



KANCO TEA & INDUSTRIES LIMITED
(Formerly : Dhanvaridhi Concerns Limited)

**Annual Report
&
Accounts 2011-2012**

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BOARD OF DIRECTORS

Mr. U. Kanoria
Chairman

Mrs. A. Kanoria
Wholetime Director

Mr. G. Momen
Mr. N. Nayar
Mr. G. R. Banka
Directors

AUDITOR

M/s. Jain & Co.
Chartered Accountants

BANKER

Punjab National Bank

REGISTERED OFFICE

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani,
Kolkata 700 017
Telefax : 2281 5217
Email : kancotea@gmail.com
Website : www.kancotea.in

TEA ESTATES

**Mackeypore &
Lakmijan Tea Estate**
P. O. Nazira 785 685
Dist. Sivasagar (Assam)

SHARE REGISTRAR

CB Management Services (P) Ltd.
P-22, Bondel Road, Kolkata 700 019
Phone : 2280 6692/93/94
E-mail : cbmsl1@cal2.vsnl.net.in



NOTICE

Notice is hereby given that the 29th Annual General Meeting of Kanco Tea & Industries Limited will be held at "Bhartiya Bhasha Parishad", 36A, Shakespeare Sarani, Kolkata – 700 017 on Friday, the 27th of July, 2012, at 2:00 P.M, inter-alia, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited statement of Profit & Loss for the year ended 31st March, 2012, the Audited Balance Sheet as at that date and the Reports of the Board of Directors and Auditors.
2. To consider declaration of dividend on Preference Shares for the financial year ended 31st March, 2012.
3. To consider declaration of dividend on Equity Shares for the financial year ended 31st March, 2012.
4. To appoint a director in place of Mr. Golam Momen, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT Messrs. Jain & Co., Chartered Accountants (Registration No. 302023E), be and are hereby re-appointed as Auditors of the Company under Section 224 read with Section 224A and other applicable provisions, if any, of the Companies Act, 1956 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be decided by the Board, inclusive of reimbursement of out-of-pocket expenses, as may be incurred by the Auditors on account of performance of their duties."

Registered Office :

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata – 700 017
Dated : The 18th day of May, 2012

By Order of the Board
for **Kanco Tea & Industries Limited**

Anuradha Kanoria
Whole-time Director

NOTES :

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on poll to vote instead of himself. The proxy need not be a member of the Company. A blank form of proxy is enclosed herewith and, if intended to be used, it should be returned duly completed at the registered office of the Company not less than forty-eight hours before the scheduled time of the commencement of the Annual General Meeting.
- No person shall be entitled to attend or vote at the meeting as a duly authorized representative of any body corporate which is a shareholder of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be a true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Registered Office of the Company not less than forty eight hours before the scheduled time of the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 25th of July, 2012 to 27th of July, 2012 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members. Dividend shall be paid to those persons whose names appear in the register of members on or before 24th of July, 2012.



NOTICE (Contd.)

- In order to protect the investors from fraudulent encashment of warrants, the members are requested to furnish their Bank Account Number (Current/Savings), the name of the Bank and Branch where they would like to deposit the dividend warrants for encashment, whenever dividend is declared by the Company. These particulars will be printed on the Dividend Warrant besides the name of the shareholders, so that these warrants cannot be encashed by anyone other than the shareholder. The above mentioned details should be furnished by the first/sole holder, directly to their respective Depositories in respect of shares held in electronic form and in case of shares held in physical form to the Compliance officer or Registrar & Share Transfer Agent M/s. C.B. Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata - 700019. The Company is providing the facility of ECS to all shareholders, holding shares in electronic and physical form. This facility could also be used by the shareholders instead of Bank mandate system for receiving the credit of dividends, whenever dividend is declared by the Company.
- Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 as amended, dividend remaining unclaimed and unpaid for a period of seven years from the date of payment, is required to be transferred to the Investor Education and Protection Fund of the Central Government. After that there remains no claim of the members whatsoever on the said amount.
- Members may avail facility of nomination in terms of Section 109A of the Companies Act, 1956, by nominating in the Form-2B any person to whom their shares in the Company shall vest in the event of their death.
- The shares of the Company shall be compulsorily traded in dematerialized mode. The Company has signed agreements with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depositories Service (India) Limited (CDSL).
- All the documents referred to in the accompanying notice, the Register of Directors' shareholding and the Register of Contracts maintained under Sections 307 and 301 of the Companies Act, 1956 respectively are open for inspection at the registered office of the Company upto the date of Annual General Meeting. Register of Directors' shareholding shall be open for inspection upto 3 days after the Annual General Meeting.
- Shareholders may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.
- In case you have any query relating to the enclosed Annual Accounts or about the operations of the Company, you are requested to forward the same to the Company at the Registered Office at least seven days before the date of Annual General Meeting so that the information can be made available at the meeting.
- Please note that as per the green initiative of the Ministry of Company Affairs, your Company proposes to despatch the abridged Statement of Accounts and the notice of the Annual General Meeting through electronic media to the email addresses of all those members as available in the Register of Members of the Company and who wishes to get a copy by the electronic media. Members may register their email address by visiting Website namely www.cbmsl.com/green.php of our Registrar.

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present their Annual Report and Audited Accounts for the year ended 31st March, 2012

FINANCIAL HIGHLIGHTS

Your Company's financial performance was as follows :

	2011-12	2010-11
Profit Before Interest, Depreciation and Tax	532.28	620.77
Less : Interest	<u>144.92</u>	<u>147.27</u>
Gross Profit for the year	387.36	473.50
Less : Depreciation	<u>86.72</u>	<u>77.51</u>
Profit Before Tax	300.64	395.99
Less : Provision For :-		
Net Current Tax	51.28	77.48
Provision for MAT Credit Entitlement	<u>(15.84)</u>	—
	35.44	77.48
Income Tax for earlier years	—	16.23
Deferred Tax	<u>(6.72)</u>	<u>(12.40)</u>
	28.72	81.31
Profit/(Loss) After Taxation	271.92	314.68
Add : Balance Brought Forward from Last Account	<u>702.58</u>	<u>513.27</u>
	974.50	827.95
Less : Transfer to General Reserve	27.19	31.47
Less : Proposed dividend	88.18	88.18
Less : Dividend Distribution Tax	14.31	5.72
Balance Carried to Balance Sheet	<u>844.82</u>	<u>702.58</u>

DIVIDEND

The Directors of your Company has recommended a dividend of ₹ 7/- and ₹ 5/- (Last Year ₹ 7/- and ₹ 5/-) per Preference share of Face Value of ₹ 100/- and Equity Share of Face Value of ₹ 10/- share respectively for the year under review

OPERATIONS & FINANCE :

Tea Business witnessed a year, where prices of teas declined from July onwards. Our own production showed an increase on account of favourable weather conditions and improved field practices. The decline in working results was mainly due to lower average sales realization, increase in wage rate from ₹ 71.50 to ₹ 85/- (i.e. an increase of 19%) w.e.f. from 1st January 2012 and increase in rate of natural gas. The profit before tax for the year stood at ₹ 300.64 lacs in comparison to ₹ 395.99 lacs for the previous year.

Your Company continued to take advantage of the Special Purpose Tea Fund Scheme announced by the Tea Board of India. In the financial year 2011-2012, 20.564 hectares, 23.91 hectares and 21.95 hectares of the plantation area were replanted, rehabilitated and uprooted respectively.

The outlook for financial year 2012-2013 is optimistic in view of loss in crop in March and April on account of adverse weather conditions that affected the State of Assam. This has affected the demand-supply gap, thereby increasing the price of teas compared to year 2011-2012. The losses in crop suffered by us are not significant compared to industry at large because the impact of the adverse weather in our district was less severe. The wage rate and prices of inputs like manures, chemicals and other store items have been increased substantially. However, your Company being a producer of top quality teas expects to nullify the increase in cost/kg of made tea by better average sales realisation. The thrust on irrigation and replanting under SPTF will continue.

DIRECTORS

Mr. Golam Momen, Director of the Company, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

**DIRECTORS' REPORT (Contd.)****DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors state that:

- Appropriate Accounting Standards as are applicable to the Annual Statement of Accounts for the financial year ended 31st March, 2012 have been followed in preparation of the said accounts.
- The Directors have followed the accounting policies as described in the Note No. 40 and applied them consistently to facilitate true and fair view of the state of affairs of the Company.
- Sufficient care has been taken to maintain accounting records of the Company.
- The statement of accounts has been prepared on a going concern basis.

FIXED DEPOSITS

The amount outstanding as on 31st March, 2012 on account of Fixed Deposits aggregating ₹ 68.93 lacs is yet to mature and all the deposits that matured during the year were repaid with interest due thereon and nothing remains unclaimed.

AUDITORS

Messrs Jain & Co., Chartered Accountants, Registration No. 302023E retire at the conclusion of the Annual General Meeting and being eligible, has expressed their willingness to continue as auditors of the Company, if so appointed by the members.

EMPLOYEE PARTICULARS

The particulars of employees pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as no employee was in receipt of remuneration to the extent laid down in the said Rules.

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

A statement pursuant to section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed to and forms part of this Report.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the cooperation and support extended by the Employees, Banks/ Financial Institutions and all other business partners.

For and on behalf of the Board of Directors

Kolkata, the 18th day of May, 2012

Anuradha Kanoria
Whole-time Director

ANNEXURE TO DIRECTORS' REPORT**INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012.**

Total energy consumption per unit of production is furnished in the prescribed Form "A" annexed hereto.

FORM - A**Particular with respect to Conservation of Energy**

	<u>Current Year</u>	<u>Previous Year</u>
(A) POWER & FUEL CONSUMPTION		
(1) Electricity		
(a) Purchased (Units)	947119	986780
Total Amount (₹)	7510671	6667187
Rate / Unit (₹)	7.93	6.76
(b) Own Generation		
Through Diesel(Units)	327405	228829
Unit per ltr.	4.72	4.79
Cost / Unit (₹)	8.74	7.87
(c) Through Gas Generators		
Units	557665	398691

**ANNEXURE TO DIRECTORS' REPORT (Contd.)**

(2) Others/Internal Generation		<u>Current Year</u>	<u>Previous Year</u>
Gas :			
Quantity (cm ³)		1628070	1468447
Total Cost (₹)		11379278	7697618
Rate/Unit (₹/cm ³)		6989.43	5242.01
(B) CONSUMPTION PER UNIT OF PRODUCTION	Unit	<u>Current Year</u>	<u>Previous Year</u>
Black Tea	Kgs.	2046849	2028671
Electricity	Unit	0.90	0.80
Gas	CM ³	0.80	0.72

For the above, there is no prescribed standard.

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company.
2. Benefits derived as a result of the above R & D
3. Future plan of action
4. Expenditure on R & D
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R&D Expenditure as a percentage of total turnover.

The Company subscribed to Tea Research Association which is registered under Section 35(1) (ii) of the Income Tax Act, 1961, to carry out R&D on Tea. Their recommendations are adopted wherever feasible, in addition to our own efforts for obtaining better results.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company continues its efforts to enhance exports with vigorous steps to find new markets and develop existing ones.

<u>Particulars</u>	<u>Current Year</u>	<u>Previous Year</u>
1. Foreign Exchange Earnings	NA	NA
2. Foreign Exchange Outgo	₹ 34,29,572/-	₹ 26,99,745/-

For and on behalf of the Board of Directors

Kolkata, the 18th day of May, 2012

Anuradha Kanoria
Whole-time Director

Information required under revised Clause 5A (I) of the Listing Agreement with respect to Shares issued under the Scheme of De-merger, remaining unclaimed and lying in the Escrow Account :-

Aggregate No. of Share Holders whose shares are lying unclaimed Suspense Account as on 01/04/2011	87
Aggregate No. of Shares lying in the Suspense Account as on 01/04/2011	915
Number of shareholders who approached issuer for transfer of shares from Suspense Account during the year	3
Numbers of shareholders to whom shares were transferred from Suspense Account during the year.	3
**Aggregate No. of Share Holders whose shares are lying in the Suspense Account as on 31/03/2012.	84
**Aggregate No. of Shares lying in the Suspense Account as on 31/03/2012.	900

Note :

** The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Information required under revised Clause 5A (II) of the Listing Agreement with respect to Shares issued in Physical for under the Scheme of De-merger, which remain unclaimed :-

The Shares are lying in a single folio in the name of "Unclaimed Suspense Account" in the dematerialised account opened with CDSL.



AUDITORS' REPORT

TO THE MEMBERS OF KANCO TEA & INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **KANCO TEA & INDUSTRIES LIMITED** as at 31st March, 2012, as well as the annexed Profit & Loss statement and the Cash Flow Statement for the year ended 31st March, 2012. 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 a test check 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 Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

Further to our comments in the Annexure referred to above, we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss statement and Cash Flow statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss statement 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 Act.
- e) On the basis of written representations received from the Directors, as on 31st March 2012, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director under Clause (g) of Sub-section (1) of section 274 of the Act;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements together with notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii) In the case of Profit & Loss statement, of the profit of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For Jain & Co.,
Chartered Accountants
Registration No 302023E

P-21/22, Radhabazar Street,
Kolkata-700 001
Dated : The 18th day of May, 2012

M.K. Jain
Partner
Membership No 55048



ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our Report of even date :

- 1) In respect of Fixed Assets.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b) The fixed assets have been physically verified during the year by the management in accordance with a program of verification, the frequency whereof is reasonable. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) The company has not disposed off any substantial part of its fixed assets so as to effect its going concern.
- 2) In respect of Inventories.
 - a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verifications.
- 3)
 - a) According to the information and explanations given to us, the Company has not granted any loans, secured and unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) According to information and explanations given to us, the Company has not taken any loans, secured and unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our previous assessment, no major weakness in internal control had come to our notice.
- 5) To the best of our knowledge and belief and according to information and explanations given to us, there were no particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, that were required to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- 6) The Company has accepted deposits from the public within the meaning of Sections 58A and Section 58AA of the Act and have complied with the rules framed thereunder.
- 7) The company has an adequate internal audit system commensurate with the size of the company and nature of its business.
- 8) We have broadly reviewed the Books of Account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



Annexure to the Auditors' Report (Contd.)

- 9) According to the information and explanations given to us, in respect of statutory dues and other dues the Company is regular in depositing undisputed Statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities where applicable. There are no arrears of aforesaid statutory dues as at the last day of the financial year outstanding for a period of six months from the date they became payable.
- 10) The Company does not have any accumulated losses at the financial year ended 31st March, 2012 and it has not incurred cash losses in the current and immediate preceding financial year.
- 11) Based on our audit procedure and on the information and explanations given by the management, the Company has not defaulted in repayment of principal and interest, due to the Banks.
- 12) As informed to us the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other investments.
- 13) In our opinion the Company is not a chit fund or nidhi/mutual benefit fund/societies. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003, are not applicable to the Company.
- 14) To the best of our knowledge and belief and according to the information and explanations given to us the Company has maintained proper records of the transactions for dealing in shares, securities and other investments and timely entries have made therein. The shares, securities and other investments have been held by the company in its own name.
- 15) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) The Company has applied the money received as term loans during the year for the purposes for which the loans were obtained.
- 17) The Funds raised by the Company on short term basis have not been used during the year for long term investment.
- 18) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
- 19) The Company has not issued any debentures during the year and hence no securities have been created.
- 20) The Company has not raised any money through public issues during the year.
- 21) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Jain & Co.,
Chartered Accountants
Registration No 302023E

P-21/22, Radhabazar Street,
Kolkata-700 001
Dated : The 18th day of May, 2012

M.K. Jain
Partner
Membership No 55048

**KANCO TEA & INDUSTRIES LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note No.	31.03.2012 ₹	31.03.2011 ₹
EQUITY AND LIABILITIES			
Shareholder's Fund			
Share Capital	1	2,10,76,090	2,10,76,090
Reserves & Surplus	2	11,38,23,408	9,68,79,964
		13,48,99,498	11,79,56,054
Non-Current Liabilities			
Long-Term Borrowings	3	4,95,01,553	5,86,08,332
Deferred Tax Liabilities (Net)	4	22,55,070	29,27,269
Other Long Term Liabilities	5	14,88,495	28,98,680
Long Term Provisions	6	1,21,56,922	94,57,378
		6,54,02,040	7,38,91,659
Current Liabilities			
Short-Term Borrowings	7	4,94,08,292	3,86,35,510
Trade Payables	8	1,26,54,068	90,52,528
Other Current Liabilities	9	6,38,59,060	5,48,69,521
Short-Term Provisions	10	2,35,00,573	1,74,92,510
		14,94,21,993	12,00,50,069
	TOTAL	34,97,23,531	31,18,97,782
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	11,30,30,049	11,04,12,360
Intangible Assets	12	—	10,91,483
Non-Current Investments	13	4,73,20,808	4,66,41,361
Long Term Loans and Advances	14	10,16,51,144	9,46,69,467
Other Non-Current Assets	15	91,774	14,70,894
		26,20,93,775	25,42,85,565
Current Assets			
Current Investment	16	61,88,132	64,18,244
Inventories	17	4,56,35,509	3,45,62,770
Trade Receivables	18	12,21,090	13,31,286
Cash and Bank Balances	19	46,45,078	45,84,050
Short-Term Loans and Advances	20	2,99,39,947	1,07,15,867
		8,76,29,756	5,76,12,217
	TOTAL	34,97,23,531	31,18,97,782

The accompanying note 1 to 41 forms an integral part of the financial statements.

In terms of our report of even date attached
For Jain & Co
Chartered Accountants
Firm Registration No.302023E
(M.K.JAIN)
Partner
Membership No.55048
P-21/22, Radhabazar Street
Kolkata - 700001
Dated : The 18th day of May, 2012

A. KANORIA Wholetime Director

U. KANORIA
N. NAYAR
G. R. BANKA Directors

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Note No.	31.03.2012 ₹	31.03.2011 ₹
Income			
Revenue from Operations	21	28,50,05,270	31,07,05,959
Other Income	22	86,12,054	42,10,889
Total Revenue		<u>29,36,17,324</u>	<u>31,49,16,848</u>
Expenditure			
Cost of Materials Consumed	23	2,90,11,866	3,62,41,647
Purchase of Stock-inTrade		–	53,319
Changes in Inventories of Finished Goods and Traded Goods	24	(1,00,23,387)	61,50,605
Employee Benefit Expense	25	11,16,06,047	10,76,61,880
Finance Costs	26	1,44,92,202	1,47,27,245
Depreciation and Amortisation Expense	27	86,72,048	77,51,377
Other Expenses	28	10,97,94,574	10,27,31,551
Total Expenses		<u>26,35,53,350</u>	<u>27,53,17,624</u>
Profit Before Tax		<u>3,00,63,974</u>	<u>3,95,99,224</u>
Tax Expenses			
Current Tax			
Central Income Tax (MAT Payable)		32,48,743	43,97,526
MAT Credit Entitlement		(15,84,373)	–
Agricultural Income Tax		18,79,807	33,50,832
Income Tax for Earlier Years		–	16,22,769
Deferred Tax		(6,72,199)	(12,39,861)
Total Tax Expenses		<u>28,71,978</u>	<u>81,31,266</u>
Profit After Tax		<u>2,71,91,996</u>	<u>3,14,67,958</u>
Earning per equity share [Nominal Value of ₹ 10/- each] (Refer Note No. 38)			
Basic & Diluted (in ₹)		15.76	18.26

The accompanying note 1 to 41 forms an integral part of the financial statements.

In terms of our report of even date attached
For Jain & Co
Chartered Accountants
Firm Registration No.302023E
(M.K.JAIN)
Partner
Membership No.55048
P-21/22, Radhabazar Street
Kolkata - 700001
Dated : The 18th day of May, 2012

A. KANORIA Wholetime Director

U. KANORIA
N. NAYAR
G. R. BANKA Directors

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	31.03.2012	31.03.2011
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax & Extraordinary items	3,00,63,974	3,95,99,224
Interest paid	1,42,70,580	1,44,86,285
Depreciation	75,80,565	73,87,549
Interest Received	(49,53,147)	(22,66,423)
Loss/(Profit) on Tangible Assets sold	4,63,003	(4,25,536)
Dividend Received	(13,62,145)	(11,13,973)
Round Off of Fractional Shares	-	6
Demerger Expenses Written Off	10,91,483	3,63,828
Provision for diminution in the value of Current Investments	8,22,253	-
Loss of Sale of Investment	6,77,418	12,42,014
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,86,53,984	5,92,72,974
ADJUSTMENT FOR :		
Trade & Other Receivables	2,88,106	(26,38,823)
Inventories	(1,10,72,739)	45,71,158
Trade & Other Payables	1,84,57,522	37,415
CASH GENERATED FROM OPERATIONS	5,63,26,873	6,12,42,724
Income Tax Paid (Net of Refund)	(43,05,964)	(1,15,68,074)
NET CASH FLOW FROM OPERATING ACTIVITIES	5,20,20,909	4,96,74,650
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,34,04,639)	(83,85,359)
Fixed Assets Sold	24,96,134	7,58,000
Interest Received	49,53,147	22,66,423
Dividend Received	13,62,145	11,13,973
Purchase of Investments	(1,71,19,518)	(1,54,79,018)
Sale of Investments	1,51,70,512	1,15,39,750
NET CASH FLOW FROM INVESTING ACTIVITIES	(65,42,219)	(81,86,231)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Short Term and Current borrowings from Banks	62,16,907	19,20,352
Long Term Borrowings	(91,06,779)	(95,41,846)
Increase in Short Term Loans & Borrowings	(1,88,66,962)	(1,78,54,340)
Interest Paid	(1,42,70,580)	(1,44,86,285)
Dividends Paid	(88,18,045)	(17,07,609)
Dividend Distribution Tax Paid	(5,72,203)	(1,16,083)
NET CASH USED IN FINANCING ACTIVITIES	(4,54,17,662)	(4,17,85,811)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	45,84,050	48,81,442
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,028	(2,97,392)
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	46,45,078	45,84,050

Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 - Cash Flow Statement referred to in The Companies (Accounting Standards) Rules, 2006.
- Cash and Cash Equivalents represent cash and bank balances. Refer Note No. 19 for details of Cash & Bank Balances.
- Figures in brackets indicate Cash outflow.
- Previous year's figures have been regrouped/rearranged, wherever considered necessary to confirm to this year's classification.

In terms of our report of even date attached

For Jain & Co

Chartered Accountants

Firm Registration No.302023E

(M.K.JAIN)

Partner

Membership No.55048

P-21/22, Radhabazar Street

Kolkata - 700001

Dated : The 18th day of May, 2012

A. KANORIA Wholetime Director

U. KANORIA
N. NAYAR
G. R. BANKA Directors



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SHARE CAPITAL	31.03.2012	31.03.2011
	₹	₹
Details of Authorised, Issued, Subscribed and Fully Paid up Shares		
20,00,000 (Previous Year 20,00,000) Equity Shares of ₹10/- each	2,00,00,000	2,00,00,000
1,00,000 (Previous Year 1,00,000) 7% Non Cumulative Redeemable Preference Shares of ₹100/- each	1,00,00,000	1,00,00,000
	<u>3,00,00,000</u>	<u>3,00,00,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP SHARES		
17,07,609 (Previous Year 17,07,609) Equity Shares of ₹10/- each fully paid up	1,70,76,090	1,70,76,090
40,000 (Previous Year 40,000) 7% Non Cumulative Redeemable Preference Shares of ₹100/- Each	40,00,000	40,00,000
Total Issued, Subscribed and Fully Paid up Share Capital	<u>2,10,76,090</u>	<u>2,10,76,090</u>

Reconciliation of Paid up Share Capital	31.03.2012		31.03.2011	
	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Equity Shares of ₹ 10/- each				
At the beginning of the Year	17,07,609	1,70,76,090	17,07,609	1,70,76,090
Outstanding at the end of the Year	<u>17,07,609</u>	<u>1,70,76,090</u>	<u>17,07,609</u>	<u>1,70,76,090</u>
7% Non Cumulative Redeemable Preference Shares				
At the beginning of the Year	40,000	40,00,000	40,000	40,00,000
Outstanding at the end of the Year	<u>40,000</u>	<u>40,00,000</u>	<u>40,000</u>	<u>40,00,000</u>

Terms and rights attached to Equity Shares

The company has only one class of Equity Shares having par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

Terms and rights attached to Preference Shares

During the year ended 31st March, 2004, The Company had issued 40,000 7% Non Cumulative Redeemable Preference Shares of ₹100/- each fully paid up. Preference Shares carry a dividend of 7%, only when it is declared by the company. The dividend is paid by the company in Indian Rupees only. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of Preference share is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to Preference Shares.

The 7% Non Convertible Preference Shares will be redeemed in the year ended 31st March, 2023 at par value only. In the event of liquidation of the company before redemption of Preference Shares, the holder of Preference Shares will have priority over Equity Shares in the payment of dividend and repayment of capital.

Aggregate Number of Equity Shares Issued for consideration other than cash during the period of five years immediately preceding the year.

	31.03.2012	31.03.2011
	Nos.	Nos.
Equity shares issued and allotted pursuant to scheme of Arrangement sanctioned by Hon'ble High Court at Calcutta on 17/05/2010.	12,11,609	12,11,609



NOTES ON FINANCIAL STATEMENTS (Contd.)

Details of Shareholders holding more than 5 percent of Shares in the Company

Name of the Shareholders	31.03.2012		31.03.2011	
	No of shares Held	%	No of shares Held	%
Equity Shares of ₹ 10/- Each Fully Paid				
Anuradha Kanoria	1,68,147	9.85	—	—
Umang Kanoria	1,55,535	9.11	—	—
Satvik Welfare Trust	2,10,000	12.30	—	—
E.T.Resources Private Limited	2,79,084	16.34	2,79,084	16.34
Facitcon Investments Private Limited	86,650	5.07	86,650	5.07
Cosmos Resources Private Limited	—	—	2,29,342	13.43
B. T. Investments Private Limited	—	—	2,49,520	14.61
7% Non-Cumulative Redeemable Preference Shares of ₹ 100/- Each Fully Paid				
OCL Investments & Leasing Limited	26,000	65.00	26,000	65.00
Sumitra Devi Pasari	5,200	13.00	5,200	13.00
Stuti Welfare Trust	4,000	10.00	4,000	10.00
Sumitra Nangalia	3,790	9.48	3,790	9.48

2. Reserves & Surplus

	31.03.2012	31.03.2011
	₹	₹
General Reserve		
Balance as per Last Financial Statement	2,26,22,128	1,89,60,000
Add : Transfer from Statement of Profit and Loss	27,19,200	31,46,800
Add : Transfer from Statutory Reserve	—	5,15,328
Closing Balance	2,53,41,328	2,26,22,128
Preference Share Redemption Reserve	40,00,000	40,00,000
Statutory Reserve		
Balance as per Last Financial Statement	—	5,15,328
Less : Transfer to General Reserve	—	5,15,328
Closing Balance	—	—
Surplus		
Balance as per Last Financial Statement	7,02,57,836	5,13,26,926
Add : Profit for the Year	2,71,91,996	3,14,67,958
Less : Appropriations		
(i) Transfer to General Reserve	27,19,200	31,46,800
(ii) Proposed Dividend on Preference Shares	2,80,000	2,80,000
(iii) Proposed Dividend on Equity Shares	85,38,045	85,38,045
(iv) Dividend distribution tax on Proposed Dividend	14,30,507	5,72,203
Total Appropriation	1,29,67,752	1,25,37,048
Net Surplus in the Statement of Profit and Loss	8,44,82,080	7,02,57,836
Total	11,38,23,408	9,68,79,964



NOTES ON FINANCIAL STATEMENTS (Contd.)

3. Long-term Borrowings	Non-Current Portion		Current Maturities	
	31.03.2012 ₹	31.03.2011 ₹	31.03.2012 ₹	31.03.2011 ₹
LONGTERMBORROWINGS				
Secured				
Term Loan (Secured)				
From Banks	2,94,29,810	3,81,16,875	86,87,065	1,12,99,229
From Others	54,90,957	54,90,957	—	—
	<u>3,49,20,767</u>	<u>4,36,07,832</u>	<u>86,87,065</u>	<u>1,12,99,229</u>
Unsecured Loans				
From Related Parties (Refer Note No. 37)	51,87,500	46,30,500	—	—
From Others	25,00,000	25,00,000	—	—
	<u>76,87,500</u>	<u>71,30,500</u>	<u>—</u>	<u>—</u>
Deposits				
From Related Parties (Refer Note No. 37)	6893286	78,70,000	—	—
	<u>1,45,80,786</u>	<u>1,50,00,500</u>	<u>—</u>	<u>—</u>
Total	4,95,01,553	5,86,08,332	86,87,065	1,12,99,229
The above Includes				
Secured borrowings	3,49,20,767	4,36,07,832	86,87,065	1,12,99,229
Unsecured borrowings	1,45,80,786	1,50,00,500	—	—
Amount disclosed under the head Current liabilities	—	—	(86,87,065)	(1,12,99,229)
Net Amount	4,95,01,553	5,86,08,332	—	—

Nature of security

Term Loan from Bank is secured by hypothecation of tea crops, plant & machinery, spare parts, furniture etc. present & future and by extension of equitable mortgage by deposit of title deeds of Tea Estates and also further guaranteed by a director.

Term Loan in the nature of Car Loan is secured by Hypothecation of Motor Cars.

Loan from Tea Board is secured by hypothecation of tea crops and mortgage of title deeds of Tea Estates in favour of Tea Board ranking subsequent to charge created in favour of Punjab National Bank.

Terms of Repayment of Term Loan

<u>Particulars of Loan</u>	<u>Date of Sanction</u>	<u>Original Loan Amount (₹)</u>	<u>Repayment Schedule</u>
PNB Term Lona - A/C-No-84015	13/12/2000	3,10,00,000	8 Annual installments of varying amount starting from December 2005
PNB Term Loan-A/C-No-104496	04/06/2003	4,08,00,000	8 Annual Installments of varying amount starting from June, 2008
PNB Term Loan-A/C-No-156161	05/07/2008	2,34,87,000	8 Annual installments of varying amount starting from July, 2013
SPTF Loan	07/08/2009	54,90,957	91 Monthly Installments starting from 1st April, 2015
ICICI Bank Car Loan	05/08/2008	15,00,000	60 Monthly installments starting from 5th August, 2008
HDFC Bank Car Loan	10/12/2007	10,00,000	60 Monthly installments starting from 7th Dec., 2007
HDFC Bank Car Loan	12/11/2009	25,00,000	60 Monthly instalments starting from 5th Nov., 2009


NOTES ON FINANCIAL STATEMENTS (Contd.)
Notes on Unsecured Loans

Unsecured Loan from the related parties are outstanding for a period of more than twelve months. Repayment of these loans will be made beyond 12 months from the date of reporting.

The maturity period of deposits taken from related parties varies from 12 months and 36 months from the date of their acceptance. All these deposits are renewed by the company on the date of maturity subject to applicable terms & conditions.

	31.03.2012	31.03.2011
	<u>₹</u>	<u>₹</u>
4. Deferred Tax Liability		
Deferred Tax Liability being the Tax impact on-		
Difference of Written Down Value of Tangible Assets as per Income Tax Laws and Books	41,18,878	41,71,198
	<u>41,18,878</u>	<u>41,71,198</u>
Deferred Tax Assets being the Tax impact on-		
Expenses charged in books but allowance thereof deferred under Income Tax Laws	18,63,808	12,43,929
	<u>18,63,808</u>	<u>12,43,929</u>
Deferred Tax Liability (Net)	<u>22,55,070</u>	<u>29,27,269</u>
5. Other Long Term Liabilities		
(i) Trade Payables (Refer Note No. 31)	60,704	60,704
(ii) Other Payables	14,27,791	28,37,976
	<u>14,88,495</u>	<u>28,98,680</u>
6. Long Term Provisions		
Provision for Employee Benefits (Refer Note No. 35)		
For Gratuity	1,09,74,961	85,88,249
For Leave Encashment	11,81,961	8,69,129
	<u>1,21,56,922</u>	<u>94,57,378</u>
7. Short Term Borrowings		
Cash Credit from Punjab National Bank (Secured)	4,94,08,292	3,86,35,510
	<u>4,94,08,292</u>	<u>3,86,35,510</u>
Cash credits from bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit or tea lying with brokers, trade receivables and by way of equitable mortgage of immovable properties and machineries of tea estate as collateral security and further guaranteed by a director.		
8. Other Current Liabilities		
Trade payables (Refer Note No. 31)	<u>1,26,54,068</u>	<u>90,52,528</u>
9. Other liabilities		
Current Maturities of Long Term Borrowings (Refer to Note No. 3)	86,87,065	1,12,99,229
Interest accrued but not due on borrowings	20,544	3,54,665
Interest accrued and due on borrowings	63,15,220	79,24,810
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid dividend	3,99,720	85,206
Others Payables (Refer Note (i) below)	4,84,36,511	3,52,05,611
	<u>6,38,59,060</u>	<u>5,48,69,521</u>
(i) Others Payables		
Advance received from Consignment Agents	2,50,08,911	1,71,96,597
Provision for Bonus	1,08,67,280	1,00,13,588
Brokerage on Sales	38,60,509	28,47,138
Others	86,99,811	51,48,288
	<u>4,84,36,511</u>	<u>3,52,05,611</u>



NOTES ON FINANCIAL STATEMENTS (Contd.)

10. Short Term Provisions	31.03.2012	31.03.2011
	₹	₹
Provision for Employee Benefits (Refer Note No.35)		
For Leave Encashment	1,48,732	1,27,523
	<u>1,48,732</u>	<u>1,27,523</u>
Other Provisions		
Provision for Tax	1,31,03,289	79,74,739
Proposed Equity Dividend	85,38,045	85,38,045
Proposed Preference Dividend	2,80,000	2,80,000
Provision for Tax on Proposed Dividend	14,30,507	5,72,203
	<u>2,33,51,841</u>	<u>1,73,64,987</u>
	<u>2,35,00,573</u>	<u>1,74,92,510</u>

11. TANGIBLE ASSETS

(Figures In ₹)

Particulars	Land & Plantation	Building & Water Supply	Machinery & Elec. Installation	Vehicle	Furniture & Fittings	Total
Cost						
At 1st April, 2010	3,03,38,738	1,70,50,492	4,71,97,559	1,03,37,594	98,76,483	11,48,00,866
Additions	-	1,80,000	69,83,021	10,98,850	1,93,488	84,55,359
Disposals	-	-	(21,20,809)	(8,09,705)	-	(29,30,514)
At 31st March, 2011	<u>3,03,38,738</u>	<u>1,72,30,492</u>	<u>5,20,59,771</u>	<u>1,06,26,739</u>	<u>1,00,69,971</u>	<u>12,03,25,711</u>
Additions	-	53,32,674	16,91,820	31,67,862	29,65,035	1,31,57,391
Disposals	-	-	(1,64,001)	(9,66,899)	(13,39,437)	(24,70,337)
Other adjustments						
Subsidy	-	-	(19,81,291)	(1,61,892)	-	(21,43,183)
At 31st March, 2012	<u>3,03,38,738</u>	<u>2,25,63,166</u>	<u>5,16,06,299</u>	<u>1,26,65,810</u>	<u>1,16,95,569</u>	<u>12,88,69,582</u>
Depreciation						
At 1st April 2010	-	3,98,854	37,49,018	87,718	8,88,262	51,23,852
Charge for the Year	-	4,03,959	47,05,070	13,81,851	8,96,669	73,87,549
Disposals	-	-	(20,77,276)	(5,20,774)	-	(25,98,050)
At 31st March, 2011	<u>-</u>	<u>8,02,813</u>	<u>63,76,812</u>	<u>9,48,795</u>	<u>17,84,931</u>	<u>99,13,351</u>
Charge for the Year	-	4,05,311	48,06,208	14,56,668	9,12,378	75,80,565
Disposals	-	-	(1,22,867)	(9,25,349)	(6,06,167)	(16,54,383)
At 31st March, 2012	<u>-</u>	<u>12,08,124</u>	<u>1,10,60,153</u>	<u>14,80,114</u>	<u>20,91,142</u>	<u>1,58,39,533</u>
Net Block						
As At 31st March, 2011	3,03,38,738	1,64,27,679	4,56,82,959	96,77,944	82,85,040	11,04,12,360
As At 31st March, 2012	3,03,38,738	2,13,55,042	4,05,46,146	1,11,85,696	96,04,427	11,30,30,049

12. Intangible Assets

	31.03.2012	31.03.2011
	₹	₹
Demerger Expenses	-	10,91,483


NOTES ON FINANCIAL STATEMENTS (Contd.)
13. Non Current Investments

	31.03.2012		31.03.2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Other than Trade				
Investment in Equity Instruments				
(I) Quoted (Valued at Cost)				
Gujarat Nylons Limited of ₹ 10/- each	100	3,468	100	3,468
Warren Tea Limited ₹ 10/- each	10	2,133	10	2,133
The Methoni Tea Co. Ltd. ₹ 10/- each	100	12,688	100	12,688
Mangalore Refinery & Petrochemicals Ltd. ₹ 10/- each	200	5,900	200	5,900
Oriental Carbon & Chemicals Ltd. ₹ 10/- each	3,11,179	21,55,035	3,11,179	21,55,035
Kanco Enterprises Ltd. ₹ 10/- each	33,14,291	3,53,55,657	33,14,291	3,53,55,657
Srei Infrastructure Finance Ltd. ₹ 10/- each	3,985	5,20,193	2,214	5,20,193
Electro Steel Castings Ltd. ₹ 1/- each	2,000	1,80,767	2,000	1,80,767
Dhampur Sugar Mills Ltd. ₹ 10/- each	10,000	6,79,447	-	-
Total (I)		3,89,15,288		3,82,35,841
(ii) Unquoted (Valued at Cost)				
The Grob Tea Co. Limited ₹ 10/- each	150	12,120	150	12,120
Rydak Syndicate Limited ₹ 10/- each	100	12,688	100	12,688
E. T. Resources Private Limited ₹ 10/- each	81,244	12,54,025	81,244	12,54,025
B. T. Investments Private Limited ₹ 10/- each	81,244	11,06,897	81,244	11,06,897
Cosmos Resources Private Limited ₹ 10/- each	2,68,351	9,63,240	2,68,351	9,63,240
Facitcon Investments Private Limited ₹ 10/- each	3,01,000	12,76,394	3,01,000	12,76,394
S. T. Investment Private Limited ₹ 10/- each	1,59,500	15,98,250	1,59,500	15,98,250
Nidhi Private Limited ₹ 10/- each	1,60,000	4,02,050	1,60,000	4,02,050
Innova Properties Private Limited ₹ 10/- each	77,500	7,78,875	77,500	7,78,875
Suryasakti Commodities Pvt. Ltd. ₹ 10/- each	46,000	4,62,300	46,000	4,62,300
OCL Investments & Leasing Ltd. ₹ 10/- each	5,36,000	5,38,681	5,36,000	5,38,681
Total (ii)		84,05,520		84,05,520
Total Non-Current Investments (I + ii)		4,73,20,808		4,66,41,361
Aggregate Amount of Quoted Investments		3,89,15,288		3,82,35,841
Market Value of Quoted Investments		4,28,84,060		4,55,92,740
Aggregate Amount of Unquoted Investments		84,05,520		84,05,520

14. Long Term Loans and Advances

	31.03.2012	31.03.2011
	₹	₹
(Unsecured considered good unless otherwise stated)		
(i) Capital Advance	2,47,248	-
(ii) Security Deposits	90,88,337	90,67,226
(ii) Loans and Advances to Related Parties (Refer Note No. 37)	7,56,80,766	7,42,75,766
(iv) Other Loan & Advances		
(a) Advance Taxes	1,19,47,311	65,39,824
(b) Balance with Statutory and Govt. authorities	1,67,715	62,731
(c) Housing Subsidy Receivables	53,862	53,862
(d) TDS Receivables	9,18,393	4,35,543
(e) Advances recoverable in cash or kinds or for value to be received	35,47,512	42,34,515
	<u>1,66,34,793</u>	<u>1,13,26,475</u>
	10,16,51,144	9,46,69,467

15. Other Non-Current Assets

(Unsecured considered good unless otherwise stated)		
Long Term Trade Receivables	91,774	-
Other Bank Balances (Refer Note No. 19)	-	14,70,894
	<u>91,774</u>	<u>14,70,894</u>



NOTES ON FINANCIAL STATEMENTS (Contd.)

16. Current Investments	31.03.2012		31.03.2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Investments in Equity Instruments				
Quoted (Valued at cost unless otherwise stated)				
Reliance Industries Limited ₹ 10/- each	4,150	35,57,369	3,150	30,41,458
Andhra Petrochemicals Ltd. ₹ 10/- each	50,000	12,90,774	–	–
Dhampur Sugar Mills Ltd. ₹ 10/- each	10,000	3,87,895	20,000	14,01,617
Usha Martin Ltd. ₹ 1/- each	50,000	17,74,347	–	–
Balrampur Chini Mills Ltd. ₹ 1/- each	–	–	7,000	5,02,695
Gujarat Gas Co. Limited ₹ 2/- each	–	–	2,000	7,56,603
IDBI Bank Ltd. ₹ 10/- each	–	–	5,000	7,15,871
Aggregate Amount of quoted Investments		70,10,385		64,18,244
Less - Provision in Diminution in Value of Investments		8,22,253		–
		61,88,132		64,18,244
Aggregate Market Value of Quoted Investments		62,26,238		64,73,220
17. Inventories		31.03.2012 (₹)		31.03.2011 (₹)
Finished Goods - Black Tea		3,56,02,692		2,55,79,305
Stores and Spares		97,04,103		79,82,143
Stores-in-Transit		3,28,714		10,01,322
		4,56,35,509		3,45,62,770
18. Trade Receivables				
(Unsecured considered good unless otherwise stated)				
Outstanding for more than six months		2,44,639		56,581
Others		9,76,451		12,74,705
		12,21,090		13,31,286
19. Cash and Bank Balances				
		Non-Current		Current
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	₹	₹	₹	₹
(i) Cash and Cash Equivalents				
On current accounts	–	–	22,07,933	27,44,648
On unpaid dividend account	–	–	3,49,637	85,206
Matured Deposits	–	–	3,04,793	–
Cash in Hand	–	–	7,33,448	15,66,696
	<u>–</u>	<u>–</u>	<u>35,95,811</u>	<u>43,96,550</u>
(ii) Other Bank Balances				
Deposits with original maturity for more than 12 months	–	14,70,894	–	–
Deposits with original maturity for more than 3 months but less than 12 months	–	–	10,49,267	1,87,500
	<u>–</u>	<u>14,70,894</u>	<u>10,49,267</u>	<u>1,87,500</u>
Amount disclosed under other non-current assets	–	(14,70,894)	–	–
Total (i+ii)	<u>–</u>	<u>–</u>	<u>46,45,078</u>	<u>45,84,050</u>

**NOTES ON FINANCIAL STATEMENTS (Contd.)**

	31.03.2012	31.03.2011
	₹	₹
20. Short Term Loans & Advances		
(Unsecured considered good unless otherwise stated)		
(i) Advances recoverable in cash or kinds or for value to be received	79,16,807	56,39,261
(ii) Loans and Advances to Related Parties (Refer Note No. 37)	1,95,15,228	6,48,266
(iii) Interest Accrued and Due on Deposits	28,331	4,35,908
(iv) Interest Accrued and Due on Unsecured Loan	2,26,621	17,87,698
(v) Prepaid expenses	22,52,960	22,04,734
	<u>2,99,39,947</u>	<u>1,07,15,867</u>
21. Revenue from Operations		
Sale of Products		
Finished Goods	28,50,05,270	31,06,54,691
Stock-in-Trade	-	51,268
	<u>28,50,05,270</u>	<u>31,07,05,959</u>
The Company's revenue from operations in from sale of black tea.		
22. Other Income		
Interest Income (Refer Note (i) below)	49,53,147	22,66,423
Dividend Income on Current Investments	13,62,145	11,13,973
(Loss)/Profit on sale of Fixed Assets (Net)	(4,63,003)	4,25,536
Speculation profit on sale of shares	27,730	15,985
Prior Period Items (Net)	3,15,652	3,63,303
Other non-operating income (Refer Note (ii) below)	24,16,383	25,669
	<u>86,12,054</u>	<u>42,10,889</u>
(i) Interest income comprises :		
Bank Deposits	1,90,610	1,09,439
Long Term Investments		
Current Investments	46,40,716	21,47,957
Interest on overdue trade receivables	46,161	-
Others	75,660	9,027
	<u>49,53,147</u>	<u>22,66,423</u>
(ii) Other non-operating incomes includes subsidy income of ₹ 23,03,291 (P.Y. ₹ Nil) received from Tea Board of India under SPTF Scheme.		
23. Cost of Materials Consumed		
Purchase of Green Tea Leaves	<u>2,90,11,866</u>	<u>3,62,41,647</u>
24. (Increase)/decrease in Inventories		
Finished Goods		
Inventories at Commencement	2,55,79,305	3,17,29,910
Inventories at Close	<u>3,56,02,692</u>	<u>2,55,79,305</u>
(Increase)/decrease in Inventories	<u>(1,00,23,387)</u>	<u>61,50,605</u>
25. Employee benefit expense		
Salaries, Wages and Bonus	9,00,09,383	8,54,95,592
Contribution to Provident Fund and Other Funds (Refer Note No. 35)	97,28,286	1,46,47,860
Staff Welfare Expenses	1,18,68,378	75,18,428
	<u>11,16,06,047</u>	<u>10,76,61,880</u>
26. Finance Cost		
Interest Expenses on		
(i) Borrowings	1,42,58,245	1,40,77,402
(ii) Others	12,335	4,08,883
Other Borrowing Costs	2,21,622	2,40,960
	<u>1,44,92,202</u>	<u>1,47,27,245</u>

**NOTES ON FINANCIAL STATEMENTS (Contd.)**

	31.03.2012	31.03.2011
	₹	₹
27. Depreciation and Amortisation Expense		
Depreciation of Tangible Assets	75,80,565	73,87,549
Amortisation of Intangible Assets	10,91,483	3,63,828
	<u>86,72,048</u>	<u>77,51,377</u>
28. Other Expenses		
Consumption of Stores & Spares	3,16,43,842	3,36,53,865
Power & Fuel	2,26,67,817	1,69,38,403
Rent	13,52,243	13,75,742
Repair to Building	47,18,273	41,47,567
Repair to Machinery	31,77,575	27,11,983
Insurance Charges	10,55,767	15,57,932
Rates & Taxes	33,98,321	30,22,218
Loss on sale of Investment (Net)	6,77,418	12,42,014
Provision for diminution in the value of Current Investments	8,22,253	-
Vehicle Running & Maintenance Charges	53,52,574	51,46,709
Donation	38,14,500	35,20,000
Selling & Distribution Expenses	1,80,75,151	1,65,93,691
Payment to Auditor (Refer Note (i) below)	1,51,623	1,53,294
Travelling Expenses	60,29,128	51,54,014
Miscellaneous Expenditure	68,58,089	75,14,119
	<u>10,97,94,574</u>	<u>10,27,31,551</u>
(i) Payment to Auditor		
As Auditor		
Statutory Audit Fees	73,034	71,695
Tax Audit Fees	22,472	22,060
In Other Capacity		
Other Services (Including Reimbursement of Expenses)	56,117	59,539
	<u>1,51,623</u>	<u>1,53,294</u>



NOTES ON FINANCIAL STATEMENTS (Contd.)

Particulars	31.03.2012 (₹)	31.03.2011 (₹)
29. Contingent Liabilities not provided for :		
Irrevocable Stand by Revolving Letter of Credit issued in favour of GAIL (India) Ltd.	7,43,699	3,84,593
Bank Guarantee issued in favour of Sales Tax Authorities, West Bengal	—	5,62,500
	<u>7,43,699</u>	<u>9,47,093</u>

30. Estimated amount of contracts remaining to be executed on capital account for ₹ 5,76,912/- (P. Y. ₹ Nil) but not provided for.

31. Sundry Creditors do not include any amount due (Previous Year ₹ Nil) from suppliers as defined under the "Micro Small & Medium Enterprises Development Act, 2006" as per the information available with the Company.

32. Value of Raw Materials, Spares and Components Consumed :

	Raw Materials				Components & Spare Parts Consumed			
	2011-2012		2010-211		2011-2012		2010-2011	
	₹	%	₹	%	₹	%	₹	%
Imported	—	—	—	—	—	—	—	—
Indigenous	2,90,11,866	100	3,62,41,647	100	3,16,43,842	100	3,36,53,865	100
	<u>2,90,11,866</u>	<u>100</u>	<u>3,62,41,647</u>	<u>100</u>	<u>3,16,43,842</u>	<u>100</u>	<u>3,36,53,865</u>	<u>100</u>

33. Value of Imports on C.I.F. Basis :	2011-2012 (₹)	2010-2011 (₹)
Spare Parts	—	—
Capital Goods	—	1,19,726
	<u>—</u>	<u>1,19,726</u>

34. Expenditure in Foreign Currency :

Travelling Expenses	33,19,335	24,89,312
Subscription	1,10,237	90,707
	<u>34,29,572</u>	<u>25,80,019</u>

35. Disclosure pursuant to Accounting Standard - 15 (Revised) "Employee Benefits"

a. Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognised as expense for the year included in "Employee Benefit Expense" in Note - 25 to the Statement of Profit & Loss Account is as under :

Particulars	2011-2012 (₹)	2010-2011 (₹)
Employer's Contribution to Provident and other Funds	61,91,514	53,93,912

b. Defined Benefit Plans :

i. Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligation :

Particulars	Gratuity (Funded)	
	2011-2012 (₹)	2010-2011 (₹)
a. Present value of Defined Benefit obligation at the beginning of the year	1,87,54,811	1,55,09,274
b. Interest cost	15,00,385	12,40,742
c. Current service cost	16,69,349	10,26,593
d. Actuarial Losses/(Gains)	11,36,760	34,98,901
e. Benefits paid	(15,65,742)	(25,20,699)
f. Present value of Defined Benefit Obligation at the close of the year	<u>2,14,95,563</u>	<u>1,87,54,811</u>

**NOTES ON FINANCIAL STATEMENTS (Contd.)**

ii. Changes in the fair value of Plan Assets and the reconciliation thereof :

Particulars	2011-2012 (₹)	2010-2011 (₹)
a. Fair value of Plan Assets at the beginning of the year	1,01,66,562	–
b. Add : Expected return on Plan Assets	8,91,764	5,63,612
c. Add/Less : Actuarial Losses/(Gains)	(21,579)	–
d. Add : Contributions	10,49,597	1,21,23,649
e. Less : Benefits Paid	(15,65,742)	(25,20,699)
f. Fair value of Plan Assets at the close of the year	1,05,20,602	1,01,66,562

iii. Amount Recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in (i) and the fair value of the plan assets in (ii) to assets and liabilities recognised in the Balance Sheet :

a. Present value of Defined Benefit obligation	2,14,95,563	1,87,54,811
b. Fair value of plan Assets	1,05,20,602	1,01,66,562
c. Present value of unfunded obligation	(1,09,74,961)	(85,88,249)
d. Net Liability/(Asset) recognised in the Balance Sheet	(1,09,74,961)	(85,88,249)

iv. Amount recognised in the Profit and Loss Account are as follows :

a. Current Service Cost	16,69,349	10,26,593
b. Interest Cost	15,00,385	12,40,742
c. Expected return on Plan Assets	(8,91,764)	(5,63,612)
d. Actuarial Losses/(Gains)	11,36,760	34,98,901
e. Recognised in the Profit and Loss Account	34,14,730	52,02,624

v. Actuarial Assumptions at the Balance sheet date :

a. Discount Rate	8.50%	8.00%
b. Expected rate of return on Plan Assets	9.00%	8.00%
c. Salary Escalation rate-Management Staff	5.00%	5.00%
d. Salary Escalation rate - Non Management Staff	5.00%	5.00%

The Estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

vi. Amount recognised as an expense in respect of Compensated Leave Absences is ₹ 4,24,998/- (Previous Year ₹ 6,06,817/-) based on actuarial valuation.

36. Segment Reporting

The Company has only one segment i.e. manufacturing of Black Tea and as a result the reporting required of AS - 17 "Segment Reporting" are not attracted.

**NOTES ON FINANCIAL STATEMENTS (Contd.)****37. Related Party Disclosures**

Related party disclosures, as required by AS-18 "Related Party Disclosures" are given below.

1. Relationships :**(i) Key Management Personnel and their relatives**

Mrs. Anuradha Kanoria

Mr. Umang Kanoria

Miss Stuti Kanoria

Master Satvik Kanoria

Stuti Welfare Trust

Satvik Welfare Trust

Umang Kanoria H.U.F.

(ii) Enterprises over which the key management personnel and/or their relatives have significant influence :

B. T. Investments Private Limited

Cosmos Resources Private Limited

E. T. Resources Private Limited

Facitcon Investments Private Limited

Innova Properties Private Limited

Kanco Enterprises Limited

Milan Agencies Private Limited

Nidhi Private Limited

OCL Investments & Leasing Limited

S. T. Investment Private Limited

Suryasakti Commodities Private Limited

2. The following transactions were carried out with the related parties in the ordinary course of business

Details relating to parties referred to in item 1(i) and 1(ii) above:

Particulars	2011-2012		2010-2011	
	In Relation to Item 1(i)	In Relation to Item 1(ii)	In Relation to Item 1(i)	In Relation to Item 1(ii)
	Amount in (₹)		Amount in (₹)	
Rent Paid				
Milan Agencies Private Limited	–	3,60,000	–	3,60,000
Innova Properties Private Limited	–	2,52,000	–	2,52,000
Suryasakti Commodities Private Limited	–	3,60,000	–	3,60,000
Rent Realised				
Mrs. Anuradha Kanoria	2,16,000		1,89,000	
Intercorporate Loan Given				
B.T. Investments Private Limited	–	4,000	–	–
Cosmos Resources Private Limited	–	19,000	–	–
E.T. Resources Private Limited	–	10,000	–	–
Facitcon Investments Private Limited	–	5,000	–	–
Innova Properties Private Limited	–	70,000	–	15,000
Milan Agencies Private Limited	–	15,000	–	–
Nidhi Private Limited	–	20,000	–	–
S.T.Investment Private Limited	–	2,50,15,000	–	1,98,95,000


NOTES ON FINANCIAL STATEMENTS (Contd.)

Intercorporate Loan Received				
B.T. Investments Private Limited	–	40,000	–	3,52,000
Cosmos Resources Private Limited	–	40,000	–	4,08,080
E.T.Resources Private Limited	–	2,00,000	–	2,95,000
Facitcon Investments Private Limited	–	70,000	–	64,000
Innova Properties Private Limited	–	30,000	–	–
Milan Agencies Private Limited	–	1,10,000	–	3,50,000
Nidhi Private Limited	–	1,20,000	–	36,71,000
S.T.Investment Private Limited	–	86,50,000	–	–
Suryasakti Commodities Private Limited	–	50,000	–	2,00,000
Interest Free Loan Given				
Mr.Umang Kanoria	–		14,50,000	
Kanco Enterprises Limited	–	48,75,961		11,68,341
Interest Free Loan Received				
Kanco Enterprises Limited	–	10,09,000	–	–
Fixed Deposits Received				
Mrs. Anuradha Kanoria	4,50,000	–	–	–
Umang Kanoria H.U.F.	3,50,000	–	–	–
Stuti Welfare Trust	2,23,286	–	–	–
Satvik Welfare Trust	10,13,145	–	–	–
Fixed Deposits Paid				
Mrs. Anuradha Kanoria	9,00,000	–	–	–
Umang Kanoria H.U.F.	3,50,000	–	–	–
Stuti Welfare Trust	1,50,000	–	3,40,000	–
Satvik Welfare Trust	16,13,145	–	2,57,694	–
Remuneration Paid				
Mrs. Anuradha Kanoria	26,10,198	–	26,30,080	–
Miss Stuti Kanoria	1,14,000	–	19,000	–
Director Fees Paid				
Mr. Umang Kanoria	40,000	–	50,000	–
Interest Paid				
Stuti Welfare Trust	25,441	–	47,925	–
Satvik Welfare Trust	90,521	–	1,23,188	–
Umang Kanoria H.U.F.	38,500	–	38,500	–
Mrs. Anuradha Kanoria	21,861	–	49,500	–
B.T.Investments Private Limited	–	51,617	–	29,136
Cosmos Resources Private Limited	–	93,860	–	68,272
E.T.Resources Private Limited	–	1,88,747	–	1,51,219
Facitcon Investments Private Limited	–	96,072	–	85,399
Milan Agencies Private Limited	–	1,05,269	–	73,262
Nidhi Private Limited	–	76,572	–	43,480
Suryasakti Commodities Private Limited	–	17,923	–	836
Interest Received				
Innova Properties Private Limited	–	81,653	–	84,957
Nidhi Private Limited	–	–	–	1,61,625
S.T.Investment Private Limited	–	45,59,063	–	19,04,375


NOTES ON FINANCIAL STATEMENTS (Contd.)

Dividend Paid				
Mr. Umang Kanoria	2,79,780	–	55,956	–
Mrs. Anuradha Kanoria	91,645	–	18,329	–
Umang Kanoria H.U.F.	2,77,675	–	55,535	–
Miss Stuti Kanoria	2,12,870	–	42,574	–
Master Satvik Kanoria	86,705	–	17,341	–
B.T. Investments Private Limited	–	12,47,600	–	2,49,520
Cosmos Resources Private Limited	–	11,46,710	–	2,29,342
E.T.Resources Private Limited	–	13,95,420	–	2,79,084
Facitcon Investments Private Limited	–	4,33,250	–	86,650
Innova Properties Private Limited	–	60,000	–	12,000
Nidhi Private Limited	–	1,55,000	–	31,000
OCL Investments & Leasing Limited	–	64,720	–	12,944
S.T.Investment Private Limited	–	1,35,030	–	27,006
Purchase of Tangible Assets				
Mr. Umang Kanoria	10,00,000	–	–	–
Outstanding Balances at the end of the F.Y.				
Security Deposit				
Innova Properties Private Limited	–	40,00,000	–	40,00,000
Milan Agencies Private Limited	–	30,00,000	–	30,00,000
(Payable)/Receivable (Net)				
Mrs. Anuradha Kanoria	–	–	(12,91,014)	–
Umang Kanoria H.U.F.	(3,50,000)	–	(3,50,000)	–
Satvik Welfare Trust	(1,20,000)	–	(7,20,000)	–
Stuti Welfare Trust	(2,23,286)	–	(1,50,000)	–
B.T. Investments Private Limited	–	(4,28,500)	–	(4,17,377)
Cosmos Resources Private Limited	–	(7,53,000)	–	(7,93,445)
E.T. Resources Private Limited	–	(15,55,000)	–	(15,01,097)
Facitcon Investments Private Limited	–	(7,80,000)	–	(7,91,859)
Innova Properties Private Limited	–	6,65,000	–	6,98,761
Kanco Enterprises Limited	–	4,79,49,994	–	4,40,83,032
Milan Agencies Private Limited	–	(8,74,000)	–	(8,44,936)
Nidhi Private Limited	–	(6,27,000)	–	(5,46,132)
S.T.Investment Private Limited	–	4,65,81,000	–	3,19,29,937
Suryasakti Commodities Private Limited	–	(1,70,000)	–	(1,40,836)

38. Earnings per share : Calculation of Basic and Diluted Earnings per Share as required by AS-20 dealing on "Earnings per Share" as given below :-

Particulars	31.03.2012 (₹)	31.03.2011 (₹)
Profit After Tax	2,71,91,996	3,14,67,958
Less : Dividend Payable to Preference Share Holders	2,80,000	2,80,000
Profit Available to Equity Shareholders	2,69,11,996	3,11,87,958
Weighted Average Number of Equity Shares of ₹ 10/- each Fully Paid up	17,07,609	17,07,609
Earning Per Share (in ₹)		
Basic & Diluted	15.76	18.26



NOTES ON FINANCIAL STATEMENTS (Contd.)

39. Corporate Information

Kanco Tea & Industries Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of black tea. The company caters to only the domestic market. The food safety system and the quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirements of HACCP (Hazard Analysis and Critical Point and ISO 9001:2008).

40. Significant Accounting Policies

a. Basis of Preparation of Financial Statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rules, 2006, (as amended)* and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible Fixed Assets

Fixed assets are stated at cost and net of subsidies less accumulated depreciation/impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from sale/discard of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is sold/discarded.

d. Depreciation on Tangible Fixed Assets

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956, whichever is higher. No write off is made in respect of leasehold land as these are long term leases.

In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis.

e. Intangible Assets

Intangible assets like preliminary expenses are written off in the year in which they are incurred.

f. Impairment of Tangible and Intangible Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.

g. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.



NOTES ON FINANCIAL STATEMENTS (Contd.)

On initial recognition, all investments are measured at cost. The cost comprises purchase price and direct attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h. Inventories

Stores and spares are valued at Weighted Average Cost basis.

Finished Tea i.e. Black Tea is valued at net realisable value.

i. Exchange fluctuations

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

j. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized :

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Other Items of Income

Other items of Income are accounted as and when the right to receive arises.

k. Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Capital grants and subsidy relating to specific assets are reduced from the gross value of the fixed assets.

Revenue grants and subsidies are credited to Profit & Loss Account or deducted from the related expenses.

l. Employee Benefits

Defined Contribution Plan:

The Company has defined contribution plans in the form of Provident Fund, Pension Scheme, EDLI, Super Annuation Fund and Labour Welfare Fund and the contributions are charged to the Profit & Loss Account of the



NOTES ON FINANCIAL STATEMENTS (Contd.)

year when the contribution to the respective funds are due. There are no other contribution payable to the respective funds.

Defined Benefit Plan:

The Company has defined benefit plans in the form of Gratuity and Leave Encashment, the liability for which is determined on the basis of actuarial valuation at the end of the year. Gains and losses arising out of actuarial valuation are recognised immediately to the Profit & Loss account as income or expense. The Company has an Employees Gratuity Fund managed by LIC of India. The present value of obligation is determined using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlements. The Compensated absences are unfunded.

m. Research & Development Expenses

Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalized and is depreciated according to the policy followed by the Company.

n. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

Other Borrowing costs are recognised as expense in the period in which they are incurred.

o. Taxes on Income

Current tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax arising on account of "timing differences and which are capable of reversal in one or more subsequent periods is recognised, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

p. Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting



NOTES ON FINANCIAL STATEMENTS (Contd.)

period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

q. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

s. Prior Period items

Prior Period and Extra Ordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

t. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and cash in hand and short-term investments with an original maturity of three months or less.

41. The financial statements for the year ended 31st March, 2012 has been prepared as per Notification on Revised Schedule - VI under the Companies Act, 1956 and accordingly, the previous year figures have also been rearranged/reclassified to confirm to this years classification.

The accompanying notes are an integral part of the financial statements.

In terms of our report of even date attached

For Jain & Co

Chartered Accountants

Firm Registration No.302023E

(M.K.JAIN)

Partner

Membership No.55048

P-21/22, Radhabazar Street

Kolkata - 700001

Dated : The 18th day of May, 2012

A. KANORIA Wholetime Director

U. KANORIA
N. NAYAR
G. R. BANKA | Directors



KANCO TEA & INDUSTRIES LIMITED

Registered Office : Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata - 700 017

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall. Please also bring your copy of the Annual Report.

ATTENDANCE SLIP

I hereby record my presence at the TWENTY NINETH ANNUAL GENERAL MEETING of the Company being held at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017 on Friday, the 27th July, 2012 at 2:00 P.M.

REGD. FOLIO/BENEFICIARY ID NO. :	NO. OF SHARES :
NAME OF THE MEMBER (IN BLOCK CAPITALS)	
SIGNATURE OF THE MEMBER OR PROXY	



KANCO TEA & INDUSTRIES LIMITED

Registered Office : Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata - 700 017

PROXY FORM

REGD. FOLIO / BENEFICIARY ID NO. :

NO. OF SHARES :

I/We

of being a Member/Members of KANCO TEA & INDUSTRIES LIMITED

hereby appoint of

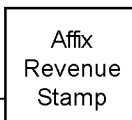
or failing him/her of

or failing him/her of

as my/our Proxy to attend and vote for me/ us and on my/our behalf at the TWENTY NINETH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 27th July, 2012 at 2.00 P.M. and at any adjournment thereof.

Signed this day of 2012.

Signature



Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.