

# **STEL Holdings Limited**

(Formerly known as “Sentinel Tea and Exports Limited”)

**ANNUAL REPORT 2011-2012**

**Board of Directors**

Sanjiv Goenka (Chairman)  
Anant Vardhan Goenka  
P.K.Chowdhary  
Umang Kanoria  
Sunil Bhandari

**Auditors**

G.Joseph & Associates  
Chartered Accountants  
37/2036 –A2 Muttathil Lane  
Kadvanthara  
Cochin -682020

**Manager**

Abraham Itty Ipe

**Bankers**

ICICI Bank  
HDFC Bank

**Company Secretary**

Annie Jacob

**Registrar and Share Transfer Agent**

Link Intime India Pvt.Ltd  
Surya, 35, Mayflower Avenue  
Behind Senthil Nagar  
Sowripalayam Road  
Coimbatore – 641 028  
**Ph:** 0422-2314792  
**Email:** coimbatore@linkintime.co.in

**Registered Office**

24/1624, Bristow Road,  
Willingdon Island, Cochin - 682 003  
**Ph:** 0484 2668023  
**Email:** enquiry@stelholdings.com

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### NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held at 10.30 a.m on Monday, September 24, 2012 at Merchant Navy Officers' and Seamen's Association(MNC), No. 336, Bristow Road, Willingdon Island, Kochi- 682 003, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012, the Statement of Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors.
2. To appoint a Director in place of Mr. Sanjiv Goenka who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. Anant Vardhan Goenka who retires by rotation and is eligible for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board

**Annie Jacob**

Company Secretary

August 14, 2012

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 15, 2012 to September 24, 2012(both days inclusive).
4. Members holding shares in electronic form are hereby informed that the Company or its Registrar and Share Transfer Agent cannot act on any request received directly from them in respect of change of address or bank mandates. Such requests for changes are to be communicated to their Depository Participant who shall make the necessary change.
5. Members holding shares in physical form are requested to notify the change, if any, in their address or bank mandate to the Company's Registrar and Share Transfer Agent M/s. Link Intime India Pvt. Ltd., Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028. Phone: 0422-2314792. Email id: coimbatore@linkintime.co.in

### Important Communication - Support Green Initiative

The Ministry of Corporate Affairs, New Delhi ('MCA') has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies vide its Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 and clarified that the service of documents by a Company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications/documents including the Notice calling the Annual General Meeting, audited financial statements, directors' report, auditors' report etc. via electronic mode. In connection with the same, we request you to provide your latest/updated email address on which future communication/correspondence/documents can be sent to you.

Shareholders holding shares in demat mode, are requested to register their e-mail id with the concerned Depository Participant. The Shareholders holding shares in physical mode are requested to register their email id with Link Intime India Private Limited (Registrar and Share Transfer Agent of the Company) by sending a request letter duly signed by the first/sole shareholder.

We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

## Directors’ Report

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2012.

### 1. Financial Highlights

The income of the Company consisted of dividend income and, the net profit after tax was Rs.166.11 lakhs.

(Rs.Lacs)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Profit before Tax	166.72	172.08
Provision for Taxation	0.61	-
Profit after Tax	166.11	172.08
Surplus brought forward from the previous year	350.27	178.19
Surplus carried to the Balance Sheet	516.38	350.27

### 2. Dividend

With a view to conserve the resources, your Directors have not recommended any dividend for the year under review.

### 3. Classification as NBFC

The Company is in the process of submitting the application for registration with RBI as a Non Banking Finance Company.

### 4. Operations of the Company

The main operation of the Company is that of an Investment Company. With all its investments in the RPG group of Companies, dividend income is the main source of income for the Company.

### 5. Subsidiary Company

As on March 31, 2012, the Company has one subsidiary, Doon Dooars Plantations Limited, accounts of which shall be made available to the shareholders of the Company seeking such information at any point of time. The Consolidated Financial Statements for the year 2011-12 forms part of this Annual Report and Accounts.

### 6. Fixed Deposits

The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.

### 7. Directors

Mr.Sanjiv Goenka and Mr.Anant Vardhan Goenka retire in the forthcoming Annual General Meeting and being eligible offers themselves for reappointment.

### 8. Statutory Disclosures

(a) Conservation of energy and technology absorption:

The Company being an Investment Company, there are no particulars regarding conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(b) Foreign Exchange earnings and outgo:

Total foreign exchange used	:	Nil
Total foreign exchange earned	:	Nil

### 9. Particulars of Employees

None of the employees are in receipt of a remuneration of Rs.5,00,000/- per month or Rs.60,00,000/- per annum.

### 10. Directors Responsibility Statement

Pursuant to Section 217(2A) of the Companies Act, 1956, the Board of Directors report that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there was no material departure from the accounting standards.
- Accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profits of the Company for such period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- The annual accounts have been prepared on a going concern basis.

### 11. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement entered with the Stock Exchanges, a report on Corporate Governance forms part of this Annual Report. The Company has obtained the certificate from Practicing Company Secretary regarding compliance with the provisions relating to Corporate Governance as laid down in Clause 49 of the Listing Agreement. The same is appearing elsewhere in this Annual Report.

Declaration by the Director regarding affirmation for compliance with the Company's Code of Conduct is annexed to the Corporate Governance Report.

### 12. Auditors

M/s. G. Joseph & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The requisite certificate as per Section 224(1B) of the Companies Act, 1956 has been received by the Company. The Audit Committee has recommended their re-appointment.

### 13. Acknowledgements

Your Directors wish to place on record, their appreciation for the contribution made and support provided to the Company by the shareholders, employees and bankers, during the year under the report.

For and on behalf of the Board of Directors

Sd/-  
**Sunil Bhandari**  
Director

Sd/-  
**Umang Kanoria**  
Director

Kolkata  
August 14, 2012

## Report on Corporate Governance

### 1. Philosophy on Code of Governance

The Company adopts the policy of transparency in all its transactions and therefore the standards of disclosures to the shareholders, employees, government and customers is of highest standard.

### 2. Board of Directors

The Board is composed of Non- executive and Independent Directors which is in conformity with Clause 49 of the Listing Agreement entered into with the stock Exchanges, in which the Company’s shares are listed.

#### a. Composition of Board of Directors as on March 31, 2012

Name of the Director	No. of Outside Directorships*	Total No. of Committee memberships in other Companies	Total No. of Committee Chairmanships in other Companies**	No. of shares held
Sanjiv Goenka	11	2	2	35000
Anant V. Goenka	4	-	-	-
P. K. Chowdhary	7	3	-	-
Umang Kanoria	4	3	1	-
Sunil Bhandari	12	-	-	-

\* Excludes Directorships in Indian Pvt. Ltd. Companies, Foreign Companies and Alternate Directorships

\*\* Represents memberships/Chairmanships of Audit Committee and Investor Grievance Committee.

#### b. Board Procedure

The Board of Directors meets at least once in a quarter to consider among other business, the quarterly performance of the Company and financial results. Four (4) Board Meetings were held during the financial year 2011-2012 on May 30, 2011, August 11, 2011, November 14, 2011 and February 10, 2012.

The attendance of each Director at the Board Meeting and the last AGM is as given below:

Name of the Director	Number of Board Meetings attended	Attendance at last AGM
Mr. Sanjiv Goenka	2	-
Mr. Anant V Goenka	1	-
Mr. P. K. Chowdhary	1	-
Mr. Umang Kanoria	3	-
Mr. Sunil Bhandari	4	Yes

#### c. Code of Conduct

The Board has laid down a Code of Conduct for all Board members of the Company which is posted on the website of the Company.

All Board members have affirmed the compliance with the Code of Conduct. A declaration to this effect signed by one of the Directors forms part of this Annual report.

## 3. Committees of the Board

### a. Audit Committee

The Audit Committee which comprises of 3 Independent Directors was constituted on April 26, 2011. The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. Audit Committee Meetings were held on May 30, 2011, August 11, 2011, November 14, 2011 and February 10, 2012.

The Company Secretary acts as the Secretary to the Audit Committee. The composition of the audit committee and the attendance of each of the members are as below:

Composition	Umang Kanoria	Sunil Bhandari	P K Chowdhary
No. of Meetings Attended	3	4	1

### b. Investors' Grievance Committee

The Investor Grievance Committee oversees the redressal of Investors' complaints relating to share transfers/ transmission, non-receipt of Annual reports etc. Since the Company got listed only in the month of February, 2011, this committee was constituted on April 26, 2011. This Committee comprises of 3 Directors and the Chairman being an Independent Director.

The Company Secretary is the Compliance Officer of the Investors' Grievance Committee.

Investor Grievance Committee was held on February 10, 2012. There were no pending investor complaints for the financial year ended March 31, 2012. The composition of the investors' grievance committee and the attendance of each of the members are as below:

Composition	Umang Kanoria	Sunil Bhandari	P K Chowdhary
No. of Meetings Attended	1	1	-

Status of investor complaints are as below:

No. of investor queries/ complaints received from 01.04.2011 to 31.03.2012	No. of complaints pending at the end of the financial year
6	Nil

### c. Share Transfer Committee

The Board has delegated the powers relating to the approval of share transfers to a committee which includes the Manager, an Authorised Signatory and Company Secretary of the Company.

The Committee generally meets atleast once in a fortnight. Thirty two (32) meetings were held during the financial year under review. There were no pending share transfers pertaining to the financial year ended March 31, 2012.

## 4. Remuneration of Directors

None of the Directors of the Company are paid any sitting fees or any salary.



## 5. Annual General Meetings

Location, date and time of the Annual General Meetings held in the last 3 years.

Sl.No.	AGM	Year	Date	Time	Location
1	21st	2011	26.09.2011	10.30 am	Merchant Navy Officers’ and Seamen’s Association (MNC), No.336, Bristow Road, Willingdon Island, Cochin -682 003
2	20th	2010	30.12.2010	10.00 am	Durbar Hall, Casino Hotel Willingdon Island Cochin – 682 003
3	19th	2009	30.09.2009	10.00 am	Registered Office, Cochin

All resolutions as set out in the respective notices were duly passed by the shareholders in the meeting.

No special resolution was passed in the past 3 Annual General Meetings.

During the year 2011-2012 the approval of the shareholders was obtained through Postal Ballot for (1) Special Resolution for appointment of Mr. Abraham Itty Ipe as Manager of the Company (2) Special Resolution for change of name of the company and (3) Special Resolution for change of object clause of the company.

## 6. Disclosures

There were no significant related party transactions during 2011-12 having conflict with the interest of the Company.

The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges and the regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authority on matters relating to capital markets during the last three years.

### Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

### Certificate from CEO/CFO

Certificate from Mr. Abraham Itty Ipe, Manager in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the financial year ended March 31, 2012 was placed before the Board of Directors of the Company in its meeting held on August 14, 2012.

## 7. Means of Communication

The quarterly, half yearly and annual results are published in Business Standard (English) and Deshabhimani (Malayalam). These results are also displayed in the company’s website [www.stelholdings.com](http://www.stelholdings.com).

## 8. General Shareholders Information

### a) Annual General meeting

Date and time: September 24, 2012 at 10.30 am

Venue: Merchant Navy Officers’ and Seamen’s Association (MNC), No. 336, Bristow Road, Willingdon Island, Kochi-682 003

### b) Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting of the Company

**Mr.Sanjiv Goenka**

Date of Birth	January 29, 1961
Qualification	B.Com
Expertise in Specific Functional Areas	Mr.Sanjiv Goenka is the Chairman, RP-Sanjiv Goenka Group, one of India's top industrial houses. The group's core activities include power & natural resources, carbon black, retail, media & entertainment, infrastructure & education
Directorship held in other Companies	RPG Enterprises Ltd., CESC Limited, Saregama Inida Ltd., Spencer & Co. Ltd., Spencer International Hotels Ltd.,Harrisons Malayalam Ltd.,Graphite India Ltd., Philips Carbon Black Ltd., Noida Power Company Ltd.,Eveready Industries India Ltd., Woodlands Multispeciality Hospital Ltd.
Committee Membership in other Companies	Member of the Audit Committee of CESC Ltd. and Eveready Industries India Ltd.  Chairman of Shareholders/Investors Grievance Committee of CESC Ltd. and Saregama india Ltd.
Shareholdings in the Company	Mr.Sanjiv Goenka holds 35000 shares in the Company.

**Mr.Anant Vardhan Goenka**

Date of Birth	January 19, 1981
Qualification	B.Sc in Economics from the Wharton School and M.B.A from the Kellogg School of Management.
Expertise in Specific Functional Areas	Mr.Anant Vardhan Goenka is the Managing Director of Ceat Ltd. Mr. Goenka joined KEC International Limited (KEC) as Vice-President (Corporate) and was in charge of the telecom business, business development in North America and Integrated planning and monitoring of Transmission and Distribution Business. In recognition of his contribution in the said business vertical, KEC elevated him to the position of Executive Director, Supply Chain in-charge of manufacturing, procurement, planning, logistics and quality.
Directorship held in other Companies	Instant Holdings Limited, Associated CEAT Holdings Company (Private)Limited, CEAT Kelani Holdings (Private) Limited, Goodhope Sales Private Limited, Idea Tracom Private Limited, Raychem RPG Private Limited, Spencer & Co. Limited, Spencer's Travel Services Limited
Committee Membership in other Companies	-
Shareholdings in the Company	Mr.Anant Vardhan Goenka does not hold any shares in the Company.

## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

### c. Financial Calender (Tentative)

Quarter ending June 30, 2012	Second week of August 2012
Quarter ending September 30, 2012	Second week of November 2012
Quarter ending December 31, 2012	Second week of February 2013
Year ending March 31, 2013 (Audited)	Fourth week of May 2013

### d. Date of Book Closure: September 15, 2012 – September 24, 2012 (both days inclusive)

### e. Details of Stock Exchanges where listed

- Bombay Stock Exchange Ltd., Mumbai (BSE)
- National Stock Exchange of India Ltd., Mumbai (NSE)

### f. Market Price Data

The shares of the Company started trading in the Bombay Stock Exchange and the National Stock Exchange with effect from February 9, 2011. The details of the share prices, from April, 2011-March, 2012, are as follows:

Year 2011-12	BSE		NSE		Volume	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)	BSE	NSE
April	28.00	14.51	27.70	13.25	4,90,296	4,84,039
May	23.30	15.40	23.85	15.30	1,87,880	2,81,439
June	16.85	13.80	17.10	13.50	66,846	1,01,549
July	16.68	14.51	17.30	13.70	45,637	72,440
August	15.25	11.30	16.20	10.70	77,613	1,10,476
September	16.75	12.25	16.80	12.15	88,028	1,22,801
October	17.10	12.60	17.75	12.55	1,09,386	1,29,412
November	16.70	11.40	16.50	10.40	90,462	51,179
December	13.39	7.20	12.75	7.05	1,09,771	2,11,121
January	14.10	9.97	14.05	9.90	1,22,119	1,24,604
February	14.36	11.50	14.50	11.60	89,986	1,24,306
March	14.23	11.66	15.20	12.00	79,383	4,46,425

### g. Shareholding Pattern as on March 31, 2012

Category	Shares Held (Nos)	% of Holding
Promoters' Holding (Indian and Foreign)	9284056	50.31
Mutual Funds	7160	0.04
Banks, financial Institutions, Insurance Companies and others	36378	0.19
Corporate Bodies, Indian public and NRI's	9127811	49.46
<b>Total</b>	<b>18455405</b>	<b>100.00</b>

**h. Distribution of Shareholding as on March 31, 2012**

Range	No. of Shareholders	No. of Shares held	% of shareholding
1-500	29636	3418220	18.52
501-1000	1010	785888	4.26
1001-2000	426	627261	3.40
2001-3000	122	313419	1.70
3001-4000	55	196090	1.06
4001-5000	55	257451	1.40
5001-10000	78	554565	3.00
10001- above	91	12302511	66.66
<b>Totals</b>	<b>31473</b>	<b>18455405</b>	<b>100.00</b>

**i. Share Transfer Process**

Share transfer in physical form is normally effected within a period of thirty days from the date of receipt of documents complete in all respect. All share transfers are approved by the Share Transfer Committee which meets at least once in a fortnight. Request for dematerialization of shares are processed and confirmed to the respective depositories within 15 days.

**j. Dematerialisation of Shares**

The Company has entered into a tripartite agreement with the National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) to provide trading of shares in dematerialized form. International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE577L01016. As on March 31, 2012, 1,34,88,714 shares of the company, constituting 73.08% were in dematerialized form.

**k. Appointment of Share Transfer Agent**

M/s Link Intime India Pvt. Ltd., Coimbatore have been appointed as Registrar and Share Transfer Agent of the Company with effect from August 31, 2010 for both physical and electronic segments.

**l. Outstanding GDRs/ADRs/Warrants or any convertible instruments**

Not applicable

**m. Address for correspondence**

**Regd. Office**

STEL Holdings Limited  
 (Formerly known as "Sentinel Tea and Exports Limited")  
 24/1624, Bristow Road, Willingdon Island, Cochin -682 003  
**Ph:** 0484 2668023, **Email :**enquiry@stelholdings.com

**Registrar and Share Transfer Agent**

Link Intime India Pvt.Ltd  
 Surya, 35, Mayflower Avenue, Behind Senthil Nagar  
 Sowripalayam Road, Coimbatore – 641 028  
**Ph:** 0422- 2314792  
**Email:** coimbatore@linkintime.co.in

**DECLARATION BY A DIRECTOR UNDER CLAUSE 49(I) (D)  
(ii) OF THE LISTING AGREEMENT**

I, Sunil Bhandari, Director, STEL Holdings Limited declare that all the members of the Board of Directors have, for the year ended March 31, 2012 affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchanges.

For STEL HOLDINGS LIMITED

**Sunil Bhandari**  
Director

August 14, 2012

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To  
**The Members**  
**STEL Holdings Limited**

We have examined the compliance of the conditions of Corporate Governance by STEL Holdings Limited (“the Company”), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVJS & Associates  
Company Secretaries

**CS Sivakumar. P**  
Managing Partner  
CP No: 2210

Kochi  
August 14, 2012

## Management Discussion and Analysis

### Industry and Business Overview and Future Outlook

Growth in India is expected to be moderate. Infrastructure will remain a key contributor to growth and corporate investment is essential as capacity constraints start to build. However, cost of funds has become a major hurdle to availment of credit by Companies. This may affect investment and capital expenditure in several sectors. The Company falls under the category of Non Banking Finance Company (NBFC) to be registered with the Reserve Bank of India.

### Threats and Concerns

The Company's income is mainly derived from the dividends on the investments held by it. Any adverse impact on the industries in which the Company has made investments will have direct bearing on the performance of the Company. Any slowdown in the growth of Indian economy or any volatility in global financial market, could also adversely affect the business. Moreover, the Company is also prone to risks pertaining to change in government regulations, tax regimes, other statutes and capital market fluctuations in respect of investments held by the Company.

### Internal Control Systems and their Adequacy

Your Company has an effective system of accounting and administrative control with proper and adequate system of internal checks that ensures safe and proper recording of all assets of the Company and their proper and authorized utilization. The Audit Committee appointed by the Board reviews the internal Audit Report and the adequacy and effectiveness of internal controls periodically.

### Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives and expectations are "forward looking statements" within the meaning of applicable securities laws and regulations. As "forward looking statements" are based on certain assumptions and expectations of future events over which the Company exercise no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company.

**AUDITORS' REPORT**

To

The Members,  
STEL Holdings Ltd.,  
24/1624, Bristow Road,  
Willingdon Island, Cochin - 682 003

We have audited the attached Balance Sheet of M/s. STEL Holdings Limited ("the Company") as at March 31, 2012 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

As required by the Statement on the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 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 Order.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of written representation received from the directors, as on March 31, 2012 and taken on record by the Board of directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956; and
- vi. In our opinion and to the best of our information, and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
  - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For G. Joseph & Associates**

Chartered Accountants  
Firm Regn No. 006310S

**Reuben Joseph**

Partner  
Membership No. 216884

Kolkata,  
May 23, 2012

**ANNEXURE TO THE AUDITORS' REPORT**

Statement referred to in our report of even date to the members of STEL Holdings Limited on the accounts for the year ended March 31, 2012.

- (i) a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As per the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The Company has not disposed off substantial part of its fixed assets during the year.
- (ii) a) The Company does not have any inventories. Therefore, the provisions of clauses (ii)(a) to (ii)(c) of paragraph 4 of the said Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, or other parties, covered in the register maintained under section 301 of the Act. Clauses (iii)(b) to (iii)(d) of paragraph 4 of the said Order are not applicable to the Company.

The Company has not taken any loans, secured or unsecured from companies, firms, or other parties, covered in the register maintained under section 301 of the Act. Clauses (iii)(f) to (iii)(g) of paragraph 4 of the said Order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable to the Company for the current year.
- (vi) The Company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 framed thereunder.
- (vii) In our opinion, the Company's internal audit system is commensurate with its size and nature of its activities.
- (viii) The provisions regarding maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the Company.
- (ix) a) According to the information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it. There are no undisputed amounts outstanding for a period of more than six months on the last day of the financial year, *except for fringe benefit tax aggregating to Rs. 28,560.*
- b) *As per the information given to us, the following statutory dues have not been deposited on account of disputes:-*

<i>Name of statute</i>	<i>Nature of dues</i>	<i>Amount (Rs)</i>	<i>Period to which the amount relates</i>	<i>Forum where the dispute is pending</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax</i>	<i>8,680</i>	<i>A.Y. 1999 - 00</i>	<i>Assessing Authority</i>



## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

- (x) The Company has no accumulated losses. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) As per the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions or debentures holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or Nidhi or Mutual Fund Society are not applicable to the Company.
- (xiv) In our opinion and according to the explanations given to us, the Company is not a dealer or trader in securities.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a company from banks by pledging investments costing Rs. 353,811,639/- and we are of the opinion that the guarantee given is not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the Company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on 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 investments.
- (xviii) The Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) In our opinion, the Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.

### **For G. Joseph & Associates**

Chartered Accountants  
Firm Regn. No. 006310S

### **Reuben Joseph**

Partner  
Membership No. 216884

Kolkata,  
May 23, 2012

## Balance Sheet as at March 31, 2012

(Amount in Rs.)

Particulars	Note	As at March 31, 2012	As at March 31, 2011
<b>I. Equity &amp; Liabilities</b>			
<b>1 Shareholders' Funds</b>			
a. Share Capital	2.1	184,554,050	184,554,050
b. Reserves and Surplus	2.2	943,818,253	927,206,884
<b>2 Non-Current Liabilities</b>			
a. Long Term Borrowings	2.3	40,000	40,000
<b>3 Current Liabilities</b>			
a. Trade Payables and Other Current Liabilities	2.4	5,309,387	3,398,962
b. Short Term Provisions	2.5	5,944,401	28,560
		<b>1,139,666,091</b>	<b>1,115,228,456</b>
<b>II. Assets</b>			
<b>1 Non-current assets</b>			
a. Fixed Assets	2.6		
(i) Tangible Assets		13,174,844	8,316,893
b. Non-Current Investments	2.7	950,495,744	1,051,463,078
<b>2 Current Assets</b>			
a. Cash & Bank Balances	2.8	19,676,689	1,120,446
b. Short-Term Loans and Advances	2.9	54,334,689	54,328,039
c. Other Current Assets	2.10	101,984,125	-
		<b>1,139,666,091</b>	<b>1,115,228,456</b>
Summary of significant accounting policies	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

**For G. Joseph & Associates**

Chartered Accountants  
(Firm Regn. No. 006310S)

**Reuben Joseph**  
Partner  
Membership No. 216884

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

For and on behalf of the Board of Directors of  
**STEL Holdings Limited**

Place : Kolkata

Date : May 23, 2012

**STEL Holdings Limited (Formerly Known as "Sentinel Tea and Exports Limited")**

**Statement of profit and loss for the year ended March 31, 2012**

(Amount in Rs.)

Particulars	Note	For year ended March 31, 2012	For year ended March 31, 2011
<b>I. Income</b>			
1 Revenue from operations		-	-
2 Other income	2.11	<b>21,127,091</b>	22,522,911
<b>3 Total Revenue</b>		<b>21,127,091</b>	22,522,911
<b>II. Expenses</b>			
1 Employee benefits expense	2.12	<b>272,096</b>	49,597
2 Depreciation	2.7	<b>997,049</b>	450,376
3 Other expenses	2.13	<b>3,185,736</b>	4,815,026
<b>4 Total expenses</b>		<b>4,454,881</b>	5,314,999
III. Profit before tax and exceptional items		<b>16,672,210</b>	17,207,912
IV. Tax expense	2.14		
1 Current income tax		<b>60,841</b>	-
<b>V. Profit for the year</b>		<b>16,611,369</b>	17,207,912
<b>VI. Earnings per equity share</b>	2.15		
[Equity shares of par value of Rs. 10/- each (2011 - Rs. 10/-)]			
1 Basic		<b>0.90</b>	0.93
2 Diluted		<b>0.90</b>	0.93
Number of shares used in computing earnings per share			
1 Basic		<b>18,455,405</b>	18,455,405
2 Diluted		<b>18,455,405</b>	18,455,405
Summary of significant accounting policies	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

**For G. Joseph & Associates**

Chartered Accountants  
(Firm Regn. No. 006310S)

For and on behalf of the Board of Directors of  
**STEL Holdings Limited**

**Reuben Joseph**  
Partner  
Membership No. 216884

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

Place : Kolkata  
Date : May 23, 2012

**Cash Flow Statement for the Year Ended March 31, 2012**

(Amount in Rs.)

	For the year ended	
	March 31, 2012	March 31, 2011
<b>Cash Flow From Operating Activities</b>		
<b>Net Profit Before Tax</b>	<b>16,672,210</b>	17,207,912
Adjustments for:		
Depreciation	<b>997,049</b>	450,376
Income from Investments	<b>(21,094,543)</b>	(22,272,513)
Interest on Fixed deposit	<b>(32,549)</b>	(194,979)
<b>Operating Profit before Working Capital Changes</b>	<b>(3,457,833)</b>	(4,809,204)
Movement in Working Capital:		
(Increase) / Decrease in Trade and Other Receivables	<b>(6,649)</b>	(21,745,192)
Increase / (Decrease) in Trade Payables	<b>1,910,426</b>	3,178,984
<b>Cash Generated from Operations</b>	<b>(1,554,056)</b>	(23,375,412)
Income Tax Paid - -		
<b>Net Cash from Operating Activities</b>	<b>(1,554,056)</b>	(23,375,412)
<b>Cash Flow From Investing Activities</b>		
Proceeds from sale of investments	<b>470,000</b>	-
Interest received	<b>32,549</b>	175,481
Dividend received	<b>19,607,751</b>	22,272,512
<b>Net Cash from Investing Activities</b>	<b>20,110,300</b>	22,447,993
<b>Cash Flow From Financing Activities</b>		
<b>Net Cash from Financing Activities</b>	-	-
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>18,556,243</b>	(927,419)
Cash & Cash Equivalents at the beginning of the year	<b>1,120,446</b>	2,047,865
Cash & Cash Equivalents at the close of the year	<b>19,676,689</b>	1,120,446
<b>Components of Cash &amp; Cash Equivalents as at</b>	<b>March 31, 2012</b>	March 31, 2011
Balance with banks:		
- in current accounts	<b>19,626,689</b>	1,120,446
- in deposit accounts	<b>50,000</b>	-
	<b>19,676,689</b>	1,120,446

As per our report of even date

**For G. Joseph & Associates**  
Chartered Accountants  
(Firm Regn. No. 006310S)

For and on behalf of the Board of Directors of  
**STEL Holdings Limited**

**Reuben Joseph**  
Partner  
Membership No. 216884

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

Place : Kolkata  
Date : May 23, 2012

**Notes to financial statements for the year ended March 31, 2012**

**1 Corporate Information**

STEL Holdings Limited (the “Company”) is a Company registered under the Companies Act, 1956 and is listed on the Bombay Stock Exchange and National Stock Exchange. The Company is in the business of investments. The Company is in the process of applying to the Reserve Bank of India for registration as a Core Investment Company.

Summary of significant accounting policies

**1.1 Basis of preparation**

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been applied by the Company are consistent with those used in the previous period.

**1.2 Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

**1.3 Tangible fixed assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

**1.4 Depreciation on tangible fixed assets**

Depreciation is provided on Written Down Value method at the rate specified in Schedule XIV of the Companies Act, 1956.

**1.5 Impairment of 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### 1.6 Investments

Long Term investments are stated at cost and provision for diminution is made, if the decline in value is other than temporary in nature as required under AS 13. Pre-acquisition dividends received are reduced from the cost of investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

### 1.7 Revenue Recognition

Dividends from companies are accounted as income in the year in which they are declared. Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### 1.8 Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the contracted / year end exchange rates. The exchange differences arising on payments / realizations and from the year end restatement referred to above are recognized as income or expense in the profit and loss account. In respect of forward contracts, the difference between the forward rate and exchange rate at the inception of the foreign exchange contract is recognized as income or expense over the period of the contract.

### 1.9 Earnings per share

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

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, if any.

### 1.10 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 1.11 Taxes on Income

Provision for current tax is made based on the liabilities computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for the timing differences arising between the taxable income and accounting income computed at the rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only if there is a reasonable / virtual certainty that they will be realized in the foreseeable future and are reviewed for appropriateness of their respective carrying values at each balance sheet date.

# STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

## 2. Notes to financial statements for the year ended March 31, 2012

### 2.1 Share Capital

(Amount in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>1 Authorised Capital</b> 18,500,000 (2011 - 18,500,000) Equity shares of Rs 10/- each.	<b>185,000,000</b>	185,000,000
<b>2 Issued, Subscribed and Paid up</b> 18,455,405 (2011 - 18,455,405) Equity shares of Rs. 10/- Each	<b>184,554,050</b>	184,554,050
	<b>184,554,050</b>	184,554,050

### 3 Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the period	18,455,405	184,554,050	18,455,405	184,554,050
Outstanding at the end of the period	18,455,405	184,554,050	18,455,405	184,554,050

### 4 Terms and rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board of Directors do not propose any dividend during the current year. No dividend was declared in the preceding year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 5 Aggregate number of shares issued for consideration other than cash during the five years immediately preceding the reporting date

Particulars	As at March 31, 2012	As at March 31, 2011
Shares are allotted as fully paid-up pursuant to a scheme of amalgamation without payments being received in cash	<b>18,455,405</b>	18,455,405

### 6 List of shareholders holding more than 5% shares in the Company

Names	As at March 31, 2012		As at March 31, 2011	
	Number of Shares	% of holding	Number of Shares	% of holding
Malayalam Plantations (Holdings) Ltd.	3,640,000	19.72	3,640,000	19.72
Instant Holdings Limited	1,605,200	8.70	1,605,200	8.70
Universal Industrial Fund Ltd.	1,221,713	6.62	1,221,713	6.62

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### 2.2 Reserves and Surplus

Particulars	(Amount in Rs.)	
	As at March 31, 2012	As at March 31, 2011
<b>a. Capital Reserve</b>		
At the beginning of the accounting period	500,000	500,000
Additions during the year	-	-
At the end of the accounting period	<u>500,000</u>	<u>500,000</u>
<b>b. Securities Premium Reserve</b>		
At the beginning of the accounting period	887,379,926	887,379,926
Additions during the year	-	-
At the end of the accounting period	<u>887,379,926</u>	<u>887,379,926</u>
<b>c. General Reserve</b>		
At the beginning of the accounting period	4,300,000	4,300,000
Additions during the year	-	-
At the end of the accounting period	<u>4,300,000</u>	<u>4,300,000</u>
<b>d. Surplus in the statement of profit &amp; loss</b>		
At the beginning of the accounting period	35,026,958	17,819,046
Profit for the year	16,611,369	17,207,912
Balance carried forward	51,638,327	35,026,958
<b>Total reserves &amp; surplus</b>	<u>943,818,253</u>	<u>927,206,884</u>

### 2.3 Long Term Borrowings

#### Particulars

#### 1 Unsecured Borrowings

Term loan from Offshore India Ltd.

	40,000	40,000
	<u>40,000</u>	<u>40,000</u>

### 2.4 Trade Payables and Other Current Liabilities

#### Particulars

- Trade Payables (Refer Note No. 2.21 for details of dues to micro, small and medium enterprises)
- Other Current Liabilities  
- Statutory dues

	5,260,460	3,225,437
	48,928	173,525
	<u>5,309,387</u>	<u>3,398,962</u>



## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

### 2.5 Short Term Provisions

(Amount in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
1 Provision for income tax and fringe benefit tax	89,401	28,560
2 Provision for building tax	5,855,000	-
	5,944,401	28,560

### 2.6 Fixed Assets

(Amount in Rs.)

Particulars	Original Cost				Depreciation			Net Book Value	
	As at April 1, 2011	Additions	Deletions	As at March 31, 2012	As at April 1, 2011	For the Year	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
<b>A. Tangible Assets</b>									
Buildings	9,017,669	5,855,000	-	14,872,669	816,848	980,904	1,797,752	13,074,917	8,200,821
Plant and Equipment	403,390	-	-	403,390	287,318	16,145	303,463	99,927	116,072
<b>Total</b>	9,421,059	5,855,000	-	15,276,059	1,104,166	997,049	2,101,215	13,174,844	8,316,893
<b>Previous Year</b>	9,421,059	-	-	9,421,059	653,790	450,376	1,104,166	8,316,893	8,767,269

**Note:** The registration formalities with respect to the transfer of this Fixed Asset from Harrison's Malayalam Limited to the Company is pending.

## 2.7 Non Current Investments

(Amount in Rs.)

	Face Value	As at March 31, 2012		As at March 31, 2011	
		Holdings (Nos)	Amount	Holdings (Nos)	Amount
<b>Long Term Investments</b>					
<b>Quoted Equity Shares, fully paid-up</b>					
Ceat Ltd.	10	1,372,835	51,004,610	1,372,935	51,004,610
Phillips Carbon Black Ltd.	10	90,383	3,253,788	90,383	3,253,788
KEC International Ltd.	2	4,685,880	147,340,257	4,675,630	147,340,257
CESC Ltd. *	10	2,493,470	543,332,561	2,495,570	543,332,561
CFL Capital Financial Services Ltd.	10	47,664,340	81,506,021	47,664,340	81,506,021
RPG Life Sciences Ltd.	8	502,550	12,287,348	502,550	12,287,348
Summit Securities Ltd.	10	69,815	6,393,315	69,815	6,393,315
SAREGAMA (India) Ltd.	10	160	8,184	160	8,184
<b>Sub-Total : Quoted Investments</b>			<b>845,126,084</b>		<b>845,126,084</b>
<b>Unquoted Equity Shares, fully paid-up in subsidiaries</b>					
Doon Dooars Plantations Ltd.	10	170,000	863,000	170,000	863,000
			<b>863,000</b>		<b>863,000</b>
<b>Unquoted Equity Shares, fully paid-up</b>					
Spencer & Company Ltd.	10	1,199,764	59,988,200	1,199,764	59,988,200
Cochin International Airport Limited	10	500	2,500	500	2,500
Organised Investments Ltd.	10	-	-	470,000	1
Universal Industrial Fund Ltd.	10	-	-	8,198,173	55,926,448
RPG Cellular Investments and Holdings (P) Ltd.	10	-	-	2,420,936	33,844,685
			<b>59,990,700</b>		<b>149,761,834</b>
<b>Redeemable Non-Cumulative Preference Shares, fully paid-up</b>					
Universal Industrial Fund Ltd. 12.50%	100	63,000	6,300,000	63,000	6,300,000
RPG Cellular Investments and Holdings (P) Ltd. 15.50%	100	-	-	111,962	11,196,200
			<b>6,300,000</b>		<b>17,496,200</b>
<b>Zero percent interest Fully Convertible Debentures, fully paid-up</b>					
Off -Shore India Ltd	100	374,450	37,445,000	374,450	37,445,000
			<b>37,445,000</b>		<b>37,445,000</b>
<b>Equity Shares in Srilankan Companies, fully paid-up (face value - LKR)</b>					
Creasy Plantations Management Ltd.	10	60,000	385,480	60,000	385,480
Lankem Plantations Services Ltd.	10	60,000	385,480	60,000	385,480
			<b>770,960</b>		<b>770,960</b>
<b>Total of Investments</b>			<b>950,495,744</b>		<b>1,051,463,078</b>
<b>Notes:</b>					
1. Market value of quoted investments			<b>1,248,080,305</b>		1,470,898,812
2. Book value of quoted investments			<b>845,126,084</b>		845,126,084
3. Book value of unquoted investments			<b>105,369,660</b>		206,336,994

\* Of the above shares 1,623,734 (2011 - 1,623,734) shares are pledged with IDBI Trusteeship Services Limited & for 841,784 (2011 - 841,784) shares, undertaking for non-disposal has been given to ICICI Bank Ltd. (Lender of CESC Ltd.)

## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

### 2.8 Cash & Bank Balances

(Amount in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with banks:		
- In current accounts	19,626,689	1,120,446
- In deposit accounts	50,000	-
	<b>19,676,689</b>	<b>1,120,446</b>

Cash and cash equivalents as of March 31, 2012 include restricted cash and bank balance of Rs. 50,000 (2011 - Rs. Nil). The restriction is on account of lien being marked on the deposit as the same was given as a security deposit.

### 2.9 Short Term Loans & Advances

Particulars	As at March 31, 2012	As at March 31, 2011
1 Security Deposits	42,900	42,900
2 Advances recoverable in cash or kind	12,011,650	12,005,000
3 Other loans and advances		
Advance to Universal Industrial Fund Ltd. for purchase of shares	42,110,756	42,110,756
Prepaid taxes (net of provision)	169,383	169,383
	<b>54,334,689</b>	<b>54,328,039</b>

### 2.10 Other Current Assets

Particulars	As at March 31, 2012	As at March 31, 2011
<i>(Unsecured, considered good)</i>		
1 Receivable against sale of shares	101,984,125	-
	<b>101,984,125</b>	<b>-</b>

### 2.11 Other income

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
a. Net gain on sale of long term investments	1,486,792	-
b. Dividend income on long term investments	19,607,750	22,272,513
c. Interest on bank deposit	32,549	194,979
d. Other non operating income	-	55,419
	<b>21,127,091</b>	<b>22,522,911</b>

### 2.12 Employee benefits expense

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Salaries & Allowances	272,096	49,597
	<b>272,096</b>	<b>49,597</b>

## 2.13 Other Expenses

(Amount in Rs.)

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Legal & professional charges	801,325	1,008,796
Auditors' remuneration	249,516	226,930
Travelling and conveyance	37,362	-
Bank charges	3,695	8,330
Miscellaneous expenses	166,805	80,001
Communication expenses	336,943	329,589
Printing & Stationery	222,550	715,593
Rates and taxes	14,490	1,074,635
Advertisement expenses	1,060,878	921,521
Filing Fees	292,172	449,631
	<b>3,185,736</b>	<b>4,815,026</b>

Notes:

i Payments to the auditors comprises:

a. As auditors

Statutory audit	165,450	150,000
Limited review	44,120	-
Tax audit	11,030	11,030

b. In other capacity

Taxation services	5,515	5,515
Other services (certification)	23,401	60,385
	<b>249,516</b>	<b>226,930</b>

## 2.14 Taxes on Income

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
1. Current Tax		
Current tax expense for current year	60,841	-

### Deferred tax

Deferred tax asset on account of unabsorbed tax losses is not recognized during the year since there is no virtual certainty of taxable profits in the foreseeable future which would offset the asset as the Company has mainly one source of income being dividend which is exempt under Income Tax Act.

## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

### 2.15 Earnings per equity share

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
1. <u>Basic Earnings per Share</u>		
Net profit / (loss) for the year (Rs.)	<b>16,611,369</b>	17,207,912
Weighted average number of equity shares (Rs.)	<b>18,455,405</b>	18,455,405
Par value per share (Rs.)	<b>10</b>	10
Earnings per share - Basic (Rs.)	<b>0.90</b>	0.93
2. <u>Diluted Earnings per share</u>		
Net profit / (loss) for the year (Rs.)	<b>16,611,369</b>	17,207,912
Weighted average number of equity shares for Basic EPS	<b>18,455,405</b>	18,455,405
Add: Effect of dilutive instruments	-	-
Weighted average number of equity shares - for diluted EPS	<b>18,455,405</b>	18,455,405
Par value per share (Rs.)	<b>10</b>	10
Earnings per share - Diluted (Rs.)	<b>0.90</b>	0.93

### 2.16 Segment Information

The Company's income for the year consisted of dividend, interest and income from disposal of investments and accordingly there are no reportable segments.

### 2.17 Related party transactions

#### 1 Details of Related Parties:

Description of relationship	Names of related parties
Enterprise under common control	Harrisons Malayalam Ltd. ('HML')
Subsidiary	Doon Dooars Plantations Ltd. ('DDPL')
Key Managerial Personnel	Abraham Itty Ipe

#### 2 Details of related party transactions during the year ended March 31, 2012 and balances outstanding as at March 31, 2012:

(Amount in Rs.)

Transactions	March 31, 2012	March 31, 2011
<u>Transactions during the year</u>		
a) HML	-	-
b) DDPL	-	-
Remuneration to key managerial personnel		
a) Abraham Itty Ipe	<b>72,097</b>	-
Balance Due from / (to) as at the year end		
a) HML	<b>(4,917,061)</b>	(2,478,269)
b) DDPL	-	-

(Amount in Rs.)

	March 31, 2012	March 31, 2011
<b>2.18</b> Contingent Liabilities	Nil	Nil
<b>2.19</b> Derivative instruments and unhedged foreign currency exposure	Nil	Nil
<b>2.20</b> Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested.		
Advance to Universal Industrial Fund Ltd. for purchase of shares	42,110,756	42,110,756
Maximum amount outstanding during the year	42,110,756	42,110,756

**2.21 Details of dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006**

The Company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.

**Other disclosures**

	March 31, 2012	March 31, 2011
<b>2.22</b> Value of imports calculated on CIF basis	Nil	Nil
<b>2.23</b> Expenditure in foreign currency (accrual basis)	Nil	Nil
<b>2.24</b> Net dividend remitted in foreign exchange	Nil	Nil
<b>2.25</b> Earnings in foreign currency (accrual basis)	Nil	Nil

**2.26 Previous years figures**

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

As per our report of even date attached  
For **G. Joseph & Associates**  
Chartered Accountants  
(Firm Regn. No. 006310S)

For and on behalf of the Board of Directors of  
**STEL Holdings Limited**

**Reuben Joseph**  
Partner  
Membership No. 216884

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

Place: Kolkata  
Date : May 23, 2012

## **Auditors’ Report**

**The Board of Directors**  
**STEL Holdings Ltd.**

We have audited the attached consolidated balance sheet of STEL Holdings Ltd. and its subsidiary, Doon Doors Plantations Ltd. (‘the STEL Group’), as at March 31, 2012, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the STEL Group’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the STEL Group’s management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the STEL Group as at March 31, 2012;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

**Reuben Joseph**  
Partner  
Membership No. 216884

Kolkata  
May 23, 2012

Consolidated Balance Sheet as at March 31, 2012

(Amount in Rs.)

Particulars	Note	As at March 31, 2012	As at March 31, 2011
<b>I. Equity &amp; Liabilities</b>			
<b>1 Shareholders' Funds</b>			
a. Share Capital	2.1	184,554,050	184,554,050
b. Reserves and Surplus	2.2	943,805,562	927,253,120
<b>3 Non-Current Liabilities</b>			
a. Long Term Borrowings	2.3	40,000	40,000
<b>4 Current Liabilities</b>			
a. Trade Payables and Other Current Liabilities	2.4	5,365,470	3,456,993
b. Short Term Provisions	2.5	5,944,401	28,560
		<b>1,139,709,483</b>	<b>1,115,332,723</b>
<b>II. Assets</b>			
<b>1 Non-current assets</b>			
a. Fixed Assets	2.6		
(i) Tangible Assets		14,046,507	9,234,433
b. Non-Current Investments	2.7	949,632,744	1,050,600,078
<b>2 Current Assets</b>			
a. Cash & Bank Balances	2.8	19,711,418	1,170,173
b. Short-Term Loans and Advances	2.9	54,334,689	54,328,039
c. Other Current Assets	2.10	101,984,125	-
		<b>1,139,709,483</b>	<b>1,115,332,723</b>
Summary of significant accounting policies	1		
The accompanying notes form an integral part of the financial statements			

As per our report of even date attached

**For G. Joseph & Associates**  
Chartered Accountants  
(Firm Regn. No. 006310S)

For and on behalf of the Board of Directors of  
**STEL Holdings Limited**

**Reuben Joseph**  
Partner  
Membership No. 216884

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

Place : Kolkata

Date : May 23, 2012



**STEL Holdings Limited (Formerly Known as "Sentinel Tea and Exports Limited")**

**Consolidated Statement of profit and loss for the year ended March 31, 2012**

(Amount in Rs.)

Particulars	Note	For year ended March 31, 2012	For year ended March 31, 2011
<b>I. Income</b>			
1 Revenue from operations		-	-
2 Other income	2.11	<b>21,127,091</b>	22,617,346
<b>3 Total Revenue</b>		<b>21,127,091</b>	22,617,346
<b>II. Expenses</b>			
1 Employee benefits expense	2.12	<b>272,096</b>	49,597
2 Depreciation	2.7	<b>1,042,926</b>	498,668
3 Other expenses	2.13	<b>3,198,786</b>	4,832,235
<b>4 Total expenses</b>		<b>4,513,808</b>	5,380,500
<b>III. Profit before tax and exceptional items</b>		<b>16,613,283</b>	17,236,846
<b>IV. Tax expense</b>	2.14		
1 Current income tax		<b>60,841</b>	-
<b>V. Profit for the year</b>		<b>16,552,442</b>	17,236,846
<b>VI. Earnings per equity share</b>			
	2.15		
[Equity shares of par value of Rs. 10/- each (2011 - Rs. 10/-)]			
1 Basic		<b>0.90</b>	0.93
2 Diluted		<b>0.90</b>	0.93
Number of shares used in computing earnings per share			
1 Basic		<b>18,455,405</b>	18,455,405
2 Diluted		<b>18,455,405</b>	18,455,405
Summary of significant accounting policies	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

**For G. Joseph & Associates**  
Chartered Accountants  
(Firm Regn. No. 006310S)

For and on behalf of the Board of Directors of  
**STEL Holdings Limited**

**Reuben Joseph**  
Partner  
Membership No. 216884

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

Place : Kolkata

Date : May 23, 2012

**Consolidated Cash Flow Statement for the Year Ended March 31, 2012**

	For the year ended	
	March 31, 2012	March 31, 2011
<b>Cash Flow From Operating Activities</b>		
<b>Net Profit Before Tax</b>	16,613,283	17,236,846
Adjustments for:		
Depreciation	1,042,926	498,668
Income from Investments	(21,094,543)	(22,272,513)
Interest on Fixed deposit	(32,549)	(194,979)
<b>Operating Profit before Working Capital Changes</b>	<b>(3,470,883)</b>	<b>(4,731,978)</b>
Movement in Working Capital:		
(Increase) / Decrease in Trade and Other Receivables	(6,649)	(21,745,192)
Increase / (Decrease) in Trade Payables	1,908,476	3,111,270
<b>Cash Generated from Operations</b>	<b>(1,569,056)</b>	<b>(23,365,900)</b>
Income Tax Paid - -		
<b>Net Cash from Operating Activities</b>	<b>(1,569,056)</b>	<b>(23,365,900)</b>
<b>Cash Flow From Investing Activities</b>		
Proceeds from sale of investments	470,000	-
Interest received	32,549	175,481
Dividend received	19,607,751	22,272,512
<b>Net Cash from Investing Activities</b>	<b>20,110,300</b>	<b>22,447,993</b>
<b>Cash Flow From Financing Activities</b>		
<b>Net Cash from Financing Activities</b>	-	-
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>18,541,245</b>	<b>(917,907)</b>
Cash & Cash Equivalents at the beginning of the year	1,170,173	2,088,080
Cash & Cash Equivalents at the close of the year	<b>19,711,418</b>	<b>1,170,173</b>
<b>Components of Cash &amp; Cash Equivalents as at</b>	<b>March 31, 2012</b>	March 31, 2011
Balance with banks:		
- in current accounts	19,661,418	1,170,173
- in deposit accounts	50,000	-
	<b>19,711,418</b>	<b>1,170,173</b>

As per our report of even date

**For G. Joseph & Associates**  
Chartered Accountants  
(Firm Regn. No. 006310S)

For and on behalf of the Board of Directors of  
**STEL Holdings Limited**

**Reuben Joseph**  
Partner  
Membership No. 216884

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

Place : Kolkata  
Date : May 23, 2012

## Notes to Consolidated financial statements for the year ended March 31, 2012

### 1 Corporate Information

STEL Holdings Limited (the “Company”) is a company registered under the Companies Act, 1956 and is listed on the Bombay Stock Exchange. The Company is the business of investments. The Company is in the process of applying to the Reserve Bank of India for registration as a Core Investment Company.

#### Summary of significant accounting policies

##### 1.1 Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been applied by the Company are consistent with those used in the previous period.

##### 1.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

##### 1.3 Principles of consolidation

Consolidated Financial Statements of STEL Holdings Limited and its subsidiary company are prepared based on line by line consolidation by adding together the book values of the like items of assets, liabilities, income, and expenditure as per audited financial statements of the subsidiary. The consolidated financial statements are drawn up by using accounting policies as disclosed in the notes below and are prepared to the extent possible in the same manner as the Company’s individual financial statements. Inter-company receivables and payables, income and expenses are eliminated. Separate disclosure is made of minority interest. Minority interest represents the minority shareholder’s proportionate share of net assets and income of Company’s subsidiary. The financial statements have been considered for consolidation along with its interest in other Subsidiaries / Associates.

Name of the subsidiary	Country of incorporation	Shareholding	
		2011 - 12	2010 - 11
Doon Dooars Plantations Ltd.	India	100%	100%

The difference between the costs of investments in subsidiary over the book value of the subsidiary’s net assets on the date of acquisition is recognized in the consolidated financial statements as goodwill where there is positive difference and as capital reserve where there the difference is negative.

##### 1.4 Tangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

##### 1.5 Depreciation on tangible fixed assets

Depreciation is provided on Written Down Value method at the rate specified in Schedule XIV of the Companies Act, 1956.

### 1.6 Impairment of 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### 1.7 Investments

Long term investments are stated at cost and provision for diminution is made, if the decline in value is other than temporary in nature as required under AS 13. Pre-acquisition dividends received are reduced from the cost of investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

### 1.8 Revenue Recognition

Dividends from companies are accounted as income in the year in which they are declared. Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### 1.9 Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the contracted / year end exchange rates. The exchange differences arising on payments / realizations and from the year end restatement referred to above are recognized as income or expense in the profit and loss account. In respect of forward contracts, the difference between the forward rate and exchange rate at the inception of the foreign exchange contract is recognized as income or expense over the period of the contract.

### 1.10 Earnings per share

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

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, if any.

### 1.11 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 1.12 Taxes on Income

Provision for current tax is made based on the liabilities computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for the timing differences arising between the taxable income and accounting income computed at the rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only if there is a reasonable / virtual certainty that they will be realized in the foreseeable future and are reviewed for appropriateness of their respective carrying values at each balance sheet date.

## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

### 2. Notes to Consolidated financial statements for the year ended March 31, 2012

#### 2.1 Share Capital

(Amount in Rs.)

Particulars	As at	
	March 31, 2012	March 31, 2011
<b>1 Authorised Capital</b>		
18,500,000 (2011 - 18,500,000) Equity shares of Rs 10/- each	<b>185,000,000</b>	185,000,000
<b>2 Issued, Subscribed and Paid up</b>		
18,455,405 (2011 - 18,455,405) Equity shares of Rs. 10/- Each	<b>184,554,050</b>	184,554,050
	<b>184,554,050</b>	184,554,050

#### 3 Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	Amount Rs.	No. of shares	Amount Rs.
At the beginning of the period	<b>18,455,405</b>	<b>184,554,050</b>	18,455,405	184,554,050
Outstanding at the end of the period	<b>18,455,405</b>	<b>184,554,050</b>	18,455,405	184,554,050

#### 4 Terms and rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board of Directors do not propose any dividend during the current year. No dividend was declared in the preceding year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 5 Aggregate number of shares issued for consideration other than cash during the five years immediately preceding the reporting date

Particulars	As at	
	March 31, 2012	March 31, 2011
Shares are allotted as fully paid-up pursuant to a scheme of amalgamation without payments being received in cash	<b>18,455,405</b>	18,455,405

#### 4 List of shareholders holding more than 5% shares in the Company

Names	As at March 31, 2012		As at March 31, 2011	
	Number of Shares	% of holding	Number of Shares	% of holding
Malayalam Plantations (Holdings) Ltd.	<b>3,640,000</b>	<b>19.72</b>	3,640,000	19.72
Instant Holdings Limited	<b>1,605,200</b>	<b>8.70</b>	1,605,200	8.70
Universal Industrial Fund Ltd.	<b>1,221,713</b>	<b>6.62</b>	1,221,713	6.62

## 2.2 Reserves and Surplus

(Amount in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>a. Capital Reserve</b>		
At the beginning of the accounting period	500,000	500,000
Additions during the year	-	-
At the end of the accounting period	<u>500,000</u>	<u>500,000</u>
<b>b. Capital Reserve on consolidation</b>		
At the beginning of the accounting period	95,235	95,235
Additions during the year	-	-
At the end of the accounting period	<u>95,235</u>	<u>95,235</u>
<b>c. Securities Premium Reserve</b>		
At the beginning of the accounting period	887,379,926	887,379,926
Additions during the year	-	-
At the end of the accounting period	<u>887,379,926</u>	<u>887,379,926</u>
<b>d. General Reserve</b>		
At the beginning of the accounting period	4,300,000	4,300,000
Additions during the year	-	-
At the end of the accounting period	<u>4,300,000</u>	<u>4,300,000</u>
<b>e. Surplus in the statement of profit &amp; loss</b>		
At the beginning of the accounting period	34,977,959	17,741,113
Profit for the year	16,552,442	17,236,846
Balance carried forward	<u>51,530,401</u>	<u>34,977,959</u>
<b>Total reserves &amp; surplus</b>	<u><u>943,805,562</u></u>	<u><u>927,253,120</u></u>

## 2.3 Long Term Borrowings

Particulars	As at March 31, 2012	As at March 31, 2011
<b>1 Unsecured Borrowings</b>		
Term loan from Offshore India Ltd.	40,000	40,000
	<u>40,000</u>	<u>40,000</u>

## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

### 2.4 Trade Payables and Other Current Liabilities

(Amount in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
1 Trade Payables (Refer Note No. 2.21 for details of dues to micro, small and medium enterprises)	5,316,542	3,283,468
2 Other Current Liabilities - Statutory dues	48,928	173,525
	<b>5,365,470</b>	<b>3,456,993</b>

### 2.5 Short Term Provisions

Particulars	As at March 31, 2012	As at March 31, 2011
1 Provision for income tax and fringe benefit tax	89,401	28,560
2 Provision for building tax	5,855,000	-
	<b>5,944,401</b>	<b>28,560</b>

### 2.6 Fixed Assets

(Amount in Rs.)

Particulars	Original Cost			Depreciation			Net Book Value		
	As at April 1, 2011	Additions	Deletions	As at March 31, 2012	As at April 1, 2011	For the Year	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
<b>A. Tangible Assets</b>									
Buildings	10,589,423	5,855,000	-	16,444,423	1,471,062	1,026,781	2,497,843	3,946,580	9,118,361
Plant and Equipment	403,390	-	-	403,390	287,318	16,145	303,463	99,927	116,072
<b>Total</b>	10,992,813	5,855,000	-	16,847,813	1,758,380	1,042,926	2,801,306	14,046,507	9,234,433
<b>Previous Year</b>	10,992,813	-	-	10,992,813	1,259,712	498,668	1,758,380	9,234,433	9,733,101

**Note:** The registration formalities with respect to the transfer of this Fixed Asset from Harrisons Malayalam Limited to the Company is pending.

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### 2.7 Non Current Investments

	As at March 31, 2012			As at March 31, 2011	
	Face Value	Holdings (Nos)	Amount	Holdings (Nos)	Amount
<b>Long Term Investments</b>					
<b>Quoted Equity Shares, fully paid-up</b>					
Ceat Ltd.	10	1,372,835	51,004,610	1,372,935	51,004,610
Phillips Carbon Black Ltd.	10	90,383	3,253,788	90,383	3,253,788
KEC International Ltd.	2	4,685,880	147,340,257	4,675,630	147,340,257
CESC Ltd. *	10	2,493,470	543,332,561	2,495,570	543,332,561
CFL Capital Financial Services Ltd.	10	47,664,340	81,506,021	47,664,340	81,506,021
RPG Life Sciences Ltd.	8	502,550	12,287,348	502,550	12,287,348
Summit Securities Ltd.	10	69,815	6,393,315	69,815	6,393,315
SAREGAMA (India) Ltd.	10	160	8,184	160	8,184
<b>Sub-Total : Quoted Investments</b>			<b>845,126,084</b>		<b>845,126,084</b>
<b>Unquoted Equity Shares, fully paid-up</b>					
Spencer & Company Ltd.	10	1,199,764	59,988,200	1,199,764	59,988,200
Cochin International Airport Limited	10	500	2,500	500	2,500
Organised Investments Ltd.	10	-	-	470,000	1
Universal Industrial Fund Ltd.	10	-	-	8,198,173	55,926,448
RPG Cellular Investments and Holdings (P) Ltd.	10	-	-	2,420,936	33,844,685
			<b>59,990,700</b>		<b>149,761,834</b>
<b>Redeemable Non-Cumulative Preference Shares, fully paid-up</b>					
Universal Industrial Fund Ltd.	12.50%	100	63,000	63,000	6,300,000
RPG Cellular Investments and Holdings (P) Ltd.	15.50%	100	-	111,962	11,196,200
			<b>6,300,000</b>		<b>17,496,200</b>
<b>Zero percent interest Fully Convertible Debentures, fully paid-up</b>					
Off -Shore India Ltd		100	374,450	374,450	37,445,000
			<b>37,445,000</b>		<b>37,445,000</b>
<b>Equity Shares in Srilankan Companies, fully paid-up (face value - LKR)</b>					
Creasy Plantations Management Ltd.		10	60,000	60,000	385,480
Lankem Plantations Services Ltd.		10	60,000	60,000	385,480
			<b>770,960</b>		<b>770,960</b>
<b>Total of Investments</b>			<b>949,632,744</b>		<b>1,050,600,078</b>
<b>Notes:</b>					
1. Market value of quoted investments			<b>1,248,080,305</b>		1,470,898,812
2. Book value of quoted investments			<b>845,126,084</b>		845,126,084
3. Book value of unquoted investments			<b>104,506,660</b>		205,473,994

\* Of the above shares 1,623,734 (2011 - 1,623,734) shares are pledged with IDBI Trusteeship Services Limited & for 841,784 (2011 - 841,784) shares, undertaking for non-disposal has been given to ICICI Bank Ltd. (Lender of CESC Ltd.)



## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

### 2.8 Cash & Bank Balances

(Amount in Rs.)

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with banks:		
- In current accounts	19,661,418	1,170,173
- In deposit accounts	50,000	-
	<b>19,711,418</b>	<b>1,170,173</b>

Cash and cash equivalents as of March 31, 2012 include restricted cash and bank balance of Rs. 50,000 (2011 - Rs. Nil). The restriction is on account of lien being marked on the deposit as the same was given as a security deposit.

### 2.9 Short Term Loans & Advances

Particulars	As at March 31, 2012	As at March 31, 2011
1 Security Deposits	42,900	42,900
2 Advances recoverable in cash or kind	12,011,650	12,005,000
3 Other loans and advances		
Advance to Universal Industrial Fund Ltd. for purchase of shares	42,110,756	42,110,756
Prepaid taxes (net of provision)	169,383	169,383
	<b>54,334,689</b>	<b>54,328,039</b>

### 2.10 Other Current Assets

Particulars	As at March 31, 2012	As at March 31, 2011
<i>(Unsecured, considered good)</i>		
1 Receivable against sale of shares	101,984,125	-
	<b>101,984,125</b>	<b>-</b>

### 2.11 Other income

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
a. Net gain on sale of long term investments	1,486,792	-
b. Dividend income on long term investments	19,607,750	22,272,513
c. Interest on bank deposit	32,549	194,979
d. Other non operating income	-	149,854
	<b>21,127,091</b>	<b>22,617,346</b>

## Annual Report 2011 - 2012

### 2.12 Employee benefits expense

(Amount in Rs.)

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Salaries & Allowances	272,096	49,597
	<b>272,096</b>	<b>49,597</b>

### 2.13 Other expenses

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Legal & professional charges	801,325	1,024,017
Auditors' remuneration	254,516	226,930
Travelling and conveyance	37,362	-
Bank charges	3,784	8,330
Miscellaneous expenses	166,805	80,389
Communication expenses	336,943	329,589
Printing & Stationery	222,550	715,593
Rates and taxes	14,490	1,076,235
Advertisement expenses	1,060,878	921,521
Filing Fees	300,133	449,631
	<b>3,198,786</b>	<b>4,832,235</b>

Notes:

i Payments to the auditors comprises:

a. As auditors

Statutory audit	170,450	150,000
Limited review	44,120	-
Tax audit	11,030	11,030

b. In other capacity

Taxation services	5,515	5,515
Other services (certification)	23,401	60,385

**254,516**      **226,930**

### 2.14 Taxes on Income

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
1. Current Tax		
Current tax expense for current year	60,841	-

#### Deferred tax

Deferred tax asset on account of unabsorbed tax losses is not recognized during the year since there is no virtual certainty of taxable profits in the foreseeable future which would offset the asset as the Company has mainly one source of income being dividend which is exempt under Income Tax Act.

## STEL Holdings Limited (Formerly Known as “Sentinel Tea and Exports Limited”)

### 2.15 Earnings per equity share

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
1. <u>Basic Earnings per Share</u>		
Net profit / (loss) for the year (Rs.)	16,552,442	17,236,846
Weighted average number of equity shares	18,455,405	18,455,405
Par value per share (Rs.)	10	10
Earnings per share - Basic (Rs.)	0.90	0.93
2. <u>Diluted Earnings per share</u>		
Net profit / (loss) for the year (Rs.)	16,552,442	17,236,846
Weighted average number of equity shares for Basic EPS	18,455,405	18,455,405
Add: Effect of dilutive instruments	-	-
Weighted average number of equity shares - for diluted EPS	18,455,405	18,455,405
Par value per share (Rs.)	10	10
Earnings per share - Diluted (Rs.)	0.90	0.93

### 2.16 Segement Information

The Company's income for the year consisted of dividend, interest and income from disposal of investments and accordingly there are no reportable segments.

### 2.17 Related party transactions

#### 1 Details of Related Parties:

Description of relationship	Names of related parties
Enterprise under common control	Harrisons Malayalam Ltd. ('HML')
Subsidiary	Doon Dooars Plantations Ltd. ('DDPL')
Key Managerial Personnel	Abraham Itty Ipe

#### 2 Details of related party transactions during the year ended March 31, 2012 and balances outstanding as at March 31, 2012:

Transactions	March 31, 2012	March 31, 2011
<u>Transactions during the year</u>		
a) HML	-	-
b) DDPL	-	-
Remuneration to key managerial personnel		
a) Abraham Itty Ipe	72,096	-
Balance Due from / (to) as at the year end		
a) HML	(4,917,061)	(2,478,269)
b) DDPL	-	-

## Annual Report 2011 - 2012

	(Amount in Rs.)	
	March 31, 2012	March 31, 2011
<b>2.18</b> Contingent Liabilities	Nil	Nil
<b>2.19</b> Derivative instruments and unhedged foreign currency exposure	Nil	Nil
<b>2.20 Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested.</b>		
Advance to Universal Industrial Fund Ltd. for purchase of shares	42,110,756	42,110,756
Maximum amount outstanding during the year	42,110,756	42,110,756

### 2.21 Details of dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.

### Other disclosures

	March 31, 2012	March 31, 2011
<b>2.22</b> Value of imports calculated on CIF basis	Nil	Nil
<b>2.23</b> Expenditure in foreign currency (accrual basis)	Nil	Nil
<b>2.24</b> Net dividend remitted in foreign exchange	Nil	Nil
<b>2.25</b> Earnings in foreign currency (accrual basis)	Nil	Nil

### 2.26 Previous years figures

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date attached  
For **G. Joseph & Associates**  
Chartered Accountants  
(Firm Regn. No. 006310S)

For and on behalf of the Board of Directors of  
**STEL Holdings Limited**

**Reuben Joseph**  
Partner  
Membership No. 216884

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

Place: Kolkata  
Date : May 23, 2012

## STEL Holdings Limited (Formerly Known as "Sentinel Tea and Exports Limited")

### Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

Name of the Subsidiary	Doon Dooars Plantations Limited
1 Financial year of the subsidiary ended on	March 31, 2012
2 Shares of the subsidiary held by the Company on the above dates:	
(a) Number & face value	170000 equity shares of Rs. 10/-each
(b) Extent of holding	100%
3 Net aggregate amount of profits/(losses) of the subsidiary for the above financial period so far as they concern members of the Company:	
(a) dealt with in the accounts of the Company for the year ended March 31, 2012 Rs. 000's	(0.58)
(b) not dealt with in the accounts of the Company for the year ended March 31, 2012 - Rs. 000's	
4 Net aggregate amount of profits/(losses) for the previous financial years of the subsidiary since it became a subsidiary so far as they concern the members of the Company:	
(a) dealt with in the accounts of the Company for the year ended March 31, 2012 Rs. 000's	Nil
(b) not dealt with in the accounts of the Company for the year ended 31st March 2012 - Rs. 000's	
5 The provisions of Section 212 (5) of the Companies Act, 1956 are not applicable as the financial year of the subsidiary companies coincides with that of the Company	

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

**Annie Jacob**  
Company Secretary

Kolkata  
August 14, 2012

Subsidiary Company

Financial Highlights 2011-12

Rs.Lacs

Particulars	Doon Dooars Plantations Limited
Capital	17
Reserves	-
Total Assets	17
Total Liabilities	17
Investments	-
Turn over	-
Profit before Tax	(0.58)
Provision for Tax/Deferred Tax	-
Profit after tax	(0.58)
Proposed Dividend	

**STEL Holdings Limited (Formerly Known as "Sentinel Tea and Exports Limited")**

**STEL HOLDINGS LIMITED**  
**(Formerly known as "Sentinel Tea and Exports Limited")**  
24/1624, Bristow Road, Willingdon Island, Cochin 682003

**ATTENDANCE SLIP**

DP ID No.

Regd Folio No.

Client ID No.

No. of Shares held.

Name of the member attending .....

Name of the proxy .....

I hereby record my presence at the 22nd Annual General Meeting of the Company held on Monday, September 24, 2012.

**Member's/Proxy's Signature**

(To be signed at the time of handing over the slip)



**STEL HOLDINGS LIMITED**  
**(Formerly known as "Sentinel Tea and Exports Limited")**  
24/1624, Bristow Road, Willingdon Island, Cochin 682003

**PROXY FORM**

DP ID No.

Regd Folio No.

Client ID No.

No. of Shares held.

I/We ..... of ..... in the district of ..... being a Member(s) of STEL Holdings Limited hereby appoint ..... of ..... in the district of .. or failing him/her ..... of ..... in the district of ..... as my/our proxy to attend and vote for me/us on my/our behalf, at the 22nd Annual General Meeting of the Company to be held on Monday, September 24, 2012 and any adjournment thereof.

Signed this..... day of ..... 2012.

Revenue  
Stamp  
Rs.1/-

Signature of member across the stamp

Note:

The proxy to be valid must be deposited at the registered office of the Company at 24/1624, Bristow Road, Willingdon Island, Cochin 682003 not less than 48 hours before the commencement of the meeting.

## BOOK POST

*If undelivered please return to:*

**STEL Holdings Limited**  
**(Formerly Known as Sentinel Tea and Exports Limited)**

Regd. Office: 24/1624, Bristow Road  
Willingdon Island, Cochin - 682 003