,892 | | 5,371 |
| Depository & Bank Charges | | 8,062 | | 20,738 |
| Directors Fees | | 5,500 | | 3,200 |
| Donation | | 50,000 | | - |
| Loss on future transactions | | - | | 9,832 |
| Insurance charges | | 7,994 | | 4,032 |
| Legal charges | | - | | 50,000 |
| Motor Car Running Expenses | | 52,625 | | 27,497 |
| Postage, Telegram & Telephones | | 16,750 | | 16,140 |
| Professional fees | | 311,179 | | 229,328 |
| Rent,Rates & Taxes | | 57,076 | | 49,066 |
| ROC Filling Fees | | 5,525 | | 5,000 |
| Secretarial Fees | | 7,100 | | 7,800 |
| Service Tax & Cess | | 3,229 | | 7,829 |
| Share Registrar fees | | 23,166 | | 15,444 |
| Stationary & Printing | | 10,255 | | 10,237 |
| Subscription | | 13,567 | | 13,567 |
| | | <u>1,082,289</u> | | <u>784,021</u> |

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SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS as at 31st March 2011.

SCHEDULE - 13

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :-

1) Accounting Policies

- a) The Company is a Non - Banking Financial Institution registered under Sec45-IA of the Reserve bank Of India Act
- b) The financial statement have been prepared under the historical cost convention in accordance with the Accounting Standards rules and the provisions of the Companies Act, 1956 and Non-Banking Financial Companies (Reserve Bank) Directions, 1988 issued by the Reserve Bank of India.
- c) **Use of Estimates**
The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.
- d) **Fixed Assets :**
Fixed Assets are stated at purchase cost together with any incidental expenses of acquisition less accumulated depreciation.
- e) **Depreciation :**
The depreciation is provided on written down value at the rate specified in Schedule XIV of the Companies Act, 1956 as amended.
- f) **Impairment:**
Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of the fixed assets is determined. An impairment loss is recognised, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets' net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a pro-rata basis.
- g) **Investments :**
All investments classified as "Long Term" are carried at cost. Provision for diminution in the value has been made if such fall is considered to be other than temporary in nature.
- h) **Stock of Shares and Debentures :**
Stock of quoted shares / debentures are valued at cost or market whichever is lower and unquoted shares are valued at cost or cost less amount written off at the year end.
- i) **Interest on Loans :**
Interest on Loan is accounted on an accrual basis except in respect of non-performing assets, in respect of which income is not recognised as there is uncertainty as to ultimate realisation.
- j) **Segment reporting Policies**
The company has one business segment, accordingly there are no reportable segments as per Accounting standards AS - 17 issued by the Institute of Chartered Accountants of India in "Segment Reporting."
- k) **Taxation :**
Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate and tax laws. Deferred tax on assets and liabilities arising on account of timing differences and which are capable of reversal in one or more subsequent periods are recognised using the tax rate and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognised on the ground of virtual certainty with view to reversal of the same in the future years.
- l) **Provision, Contingent Liabilities and Contingent Assots**
Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognised nor disclosed in the financial statements. Contingent Liabilities, if material are disclosed by way of notes.

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SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS as at 31st March 2011.

SCHEDULE - 13

NOTES (CONTD.): -

m) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Cash Flow Statement

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated. Cash and cash equivalents in the balance sheet comprise of cash at bank, cash/ cheques in hand and short-term investments with an original maturity of three months or less.

| 2) | 31st March 2011 | 31st March 2010 |
|------------------------------------------------------------|--------------------|--------------------|
| Total number of Shares / Debentures purchased (Nos.) | 30,950 | 238,402 |
| Total number of Shares / Debentures sold / redeemed (Nos.) | 30,415 | 44,825 |

a) The deferred tax as at 31st March, 2011 comprise of the following :

| | 31st March 2011 | 31st March 2010 |
|------------------------------------------------------|--------------------|--------------------|
| Provision for diminution in the value of Investments | 267,090 | 395,311 |
| Related to fixed assets | (8,340) | 8,338 |
| Carry forward losses | 340,663 | 279,112 |
| | <u>599,413</u> | <u>682,761</u> |

b) Contingent liabilities

| | | |
|--------------------------------------------------------------|--------|--------|
| In respect of Income Tax Assessments for earlier years (Rs.) | 69,230 | 69,230 |
| There is no such contingent liability as on date | | |

c) The Company has one business segment. Accordingly there are no reportable segments as per "Accounting Standard 17" issued by the Institute of Chartered Accountants of India on "Segment Reporting".

d) There are no amount outstandings to Small Scale Undertakings as on the date of Balance Sheet

e) 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 which has been amalgamated into the Holding company vide Calcutta High Court Order Dated 2nd August, 2010

ii) Associate

Tara Investments Ltd

iii) Companies / Firms in which Directors / their relatives are interested

Tinnevelly Tuticorin Investments Ltd

iv) Key Management Personnel

Mr. Ashok Kumar Deb - Director
Mr. V. N. Purohit
Mr. Ravi Shah
Mrs. Purna Goenka

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SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS as at 31st March 2011.

SCHEDULE - 13

NOTES (CONTD.): -

v) Particulars of transactions during the year ended 31st March, 2011

(Rs. in lacs)

| Nature of Transaction | Osco Tea Ltd | Tara Investments (P) Ltd | Directors | Tinnevelly Tuticorin Investments Ltd. |
|-------------------------------------|--------------|---------------------------------|-----------|---------------------------------------|
| Loans Given | — | — | — | — |
| Repayment of Loans | — | 8,000,000.00 | — | — |
| Investments in Equity | — | — | — | — |
| Interest Received | — | 1,276,973.00 | — | — |
| Services | — | — | 3,400.00 | — |
| Dividend Paid | — | 78,642.00 | — | — |
| Balance outstanding at the year end | | | | |
| Loans Given | — | 7,000,000.00 (15,000,000.00) | — | — |
| Investment in Equity | — | 446,500.00 | — | — |

* Figures of previous year has been shown in brackets

f) Amalgamation

Pursuant to a "Scheme of Amalgamation" sanctioned by The Honourable High Court of Kolkata by order dated 2nd August, 2010 A P Finance Ltd (APFL) and Osco Tea Ltd (OTL) (100% Subsidiary) was amalgamated with the company with effect from 1st April, 2009. The Amalgamation has been accounted for under the "Pooling of interest method" as prescribed by Accounting Standard - 14, "Accounting for Amalgamation" issued by the ICAI. In accordance with the Approved Scheme of Amalgamation:

The Assets, Liabilities and Rights and Obligations of the erstwhile company APFL and OTL have been vested with the company with effect from 1st April, 2009

11,364 Equity Shares of Rs. 10/- each are to be issued as fully paid up in exchange of 1,25,000 equity shares of Rs. 10/- each to all the shareholders of APFL without payment being received in cash.

Shares held by the company in the share capital of OTL shall stand cancelled.

Net Assets Taken Over in excess of consideration on account of amalgamation amounting to Rs. 2,319,780 has been transferred to capital reserve. The details of the same are given below:

| Particulars | OTL | APFL |
|--------------------------------------------------|------------------|------------------|
| Net Fixed Assets | — | — |
| Net Investments | 72,536 | 70,797 |
| Net Current Assets | 6,458,574 | 4,034,007 |
| Deferred Tax Assets | 110,959 | 257,267 |
| Total Assets | 6,642,069 | 4,362,071 |
| Reserves | 4,642,069 | 3,112,071 |
| Total Liabilities | 4,642,069 | 3,112,071 |
| Net Asset Taken Over | 2,000,000 | 1,250,000 |
| Shares to be issued | — | 113,640 |
| Cost of shares held by the company | 816,580 | — |
| Net Profit Transferred to Capital Reserve | 1,183,420 | 1,136,360 |

g) The figures of this year should not be compared with the last years figures as this years figures are consolidated with APFL & OTL balances.

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

For D K CHHAJER & CO.
Chartered Accountants
(FRN 304138E)
(NIRAJK. JHUNJHUNWALA)
Partner
Membership no: F057170
Place: Kolkata
Dated: 15th July, 2011

PRERNA GOENKA (Mrs)
ASHOK KUMAR DEB } Directors

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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. | State Code : |
| L31200WB1931PLC007116 | 21 |

| | | | |
|---------------|------|-------|------|
| Balance Sheet | 31 | 3 | 2011 |
| | Date | Month | 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 |
| 49,947,113 | 49,947,113 |

Sources of Funds

| | | | |
|-----------------|--------------------|---------------|-----------------|
| Paid-up Capital | Reserves & Surplus | Secured Loans | Unsecured Loans |
| 1,433,265 | 48,513,848 | NIL | NIL |

Application of Funds

| | | | |
|-------------------|-------------|---------------------|--------------------|
| Net Fixed Assets | Investments | Deferred Tax Assets | Net Current Assets |
| 335,272 | 8,538,437 | 599,413 | 40,473,991 |
| Misc. Expenditure | | Accumulated Losses | |
| NIL | | NIL | |

IV. Performance of Company (Figures in Rupees)

| | | | |
|--------------|-------------------|-------------------------|---------------------------|
| Total Income | Total Expenditure | +/- Profit/loss bef Tax | +/- Profit/loss after Tax |
| 4,465,572 | 1,655,663 | 2,809,909 | 824,029 |

| | |
|-----------------------|-----------------|
| +/- Earning per share | Dividend rate % |
| 5.75 | 30% |

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

| | |
|--------------------------|-------------|
| Item Code no. (ITC Code) | NIL |
| Product Description | Investments |

Place : Kolkata
Dated: 15th July, 2011

PRERNA GOENKA (Mrs)
ASHOK KUMAR DEB } Directors

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PROXY
SALEM ERODE 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
2011 and at any adjournment thereof.

Signed this day of 2011.

Signed by the said

Revenue
Stamp

NOTE: The proxy must be deposited at the Registered Office of the Company at 14, Motilal Nehru Road, Kolkata - 700 029 not less than 48 hours before the time of holding the meeting.

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