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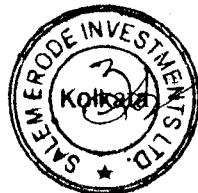
**SALEM ERODE  
INVESTMENTS LIMITED**

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2014

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**REPORT  
&  
ACCOUNTS**

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## Salem Erode Investments Limited

CIN no : L 31200 WB 1931 PLC 007116  
Incorporated on 16th May, 1931 under the Companies Act, 1913

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

*Directors*

V. N. PUROHIT  
RAVI SHAH  
PRERANA GOENKA  
C. KANORIA

*Auditors*

S. MANDAL & CO.  
29D, Seven Tanks Lane  
Kolkata - 700 030

*Bankers*

HDFC BANK LTD.  
UNITED BANK OF INDIA

*Registrar & Transfer Agents*

NICHE TECHNOLOGIES PVT. LTD.  
D-511, Bagri Market, Kolkata - 700001  
Phone : 033-2235 7270/71  
Email : nichetechpl@nichetechpl.com

*Registered Office*

14, MOTILAL NEHRU ROAD  
KOLKATA - 700 029

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## NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of the Members of SALEM ERODE INVESTMENTS LIMITED, will be held at the Registered Office of the Company at 14, Motilal Nehru Road, Kolkata 700 029 on Friday, the 5th day of September, 2014 at 12.00 noon to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended March 31, 2014, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint in place of Mrs. Prerana Goenka (DIN:01048668), who retire by rotation at the ensuing Annual General Meeting and being eligible offered herself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought, to pass, with or without modification(s), the following resolution as an **ordinary Resolution**:

"RESOLVED THAT M/s. S MONDAL & CO, Chartered Accountants (ICAI Firm Registration No. 314188E), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS

4. To appoint Mr. Sunil Kumar Kanoria (DIN: 00789030) who was appointed as an Additional director of the company pursuant to section 161 of the Companies Act, 2013 and who shall hold office upto the ensuing Annual General Meeting, is proposed to be appointed as Director of the company liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sunil Kumar Kanoria (DIN: 00789030), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and who holds office up to the date of the ensuing Annual General Meeting, be and is hereby appointed as a director of the Company liable to retire by rotation  
RESOLVED FURTHER THAT any director of the company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
5. To appoint Mr. Sunil Kumar Kanoria (DIN: 00789030) who was appointed as an Additional director of the company pursuant to section 161 of the companies act, 2013 and who shall hold office upto the ensuing Annual General Meeting, is proposed to be appointed as Managing Director of the company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **ordinary Resolution**:  
"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr. Sunil Kumar Kanoria (DIN: 00789030) as Managing Director of the Company, for a period of 5 (Five) consecutive years with effect from July 4, 2014, on the terms and conditions including remuneration as set out in the statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Sunil Kumar Kanoria (DIN: 00789030) subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.  
RESOLVED FURTHER THAT any director of the company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
6. To appoint Mr. Abhishek Hamirbasia as an Chief Financial Officer (CFO) and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **ordinary Resolution**:

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"RESOLVED THAT in order to give effect to Sections 203 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Abhishek Hamirbasia be and is hereby appointed as a CFO of the company with effect from July 4, 2014, on the below mentioned terms and conditions (including remuneration) with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board constituted henceforth) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Abhishek Hamirbasia.

RESOLVED FURTHER THAT any Director of the company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To appoint Prashant Gupta (DIN: 06915283) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Prashant Gupta (DIN: 06915283), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and who holds office up to the date of the ensuing Annual General Meeting and in respect of whom the company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019, as a director not liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. To appoint Mr. V N Purohit (DIN: 00291853) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V N Purohit (DIN: 00291853), who was appointed as director of the company on 23rd October, 2009 as a director of the company liable to retire by rotation shall retire at the ensuing Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019, as a director not liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered office :  
14, Moti Lal Nehru Road,  
Kolkata 700 029  
4th July, 2014.

By order of the Board of Directors

S K KANORIA  
Managing Director

**Notes :**

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the Meeting.

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SALEM ERODE INVESTMENTS LIMITED

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
7. The Company has noticed closure of Register of Members and Share Transfer Books from Wednesday, August 27, 2014 to Friday, September 5, 2014 (both days inclusive).
8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Registrars and Transfer Agents, NICHE TECHNOLOGIES LIMITED (henceforth called "RTA").
9. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years up to 2005-06 from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies), Rules, 2012, the company has uploaded the details of unpaid or unclaimed amounts lying with the company on the website of the Ministry of Corporate Affairs.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.
11. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Company / RTA, for consolidation into a single folio.
12. Members who have not registered their e-mail addresses so far are requested to register their e-mail address with the Company / RTA.
13. **VOTING THROUGH ELECTRONIC MEANS**
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically on the resolutions mentioned in the notice of the Annual General Meeting of the Company as an alternative to vote physically at the AGM, and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).
  - II. Similarly, members opting to vote physically can do the same by remaining present at the meeting and should exercise the option for e-voting. However, in case members cast their vote exercising both the options, i.e. physically and e-voting, then votes casted through e-voting shall be only taken into consideration and treated valid whereas votes casted physically at the meeting shall be treated as invalid.
  - III. The instructions for shareholders voting electronically are as under:



- (i) The voting period begins on 01-September-2014 at 9.00 a.m. and ends on 01-September-2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 18-July-2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "Salem Erode Investments Ltd." from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company, excluding the special characters.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) .
	<ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to enter in capital letters the PAN field of 10 characters as First 2 Characters of the First Holder Name followed by 8 characters consisting of Folio Number prefix by "0" (or 8 characters from right of BO-ID). No special characters or space will be taken from the name and folio number and name shall be excluded of titles like Mr / Mrs / Smt / Miss / Ms / M/s etc.</li> </ul> <p>Example :</p> <ol style="list-style-type: none"> <li>Mr. V. N. Swami and Folio Number is S/0245, the PAN will be VN000S0245</li> <li>M/s. 4-square Company Ltd. and Folio Number is C-0052 the PAN will be 4S000C0052</li> </ol>
DOB	Enter the Date of Birth as recorded in your demat account with the depository or in the company records for your folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Bank Account Number as recorded in your demat account with the depository or in the company records for your folio.</p> <ul style="list-style-type: none"> <li>Please Enter the DOB or Bank Account Number in order to Login.</li> <li>If both the details are not recorded with the depository or company then please enter in the Dividend Bank Details field the Number of Shares Held by you as on Cut-Off Date (Record Date) of 18-July-2014.</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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SALEM ERODE INVESTMENTS LIMITED

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
14. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 18-July-2014.
15. The notice of annual general meeting will be sent to the members, whose names appear in the register of members / depositories as at closing hours of business, on Friday, 18th July, 2014.
16. The shareholders shall have one vote per equity share held by them as on the cut-off date (record date) of 18-July-2014. The facility of e-voting would be provided once for every folio / client id, irrespective of the number of joint holders.
17. The Company has appointed Mr. H. M Choraria, practicing company secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner.
18. The scrutinizer will submit his final report to Chairman of the company within three working days after the conclusion of e-voting period.
19. The results of annual general meeting shall be declared by the Chairman or his authorized representative or any one Director of the Company on or after annual general meeting within the prescribed time limits.
20. The result of the e-voting will also be placed at the website of the agency on [www.cdslindia.com](http://www.cdslindia.com).
21. The scrutinizer's decision on the validity of e-voting will be final.

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO.4 & 5**

Mr. Sunil Kumar Kanoria (DIN: 00789030) was appointed as a Additional Director of the Company on 4th July, 2014 pursuant to section 161 of the Companies Act, 2013. Mr. Sunil Kumar Kanoria, in terms of section 161 of the Companies Act, 2013 shall hold office till the ensuing Annual General Meeting.

Mr. Sunil Kumar Kanoria who is retiring in the ensuing Annual General Meeting and being eligible seeks re-appointment and propose to occupy the position as an Managing Director to give effect to the requirement of clause a of the sub-section 1 of the section 203 of the Companies Act, 2013.

Mr. Kanoria, has rich experience in the field of Non Banking Finance Companies. He satisfies all the conditions set out in schedule V of the Companies Act, 2013 and also the conditions set out in the section 196 of the Companies Act, 2013. Mr. Kanoria if elected as the Managing Director of the company shall serve the company for a term of 5 (Five) consecutive years upto 31st March, 2019 on the following terms and conditions.

**TERMS AND CONDITION**

- a. Salary in the scale of Rs. 15,000/- p.m.
- b. Medical expenses actually incurred may be reimbursed not exceeding half month salary in a period of twelve months.
- c. Premium for personal accidents & medical insurance may be reimbursed not exceeding half month salary in a period of twelve months.

The remuneration shall be within the limit specified in the section 197 read with section 198 of the Companies Act, 2013 and the rules made thereunder, subject to the schedule V of the Companies Act, 2013 in case of loss and / or lack of inadequate profit of the company. The Board may, with the approval of the Nomination and Remuneration committee constituted henceforth, revise the remuneration of the managing director subject to the limit specified in the section 197 read with section 198 subject to Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof.

Given his knowledge and experience, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 4 & 5 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Kanoria is concerned or interested in the said resolution.

**ITEM NO. 6**

Mr. Abhishek Hamirbasia was appointed as a Chief Financial Officer of the Company on 4th July, 2014 in order to give effect to the requirement of clause (a) of the sub-section 1 of the section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Mr. Abhishek Hamirbasia is a Chartered Accountant and has a rich experience in reading and writing Books of accounts, expert knowledge of corporate laws and a good understanding of the economy and the industry. Mr. Abhishek Hamirbasia, if elected, as CFO of the company shall serve the company on the following terms and conditions.

**TERMS AND CONDITION**

- a. Consolidated Salary in the scale of Rs. 10,000/- p.m.
- b. Bonus as per company policy

The Board may, with the approval of the Nomination and Remuneration committee constituted henceforth, revise the remuneration of the CFO and as may be acceptable to Mr. Abhishek Hamirbasia. The revision shall be based on the performance of Mr. Abhishek Hamirbasia as may be determined by the Nomination and Remuneration committee.

Given his expertise, knowledge and experience, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 6 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Abhishek Hamirbasia is concerned or interested in the said resolution.

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SALEM ERODE INVESTMENTS LIMITED

ITEM NO. 7

Mr. Prashant Gupta (DIN: 06915283) who was appointed as a Additional Director of the Company on 4th July, 2014 pursuant to section 161 of the Companies Act, 2013. Prashant Gupta, in terms of section 161 of the Companies Act, 2013, shall hold office till the ensuing Annual General Meeting.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Prashant Gupta as an Independent Director of the Company for a term of 5 (five) consecutive years to hold office upto 31 March, 2019 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Prashant Gupta as a candidate for the office of Independent Director of the Company.

Appointment of Mr. Prashant Gupta shall give effect to the requirement of section 149 of the Companies Act, 2013. He is not disqualified from being director of the company in terms of section 164 of the Act and has given his consent to act as director of the company

Mr. Prashant Gupta is a young and dynamic commerce graduate from Calcutta University and holds a degree of Chartered Financial Analysis (CFA) from ICFAI. He has a rich experience of reading and writing Books of Accounts and also has a good knowledge of Banking operation and corporate laws matters. Based on his rich knowledge and experience, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 7 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Prashant Gupta is concerned or interested in the said resolution.

ITEM NO. 8

Mr. V. N Purohit (DIN: 00291853) was appointed as a Director of the Company liable to retire by rotation on 23rd October, 2009 pursuant to earlier provisions of section 255 and 256 of the Companies Act, 1956, shall retire at the ensuing Annual General Meeting and being eligible seeks re-appointment. In order to give effect to the requirement of section 149 of the Companies Act, 2013, it is propose to appoint Mr. V. N Purohit as an independent director of the company. He is not disqualified from being director of the company in terms of section 164 of the Companies Act, 2013 and has given his consent to act as director of the company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Mr. V. N Purohit as an Independent Director of the Company for a term of 5 (Five) consecutive years to hold office upto 31st March, 2019 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Mr. V. N Purohit as a candidate for the office of Independent Director of the Company.

Mr. V. N Purohit is a practicing Chartered Accountant and has a very rich experience of over 50 years of reading and writing Books of Accounts and also has an expert knowledge of Taxation, Auditing, and other corporate laws matters and practices. He has specialized knowledge into Income Tax practices and deals into cases pertaining to Income Tax at Tribunal and other Appellate Level. Further, he is also engaged into various philanthropic activities, he is a secretary of Girls High School in Rajasthan and encouraged and enlightened many girls with the significance of education, due to his continual efforts and complete dedication the school that was initially started with 70 girls has today more than 700 girls. Besides Mr. Purohit is also actively associated with Shri Ramakrishna Sarda Sevashram engaged in the education of the children, animal welfare and always looks up on the other social matters of the village.

Based on his expertise knowledge and experience, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 8 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. V. N Purohit is concerned or interested in the said resolution.

Registered office :  
14, Moti Lal Nehru Road,  
Kolkata 700 029  
4th July, 2014.



By order of the Board of Directors

S K KANORIA  
Managing Director

**DIRECTORS' REPORT**

The Directors of your company are pleased to present their Annual Report and Audited accounts for the year ended 31st March, 2014 :

**FINANCIAL RESULTS :**

The financial position of the company for the year ended 31st March, 2014 is summarised below :

	( ₹ in Lacs )	
	2013-14	2012-13
Profit before Tax	47.11	36.89
Less : Current Tax	11.04	10.50
Deferred Tax	0.34	(0.55)
Add : Income Tax adjustment for earlier years	—	—
	35.73	26.94
Less : Appropriations		
Transferred to the Statutory reserve	7.15	5.39
Transferred to the General reserve	—	2.70
Contingent provision against standard assets	0.48	(0.46)
Proposed dividend	—	4.30
Tax on dividend	—	0.70
	28.10	14.31

**DIVIDENDS :**

Keeping in mind the improvement of the economic condition and potential growth your directors have decided to plough back the earnings into the company and hence not recommended any dividend on equity share to the Members of the Company.

**DIRECTORATE:**

In accordance with the applicable provisions of the Companies Act, 2013 and the Articles of Association of the Company Mr. Sunil Kumar Kanoria (DIN: 00789030) who was appointed as an Additional Director of the company on 4th July, 2014 and whose term of office expires at the ensuing Annual General Meeting of the Company seeks appointment as a director of the company liable to retire by rotation.

Further in order to give effect to the requirement of section 203 of the Companies Act, 2013 and the Rules made there under Mr. Sunil Kumar Kanoria (DIN: 00789030) propose to be appointed as the Managing Director of the company. The Terms and conditions of the appointment is annexed to the notice of the company.

Also to give effect to the requirement of Section 149 of the Companies Act, 2013 and the Rules made there under which came into effect from April 1, 2014 approval of the Members will be sought at the ensuing Annual General meeting of the Company for the appointment of Mr. Prashant Gupta (DIN No. 06915283) and Mr. V N Purohit (DIN: 00291853) as an independent Director of the Company for 5 (five) consecutive years for a term up to March 31, 2019, as a director not liable to retire by rotation.

Mr. C Kanoria (DIN: 01622132) has expressed his unwillingness to be the director of the company and has resigned from the company with effect from 4th July 2014. The director of your company has accepted his resignation and has released him from all the duties of director from the immediate effect and express its gratitude for his association with the company, so far.



**DIRECTORS' REPORT (Contd.)**

In terms of section 149 of the Companies Act, 2013 the board should have atleast one woman director, the appointment of Mrs. Prerana Goenka (DIN: 01048668) shall fulfill this legal requirement.

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

There has been no foreign exchange earnings and outgo. The other provisions of Section 217(i)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and also section 134 of the Companies Act, 2013 are not applicable to the Company.

**SPLIT OF SHARES :**

In order to improve the liquidity of your company's Equity Share in the Stock Exchange with higher floating stock in absolute number and to make them more affordable for our small (Retail) shareholder the company has sub-divided (Stock Split) 143319 Equity Shares of Rs 10/- each having ISIN No. INE 894 E 01010 (Old) into 1433190 Equity Shares of Re 1/- each having ISIN No INE894 E 01028 (New).

**DEMATERIALISATION OF SHARES :**

Your Company has connectivity with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited (NSDL) for DEMATERILISATION of Company's Shares in accordance with the provisions of Depositories Act 1996, which is now fully operational and the ISIN No INE894 E 01028 (New). The shareholders are requested to dematerialize their shares either with CDSL or NSDL. The shareholders who are holding shares in physical form are requested to provide their PAN & bank details with documentary evidences to the RTA immediately to update their records and dates as mandated by SEBI.

**PUBLIC DEPOSIT :**

Your Company being a Non-Deposit taking Non Banking Finance Company (NBFC-ND) has not accepted any deposit during the year under review and shall not accept any deposit without taking the prior approval of the Reserve Bank of India (RBI).

**PARTICULARS OF EMPLOYEES :**

None of the employees of your Company is in receipt of remuneration exceeding the threshold limit in congruence with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended from time to time).

**AUDITORS :**

The Auditors, M/s. S MONDAL & CO, Chartered Accountants (Firm Registration No. 314188E), who hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013

**CORPORATE GOVERNANCE:**

Pursuant to implementation criterion of Clause 49 of the Listing Agreement with the Stock Exchange, which explicitly deal with the corporate governance of the company, shall not be applicable to our company, though your Directors are having pleasure to announce that your company has maintained good corporate governance.

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

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's responsibility statement, it is hereby confirmed that:

- I. In preparation of Annual Accounts for the year ended 31st March, 2014 the applicable accounting standard has been followed.
- II. They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of financial year i.e. 31st March, 2014 and of the profit of the Company for that period.
- III. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- IV. They had prepared the accounts for the year ended 31st March, 2014 as going concern basis.

**BOARD OF DIRECTORS**

The Board of Directors of the company consists of Executive Directors, Non-Executive Director and Independent Directors. The composition of the board meets the requirement of the Section 149 and 152 of the Companies Act, 2013. The composition of the Board of Directors of the company is shown below.

1	Sunil Kumar Kanoria	Executive Managing Director
2	Ravi Kumar Shah	Non Executive Director
3	Prashant Gupta	Non Executive Independent Director
4	V N Purohit	Non Executive Independent Director
5	Prerana Goenka	Non Executive Woman Director

**AUDIT COMMITTEE**

In order to give effect to requirement of section 177 of the Companies Act, 2013 and the Rules made there under your company has constituted audit committee which shall comprise of Non-Executive Director and Independent Directors, majority being Independent Director. The composition of the audit committee of the company is,

1	V N Purohit	Non Executive Independent Director Chairman
2	Prashant Gupta	Non Executive Independent Director
3	Ravi Kumar Shah	Non Executive Director

All the member of the committee has vast knowledge and experience of finance accounts and the Law with the Chairman being an eminent Chartered Accountant, who has finance, accounting, taxation and financial market related expertise. The Statutory auditor, Internal Auditor and / or Senior Management of the company may attend the meeting on invitation basis.

**NOMINATION AND REMUNERATION COMMITTEE**

In order to give effect to requirement of section 178 of the Companies Act, 2013 and the Rules made there under your company has constituted Nomination and remuneration committee which shall comprise of Non-Executive Director and Independent Directors, majority being Independent Director. The composition of the audit committee of the company is,



**SALEM ERODE INVESTMENTS LIMITED**

1	V N Purohit	Non Executive Independent Director Chairman
2	Prashant Gupta	Non Executive Independent Director
3	Prerana Goenka	Non Executive Woman Director

**INTERNAL AUDITOR**

In order to give effect to the requirement of Section 138 of the Companies Act, 2013 and the Rules made thereunder, the Board of Directors of your Company has appointed Mr. A. Hamirbasia (Membership no 306144), Chartered Accountant, as an Internal auditor of the company on such terms and conditions as fixed by the Board in consultation with the Internal Auditor.

**SECRETARIAL AUDITOR :**

As a measure of good corporate governance practice and to give effect to the requirement of the Companies Act, 2013, the Board of Directors of your company has appointed Mr. H. M Choraria, practicing Company Secretary, as a Secretarial Auditor of the company for the Financial Year 2014-15 on such terms and conditions as may be fixed by the Board in consultation with the Secretarial Auditor.

**ACKNOWLEDGEMENT:**

The Directors of your company would like to place on record their gratitude for the valuable guidance and support received from the Reserve Bank of India, Securities and Exchange Board of India, Registrar of Companies and other government and regulatory agencies and to convey their appreciation to registrar, bankers, and all other business associates for the continuous support given by them to the Company. The Directors also place on record their appreciation of the commitment, commendable efforts, team work and professionalism of all the employees of the Company.

Registered Office :  
14, Motilal Nehru Road,  
Kolkata 700 029  
Date : 4th day of July, 2014.

For and on behalf of the Board of Directors.

**SUNIL KUMAR KANORIA**  
Managing Director

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**COMPLIANCE CERTIFICATE**

H M CHORARIA & CO  
Practising Company Secretaries,  
14/2, Old China Bazar Street,  
Kolkata 700 001.

Registration No of the Company 21-L 31200 WB 1931 PLC 007116  
Nominal Capital - Rs 85,00,000/-

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

We have examined the registers, records, books and papers of Salem Erode Investments Ltd as required to be maintained under the Companies Act, 1956, and rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a limited company has more than the minimum prescribed paid-up capital of Rs. 5 Lacs
4. The Board of Directors duly met six times respectively on 26th April, 2013, 1st July 2013, 10th July, 2013, 30th Oct. 2013, 31st January 2014 and 24th March, 2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions if any passed in the Minutes Book maintained for the purpose.
5. The Company has closed register of members and share transfer books from 9th August 2013 to 16th August 2013 and has complied with the provisions of section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31st March, 2013 was held on 16th August 2013 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. An extra ordinary general meeting was held during the financial year on 26th Feb 2014 after giving due notice to the members of the Company and Resolution passed thereat where duly recorded in minute books maintained for the purpose.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act during the year under review.
9. The company has not entered into contracts falling within the purview of section 297 of the Act during the year under review and complied with section 297 & 301 of the Companies Act, 1956.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the preview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has:
  - (a) delivered all the certificates on lodgement for transfer / transmission thereof or any other purpose in accordance with the provisions of the Act.
  - (b) deposited on 26.08.2013 with HDFC Bank dividend amount in a separate Bank Account against dividend declared on 16.08.2013

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SALEM ERODE INVESTMENTS LIMITED

- (c) posted on 3.09.2013 dividend warrants to all members of the company against dividend declared during the financial year ( within 30 days of the declaration.)
- (d) no amount lying in Un-paid Dividend Account, application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be transferred to "Investor's Education & Protection Fund"
- (e) duly complied with the requirements of section 217 of the Act, however the director's report was signed by a director.
14. The Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares, debentures or other securities during the financial year
20. The company has not bought back any shares, debentures or other securities during the financial year
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The borrowings of the company as at the end of the year is within the borrowing limits of the company.
25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year in compliance with the provisions of the Act.
31. We have been informed by the management that there was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The company has not deducted any contribution towards Provident Fund during the financial year.

Place : Kolkata  
Date : the 30th day of May, 2014.

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



**ANNEXURE - A**

Registers as maintained by the Company

**Statutory Registers**

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

**Other Registers**

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

**ANNEXURE - B**

Forms and Returns as filed by Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st March, 2014.

Sl. No.	Form No. / Return	Filed u/s	For	Date of Filing & whether filed within prescribed time Yes / No.	If delay in filing whether requisite additional fees paid Yes / No
1	Balance Sheet	220	31.03.2013	15.09.2013 Yes	No
2	Compliance Certificate	383A	1.07.2013	05.09.2013 Yes	No
3	Annual Return	161	16.08.2013	26.09.2013 Yes	No
4	Form no 32	302	26.4.13	08.05.2013 Yes	No
5	Form no 32	302	16.8.13	05.09.2013 Yes	No
6	Form no 1 INV			20.01.2014 Yes	No
7	Form no INV 5			13.11.2013 Yes	No
8	Form no. 5	95	26.2.14	29.3.14 No	Yes
9	Form 23	31	26.2.14	29.3.14 No	Yes
10	Annual Return	161	16.8.13	26.12.13 No	Yes
11	Form INV 5			8.7.13 Yes	No

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Place : Kolkata  
Date : the 30th day of May, 2014.



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



## INDEPENDENT AUDITORS' REPORT

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To  
The Members of  
SALEM ERODE INVESTMENTS LTD.

### Report on the Financial Statements

We have audited the accompanying financial statements of SALEM ERODE INVESTMENTS LTD. ('the Company') which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

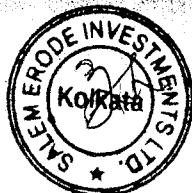
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- ii. In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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**INDEPENDENT AUDITORS' REPORT (Contd.)**

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**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e. On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S. MONDAL & Co.  
Chartered Accountants  
Firm's Registration No. 314188E

(Arijit Dutta)  
Partner  
Membership No. 066223

Place: Kolkata  
Date: the 30th day of May, 2014

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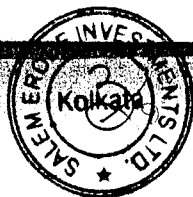


**ANNEXURE TO THE AUDITORS' REPORT**

The Annexure referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of SALEM ERODE INVESTMENTS LIMITED (The Company) for the year ended 31st March 2014.

1.
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
  - c) According to the information and explanation given to us, there was no material disposal of fixed assets during the year, which would affect the going concern status of the Company.
2. Clause (ii) of the order is not applicable in case of this Company.
3.
  - a) The Company has granted unsecured loan to companies covered in the register maintained under section 301 of the Act. The number of parties included is one and the maximum amount involved during the year as well as the year ending balance is Rs. 1,90,00,000/-
  - b) The Company has taken no unsecured loan from any parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken by the Company are not prima facie prejudicial to the interest of the Company considering the period of such loan.
  - d) The Company has repaid the principal amounts and interest as stipulated and has been regular in the payment of interest.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system, nor have we been informed of any such instance.
5.
  - a) Based on the audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1961 have been so entered.
  - b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts and arrangements entered into the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and as per explanations given to us loans received and repaid during the year are not deposits as defined in Rule 2(b) of the Companies (Acceptance of Deposits) Rules, 1975 and hence relevant provisions of Section 58A and 58AA and Rules made there under as above are not applicable in case of the Company.
7. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act in the case of this Company.

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## ANNEXURE TO THE AUDITORS' REPORT (Contd.)

9. a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty and other material statutory dues applicable to it with the appropriate authorities.
- b) According to information and explanation given to us, no undisputed amount payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash loss during the financial year covered under audit and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues of a bank or financial institution.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provision of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. The Company has not dealt / traded in securities or debenture during the year. In our opinion and according to the information and explanations given to us, proper records have been maintained relating to investments and timely entries have been made therein. The shares and other investments have been held by the Company, in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not taken any term loan during the year.
17. On the basis of information and explanation received from the management and based on our examination of the balance sheet of the Company as at 31st March, 2014, we find that the funds raised on a short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of share during the year.
19. There are no debentures outstanding at the end of the year.
20. The Company has not raised money by issue of its shares during the year.
21. Based on information and explanations furnished by the management there is no reported fraud committed during the year.

For S. MONDAL & Co.  
Chartered Accountants  
Firm's Registration No. 314188E

(Arijit Dutta)  
Partner  
Membership No. 066223  
Place: Kolkata  
Date: the 30th day of May, 2014

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## BALANCE SHEET AS AT 31ST MARCH, 2014

(Figures in Rupees)

Particulars	Note Nos.	As at 31st March 2014	As at 31st March 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	1,433,265	1,433,265
Reserves and surplus	3	55,812,930	52,287,420
<b>Non-current liabilities</b>			
Long-term borrowings		—	—
Deferred tax liabilities (Net)		—	—
<b>Current liabilities</b>			
Trade payables		—	—
Other current liabilities	4	711,578	719,950
Short-term provisions	5	10,464,193	10,187,993
<b>Total</b>		<b>68,421,966</b>	<b>64,628,628</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	6	324,782	195,085
Non-current investments	7	3,580,828	3,580,828
Long term loans and advances	8	37,420,000	37,240,000
Other non-current assets	9	—	5,000,000
<b>Current assets</b>			
Current investment	10	8,089,153	7,626,538
Inventories	11	52,824	59,953
Trade receivables		—	—
Cash and cash equivalents	12	11,026,794	4,504,217
Short-term loans and advances		—	—
Other current assets	13	7,330,189	5,791,088
Deferred tax assets	14	597,396	630,918
<b>Significant accounting policies &amp; notes on accounts</b>	1 to 22		
<b>Total</b>		<b>68,421,966</b>	<b>64,628,628</b>

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

or S. MONDAL & Co.  
Chartered Accountants  
Firm's Registration No. 314188E  
(ARIJIT DUTTA)  
Partner  
Membership No. 066223  
Office: Kolkata  
Date: the 30th day of May, 2014

For & on behalf of the Board of Directors

PRERANA GOENKA (Mrs)  
C. KANORIA  
Directors

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## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Figures in Rupees)

Particulars	Note Nos.	Year Ended 31st March 2014	Year Ended 31st March 2013
I. Revenue from operations	15	22,664	24,471
II. Other income	16	5,874,290	5,291,397
III. Total Revenue (I +II)		5,896,954	5,315,868
IV. Expenses:			
Change in inventories	17	7,129	4,657
Employee benefit expenses	18	532,015	481,666
Administrative expenses	19	569,851	1,039,437
Auditor's remuneration	20	23,295	28,089
Depreciation and amortization expense		54,091	72,868
IV. Total Expenses		1,186,381	1,626,716
V. Profit before exceptional and extraordinary items and tax	(III - IV)	4,710,573	3,689,152
VI. Exceptional Items		—	—
VII. Profit before extraordinary items and tax	(V - VI)	4,710,573	3,689,152
VIII. Extraordinary Items		—	—
IX. Profit before tax and prior period items	(VII - VIII)	4,710,573	3,689,152
X. Prior period items			
Prior period expenses		—	—
Prior period income		—	—
XI. Profit before tax	(IX - X)	4,710,573	3,689,152
XII. Tax expense :			
(1) Current tax		1,103,840	1,050,000
(2) Deferred tax		33,522	(55,011)
(3) Income tax adjustment for earlier years		—	(467)
		1,137,362	994,522
XIII. Profit(Loss) from the period from continuing operations	(XI - XII)	3,573,211	2,694,630
XIV. Earning per equity share :			
(1) Basic	21	24.93	18.80
(2) Diluted	21	24.93	18.80
Significant accounting policies & notes on accounts	1 to 22		

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

For S. MONDAL & Co.  
Chartered Accountants  
Firm's Registration No. 314188E  
(ARIJIT DUTTA)  
Partner  
Membership No. 066223

Place: Kolkata  
Date: the 30th day of May, 2014

For & on behalf of the Board of Directors

CERTIFIED TRUE COPY  
PRERANA GOENKA (Mrs)  
C. KANORIA  
Directors



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Figures in Rupees)

Particulars	As at 31st March 2014	As at 31st March 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extra-ordinary items	4,710,573	3,689,151
Adjustments for :-		
Income tax of earlier year	7,092	—
Provision for diminution in value of investments	(220,643)	522,409
Depreciation	54,091	72,868
Profit on sale of fixed assets	(3,742)	—
Profit on sale of investments	(459,674)	(391,369)
Dividend received	(545,665)	(500,165)
Interest on fixed deposit	(547,158)	(383,047)
Liabilities no longer required written back	—	—
Operating profit before working capital changes	2,994,874	3,009,847
Adjustments for :-		
Trade & other receivables	—	(73,316)
Other current assets	(641,088)	—
Inventories	7,129	4,657
Other current liabilities	(188,079)	30,584
Prepaid expenses	—	—
Trade payables	—	(145,025)
Cash generated from operations	2,172,836	2,826,747
Direct taxes paid	905,104	1,316,250
Net cash from operating activities	1,267,732	1,510,497
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,403,599)	(2,185,715)
Sale/Redemption of investments	7,400,658	2,438,304
Dividend received	545,665	500,165
Loan (given) / refund	(180,000)	—
Purchase of fixed assets	(360,046)	—
FD matured	(5,000,000)	—
Interest on fixed deposit	547,158	261,416
Security deposit with CESC	—	—
Sale of fixed assets	180,000	—
Net cash used in investing activities	729,836	1,014,170
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(405,250)	(379,382)
Corporate tax paid on dividend	(69,739)	(64,210)
(Repayment of loan) / loan taken	—	876,593
Interest paid	—	—
Net Cash used in financing activities	(474,989)	433,001
Net (decrease) / increase in cash and cash equivalent	1,522,578	2,957,668
Cash and cash equivalent opening balance	9,504,217	6,546,549
Cash and cash equivalent closing balance	11,026,795	9,504,217

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

For S. MONDAL &amp; Co.

Chartered Accountants

Firm's Registration No. 314188E

(ARIJIT DUTTA)

Partner

Membership No. 066223

Place: Kolkata

Date: the 30th day of May, 2014

For &amp; on behalf of the Board of Directors

PRERANA GOENKA (Mrs)

C. KANORIA

Directors



## Significant Accounting Policies and Notes to the Financial Statements for the year ended 31st March 2014

### COMPANY OVERVIEW

Salem Erode Investments Ltd is carrying on its business as a Non Banking Financial Company. It deals in shares, stocks, debentures and securities issued by Government of India and Companies incorporated in India. The Company also lends money. The Company is listed at Madras Stock Exchange.

#### 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis to comply in all material aspects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006, and Non-Banking Financial Companies (Reserve Bank) Directions, 1988 issued by the Reserve Bank of India. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

#### 1.2 Use of Estimates:

The presentation of the financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

#### 1.3 Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Any expected loss is recognised immediately in the Statement of Profit and Loss. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

#### 1.4 Depreciation

The depreciation is provided on written down value at the rates specified in Schedule XIV of the Companies Act, 1956 as amended.

#### 1.5 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an assets in prior accounting periods may no longer exists or may have decreased.

#### 1.6 Investments

- a) Long term Investments as per Accounting Standard (AS) 13- 'Accounting for Investments are stated at cost except when there is a diminution other than temporary, for which the provision is made'.
- b) Current Investments as per Accounting Standard (AS) 13- 'Accounting for Investments are stated at the lower of cost and fair value, considered category wise'.

#### 1.7 Inventories

Inventories of the company comprise of shares and securities. They are stated at lower of cost and net realisable value. Cost is determined using first-in, first-out (FIFO) method. Net realisable value is the closing market price of the shares as on 31st March of every financial year.





1.8 Revenue Recognition

**Sale of Shares:** The sale is recognised as on the date of contract note. The sale amount recognised is the gross sale proceeds and brokerage and STT is booked under the respective heads of expenses.

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

**Dividend :** Dividend income is recognised when the right to receive dividend is established.

1.9 Current tax, deferred tax and MAT Credit :

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

**Deferred tax** is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. When there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. At each Balance Sheet date, the group reassesses unrecognised deferred tax assets, if any.

**Minimum Alternative Tax** credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.10 Provisions and Contingent Liabilities

**Provisions :** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

**Contingent Liabilities :** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

1.11 Cash Flow statement

Cash Flows are reported using Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating financing and investing activities of the company are segregated. Cash and cash equivalents in the Balance Sheet comprise cash at bank, cash/cheques in hand and short term investments with an original maturity of 3 months and less.

1.12 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



## NOTES ON ACCOUNTS

(Figures in Rupees)

## 2. SHARE CAPITAL

Particulars	As at 31st March 2014	As at 31st March 2013
Authorised Share Capital		
7,90,000 nos (P.Y 7,90,000 ) Equity Shares of Rs. 10/- each	7,900,000	7,900,000
40,000 (P.Y 40,000) 6.5% Cumulative Redeemable Preference of Rs. 10/- each	400,000	400,000
20,000 (P.Y. 20,000) 11% Cumulative Redeemable Preference Shares of Rs. 10/- each	200,000	200,000
	<u>8,500,000</u>	<u>8,500,000</u>
Issued, Subscribed and Fully Paid-up Capital		
1,43,319 (P.Y 1,43,319) Equity Shares of Rs. 10/- each fully paid up	1,433,190	1,433,190
Forfeited Shares	75	75
	<u>1,433,265</u>	<u>1,433,265</u>

Note: However, on the Board Meeting held on 31st January, 2014 it has been decided to split the Equity Shares of Face value Rs. 10/- into Equity Shares of face value Rs. 1/-. CDSL has given the approval for the same on 7th April, 2014 issuing new ISIN No.

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

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	143,319	1,433,190	143,319	1,433,190
Issued during the year	—	—	—	—
Outstanding at the end of the period	<u>143,319</u>	<u>1,433,190</u>	<u>143,319</u>	<u>1,433,190</u>

## c. Terms / 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/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends, if any in Indian Rupees.

In the event of liquidation of the Company the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all Preferential amounts, if any. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

## d. Details of shareholders holding more than 5% shares in the Company

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Tinnevely Tuticorin Investments Ltd.	36,839	25.71%	36,839	25.71%
Tara Investments Ltd	26,214	18.29%	26,214	18.29%
Mrs Padma Kanoria	32,400	22.60%	32,400	22.60%
Mrs Kusum Kanoria	11,000	7.67%	11,000	7.67%



## 3. RESERVES AND SURPLUS

(Figures in Rupees)

Particulars	As at 31st March 2014	As at 31st March 2013
<b>Capital Reserve</b>		
Balance as per last balance sheet	2,319,780	2,319,780
	<u>2,319,780</u>	<u>2,319,780</u>
<b>Capital Redemption Reserve</b>		
Balance as per last balance sheet	430,000	430,000
	<u>430,000</u>	<u>430,000</u>
<b>General Reserve</b>		
Balance as per last balance sheet	17,171,444	16,901,806
Add: Transferred from surplus	—	269,638
	<u>17,171,444</u>	<u>17,171,444</u>
<b>Statutory Reserve Fund</b>		
Balance as per balance sheet	8,215,276	7,676,000
Add: Transferred from surplus	714,642	539,276
	<u>8,929,918</u>	<u>8,215,276</u>
<b>Surplus as per Statement of Profit &amp; Loss</b>		
Balance as per last balance sheet	24,150,919	22,718,795
Add : Profit for the year	3,573,211	2,694,630
Less : Appropriation		
Transfer to General reserve	—	(269,638)
Transfer to Statutory reserve	(714,642)	(539,276)
Contingent Provision against standard assets	(-47,700)	46,104
Proposed dividend	—	(429,956)
Tax on dividend	—	(69,739)
	<u>26,961,788</u>	<u>24,150,920</u>
<b>Total Reserves and Surplus (A+B+C+D+E)</b>	<u>55,812,930</u>	<u>52,287,420</u>
<b>4. OTHER CURRENT LIABILITIES</b>		
Liability for expenses	452,926	486,005
Unpaid dividends	258,652	233,945
	<u>711,578</u>	<u>719,950</u>
<b>5. SHORT TERM PROVISIONS</b>		
Proposed dividend	—	429,957
Tax on proposed dividend	—	69,739
Contingent provisions against standard assets	93,550	45,850
Provision for dimunition in value of investments	3,707,034	3,927,677
Provision for taxation	6,663,609	5,714,770
	<u>10,464,193</u>	<u>10,187,993</u>

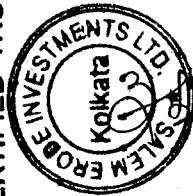
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NOTE 6  
FIXED ASSET TO THE BALANCE SHEET AS AT ON 31ST MARCH, 2014

Sl. NO.	Particulars	Rate of Depreciation	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			Cost As at 01-04-2013	Additions during the year	Sale/ Adjust During the year	Cost As at 31.3.2014	Upto 31.03.2013	For the Year	Adjustment	Total as on 31.03.2014	as on 31.3.2014	as on 31.3.2013
1	Computer	40.00%	24,800	—	—	24,800	9,936	5,946	—	15,882	8,918	14,864
2	Vehicle	25.89%	456,481	360,046	456,481	360,046	276,260	48,145	280,223	44,182	315,864	180,221
	GRAND TOTAL :	—	481,281	360,046	456,481	384,846	286,196	54,091	280,223	60,064	324,782	195,085
	PREVIOUS YEAR :	—	481,281	—	—	481,281	213,328	72,868	—	286,197	195,085	267,953

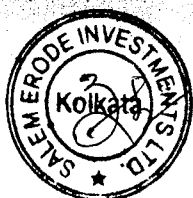
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(Figures in Rupees)

Particulars	As at 31st March 2014	As at 31st March 2013
<b>6. FIXED ASSETS : (As per separate sheet attached)</b>		
Tangible Assets	324,782	195,085
	<u>324,782</u>	<u>195,085</u>
<b>7. NON-CURRENT INVESTMENT</b>		
Trade Investment		
Quoted Investments		
Investment in Associates:		
13,055 equity Shares (March 31 2013: 13,055) of Rs. 10 each in The Mozufferpore Electric Supply Co. Ltd.	105,840	105,840
93,681 equity Shares (March 31 2013: 93,681) of Rs. 10 each in The Patna Electric Supply Co Ltd.	1,077,349	1,077,349
21,450 equity Shares (March 31 2013: 21,450) of Rs. 10 each in Tinnevalley Tuticorin Investments Ltd.	294,849	294,849
	<u>1,478,038</u>	<u>1,478,038</u>
Unquoted Investments		
Investment in Associates:		
1,92,150 equity Shares (March 31 2013: 1,92,150) of Rs. 10 each in MD Network Commodities Pvt Ltd.	1,921,500	1,921,500
21,100 equity Shares (March 31, 2013: 21,100) of Rs. 10 each in Tara Investments Ltd	171,290	171,290
	<u>2,092,790</u>	<u>2,092,790</u>
Other Investments		
Unquoted Investments		
1,000 equity Shares (March 31 2013: 1,000) of Rs.10 each in The Arya Vaidya Pharmacy (Coim) Ltd.	10,000	10,000
	10,000	10,000
Total	<u>3,580,828</u>	<u>3,580,828</u>
Aggregate value of Quoted Investment	1,478,038	1,478,038
Market value of Quoted Investment	1,478,038	1,478,038
Aggregate value of unquoted Investment	2,102,790	2,102,790

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(Figures in Rupees)

Particulars	As at 31st March 2014	As at 31st March 2013
<b>8. LONG TERM LOANS AND ADVANCES</b>		
Long-Term Loans and Advances		
Advances to related parties		
The Mozufferpore Electric Supply Co. Ltd.	195,000	140,000
Tara Investments Ltd.	19,000,000	18,900,000
Other Loans and Advances		
Unsecured considered good	18,225,000	18,200,000
Unsecured considered doubtful	264,185	2,000,000
Less: Provision for doubtful debts	(-264,185)	(-2,000,000)
Total	<u>37,420,000</u>	<u>37,240,000</u>
<b>9. OTHER NON CURRENT ASSETS</b>		
Fixed deposit with banks	—	5,000,000
*(Maturity period exceeding 12 months)		
Total	<u>—</u>	<u>5,000,000</u>

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SALEM ERODE INVESTMENTS LIMITED

10. CURRENT INVESTMENT

(Figures in Rupees)

Investments in Equity Instruments

Name of the Company	Face Value	As at 31 March, 2014		As at 31 March, 2013	
		Nos.	Cost.	Nos.	Cost
Andhra Bank	10	2,000	228,773	1,000	137,393
ATV Projects India Ltd	10	1,000	7,000	1,000	7,000
Bank of India	10	-	-	700	17,450
Cairn India Ltd.	10	150	48,441	500	161,473
CESC Ltd	10	1,000	173,482	1,000	173,482
Coal India Ltd.	10	25	6,125	25	6,125
Development Credit Bank Ltd.	10	-	-	1,500	76,551
GOL Offshore Ltd.	10	600	555,102	600	555,102
Gujarat Heavy Chemicals Ltd	10	2,000	365,443	2,000	365,443
HDFC Bank Ltd	2	3,000	6,000	3,000	6,000
Hindalco Industries Ltd	1	3,400	102,570	3,400	102,570
Hindustan Unilever Ltd	1	700	276	1,000	396
Housing Development & Finance Corpn. Ltd	2	20,000	54,287	20,000	54,287
India Bulls Securities Ltd.	10	500	26,333	500	26,333
India Cements Ltd.	10	2,000	410,440	2,000	410,440
Indian Oil Corporation Ltd	10	648	235,814	648	235,814
Jaiprakash Associates Ltd	2	187	15,895	187	15,895
JSW Energy Ltd.	10	1,500	158,211	1,500	158,211
JSW Ispat Steel Ltd***	10	34	50,725	2,500	50,725
Jyothy Laboratories Ltd. ****	10	39	3,520	156	3,520
KCP Sugars & Industries Corporation Ltd.	1	7,000	424,968	7,000	424,968
Larsen and Toubro Ltd **	2	150	180,506	100	180,506
LIC Housing Finance Corp Ltd	10	300	73,628	-	-
Mahanagar Telephone Nigam Ltd.	10	3,200	308,288	3,200	308,288
Maruti Suzuki India Ltd	5	-	-	200	299,713
Nagarjuna Fertilisers and Chemicals Ltd.	1	8,525	160,555	8,525	160,555
Nagarjuna Oil Refinery Ltd.	1	7,750	145,960	7,750	145,960
Pentamedia Graphics Ltd.	10	1,540	269,805	1,540	269,805
Plethico Pharmaceuticals Ltd.	10	1,000	406,169	1,000	406,169
Power Grid Corporation of India Ltd	10	5,500	754,934	6,000	810,659
Pranavadi Spinning Mills Ltd.	10	50	1,250	50	1,250
Reliance Broadcast Network Ltd	10	1,000	212,092	1,000	212,092
Reliance Capital Ltd	5	652	678,213	652	678,213
Reliance Industries Ltd	10	350	299,824	350	299,824
Reliance Media World Ltd	5	1,000	212,092	1,000	212,092
Sesa Sterlite Ltd ^	1	120	31,517	200	31,517
Shipping Corporation of India Ltd	10	1,000	89,219	1,000	89,219
Spice Jet Ltd.	10	1,000	47,095	1,000	47,095
State Bank of India	10	1,221	984,860	921	306,432
TATA Chemicals Ltd	10	300	106,126	200	77,480
Tata Global Beverage Ltd	10	1,000	153,124	-	-
The Tata Power Company Ltd	1	1,000	100,491	1,000	100,491
<b>Total</b>			<b>8,089,153</b>		<b>7,626,538</b>
<b>Market value of investments</b>			<b>26,776,850</b>		<b>24,101,072</b>
<b>Provision for diminution in value of investments</b>			<b>(220,643)</b>		<b>(3,650,481)</b>

Note: \*\* L & T Ltd. issued 1 no. bonus share against 2 shares held.

\*\*\* 34 shares of JSW Steel were issued against 2500 shares of Ispat Inds

\*\*\*\* Henkal India 156 shares were converted into 39 shares Jyothy Laboratories Ltd.- including bonus shares.

^ 3 shares Sesa Sterlite were issued against 5 shares of Sterlite inds after merger of both company's.

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(Figures in Rupees)

Name of the Company	Face Vale Rs.	As at 31st March, 2014 Nos.	Book Value	As at 31st March, 2013 Nos.	Book Value
<b>11. INVENTORIES</b>					
<b>QUOTED :</b>					
<b>Fully paid-up Equity shares</b>					
Eveready Industries Ltd.	5	345	597	345	597
James Warren Tea Co Ltd.***	10	306	375	-	-
Mcleod Tea Co. Ltd.	10	345	597	345	597
Pranavadity Spinning Mills Ltd	10	50	590	50	590
Reliance Infrastructure Ltd.	10	200	26,900	253	34,029
Tata Global Beverages Ltd	10	600	13,305	600	13,305
The Patna Electric Supply Co Ltd	10	1,732	9,625	1,732	9,625
Titaghur Industries Ltd.	10	400	460	400	460
Warren Tea Co Ltd. ***	10	306	375	180	750
<b>Total</b>			<u>52,824</u>		<u>59,953</u>

Note : \*\*\* 306 shares of James Warren and 306 shares of Warren Tea were issued against 180 shares of Warren Tea after demerger.

**12. CASH & CASH EQUIVALENTS**

Balances with Banks		
On Current accounts	8,007,866	2,002,188
Fixed deposits (maturing 12 months)	3,000,000	2,500,000
Cash In Hand (As per cash book & certified by the management)	18,928	2,029
<b>Total</b>	<u>11,026,794</u>	<u>4,504,217</u>

**13. OTHER CURRENT ASSETS**

Other current assets		
Advance tax	4,123,720	3,649,620
Fringe benefit tax	6,770	6,770
Tax deducted at source	2,363,664	1,939,751
Interest receivable	793,316	73,316
Accrued interest on fixed deposit	42,719	121,631
<b>Total</b>	<u>7,330,189</u>	<u>5,791,088</u>





## SALEM ERODE INVESTMENTS LIMITED

(Figures in Rupees)

Particulars	Year ended 31st March 2014	Year ended 31st March 2013
<b>14. DEFERRED TAX ASSETS(NET)</b>		
Depreciation	24,659	24,092
Provision on dimiution in value of investments	572,737	606,826
Total	<u>597,396</u>	<u>630,918</u>
<b>15. REVENUE FROM OPERATIONS</b>		
Sale of shares	22,664	24,471
Total	<u>22,664</u>	<u>24,471</u>
<b>16. OTHER INCOME</b>		
Interest income	4,083,855	4,016,815
Dividend income	545,665	500,165
Net Gain/ (Loss) on sale of investments	459,674	391,369
Net Gain/ (Loss) on sale of assets	3,742	—
Provision for dimiution in value of investments	220,643	—
Interest Income on fixed deposit	547,158	383,047
Liabilities no longer required written back	13,553	—
Total	<u>5,874,290</u>	<u>5,291,397</u>
<b>17. CHANGE IN INVENTORIES</b>		
Closing balance	52,824	59,953
Less : Opening balance	59,953	64,610
Total	<u>-7,129</u>	<u>-4,657</u>
<b>18. EMPLOYEE BENEFIT EXPENSES</b>		
Salary & wages	532,015	481,666
Total	<u>532,015</u>	<u>481,666</u>



(Figures in Rupees)

Particulars	Year ended 31st March 2014	Year ended 31st March 2013
<b>19. ADMINISTRATIVE &amp; ESTABLISHMENT EXPENSES</b>		
Advertisements	11,928	15,645
Amalgamation expenses	—	11,236
Bank charges	6,897	5,000
CDSL charges	13,876	—
Computer expenses	2,809	2,206
Depository charges	1,567	1,138
Director's fee	12,000	10,000
Filing fees	9,113	6,500
General charges	7,201	7,653
Income tax of earlier year	7,092	3,633
Motor car running exp	15,617	46,061
Postage & telephone	19,780	14,545
Printing & stationary	11,460	11,328
Professional fees	325,634	271,974
Provision for dimiunition in value of investments	—	522,409
Rates & taxes	56,434	49,691
Registrar & transfer agents fees	29,570	22,412
Secretarial audit fees	6,500	9,400
Security transaction tax & cess	7,076	7,181
Service tax input	4,036	—
Subscription expense	13,820	13,820
Trade licence fees	1,850	1,850
Traveling expenses	5,591	5,756
	<u>569,851</u>	<u>1,039,437</u>
<b>20. AUDITOR'S REMUNERATION</b>		
For audit fees	11,236	16,854
For tax audit	—	—
For taxation matter	12,059	11,235
	<u>23,295</u>	<u>28,089</u>
<b>21. EARNINGS PER SHARE (EPS)</b>		
Net Profit as per Profit and Loss Statement (in ₹)	3,573,211	2,694,630
No. of Equity Shares outstanding	143,319	143,319
Face Value Per Share (in ₹)	10.00	10.00
Earnings Per Share (Basic and Diluted) (in ₹)	<u>24.93</u>	<u>18.80</u>



(Figures in Rupees)

Particulars	Year ended 31st March 2014	Year ended 31st March 2013
-------------	-------------------------------	-------------------------------

**22. RELATED PARTY TRANSACTIONS AS PER AS-18**

## (i) List of Parties :

- a) Key managerial Personnel
  - 1) Chaitannya Kanoria
  - 2) Ravi Shah
  - 3) V.N. Purohit
  - 4) Prerana Goenka
- b) Associates
  - 1) M D Networks Commodities Pvt Ltd.
  - 2) Tinnevelly Tuticorin Investments Ltd
  - 3) Tara Investments Ltd.
  - 4) Patna Electricity Supply Co. Ltd.
  - 5) The Muzaffarpore Electricity Supply Co. Ltd.

## (ii) Related Party Transactions :

Particulars	2013-14 Amount Involved	2012-13 Amount Involved
<b>Loan given to:</b>		
Tara Investments Ltd.	100,000	—
<b>Loan Repaid:</b>		
M.D.Network Commodities Pvt. Ltd	—	1,878,879
<b>Advance given:</b>		
The Mozufferpore Electric Supply Co. Ltd.	80,000	5,000
<b>Interest Received</b>		
Tara Investments Ltd.	2,004,815	2,173,499
<b>BALANCE OUTSTANDING</b>		
<b>Investments:</b>		
The Mozufferpore Electric Supply Co. Ltd.	105,840	105,840
Patna Electricity Supply Ltd	1,077,349	1,077,349
Tinnevelly Tuticorin Investments Ltd	294,849	294,849
M D Network Commodities Pvt Ltd.	1,921,500	1,921,500
Tara Investments Ltd	171,290	171,290
<b>Advance given to :</b>		
The Mozufferpore Electric Supply Co. Ltd.	195,000	140,000
<b>Loan Given to:</b>		
Tara Investments Ltd.	19,000,000	18,900,000

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

For S. MONDAL & Co.  
Chartered Accountants  
Firm's Registration No. 314188E  
(ARIJIT DUTTA)  
Partner  
Membership No. 066223  
Place: Kolkata  
Date: the 30th day of May, 2014

CERTIFIED TRUE COPY for &amp; on behalf of the Board of Directors



PRERANA GOENKA (Mrs)  
C. KANORIA  
Directors

**SALEM ERODE INVESTMENTS LTD**

Regd Off : 1st Floor, 14 Moti Lal Nehru Road Kolkata 700029  
 Tel No : 033-40032108, email: tarainvestmentsltd@gmail.com  
 CIN : L31200WB1931PLC007116

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting Hall) (Annual General Meeting – 5th September, 2014)

I hereby record my presence at the Annual General Meeting of the Company held on Friday, 5th September, 2014 at 12.00 Noon at 14 Moti Lal Nehru Road, Kolkata – 700029

Full Name of the member (In BLOCK LETTERS): .....

Folio No. .... DP ID No. .... Client ID No. .... Nos of shares .....

Full Name of Proxy (In BLOCK LETTERS): .....

Member/Proxy(s) Signature: .....

----- tear here -----

**FORM NO. MGT-11  
 PROXY FORM**

[Pursuant To Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L31200WB1931PLC007116  
 Name of the Company : SALEM ERODE INVESTMENTS LTD.  
 Regd Office : 1st Floor, 14 Moti Lal Nehru Road, Kolkata – 700029  
 Name of the Members :  
 Registered Address :  
 E-Mail ID :  
 Folio No./Client No. :  
 DP ID :

I / We, being the member(s) of ..... shares of the above Company, hereby appoint.

- 1. Name ..... Address .....  
 E-Mail ID ..... Signature ..... or failing him
- 2. Name ..... Address .....  
 E-Mail ID ..... Signature ..... or failing him
- 3. Name ..... Address .....  
 E-Mail ID ..... Signature ..... or failing him

as my our proxy to attend and vote (on a poll) for me/us on my/our behalf at the AGM of the Company, to be held on Friday, the 5th day of September, 2014 at 12 noon at 14 Moti Lal Nehru Road, Kolkata – 700029 and at any adjournment thereof in respect of such resolution(s) as are indicated below.

Resolution	For	Against
1. Consider and adopt of Audited Financial Statements, Reports of the Board of Directors and Auditors		
2. Re-appointment of Mrs. Prerana Goenka as Director		
3. Appointment of Auditors and to fix their remuneration		
4. Appointment of Mr. Sunil Kumar Kanoria as a Director		
5. Appointment of Mr. Sunil Kumar Kanoria as a Managing Director		
6. Appointment of Mr. A. Hamirbasia as a CFO		
7. Appointment of Mr. Prashant Gupta as an Independent Director		
8. Appointment of Mr. V.N. Purohit as an Independent Director		

Signed this ..... day of ..... 2014

Affix  
 Revenue  
 Stamp

Signature of the Shareholder(s) ..... Signature of Proxy(s) .....

Notes : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

EVSN		Password	
140716016			Please refer to the Note No. 13-III in the notice

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