

**SALEM ERODE INVESTMENTS LTD FOR FY 2015 - 16****BOARD'S REPORT**

To,  
The Members,

Your Directors have pleasure in presenting their 85th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

**1. FINANCIAL HIGHLIGHTS OF THE COMPANY**

Your Board is pleased to present the highlights of the standalone financial statements of your company for the Financial Year 2015-16 and 2014-15 as under.

Particulars	2015-2016	2014-15
Profit Before Interest and Depreciation	111,561,922	8,211,072
Profit Before Tax	111,418,999	8,103,107
Provision for Tax	(14,509,216)	(2,410,483)
Profit After Tax	96,909,783	56,92,624
Surplus carried to Balance Sheet	108,941,732	31,527,219

**2. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR / STATE OF COMPANY'S AFFAIR**

The profits of the company are derived from a mix of dividend and interest income, supplement by profit on sale of investment. The profit before tax for the year under review is Rs. 1114.18 lakhs against Rs. 81.03 lakhs in the previous year.

**3. CHANGE IN THE NATURE OF BUSINESS**

Your company is a Non Deposit taking Non-Banking Financial Company (NBFC – ND - NSI) registered with Reserve Bank of India under Section 45 - I of the Reserve Bank of India Act, 1934. Your Directors are please to inform you that there was no change in the nature of business of your Company during the Financial Year under review.

**4. DIVIDEND**

Your Directors in its meeting held on the 29<sup>th</sup> day of July, 2016 decided to plough back the profits for the year for investment into the growth opportunities which will create value for the shareholders wealth and therefore does not recommended any dividend for the Financial Year under review.

**5. RESERVES**

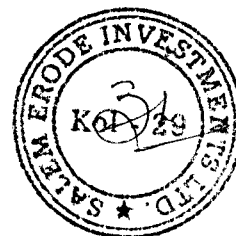
Your company has transferred an Amount of Rs 1,93,81,957/- into the Statutory Reserve account pursuant to section 45 – IC of the Reserve Bank of India Act, 1934.

**6. CHANGE OF NAME**

Your Company's name is SALEM ERODE INVESTMENTS LIMITED, there was no change in its name during the year under review.

**7. SHARE CAPITAL**

During the year under review there is no change in the Share Capital of the Company from the last year. The Paid up Share Capital of the Company stands to Rs 1,14,65,595.00 i.e., 1,14,65,520 equity shares of Re. 1/- each and Forfeited amount of Rs. 75 against 30 equity shares of Rs. 10/- each.



## SALEM ERODE INVESTMENTS LIMITED

### 8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### • Resignations:

- Mrs. Prerna Goenka ceased to be Director of your company vide her resignation letter. The reason for her resignation was her professional engagement elsewhere due to which she was unable to devote her time towards the affairs of the company. The Board of Director of your company appreciates the services rendered by her and released her from all her responsibilities from the date of resignation w.e.f. 27.01.2016
- CS Annu Jain ceased to be Company Secretary of your company vide her resignation letter. The reason for her resignation was her personal reasons. The Board of Director of your company appreciates the services rendered by her and released her from all her responsibilities from the date of resignation w.e.f. 30.07.2015
- CS Srewoshi Ghosh was appointed as the Company Secretary and compliance officer of your company w.e.f. 27.11.2015 and ceased to be Company Secretary and compliance officer of your company vide her resignation letter. The reason for her resignation was her personal reason. The Board of Director of your company appreciates the services rendered by her and released her from all her responsibilities from the date of resignation w.e.f. 27.01.2016

#### • Appointments of Director:

- Ms. Ekta Goswami, was appointed as Additional Director of the company w.e.f. 27.01.2016 and designated as the woman director of the company during the year under review, pursuant to the provision of section 149 and Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014. The details of the said director is given in Annexure I and shall form part of the Board report.

#### • Appointment of Key Managerial Personnel:

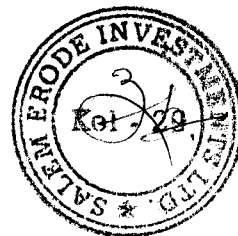
- Pursuant to the provisions of section 160, 196, 197, 203 of the Companies Act, 2013 and rules framed thereunder, the Directors of your company in its meeting held on 27.01.2016 appointed Mr. Ashok Kumar Hamirbasia as the Additional Director of the Company who shall act as the Managing Director pursuant to the provisions of section 203 of the Companies Act, 2013 and rules framed thereunder with effect from 27.01.2016 for the period of five consecutive years upto January, 2021. The appointment shall be subject to the approval of the members at the ensuing Annual General Meeting scheduled to be held on dated 29.09.2016
- CS Sachita Sinha was appointed as the Company Secretary and the compliance officer of the company during the year under review w.e.f. 27.01.2016 pursuant to section 203 of the company's act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Directors) Rule, 2014.

The details are given in Annexure I and shall form part of the Board report.

Based on the confirmations received, none of the Directors are disqualified for appointment under the provisions of section 164 of the Companies Act, 2013.

#### • Change in Designation

- Mr. Sunil Kumar Kanoria ceased to be the Managing Director of your company vide his resignation letter. The reason for his resignation was his professional engagement elsewhere due to which he was unable to devote his time towards the affairs of the company. However, he given his consent to continue to act as the Non – Executive Director of the company. The Board of Director of your company appreciates the services rendered by him and released him from all his responsibilities as a Managing Director from the date of resignation w.e.f. 27.01.2016.



- Mr. Ravi Kumar Shah has been reappointed as the Independent Non Executive Director of your company with effect from 27.01.2016. A declaration has been received from him that he meets all the criteria of Independence.
- **Retire by Rotation:**
- Mr. Sunil Kumar Kanoria, who retire by rotation at the ensuing general meeting pursuant to section 152 of the Companies Act, 2013 and being eligible offer himself for re-appointment. Your Director recommends his re-appointment. The details are annexed have to and marked as Annexure I.

**9. DECLARATION BY INDEPENDENT DIRECTOR**

Your Company has received declaration from all the Independent Directors of the company, pursuant to the provisions of Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013.

**10. PARTICULARS OF EMPLOYEES**

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, numbers of employees in the company are not exceeding the criterion which triggers such disclosure, hence -Not Applicable.

**11. BOARD MEETINGS**

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year Financial Year 2015 – 16 Seven (7) Board Meetings were held, the dates of the meeting being 29 April, 2015; 29 May, 2015; 31 July 2015; 27 October, 2015; 27 November, 2015; 05 January, 2016; and 27 January, 2016. The intervening gap between the any two meetings held during the year was not more than one hundred and twenty days.

**12. COMPOSITION OF BOARD OF DIRECTORS AND COMMITTEES**

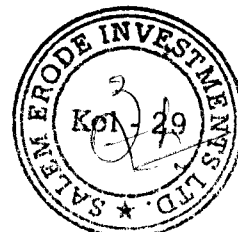
**BOARD OF DIRECTORS**

The Board of the company is headed by the Mr. Ashok Kumar Hamirbasia, Managing Director of the company, and eminent persons of high credentials who actively contributed in the deliberation of the Board. As on close of business hours of March 31, 2016 the Board comprised of Six directors as mentioned below:

S.No	Name	DIN	Designation
1.	ASHOK KUMAR HAMIRBASIA	00291954	MANAGING DIRECTOR
2.	SUNIL KUMAR KANORIA	00789030	NON-EXECUTIVE, NON - INDEPENDENT DIRECTOR
3.	PRASHANT GUPTA	06915283	NON-EXECUTIVE, INDEPENDENT DIRECTOR
4.	VISHWA NATH PUROHIT	00291853	NON-EXECUTIVE, INDEPENDENT DIRECTOR
5.	RAVI KUMAR SHAH	02085802	NON-EXECUTIVE, INDEPENDENT DIRECTOR
6.	EKTA GOSWAMI	07412983	NON-EXECUTIVE, WOMAN DIRECTOR

**AUDIT COMMITTEE**

The Chairman of the Audit Committee of the Company constituted under Section 177 of the Companies Act, 2013 is Mr. Vishwa Nath Purohit, Independent Director of the company. He is an eminent person of high credentials and of considerable professional experience. Date of Audit Committee Meetings are: 28 May, 2015; 31 July, 2015; 27.Oct, 2015; and 5 Jan 2016.



## SALEM ERODE INVESTMENTS LIMITED

As on close of business hours of March 31, 2016 the Board of Audit Committee comprised of three directors as mentioned below:

S. No	Name	DIN	Category	Designation
1.	Vishwa Nath Purohit	00291853	Non-Executive Independent Director, Chairman	Chairman
2.	Ravi Kumar Shah	02085802	Non-Executive Independent Director	Member
3.	Prashant Gupta	06915283	Non-Executive	Member

### NOMINATION AND REMUNERATION COMMITTEE

The chairman of the Nomination and Remuneration Committee of the Company constituted under Section 178 of the Companies Act, 2013 is Mr. Vishwa Nath Purohit, Independent Director of the company. He is an eminent persons of high credentials and of considerable professional experience. As on close of business hours of March 31, 2016 the Board of Audit Committee comprised of three directors as mentioned below: Date of Nomination and Remuneration Committee Meetings are 29 April, 2015, 31 July, 2015, 21 November, 2015 and 27 January, 2016:

S. No	Name	DIN No	Category	Designation
1.	Vishwa Nath Purohit	00291853	Non-Executive Independent Director	Chairman
2.	Prashant Gupta	06915283	Non-Executive	Member
3.	Prerna Goenka	06915283	Non-Executive	Member

\*\* Mrs Prerna Goenka ceased to be the director of your Company w.e.f. 27.01.2016.

### 13. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

Pursuant to sub-section (3) of section 129 of the Companies Act, 2013, the statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or Companies and joint venture or ventures as forming part of this report. Your Director ensures that as on the close of the 31st March, 2016 your company has one associate company named **M/s. M.D. Network Commodities Pvt Ltd** and M/s THE PATNA ELECTRIC SUPPLY COMPANY LIMITED and there is no subsidiary or subsidiaries and joint venture or ventures. The salient features of its financial statement Companies are given in Annexure I forming part of this report.

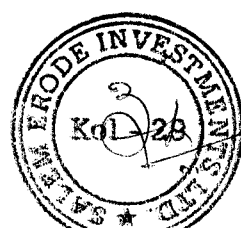
### 14. STATUTORY AUDITOR & THEIR REPORT

M/s S Mondal & Co., Chartered Accountants (FRN-314188E) was appointed as a statutory auditor of the company at the 84th Annual General Meeting to hold office till the conclusion of the 89th Annual General Meeting. Pursuant to the provisions of section 139 of the Companies Act, 2013 the appointment of the Auditor is required to be ratified by members at every Annual General Meeting. Accordingly the appointment of M/s S Mondal & Co. as a statutory auditor of the company is placed for ratification by the shareholders.

The Auditors' Report does not contain any qualification reservation or adverse remark. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

### 15. SECRETARIAL AUDITOR & THEIR REPORT

Your company has appointed M/s H. M. Choraria & Co, (CP No.1499), a practicing Company Secretary, as Secretarial Auditor pursuant to the provisions of section 204 of the Companies act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Person) Rules, 2014, to undertake the secretarial Audit of the company for the financial year 2015 – 16. The Secretarial Audit Report in form MR 3 is given as Annexure III forming part of this report.



The Board of Directors of the your company in its meeting re – appointed M/s H. M. Choraria & Co, (CP No.1499), a practicing Company Secretary, to undertake the Secretarial Audit of the company for the Financial Year 2016 – 17. The Secretarial Auditors' Report does not contain any qualification reservation or adverse remark. The remarks in their report are self-explanatory and do not call for any further comments.

**16. INTERNAL AUDIT & CONTROLS**

The Company continues to engage M/s. Hamirbasia & Associates (FRN: 328744E) as its Internal Auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

**17. EXTRACT OF ANNUAL RETURN**

Your company, pursuant to the provisions of section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, has given in Annexure IV an extract of Annual Return as forming part of this report. The extract of annual return was given in MGT 9.

**18. MATERIAL CHANGES AND COMMITMENTS**

Your Director ensures that there is no material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report that affecting the financial position of the company.

**19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year impacting the going concern status of the company and its future Business and operations.

**20. DEPOSITS**

Your Company has not accepted any Deposits from public within the meaning section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposit) Rules, 2014 during the year under review.

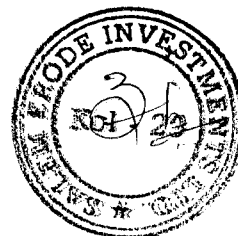
**21. DISCLOSURE OF SEXUAL HARESSMENT OF WOMEN AT WORK PLACE**

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment of women employee at workplace.

Your Directors are pleased to inform that it has set-up an internal complaint committee for providing a redressal mechanism pertaining to sexual harassment of women employees at workplace. There were no cases of sexual harassment reported during the year under review.

**22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION**

Pursuant to provisions of Section 186(11) of the Companies Act, 2013 and Rule 11 of the Companies (Meeting and Power of the Board) Rules, 2014, except sub section 1, the provision of section 186 do not apply to Non-Banking Financial Company engage into the business of Investment and Lending Activities, accordingly the provision of section 186 except sub section 1 do not apply to our company. Further your directors are pleased to inform you that your company not has not made any investment through more than two layers of investment Companies.



## SALEM ERODE INVESTMENTS LIMITED

### 23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto shall be disclosed in Form No. AOC-2. The details are annexed hereto and marked as Annexure II

### 24. CORPORATE GOVERNANCE

Pursuant to Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 which came into effect on 1<sup>st</sup> December 2015, that the Corporate Governance compliances as specified in Regulation 17 to Regulation 27, Regulation 46(2) (b) to Regulation 46(2) (i) and Para C, D, and E of Schedule V is not applicable on your company, however, your directors are please to inform you that a good corporate governance is being followed into your company.

### 25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to provisions of section 134 of the Companies Act, 2013 the details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

Conservation of energy	NIL
Technology absorption	NIL
Foreign exchange earnings and Outgoing	NIL

### 26. HUMAN RESOURCES

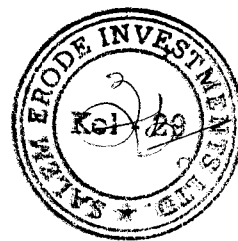
Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

### 27. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirms that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- They had prepared the annual accounts on a going concern basis;
- They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



28. **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company in the process of filing the necessary form and uploading the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM (i.e.5th September, 2014), 21 Sep 2015 with the Ministry of Corporate Affairs.

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

29. **ACKNOWLEDGEMENTS**

Your Director would like to record its appreciation for the co – operation and support received from its employees, shareholders, government and all stakeholders.

For and on behalf of the Board of Directors

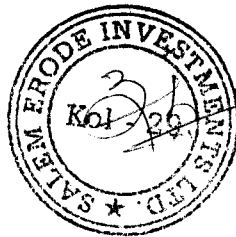
Sd/-  
Ashok Kumar Hamirbasia  
M.D. (DIN : 00291954)

Sd/-  
Ravi Kumar Shah  
Director (DIN : 02085802)

Place: Kolkata  
Date: 19th August, 2016

Sd/-  
Abhishek Hamirbasia  
CFO

Sd/-  
Sachita Sinha  
CS



**Statement of Particulars of Employees pursuant to the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sl. No.	Name	Designation/ Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience in years	Age in years	Date of commencement of Employment	Last employment held
1.	Annu Jain	CS and Compliance Officer	10,000 Per Month	Company Secretary	1 year	24	02.03.2015	30.07.2015
2	Srewoshi Ghosh	CS and Compliance Officer	10,000 Per Month	Company Secretary	1 year	24	21.11.2015	27.01.2016
3	Ashok Kumar Hamirbasia	Managing Director	50,000 Per Month	Graduate	38 Years	60	27.01.2015	-
4	Sanchita Sinha	CS and Compliance Officer	10,000 Per Month	Company Secretary	2 years	32	27.01.2015	-
5	Abhishek Hamirbasia	CFO	10,000 Per Month	Chartered Accountant	5 Years	30	04.07.2014	-

Brief Profile of Directors and KMP appointed during the financial year

### 1. ASHOK KUMAR HAMIRBASIA

Mr. Ashok Kumar Hamirbasia, aged 60 years, holds degree in commerce (B.Com) from the university of Calcutta. He has a extensive and distinguishing experience in the field of finance and administration. During his long career of 35 years in the distinguishing areas he was responsible for policy planning, budgeting training and other finance and administrative functions in addition to operational matters. During his long career span Mr. Ashok Kumar Hamirbasia has closely witnessed and worked in interpreting and implications of de-regulations, re-regulation and progressive transformation of various regulations and policy framework.

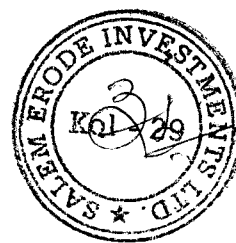
At present Mr. Ashok Kumar Hamirbasia holds Managing Director in your company and is responsible for overall operation of the company.

Mr. Ashok Kumar Hamirbasia does not hold equity shares in the company as on March 31, 2016

### 2. SANCHITA SINHA

Ms. Sanchita Sinha, aged 32 years, is a Graduate in Commerce and a Qualified Company Secretary from the Institute of Company Secretaries of India. She has an immense knowledge and experience in Company Law. She has command over secretarial matters, legal due diligence, incorporations, FEMA Matters, drafting, SEBI and Stock Exchange issues. She has work experience in various fields.

She has been associated with Salem Erode since 27-01-2016. Considering her contribution, she is elevated as a Company Secretary in our company.





**3. SREWOSHI GHOSH**

Ms. Srewoshi Ghosh, aged 25 years, was Associated with Salem Erode Investments Ltd for nine (9) months as a Company Secretary and Compliance Officer. She is an Associate Member of the Institute of Company Secretaries of India (ICSI). Presently she is pursuing her LLB. She is a Graduate in Commerce. She has distinguished exposure in Company Law and Secretarial matters.

She was appointed in Salem Erode Investments Ltd w.e.f. 27-11-2015 and resigned the said position due to her personal obligations vide her resignation to the board. Her contributions to the company is highly appreciated

**4. ABHISHEK HAMIRBASIA**

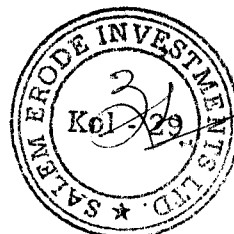
Mr. Abhishek Hamirbasia, aged 30 years, was Associated with Salem Erode Investments Ltd for approx. two (2) Years as a Chief Financial Officer of the company. He is an Associate Member of the Institute of Chartered Accountants of India (ICAI). He is a Graduate in Commerce from Xavier's College. He has distinguished exposure in Accounting, Taxation, Budgeting, Budget Planning and Capital Market affairs.

He has been associated with Salem Erode since 04-07-2014. Considering his contribution, he is elevated as a CFO in our company.

**5. EKTA GOSWAMI**

Ms. Ekta Goswami, aged 26 years, holds degree in commerce (B.Com) from the University of Calcutta and she is a member of Institute of Company Secretaries of India (ICSI). Currently she is perusing LLB. She has a extensive and distinguishing experience in the field of Corporate Law and Secretarial Compliances. During her career of 4 years in the distinguishing areas she was responsible for planning, compliance Direct Listing, open offer etc. During her career she has closely witnessed and worked in interpreting and implications of de-regulations, re-regulation and progressive transformation of various regulations and policy framework.

At present she holds Woman Director in your company and she does not hold equity shares in the company as on March 31, 2016



## AOC - 2

Statement containing salient features of the financial statement of subsidiaries/  
associate companies/ joint ventures

Part "A": Subsidiaries – The Company has no Subsidiary

Part "B": Associates –

Name of Associates		
		<b>1. M. D. Networks Commodities Pvt. Ltd.</b>
1.	Latest audited Balance Sheet Date	31.03.2016
2.	Shares of Associate held by the company on the year end	192150 Equity Shares 28.70%
	- Number of shares.	192150
	- Amount of Investment in Associates	1921500
3.	Description of how there is significant influence	
4.	Reason why the associate/joint venture is not consolidated	N.A
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	271,74,555
7.	Profit / Loss for the year ENDED 31.03.2016	-
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	
		<b>2. The Patna Electric Supply Co. Ltd.</b>
1.	Latest audited Balance Sheet Date	31.03.2016
2.	Shares of Associate held by the company on the year end	95413 Equity Shares 20.40%
	- Number of shares.	467650
	- Amount of Investment in Associates	1077349
3.	Description of how there is significant influence	Associate
4.	Reason why the associate/joint venture is not consolidated	N.A.
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	93010
7.	Profit / Loss for the year ENDED 31.03.2016	
	i. Considered in Consolidation	-
	ii. Not Considered in Consolidation	-



**M/S. SALEM ERODE INVESTMENTS LIMITED**

**AUDITED STATEMENT OF ACCOUNT  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**S. MANDAL & CO.**  
Chartered Accountants  
29D, SEVEN TANKS LANE  
DUM DUM JN., KOLKATA-700 030

Independent Auditor's Report  
To the Members of SALEM ERODE INVESTMENTS LIMITED

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of SALEM ERODE INVESTMENTS LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31<sup>st</sup> March, 2016;
- 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.

**S. MANDAL & CO.**  
CHARTERED ACCOUNTANTS

29D, SEVEN TANKS LANE,  
DUM DUM JN., KOLKATA – 700 030  
Phone : 2556-6768, 2546-3269  
Fax : ( 033 ) 2546-3269  
E-Mail : s\_mondal\_co@yahoo.co.in

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure-A** a statement on the matters specified in the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The observations on financial transactions do not reveal any matters which have any adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) There is no qualification in relation to accounts maintained by the Company.
  - (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure-B**.
  - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. No amount was required to be transferred to the Investor Education and Protection Fund by the Company, in accordance with the provisions of Companies Act, 2013 (18 of 2013) and rules made there under.

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

(Arijit Dutta)  
Partner  
Membership No. 066223

Place: Kolkata  
Date: the            day of May, 2016

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENT OF  
SALEM ERODE INVESTMENTS LIMITED**

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 31<sup>st</sup> March 2016.

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) These assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.  
c) According to the information and explanation given to us the company does not hold any immovable properties in its name.
2. Clause (ii) of the order is not applicable in case of this Company as there is no inventory.
3. a) The Company has granted unsecured loan to a party covered in the register maintained under section 189 of the Companies Act, 2013. The number of parties included are two and the maximum amount involved during the year as well as the year ending balance is ₹ 36,565,000/-.  
b) The company is regular in receipt of Principal and interest on loan.  
c) No amount is overdue for more than 90 days.
4. According to the information and explanation given to us the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
5. The Company has not accepted any deposits under the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. Clause (vi) of the order is not applicable in case of this company.
7. a) The Company is regular in depositing undisputed statutory dues including income tax, service tax, cess and any other statutory dues to the appropriate authorities. There are no outstanding statutory dues as at the last day of the financial year concerned for a period of more than 6 months from the date they became payable.  
b) According to the information and explanation given to us there is no disputed amount in case of income tax, service tax and cess.
8. Clause (viii) of the order is not applicable in case of this company as it has not taken any loan from banks, financial institution or debenture holders.
9. Clause (ix) of the order is not applicable in case of this company as it has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans.
10. According to the information and explanations given to us there is no noticed or unreported fraud on or by the company during the year under audit.
11. No managerial remuneration has been paid or provided during the reporting financial year. Hence, the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act is not questionable.
12. Clause (xii) is not applicable in case of this Company as it is not a Nidhi Company.
13. According to the information and explanations given to us all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc as required by the accounting standards and Companies Act, 2013.

14. The Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the information and explanations given to us the Company has not entered into any non-cash transactions with directors or persons connected with him.
16. The Company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.MANDAL & CO.**  
Chartered Accountants  
*Firm's Registration No. 314188E*

(Arijit Dutta)  
Partner  
Membership No. 066223

Place: Kolkata  
Date: The        day of May, 2016

**TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SALEM ERODE INVESTMENTS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **SALEM ERODE INVESTMENTS LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **S. MANDAL & CO.**  
Chartered Accountants  
(Firm's Registration No. 314188E)

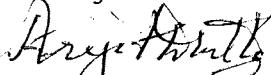
(Arijit Dutta)  
Partner  
Membership No. 066223  
Place: Kolkata  
Date: The            day of May, 2016

**SALEM ERODE INVESTMENTS LIMITED**  
Balance Sheet as at 31st March, 2016

Particulars	Note No	31st March, 2016	31st March, 2015
		(₹)	(₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	11,465,595	11,465,595
Reserves and surplus	3	148,281,026	51,484,556
<b>Current liabilities</b>			
Trade payables	4	31,400	-
Other current liabilities	5	719,850	681,221
Short-term provisions	6	34,219,432	10,957,900
<b>Total.</b>		<b>194,717,303</b>	<b>74,589,272</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	7	2,605,581	216,817
Non-current investments	8	41,208,182	3,409,538
Long term loans and advances	9	74,860,755	32,887,157
<b>Current assets</b>			
Current investment	10	7,774,252	6,656,992
Inventories	11	52,824	52,824
Trade receivables		-	-
Cash and cash equivalents	12	38,399,600	23,507,254
Short-term loans and advances		-	-
Other current assets	13	29,789,726	7,768,863
Deferred tax assets	14	26,383	89,827
Significant accounting policies & notes on accounts	1 to 21		
<b>Total.</b>		<b>194,717,303</b>	<b>74,589,272</b>

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

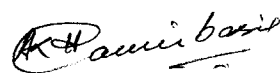
As per our report of even date  
For **S. Mandal & Co.**  
Chartered Accountants  
Firm Registration Number: 314188E


  
(Arijit Dutta)  
Partner

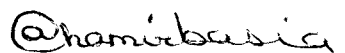
Membership Number: 066223

Place: Kolkata  
Date: The 30th day of May, 2016

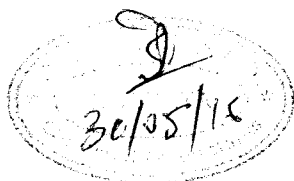
For and on behalf of the Board

  
Ashok Kumar Hamirbasia  
M Director  
DIN: 0291954

  
Ravi Kumar Shah  
Director  
DIN: 2085802

  
Abhishek Hamirbasia  
CFO

  
Sanchita Sinha  
Company Secretary



**SALEM ERODE INVESTMENTS LIMITED**  
Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Note No	Year ended	Year ended
		31.03.2016	31.03.2015
		(₹)	(₹)
I. Revenue from operations			
II. Other income	15	113,364,707	9,682,966
III. Total Revenue (I + II)		113,364,707	9,682,966
<u>IV. Expenses:</u>			
Change in inventories	16	-	-
Employee benefit expenses	17	803,085	599,074
Administrative expenses	18	946,476	826,975
Auditor's remuneration	19	53,224	45,845
Depreciation and amortization expense	7	142,923	107,965
IV. Total Expenses		1,945,708	1,579,859
V. Profit before exceptional and extraordinary items and tax	(III - IV)	111,418,999	8,103,107
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V - VI)	111,418,999	8,103,107
VIII. Extraordinary Items		-	-
IX. Profit before tax and prior period items	(VII - VIII)	111,418,999	8,103,107
X. Prior period items			
Prior period expenses		-	-
XI. Profit before tax	(IX - X)	111,418,999	8,103,107
XII. Tax expense:			
(1) Current tax		24,100,000	1,850,000
(2) Deferred tax		63,444	507,569
(3) Income tax adjustment for earlier years		29,166	52,914
(4) MAT Credit		(9,683,394)	
		14,509,216	2,410,483
XIII. Profit(Loss) from the period from continuing operations	(XI - XII)	96,909,783	5,692,624
XIV. Earning per equity share:			
(1) Basic	20	8.45	0.50
(2) Diluted	20	8.45	0.50
Significant accounting policies & notes on accounts	1 to 20		

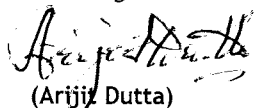
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. Mandal & Co.

Chartered Accountants

Firm Registration Number: 314188E

  
(Arijit Dutta)

Partner

Membership Number: 066223

Place: Kolkata

Date: The 30th day of May, 2016

For and on behalf of the Board



Ashok Kumar Hamirbasia

M Director

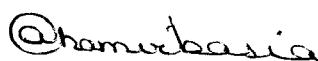
DIN: 0291954



Ravi Kumar Shah

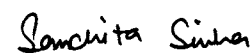
Director

DIN: 2085802



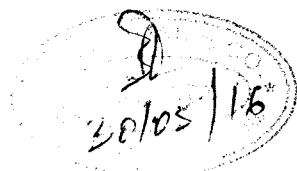
Abhishek Hamirbasia

CFO



Sanchita Sinha

Company Secretary

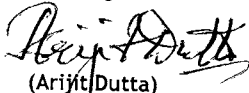


**SALEM ERODE INVESTMENTS LIMITED**  
Cash Flow Statement for the year ended 31st March, 2016

	31st March, 2016	31st March, 2015
	(₹)	(₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extra-ordinary items	111,418,999	8,103,107
Adjustments for :-		
Provision for diminution in value of investments	152,059	(294,962)
Depreciation	142,923	107,965
Profit on sale of fixed assets	(67,678)	-
Profit on sale of investments	(105,443,430)	(4,341,458)
Dividend received	(396,822)	(511,680)
Interest Income	(4,252,239)	(3,316,782)
Interest on fixed deposit	(3,195,508)	(1,218,086)
Operating profit before working capital changes	(1,641,696)	(1,471,895)
Adjustments for :-		
Other current assets	(225,389)	255,754
Trade Payable	31,400	-
Other current liabilities	66,286	(693)
Cash Generated from operations	(1,769,399)	(1,216,834)
Direct taxes paid	(22,924,638)	(1,797,342)
<i>Net cash from operating activities</i>	(24,694,037)	(3,014,176)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(40,484,354)	(2,920,529)
Sale/Redemption of investments	107,011,878	8,865,438
Dividend received	396,822	511,680
Interest Income	4,252,239	3,316,782
Loan (Given) / Refund	(32,290,204)	4,532,843
Purchase of fixed assets	(2,680,249)	-
Interest on fixed deposit	3,195,508	1,218,086
Sale of fixed assets	216,240	-
<i>Net cash used in investing activities</i>	39,617,880	15,524,299
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Unclaimed Dividends paid	(31,498)	(29,664)
<i>Net Cash used in financing activities</i>	(31,498)	(29,664)
Net (decrease) / increase in cash and cash equivalent	14,892,345	12,480,459
Cash and cash equivalent Opening balance	23,507,254	11,026,795
Cash and cash equivalent Closing balance	38,399,599	23,507,254

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

For S. Mandal & Co.  
Chartered Accountants  
Firm Registration Number: 314188E

  
(Arijit Dutta)  
Partner

Membership Number: 066223

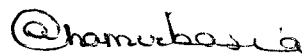
Place: Kolkata

Date: The 30th day of May, 2016

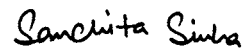
For and on behalf of the Board

  
Ashok Kumar Hamirbasia  
M Director  
DIN: 0291954

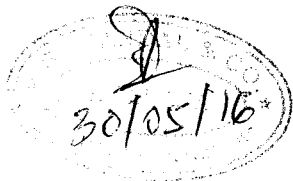
  
Ravi Kumar Shah  
Director  
DIN: 2085802



Abhishek Hamirbasia  
CFO



Sanchita Sinha  
Company Secretary

  
30/05/16

Significant Accounting Policies and Notes to Financial Statements for the Year ended 31st March, 2016

**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 with or without security. The Company has applied for listing to Bombay Stock Exchange and the matter is pending with stock exchange board.

**1.1 BASIS OF PREPARATION**

The financial statements are prepared under the historical cost convention, on an accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules, 2006. The management takes absolute responsibility for the preparation of the financial statements which provides true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in 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.

All Assets and Liabilities have been classified as current or non current as per Schedule III of Companies Act, 2013 and the statement of profit and loss has also been drawn up in compliance with the same.

**1.2 Use of Estimates:**

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**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**

Depreciation on fixed assets has been provided at the rates and in the manner prescribed in Schedule - II of the Companies Act, 2013.

**1.5 Impairment**

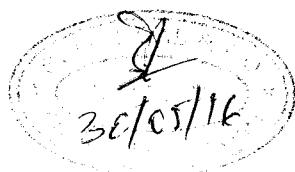
Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent 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. Asset 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 asset in prior accounting periods may no longer exist 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 comprise of shares and securities which are stated at cost.



30/05/16

**1.8 Revenue Recognition**

**Sale of Shares:** The sale is recognised as on the date of contract note and or value as certified by the merchant banker / auditor in case of group companies shares . 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 rates applicable.

**Rental Income:** The income is recognised as and when it falls due as per the agreement.

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

**1.9 Current tax, deferred tax and MAT Credit :**

**Current Taxes:**

Provision for current tax is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

**Deferred Taxes:**

Deferred tax asset and liability is recognized by computing the tax effect on timing differences which arise during the year and reverse during the subsequent period. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**MAT Credit :**

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.

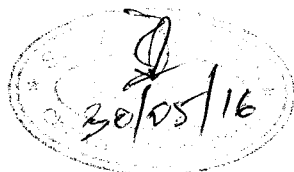
**Contingent Liabilities :** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present 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.



SALEM ERODE INVESTMENTS LIMITED

NOTES TO ACCOUNTS

2. Share Capital

Particulars	(₹)	
	31st March, 2016	31st March, 2015
<b>Authorised Share Capital</b>		
1,20,00,000 nos Equity Shares of Re. 1/- each (P.Y 1,20,00,000 nos Equity Shares)	120,00,000	120,00,000
	120,00,000	120,00,000
<b>Issued Shares Capital:</b>		
1,14,65,520 (P.Y 1,14,65,520) Equity Shares of Rs. 1/- each fully paid up	11,465,520	11,465,520
30 equity shares of Rs 10/- each	300	300
	11,465,820	11,465,820
<b>Subscribed and Fully Paid-up Share Capital</b>		
1,14,65,520 (P.Y 1,14,65,520) Equity Shares of Rs. 1/- each fully paid up	11,465,520	11,465,520
Forfeited Shares	75	75
	11,465,595	11,465,595

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

Particulars	(₹)			
	31st March, 2016		31st March, 2015	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	11,465,520	11,465,520	143,319	1,433,190
Issued during the year	-	-	11,322,201	10,032,330
Outstanding at the end of the period	11,465,520	11,465,520	11,465,520	11,465,520

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. 1/-. 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

Name of the Persons holding such shares	31st March, 2016		31st March, 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
M/s Tara Investments Ltd	2,097,120	18.29%	2,097,120	18.29%
Mrs Padma Kanoria	2,591,000	22.60%	2,592,000	22.61%
Mrs Kusum Kanoria	3,827,120	33.38%	3,827,120	33.38%

3. Reserves and Surplus

Particulars	(₹)	
	31st March, 2016	31st March, 2015
<b>Capital Reserve</b>		
Balance as per last balance sheet	2,319,780	2,319,780
	A 2,319,780	2,319,780
<b>Capital Redemption Reserve</b>		
Balance as per last balance sheet	-	430,000
Less: Transferred to Share capital account	-	(430,000)
	B -	-
<b>General Reserve</b>		
Balance as per last balance sheet	7,569,114	17,171,444
Less: Transferred to Share capital account	-	(9,602,330)
	C 7,569,114	7,569,114
<b>Statutory Reserve Fund</b>		
Balance as per balance sheet	10,068,443	8,929,918
Add: Transferred from surplus	19,381,957	1,138,525
	D 29,450,400	10,068,443
<b>Surplus as per Statement of Profit &amp; Loss</b>		
Balance as per last balance sheet	31,527,219	26,961,788
Add : Profit for the year	96,909,783	5,692,624
Less : Appropriation	-	-
Transfer to Statutory reserve	(19,381,957)	(1,138,525)
Contingent Provision against standard assets	(113,313)	11,332
	E 108,941,732	31,527,219
<b>Total Reserves and Surplus (A+B+C+D+E)</b>	148,281,026	51,484,556

## SALEM ERODE INVESTMENTS LIMITED

## 4. Trade Payables

Particulars	31st March, 2016	31st March, 2015
Sundry Creditors	31,400	-
	31,400	-

## 5. Other Current Liabilities

Particulars	31st March, 2016	31st March, 2015
Liability for expenses	522,360	452,233
Unpaid dividends	197,490	228,988
	719,850	681,221

## 6. Short Term Provisions

Particulars	31st March, 2016	31st March, 2015
Contingent provisions against standard assets	195,531	82,218
Provision for diminution in value of investments	3,564,131	3,412,072
Provision for taxation	30,459,770	7,463,610
	34,219,432	10,957,900

## 7. Fixed Assets - (As per Separate Sheet Attached)

Particulars	31st March, 2016	31st March, 2015
Tangible assets	2,605,581	216,817
	2,605,581	216,817

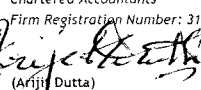
## 8. Non-Current Investment

Particulars	31st March, 2016	31st March, 2015
FD With HDFC Ltd.	5,000,000	-
FD With PNB Housing Ltd.	18,000,000	-
FD With REC Ltd - 54EC CGTE Bond	5,093,493	-
FD With Shriram Transport Ltd.	10,000,000	-
	38,093,493	-
<b>Trade Investment</b>		
<u>Quoted Investments</u>		
Investment in Associates:		
13,055 equity Shares (March 31 2015: 13,055) of Rs. 10 each in The Mozufferpore Electric Supply Co. Ltd.	105,840	105,840
93,681 equity Shares (March 31 2015: 93,681) of Rs. 10 each in The Patna Electric Supply Co Ltd.	1,077,349	1,077,349
2,14,500 equity Shares (March 31 2014: 2,14,500 of Rs. 1 each) of Rs. 1 each in Tinnevelly Tuticorin Investments Ltd. *	-	294,849
	1,183,189	1,478,038
<u>Unquoted Investments</u>		
Investment in Associates:		
1,92,150 equity Shares (March 31 2014: 1,92,150) of Rs. 10 each in M D Network Commodities Pvt Ltd.	1,921,500	1,921,500
	1,921,500	1,921,500
<u>Other Investments</u>		
<u>Unquoted Investments</u>		
1,000 equity Shares (March 31 2014: 1,000) of Rs. 10 each in The Arya Vaidya Pharmacy (Coim) Ltd.	10,000	10,000
	10,000	10,000
<b>Total</b>	<b>41,208,182</b>	<b>3,409,538</b>
Aggregate value of Quoted Investment	1,183,189	1,478,038
Market value of Quoted Investment	13,837	13,837
Aggregate value of unquoted Investment	1,931,500	1,931,500

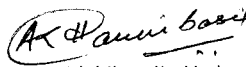
## 9. Long Term Loans and Advances

Particulars	31st March, 2016	31st March, 2015
<u>Long-Term Loans and Advances</u>		
Advances to related parties		
The Mozufferpore Electric Supply Co. Ltd.	265,000	220,000
Tara Investments Ltd.	36,300,000	19,000,000
Other Advances	300,000	153,841
MAT Credit Entitlement (FY 2015-16)	9,683,394	-
<u>Other Loans and Advances</u>		
Unsecured considered good	28,312,361	13,513,316
Unsecured considered doubtful	264,185	264,185
Less: Provision for doubtful debts	(264,185)	(264,185)
<b>Total</b>	<b>74,860,755</b>	<b>32,887,157</b>

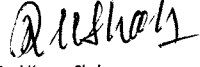
The accompanying notes are an integral part of the financial statements.

For S. Mandal & Co.  
Chartered Accountants  
Firm Registration Number: 314188E  
  
(Anilji Dutta)  
Partner  
Membership Number: 066223

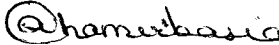
For and on behalf of the Board



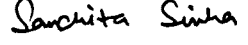
Ashok Kumar Hamirbasia  
M Director  
DIN: 0291954



Ravi Kumar Shah  
Director  
DIN: 2085802

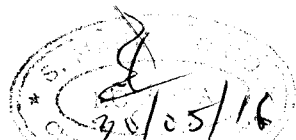


Abhishek Hamirbasia  
CFO



Sanchita Sinha  
Company Secretary

Place: Kolkata  
Date: The 30th day of May, 2016



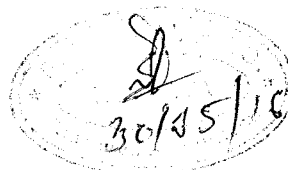


## SALEM ERODE INVESTMENTS LIMITED

## 10. Current Investment

*Investments in Equity Instruments*

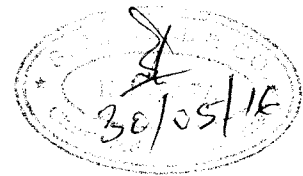
Name of the Companies	Face Value		As at 31st March, 2016		As at 31st March, 2015	
		( <sup>₹</sup> )	Nos	Book value ( <sup>₹</sup> )	Nos	Book value ( <sup>₹</sup> )
Andhra Bank	10	1,000		137,393	1,000	137,393
Adani Power Ltd.	10	1,000		57,090	1,000	57,090
ATV Projects India Ltd	10	1,000		7,000	1,000	7,000
Cairn India Ltd.	10	1,500		511,392	1,500	511,392
CESC Ltd	10	1,000		173,482	1,000	173,482
Coal India Ltd.	10	25		6,125	25	6,125
Colgate Palmolive (India) Ltd	1	100		199,147	-	-
GOL Offshore Ltd.	10	600		555,102	600	555,102
Gujarat Heavy Chemicals Ltd	10	500		96,593	2,000	365,443
HDFC Bank Ltd.	2	3,000		6,000	3,000	6,000
Hindalco Industries Ltd	1	3,900		173,083	3,900	173,083
Hindustan Unilever Ltd	1	600		273	600	273
Housing Development & Finance Corpn. Ltd	2	20,000		54,287	20,000	54,287
Indiabulls Ventures Ltd	2	1,000		67,548	1,000	67,548
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
James Warren Tea Co Ltd.	10	306		38,873		
JSW Energy Ltd.	10	1,000		121,007	1,000	121,007
JSW Ispat Steel Ltd.	1	34		50,725	34	50,725
Jyothy Laboratories Ltd.	1	39		3,520	39	3,520
KCP Sugars & Industries Corporation Ltd.	1	7,000		424,968	7,000	424,968
Larsen and Toubro Ltd	2	300		477,373	-	-
LIC Housing Finance Corp Ltd	2	100		44,532	-	-
Mahanagar Telephone Nigam Ltd.	10	3,200		308,288	3,200	308,288
Methoni Tea Ltd	10	220		5,500		
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
National Aluminium Company Ltd	5	1,000		52,416	1,000	52,416
Oil and Natural Gas Corporation Ltd.	5	100		25,399		
Pentamedia Graphics Ltd.	1	1,540		269,806	1,540	269,805
Plethico Pharmaceuticals Ltd.	10	1,000		406,169	1,000	406,169
Pranavadiy Spinning Mills Ltd. (PSMLTD)	10	50		1,250	50	1,250
Reliance Broadcast Network Ltd	5	1,000		212,092	1,000	212,092
Reliance Capital Ltd	10	652		678,213	652	678,213
Reliance Industries Ltd	10	150		103,944	350	299,824
Reliance Media World Ltd	5	1,000		212,092	1,000	212,092
Vedanta Ltd	5	120		31,517	120	31,517
Shipping Corporation of India Ltd	10				1,000	89,219
South Indian Bank	1	1,000		30,584	1,000	30,584
Spice Jet Ltd.	10				1,000	47,095
State Bank of India	1	11,210		997,438	821	210,212
TATA Global Beverage Ltd	1	1,000		136,858	500	76,363
TATA Power Company Ltd	1	1,000		86,909	500	48,750
Warren Tea Co Ltd.	10	306		41,600		
<b>Total</b>		<b>87,662</b>		<b>7,774,252</b>	<b>78,541</b>	<b>6,656,992</b>
Market value of investments				31,695,233		35,724,274
Provision for diminution in value of investments				3,564,131		3,412,072


  
 30/05/16

## SALEM ERODE INVESTMENTS LIMITED

## 11. Inventories

Name of the Companies	Face Value (₹)	As at 31st March, 2016		As at 31st March, 2015	
		Nos	Book value (₹)	Nos	Book value (₹)
<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	306	375
Mcleod Tea Co. Ltd	10	345	597	345	597
Pranavadiy Spinning Mills Ltd	10	50	590	50	590
Reliance Infrastructure Ltd.	10	200	26,900	200	26,900
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	306	375
<b>Total</b>		<b>4,284</b>	<b>52,824</b>	<b>4,284</b>	<b>52,824</b>



## SALEM ERODE INVESTMENTS LIMITED

## 12. Cash &amp; Cash Equivalents

Particulars	31st March, 2016	31st March, 2015
Balances with Banks		
On Current accounts		
Fixed deposits (maturing within 12 months)	3,813,529	16,477,342
Cash In Hand	34,576,027	7,000,000
(As per cash book & certified by the management)		
Total	10,044	29,912
	38,399,600	23,507,254

## 13. Other Current Assets

Particulars	31st March, 2016	31st March, 2015
Advance tax		
Income Tax Refund/(Pending Adjustments)	26,272,290	4,717,020
Fringe benefit tax	150,658	150,768
Tax Deducted at Source	6,770	6,770
Accrued interest on fixed deposit	2,554,339	2,314,025
	805,669	580,280
Total	29,789,726	7,768,863

## 14. Deferred Tax Assets (Net)

Particulars	31st March, 2016	31st March, 2015
Depreciation		
Provision on diminution in value of investments	(8,981)	38,882
	35,364	50,945
Total	26,383	89,827

## 15. Other Income

Particulars	31st March, 2016	31st March, 2015
Interest income on Loan		
Dividend income	4,252,239	3,316,781
Net Gain/ (Loss) on sale of investments	396,822	511,680
Net Gain/ (Loss) on sale of assets	105,443,430	4,341,458
Provision for appreciation in value of investments	67,678	-
Interest Income on fixed deposit	-	294,962
Misc. Receipt	3,195,508	1,218,086
Total	9,030	-
	113,364,707	9,682,966

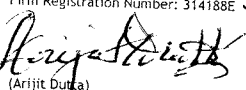
## 16. Change in Inventories

Particulars	31st March, 2016	31st March, 2015
Closing balance		
Less : Opening balance	52,824	52,824
Total	52,824	52,824
	-	-

## 17. Employee Benefit Expenses

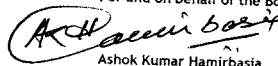
Particulars	31st March, 2016	31st March, 2015
Salary & wages		
	803,085	599,074
Total	803,085	599,074


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

For S. Mandal & Co.  
Chartered Accountants  
Firm Registration Number: 314188E  
  
(Arijit Dutta)  
Partner  
Membership Number: 066223

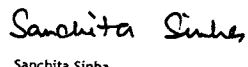
Place: Kolkata

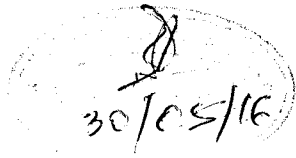
For and on behalf of the Board

  
Ashok Kumar Hamirbasia  
M Director  
DIN: 0291954

  
Ravi Kumar Shah  
Director  
DIN: 2085802

  
Abhishek Hamirbasia  
CFO

  
Sanchita Sinha  
Company Secretary

  
30/05/16

## 18. Administrative &amp; Establishment Expenses

Particulars	31st March, 2016	31st March, 2015
Advertisements	555	18,971
Bank charges	577	709
BSE Listing Expenses	57,250	-
Bonus shares issuing expenses	-	54,134
Books & Periodicals	-	2,300
CDSL charges	-	11,236
Computer expenses	3,805	8,710
Depository charges	2,165	3,784
Director's fee	18,800	18,000
Donation	-	100,000
Expenses Pertaining to Previous Period	-	254
General charges	16,894	10,884
Insurance Charges	7,128	6,999
Motor car running expenses	30,072	30,117
Postage & Courier	3,246	28,272
Printing & stationery	41,727	27,939
Professional fees	336,434	278,367
Provision for diminution of Investments	152,059	-
Rates & taxes	6,500	2,500
Registrar & transfer agents fees	26,569	45,483
Rent Paid	54,840	53,934
Roc Filing fees	50,400	42,321
Scrutinizer Fees	29,000	9,500
Secretarial audit fees	-	14,250
Security transaction tax & cess	5,454	11,506
Service tax input	2,582	2,237
Subscription expense	92,319	19,438
Traveling & Conveyance expenses	8,100	19,129
Web Charges	-	6,000
Total	946,476	826,975

## 19. Auditor's Remuneration


Particulars	31st March, 2016	31st March, 2015
For audit fees	17,250	16,854
For Other Capacities	15,974	8,991
For Internal Auditor	20,000	20,000
Total	53,224	45,845

## 20. Earnings Per Share (EPS)

Particulars	31st March, 2016	31st March, 2015
Net Profit as per Profit and Loss Statement (in `)	96,909,783	5,692,624
No. of Equity Shares outstanding	11,465,520	11,465,520
Face Value Per Share (in `)	1.00	1.00
Earnings Per Share (Basic and Diluted) (in `)	8.45	0.50

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

For S. Mandal & Co.  
Chartered Accountants  
Firm Registration Number: 314188E

  
(Arjit Dutta)  
Partner  
Membership Number: 066223

Place: Kolkata  
Date: The 30th day of May, 2016

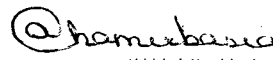
For and on behalf of the Board



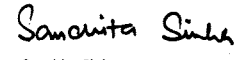
Ashok Kumar Hamirbasia  
M Director  
DIN: 0291954



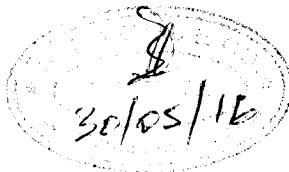
Ravi Kumar Shah  
Director  
DIN: 2085802



Abhishek Hamirbasia  
CFO



Sanchita Sinha  
Company Secretary



## 21. Related Party Transactions as per AS-18

(i) List of Parties :a) Key managerial Personnel

- 1) Viswa Nath Purohit
- 2) Ekta Goswami
- 3) Ravi Kumar Shah
- 4) Sunil Kumar Kanoria
- 5) Prashant Gupta
- 6) Ashok Kumar Hamirbasia
- 7) Abhishek Hamirbasia
- 8) Sanchita Sinha

b) Associates

- 1) M D Networks Commodities Pvt Ltd.
- 2) Tara Investments Ltd.
- 3) The Patna Electric Supply Co. Ltd.
- 4) The Mozufferpore Electric Supply Co. Ltd.

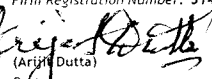
(ii) Related Party Transaction :

Particulars	(c)	
	2015-16 Amount Involved	2014-15 Amount Involved
<b>Director's Fees:</b>		
Viswa Nath Purohit	5,100	-
Prerna Rajeev Goenka	3,500	-
Ravi Kumar Shah	5,100	-
Prashant Gupta	5,100	-
<b>Loan given to:</b>		
Tara Investments Ltd.	17,300,000	-
<b>Advance given:</b>		
The Mozufferpore Electric Supply Co. Ltd.	45,000	25,000
<b>Interest Received</b>		
Tara Investments Ltd.	1,798,499	1,624,500

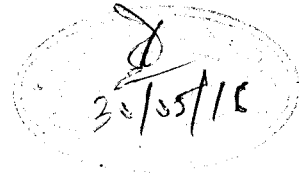
**Balance Outstanding**

Particulars	(c)	
	2015-16 Amount Involved	2014-15 Amount Involved
<b>Investments:</b>		
The Mozufferpore Electric Supply Co. Ltd.	105,840	105,840
Patna Electricity Supply Ltd	1,077,349	1,077,349
Tinnevely Tuticorin Investments Ltd	-	294,849
MD Network Commodities Pvt Ltd.	1,921,500	1,921,500
<b>Advance given to:</b>		
The Mozufferpore Electric Supply Co. Ltd.	265,000	220,000
<b>Loan Given to:</b>		
Tara Investments Ltd.	36,300,000	19,000,000

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

For S. Mandal & Co.  
Chartered Accountants  
Firm Registration Number: 314188E  
  
(Arjit Dutta)  
Partner  
Membership Number: 066223

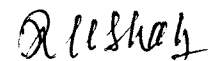
Place: Kolkata  
Date: The 30th day of May, 2016



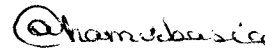
For and on behalf of the Board



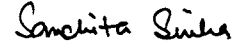
Ashok Kumar Hamirbasia  
M Director  
DIN: 0291954



Ravi Kumar Shah  
Director  
DIN: 2085802



Abhishek Hamirbasia  
CFO



Sanchita Sinha  
Company Secretary

SALEM ERODE INVESTMENTS LIMITED

NOTE NO. 7 OF FIXED ASSET TO THE BALANCE SHEET AS AT 31ST MARCH, 2016

Sl. No.	Description of Assets	Residual Value	Rate of Depreciation	GROSS BLOCK			DEPRECIATION			NET BLOCK			
				Cost as at 01-04-2015	Additions during the year	Sales/Adjst. during the year	Cost as at 31-03-2016	Upto 01-04-2015	For the year	Adjustment / Sale	Total 31-03-2016	As on 31st March, 2016	As on 31st March, 2015
1	Computer	1,240	0.00%	24,800	31,400	24,800	31,400	23,560	4,727	23,560	4,727	26,673	1,240
2	Vehicle	132,442	31.75%	360,046	2,648,849	360,046	2,648,849	144,469	138,196	212,724	69,941	2,578,908	215,577
<b>GRAND TOTAL :</b>				<b>384,846</b>	<b>2,680,249</b>	<b>384,846</b>	<b>2,680,249</b>	<b>168,029</b>	<b>142,923</b>	<b>236,284</b>	<b>74,668</b>	<b>2,605,581</b>	<b>216,817</b>
<b>PREVIOUS YEAR :</b>				<b>384,846</b>	<b>-</b>	<b>-</b>	<b>384,846</b>	<b>60,064</b>	<b>107,965</b>	<b>-</b>	<b>168,029</b>	<b>216,817</b>	<b>324,782</b>

